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Consumer dispositions toward global brands

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Abstract

Purpose – Despite the increasing attention on consumers in emerging markets, there is limited research on the emerging market consumers' evaluation of global brands. The purpose of this paper is to address this research gap by examining the role of consumer dispositions – cosmopolitanism, need for uniqueness and materialism in attitude and purchase intentions toward global brands from emerging vs developed markets.

Design/methodology/approach – A mall intercept method was used to collect responses from shoppers in four major cities in India. The intercept method produced a usable sample of 613 respondents. Each respondent was asked to mark his or her response concerning two global brands – one each from developed and emerging markets separately.

Findings – The findings show that cosmopolitanism and need for uniqueness determine emerging market consumers' attitude toward global brands. Specifically, the authors find that while cosmopolitanism has a higher positive impact on global brands from the developed market, need for uniqueness has a negative impact on global brands from emerging market.

Research limitations/implications – The study findings show that need for uniqueness negatively affects attitude toward global brands from emerging markets. This presents a significant challenge for global brands from emerging market when competing with the counterparts from developed markets.

Practical implications – The findings show that managers of global brands in emerging markets should develop unique brand positioning that differentiates from international brands. By carefully managing their marketing mix elements (e.g. price, design, distribution), they can induce counter-conformity among consumers for brands that originate in emerging markets.

Originality/value – While prior studies suggest that emerging market consumers prefer foreign brands than domestic brands, little attention was focused on the antecedents for such preference. This study considers consumer dispositions, which were not examined in prior research in addressing this research gap.

Keywords Materialism, Cosmopolitanism, Global brands, Customer attitudes, Emerging markets, Need for uniqueness

Paper type Research paper

Introduction

Marketing literature emphasizes the role of global brands in shaping consumer attitudes and behaviors in emerging markets. Global brands share the same name across multiple countries that use centrally coordinated marketing strategies (Steenkamp et al., 2003). Global brands exert considerable influence on economic, cultural, and psychological fronts (Mitchell, 2000). On the psychological front in particular, they provide consumers with a sense of identity, belongingness, and accomplishment. By transferring their values and ideals to a consumer's self-concept, global brands can play a key role in shaping consumer identities (Bartsch et al., 2016).

Consumers in emerging markets such as India prefer global brands for their globalness and derive self-expressive and status benefits from consumption (Batra et al., 2000). Globalness perception functions as a distinct brand attribute providing emerging market consumers with the opportunity to show their participation in an aspired-to global consumer culture. This has created significant opportunities for domestic firms to develop global brands. These developments have made it imperative for foreign brands to succeed in emerging markets as well as foreign markets. Thus, consumers in emerging markets face a choice between global brands originating in foreign markets and domestic markets.
While prior studies present mixed findings concerning consumer preference toward foreign vs domestic brands (Moeller et al., 2013), there is general consensus that consumers in emerging markets prefer foreign brands over domestic brands, as they are perceived to provide higher quality and value. However, there is limited research when it comes to the role of consumer dispositions toward global brands from developed and emerging market (Bartsch et al., 2016). Particularly, with the expansion of global brands from developed markets into emerging markets and rise of global brands from emerging markets (Sheth, 2011), brand managers must understand how emerging market consumers evaluate and adopt domestic brands and foreign brands. This study addresses this research gap by examining consumer disposition toward global brands in the developed and emerging market contexts.

Prior research contends that consumers who idealize globalization and global community are more likely to use global brands to reinforce their identification with the global world (Strizhakova et al., 2011). Despite this, studies addressing consumer disposition toward global brands that originate from different markets (e.g. developed vs emerging markets) remain scarce. Researchers have examined the role branding plays in emerging markets, country-of-origin effect on adoption of global brands in emerging markets, and positive consumer dispositions toward domestic products (Kimra, 2006; Omar and Ensor, 2011; Siahtiri and Lee, 2017). Responding to recent calls for research (Riefler and Diamantopoulos, 2009; Wang, He and Barnes, 2017), this study examines differences in consumer dispositions towards global brands from emerging and developed markets.

The present study considered three consumer dispositions – cosmopolitanism, need for uniqueness, and materialism – in examining the attitude toward global brands from developed and emerging markets. These three positive dispositions or personality traits are studied as they are indicative of a perspective beyond provincial consumption boundaries and incorporate diversity, rationality, uniqueness, and material gain (Sharma et al., 2018). While prior studies have individually shown that these three dispositions lead to a positive orientation toward global brands, there is a lack of empirical evidence in the literature regarding the potential differences in their effects on global brands from developed and emerging markets (Bartsch et al., 2016). Moreover, prior studies have demonstrated that focusing on an individual trait may be insufficient to predict consumer behavior (Cleveland et al., 2009), this study simultaneously tests the predictive ability of three main consumer traits in determining consumer attitude toward global brands.

The present study focuses on the Indian market. Emerging markets such as India offer novel perspectives to advance our understanding of various issues related to consumer behavior (Sheth, 2011). In the last two decades, India has witnessed a rapid transformation through changing economic, political, social, cultural, legal, and technological environments. On the consumer front, rising incomes, increased literacy levels, rapid urbanization, and technological developments have transformed Indian consumer choice and decision making (Kumar et al., 2009). Thus, understanding Indian consumers will provide global firms the opportunity to expand their presence in emerging markets such as India. Moreover, prior studies identify examination of global brands as a future research area in emerging markets (Wang, He and Barnes, 2017).

The rest of the paper is organized as follows. We first present relevant literature supporting the effects of consumer personality traits on global brand attitude and purchase intentions. Methods and results are then presented, followed by discussion and implications of the results.

**Theoretical framework and model development**

During the last two decades, researchers have made significant efforts to understand consumer dispositions toward global brands by examining the changes in consumption behaviors due to globalization (Özsomer and Altaras, 2008; Zabkar et al., 2017). Specifically, marketing literature has examined the role of various consumer dispositions toward global brands. In the extant literature, consumer dispositions are conceptualized either as orientations that include...
consumer personality traits, values, or norms toward global brands (Xie et al., 2015) or attitudes that are learned dispositions that motivate consumers to act toward global brands (Akdeniz and Kara, 2014). Orientations are enduring patterns of thoughts, feelings, and assumptions that guide consumers in their evaluation of global brands. Attitudes, on the other hand, are beliefs toward the consequences of global brands such as status and conformity to the global world. The present study considers the role of personality traits or consumer orientations regarding cosmopolitanism, need for uniqueness, and materialism in the global brand evaluation. While prior studies have identified these traits as positive consumer dispositions, this study contends that they have differential effects on consumer attitude and behaviors for global brands from developed and emerging markets.

**Consumer cosmopolitanism and global brand evaluation**

Cosmopolitanism refers to a tendency of individuals to view themselves as world citizens, rather than as citizens of a specific country. They harbor a transnational frame of reference (Merton, 1957). Cosmopolitan individuals have an open mindset toward foreign cultures and are willing to explore and learn from them. Their motivation in understanding and learning from other cultures distinguishes them from individuals who view themselves only as citizens of a specific country or as members of a certain culture (Weij et al., 2015). Consumers with high cosmopolitan orientation seek self-enhancing activities that allow them to express their identity. Additionally, they exhibit a positive disposition to consume products from foreign markets and cultures, as well as appreciate the diversity brought by the products from different national and cultural origins (Riefler and Diamantopoulos, 2009). In this sense, Riefler et al. (2012) conceptualized consumer cosmopolitanism as a higher-order construct, capturing the degree to which a consumer is positively disposed toward foreign countries and cultures; appreciates the diversity brought about by the availability of products from different national and cultural origins; and is positively disposed toward consuming products from foreign countries.

Cosmopolitan consumers from both developed and emerging countries seek to consume products from foreign cultures (Caldwell et al., 2006). For consumers in emerging markets, however, global brands from developed countries appear inherently foreign. They are imbued with cultural elements of a foreign country, which may aid in the process of developing a cosmopolitan identity for the emerging market consumers. Further, these brands present consumers with a rich palette of mythic resources from which emerging market consumers can demonstrate their affiliation to the global cosmopolitan consumer segment and enhance their global identities (Özsomer and Altaras, 2008). Thus, there is likely a positive relationship between cosmopolitan orientations of emerging market consumers and their preference for global brands that originate in developed countries.

Global brands originating in emerging markets see a complex relationship between consumer cosmopolitanism and attitudinal preference. Global brands from emerging markets do not deliver the symbolic benefit of enabling the consumer to experience the diversity of foreign cultures. Hence, one might presume that cosmopolitan consumers might show less preference toward indigenous brands. Nevertheless, cosmopolitan consumers are well connected with local cultures and traditions (Riefler et al., 2012). They show a preference for offerings from foreign cultures to develop their cosmopolitan identity but, at the same time, do not reject the local cultural offerings (Lim and Park, 2013). In this sense, we expect cosmopolitan consumers to have favorable attitudes toward global brands that originate in emerging markets. Further, we anticipate that the strength of the relationship between consumer cosmopolitanism and brand attitudes would be higher for global brands that originate in developed markets than those from emerging markets. Therefore, we posit the following:

**H1a.** Consumer cosmopolitanism is positively related to attitude toward global brands that originate in developed markets.
**H1b.** Consumer cosmopolitanism is positively related to attitude toward global brands that originate in emerging markets.

**H1c.** Consumer cosmopolitanism will have a greater positive impact on attitude toward global brands that originate in developed markets than those in emerging markets.

**Need for uniqueness and global brand evaluation**

The need for uniqueness is defined as an “individuals’ pursuit of differentness relative to others that is achieved through the acquisition, utilization, and disposition of consumer goods for the purpose of enhancing one’s personal and social identity” (Tian and McKenzie, 2001, p. 172). The need for uniqueness reflects the differences in consumers concerning counter-conformity motivation, which is the drive to pursue differentness relative to others. Consumers constantly use their distinctive possessions to develop, enhance, and showcase their unique self-image (Sharma et al., 2018). Thus, the search for uniqueness is a continual process which drives consumers to exhibit behaviors contrary to the prevailing norms to maintain their distinctiveness over time.

In emerging markets, consumers experience generally favorable inclination toward brands with non-local origins (Batra et al., 2000). In the case of India, its citizens hold strong traditional values and do not welcome westernization. This conservative economic orientation restrained accessibility to foreign brands in local markets. As a result, these brands became scarce and expensive and acquired status among consumers. Such brands are regularly associated with modernity, individuality, and nonconformity (Kumar et al., 2009). For global brands that originate in developed markets, perceptions of non-localness might drive nonconformity motivation and positively influence attitudes toward these brands. Consumer perceptions of the quality and design consistency of global brands from emerging markets have been found to be negative (Kumar and Steenkamp, 2013). Also, these brands have long existed in the domestic markets and are thus highly familiar to local consumers. In such instances, global brands from developed countries are favored over their local counterparts in emerging markets. Hence, consumers with a higher need for uniqueness might show less of a preference for global brands that originate in emerging markets. We thus postulate the following:

**H2a.** Consumers’ need for uniqueness relates positively to attitude toward global brands that originate in developed markets.

**H2b.** Consumers’ need for uniqueness relates negatively to attitude toward global brands that originate in emerging markets.

**H2c.** Consumers’ need for uniqueness will have a greater positive effect on attitude toward global brands that originate in developed markets than those in emerging markets.

**Materialism and global brand evaluation**

Richins and Dawson (1992) defined materialism as “the importance a person places on possessions and their acquisition as a necessary desirable form of conduct to reach desirable states, including happiness” (p. 307). Materialistic consumers are oriented toward attaining material goods, as the acquisition and possession of material objects are crucial to their self-definition, success, and well-being. They defined and communicated their social identity through their possessions, which provide them with sources of satisfaction and dissatisfaction (Wang, Liu, Jiang and Song, 2017). This perspective complements the social constructionist perspective, which considers possessions as extensions of the self.

Materialistic individuals are self-centered and show a preference for status-enhancing products, as such products are perceived to enhance their social and economic status (Otero-López et al., 2011). Materialistic tendencies are escalating among consumers in
emerging markets. The combination of the global media and the desire of individuals to enhance their materialistic lives compels consumers in emerging markets to mimic western lifestyles (Cleveland et al., 2009; Sheth, 2011). Such consumers place a high social premium on imported products and buy them to enhance their status in the society (Batra et al., 2000). Based on the above discussion, consumers in emerging markets may favor a global brand which originates in a developed market. Due to the perceptions of lower quality and prestige for global brands from emerging markets, they are not favorably evaluated (Han and Terpstra, 1988; Kumar and Steenkamp, 2013). As materialism is linked to the maintenance and enhancement of self-worth, brands that originate in emerging markets would be less preferred than brands that originate in developed markets. Thus, we hypothesize the following:

**H3a.** Materialism relates positively to attitude toward global brands that originate in developed markets.

**H3b.** Materialism relates negatively to attitude toward global brands that originate in an emerging market.

**H3c.** Materialism will have a greater positive effect on attitude toward global brands that originate in developed markets than those in emerging markets.

*Mediating role of attitude toward global brands*

We were also interested in the indirect effect of consumer personality traits on purchase intentions as related to attitudes toward global brands. The relationship between attitude toward a brand and purchase intentions can be established through the theory of reasoned action (Ajzen and Fishbein, 1980). The theory holds that cognitive beliefs about an object precede attitude formation, which, in turn, influences behavioral intentions. Hence, we expect that a favorable attitude toward global brands would positively relate to purchase intentions. As attitudes drive behavior, and, hence, it is worthwhile to study the mediating role of global brand attitude in the relationship between individual difference variables and purchase intentions. We thus propose the following:

**H4a.** Brand attitude will mediate the effects of consumer cosmopolitanism, need for uniqueness, and materialism on purchase intentions toward global brands from developed markets.

**H4b.** Brand attitude will mediate the effects of consumer cosmopolitanism, need for uniqueness, and materialism on purchase intentions toward global brands from emerging markets.

*Methods*

**Sample**

A list of global brands was obtained through the rankings provided by two leading consulting firms, Interbrand and Millward Brown. Ten global brands in five product categories were selected: Automobiles (Honda, Bajaj), Beverages (Heineken, Kingfisher), Cosmetics (L’Oreal, Lakme), Laptops (Dell, HCL), and Telecom (Vodafone, Airtel).

Two pretests were conducted to assess the perceived globalness of the selected brands. In the first pretest, 28 shoppers indicated their perception of each brand to the question, “What do you think is the cultural association of this brand?” (Zhou et al., 2010) where 1 = an Indian (local) brand and 2 = a foreign brand. The findings showed that 95 percent of the respondents reported brands from developed markets as foreign (as opposed to local), while 84 percent rated the brands from emerging markets as local (as opposed to foreign).

Following this, a second pretest with 41 shoppers was carried out to examine the perceived globalness of the selected brands. A three-item seven-point Likert scale adapted
from Steenkamp et al. (2003) (“to me this is a global brand,” “I think consumers overseas buy this brand,” and “this brand is sold all over the world”) revealed that respondents rated both sets of brands from developed ($M = 5.64$) and emerging markets ($M = 5.15$) as global. While respondents rated the selected brands from developed markets as more global than those from emerging markets ($t = 7.41, p < 0.01$), the results of one-sample $t$-test with test value as 5 (somewhat agree) revealed that respondents perceived brands from both developed markets ($t = 15.59, p < 0.01$) and emerging markets ($t = 2.78, p < 0.01$) as global. The results of the two pretests confirm the perceived foreignness (localness) and globalness of the selected brands for the study.

The data for the study were collected via a survey questionnaire administered with the help of a market research agency at prominent shopping malls in four major cities of India. The intercept method used for data collection produced a usable sample of 613 respondents (60 percent male, 58.4 percent between 18 and 25 years, and 58 percent graduates). Each respondent was asked to mark a response to two global brands (one each from developed market and emerging market separately) in one of the product categories selected in this study which respondents had recently purchased and familiar with. Collecting data from the same respondent for two brands rather than a different set of respondents ensures sample equivalence as suggested in prior research. A filler task (opinion and consensus related to seven political issues) was used to separate the responses for two brands to eliminate any short-term memory effect of prior response to the brand. Thus, each respondent evaluated two sets of brands in the questionnaire. Most respondents rated the questionnaire for the telecom service provider (28.2 percent) followed by cosmetics (25.7 percent), automobiles (19.1 percent), beverages (18.6 percent), and laptops (8.4 percent).

Measures

For this study, validated scales from earlier studies were used for measurement of constructs and variables. The present study utilizes five constructs and several control variables. All constructs are measured on Likert scales, with scores ranging from 1 – strongly disagree to 7 – strongly agree. Cosmopolitanism was measured with 12 items adopted from Riefler et al.’s (2012) study. Need for uniqueness uses three items adopted from Tian et al. (2001). Materialism was measured with four items adopted from Sharma (2011). Perceived brand attitude scale was adopted from Sengupta and Johar (2002). Purchase intention is measured by four items adopted from Chandran and Morwitz (2005). Table I provides descriptions of all constructs and their measurement items. Brand familiarity and demographic variables such as age, gender, annual family income, and product category were used as control variables.

Data analysis

Data analysis was conducted through a two-step procedure recommended by Anderson and Gerbing (1988) using AMOS 21. Confirmatory factor analysis was used to confirm the factor structure of the second-order construct of cosmopolitanism. This measurement model was used to test construct reliability and validity. Structural paths were tested using structural model with 5,000 bootstrap resamples and 90% confidence intervals (CIs). Multigroup analysis was used to test the equivalence of the model across the global brands from developed and emerging markets. Mediation hypothesis was tested following the method suggested by Preacher and Hayes (2008).

Results

Measurement model results

Consumer cosmopolitanism was modeled as a second-order reflective construct. As seen in Table I, the second-order factor loadings of cosmopolitanism are significant, with
<table>
<thead>
<tr>
<th>Construct</th>
<th>Item description</th>
<th>Global brands from developed markets</th>
<th>Global brands from emerging markets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Loadings a CR AVE</td>
<td>Loadings a CR AVE</td>
</tr>
<tr>
<td>Cosmopolitanism</td>
<td>Open mindedness</td>
<td>0.93 0.92 0.92 0.75</td>
<td>0.94 0.92 0.93 0.76</td>
</tr>
<tr>
<td></td>
<td>When traveling, I make a conscious effort to get in touch with the local culture and traditions</td>
<td>0.80 0.80</td>
<td>0.80 0.80</td>
</tr>
<tr>
<td></td>
<td>I like having the opportunity to meet people from many different countries</td>
<td>0.91 0.91</td>
<td>0.91 0.91</td>
</tr>
<tr>
<td></td>
<td>I like to have contact with people from different cultures</td>
<td>0.89 0.89</td>
<td>0.89 0.89</td>
</tr>
<tr>
<td></td>
<td>I have a real interest in other countries</td>
<td>0.87 0.88</td>
<td>0.87 0.88</td>
</tr>
<tr>
<td>Diversity appreciation</td>
<td></td>
<td>0.97 0.92 0.92 0.75</td>
<td>0.97 0.92 0.92 0.75</td>
</tr>
<tr>
<td></td>
<td>Having access to products coming from many different countries is valuable to me</td>
<td>0.85 0.86</td>
<td>0.85 0.86</td>
</tr>
<tr>
<td></td>
<td>The availability of foreign products in the domestic market provides valuable diversity</td>
<td>0.90 0.89</td>
<td>0.90 0.89</td>
</tr>
<tr>
<td></td>
<td>I enjoy being offered a wide range of products coming from various countries</td>
<td>0.92 0.91</td>
<td>0.92 0.91</td>
</tr>
<tr>
<td></td>
<td>Always buying the same local products becomes boring over time</td>
<td>0.78 0.78</td>
<td>0.78 0.78</td>
</tr>
<tr>
<td>Consumption that transcends borders</td>
<td></td>
<td>0.96 0.88 0.88 0.65</td>
<td>0.96 0.88 0.89 0.65</td>
</tr>
<tr>
<td></td>
<td>I like watching movies from different countries</td>
<td>0.78 0.77</td>
<td>0.78 0.77</td>
</tr>
<tr>
<td></td>
<td>I like listening to music of other cultures</td>
<td>0.77 0.76</td>
<td>0.77 0.76</td>
</tr>
<tr>
<td></td>
<td>I like trying original dishes from other countries</td>
<td>0.82 0.81</td>
<td>0.82 0.81</td>
</tr>
<tr>
<td></td>
<td>I like trying things that are consumed elsewhere in the world</td>
<td>0.86 0.86</td>
<td>0.86 0.86</td>
</tr>
<tr>
<td>Need for uniqueness</td>
<td>When products and brands become extremely popular, I lose interest in them</td>
<td>0.81 0.88 0.88 0.70</td>
<td>0.81 0.88 0.88 0.70</td>
</tr>
<tr>
<td></td>
<td>I avoid products or brands that have already been accepted and purchased by the average consumer</td>
<td>0.86 0.86</td>
<td>0.86 0.86</td>
</tr>
<tr>
<td></td>
<td>When a product I own becomes popular among the general population, I begin using it less</td>
<td>0.84 0.84</td>
<td>0.84 0.84</td>
</tr>
<tr>
<td>Materialism</td>
<td>My life would be better if I owned certain things that I do not have</td>
<td>0.84 0.86 0.86 0.61</td>
<td>0.84 0.86 0.86 0.60</td>
</tr>
<tr>
<td></td>
<td>I admire people who own expensive houses, cars and clothes</td>
<td>0.68 0.67</td>
<td>0.68 0.67</td>
</tr>
<tr>
<td></td>
<td>I would be happier if I could afford to buy more things</td>
<td>0.86 0.85</td>
<td>0.86 0.85</td>
</tr>
<tr>
<td></td>
<td>It bothers me sometimes that I cannot afford to buy all the things that I would like to have</td>
<td>0.74 0.74</td>
<td>0.74 0.74</td>
</tr>
<tr>
<td>Attitude</td>
<td>I think this brand is very good</td>
<td>0.89 0.92 0.92 0.79</td>
<td>0.91 0.91 0.78</td>
</tr>
<tr>
<td></td>
<td>I think this brand is very useful</td>
<td>0.87 0.88</td>
<td>0.87 0.88</td>
</tr>
<tr>
<td></td>
<td>My opinion of this brand is very favorable</td>
<td>0.90 0.84</td>
<td>0.90 0.84</td>
</tr>
<tr>
<td>Purchase intention</td>
<td>How likely are you to buy this brand in the future?</td>
<td>0.82 0.90 0.90 0.71</td>
<td>0.86 0.94 0.80</td>
</tr>
<tr>
<td></td>
<td>How likely are you to buy this brand in your next purchase?</td>
<td>0.84 0.89</td>
<td>0.84 0.89</td>
</tr>
<tr>
<td></td>
<td>How probable is it that you will purchase this brand in the future?</td>
<td>0.87 0.90</td>
<td>0.87 0.90</td>
</tr>
<tr>
<td></td>
<td>How certain is it that you will purchase this brand in the future?</td>
<td>0.82 0.92</td>
<td>0.82 0.92</td>
</tr>
</tbody>
</table>

Note: aSecond-order factor loadings
values ranging from 0.95 to 0.97, which exceed the threshold level of 0.70 proposed by Jarvis et al. (2003). Furthermore, each of the indicators loaded significantly on its designated factor and exceeded the threshold level of 0.70 (ranging from 0.76 to 0.91). This indicates that the operationalization of consumer cosmopolitanism resulted in a reliable higher-order construct with the three reflective first-order dimensions of open mindedness, diversity appreciation, and consumption that transcends borders.

Table I presents the measurement model results for all reflective constructs in this study. As seen in this table, Cronbach’s $\alpha$ for all of the constructs was greater than 0.70, thereby establishing internal consistency of the items (Nunnally, 1978). The values for composite reliability for all constructs exceed the threshold value of 0.70 (ranging from 0.76 to 0.91). This indicates that the operationalization of consumer cosmopolitanism resulted in a reliable higher-order construct with the three reflective first-order dimensions of open mindedness, diversity appreciation, and consumption that transcends borders.

For the purpose of examining discriminant validity, AVE is compared with the squared correlation between a pair of constructs as suggested by Fornell and Larcker (1981). The squared correlations between pairs of constructs are less than the AVE value, thus confirming discriminant validity (see Table II).

Goodness-of-fit measures are utilized to evaluate the overall model fit (Hair et al., 2010). The measurement model for global brands from developed brands showed a good fit ($\chi^2 = 635.71; \text{df} = 282; \chi^2/\text{df} = 2.25; \text{CFI} = 0.97; \text{NFI} = 0.95; \text{RMSEA} = 0.045$). Similarly, the measurement model for global brands that originate in an emerging market showed a good fit ($\chi^2 = 636.41; \text{df} = 281; \chi^2/\text{df} = 2.27; \text{CFI} = 0.97; \text{NFI} = 0.96; \text{RMSEA} = 0.045$).

**Structural model results**

Structural equation modeling was used to test each hypothesis. The model fits the data well for both sets of models (global brands from developed markets: $\chi^2 = 1,817.38; \text{df} = 516; \chi^2/\text{df} = 3.52; \text{CFI} = 0.92; \text{TLI} = 0.91; \text{NFI} = 0.89; \text{RMSEA} = 0.064$; global brands from emerging markets: $\chi^2 = 171.52; \text{df} = 516; \chi^2/\text{df} = 3.32; \text{CFI} = 0.93; \text{TLI} = 0.92; \text{NFI} = 0.90; \text{RMSEA} = 0.062$). The model explains approximately 49 and 43 percent of the variance for perceived brand attitude and purchase intention variables for global brands from developed markets, whereas 41 and 58 percent of the variance was explained for perceived brand attitude and purchase intention for global brands from emerging market. The control variables of age ($\beta = 0.33$, $p < 0.01$) and brand familiarity ($\beta = 0.50$, $p < 0.01$) have a significant effect on purchase intentions for global brands from developed markets. For global brands from emerging market, age ($\beta = 0.45$, $p < 0.01$), gender ($\beta = 0.07$, $p < 0.05$), and brand familiarity ($\beta = 0.51$, $p < 0.01$) had a significant effect on purchase intentions.

As shown in Table III, cosmopolitanism has a positive and significant effect on perceived brand attitude for both global brand models (developed market: $\beta = 0.70$, $p < 0.01$, LCI = 0.62, UCI = 0.78; emerging market: $\beta = 0.53$, $p < 0.01$, LCI = 0.43, UCI = 0.61),
supporting $H1a$ and $H1b$. Need for uniqueness has a negative and significant effect on perceived brand attitude for global brands from emerging market ($\beta = -0.11, p < 0.05, LCI = -0.18, UCI = -0.04$), whereas this effect was not significant for global brands from developed market ($\beta = 0.01, p = 0.74, LCI = -0.05, UCI = 0.08$). Therefore, $H2a$ was not supported, but $H2b$ was supported. Materialism was not found to influence perceived brand attitude (developed market: $\beta = -0.02, p = 0.77, LCI = -0.11, UCI = 0.08$; emerging market: $\beta = 0.09, p = 0.18, LCI = -0.02, UCI = 0.19$). Thus, $H3a$ and $H3b$ were not supported. Perceived brand attitude had a positive and significant effect on purchase intentions for both global brand models (developed market: $\beta = 0.24, p < 0.01, LCI = 0.17, UCI = 0.32$; emerging market: $\beta = 0.34, p < 0.01, LCI = 0.26, UCI = 0.39$).

To test the differential effects of the three consumer personality traits on attitude ($H1c$-$H3c$), multigroup analysis was carried out (Byrne, 2016). Having determined the baseline models for global brands originating from developed and emerging markets, a test of model fit was assessed across the two groups simultaneously. The unconstrained model which serves as an initial baseline model showed a fairly good fit to the data ($\chi^2 = 3,541.84; df = 1,032; \chi^2/df = 3.43; CFI = 0.92; TLI = 0.91; NFI = 0.89; RMSEA = 0.045$). Subsequently, measurement invariance was assessed by comparing the two brands (developed and emerging markets). A non-significant $\Delta \chi^2$ test demonstrates that the measurement was invariant across the two groups ($\chi^2 = 26.01, df = 22, p = 0.25$). The test of invariance of factor loadings still represented a fairly good fit ($\chi^2 = 3,567.85; df = 1,054; \chi^2/df = 3.34; CFI = 0.92; TLI = 0.91; NFI = 0.89; RMSEA = 0.044$).

Following the measurement invariance, we tested the structural invariance (the relationship between or among latent constructs) (Byrne, 2016), which revealed a statistical significant $\chi^2$ at a probability of 0.05 ($\chi^2 = 41.57, df = 11, p < 0.01$, $\chi^2 = 3,609.42; df = 1,065; \chi^2/df = 3.39; CFI = 0.92; TLI = 0.91; NFI = 0.89; RMSEA = 0.044$). This suggests that the structural invariance was not supported. Following this, individual paths were tested for invariance by successively constraining each path to be equal across the two groups (developed and emerging market). The results reveal that consumer cosmopolitanism has a significantly greater positive influence on brand attitude that originates in developed market ($\beta = 0.70, p < 0.01$) than those in emerging market ($\beta = 0.52, p < 0.01$), $\Delta \chi^2 = 4.72, df = 1, p < 0.05$, supporting $H1c$. Similarly, a significant difference in need for uniqueness was observed between the two groups, $\Delta \chi^2 = 4.48, df = 1, p < 0.05$, providing support for $H2c$. No significant differences were observed in the effect of materialism on brand attitude across developed market and emerging market ($\Delta \chi^2 = 1.17, df = 1, p = 0.29$). This does not offer support for $H3c$.

Figures 1 and 2 present a summary of the relationships between consumer dispositional and attitude for global brands for developed and emerging market.
Consumer dispositions toward global brands

**Figure 1.** Effect of personality traits for global brands from developed markets

**Figure 2.** Effect of personality traits for global brands from emerging markets

Notes: AFI, annual family income; PC, product category; BF, brand familiarity. Bold lines indicate significant effect. Dotted lines indicate non-significant effect. *p<0.05; **p<0.01
To test the role of perceived brand attitude in the consumer personality traits and purchase intentions relationship, mediation analysis was performed in accordance with Preacher and Hayes (2008) recommendation. The mediation effect is present if the lower and upper CIs do not contain a 0. The findings show that perceived brand attitude mediated the relationship between cosmopolitanism and purchase intentions toward global brands from developed markets (indirect effect  = 0.15, LCI  = 0.08, UCI  = 0.22). As the CIs did not contain 0, the results support the mediating role of perceived brand attitude in the relationship between cosmopolitanism and purchase intentions for global brands from developed markets. However, we did not find support for the mediating role of need for uniqueness (indirect effect  = 0.00, LCI  = −0.02, UCL  = 0.02) and materialism (indirect effect  = 0.00, LCI  = −0.01, UCI  = 0.03). Thus, partial support for H4a was obtained.

Regarding H4b, we find that perceived brand attitude mediates the relationship between cosmopolitanism and purchase intentions for global brands from emerging markets (indirect effect  = 0.21, LCI  = 0.16, UCI  = 0.28). This suggests that purchase intention of global brands from emerging market is contingent on consumer attitudes toward the brand. In case of H2c, brand attitude mediates the relationship between need for uniqueness and purchase intentions (indirect effect  = −0.04, LCI  = −0.04, UCI  = −0.01), supporting H2c. Like in the case of global brands from developed markets, we did not find a significant mediating role of materialism for global brands from emerging markets (indirect effect  = 0.03, LCI  = −0.02, UCI  = 0.07). Thus, H4b is partially supported.

Discussion

We have investigated the relationship of three consumer trait variables with perceived brand attitude and purchase intentions toward global brands from the developed market and emerging market. The findings show significant differences in the effects of consumer traits of cosmopolitanism and need for uniqueness on perceived brand attitude and purchase intentions. Specifically, cosmopolitanism had a positive and higher influence on attitude toward global brand from developed market compared to global brands from emerging market. Need for uniqueness had a negative influence on attitude toward the global brands from emerging market but was not significant for global brand from the developed market. Finally, materialism was found to have a non-significant influence on consumer attitudes toward global brands from both developed and emerging markets. The implications of these findings are discussed in the following sections.

Theoretical implications

The study makes significant contributions to the literature. The results show that consumer cosmopolitanism positively influences attitudes toward global brands from the developed market as well as emerging market. The findings suggest that consumers with higher cosmopolitan orientation are more inclined toward consuming products and services from foreign cultures than local cultures. Cosmopolitan consumers may prioritize their consumption choices between foreign and domestic alternatives. The development and enactment of a cosmopolitan identity requires consumption of products from foreign cultures. Interestingly, the relationship between consumer cosmopolitanism and perceived brand attitude for global brands from emerging markets shows that cosmopolitan consumers also are objective in their decision making and would prefer locally produced products if they perceive them as valuable. These consumers are not the opposite of ethnocentric consumers; rather, they have strong local ties and are objective in their product choices (Riefler et al., 2012). These findings concur with the arguments concerning globalization theory which suggest that the effects of globalization on consumer behaviors are very complex (Steenkamp et al., 2010). The results show that brand attitude mediated the relationship between consumer cosmopolitanism and purchase intentions.
This finding highlights the importance of the cultural associations which accompany the products and services from diverse cultures (Ger and Belk, 1996).

The need for uniqueness had a significant negative impact on attitude toward global brands from emerging markets, but this relationship was not significant in the case of global brands from developed markets. Prior research suggests that exclusivity and prestige associations imbued in global brands from developed countries serve as a basis of uniqueness desires in emerging market consumers (Batra et al., 2000). In recent times, emerging markets are witnessing an inflow of global brands from developed countries, and global brands are customizing some elements of their marketing mix (e.g., price, design, distribution) to reach the emerging market consumers. Therefore, these brands might be losing their prestige appeal among emerging market consumers and, hence, the relationship between the need for uniqueness and attitudes toward global brands from developed markets is not significant. For global brands from emerging markets, the relationship between the needs for uniqueness and brand attitude is negative and significant. Prior research reports that brands from emerging markets are often found lacking in quality, aesthetics, and appear as imitations of brands from developed markets (Sharma, 2011; Kumar and Steenkamp, 2013). As such, these brands would not aid in realizing the uniqueness motives of consumers, and this might explain the negative relationship between need for uniqueness and attitude toward brands from emerging markets.

Materialism was not found to influence brand attitudes for global brands that originate in developed or emerging markets. Interestingly, these findings depart from earlier studies on country-of-origin effects that highlighted the significance of materialism in consumer brand choice (Cleveland et al., 2009; Demirbag et al., 2010). This relationship may actually depend on the nature of product categories. Product categories that are high in social signaling value might reflect a positive influence of materialism. Thus, researchers should identify other additional pathways to study the role of materialism in influencing purchase intentions toward global brands.

Managerial implications

The study provides insights for brand managers to carefully manage various consumer dispositions and their significance in influencing purchase intentions toward global brands from developed and emerging market. When addressing consumers with cosmopolitan orientations, managers should focus on developing promotional strategies which highlight the distinct cultural benefits offered by the brands. Companies such as Corona and Harley-Davidson have been successful in associating their brands with cultural connotations. These brands are globally perceived as iconic brands that deliver powerful cultural myths to consumers. These myths aid consumers in developing and communicating their desired identities. Cosmopolitan consumers seek the diversity provided by global brands from developed markets to develop and enable their cosmopolitan identities. For global brands that originate in emerging markets, local aspect of cosmopolitanism would take precedence. Brand managers of domestic brands should consider incorporating appeals which highlight local iconness and cultural embeddedness in their promotional programs. These elements thus influence cosmopolitanism consumers’ brand attitude, which, in turn, impacts purchase intentions toward global brands from emerging markets.

Further, managers of global brands originating in emerging markets should focus on developing distinct and unique brand identity that differentiates them from global brands from developed markets. Especially for brands originating in emerging markets, it is crucial to shed negative quality stereotypes and identify sources which build identity value for their brands (Ger and Belk, 1996). In this way, they might address the uniqueness desires of consumers by appearing unique and valuable. Considering brands from developed markets, brand managers should avoid being an insider. This way they can appear being perceived as prestigious and distinct which appeals to the uniqueness motives of consumers. As noted
earlier, brands from developed markets were preferred because of their high quality, price, and limited availability (Batra et al., 2000). These factors suggest that brand managers of international brands should invest resources in improving quality and design, with limiting supply and increasing standardization in their marketing strategies.

Limitations and future research directions
In summary, although this study provides preliminary evidence for the relational link between consumer personality traits and preference toward global brands from developed vs emerging markets, the study has some limitations. First, the results of the present study should be cautiously interpreted for other emerging markets like China, Brazil, and Russia due to inherent differences in macro-environmental and micro-environmental factors that might influence consumer attitudes and preferences toward global brands. Thus, future studies in other emerging markets would offer empirical generalization for the study findings. Second, the present study did not include other customer traits such as ethnocentrism and local identity. The inclusion of these variables in future research on global brand attitude and behaviors should be fruitful. Third, although respondents were screened for prior purchase behavior and familiarity, it is possible that their general impressions might influence the rating of the global brands. Thus, future research should replicate the study findings using other methods such as word association tests or semi-structured interviews to obtain accurate consumer attitudes toward global brands.

Fourth, this study did not consider luxury brands that are high in social signaling value, for which the consumer level of materialism and need for uniqueness might be more relevant. Fifth, data were pooled across product categories to determine the generalized effects of consumer personality traits on attitudinal and behavioral constructs, but category-wise analysis may produce richer insights for managers. Finally, nationally representative sampling would provide more robust findings. Analyzing consumer responses from suburban and rural consumers would produce richer insights. Also, the findings could be corroborated with those from samples of other emerging countries to provide a more comprehensive understanding of the effects of the constructs.

References


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Concurrent sponsorship: implications for sponsoring brands and sponsored property

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Abstract

Purpose – The purpose of this paper is to examine the interesting dynamics of image transfer when multiple brands get together to sponsor a property, referred to as concurrent sponsorship, and its effects on the consumer-based brand equity (CBBE) of the sponsor or the sponsored property, in the context of Indian Premier League of cricket.

Design/methodology/approach – Two pre-tests, for identifying the sponsored property and sponsors, were followed by the main experiment, involving 500 respondents. A general linear model was used for data analysis.

Findings – The findings reveal that for brands with high CBBE, investment in concurrent sponsorship leads to larger benefits, especially if they have similar associations to the sponsored property. This study also shows that image of the sponsored property is strongly dependent on combined CBBE of the sponsors. Finally, it is found that brands with high (low) CBBE are benefited more in concurrent (solo) sponsorship conditions.

Originality/value – This paper is an original contribution in this field, with limited works studying the impact of concurrent sponsorship on the brand equity of sponsors or the sponsored property.

Keywords Relatedness, Brand image, Customer-based brand equity, Concurrent sponsorship

Paper type Research paper

Introduction

“Sponsorship is an investment, in cash or kind, in an activity, in return for access to the exploitable commercial potential associated with that activity” (Meenaghan, 1991, p. 36). Organizations around the world are strategically investing in sponsorship, with the objective of generating and enhancing their brand awareness (Walraven et al., 2012), image (Chavanat et al., 2009), reputation (D’Astous and Bitz, 1995), brand equity (Donlan, 2013), credibility (Pham and Johar, 2001), and customer goodwill (Henseler et al., 2011). Nowadays, popular sports and sport-related entities are able to attract multiple simultaneous sponsor brands, a situation referred to as concurrent sponsorship (Carrillat et al., 2010). Though there is a rich body of knowledge that examines image transfer in a multiple-brand context across other fields of marketing, such as brand alliances, co-branding (e.g. Washburn et al., 2004), or advertising alliances (e.g. Samu et al., 1999), very few have implications in the context of concurrent sponsorship. Sponsorship clutter, with a mix of brand associations, may create incongruity in final brand equities of the sponsors and the sponsored property, as they are unable to lend or gain intended secondary associations (Pham and Johar, 2001). Further, concurrent sponsorships may not always be strategic brand alliances, as many-a-times brands get associated with big properties with little concern for other co-sponsors (Gross and Wiedmann, 2015). This is an existing gap in literature and such inter-sponsor image transfer dynamics in a non-strategic alliance context are also investigated here by manipulating the relatedness, or shared associations, of sponsors with the property.
Embedded in the theory of meaning transfer is the process of image exchange between two associated brands in a sponsorship context, with a strong impact of the sponsor on the image of the sponsored property, as well as a substantial spillover on the brand equity of the sponsor itself (Gwinner and Eaton, 1999; Carrillat et al., 2010). Academic research on sponsorship gained momentum after Ruth and Simonin (2003) where they examined the effect of sponsor brand nationality and complementarity on consumers’ attitudes toward an event (refer to Cornwell et al., 2005 for pre-2005 works on sponsorship). Subsequently, issues related to familiarity of brands (Carrillat et al., 2005), motives and roster size (Ruth and Simonin, 2006), property-sponsor fit and sponsor-sponsor fit (Groza et al., 2012), pre-image of the sponsors (Henseler et al., 2009), and their impact on the property, as well as on the other co-sponsors through image transfer (Kelly et al., 2016) have been examined in the context of single, as well as concurrent, sponsorships. However, despite these works, following questions remain still unanswered: What is the relative impact of a brand on the image of a sponsored property in a concurrent sponsorship environment compared to a solo one? What is the spillover effect of concurrent sponsorship on the brand equity of a sponsor, and what role does the relatedness of a sponsor with the property play in that process? In a concurrent sponsorship scenario, which kinds of brands, small or big, tend to benefit more? The current work aims to answer these questions by employing experimental design to analyze the effect of concurrent sponsorship, as well as the relatedness of a real sponsor brand to a sponsored team, on the image of the team and the sponsor brand.

Literature review

One of the primary motives of firms to enter into sponsorship agreements is to modify their brand equity by transfer of image and associations from one partner brand to another, apart from other general objectives like community relations, managing company’s image, and corporate responsibility (Gwinner and Eaton, 1999). Brand equity is defined as “the differential effect that brand knowledge has on customer response to brand’s marketing activity, in this case sponsoring a property” (Keller, 2016, p. 3), while image implies how a brand is perceived by consumers and relates to the set of brand associations in consumers’ memories (Bian and Moutinho, 2011). Categorization theory suggests that individuals look for maximum information with the least cognitive effort to manifest the world around them in structured sets which are subsequently accessed and processed (Carrillat et al., 2015). Similar objects with common salient features are assigned together in a single category, with efficient image transfers, whereas dissimilar objects with distinctive features are placed in different categories, inhibiting the process (Medin et al., 1993). Applications of congruity theory to this context suggest that when two brands with different images come together to sponsor a property, the incongruity of their images forces consumers to develop an assimilated attitude toward the sponsoring group (Gross and Wiedmann, 2015). The same dynamics apply to a sponsor-sponsored property combination.

Prior works, mostly pre-2005, in a one-to-one sponsoring brand-sponsored property dyad context have studied and confirmed the impact of sponsorship, not only on the image of the sponsored property but also concomitantly in the form of image enhancement or depreciation of the value of the sponsoring brand due to spillover effects (e.g. Crompton, 2004; Cornwell et al., 2005). However, in multiple sponsoring brands – single sponsored property context – which is a more prevalent reality today – the dynamics of image transfer among sponsoring brands and that from sponsors to sponsored property and spillover are much more complicated. For example, while Carrillat et al. (2015) and Carrillat et al. (2010) establish that there is an image transfer between co-sponsor brands, the former with fictitious brands and the latter with real ones, how this affects the sponsored property itself is not clear. Another effort in this direction by Henseler et al. (2009) using dummy stimuli, fails to establish a clear effect of image transfer from a
sponsor brand to a sponsored property. Further, while Carrillat et al. (2010) suggest that familiarity and stereotyping of co-sponsor brands causes image transfer, they are unable to explain why image transfer still occurs between dissimilar, unfamiliar co-sponsor brands. In a more recent study, Gross and Wiedmann (2015), interestingly, suggest that it is more fruitful for brands to go with sponsorship alliances that are dissimilar but complementary, rather than brands coming from the same industry. Finally, Kelly, et al. (2016), using fictitious brands, propose that when the information available about each sponsor is of a different quality, whether positive or negative, the magnitude of image transfer varies. Hence, with little consensus on the process dynamics, there is a clear need for more such studies in sports sponsorship, especially those with real brands, for concrete and generalizable conclusions (Cunha et al., 2015).

**Hypotheses**

Extant research on concurrent sponsorship, based on congruity theory, confirms that the image transfer between associated brands depends primarily on their relatedness (e.g. Carrillat et al., 2015; Kelly et al., 2016). Findings of Becker-Olsen and Hill (2006) and Cornwell et al. (2005) suggest that congruence in associations of a sponsor and a sponsored property, in terms of perceived similarity, relatedness, or consistency, creates mutual image transfer. Relatedness refers to the fact that a sponsor has shared brand associations with other co-sponsors as well as the sponsored property, with high (low) relatedness implying converging (diverging) associations (Kelly et al., 2016). The concept of sponsor relatedness is also rooted in relatedness heuristic under the categorization theory, where a perception of two brands belonging to the same category increases the probability that consumers will recall them together (Wakefield et al., 2007). This implies that a highly related sponsor-sponsored property dyad has a direct impact on the storage and retrieval of information and is responsible for a stronger and more favorable relationship between the two, leading to better image fit, congruence, and association transfer (Cobbs et al., 2015). Relatedness of the co-sponsors also alters the intensity of image transfer, with strong effects on a sponsor’s own brand recall through image spillover from other sponsors and the property (Cobbs et al., 2015). In conclusion, strong sponsor-property relatedness in a concurrent sponsorship context not only benefits the sponsored property, but also impacts the image of the sponsor and promotes its advocacy with the target audience (Koo et al., 2006; Walker et al., 2011). Hence:

**H1.** Higher relatedness of the sponsor brand with the sponsored property will have a strong effect on the brand equity of the sponsor in a concurrent sponsorship case.

In the context of concurrent sponsorship, there is also a fortuitous image transfer among the sponsoring brands, in addition to image transfer from the sponsoring brands to the property (Carrillat et al., 2010). Multiple sponsor brands, when put together, affect one another’s image; however, the impact of co-sponsorship is not uniform. When both strong and weak brands are mixed, it is expected that prominent brands will cause a strong change in the brand equity of smaller brands, which in turn will transfer this equity to the sponsored property (Ueltschy and Laroche, 2011; Kalafatis et al., 2012). Thus, concurrent sponsorship becomes an amplifier for image transfer process from a sponsor brand, especially a strong one, to the sponsored property, as there is a primary image transfer component as well as a secondary image transfer one through the relatively weaker co-sponsoring brands. Gross and Wiedmann (2015) refer to this phenomenon as cross-fertilized image generation that is stronger than the original image of the sponsor. Thus:

**H2.** A sponsor brand with higher consumer-based brand equity (CBBE), in concurrent sponsorship, will have a greater influence on the image of the sponsored property than in solo sponsorship.
The success of sponsorship associations, referred to as sponsorship alliances in literature, depends on the image compatibility of the brands involved (Decker and Baade, 2016). However, in such an alliance, brands with higher brand equity enable fortuitous image transfer to brands with lower equity, with the effect being weaker in the other direction (Ueltschy and Laroche, 2011). Hence, low-equity brands can benefit more from a brand alliance involving a stronger brand with a positive image, as this creates positive secondary associations (Kalafatis et al., 2012). This process is referred to as asymmetric benefit in extant literature, and implies that lesser-known brands, with unstructured associations, benefit if they ally with larger partners, with strong and consistent associations (Bengtsson and Servais, 2005; Walraven et al., 2012). Similarly, Wang et al. (2011) suggest that when smaller brands support bigger ones, the audience will seek image congruity between the two, with the overriding image being consistent with that of the bigger brand. Hence, it can be proposed that the whole image transfer process from one sponsoring brand to another, as well as to the sponsored property, is asymmetric, arguably with more value for the lower-equity brand than for that with higher equity (Washburn et al., 2004). Thus:

**H3.** Brands with a low CBBE stand to benefit more in a concurrent sponsorship environment compared to brands with high CBBE.

Figure 1 summarizes the proposed model.

### Research methodology

#### Research design

An experimental study was conducted using a $2 \times 2 \times 2$ between-subjects factorial design, where sponsorship type (solo/concurrent), relatedness (related/unrelated), and CBBE of the sponsors (high/low) were manipulated. Though most of similar studies in the past used student samples for convenience, creating external validity concerns (e.g. Carrillat et al., 2015; Carrillat et al., 2010; Ruth and Simonin 2006), the unique context of this work, Indian Premier League (IPL), a popular global T-20 (a cricket match with 20 overs for each side) tournament, necessitates such a sample. According to TAM Media Research, it has more than 100 sponsors with a typical audience (182 million for the eight edition) which comprises 64 percent males and 44 percent people of age group 15-35, making young males the largest fan-base (Ghosh, 2017). For data collection, participants were selected from a pool of 846 students and staff at a premier business school in India, who were approached through an internal e-mail. Of those, 738 showed willingness to participate, out of which, 500 were randomly selected,
with each pair of treatment condition sample size ranging from 59 to 65. The average age of the selected respondents was 22.5 years (range 17-29 years), with 60 percent of them males. The sample was, thus, quite close in gender distribution of the population and covered a major age group of the overall audience.

Pre-test 1 (sponsored team identification) 
Two pre-tests were conducted, prior to the main experiment, to select the sponsoring brand(s) and sponsored property. In the first pre-test, data were collected from randomly selected 40 of the shortlisted respondents. Half of the respondents (20) were asked to recall (unaided) any three IPL teams, while the other half were subjected to aided recall and were asked to name their top three favorite teams of the IPL (the names of all the nine teams playing in the IPL were shown to them). The results revealed that Mumbai Indians, followed by Chennai Super Kings were the top two recalled teams, in both aided as well as unaided recall. Thus, the Mumbai Indians were selected for further investigation.

Pre-test 2 (sponsor identification) 
The study called for identification of eight sponsor-sponsored property combinations for the main study to ensure different types of sponsorships, degrees of relatedness to the sponsored property, and brand equity. In pre-test 2, official websites of the IPL, as well as websites of all associated teams, were scanned daily for four weeks, prior to the start of the 2015 tournament, leading to 119 identified sponsors. These were filtered based on data obtained from the remaining 460 respondents (excluding the 40 that participated in pre-test 1) that captured each sponsor's prominence and relatedness to the event. Prominence was measured using the binary scale outlined by Johar and Pham (1999). Relatedness, by definition, involves image similarity between two brands, and hence was measured using Gwinner and Eaton’s (1999) three-item image-similarity scale. Similarly, CBBE was measured using a four-item scale developed by Yoo and Donthu (2001) for overall brand equity. Composite reliability values exceeded 0.70 ($\alpha_{\text{relatedness}} = 0.73$ and $\alpha_{\text{CBBE}} = 0.74$) for each construct (Nunnally, 1978). Discriminant validity was checked using Fornell and Larcker’s (1981) criterion, and all average variance extracted (AVE) values for each construct were found to be larger than the squared correlation of that construct with others. Furthermore, the AVE values for these constructs exceeded 0.50, implying convergent validity. The scales for relatedness and CBBE, although originally multi-item, were summated to check for aggregate effects of one construct over another and maintain parsimony (Burns and Dobson, 2012). Median split was used to classify sponsors into four categories: related and prominent, unrelated and prominent, related and less prominent, and unrelated and less prominent. A manipulation check was conducted, and the means of the related and unrelated sponsors were found to be significantly different ($F = 69.54, p < 0.01$), as were those of prominent and less-prominent sponsors ($F = 79.05, p < 0.01$). Eight sponsors were finally shortlisted, with two picked randomly from each pool, for further experimental treatment, as depicted in Table I.

<table>
<thead>
<tr>
<th>CBBE</th>
<th>Coca Cola High</th>
<th>Adidas High</th>
<th>Radio City 91.1 FM Low</th>
<th>Fever 104 FM Low</th>
<th>Microsoft High</th>
<th>Book My Show High</th>
<th>Loop Mobiles Low</th>
<th>Lux Cozi Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBBE mean</td>
<td>5.67</td>
<td>5.17</td>
<td>3.12</td>
<td>3.32</td>
<td>4.89</td>
<td>4.34</td>
<td>2.98</td>
<td>2.65</td>
</tr>
<tr>
<td>CBBE SD</td>
<td>(0.45)</td>
<td>(0.84)</td>
<td>(0.86)</td>
<td>(0.86)</td>
<td>(0.65)</td>
<td>(0.91)</td>
<td>(0.91)</td>
<td>(0.72)</td>
</tr>
<tr>
<td>Relatedness mean</td>
<td>6.96</td>
<td>6.02</td>
<td>5.44</td>
<td>5.31</td>
<td>3.91</td>
<td>3.83</td>
<td>3.42</td>
<td>2.91</td>
</tr>
<tr>
<td>Relatedness SD</td>
<td>(1.03)</td>
<td>(0.80)</td>
<td>(0.91)</td>
<td>(0.86)</td>
<td>(1.29)</td>
<td>(1.26)</td>
<td>(1.28)</td>
<td>(1.32)</td>
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</tbody>
</table>

Table I. Sponsors selected (pretest 2)
Main study

The main study was executed with all 500 respondents. Since these respondents were used only to identify leading teams and sponsors, as well as their relatedness in the two pre-tests, no major bias was expected for the main study involving new set of measures. First, information related to subject demographics, pre-attitude toward the select sponsor(s) and initial CBBE of the sponsor(s) was collected through a structured questionnaire. Since the experiment involved measuring CBBE change (from pre- to post-sponsorship context), to avoid the eventuality that people may replicate the initial CBBE values into the post-sponsorship CBBE, referred to as recency bias, before assigning respondents to a treatment condition, a diversionary press release was introduced to clear their short-term memory. This is similar to task switching, through an unrelated assignment, that not only reduces cognitive fixation of the respondents with the context, but also ensures higher quality responses (Lu et al., 2017). Next, each subject was randomly assigned to one of the treatment conditions and was given a booklet containing one advertisement and an article communicating information about the sponsorship contract signed between the team and the sponsor(s). The treatment advertisement contained the logo of Mumbai Indians (sponsored property), the relevant IPL season, and the logo of the sponsor(s). The headline in each treatment advertisement was “Mumbai Indians set to make a mark in the 6th season of IPL,” with the name of sponsored team below the headline. For authenticity, the official websites of the IPL and the Mumbai Indians, and their real Twitter and Facebook links, were mentioned. Each advertisement was identical in all respects, except for the inclusion (or exclusion) of sponsor(s) and its (their) logo in the solo (concurrent) sponsorship scenarios. The press articles were also identical, except for the names and information related to sponsor(s) in the advertising copy. Two sponsors, along with their names, logos, and advertisement copy, were shown in the advertisements and articles in the concurrent sponsorship condition, while only one sponsor was shown for the solo sponsorship condition. Relatedness, prominence and post-sponsorship CBBE were measured as before, while attitude toward the sponsor(s) was measured using Gwinner and Bennett’s (2008) scale. Finally, team image was measured using an 11-item seven-point semantic differential scale suggested by Tsiotsou (2012). Reliability, convergent validity, and discriminant validity checks were conducted as before for each construct, wherever applicable, and were found to be satisfactory. The whole process across the four stages for each respondent lasted about 70 minutes.

Analysis and results

Manipulation checks suggested that sponsors with high CBBE had significantly higher CBBE compared to sponsors with low CBBE (3.31 \( t \)-values < 14.75; \( p < 0.05 \)). In addition, among sponsors in the high or low CBBE category, none had significantly higher or lower CBBE than others in that category. In order to obtain the impact of concurrent sponsorships on the CBBE of the sponsors, the sponsor’s CBBE in the solo sponsorship condition was compared with its CBBE when a second sponsor was included to calculate the relative brand-equity difference (\( \Delta \text{CBBE} \)) as:

\[
\Delta \text{CBBE} = \frac{\text{Post CBBE of sponsor} - \text{Pre CBBE of sponsor}}{\text{Pre CBBE of sponsor}}
\]

Further, to ensure that the diversionary press release ensured non-replication of pre-CBBE values for post-CBBE ones, a paired sample \( t \)-test was conducted between the pre-CBBE and post-CBBE values which returned mean difference \( \mu_D = 1.43 \) (\( t = 3.49; \ p = 0.00 \)). Further, the bivariate correlation coefficient between the two values was 0.412, suggesting...
a positive-medium correlation between the pre-test and post-test scores of CBBE (Zientek et al., 2016). The two tests suggest lack of replication of the pre-test CBBE values as well as of a consistent increase of CBBE ratings in the main experiment.

**Hypotheses tests**

To test the impact of concurrent sponsorship on the CBBE of the sponsors, a general linear model (GLM) was used. Sponsorship type (solo/concurrent), sponsor CBBE (high/low), and sponsor relatedness (related/unrelated) were taken as independent variables. The results show that sponsorship type \( (F = 4.78, p < 0.03) \) and CBBE of sponsors \( (F = 23.62, p < 0.01) \) were statistically significant and both individually exerted a significant main effect on the relative brand-equity difference of the sponsors. This suggests that they account for a significant portion of the variance in impacting the relative brand-equity difference between sponsors (see Table II).

The main effect of sponsor relatedness on the relative brand-equity difference among sponsors was found to be insignificant \( (F = 0.27, p > 0.05) \). In addition, a two-way interaction effect was observed between sponsorship type and CBBE of the sponsor \( (F = 8.71, p < 0.01) \), as well as between CBBE of the sponsor and relatedness of the sponsor \( (F = 4.26, p < 0.04) \). This makes relatedness a pure moderator of the relation between CBBE and \( \Delta \text{CBBE} \). The interaction effect means that larger the brand equity of a sponsor is, the more the incremental benefit is accrued to brand equity of that sponsor, especially in case the sponsor is related to the team, thus confirming \( H1 \). This conforms to congruity theory implications, as relatedness between a sponsor and a sponsored property, symbolic of image congruity, leads to stronger cumulative associations being formed (Gross and Wiedmann, 2015).

The two-way interaction between relatedness and sponsorship type was insignificant, implying no direct effect of relatedness to \( \Delta \text{CBBE} \) in either solo or concurrent sponsorship. In addition, the three-way interaction (between sponsorship type, brand equity of the sponsor, and relatedness of the sponsor) was found to be insignificant \( (F = 0.63, p > 0.05) \).

**Table II. Test for change in sponsor brand equity**

<table>
<thead>
<tr>
<th>Source</th>
<th>Type III sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
<th>Partial ( \eta^2 )</th>
<th>Observed power ( b )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrected model</td>
<td>13.72 \textsuperscript{a}</td>
<td>7</td>
<td>1.96</td>
<td>6.23</td>
<td>0.00</td>
<td>0.12</td>
<td>1.00</td>
</tr>
<tr>
<td>Intercept</td>
<td>27.62</td>
<td>1</td>
<td>27.62</td>
<td>87.82</td>
<td>0.00</td>
<td>0.21</td>
<td>1.00</td>
</tr>
<tr>
<td>Main effects</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsorship type</td>
<td>1.50</td>
<td>1</td>
<td>1.50</td>
<td>4.78</td>
<td>0.03</td>
<td>0.01</td>
<td>0.81</td>
</tr>
<tr>
<td>CBBE of sponsor</td>
<td>7.42</td>
<td>1</td>
<td>7.43</td>
<td>23.61</td>
<td>0.00</td>
<td>0.07</td>
<td>0.99</td>
</tr>
<tr>
<td>Relatedness of sponsor</td>
<td>0.01</td>
<td>1</td>
<td>0.01</td>
<td>0.03</td>
<td>0.87</td>
<td>0.00</td>
<td>0.53</td>
</tr>
<tr>
<td>Two-way interactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsorship type × CBBE of sponsor</td>
<td>2.74</td>
<td>1</td>
<td>2.72</td>
<td>8.72</td>
<td>0.01</td>
<td>0.03</td>
<td>0.84</td>
</tr>
<tr>
<td>Sponsorship type × relatedness of sponsor</td>
<td>0.40</td>
<td>1</td>
<td>0.40</td>
<td>1.28</td>
<td>0.26</td>
<td>0.01</td>
<td>0.21</td>
</tr>
<tr>
<td>CBBE of sponsor × relatedness of sponsor</td>
<td>1.34</td>
<td>1</td>
<td>1.34</td>
<td>4.26</td>
<td>0.04</td>
<td>0.01</td>
<td>0.84</td>
</tr>
<tr>
<td>Three-way interactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsorship type × CBBE of sponsor × relatedness of sponsor</td>
<td>0.20</td>
<td>1</td>
<td>0.20</td>
<td>0.63</td>
<td>0.43</td>
<td>0.00</td>
<td>0.12</td>
</tr>
<tr>
<td>Error</td>
<td>105.68</td>
<td>336</td>
<td>0.31</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>147.49</td>
<td>340</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corrected total</td>
<td>119.40</td>
<td>343</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:** \( \textsuperscript{a} R^2 = 0.12 \) (adjusted \( R^2 = 0.09 \)); \( b p < 0.05 \)
Thus, the presence of a concurrent sponsor clearly impacts the relative brand-equity difference for the small sponsor ($\Delta \text{CBBE}_{\text{Low CBBE, Solo}} = 0.59$ vs $\Delta \text{CBBE}_{\text{Low CBBE, Concurrent}} = 0.27; F = 10.08, p < 0.01$). On the other hand, in case of high-CBBE sponsors, the impact of sponsorship type (solo vs concurrent) is statistically insignificant ($\Delta \text{CBBE}_{\text{High CBBE, Solo}} = 0.11$ vs $\Delta \text{CBBE}_{\text{High CBBE, Concurrent}} = 0.16; F = 0.94, p > 0.05$). This implies that sponsors with low CBBE benefit more from solo sponsorship conditions. For sponsors with low CBBE, the relatedness with the team and with other sponsors do not have a significant impact on the relative brand-equity difference means ($\Delta \text{CBBE}_{\text{Low CBBE, Unrelated}} = 0.33$ vs $\Delta \text{CBBE}_{\text{Low CBBE, Related}} = 0.49; F = 0.13, p > 0.05$). However, for high-CBBE sponsors relatedness has an impact, as for unrelated sponsors the relative marginal brand equity score is statistically higher compared to the score of the related sponsors ($\Delta \text{CBBE}_{\text{High CBBE, Unrelated}} = 0.20$ vs $\Delta \text{CBBE}_{\text{High CBBE, Related}} = 0.07; F = 3.82, p < 0.05$). To summarize the findings, concurrent sponsorship affects the brand equity of the sponsors because sponsorship type has a significant effect on the relative CBBE change ($F = 4.78, p < 0.05$). Further, the interaction effect of sponsorship type and sponsor’s CBBE was significant, and brands with low CBBE benefit more in solo sponsorship conditions while the CBBE of brands with high CBBE is not affected by either solo or concurrent sponsorship. Thus, based on the results, $H3$ is refuted and it is better for smaller brands to go for solo sponsorship, while bigger brands stand to benefit more if they sponsor a related event, irrespective of the sponsorship type. This is counterintuitive to theoretical expectations, which suggest that smaller brands with weaker equities will absorb multiple associations from other co-sponsor brands, as well as the sponsored property, leading to a more significant change to the former’s own brand equity.

To test $H2$, a GLM was again run, taking standardized scores for the team image as a function of the sponsors’ CBBE and sponsorship type, with pre-attitude toward the principal sponsor as a covariate. The results, depicted in Table III, show that the covariate pre-attitude toward the principal sponsor ($F = 6.79, p < 0.01$), as well as sponsors’ CBBE, had an impact on the team’s image ($F = 3.24, p < 0.05$). The two-way interaction ($F = 3.89, p < 0.04$) was also found to be significant, suggesting a moderating effect of sponsorship type in impacting the team’s image, thereby confirming $H2$. This is in line with the cross-fertilization theory of Gross and Wiedmann (2015), wherein a concurrent

<table>
<thead>
<tr>
<th>Source</th>
<th>Type III sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
<th>Partial $\eta^2$</th>
<th>Observed power</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrected model</td>
<td>11.04$^a$</td>
<td>4</td>
<td>2.76</td>
<td>2.82</td>
<td>0.03</td>
<td>0.03</td>
<td>0.77</td>
</tr>
<tr>
<td>Intercept</td>
<td>5.73</td>
<td>1</td>
<td>5.73</td>
<td>5.85</td>
<td>0.01</td>
<td>0.02</td>
<td>0.68</td>
</tr>
<tr>
<td>Covariate</td>
<td>PreAttSponMean</td>
<td>6.66</td>
<td>1</td>
<td>6.66</td>
<td>6.79</td>
<td>0.01</td>
<td>0.02</td>
</tr>
<tr>
<td>Main Effect</td>
<td>CBBE of sponsor</td>
<td>3.18</td>
<td>1</td>
<td>3.18</td>
<td>3.24</td>
<td>0.05</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td>Sponsorship type</td>
<td>0.59</td>
<td>1</td>
<td>0.59</td>
<td>0.61</td>
<td>0.43</td>
<td>0.00</td>
</tr>
<tr>
<td>Interaction Effect</td>
<td>CBBE of sponsor × sponsorship type</td>
<td>3.82</td>
<td>1</td>
<td>3.82</td>
<td>3.89</td>
<td>0.04</td>
<td>0.01</td>
</tr>
<tr>
<td>Error</td>
<td>331.97</td>
<td>339</td>
<td>0.98</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>340.00</td>
<td>340</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corrected total</td>
<td>343.00</td>
<td>340</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table III.** Test for effect on team image

**Notes:** $^a R^2 = 0.03$ (adjusted $R^2 = 0.02$); $^b p < 0.05$
sponsoring environment, the cumulative association of a large brand associated with another brand will be stronger than for a lone large sponsor brand. Hence, for sponsors with low CBBE, the image of the sponsored team is significantly enhanced in the solo sponsorship scenario, as compared to its image when it is sponsored by concurrent sponsors with low CBBE. In another situation, the presence of concurrent sponsors with high CBBE results in a higher team image as compared to the image of the team in a situation when it is sponsored by a low-equity sponsor. This analysis shows that the image of the sponsored team is significantly impacted by the CBBE of the sponsors, which complements the findings of Henseler et al. (2009). Overall, H1 and H2 are supported while H3 is refuted.

Discussion and implications
Cornwell et al. (2005) argued that contributing to the brand equity of sponsors should be one of the primary aims of a sponsorship contract. Following their studies, a number of researchers conceptualized this relation in the context of solo sponsorship (Walker et al., 2011). Experiments by Carrillat et al. (2015), Groza et al. (2012), Ruth and Simonin (2006), and Carrillat et al. (2005) established that the concurrent sponsorship environment differs from that of solo sponsorships and encourage for more work in this area. Nevertheless, the relative impact of concurrent sponsorship on the CBBE of the participating sponsors or the property itself remains unclear. Recently, Kwon et al. (2016) and Carrillat et al. (2015) called for further research in this area to improve clarity on the process and contextual factors that can facilitate or inhibit sponsorship gains.

The findings of this study, reflected through H1 and H2, suggest that it is beneficial for larger brands to sponsor entities that are more closely related to them. It is also revealed that sponsors with high CBBE improve the image of the sponsored property, as compared to a situation when the same property is sponsored by a brand with low CBBE, and that the property image is strongly dependent on concurrent sponsorship and the combined CBBE of the sponsors. While these outcomes are in line with the tenets of congruity theory, which suggest that there will be stronger image transfer between brands that are perceived as similar (Carrillat et al., 2005; Groza et al., 2012; Carrillat et al., 2015), it runs contrary to the view of Gross and Wiedmann (2015), who conclude that the benefits of co-branding, when two or more brands are strategically associated, are higher in cases where the brands are complementary and not similar. An interesting finding in the current study is through refutation of H3, where both the direct effects of CBBE and interaction effects involving CBBE, on ΔCBBE, are found to be positive. This implies that the higher the sponsor brand’s CBBE, the greater the change in its own CBBE post-concurrent sponsorship. With the assumption that larger brands are also more familiar with structured associations, this outcome goes against the propositions of Carrillat et al. (2005), who suggest that low-familiarity brands gain more from sponsorship than do brands with higher familiarity. This can be partially explained with the concept of brand confusion, introduced by Gijsenberg (2014), which refers to an adverse impact of a small brand’s own advertisement, due to reduced attention and memory span of consumers, in an extremely competitive advertising environment, such as IPL. Consequently, consumer image, post-sponsorship, is enhanced for brands that are more familiar and that possess strong and stable associations, than for those that are smaller and have unstructured associations.

From a practical standpoint, this work offers many insights. Leading from H2, managers of a sponsored property with high equity should consider the reality of image transfer occurring through their sponsors, especially if they are perceived as similar to those sponsors. Since it was found that two high-equity (low-equity) sponsors will help (hinder) the property by enhancing (depreciating) its own image, such managers should focus on attracting large and prominent, related brands. This means that teams like Mumbai Indians in IPL, Mercedes in F1 and Real Madrid in club soccer should go for some prominent and related sponsors, like Tata Motors or MRF tyres (truly Indian/socially responsible), Samsung or IBM (high on technology/performance)
and Adidas Originals or Emirates (star-studded/glamour/luxury). Often, smaller brands prefer to be associated with large brands for sponsorship as they want to leverage the spillover image transfer from the property. In case the smaller brand carries a negative perception, managers of the property should ensure that there is little congruence with the image of the smaller brand to ensure minimal image transfer from the sponsor to the property. Further, through H1, it is prudent that large sponsor brands should not only choose a related property to sponsor, but also ensure that those properties have multiple, relatively smaller, brands. This will ensure that the image transfer from the sponsor to the property, and the resultant cross-fertilized image, is stronger. Another unique finding, through H3, is that concurrent sponsorship offers more benefit for brands with high CBBE and strong structured associations, especially if they are involved with other brands. Hence, managers of bigger brands may avoid concurrent sponsorship of properties with low equity if their main objective is to enhance their brands' own CBBE. Additionally, managers of low-equity brands are suggested to prefer solo sponsorship, as their gains are minimal in a concurrent environment involving bigger brands.

Limitations and future directions
As with any research, this work has some limitations that provide future research directions. First, while the use of real brands gave external validity to the findings, results might be affected by the pre-test consumers’ familiarity with those brands, even though pre-attitudes were statistically controlled. Second, only two sponsors were selected in the concurrent sponsorship treatments, while in reality, concurrent sponsorship involves a clutter of more sponsors (e.g. IPL has over 100). Third, the study involves collection of data from respondents belonging to a particular age group, 15-35 years, which is only 44 percent of the target population. This limits the representativeness of the sample. Future researchers are encouraged to use a more demographically diverse set of respondents in their work. Fourth, multidimensional scales for CBBE and image were borrowed, but treated as unidimensional to measure effects at the aggregate level without delving into sub-effects, which would otherwise have enriched the insights. While the psychometric properties of the constructs were appropriate when considered as such, future researchers can replicate this work via analysis conducted at the dimension level. Fifth, the same set of 500 respondents who were there in the first two pre-tests formed part of the main studies, which may create some biases in the final data and findings. Finally, interpretation of these findings may apply only to the IPL context; thus, it would be pertinent to replicate the study for other sporting events, combined with real field experiments and with actual audiences.

References


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Strategic orientation for failure recovery and performance behavior

Wagner Junior Ladeira, Fernando de Oliveira Santini, Janaína Raquel Andrade da Costa and Lucas Endrigo Severo Ribeiro

Universidade do Vale do Rio dos Sinos, São Leopoldo, Brazil

Abstract

Purpose – The purpose of this paper is to analyze the moderating effect of salesperson environmental and goal orientation on the relationship between strategic orientation for failure recovery and performance behavior.

Design/methodology/approach – In total, 287 usable samples were collected from surveying sales representatives. The data were analyzed using structural equation modeling.

Findings – The results indicated that the recovery strategy has a positive and significant impact on performance behavior. However, this relationship can be influenced by high levels of competitiveness to generate a smaller commitment in the sales team in behavioral performance and by the fact that salespeople who have a high learning goal orientation ascribed stronger relationships between the recovery strategy and performance goal.

Originality/value – Academically, this research has several purposes. In the sales area, the authors analyze the strategic orientation for failure recovery. The authors believe that this approach is necessary to improve the scientific quality of the studies in the sales area.

Keywords Retail, Environmental orientation, Failure recovery, Goal orientation, Performance behaviour

Paper type Research paper

1. Introduction

Academic studies in the sales area have focused on the importance of service recovery and its impact on organizational performance (Van der Heijden et al., 2013). Research shows that failure recovery directly influences performance behavior (Karatepe, 2006). However, aspects associated with the environmental orientation of the salesperson, such as effort, competitiveness and tension, can influence the behavior of salespeople (Traut-Mattausch et al., 2015). Aspects associated with a goal orientation, which includes both the performance and the learning goal orientation, may also influence behavior (Payne et al., 2007).

However, there are few studies that have been concerned with the influence of the sales environment on service recovery actions. It is more common to find research that only analyzes the impact of the sales environment on the organizational environment (Traut-Mattausch et al., 2015) without worrying about its effects on service recovery.

The purpose of our research is to augment the management literature regarding firm sales and service performance in respect of complaints. This research aim is to analyze the moderating effect of the environment and the goal orientation of the salesperson on the relationship between the strategic orientation to failure recovery and performance behavior. The paper also intends to systematically analyze the relationship between the strategic orientation to failure recovery and behavioral performance. This research also analyze the impact of theoretical approaches on the relationship between the environmental orientation and the goal orientation of the salesperson. We believe that a strategic orientation to failure recovery positively influences the salesperson’s behavioral performance, as shown by several previous studies (Michel et al., 2009). However, the paper advances these studies by establishing that the sales environment and the goal orientation partly influence the performance strategies of failure recovery. Thus, the results can say that the vendor’s orientation to recovery services can be influenced by the characteristic of the sales environment.
environment (competitiveness, effort and tension) and the goal orientation (learning and performance goal orientation).

This study seeks to contribute to recent studies that demonstrate that there is a relationship between the retail sales environment and failure recovery (Harrauer and Schnedlitz, 2016). Despite the fact that these recent studies examine such issues, they have failed to integrate goal orientation. This paper proposes an integrated analysis of the sales environment in the failure recovery performance by including the influence of goal orientation.

This paper is organized in five sections. First section presents the Giddens’ structuration theory. Second section displays the theoretical model. Third section details the methodology used. Fourth section tests direct relations and moderation models. Finally, the last section presents a general discussion of the theoretical and practical implications and limitations.

2. Giddens’ structuration theory and its definitions of structure and social systems
Structures are defined as rules and resources that guide human action (Giddens, 1979). The structure is both the means and the outcome of the day-to-day conduct of a company’s employees. In this sense, corporate structures are considered to be driving vehicles that motivate employees to achieve strategic objectives (Vallaster and de Chernatony, 2006).

Structures both allow and restrict social actions since they are both the means and the result of actions. In this sense, social structures do not exist outside of actions. Thus, structures become rules and resources that are sets of transformational relations with the aim of organizing the properties of social systems (Giddens, 1979).

In explaining the composition of the structures, Giddens (1984) identifies two conceptual elements: control (signification, domination) and moral authority (legitimation). These elements have direct interactions with communication, power and sanction. In this case, structure and interaction are mediated by modality: interpretive schemes, facilities and norms.

These conceptual elements also demonstrate the composition of the structures and their integration with social systems. The social systems interact with the structures, reproducing the relations among the actors of the organization. Social systems are originated and organized within a space-time continuum through regularized social practices. In this way, social structures exist within the relationships of human actors and through productive practices (Giddens, 1984).

The rules and resources are organized through structures that regulate activities and rely on people in social systems. These social systems are reproduced over time through the continuous interaction of a group of employees. For Giddens (1979), social systems are present in various forms of organizations. As humans, we are involved in various types of social systems: work, friends, family, and politics. In these social systems, we reproduce policy manuals and determine behaviors through group actions. Thus, the interaction of the agents of a group is at the basis of the structuring process where social systems are produced and reproduced at different intervals of time and space (Giddens, 1979).

3. Conceptual framework
By adopting Giddens’ (1979) structuration theory as a sensitization mechanism, we demonstrate that the recovery strategy, the core recovery behavior, and the service recovery performance are structures that contain rules and resources that vendors can obey and respect to produce a better performance behavior.

For Giddens (1984), the rules and resources used in the production and reproduction of the action are, simultaneously, the means of the reproduction of the system that has a direct impact on the final results. Thus, a strategic orientation to failure recovery should increase
the performance of the seller’s brand support, defining objectives and goals guided by the interest of the organization. This implies that the structures that support a strategic orientation to failure recovery have a positive impact on performance behavior.

In a second aim, this paper attempts to demonstrate that the relation between the strategic orientation to failure recovery and the performance behavior can be moderated by the goal orientation. Based on the philosophical principles of Giddens’ structuration theory, we consider that goal orientation can be part of the social system. The assumption is that vendors rely on learning-oriented interpretive schemes to shape their daily activities.

The interpretative schemas that generate actors’ positioning in a social system are conceived within rules that allow for the routinization of actions (Giddens, 1984). In this case, the goal orientation is improved through interpretive schemes that generate a positioning within a social system. We believe that this positioning of the actors (learning goal orientation or performance goal orientation) within the social system can moderate the relations between the rules and resources of the structures and their final performance. Giddens (1979) reports that social actors can self-regulate in a reflexive way. Reflective self-regulation has a feedback effect on system reproduction, where feedback is substantially influenced by the agents’ knowledge of their daily practices (Giddens, 1984). Thus, the continuity of social reproduction is based on a direct relationship between structure and performance, which is moderated by the reflexive monitoring of the agents within its social system.

The argument that the performance of the structural systems will vary based on employees’ orientations is also supported by contingency theory. The studies of contingency theory suggest that organizational structure affects marketing performance under different internal organization (employees) (Ruekert et al., 1985). The relationship between employees’ orientation and the strategic orientation to failure recovery does not express causality because the environment does not cause failure recovery strategies but, rather, indirectly interferes with their performance.

In a third aim, it is believed that the relationship between a strategic orientation to failure performance and performance behavior occurs with the interference of a salesperson’s environmental and goal orientation. This is justified because decision outcomes (such as efficiency and quality) are derived from structural sources (task and organizational environment) and a group’s internal system (Giddens, 1984).

Thus, the theoretical background that substantiates the interference of both environmental and goal orientations in the strategic orientation to failure recovery is based on the adaptive structuration theory (Giddens, 1979, 1984). Our model, as described in Figure 1, includes variables that have been proposed by both the sales and service literature as being critical for the failure of the organization.

3.1 Strategic orientation to failure recovery and performance behavior

The strategic orientation to failure recovery is divided into three constructs: recovery strategy, core recovery behavior, and service recovery performance. In the service literature, the concept of recovery strategy refers to the preference of the firm to utilize specific types of recovery strategies over other alternatives (Gonzalez-Benito and Gonzalez-Benito, 2005).

Service failure occurs when the perceptions of service do not meet customers’ expectations. Service failure can help the company to improve its products and services. When a service failure occurs, customers seek perceived justice. If clients understand that there is a recovery strategy, they will then experience a sense of justice (Maxham and Netemeyer, 2002). Consequently, customers will be satisfied and will understand that the company is attempting to correct the existing failure. The implication is that the clients will have a positive assessment of the effort of the sales force (Traut-Mattausch et al., 2015).

Based on this scenario, the provision of customer service should contribute to the effectiveness of the sales performance. First, customer service involves communicating with
customers and accessing customer information (e.g., database records), which can reveal potentially relevant sales information and improve the understanding of the needs and experiences of the clients (Evans et al., 1999). Such insight or vision is important for an effective sale (Weitz et al., 1986). Providing customer service can also create an elaborate knowledge structure of customer types and product consumption portfolios. This knowledge facilitates the categorization of customers and situations and the identification of potential sales opportunities, increasing sales effectiveness (Weitz et al., 1986). Second, the proper handling of service requests can produce favorable customer perceptions of the credibility, competence, and ability of the employee to meet their needs. Such perceived characteristics can serve as bases of influence that underlie commonly used influencing tactics in sales situations (Weitz et al., 1986). Further, adequate responses to customer service requests can induce positive client reactions (Bitner et al., 1990), such as reciprocal behaviors that characterize a greater sharing of information and listening to the employee, thereby creating a breeding ground for sales efforts.

Thus, organizations that systematically prepare for recovery contingencies are more likely to engage in satisfying their customers and will, therefore, ensure that their sales forces have a greater understanding of their customers’ needs. This fact implies that salespeople will better understand customers and may perform more efficiently (Gonzalez-Benito, Gonzalez-Benito, 2005). Therefore, we hypothesize the following:

**H1.** The recovery strategy offered by the organization positively influences the behavioral performance of the salespeople.

It is not sufficient for the company to have a recovery strategy in order for the customer to perceive justice. Frontline employees who receive complaints should also be courteous and responsive and should attempt to solve the customer’s problems in a prompt manner. These features are identified in the core recovery behavior construct (Van der Heijden et al., 2013).

The customer service orientation that is promoted by an organization has a positive influence on the performance of frontline service recovery employees. This is because a strong client-oriented organizational culture also influences the behavior of employees in a service recovery situation (Yavas et al., 2003). Maintaining harmony between recovery strategies and
core recovery behavior is essential for the client to perceive justice in solving the problem. In the customer’s understanding, problem-solving operates together with courtesy to provide the client with an efficient and thorough solution to the problem (Liao, 2007).

Developing clear core recovery behavior policies and rewarding employees when they provide good service reduces claims and generates a positive influence on the performance of frontline service recovery employees (Boshoff and Allen, 2000). Investment in recovery strategies must be accompanied by core recovery behavior because the client will realize that his or her expectations will be satisfied by a recovery strategy and effective and courteous communication with the salesperson. In core recovery behavior, problem solving is combined with courtesy to provide the customer with an efficient recovery speed/quality (Van der Heijden et al., 2013). Thus, we hypothesize the following:

$$H_2.$$ The core recovery behavior offered by the organization positively influences the behavioral performance of the salespeople.

Problem solving forces the firm to control its dissatisfaction management and service recovery processes to attain successful service provision (Masdek et al., 2011). Customer service provisions typically depend on the company’s performance in terms of efficiency targets (Jasmand et al., 2012). Effective service recovery leads to an enhanced perception of the efficiency of the salesperson, which generates perceptions of organizational competence and a favorable image regarding perceived quality and value (Baldauf et al., 2001).

In this case, it is perceived that corporate structures act as a driving force to allow the needles behave to reach strategic objectives through the recovery strategy. In this sense, as Giddens (1979) notes, structures can be understood as resources and rules that employees use each day to directly generate improvements in their behavior.

The correct use of a recovery strategy and core recovery behavior can increase the value of customer services and should encourage salespeople to achieve a higher level of behavioral performance (Baldauf et al., 2001). However, the relationship between the recovery strategy and the core recovery behavior must be measured prior to the service recovery performance. The service recovery performance construct indicates that performance measurement is critical for frontline employees to perform service recovery. If recovery efforts are ineffective, they will not be performed effectively and client satisfaction and retention will suffer (Boshoff and Allen, 2000). Based on this logic, we hypothesize the following:

$$H_3.$$ The service recovery performance of the organization positively influences the behavioral performance of the salespeople.

3.2 Salesperson’s environmental orientation as a moderator
Organizations need to better understand how customers think about the service problems they experience. In so doing, the sales management team creates a strategic, environmentally oriented sales model that directly affects the perception of the relationship between the service recovery processes and behavioral performance. Specific factors are generated in a salesperson’s environment. These factors involve role perception variables and various motivational constructs (Krishnan et al., 2002).

The structures regulate the social actions since they are both the means and the result of the actions. In this sense, social structures do not exist outside of actions (Giddens, 1979). One of the goals of developing a strategic orientation for failure recovery is to align employee behavior with organizational purposes. In this way, the structural properties of social systems place limits on employee choices, which vary according to contexts (Giddens, 1984). Thus, the presence of the context can be observed as a moderator of the relationship between system and performance.
Several studies show that environmental factors generated in the orientation of the salesperson can directly affect sales performance (Karatepe, 2006). The environmental orientation of the salesperson can generate motivational aspects or emotional exhaustion and can moderate the existing relationship between the service recovery processes and behavioral performance (Karatepe, 2006).

Consistent with these views, we define the salesperson’s environmental orientation to test the strategies and policies created by sales management; practices routinely disseminated to increase the quality of sales performance; an orientation for better sales performance that involves having a product or service that is better than that of the competitor; whether salespeople with a salesperson environmental orientation are inclined to display recovery behavior; and whether these concepts may best predict performance in sales goals as compared to other personal goals. We propose that the environmental orientation of the salesperson has a potential impact on an organization’s success. Our literature review indicates that three factors created by the salesperson’s environmental orientation may moderate the relationship between the service recovery processes and behavioral performance. These three factors are competitiveness, effort, and tension.

Competitiveness expresses the will of the salesperson to be better than others and can be stimulated by the management (Krishnan et al., 2002). Competitiveness is a significant predictor of frontline employee performance. This is because competitiveness is a trait that defines the desire to win and to be better than others. In the sales arena, highly competitive employees expend more effort than less competitive employees (Karatepe et al., 2007).

When addressing customer complaints, sales managers encourage salespeople to use good service practices (Traut-Mattausch et al., 2015). A salesperson that acts on the basis of an environmental orientation becomes more competitive. In this context, the effect of competition on performance is likely to occur because the stimulus occurs in an environment of higher levels of competitiveness (Krishnan et al., 2002). In this sense, competitiveness can have an impact on motivation and can change the relationship between the service recovery performance and the behavioral performance.

The effort construct can be understood as the amount of time and energy devoted to a salesperson’s selling task in relation to other salespeople in the company (Krishnan et al., 2002). The effort of the salesperson may be associated with an environmental orientation that may directly influence the level of energy that salespeople commit to their work (Krishnan et al., 2002), especially in organizations that have a strategic orientation to failure recovery. The salesperson’s environmental orientation may produce a similar motivating effect to strengthen the climate through related behaviors (Gabler et al., 2014). This effort is associated with the amount of energy placed on behavior or on a series of behaviors, being responsible for self-efficacy for a few moments, and can generate greater performance (Karatepe et al., 2007).

Clients tend to feel more committed and impressed when they see the service failure recovery attempt as a way to maintain the fairness of the customer-organization relationship. In this way, it is known that higher levels of client organizational commitment lead to higher expectations of service recovery efforts and improved vendor performance (Kelley and Davis, 1994).

Tension is a strain that results in negative job attitudes that decreases satisfaction (Boshoff and Allen, 2000). This is an emotional state caused by an increased workload and decreased opportunities. This emotional state reduces stress by changing efforts or rewards. A state of stress can lead to distress, stress, fear, worry, anxiety, and other negative effects on employee behavior (House and John, 1972).

A conflict of functions in the sales area can generate tension in the environment. There are many potential sources of conflict in the frontline service. Frontline employees are the link between the company and the customer and must meet the needs of both and, therefore, tension can have a negative impact on the performance of the organization (Boshoff and Allen, 2000).
According to practice reports, employees feel more uncomfortable when addressing complaint situations and they attempt to avoid them (Traut-Mattausch et al., 2015). Complaints are threatening because the employee’s service is confronted with negative feedback (House and John, 1972). When there are many complaints within an organization, salespeople are responsible for making the call. Excess calls can generate tension in the environment and hinder employee performance (Traut-Mattausch et al., 2015). Based on these contexts, we hypothesize the following:

H4a. The relationship between the strategic orientation to failure recovery and behavioral performance is negatively moderated by competitiveness.

H4b. The relationship between the strategic orientation to failure recovery and behavioral performance is positively moderated by effort.

H4c. The relationship between the strategic orientation to failure recovery and behavioral performance is negatively moderated by tension.

3.3 Goal orientation as a moderator

Based on Giddens’ (1984) theory, we define goal orientation to test the types of mindsets that salespeople have when they engage in behaviors related to performance or the execution of a task at work; whether, while performing tasks, salespeople have different reasons for wanting to perform them efficiently, whether this is a relatively stable trait that can be influenced by situational characteristics; whether salespeople with a goal orientation are inclined to display recovery behavior; and whether these concepts may best predict performance for personal goals rather than sales goals. We propose that goal orientation has a potential impact on an organization’s success or failure. Our literature review indicates that two factors created by a goal orientation may moderate the relationship between the service recovery processes and behavioral performance: performance goal orientation and learning goal orientation.

The performance goal orientation is a competence that is based on other-referential criteria and the evaluation of competence (Elliot and Holly, 2001). Individuals who adopt performance orientation tend to prefer visible tasks through which they can demonstrate the skills they deem to be supportive for influential people in the workplace (Russo, 2012). The response pattern of a performance-oriented individual is characterized by a series of challenges and deterioration in performance in the face of obstacles. Those who need to deal with failure (e.g. failure to provide a service) attribute it to their low capacity, show negative affect and may even try to withdraw from the activity altogether (Button et al., 1996).

A learning goal orientation generates task strategies that are conducive to obtaining an understanding of the task. As a result, a high learning goal orientation is expressed in processing information at a deep level. Individuals who have a learning goal orientation tend to stipulate difficult goals and take on challenging tasks through which they can develop new knowledge and skills (Russo, 2012). This response pattern, oriented to the domain of the activity, implies a continuous effort on the part of the individual, even under difficult conditions. When confronted with failure, this individual behaves as if he has received useful feedback and responds with self-directed problem solving. Such behavior includes sustained and improved positive affect or task performances (Button et al., 1996).

When examining the relationship between goal orientation and sales behavior, we can analyze the activities with which salespeople are involved in the performance of their job responsibilities. To produce results, salespeople perform various behaviors that may not generate immediate results, such as building customer relationships and effectively presenting products/services (Baldauf et al., 2001). For example, the opportunity to offer greater value to the customer should impact favorably on the salesperson’s selling behavior. Higher value
products can be associated with the need for salespeople to develop more effective relationship strategies and make higher quality sales presentations to explain product features and applications. Thus, offering higher value products/services for the customer should encourage sellers to achieve superior behavior (Baldauf et al., 2001).

These characteristics suggest that goal orientation is expected to exert a great influence on employees’ selling behavior. This is because performance orientation, due to the normative comparison, promotes competition among vendors (Elliot and Holly, 2001) in the attempt to achieve success in their tasks (Russo, 2012).

A performance goal orientation is based on normative comparisons (Elliot and Holly, 2001). Such guidance promotes task execution strategies that maximize the opportunities to demonstrate high capacity (Dweck and Ellen, 1988). As a result, individuals with a high-performance goal orientation focus on aspects of the job perceived to be related to immediate performance (Elliot and Holly, 2001). Individuals who have a performance goal orientation tend to stipulate basic objectives and take on easy tasks that can be successfully achieved (Russo, 2012). Based on these contexts, we hypothesize the following:

- **H5a.** The relationship between the strategic orientation to failure recovery and behavioral performance is positively moderated by a learning goal orientation.
- **H5b.** The relationship between the strategic orientation to failure recovery and behavioral performance is positively moderated by a performance goal orientation.

### 4. Research design and method

A survey was conducted to achieve the objectives proposed in this paper. Data were collected by administering structured questionnaires to a large sample of salespeople.

#### 4.1 Sample

The theoretical model and hypotheses explained in the theoretical framework were tested using salespeople from different industries. The salespeople who responded to the questionnaire were told that they did not need to identify themselves and that the data would be kept confidential and anonymous. The workplaces of these salespeople are in Southern Brazil. A total of 287 questionnaires were applied to salespeople from 62 different industries. Based on the analysis of univariate and multivariate outliers, a total of 47 respondents were excluded from the final sample. Following these eliminations, the study continued with 253 valid cases (88.15 percent).

#### 4.2 Measurement

The data collection instrument used in this research was composed of scales that have been used in previous studies. The effective application of the instrument was preceded by the assessment of face and content validity – conducted by experts in the area of sales – and a pilot test of the questionnaire. Two sales managers participated in the assessment of the face and content validity. The pilot test was conducted with ten salespeople. Questionnaires were administered using a seven-point Likert scale. Table AI presents the measurement items and loadings and the sources from the scales.

### 5. Analysis and results

Confirmatory factor analysis and structural equation modeling were applied to analyze and test the hypotheses of the study. We evaluated the convergent and discriminate validity of the constructs. Moderating effects were investigated using Process Macro.
5.1 Confirmatory factor analysis, validity and reliability

We proceeded to analyze the convergent and discriminate validity. This procedure was performed by comparing the square root of the average variance extracted and the indices of the correlation of the constructs. Table I presents the data obtained using this analysis.

It was observed that the diagonal results (AVE) were always greater than the correlations between the constructs. This characterizes multicollinearity and, consequently, demonstrates the discriminant and convergent validity between the dimensions used in the study.

5.2 Testing the direct relationships of the model

We analyzed the integrated model to test the hypotheses of the direct relationships. In analyzing the model, we used the adjustment index and the significance of the regression coefficients, as suggested by Kline (2011). Once this procedure was complete, we used Amos 20.0® software to test the correlations of the model’s independent variables. We then decided to provide a better understanding and explanation of the phenomenon under study because the software presents a coherent theoretical justification. We analyzed the non-standardized coefficients and the significance of the final model. Table II shows the testing of hypotheses H1-H3.

Based on the results shown in Table II, we can observe a significant improvement in the adjustment indices model adapted from the correlation between the constructs. The analysis adopted the appropriate parameters suggested by the literature in this area (Kline, 2011). The model’s independent variables explained ($R^2$) 37 percent of the variation in the dependent variable.

<table>
<thead>
<tr>
<th>Variable</th>
<th>RS</th>
<th>SRP</th>
<th>CR</th>
<th>BP</th>
<th>EFF</th>
<th>COMP</th>
<th>TEN</th>
<th>LG</th>
<th>PGO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery strategy</td>
<td>0.71</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service recovery performance</td>
<td>0.13</td>
<td>0.71</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core recovery behavior</td>
<td>0.02</td>
<td>0.29</td>
<td>0.82</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance behavior</td>
<td>0.09</td>
<td>0.31</td>
<td>0.40</td>
<td>0.77</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effort</td>
<td>0.11</td>
<td>0.13</td>
<td>0.02</td>
<td>0.34</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitiveness</td>
<td>−0.25</td>
<td>−0.00</td>
<td>−0.07</td>
<td>0.04</td>
<td>−0.20</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tension</td>
<td>0.05</td>
<td>−0.16</td>
<td>0.00</td>
<td>0.06</td>
<td>0.14</td>
<td>0.30</td>
<td>0.74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learning goal orientation</td>
<td>0.07</td>
<td>0.23</td>
<td>0.44</td>
<td>0.59</td>
<td>0.37</td>
<td>0.16</td>
<td>−0.23</td>
<td>0.81</td>
<td></td>
</tr>
<tr>
<td>Performance goal orientation</td>
<td>0.03</td>
<td>−0.26</td>
<td>0.35</td>
<td>0.20</td>
<td>0.14</td>
<td>0.03</td>
<td>0.05</td>
<td>0.48</td>
<td>0.76</td>
</tr>
</tbody>
</table>

Table I. Correlation matrix

Note: Average variance of the extracted variables is shown on diagonal

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Standardized coefficients</th>
<th>Z</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H_1$: Recovery strategy $\rightarrow$ Performance behavior</td>
<td>0.12</td>
<td>2.98</td>
<td>**</td>
</tr>
<tr>
<td>$H_2$: Core recovery behaviour $\rightarrow$ Performance behavior</td>
<td>0.65</td>
<td>5.97</td>
<td>**</td>
</tr>
<tr>
<td>$H_3$: Service recovery performance $\rightarrow$ Performance behavior</td>
<td>0.18</td>
<td>3.10</td>
<td>**</td>
</tr>
</tbody>
</table>

The adjustment index of the integrated model

<table>
<thead>
<tr>
<th>$\chi^2$</th>
<th>df</th>
<th>p</th>
<th>CFI</th>
<th>NFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>205.26</td>
<td>87</td>
<td>***</td>
<td>0.91</td>
<td>0.85</td>
<td>0.87</td>
<td>0.07</td>
</tr>
</tbody>
</table>

Adjustment index adapted model

<table>
<thead>
<tr>
<th>$\chi^2$</th>
<th>df</th>
<th>p</th>
<th>CFI</th>
<th>NFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>152.54</td>
<td>84</td>
<td>***</td>
<td>0.95</td>
<td>0.89</td>
<td>0.92</td>
<td>0.06</td>
</tr>
</tbody>
</table>

Notes: CFI, comparative fit index; NFI, normed fit index; TLI, Tucker-Lewis index; RMSEA, root mean squared error of approximation. **p < 0.01
We observe that the three propositions are confirmed. First, the positive and significant relationship between the recovery strategy and behavior performance is confirmed ($\beta = 0.20$). Similarly, by consolidating the suggested arguments for the construction of $H2$, the influence of core recovery behavior on behavior performance is confirmed ($\beta = 0.32$). Finally, supporting $H3$, the influence of service on behavior recovery performance is confirmed ($\beta = 0.25$).

5.3 Test of the effect of the variable of salesperson's environmental orientation

$H4a$-$H4c$ predicted that the variable of salesperson’s environmental orientation would moderate the relationship between the constructs (recovery strategy, core recovery behavior and service recovery performance) and performance behavior. For these tests, we used the Process Macro tool, SPSS, developed by Hayes (2013). We applied Model 1, which considers the impact of variable $X$ (recovery strategy or core recovery behavior or service recovery performance) on variable $Y$ (behavior performance) and the moderation of variable $M$ (competitiveness or effort or tension). We identified the confidence interval. The bias-corrected and accelerated bootstrap method and the Johnson-Neyman test were used to identify which points of the moderating variables (competitiveness or effort or tension) and the independent variables (recovery strategy or recovery behavior or core service recovery performance) impact on the dependent variable (performance behavior).

Regarding the competitiveness moderator, the results indicate that the interaction between core competitiveness and recovery behavior has a significant negative impact on behavior and performance ($\beta = -0.12$, SE = 0.05, $t = -3.38$, $p = 0.00$, LLCI = -0.28, ULCI = -0.07), thus demonstrating a significant moderating effect. We also saw a significant moderation of negative competitiveness in the relationship between service recovery performance and behavior performance ($\beta = -0.06$, SE = 0.02, $t = -2.44$, $p = 0.01$, LLCI = -0.10, ULCI = -0.01). Furthermore, the interaction between competitiveness and strategy was not significant ($\beta = -0.01$, SE = 0.03, $t = -0.40$, $p = 0.68$, LLCI = -0.07, ULCI = 0.04). Thus, $H4a$ is partially confirmed.

The moderating effect was not significant in the relationship between recovery strategy behavior and performance ($\beta = -0.05$, SE = 0.06, $t = -0.08$, $p = 0.42$, LLCI = -0.17, ULCI = 0.07), between core recovery behavior and behavior ($\beta = 0.10$, SE = 0.08, $t = 1.30$, $p = 0.19$, LLCI = -0.05, ULCI = 0.25) or between service recovery performance and behavior performance ($\beta = 0.09$, SE = 0.05, $t = 1.81$, $p = 0.07$, LLCI = -0.01, ULCI = 0.19). Thus, $H4b$ is rejected.

Finally, we tested the possible moderating effect of tension. We found no significant interaction that could support the moderating effect between the hypothesized relationships in $H4c$ (recovery strategy tension $- \beta = 0.00$, SE = 0.02, $t = 0.21$, $p = 0.88$, LLCI = -0.00, ULCI = 0.05; core recovery behavior tension $- \beta = 0.05$, SE = 0.06, $t = -0.10$, $p = 0.28$, LLCI = -0.15, ULCI = 0.04; service performance behavior tension $- \beta = -0.03$, SE = 0.02, $t = -1.59$, $p = 0.11$, LLCI = -0.08, ULCI = 0.08).

5.4 Test of the effect of the variable of goal orientation

$H5a$ and $H5b$ were provided for the variable of salesperson’s goal orientation, which could moderate the direct links that were grouped together. This considered the impact of variable $X$ (recovery strategy, core recovery behavior or recovery service performance) on variable $Y$ (behavior performance) and the moderation of variable $M$ (learning goal orientation or performance goal orientation). The methods used were the same as those mentioned above.

With respect to $H5a$, it is observed that only the interaction of the constructs of service recovery performance and learning goal orientation impacted the positive shape and significance of goal orientation performance ($\beta = 0.10$, SE = 0.05, $t = 1.98$, $p = 0.05$, LLCI = 0.00, ULCI = 0.21). There was no significant moderation in the other cases (recovery
strategy-learning goal orientation – $\beta = 0.01$, SE = 0.06, $t = 0.18$, $p = 0.86$, LLCI = −0.11, ULCI = 0.13; core recovery behavior-learning goal orientation – $\beta = -0.01$, SE = 0.08, $t = -0.01$, $p = 0.91$, LLCI = −0.16, ULCI = 0.15). Finally, it was not possible to support $H5b$ because the interactions between the performance goal orientation and the construct antecedents did not significantly impact performance behavior (recovery strategy ($\beta = -0.02$, SE = 0.06, $t = -0.30$, $p = 0.77$, LLCI = −0.01, ULCI = 0.10), core recovery ($\beta = -0.02$, SE = 0.09, $t = 0.19$, $p = 0.85$, LLCI = −0.16, ULCI = 0.20) and service recovery performance ($\beta = 0.01$, SE = 0.07, $t = 0.09$, $p = 0.93$, LLCI = −0.13, ULCI = 0.15).

6. Discussion
This study addresses a significant shortcoming. First, we investigated some direct relational effects. We found a significant and positive impact of the recovery strategy offered by the organization on the performance of salespeople. This result reinforces the assumption that, if the problem is resolved, the consumer will perceive the goodwill of the seller as he will feel that the sellers are people who are worried about his/her satisfaction (Traut-Mattausch et al., 2015).

We also found that the courtesy and receptivity resources are essential for the customer to perceive justice (Van der Heijden et al., 2013), thus confirming the positive impact of core recovery behavior as a result of the performance of salespeople. Finally, we found that recovery services have a positive impact on performance behavior. Thus, it is possible to reinforce the assumptions that companies with well-defined policies for disaster recovery tend to be more efficient in providing services, which will improve quality and value perceptions, thus resulting in a better behavioral performance by their salespeople (Baldauf et al., 2001).

In the second part of the study, we investigated some moderation effects of environmental and goal orientation. First, we found a negative and significant moderating effect of competitiveness and the relationship between core recovery behavior and performance behavior, even in the relationship between service recovery performance and behavior performance. Thus, it is suggested that the required high levels of competitiveness will generate a reduced commitment to the sales team in terms of behavioral performance. This is because competitive environments denote a short-term orientation in the salesperson and, consequently, a reduced concern for the efficient management of the claim (Karatepe, 2006).

The moderating effects of goal orientation also indicate important aspects that need to be considered in sales. Salespeople who have a high learning goal orientation ascribed stronger relationships between the recovery strategy and the performance goal. This finding reinforces the proposition that individuals with these characteristics seek to periodically improve their performance in line with the management, whose goals are to establish long-term relationships (Russo, 2012).

6.1 Theoretical and managerial implications
This study is unique because it directly analyzes the effects of the strategic orientation to failure recovery on performance behavior, as moderated by the salesperson’s environmental orientation and goal orientation.

Academically, this research has several purposes. In the sales area, we have analyzed the strategic orientation to failure recovery. We believe that this approach is necessary to improve the scientific quality of research in the area of sales. Understanding behavioral performance through the strategic orientation to failure recovery is of the utmost importance for checking the characteristics of salespeople in the sales environment. We compared the moderating effects of two approaches in the sales area. Goal orientation is a newer approach that has its origins in education and psychology and aims to analyze salespeople when they engage in behaviors related to the performance or execution of a task...
at work. In this orientation, the salesperson may be a particularly good predictor of performance for personal goals rather than sales goals. The salesperson’s environmental orientation has traditionally been used in sales because it originates in the strategies and policies created by the management. In this orientation, the salesperson may be the best predictor of performance for sales goals rather than for personal goals. We believe that the differentiation of these two orientations in academic studies on sales can provide a better understanding of the relationship between the strategic orientation to failure recovery and the salesperson’s performance behavior.

Managerially, it is expected that this research has contributed to companies, supervisors, and salespeople because it has shown that the efficient management of complaints has a positive impact on performance and on the profitability of the organization. Accordingly, it opens up alternatives for considering complaint management policies and for the implementation of training and long-term sales guidance.

Managers should seek alternatives to improve efficiency in behavioral performance. The first step might be to consider the views of the vendors regarding the satisfaction of the customers’ needs. It would subsequently be necessary to consider the most efficient ways of implementing service recovery strategies. The empirical findings in this paper have demonstrated that there is a direct relationship between the recovery strategy and behavioral performance.

Given that competitiveness and tension minimize the awareness of the importance of service recovery failures and their relationship to behavioral performance, this suggests an opportunity to think about environments that might produce fewer of these elements. This implies that managers should improve their techniques by targeting high levels of effort from their salespeople as this will lead to a greater commitment from the sales team to solving problems. However, these managers must be careful that they do not generate an extremely competitive environment. Competitive environments will negatively impact recovery and behavioral performance. In competitive environments, salespeople will have a short-term orientation, worrying exclusively about anonymity and having little concern about efficient complaint management. In this way, the receivers are changed for the difference between tension and competitiveness in the sales environment. These two phenomena exert different results on recovery strategies.

Likewise, the results of this research can stimulate the search for salespeople who have learning-oriented characteristics, given that these people will be more involved in continual improvements that result in better relationships between failure recovery and behavior performance. In practice, the salespeople who have high learning orientations will tend to be more committed to recovery and performance strategies. In contrast, vendors with high-performance orientation tend not worry as much about recovery strategies.

References


Giddens, A. (1979), *Central Problems in Social Theory*, University of California Press, Berkeley, CA.


Further reading


## Appendix

<table>
<thead>
<tr>
<th>Measurement items</th>
<th>Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recovery strategy</strong> (<em>α</em> = 0.86; <em>CR</em> = 0.80; <em>AVE</em> = 0.76) (Gonzalez et al., 2010)</td>
<td></td>
</tr>
<tr>
<td>My company seeks to strategically meet the expectations of unsatisfied customers</td>
<td>0.76</td>
</tr>
<tr>
<td>I usually try to calm complaining customers so that we can jointly handle their complaints</td>
<td>0.66</td>
</tr>
<tr>
<td>I usually provide solutions to customers’ concerns related to the products they currently own</td>
<td>0.58</td>
</tr>
<tr>
<td><strong>Service recovery performance</strong> (<em>α</em> = 0.70; <em>CR</em> = 0.80; <em>AVE</em> = 0.79) (Boshoff and Allen, 2000)</td>
<td></td>
</tr>
<tr>
<td>I was happy with how the organization handled my complaint</td>
<td>0.62</td>
</tr>
<tr>
<td>I was pleased with the manner in which the complaint was dealt with</td>
<td>0.74</td>
</tr>
<tr>
<td>Overall, I was not satisfied with the way the complaint was handled</td>
<td>0.64</td>
</tr>
<tr>
<td><strong>Core recovery behaviour</strong> (<em>α</em> = 0.72; <em>CR</em> = 0.89; <em>AVE</em> = 0.86) (Van der Heijden, 2013)</td>
<td></td>
</tr>
<tr>
<td>I was happy with how the organization handled my complaint</td>
<td>0.59</td>
</tr>
<tr>
<td>Having identified the customers’ exact problem with their products, I solved it in a reasonable way</td>
<td>0.89</td>
</tr>
<tr>
<td>I usually listen attentively to customers in order to take appropriate action to handle their concerns regarding their products</td>
<td>0.75</td>
</tr>
<tr>
<td><strong>Performance behaviour</strong> (<em>α</em> = 0.75; <em>CR</em> = 0.84; <em>AVE</em> = 0.84) (Baldauf et al., 2001)</td>
<td></td>
</tr>
<tr>
<td>I contribute to my company by acquiring a good share of the market</td>
<td>0.76</td>
</tr>
<tr>
<td>I sell products with a high profit margin</td>
<td>0.76</td>
</tr>
<tr>
<td>I quickly generate sales of new company products</td>
<td>0.70</td>
</tr>
<tr>
<td>I identify the major accounts in my territory and contact them</td>
<td>0.67</td>
</tr>
<tr>
<td><strong>Effort</strong> (<em>α</em> = 0.80; <em>CR</em> = 0.88; <em>AVE</em> = 0.91) (Brown and Leigh, 1996)</td>
<td></td>
</tr>
<tr>
<td>Everyone in my industry contributes in a team effort to serve customers</td>
<td>0.76</td>
</tr>
<tr>
<td>I feel like I am part of a team in my industry</td>
<td>0.85</td>
</tr>
<tr>
<td>My colleagues and I cooperate more than we compete</td>
<td>0.68</td>
</tr>
<tr>
<td><strong>Competitiveness</strong> (<em>α</em> = 0.80; <em>CR</em> = 0.88; <em>AVE</em> = 0.80) (Krishnan et al., 2002)</td>
<td></td>
</tr>
<tr>
<td>It annoys me when other people perform better than I do</td>
<td>0.51</td>
</tr>
<tr>
<td>In my job, I like to outperform my co-workers</td>
<td>0.86</td>
</tr>
<tr>
<td>I am a competitive person</td>
<td>0.72</td>
</tr>
<tr>
<td><strong>Tension</strong> (<em>α</em> = 0.81; <em>CR</em> = 0.82; <em>AVE</em> = 0.76) (House and Rizzo, 1972)</td>
<td></td>
</tr>
<tr>
<td>Sometimes I feel restless or nervous at my job</td>
<td>0.66</td>
</tr>
<tr>
<td>Problems at work have made me lose sleep</td>
<td>0.75</td>
</tr>
<tr>
<td>Sometimes I feel bad when I go to work</td>
<td>0.66</td>
</tr>
<tr>
<td>I believe that my work interferes with my health</td>
<td>0.52</td>
</tr>
<tr>
<td><strong>Learning goal orientation</strong> (<em>α</em> = 0.80; <em>CR</em> = 0.88; <em>AVE</em> = 0.85) (Button et al., 1996)</td>
<td></td>
</tr>
<tr>
<td>The opportunity to do challenging work is important to me</td>
<td>0.66</td>
</tr>
<tr>
<td>When I fail to complete a difficult task, I plan to try harder the next time I work on it</td>
<td>0.74</td>
</tr>
<tr>
<td>I prefer to work on tasks that force me to learn new things</td>
<td>0.83</td>
</tr>
<tr>
<td>The opportunity to learn new things is important to me</td>
<td>0.63</td>
</tr>
<tr>
<td><strong>Performance goal orientation</strong> (<em>α</em> = 0.74; <em>CR</em> = 0.84; <em>AVE</em> = 0.82) (Button et al., 1996)</td>
<td></td>
</tr>
<tr>
<td>I prefer to do things that I can do well rather than things that I do poorly</td>
<td>0.69</td>
</tr>
<tr>
<td>I am happiest at work when I perform tasks on which I know that I would not make any errors</td>
<td>0.91</td>
</tr>
<tr>
<td>The things I enjoy the most are the things I do the best</td>
<td>0.51</td>
</tr>
<tr>
<td>The opinions others have about how well I can do certain things are important to me</td>
<td>0.79</td>
</tr>
<tr>
<td>I feel smart when I do something without making any mistakes</td>
<td>0.81</td>
</tr>
</tbody>
</table>

### Table AI.

Measurement items and loadings

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**Corresponding author**

Fernando de Oliveira Santini can be contacted at: santiniconsultores@gmail.com

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Fake-love: brand love for counterfeits

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Goa Institute of Management, Ribandar, India, and
Manoj Motiani
Indian Institute of Management Indore, Indore, India

Abstract

Purpose – Recent studies have indicated that consumers who knowingly purchase counterfeits could be in love with the brands whose counterfeits they own. Arguably, this love may not be the same as the love felt by individuals who purchase the original brand. Research in this field has not studied how these two love types differ in its genesis and consequences. Therefore, the paper aims to discuss this issue and intends to fill this gap.

Design/methodology/approach – This study performed a multi-group analysis using (PLS-SEM) between two groups of customers (real-buyers and fake-buyers) to elucidate the factors that separate fake-love from real-love. This study adopted a combination of convenience sampling and field visits to identify 500 individuals who were classified as either real-buyers or fake-buyers.

Findings – The relationship between social-self and brand love is significantly stronger for fake-buyers as compared to real-buyers. However, the relationship between inner-self and brand love is significantly stronger in the case of real-buyers as compared to fake-buyers. Real-buyers tend to be more brand resilient than fake-buyers as their love emanates primarily from the inner-self. Additionally, fake-buyers indulge in +WOM more than real-buyers as their brand love emanates from the social-self.

Originality/value – This is the first study to explore the concept of brand love among consumers who purchase counterfeits in spite of being able to afford the original brands. This is also the first study that is focused on identifying the antecedents and outcomes that separate real-love from fake-love.

Keywords Counterfeiting, Brand love, Fake-love, Self-expressiveness

Paper type Research paper

Introduction

Fournier (1998) suggested that consumers have a tendency to ascribe human-like characteristics to their brands, leading to the formation of an emotional attachment. A strong emotional attachment can lead to a love-like feeling toward their brands (Albert et al., 2008). Carroll and Ahuvia (2006) defined brand love as “the degree of passionate, emotional attachment a satisfied consumer has for a particular trade name.” This phenomenon has inspired different studies to understand its antecedents and consequences (Batra et al., 2012; Roy et al., 2016).

Wallace et al. (2014) have demonstrated that the ability of a brand to significantly enhance its users’ self-identity is an important antecedent to brand love. Additionally, past research has demonstrated that brand loyalty (Fournier, 1998), positive word of mouth (+WOM) (Albert et al., 2008), and propensity to forgive brand failures (Bauer et al., 2009) are some of the outcomes of brand love.

However, the popularity of a brand, combined with a high price can lead to counterfeiting (Commuri, 2009). Counterfeits try to sponge off the popularity of real-brands. Counterfeits that are exact replicas manage to deceive consumers into believing that they are real. However, consumers often purposely purchase counterfeit brands (Gentry et al., 2001) as they believe that the possession of “luxury” brands will help them in attaining a higher social status (Commuri, 2009). Therefore, counterfeits of luxury brands are perceived to be capable of shaping consumers’ self-identity (Castaño and Perez, 2014), which can lead to a love-like feeling toward the brand (Carroll and Ahuvia, 2006). Additionally, Jiang and Cova (2012) pointed out that individuals who knowingly purchase counterfeits also develop a
passion for the brand, express themselves through these brands, feel discomfort if seen
without it, and feel that it projects dimensions of their identity.

Therefore, consumers who knowingly purchase counterfeits could also be in love with
the corresponding real-brands. Castaño and Perez (2014) supported this contention by
demonstrating that consumers who knowingly purchase counterfeits (referred to as
fake-buyers) also develop a love-like feeling toward the real-brands (referred to as fake-love).
Arguably, this fake-love may not be the same as the love felt by a real-buyer (referred to as
real-love). Previous research has not studied how these two love types differ in its
antecedents and consequences. Therefore, this study intends to fill this gap.

Despite extensive research in the field of counterfeiting (Commuri, 2009; Jiang and
Cova, 2012) and brand love (Batra et al., 2012; Roy et al., 2016), the antecedents and outcomes
of fake-love have remained largely unexplored. Roux et al. (2017) have suggested that
understanding the motivation behind the purchase of luxury brands helps in understanding
the customer-brand relationship. Kaufmann et al. (2016), argued that understanding of
customer-brand relationships will help in identifying the factors that lead to counterfeit
buying behavior, and developing strategies to curb it. This research attempts to address this
gap through a multi-group analysis (MGA) between two groups of customers (real-buyers
and fake-buyers), and tries to elucidate the factors that separate fake-love from real-love.
This is the first study that explores how the two components of self-expressiveness
(inner and social) of a brand influence the two love types. Furthermore, this is also the first
study that explores how these two love types differentially influence +WOM and resilience
toward negative brand information (referred to as brand resilience).

This study contributes in understanding of the socio-psychological motivations behind
brand love’s inception. The findings suggest that real-buyers as well as fake-buyers love the
original brand. However, real-love originates from a brand’s ability to enhance consumers’
inner as well as social-self whereas fake-love originates from its ability to enhance their
social-self. If consumers love a brand only for its ability to enhance their social-self, then
buying its counterfeit is a viable option. However, if consumers love a brand for its quality
and authenticity, which also enhances their inner-self, then they will prefer the real-brand.
The findings of this study suggest that managers must focus on emphasizing the
importance of inner self-expressiveness in their communication strategies to dissuade
consumers from buying counterfeits.

The remainder of the article is structured as follows: The literature review covers the
factors that are responsible for counterfeiting, and fake-love, which sets the context for
the hypotheses development. This leads to the research method and the results of the
hypotheses testing. The article concludes with the general discussion, implications,
limitations, and avenues for future research.

**Literature review**

**Counterfeits**

The popularity of a brand is one of the prime reasons for its counterfeiting. Counterfeits,
illegally, imitate the original brand so that the items appear as genuine (Ang et al., 2001).
Jiang and Cova (2012) defined counterfeiting “as the production of copies that are identically
packaged, including trademarks and labeling, so as to seem to a consumer that the item is
the genuine article.” This study uses the word “fake” to refer counterfeit items.

In recent years, counterfeiting has grown tremendously, which has posed a worldwide
economic problem (Castaño and Perez, 2014). Consumers who are deceived into purchasing
counterfeits may be dissatisfied due to their poor quality, which can hamper the
corresponding real-brands’ image, and demand (Commuri, 2009).

Baghi et al. (2016) have posited that identifying the factors that motivate consumers in
choosing counterfeits will help us in curbing its demand. Previous research has focused on
consumers’ motivation to purchase counterfeits due to its cost effectiveness and social conformity (Wilcox et al., 2009). However, Castaño and Perez (2014) indicated that individuals who can afford real brands may also indulge in purchasing counterfeits. They demonstrated that these individuals also develop a love-like feeling toward the corresponding real brands. Therefore, factors like consumer-brand relationships which are beyond cost effectiveness may boost the demand for counterfeits (Söttinger and Penz, 2015).

**Fake-buyers and fake-love**

The possession of luxury brands is considered to be a status symbol due to their premium price (Vigneron and Johnson, 1999). Consumers have a tendency of being attached to luxury brands due to the emotional aspect associated with them, eventually forming a consumer-brand relationship (Fournier, 1998). Brand love is a result of an intense emotional and passionate attachment toward a brand (Ahuvia, 2005). Batra et al. (2012) posited that love for a brand leads to “passion driven behavior, self-brand integration, positive emotional connect, long-term relationship, and anticipated separation distress.” Furthermore, brand love also leads to +WOM and brand acceptance (Wallace et al., 2014).

Consumers who cannot afford genuine luxury brands may feel the need to be associated with them in order to enhance their social standing. Jiang and Cova (2012) demonstrated that the underlying reason for the purchase of counterfeits is “conformity, status seeking and face consciousness.” Consumers purchase counterfeits as they are concerned about their image in the society. They believe that the possession of luxury brands can help them in enhancing their identity by appearing to be an affluent consumer.

However, a lack of sufficient income may not be the only reason behind the purchase of counterfeits (Bian and Moutinho, 2011). Consumers purchase counterfeits as a trial to test if its association enhances their social status before buying real brands. Additionally, the experience of shopping for counterfeits can be a source of joy, and provide them the satisfaction of being a smart shopper. Furthermore, the propensity to purchase counterfeits increases in the presence of friends who indulge in it.

Bian and Moutinho (2011) demonstrated that the image of a brand is a major reason behind knowingly purchasing its counterfeit as fake-buyers value brand image over actual product attributes. Additionally, Castaño and Perez (2014) showed that fake-buyers transfer the perceived symbolic personality traits of the real brands to their counterfeits.

Therefore, counterfeits are expected to possess greater hedonic value than utilitarian value, as they may perform lesser but appear genuine (Castaño and Perez, 2014). As per Carroll and Ahuvia (2006), the hedonic value and self-expressiveness of a brand are antecedents to brand love. Additionally, the transfer of perceived symbolic personality traits of the real brands to their counterfeits can lead to fake-love as the desired brand personality is an antecedent to brand love (Roy et al., 2016). Furthermore, consumers get emotionally attached, and develop a passionate consumer-brand relationship with the fake brands due to their experiences with them (Jiang and Cova, 2012).

Such a relationship may lead to a feeling of love toward the original brand whose counterfeit they possess. Castaño and Perez (2014) supported this contention by studying fake-love in the case of consumers who purchased originals as well as counterfeits of a particular brand. They showed that there is a difference between the love for real and fake brands. This study explores the difference between real-love and fake-love in the case of individuals who exclusively purchase either one of the two.

**Hypotheses development**

Carroll and Ahuvia (2006) demonstrated that the self-expressiveness of a brand is an antecedent to brand love. They defined self-expressiveness of a brand as “the consumer’s perception of the degree to which the specific brand enhances one’s social-self and/or
reflects one’s inner self.” They divided self-expressiveness into two components: inner self-expressiveness and social self-expressiveness.

Vigneron and Johnson (1999) posited that luxury brands provide personal as well as inter-personal utility to their consumers. The personal utility is present due to the hedonic aspect attached to the luxury items that help consumers in fulfilling their inner goals (Jiang and Cova, 2012). Consumers form relationships with brands in order to grow and progress by incorporating some of the brand qualities into their sense of self, which helps them in conceptualizing their self-identity (Aron and Aron, 1986). Therefore, possession of luxury brands leads to the enhancement of their inner-self. Additionally, the inter-personal utility is present due to the ability of the luxury brands in projecting a higher social status (Lascu and Zinkhan, 1999). This leads to the enhancement of their social-self. Therefore, original luxury brands are capable of enhancing consumers’ inner as well as social-self.

On the other hand, a consumer who knowingly purchases counterfeits is aware of their lower functional aspects like quality and reliability (Wilcox et al., 2009). Therefore, the value associated with fake-brands is lower than that of real-brands. Evidently, incorporation of the brand qualities in the consumers’ sense of self happens to a lesser degree in the case of counterfeits (as compared to real-brands) (Perez et al., 2010). This hinders the ability of counterfeits to enhance consumers’ inner-self. This brings us to the first hypothesis:

**H1.** The relationship between inner self-expressiveness and brand love will be stronger for real-buyers as compared to fake-buyers.

Counterfeits that are exact replicas of luxury brands will enable fake-buyers in projecting a higher social status, thus enhancing their social-self. They serve as a “value-expressive function” for consumers who do not care about the authenticity of the brands (Bian et al., 2016; Eisend et al., 2017). This brings us to the second hypothesis:

**H2.** The relationship between social self-expressiveness and brand love will be stronger for fake-buyers as compared to real-buyers.

Previous research has demonstrated that self-expressiveness of a brand increases consumers’ tendency to recommend it to others, leading to a +WOM (Angelis et al., 2012). Consumers offer +WOM if the brand meaning is congruent with their inner-self, which implies that inner self-expressiveness is responsible for +WOM (Wallace et al., 2014). However, the incorporation of a brand’s qualities in the consumers’ sense of self happens to a much lesser degree in the case of counterfeits (Perez et al., 2010). Therefore, as compared to counterfeits, real-brands will largely enable consumers in expressing their inner-self. This brings us to the third hypothesis:

**H3.** The relationship between inner self-expressiveness and +WOM will be stronger for real-buyers as compared to fake-buyers.

Real-buyers purchase original brands to express their inner as well as social-self (Carroll and Ahuvia, 2006). Therefore, +WOM emanates from the brand’s ability to express their inner as well as social-self. On the other hand, fake-buyers purchase counterfeits, largely, to express their social-self (Commuri, 2009). They offer +WOM to establish their association with a luxury brand, which may enable them in projecting a higher social status. This brings us to the fourth hypothesis:

**H4.** The relationship between social self-expressiveness and +WOM will be stronger for fake-buyers as compared to real-buyers.

Brand resilience is the propensity to forgive wrongdoings by a brand (Du et al., 2007). An actively engaged consumer is likely to forgive wrongdoings by a brand (Du et al., 2007).
Therefore, self-expressiveness of a brand leads to brand resilience (Wallace et al., 2014). Consumers purchase real-brands to enhance their social as well as inner-self (Jiang and Cova, 2012). Since real-buyers’ inner-self is associated with their brand, it will be difficult for them to give up on their brands due to negative brand information. On the other hand, counterfeits are not high on the inner self-expressiveness component hence fake-buyers will be willing to give up on the brand due to negative brand-related information. This brings us to the fifth hypothesis:

**H5.** The relationship between inner self-expressiveness and brand resilience will be stronger for real-buyers as compared to fake-buyers.

Fake-buyers purchase counterfeits to enhance their social-self (Perez et al., 2010). A negative brand-related information may urge them to stop associating with it as it may hamper their image. Real-buyers’ social status is also contingent on their brand’s reputation; however, their brand association is not purely dependent on the social self-expressiveness component. This brings us to the sixth hypothesis:

**H6.** The relationship between social self-expressiveness and brand resilience will be stronger (inversely) for fake-buyers as compared to real-buyers.

Batra et al. (2012) posited that brand love explains variation in consumers’ “positive WOM and resistance to negative information about the brand.” Castaño and Perez (2014) demonstrated that there is a difference between the love felt by real-buyers and fake-buyers. Fake-love is influenced, largely, by the social self-expressiveness component. In order to declare their association with a reputed brand, fake-buyers indulge in talking about the “luxury” brands that they possess. Their fake-love will lead to a greater +WOM as compared to real-buyers who love the brand as it enhances their inner as well as social-self. This brings us to the seventh hypothesis:

**H7.** The relationship between brand love and +WOM will be stronger for fake-buyers as compared to real-buyers.

Previous research has demonstrated that brand love leads to brand resilience (Hegner et al., 2017). Fake-buyers may abandon their brands due to negative brand-related information as their association with it may hamper their image. On the other hand, in addition to the enhancement of the social status, real-love also emanates from the brand’s ability to enhance the inner-self. Real-buyers develop an emotional attachment to the brand that transcends beyond the inflation of their social status. Therefore, real-buyers may not be willing to give up on their brands even in the presence of negative brand-related information. This brings us to the eighth hypotheses:

**H8.** The relationship between brand love and brand resilience will be stronger for real-buyers as compared to fake-buyers.

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**Research method**

**Sample and data collection**

There is a steady increase in the consumption of luxury products and their counterfeits in emerging markets like India (Shukla and Purani, 2012). Therefore, Indian cities were considered to be ideal for this study.

Since fashion brands carry a higher degree of symbolic and hedonic appeal (Castaño and Perez, 2014), this product category (apparel, eyewear, shoes, handbags and watches) was used for this study. The data for the two groups were collected from individuals who either owned an original or a counterfeit (and not both) of luxury brands for at least six months. This criterion helped in recruiting participants who had a considerable experience of using...
that product. In India, individuals belonging to the higher economic strata of SEC A (socio-economic class) are the major consumers of genuine luxury brands (Jain et al., 2015). Therefore, respondents from SEC A were selected to eliminate income as a reason behind choosing counterfeits. At last, to remove the effects of deceptive counterfeiting, participants who had unknowingly purchased counterfeits were excluded.

Due to the peculiarities of the design, this study adopted a combination of convenience sampling and field visits. A snowball sampling technique through personal contacts was used since this method is suitable for studies dealing with counterfeiting (Wang and Song, 2013). Additionally, participants were recruited from local counterfeit markets in exchange for a gift.

The minimum sample size required for each group, based on the desired power level of 0.8 and anticipated effect size of 0.1 was 233. However, other studies have suggested that the minimum sample size can be based on the desired statistical power (Hair et al., 2014). This study adopted a technique called G*Power which suggested a sample size of 250 to attain a statistical power of 0.95 (Faul et al., 2009). After discarding 78 inadequate responses, the data consisted of 500 (250 for each group) responses, which was above the required limit.

Measures
The items developed by Wallace et al. (2014) were used to measure both the self-expressiveness components. Brand love and +WOM were measured with the scale developed by Carroll and Ahuvia (2006). The items for brand resilience were adapted from Bhattacharya and Sen. All the items consisted of seven-point Likert scales (1 = strongly disagree, 7 = strongly agree). Table I presents these scales.

The self-reported behavioral and attitudinal data collected at a point in time can have errors like the common method bias (Chang et al., 2010). Therefore, it was ensured that the participants understood the questions as well as the confidentiality of the survey. Additionally, “Harman’s single factor test” and the “single-method-factor approach” (Podsakoff et al., 2003) indicated that the common method bias was not an issue.

Results
Model assessment using partial least square structural equation modeling (PLS-SEM)
To assess the proposed model, SmartPLS 3.2.4 was used to perform PLS-SEM and MGA (Ringle et al., 2015). PLS-SEM, simultaneously, allows the examination of all the relationships between variables, including the measurement and structural components, in a conceptual model. Additionally, due to its non-parametric approach, it is considered to be highly appropriate for MGA (Henseler et al., 2016).

The proposed model for real and fake-buyers was tested in two steps: the measurement model and the structural model (Hair et al., 2014). The study assessed the measurement model, structural model, and MGA by using two different non-parametric methods: Henseler’s MGA (Henseler et al., 2009a) and the permutation test (Chin and Dibbern, 2010).

Assessment of measurement model
The loading of each indicator on its associated latent variable (LV), in both the groups, was above the threshold value of 0.7, suggesting that the indicators were reliable (Hair et al., 2011). Table I presents these results. Furthermore, for both the groups, the composite reliability coefficients for all LVs were above 0.7, suggesting acceptable construct reliability (Hair et al., 2011). Therefore, the measurement model possessed acceptable reliability.

Table I shows that the average variance extracted of all the LVs was above 0.5, which indicated a high convergent validity. The discriminant validity of the measurement
A model was established based on Fornell-Larcker criterion (Hair et al., 2011) and Heterotrait-Monotrait (HTMT<0.85) criterion (refer Table II). The values were lower than the 0.85 threshold (Henseler et al., 2015).

Assessment of the structural model
For both the groups, the model’s explanatory power was examined by evaluating the $R^2$ values of the two endogenous variables: brand resilience and +WOM. The $R^2$ values for real-buyers were 0.661 for brand resilience and 0.516 for +WOM, and for fake-buyers were 0.428 for brand resilience and 0.732 for +WOM. These values were above the threshold of 0.2 for behavioral research (Hair et al., 2014).

The SRMR values of the models were 0.06 and 0.048 for real-buyers and fake-buyers, respectively, which were below the threshold of 0.08 (Henseler et al., 2016). The assessment of the structural model was done using 5,000 bootstrap resamples and 5,000 permutations. These results are presented in Table IV and Figure 1.
### Table II

Fornell-Larcker criterion analysis and HTMT ratios

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Original buyers</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Fake-buyers</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brand love</td>
<td>Brand resilience</td>
<td>Inner-self</td>
<td>Social-self</td>
<td>WOM</td>
<td>Brand love</td>
<td>Brand resilience</td>
<td>Inner-self</td>
<td>Social-self</td>
<td>WOM</td>
</tr>
<tr>
<td>Brand love</td>
<td>0.78</td>
<td>0.59 (0.66)</td>
<td>0.72 (0.81)</td>
<td>0.20 (0.22)</td>
<td>0.23 (0.25)</td>
<td>0.80</td>
<td>0.19 (0.20)</td>
<td>0.12 (0.13)</td>
<td>0.74 (0.83)</td>
<td>−0.26 (0.29)</td>
</tr>
<tr>
<td>Brand resilience</td>
<td></td>
<td>0.90</td>
<td>0.60 (0.69)</td>
<td>0.12 (0.13)</td>
<td>0.20 (0.24)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inner-self</td>
<td></td>
<td>0.83</td>
<td>0.83</td>
<td>0.73 (0.81)</td>
<td>0.83</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social-self</td>
<td></td>
<td>0.82</td>
<td>0.82</td>
<td>−0.36 (0.42)</td>
<td>−0.26 (0.29)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WOM</td>
<td></td>
<td>0.82</td>
<td>0.74 (0.83)</td>
<td>0.05 (0.08)</td>
<td>0.10 (0.12)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:** The diagonal elements (in italics) are the square roots of the variance between the constructs and their measures (AVE). Heterotrait-Monotrait (HTMT) ratios of correlations are in the parentheses.
The results suggest that inner and social self-expressiveness had a significant positive impact on brand love for real and fake-buyers. Additionally, inner self-expressiveness did not have a significant positive impact on +WOM for both the groups. On the other hand, social self-expressiveness had a significant positive impact on +WOM for both the groups. Inner self-expressiveness had a significant positive impact on brand resilience for real-buyers. This impact was not significant for fake-buyers. Social self-expressiveness had a significant negative effect on brand resilience for fake-buyers. This impact was not significant for real-buyers. Furthermore, brand love had a significant positive effect on +WOM and brand resilience for both the groups.

The study does not propose mediation hypotheses, but the estimation of the structural model includes the significance tests of the indirect effects (Henseler et al., 2009a). Bootstrap procedure was used to generate 5,000 resamples to determine the bias-corrected confidence intervals of the indirect effects (Cheung and Lau, 2008). These results are presented in Table V.

Brand love mediated the relationship between inner self-expressiveness and +WOM for real-buyers but not fake-buyers. Additionally, brand love also mediated the relationship between inner self-expressiveness and brand resilience for real-buyers but not fake-buyers. Furthermore, brand love mediated the relationship between social self-expressiveness and +WOM for fake-buyers but not real-buyers. At last, brand love mediated the relationship between social self-expressiveness and brand resilience for both the groups.

**MGA**

Measurement invariance was tested before performing MGA (Hair et al., 2014). The measurement invariance of composites (MICOM) technique was adopted, which is highly suitable for models using PLS-SEM (Henseler et al., 2016). The three-step approach for MICOM enabled the extraction of the partial measurement invariance for the two groups, which is a prerequisite for interpretation and comparison of the differences between the groups while performing MGA (Henseler et al., 2016). Table III presents the MICOM results.
<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Path coefficient - realbuyers</th>
<th>Path coefficient - fake buyers</th>
<th>CIs (bias corrected) - realbuyers</th>
<th>CIs (bias corrected) - fake buyers</th>
<th>Path coefficient difference</th>
<th>$p$-value</th>
<th>Henseler's MGA</th>
<th>Permutation $p$-values</th>
<th>Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H1$</td>
<td>Inner-self → Brand love</td>
<td>0.71***</td>
<td>0.08*</td>
<td>(0.61, 0.78)</td>
<td>(−0.03, 0.17)</td>
<td>0.62</td>
<td>1.00***</td>
<td>0.00***</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>$H2$</td>
<td>Social-self → Brand love</td>
<td>0.10**</td>
<td>0.01**</td>
<td>(0.01, 0.19)</td>
<td>(−0.03, 0.06)</td>
<td>0.63</td>
<td>1.00***</td>
<td>0.00***</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>$H3$</td>
<td>Inner-self → WOM</td>
<td>0.07</td>
<td>0.04</td>
<td>(−0.08, 0.22)</td>
<td>(−0.06, 0.11)</td>
<td>0.03</td>
<td>0.37</td>
<td>0.62</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>$H4$</td>
<td>Social-self → WOM</td>
<td>0.15**</td>
<td>0.23**</td>
<td>(0.02, 0.25)</td>
<td>(0.28, 0.57)</td>
<td>0.26</td>
<td>0.99***</td>
<td>0.00***</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>$H5$</td>
<td>Inner-self → Brand resilience</td>
<td>0.35***</td>
<td>0.07</td>
<td>(0.23, 0.46)</td>
<td>(−0.07, 0.18)</td>
<td>0.27</td>
<td>0.00***</td>
<td>0.00***</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>$H6$</td>
<td>Social-self → Brand resilience</td>
<td>−0.00</td>
<td>−0.48***</td>
<td>(−0.09, 0.08)</td>
<td>(−0.63, −0.32)</td>
<td>0.47</td>
<td>1.00***</td>
<td>0.00***</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>$H7$</td>
<td>Brand love → WOM</td>
<td>0.14*</td>
<td>0.29</td>
<td>(0.23, 0.56)</td>
<td>(0.02, 0.29)</td>
<td>0.28</td>
<td>0.99***</td>
<td>0.00***</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>$H8$</td>
<td>Brand love → Brand resilience</td>
<td>0.34***</td>
<td>0.15**</td>
<td>(0.20, 0.46)</td>
<td>(−0.01, 0.34)</td>
<td>0.19</td>
<td>0.05**</td>
<td>0.06*</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:** The numbers in parentheses are the 95% bias-corrected confidence interval. In Henseler's MGA method, the $p$-value lower than 0.05 or higher than 0.95 indicates at the 5 percent level significant differences between specific path coefficients across two groups. *$p < 0.05$; **$p < 0.01$; ***$p < 0.001$
Henseler’s MGA (Henseler et al., 2009b) and the permutation test (Chin and Dibbern, 2010) was used for MGA. For PLS-SEM, these are the most conservative techniques in examining the differences between the two groups’ path coefficients (Sarstedt et al., 2011). Both the tests return a $p$-value of differences between the specific path coefficients across the two groups. For the Henseler’s MGA test, a 5 percent level of significant difference between path coefficients is indicated by a $p$-value of lower than 0.05 or higher than 0.95. On the other hand, for the permutation test, it is represented only by a $p$-value of lower than 0.05. The permutation test identified significant differences between the $R^2$ values of brand resilience and $+WOM$ between real and fake-buyers. The results support $H1$ through $H2$ and $H4$ through $H8$. However, $H3$ was not supported. Table IV and Figure 1 present these results.

In addition to the differences between direct effects, the study tested the difference between indirect effects using Henseler’s MGA (Henseler et al., 2009b) and the permutation test (Chin and Dibbern, 2010). These results are presented in Table V. Results suggest that mediating effect of brand love between inner self-expressiveness and $+WOM$ is not significantly different between the two groups. However, the mediating effect of brand love between inner self-expressiveness and brand resilience is significantly stronger for real-buyers as compared to fake-buyers. The mediating effect of brand love between social self-expressiveness and $+WOM$ is significantly stronger for fake-buyers as compared to real-buyers. However, the mediating effect of brand love between inner self-expressiveness and brand resilience is not significantly different between the two groups.

Discussion

The findings suggest that both types of buyers experience a love-like emotion toward the brand. However, there are differences in their antecedents and outcomes. First, the relationship between social-self and brand love is significantly stronger for fake-buyers as compared to real-buyers. This suggests that a brand’s ability to enhance one’s social status significantly influences brand love for fake-buyers as compared to real-buyers. The relationship between inner-self and brand love, on the other hand, is significantly stronger for real-buyers as compared to fake-buyers. This suggests that the brand’s ability to enhance one’s inner-self significantly influences real-love as compared to fake-love.

Second, the relationship between inner self-expressiveness and $+WOM$ is not significantly stronger for real-buyers as compared to fake-buyers. This relationship is also not significant for both the groups. Evidently, consumers who long for a higher social status are more likely to indulge in talking about their luxury brands (Yang and Mattila, 2017). Since inner self-expressiveness of a brand enhances only the inner-self, it does not significantly influence $+WOM$. On the other hand, fake-buyers purchase counterfeits largely for their ability to enhance their social-self by letting others know about their brands. Therefore, the relationship between social self-expressiveness and $+WOM$ is significantly stronger in the case of fake-buyers as compared to real-buyers.

Third, the relationship between inner self-expressiveness and brand resilience is significantly stronger for real-buyers as compared to fake-buyers. Since real-buyers’ self-identity is strongly associated with their brand, they may not break their brand relationship due to negative information. As compared to real-brands, counterfeits do not largely enhance the buyers’ inner-self, therefore, their resilience may not endure as firmly as real-buyers’. Fake-buyers’ social status may be jeopardized if their brands indulge in wrongdoings. They may break their association with a brand that indulges in wrongdoings to maintain their social status. Therefore, the relationship between social self-expressiveness and brand resilience is significantly stronger (inversely) for fake-buyers as compared to real-buyers.

Fourth, the relationship between brand love and $+WOM$ is significantly stronger for fake-buyers as compared to real-buyers. Fake-love originates from the consumers’ desire for a higher social status. Real-buyers purchase originals as it enables them to enhance their social as
<table>
<thead>
<tr>
<th>Construct</th>
<th>Configural invariance</th>
<th>Compositional invariance</th>
<th>Partial measurement invariance</th>
<th>Equal mean value confidence interval</th>
<th>Equal variance value confidence interval</th>
<th>Full measurement invariance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand love</td>
<td>Yes</td>
<td>C = 1</td>
<td>Confidence interval</td>
<td>1.00 (0.99; 10.00)</td>
<td>(−0.17; 0.18)</td>
<td>No</td>
</tr>
<tr>
<td>Brand resilience</td>
<td>Yes</td>
<td>0.99</td>
<td>(0.99; 1.00)</td>
<td>0.32</td>
<td>(−0.18; 0.18)</td>
<td>(−0.04; 0.15)</td>
</tr>
<tr>
<td>Inner-self</td>
<td>Yes</td>
<td>1.00</td>
<td>(0.99; 1.00)</td>
<td>0.82</td>
<td>(−0.18; 0.18)</td>
<td>(−0.35; 0.17)</td>
</tr>
<tr>
<td>Social-self</td>
<td>Yes</td>
<td>0.99</td>
<td>(0.99; 1.00)</td>
<td>−0.59</td>
<td>(−0.18; 0.17)</td>
<td>(−0.54; 0.19)</td>
</tr>
<tr>
<td>WOM</td>
<td>Yes</td>
<td>0.99</td>
<td>(0.99; 1.00)</td>
<td>−0.15</td>
<td>(−0.18; 0.17)</td>
<td>(−0.58; 0.21)</td>
</tr>
</tbody>
</table>

Note: The numbers in parentheses are the 95% bias-corrected confidence interval.
### Table V. Results of mediation test

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Path coefficient-real buyers</th>
<th>Path coefficient-fake buyers</th>
<th>CIs (bias corrected)-real buyers</th>
<th>CIs (bias corrected)-fake buyers</th>
<th>Path coefficients difference</th>
<th>Henseler's MGA</th>
<th>Permutation p-values</th>
<th>Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inner-self → Brand love → Brand resilience</td>
<td>0.24***</td>
<td>0.013</td>
<td>(0.15, 0.34)</td>
<td>(−0.01, 0.04)</td>
<td>0.23</td>
<td>1.00***</td>
<td>0.00***</td>
<td>Yes</td>
</tr>
<tr>
<td>Inner-self → Brand love → WOM</td>
<td>0.10*</td>
<td>0.03</td>
<td>(−0.01, 0.21)</td>
<td>(−0.01, 0.09)</td>
<td>0.07</td>
<td>0.12</td>
<td>0.29</td>
<td>No</td>
</tr>
<tr>
<td>Social-self → Brand love → Brand resilience</td>
<td>0.03*</td>
<td>0.11**</td>
<td>(0.01, 0.07)</td>
<td>(−0.01, 0.26)</td>
<td>0.08</td>
<td>0.87</td>
<td>0.10</td>
<td>No</td>
</tr>
<tr>
<td>Social-self → Brand love → WOM</td>
<td>0.014</td>
<td>0.37***</td>
<td>(−0.01, 0.04)</td>
<td>(0.18, 0.42)</td>
<td>0.29</td>
<td>1.00***</td>
<td>0.00***</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Notes:** The numbers in parentheses are the 95% bias-corrected confidence interval. In Henseler's MGA method, the $p$-value lower than 0.05 or higher than 0.95 indicates at the 5 percent level significant differences between specific path coefficients across two groups. *$p < 0.05$; **$p < 0.01$; ***$p < 0.00$
well as inner-self. Their love is not limited to making others aware of their brand possessions. Therefore, their tendency to offer +WOM is lower than that of fake-buyers.

Fifth, real-buyers have a significantly stronger relationship between brand love and brand resilience as compared to fake-buyers. Internally, fake-buyers are aware that they are using counterfeits; their love does not originate from the brand’s performance. It stems from the brand’s ability to boost their social standing. Therefore, negative brand information will easily perturb fake-buyers, as their self-image is contingent on the brand’s performance. On the other hand, real-love also stems from the belief that there is a congruency between themselves and the brand meaning. Their association is much stronger; therefore, shortcomings by a brand will not lead to a complete abandonment of the brand.

Additionally, as per the mediation analysis, the effect of a brand’s ability to enhance buyers’ inner-self on brand resilience will be significantly stronger for real-love as compared to fake-love. On the other hand, the effect of a brand’s ability to enhance buyers’ social-self on +WOM will be significantly stronger for fake-love as compared to real-love.

Theoretical implications
The impact of consumer-brand relationship on counterfeiting is largely unexplored. This study addresses this gap by demonstrating that fake-buyers also develop a love-like feeling toward the corresponding real-brands. Therefore, fake-love could be a motivator for counterfeits’ demand.

Previous research on brand love has explored its antecedents and outcomes (Batra et al., 2012; Roy et al., 2016). This is the first study that explores the concept of brand love among consumers who purchase counterfeits in spite of being able to afford the real-brands. Furthermore, it explores how real-love and fake-love differ in their antecedents and outcomes. Wallace et al. (2014) showed that consumers love a brand for its self-expressiveness capabilities. Furthermore, they suggested that self-expressiveness could influence brand love differently depending on its two components. The primary theoretical contribution of this study is to demonstrate that these two components impact brand love differently based on the type of buyer. Inner self-expressiveness influences real-love more than fake-love, whereas, social self-expressiveness influences fake-love more than real-love.

Furthermore, this study shows that both love types influence +WOM but fake-love’s impact is higher than that of real-love. Since fake-love originates largely due to social self-expressiveness, the ability of a brand to project a higher social status is largely responsible for +WOM. On the other hand, along with social self-expressiveness, inner self-expressiveness is also responsible for real-love, which does not abandon the brand due to its wrongdoings. In the presence of negative brand-related information, brands that resonate with the consumers’ social-self are highly vulnerable to adverse reaction as compared to brands that are high on inner self-expressiveness.

Managerial implications
Luxury brands have neglected fake-buyers by assuming that they lack financial means or appreciation of real-brands, and hence are not their potential customers (Stöttinger and Penz, 2015). However, their price might not always be the reason for buying counterfeits. There could be differences regarding the motivations and relationship patterns that consumers develop with brands that can turn potential real-buyers into fake-buyers.

The results suggest that real-buyers and fake-buyers love the real-brand. However, the antecedents to that love are different in both the cases. Fake-love largely originates from the consumers’ desire to enhance their social-self. On the other hand, real-love originates from the brand’s ability to enhance the consumer’s inner as well as social-self. As per the self-expansion model (Aron and Aron, 1986), consumers form brand relationships with the desire to grow and progress by incorporating brand characteristics into their sense of self. Therefore, luxury brands can highlight the importance of its authenticity as compared to its
ability to enhance the social-self. This can persuade consumers in believing that they may not be able to grow and progress by owning a counterfeit, which can curb its demand. In today’s rapidly changing technology, brand managers may find it difficult to differentiate real-brands from counterfeits on the basis of product attributes alone (Veloutsou and Guzman, 2017). Therefore, they can focus on developing a brand community where the real-buyers can participate in exclusive events. Such events will help in creating brand-related stories and experiences that can be used for promotions. This will highlight the importance of owning a real-brand and creating an envy among others, enhancing consumers’ social-self. Through such activities, consumers will be able to understand the importance of associating themselves with real-brands due to the enhancement of their social as well as inner-self. Brands that enhance consumers’ inner-self also enjoy a higher brand resilience. Such brands may not experience total abandonment or a WOM in the presence of negative information. Whereas brands that are high only on social self-expressiveness risk abandonment or WOM in the presence of negative brand-related information. Therefore, managers can avoid communication strategies that solely focus on the enhancement of consumers’ social-self.

Limitations and future research
This study categorizes fake-buyers as individuals who can afford real-brands yet prefer to purchase its counterfeits. Our primary aim was to study the love fake-buyers feel for the brands whose counterfeits they possess. In addition, there are consumers who purchase counterfeits, as they cannot afford the original product. This study does not explore this segment. This study shows that self-expressiveness of a brand is an antecedent to real-love and fake-love. Previous research has shown that brand personality also leads to brand love (Roy et al., 2016). Additionally, consumers love brands that are congruent with their personality (Castaño and Perez, 2014). Therefore, future research must explore which dimensions of brand personality have a greater influence on fake-love as compared to real-love, and which personality dimensions of a brand coincide with the fake-buyers.

References


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Advertising skepticism, need for cognition and consumers’ attitudes

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Abstract
Purpose – The purpose of this paper is to examine the relationship of advertising skepticism and need for cognition with consumers’ attitudes toward brand. There is currently limited understanding on how advertising skepticism and need for cognition relate to the consumers’ attitudes.

Design/methodology/approach – Using a “within-brand-comparison” strategy, a mock print advertisement of a telecom brand is shown to 204 cellular services users in Pakistan. This is followed by a survey. Data are analyzed using a variance-based structural equation modeling.

Findings – The relationship of advertising skepticism with attitude toward brand is negative and partially mediated by the sequence of brand image, advertisement believability and attitudes toward advertisement. In contrast, the relationship between need for cognition and attitude toward brand is positive and fully mediated by the sequence of brand image, advertisement believability and attitudes toward advertisement.

Originality/value – The paper fills some theoretical as well as empirical gaps by showing how (in a within-brand comparative advertisement context) advertising skepticism and need for cognition relate to the consumers’ attitudes toward brand.

Keywords Consumer’s attitudes, Brand image, Need for cognition, Advertising skepticism, Advertisement believability, Within-brand comparisons

Paper type Research paper

Introduction
In today’s highly competitive environment, advertisers’ need to evaluate their advertisements’ effectiveness and the consumers’ responses have greatly increased (Li et al., 2017; Wells, 2014). No matter how convincing an advertisement might appear, it is susceptible to consumer biases, which may be triggered by their varying levels of advertising skepticism and need for cognition. Thus, how an advertisement will be perceived by the viewers or how they will respond to the advertised brand/product is mostly unclear to the marketers.

Much research has been conducted on advertising skepticism, particularly with regard to the consumers’ attitudes toward advertisements. However, with regard to the consumers’
attitudes toward brands, the understanding is rather poor (Pan et al., 2017; Yagci et al., 2009; Wyer and Hong, 2010). With regard to need for cognition and the consumer’s attitude, studies look at need for cognition rather indirectly (Zhang et al., 2017; Brennan and Bahn, 2006; Chang and Yen, 2013; Putrevu et al., 2004; Batra and Stayman, 1990), and there is little research that examines how need for cognition as an independent factor relates to the consumers’ attitudes.

This paper aims to fill some gaps mentioned above, and examines the relationships of need for cognition and advertising skepticism with the consumers’ attitudes toward brand. We propose that the relationships of need for cognition and advertising skepticism with the attitudes toward brand are mediated by the sequence of brand image, advertisement believability and the attitude toward advertisement. We adopt a within-brand-comparison strategy using a survey. We expose respondents to a mock print advertisement of a popular telecom brand (a subsidiary of a foreign multinational firm headquartered overseas) operating in Pakistan. This is followed by a survey. Data from 204 telecom service users in Pakistan are gathered. Pakistan is a rather ignored context with regard to studies in consumer research. Pakistan has a population of around 200m, with around 145m registered cellular service users (PTA, 2018). With a large consumer base, Pakistan offers an interesting context and potentially offers some interesting insights. We use variance-based structural equation modeling. Results show some support for our hypotheses.

Theory and conceptual development

Advertising skepticism

Advertising skepticism, brand image, ad believability and consumers’ attitudes

Rooted in the persuasion knowledge framework of information processing (Friestad and Wright, 1994), advertising skepticism is the tendency of disregarding or showing disbelief in the claims of an advertisement (Obermiller and Spangenberg, 1998). Advertising skepticism can be seen as an independent factor (Obermiller and Spangenberg, 1998), and varies from person to person such that some individuals may exhibit low levels of skepticism, while others high levels of skepticism (Hardesty et al., 2002). Advertising skepticism links to multiple factors. For example, it is positively linked to advertisement avoidance, irritation and privacy concerns among consumers (Baek and Morimoto, 2012). It is seen as a factor of advertising literacy (i.e. the ability of viewer to analyze or recognize the advertisement) (O’donohoe and Tynan, 1998), such that where advertising literacy is high, advertising skepticism will be high, and the consumer’s attitudes toward the advertisement will be negative (Shen et al., 2016).

Advertising skepticism can also be triggered, for example, through deceptive advertisements (Xie, 2016). In today’s highly competitive market environment, marketers may exaggerate claims of benefits, solutions and the overall value associated with their offerings to achieve an increased market share and (in some cases) even for their survival (Marks and Kamins, 1988; Amyx and Lumpkin, 2016). While individuals would generally vary in terms of their perceptions or experiences with a particular brand or product, where a viewer perceives the advertising claims as exaggerated and/or false, the existing level of skepticism and suspicion of the advertiser may be triggered, leading to negative reactions and evaluations of the advertisement and the brand/product. Consumers may also become skeptical of the advertisement or the brand/product when the firm is facing a crisis (Ho et al., 2016). In any case, a highly skeptical individual will generally have a negative orientation toward the advertisers’ claims or offerings than a less skeptical individual (Joireman et al., 2018).

Another aspect involves the increasingly changing customer needs, hypercompetition and the increasing buying power of the consumers. Consumers now have greater knowledge of the dynamic marketplace and the various business offerings, they have a range of options to choose from with regard to the products/brands, and are becoming savvy in their
purchase decisions. Empirical evidence suggests that advertising distrust and skepticism are largely prevalent among the consumers (Delorme et al., 2009; Calfee and Ringold, 1994; Park et al., 2014). Therefore, to create a positive impression of their brand/product, as well as to reduce suspicion and negative attributions toward it, marketers spend a lot on their advertisements. Doubts in the advertising claims do not just negatively influence the consumers’ attitudes toward the brand, but also their purchase intentions (Chen and Leu, 2011).

Obermiller et al. (2005) studied the effects of advertising skepticism on consumers’ response toward advertisements, and found that: advertising skepticism links negatively to the consumer’s attitude toward advertising, and the level of believability in the advertising claims; advertising skepticism leads to less attention to reliance on and confidence in the advertisement, and views that advertising is suspicious; and consumers with higher levels of advertising skepticism are less responsive to various informational appeals of the branded advertising. Recent research confirms the earlier findings and shows a negative association of advertising skepticism with the consumers’ attitudes toward an advertisement (see Joireman et al., 2018; Lee et al., 2016).

Consumers with higher advertising skepticism are not persuaded by informational advertising of branded products compared to those with lower advertising skepticism (Park et al., 2014). Li and Miniard (2006) suggested that an advertisement that is able to appeal to the viewers (in terms of trust in or believability of the claims made in the advertisement) will likely have a positive impact on the consumers’ attitudes toward the brand. In other words, where there is low advertising skepticism, the image of and attitude toward the brand will be positive. Chen and Leu (2011) showed that advertising skepticism has a negative impact on the consumers’ attitudes to the brand as well as the intention to purchase the branded product, leading to undesirable word of mouth as well as customer loss. Advertising skepticism has a negative association with brand awareness as well as the attitude toward the brand such as purchase intention. Research suggests that advertising skepticism is negatively associated with brand familiarity (Hardesty et al., 2002), and there is a negative association between advertising skepticism and brand purchase intention (Zarouali et al., 2017; Joireman et al., 2018; Chang and Cheng, 2015; Rogers, 1975). When the marketer exaggerates about a brand that is less familiar, the attitudes toward the advertisement and the brand will be negative (Zhang et al., 2017). Therefore, it can be argued that advertising skepticism is negatively associated with brand image and the attitude toward the brand. Thus, based on the above, we hypothesize that:

**H1a.** Advertising skepticism and consumers’ attitude toward advertisement are negatively associated.

**H1b.** Advertising skepticism and consumers’ attitude toward brand are negatively associated.

**H1c.** Advertising skepticism and brand image are negatively associated.

**H1d.** Advertising skepticism and advertisement believability are negatively associated.

*Need for cognition, brand image, ad believability and consumers’ attitudes*

Need for cognition is the tendency in individuals through which they are motivated to engage in and enjoy effortful cognitive activities (Cacioppo and Petty, 1982). Need for cognition also varies across individuals, with individuals high on need for cognition more likely to enjoy cognitive activity and process complex information (Petty et al., 1984), and generate thoughts (Petty et al., 2007), compared to people with low need for cognition. There are several contingencies linked to human judgment and processing of information.
For example, according to the cognitive-experiential self-theory (Epstein, 2003), people possess a dual information processing system, involving a rational and an experiential (involving emotions) system, which interact and work in parallel. The experiential processing system is characterized as emotional, impulsive, intuitive and implicit, while the rational is cognitive, reflective and explicit (Petty and Briñol, 2006; Epstein, 2003). Because of this parallel processing, it is difficult to assert how an individual high in terms of rationality, but low in terms of emotions vs an individual high (both) in rationality and emotions, etc. (Epstein, 2003; Petty et al., 2009) will respond to an advertisement or a brand.

Individuals’ response with respect to the advertisements, brands and products vs their level of need for cognition can vary. Research suggests two routes for processing persuasive information (such as in the advertisements): central and peripheral (Petty and Cacioppo, 1986). The central route involves a careful evaluation of the message content in terms of its merit and strength. In the peripheral route, however, there is less weighing of the argument, and the message is evaluated more in terms of simple prompts or cues. The central route is more linked to the use of cognitive resources than the peripheral route, and so individuals high in need for cognition engage more in central processing (with deep elaboration of information, and a systematic and careful evaluation of the message), whereas individuals low in need for cognition engage more in peripheral processing (looking at factors such as affective tone, credibility of the source and the quantity of the arguments) (Steward et al., 2003; Petty and Cacioppo, 1986).

There are few studies on the role of need for cognition vis-à-vis the consumers’ attitudes; however, the existing ones provide a good overview. For example, Putrevu et al. (2004) in an experiment using printed advertisements showed that individuals high in need for cognition are more likely to have a positive attitude toward the advertisement and the brand as well as an intention to purchase when the printed advertisement is complex, as compared to individuals low in need for cognition. The same is true for knowledgeable consumers vs novices (Putrevu et al., 2004). As consumers analyze an advertisement through the brand-evaluation lens (Dehghani and Tumer, 2015), their ability to think effortlessly relies on the level of brand familiarity and brand popularity. When a consumer observes unfamiliar brand advertisements, their need for cognition demands more effort and energy to reorganize the brand according to their perceptual mapping. These perceptual map sets are formulated based on the way a consumer recognizes and evaluates a desired brand category and their evaluation becomes negative when the brand is unfamiliar or is poorly evaluated (Hastak and Olson, 1989; Zhang et al., 2017). Furthermore, consumers with a high need for cognition would be more influenced by the power and believability of the claims or the argument quality in an advertisement as compared to consumers with a lower need for cognition (Batra and Stayman, 1990). Individuals high in need for cognition prefer to make their own conclusions about the message (Martin et al., 2003), and look for believability in the claims and further information on the claims (Richard and Chebat, 2016).

An individual high in need for cognition is less likely to respond positively toward the advertisement, and the brand, and is less likely to purchase the branded product, if the brand is less familiar and the marketer is perceived to be exaggerating (Zhang et al., 2017). Similarly, an individual high in need for cognition is more likely to respond positively toward the advertisement, and the brand, and is more likely to purchase the branded product, if the consumer perceives the attributes associated with the brand as relevant (Zhang et al., 2017). Thus, need for cognition should have a positive association with the brand image, advertisement believability and the consumers’ attitudes toward the advertisement and the brand. Hence, based on the above, we hypothesize as follows:

H2a. Need for cognition and consumers’ attitude toward advertisement are positively associated.
H2b. Need for cognition and consumers’ attitude toward brand are positively associated.

H2c. Need for cognition and brand image are positively associated.

H2d. Need for cognition and advertisement believability are positively associated.

Brand image, advertisement believability and consumers’ attitudes

Research suggests that consumers, when judging a brand/product through advertisements, consider a range of factors. These include persuasion knowledge (Wang et al., 2017), prior reputation and situation (Ho et al., 2016), source credibility and product claims (Shu and Carlson, 2014), brand familiarity (Hardesty et al., 2002), and the product type (Delorme et al., 2009). Therefore, when the brand/product is familiar or has a good reputation and/or when there is confidence in the claims made by the marketer, the consumers are likely to have positive attitudes toward the advertisement and the brand.

An advertising message is perceived as more believable if it falls within one’s latitude of acceptance (Sherif and Hovland, 1961). In other words, advertising is more believable when it coincides with a consumer’s pre-existing attitudes. Consumers pay considerable attention to the brands that they are well aware of and have positive perceptions and evaluations about. An advertisement for such a brand with a positive perception and evaluation would be considered more credible and believable by the consumer (Keller, 2016). Furthermore, when the consumer is confident that the advertisement is providing accurate information, the consumer’s willingness to respond positively to the advertisement increases (Beltramini, 1988; Chan et al., 2017), hence leading to a positive attitude toward the advertisement and the brand (Bialaszewski and Giallourakis, 1985). Advertisement believability leads to positive attitudes toward the advertisement and the brand, leading to purchase intentions (Chan et al., 2017). Furthermore, positive attitudes toward the advertisement lead to positive attitudes toward the brand (MacKenzie and Lutz, 1989; Zhang et al., 2017). Based on the above, we hypothesize that:

H3a. Brand image and advertisement believability are positively associated.

H3b. Brand image and the consumers’ attitudes toward advertisement are positively associated.

H3c. Brand image and the consumers’ attitudes toward brand are positively associated.

H3d. Advertisement believability and the consumers’ attitudes toward advertisement are positively associated.

H3e. Advertisement believability and the consumers’ attitudes toward brand are positively associated.

H3f. Consumers’ attitude toward advertisement and consumers’ attitude toward brand are positively associated.

Mediating roles of brand image, advertisement believability and consumers’ attitudes toward advertisement

We have hypothesized the direct relationships of advertising skepticism and need for cognition with the attitudes toward brand (Zarouali et al., 2017; Joireman et al., 2018; Chang and Cheng, 2015; Zhang et al., 2017; Putrevu et al., 2004). We now hypothesize the indirect relationships of advertising skepticism and need for cognition with the attitudes toward brand. We propose a sequence of factors: brand image, advertisement believability and attitude toward advertisement, through which the proposed mediation occurs. Previously we have hypothesized that advertising skepticism and brand image are negatively associated (Li and Miniard, 2006; Hardesty et al., 2002), whereas need for cognition and brand image are
positively associated (Hastak and Olson, 1989; Zhang et al., 2017). Brand image and advertisement believability are positively associated (Keller, 2016), advertisement believability and consumers’ attitudes toward advertisement are positively associated (Beltramini, 1988; Chan et al., 2017), and attitudes toward advertisement and attitudes toward brand are positively associated (MacKenzie and Lutz, 1989; Zhang et al., 2017). We now hypothesize that the indirect relationship of advertising skepticism with the attitude toward brand will be negative, and the same relationship with need for cognition will be positive.

As discussed earlier, advertising skepticism can develop naturally as a result of an individual’s personality as well as triggered by certain factors related to the brand or the advertisement (Amyx and Lumpkin, 2016; Obermiller et al., 2005; Wang et al., 2016; Ho et al., 2016). Whatever the advertising skepticism driver or determinant be, the individual’s image of the advertised brand will be negative. With regard to the level of believability in an advertisement, there can be several possible influences on the consumer’s perception. For example, it can be that the advertisement is making claims that generally make no sense; and/or, the advertisement involves a new brand, but the message or the way of communicating is too boastful or exaggerated for a new brand (Goldberg and Hartwick, 1990). In any case where the consumer is exposed to a brand of which the consumer has a negative image, the consumer is less likely to believe in the claims made in the advertisement. Thus, the consumer will usually have a negative attitude toward the advertisement (in terms of interest, appeal and likeability), followed by a negative attitude toward the brand (in terms of the perceived level of satisfaction and benefit from the brand as well as an intention to purchase the brand/product). Based on the above, we hypothesize that:

H4. Brand image, advertisement believability and consumers’ attitude toward advertisement sequentially mediate the relationship between advertising skepticism and consumers’ attitude toward the brand.

As discussed in the earlier sections, a high need for cognition in an individual reflects their general ability in rationality, processing complex information (Petty et al., 2009) and in the systematic and careful evaluation of the advertising message (Steward et al., 2003). It is logical to assume that a particular image of a brand for an individual with a high need for cognition would be wholly or partially a result of a careful evaluation of the brand by the individual. Therefore, brand image is likely to have a positive association with the need for cognition. With regard to advertisement believability, we have hypothesized a positive association with the need for cognition such that consumers with a high need for cognition are more inclined toward the argument quality and the power and believability of the advertising claims (Batra and Szyman, 1990). The same has been hypothesized with regard to the relationships of need for cognition with the attitudes toward the advertisement and the brand, and the argument’s rationality and substance with regard to the advertisement and the brand/product. Thus, for the mediating sequence (brand image, advertisement believability and attitudes toward advertisement) in the relationship between need for cognition and attitude toward brand, our argument is simply as hypothesized earlier. That is, an advertisement of a brand with a positive image in the viewer’s mind would be considered credible and believable by the viewer (Keller, 2016), and this would lead to a positive attitude toward the advertisement (Beltramini, 1988; Chan et al., 2017), which would then lead to a positive attitude toward the brand (MacKenzie and Lutz, 1989; Zhang et al., 2017). In short, the relationship between consumers’ attitudes toward the advertisement and the brand are explained by the image the consumer has regarding the brand as well as the believability of the advertising message. Therefore, based on the above we hypothesize as follows:

H5. Brand image, advertisement believability and consumers’ attitude toward advertisement sequentially mediate the relationship between need for cognition and consumers’ attitude toward the brand.
Next, we present the conceptual model of the study (see Figure 1). The model involves two independent factors (advertising skepticism and need for cognition), one dependent factor (attitude toward brand) and three mediators (brand image, advertisement believability and attitude toward the advertisement). A total of five control variables (categorical) are added to the model—age, gender, education, occupation and preferred telecom brand—to control for the demographic profile of the sample.

Data and methods

Data

The sample population for this study comprises cellular service users in Pakistan. Pakistan has a population of around 200m, with a significant number of people using cellular services. According to the Pakistan Telecommunication Authority, as at December 2017, there were around 145m cellular service users in Pakistan (PTA, 2018). The telecom service sector in Pakistan, therefore, serves a huge market. In Pakistan, currently there are five major telecom brands which provide cellular services to the country. The five brands are similar with regard to market share; however, they can be differentiated in terms of the service provided. For example, one brand performs better in elevated mountainous areas, while another is better for the remote less populated areas; one is popular among the business community for its post-payment package, while another is dominant among the more frequent cellular service users concerned about price. Hence, while some differences can be seen in terms of the level of service provided, each brand competes or seeks to maintain their advantage according to their somewhat unique value proposition and the target market.

A survey questionnaire was developed, comprising a printed advertisement section, followed by a questions section. The sample population included a range of demographic types, but was stratified in terms of two characteristics: cellular service users, and with a minimum secondary school-level education, so that they can understand and respond to the printed advertisement as well as the questions written in the English language. To meet the

![Figure 1. Conceptual model](image-url)
two requirements, we selected the sample population to consist of students, public/private sector employees and entrepreneurs.

Data were collected from 204 respondents (in the year 2016) using a snowball sampling technique. Respondents were advised that the data collection was for the completion of an academic qualification. The printed advertisement was a single-page mock advert (i.e. not a real one used by the company) of a popular cellular company (a subsidiary of a foreign multinational corporation) operating in Pakistan. A within-brand-comparison strategy was employed. The advertisement displayed the brand name with a headline of “We are better than ever” and showed new (relevant) attributes (i.e. fast internet speed, clear voice quality, strong coverage), overall indicating an improved product. The advertisement displayed an image/logo and brand attributes backed by concrete claims such as 4G technology.

The respondents were exposed to the printed advertisement first, and later their responses were obtained through the questions. The questionnaire started with demographic information. The viewers were provided with a list of the five major cellular service providers (operating in the country) through choose from to indicate their preference. The subsequent questions sought to gauge the viewers’ general level of advertising skepticism, and need for cognition, as well as their views regarding the brand image, advertisement believability, attitude toward the advertisement and attitude toward brand, with respect to the advertisement of the product/brand shown to them.

Data were collected mainly through an online survey, which was developed using the Google Forms tool. The survey URL was sent to known telecom users comprising university students, business professionals and academics, who then, after completing it themselves, forwarded it to their contacts. The communication tools used were e-mail, and messaging through Facebook and WhatsApp. Moreover, data were also collected in person and added to the overall responses.

**Measurement and analysis**

Respondents gave opinion-based responses on a seven-point Likert scale with options ranging from strongly disagree to strongly agree. Constructs were adopted from previous studies. Need for cognition is a three-item construct adopted from Cacioppo and Petty (1982) and Petty et al. (1984) and measures the extent to which an individual prefers, handles or enjoys thinking and complexity. Advertising skepticism is a seven-item construct adopted from Obermiller and Spangenberg (1998). The construct measures the extent to which an individual generally perceives advertisements to be truthful, informative and reliable. The need for cognition and advertising skepticism constructs measure the individuals’ general propensities with regard to their need for cognition and advertising skepticism, and are hence generic and less contextual; therefore, it was deemed unnecessary to replicate the conditions of the studies from which these two constructs were adopted.

Brand image, advertisement believability, attitude toward advertisement and attitude toward brand were adopted from Yagci et al. (2009). Their study looks at both within- and across-brand comparisons. Our study is a within-brand comparative study; however, we adopted the same methodology in terms of data collection (i.e. first a mock print advertisement is shown followed by a questionnaire) as in Yagci et al. (2009). Brand image is a four-item construct and measures the extent to which the respondent is aware of the advertised telecom brand and perceives it to be different and better than other brands. Advertisement believability is a four-item construct and measures the extent to which the respondent perceives the claims of the advertised telecom brand to be true. Attitude toward advertisement is a four-item construct and measures the extent to which the respondent perceives the advertisement to be good, interesting, appealing and likeable. Attitude toward brand is a four-item construct and measures the extent to which the respondent perceives the advertised brand to be satisfactory, beneficial and favorable, and has an intention to...
purchase the branded product. A total of five control variables (categorical) were added to the model: age (18–25 = 1; 26–40 = 2; 41–55 = 3), gender (male 1; female 2), education (secondary school = 1; high school = 2; undergraduate = 3; postgraduate = 4; doctorate = 5), occupation (self-employed = 1; government employee = 2; private employee = 3; student = 4; unemployed = 5) and preferred telecom brand (five brands, anonymized here).

Results
Steps to reduce common method variance were taken prior to the survey using the guidelines from Podsakoff et al. (2003). Moreover, the Harman’s single-factor test (see Harman, 1976) was employed, which shows total variance well below the 50 percent limit mark (i.e. at 25.96 percent), indicating that the data do not exhibit common method bias. Data were also checked for multicollinearity. The inner variance inflation factor values of all the constructs are below 1.5, hence below the threshold of 3 (see Kutner et al., 2004) indicating little or no multicollinearity among the variables.

A variance-based structural equation modeling technique was used for data analysis using the SmartPLS tool (Ringle et al., 2015). To test the indirect effects’ significance and to generate t-statistics and standard errors, we used the bootstrapping method (5,000 samples). Our model shows a likelihood of variance at the endogenous latent variable “attitude toward the brand” at 24.1 percent ($R^2$: 0.24). Confirmatory factor analysis was conducted to check the measurement scales’ properties (see Tables I and II).

The average variance extracted (AVE) scores and constructs’ factor loadings are above 0.50 and 0.70, respectively (indicating good convergent validity); the composite reliability scores are also above 0.70, and thus the scores are above their required threshold for reliability and validity (Hair et al., 2016). Cronbach’s $\alpha$ scores are also above 0.70, except for the brand image construct where the value is 0.69, which is not an issue as values between 0.60 and 0.70 are also considered reliable (Hair et al., 2016). The AVE square root values are higher than the correlation coefficients between the latent variables (see Table II), showing good discriminant validity (Fornell and Larcker, 1981). The correlation (Table II) analysis shows some interesting findings, particularly with regard to the demographics, which we explain in the discussion section.

With regard to the demographic profile, the respondents are mainly below 40 years of age, with 44 percent belonging to the 18–25 age bracket, 53 percent to the 26–40 age bracket and 3 percent to the 41–55 age bracket. Around 63 percent are males and the rest are females. Regarding education level, around 93 percent have a university-level qualification and the others have a secondary or a higher secondary school-level qualification. Around 27 percent are students, 9 percent are unemployed and the remaining majority are employed, with around 13 percent self-employed. In terms of the preferred telecom brand, the data show diverse preferences. The advertised brand is not the first preference of 87 percent of the respondents. Furthermore, for each brand, at least 10 percent of responses indicate first preference. This is interesting as it provides confidence that our findings can

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Cronbach’s $\alpha$</th>
<th>Composite reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Attitude toward advertisement</td>
<td>0.88</td>
<td>0.91</td>
<td>0.73</td>
</tr>
<tr>
<td>2. Attitude toward brand</td>
<td>0.85</td>
<td>0.89</td>
<td>0.69</td>
</tr>
<tr>
<td>3. Ad believability</td>
<td>0.90</td>
<td>0.93</td>
<td>0.77</td>
</tr>
<tr>
<td>4. Brand image</td>
<td>0.68</td>
<td>0.82</td>
<td>0.61</td>
</tr>
<tr>
<td>5. Need for cognition</td>
<td>0.75</td>
<td>0.85</td>
<td>0.66</td>
</tr>
<tr>
<td>6. Skepticism</td>
<td>0.86</td>
<td>0.89</td>
<td>0.54</td>
</tr>
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Table I. Constructs’ psychometric properties
<table>
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<tr>
<th>Constructs</th>
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<th>8</th>
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<th>10</th>
<th>11</th>
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<tbody>
<tr>
<td>1. Attitude toward advertisement</td>
<td>0.85**</td>
<td>0.44**</td>
<td>0.87</td>
<td>0.42**</td>
<td>0.04</td>
<td>0.87</td>
<td>0.07</td>
<td>0.32**</td>
<td>0.06</td>
<td>0.06</td>
<td>-0.26**</td>
</tr>
<tr>
<td>2. Attitude toward brand</td>
<td>0.82</td>
<td>0.55**</td>
<td>0.53**</td>
<td>0.38**</td>
<td>0.07</td>
<td>0.87</td>
<td>0.07</td>
<td>0.58**</td>
<td>0.06</td>
<td>0.06</td>
<td>-0.27**</td>
</tr>
<tr>
<td>3. Ad believability</td>
<td>0.11</td>
<td>-0.02**</td>
<td>-0.21**</td>
<td>-0.27**</td>
<td>0.04</td>
<td>-0.01</td>
<td>-0.32**</td>
<td>-0.10</td>
<td>-0.04</td>
<td>-0.03</td>
<td>-0.22**</td>
</tr>
<tr>
<td>4. Brand image</td>
<td>0.73</td>
<td>0.10</td>
<td>0.06</td>
<td>0.06</td>
<td>0.04</td>
<td>0.01</td>
<td>0.04</td>
<td>0.01</td>
<td>0.06</td>
<td>0.05</td>
<td>-0.10</td>
</tr>
<tr>
<td>5. Need for cognition</td>
<td>0.73</td>
<td>0.10</td>
<td>0.06</td>
<td>0.06</td>
<td>0.04</td>
<td>0.01</td>
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<td>0.01</td>
<td>0.06</td>
<td>0.05</td>
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<tr>
<td>6. Skepticism</td>
<td>0.10</td>
<td>0.28**</td>
<td>0.28**</td>
<td>0.28**</td>
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<td>0.01</td>
<td>0.04</td>
<td>0.01</td>
<td>0.06</td>
<td>0.05</td>
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<td>7. Age</td>
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<td>-0.20**</td>
<td>-0.20**</td>
<td>-0.19**</td>
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<td>-0.03</td>
<td>-0.02</td>
<td>-0.03</td>
<td>-0.05</td>
<td>-0.05</td>
<td>-0.16**</td>
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<td>8. Gender</td>
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<td>0.05</td>
<td>0.05</td>
<td>-0.01</td>
</tr>
<tr>
<td>9. Education</td>
<td>0.26**</td>
<td>-0.04</td>
<td>-0.04</td>
<td>-0.04</td>
<td>-0.04</td>
<td>-0.04</td>
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<td>-0.04</td>
<td>-0.04</td>
<td>-0.04</td>
<td>-0.01</td>
</tr>
<tr>
<td>10. Occupation</td>
<td>0.05</td>
<td>-0.01</td>
<td>-0.01</td>
<td>-0.01</td>
<td>-0.01</td>
<td>-0.01</td>
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<td>-0.01</td>
<td>-0.01</td>
<td>-0.01</td>
<td>-0.01</td>
</tr>
<tr>
<td>11. Preferred telecom brand</td>
<td>-0.07</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
<td>-0.01</td>
</tr>
</tbody>
</table>

Notes: AVE square root values on the diagonal (italic). **p < 0.01

Table II. Intercorrelations
be generalized as the results are not as biased (or specific) as they would be if the advertised brand was the first preference of all the respondents.

Looking at the direct and indirect effects, Table III shows that advertising skepticism is negatively associated with brand image, advertisement believability, attitude toward advertisement and attitude toward brand. Hence our H1a–H1d are confirmed. With regard to need for cognition, our results show some significant positive associations. They show that need for cognition is positively associated with brand image, advertisement believability and attitudes toward advertisement; however, with regard to attitude toward brand, there is no association. Thus, our H2a, H2c and H2d are confirmed, but H2b is not confirmed. Brand image is positively associated with advertisement believability, attitude toward advertisement and attitude toward brand, and, therefore, our H3a–H3c are confirmed. Advertisement believability is positively associated with attitude toward advertisement and attitude toward brand, so our H3d and H3e are also confirmed. Consumers’ attitude toward advertisement and their attitude toward brand are also positively associated, meaning our H3f is also confirmed. Results show that: brand image, advertisement believability and attitude toward advertisement in a sequence positively mediate the relationship between need for cognition and attitude toward brand; and brand image, advertisement believability and attitude toward advertisement in a sequence negatively mediate the relationship between advertising skepticism and attitude toward brand. With that our H4 and H5 are also confirmed. We elaborate on these as follows.

Discussion, implications, limitations and conclusions
First, with regard to advertising skepticism, we argued that understanding of the direct and indirect effects of skepticism vis-à-vis the consumers’ perceptions about brands (Wyer and Hong, 2010) as well as their attitudes toward brands (Pan et al., 2017; Yagci et al., 2009) was lacking. In this study, we took advertising skepticism as an independent factor and examined its direct and indirect effect on the consumers’ attitudes toward brand. The results show that an increase in skepticism would both directly lead to negative attitudes toward the brand and indirectly through the sequence of brand image, advertisement believability and attitudes toward advertisement. That is, advertising skepticism would negatively

<table>
<thead>
<tr>
<th>Path coefficients</th>
<th>t-statistics</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude toward ad → attitude toward brand</td>
<td>0.40</td>
<td>6.02</td>
</tr>
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<td>Ad believability → attitude toward ad</td>
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influence the brand image, followed by a lack of trust in the advertisement, and a negative attitude toward the advertisement. However, our correlations and structural equation modeling results also suggest that the indirect (negative) link of advertising skepticism and attitude toward brand is rather iterative and involves (in any sequence) the aspects of both the brand and the advertisement (i.e. brand image, advertisement believability and attitudes toward advertisement).

Existing studies have mainly looked at need for cognition indirectly. For example, studies have looked at situations where need for cognition and consumer brand attitudes could be positive (Putrevu et al., 2004; Batra and Stayman, 1990), and/or studied how need for cognition would moderate the relationships of brand/advertisement aspects (Zhang et al., 2017; Brennan and Bahn, 2006; Chang and Yen, 2013). Little research has explored how need for cognition as an independent factor links with the consumers’ attitudes. This study has looked at the relationship of need for cognition with consumers’ attitudes and proposed an underlying sequence through which need for cognition links to the consumers’ attitudes toward the brand, and this is the second key contribution of this study.

With regard to the consumers’ attitudes toward brand aspects (dimensions such as purchase intention and brand/product confidence, satisfaction and perceived benefits), need for cognition has no direct link. A probable explanation is that rationality alone would not lead to decisions or intentions to purchase, or high levels of confidence in, and satisfaction form, the brand. The full mediation path in this study suggests an important role of the brand as well as the advertisement in the development of a positive attitude toward the brand. Therefore, based on our results the relationship of need for cognition with consumers’ brand attitudes is less simplistic and involves multiple contingencies such as brand image, advertisement believability and attitudes toward advertisement.

We also make a contribution with regard to literature on comparative advertisements. Yagci et al. (2009) studied comparative advertisements (both within- and across-brand), taking attribute relevance as a key driver for consumer elaboration with regard to the advertising message. They suggested that future research should explore advertising skepticism and need for cognition as elaborating factors in a comparative advertisements context. This study responds to such research calls, and examines the independent role of need for cognition and skepticism with regard to the consumers’ attitudes in a within-brand comparative advertisement (taking relevant attributes) of a telecom brand. We find support for the Yagci et al. (2009) proposition and our study is one of the few that has focused on need for cognition and skepticism in a within-brand comparative advertisement context.

The study has some implications for marketers particularly with regard to rather less understood concept of need for cognition. We show how need for cognition can be related to positive attitudes. Our implication is that for marketers targeting individuals, particularly with high need for cognition, developing a positive brand image is critical. High need for cognition individuals are difficult for marketers as generally more effort is required to convince and persuade them than individuals with low need for cognition (Putrevu et al., 2004; Steward et al., 2003). Companies, therefore, need to work hard on their positioning.

As with all other research, this study is not free from limitations. The first limitation of this study is the sample. Our sample involved mainly educated people with around 93 percent having a university-level education. We chose such a sample on purpose as we wanted the respondents to be able to better comprehend the advertisement and the survey, since illiterate or less educated people are less likely to understand the questions of a written survey. While (apart from brand image) we did not find any link between the level of education and aspects such as skepticism and need for cognition, there is still a possibility that results with a different sample might differ, since our sample had such little variety in that regard. Hence, future research may choose respondents with more variation in their level of education.
Second, we have studied need for cognition and skepticism as elaborating factors in a within-brand comparison; however, it could be equally insightful to also study them in an across-brand comparison study (Yagci et al., 2009). Third, the study used a cross-sectional design. A longitudinal study in the rapidly changing business environment may contribute significantly to our understanding of the relationships of skepticism, need for cognition and consumer behavior.

Research suggests that consumers’ judgment and/or attitudes do not just involve cognition, but also emotions (Epstein, 2003; Petty et al., 2009). We have found a direct link between brand image and need for cognition (or rationality), although it is logical to assume that not every individual would share the same level of rationality. Thus, it is possible that the direct link between need for cognition and the brand image, advertisement believability and the consumers’ attitudes toward advertisements is there, but is moderated by consumers’ emotions, impulses or intuition. Existing research has neglected both the processes of human information processing—rational and experiential—with regard to advertisements and brands. A more realistic insight could be developed if the study issues are examined across both the rational as well as experiential dimensions, taking both the consumers’ need for cognition and emotions simultaneously to examine their behaviors toward the advertisement and the brand.

To conclude, the relationship between advertising skepticism and consumers’ attitudes toward the brand is less complex as compared to the relationship between need for cognition and the consumers’ attitudes toward the brand, as the latter involves some contingencies, which this study has examined.

References


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What drives green brand switching behavior?

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Abstract

Purpose – The purpose of this paper is to explore the structural relationships among skepticism, experiential risk, cognitive dissonance, experiential quality, brand experience and experiential satisfaction, switching intentions and switching behavior from the perspective of green branding.

Design/methodology/approach – A questionnaire survey was used to collect data from consumers who had purchased environmental shampoos, obtaining 613 valid samples which were analyzed with structural equation modeling.

Findings – The results indicate that green brand experiential risk, green brand cognitive dissonance, green brand experiential quality and green brand experience influence green brand experiential satisfaction. In addition, green brand experiential satisfaction has an impact on green brand switching intentions, which, in turn, positively influence green brand switching behavior.

Practical implications – To decrease the perceptions of green brand skepticism, green brand experiential risk, green brand cognitive dissonance, green brand switching intentions and green brand switching behavior and increase the perceptions of green brand experiential quality, green brand experience and green brand experiential satisfaction, the findings will help environmental organizations develop and implement market-orientated product strategies.

Originality/value – The results provide a better understanding of the relationships among skepticism, experiential risk, cognitive dissonance, experiential quality, brand experience, experiential satisfaction, switching intentions and switching behavior in an environmental context.

Keywords Green brand experiential quality, Green brand experiential satisfaction, Green brand switching behaviour, Green brand switching intentions

Paper type Research paper

1. Introduction

The term “green” (also environmental, environmentally friendly, eco-friendly and nature-friendly) refers to products, services, laws, guidelines and policies considered to inflict minimal or no harm on the environment (Kawitkar, 2013). In addition, it involves more than environmental issues and relates to all aspects of sustainability and corporate social responsibility (International Tourism Partnership, 2013). Green products have gained popularity in the market (Raska and Shaw, 2012) but, in turn, more consumers prefer not to switch their environmental products (Wu et al., 2016). Understanding consumers’ attitudes toward the environment can help devise sustainable marketing strategies (Khare, 2014). To obtain a competitive advantage, environmental organizations should utilize green branding strategies to decrease consumer switching behavior with respect to environmental concerns (Chen, 2010).

Although the issue seems important, there is little research in terms of green brands; for example, Yazdaniard and Mercy (2011) refer to green brands as those brands that consumers associate with environmental conservation and sustainable business practices. Leonidou and Skarmeas (2017) propose that green skepticism toward an organization’s advertising negatively influences satisfaction. Yoon and Lee (2014) indicate that perceived risk might be a threat for organizations because it reduces satisfaction. In general, cognitive
dissonance discourages satisfaction but, conversely, mitigating cognitive dissonance encourages satisfaction (Shahin Sharifi and Rahim Esfidani, 2014). Wu and Cheng (2017) and Wu et al. (2016) declare that green experiential quality is an antecedent of green experiential satisfaction, indicating that green experiential quality has a positive influence on green experiential satisfaction. Ha and Perks (2005) show that brand experience plays a key role in influencing satisfaction. Wu et al. (2016, 2017b, 2017c), propose that green experiential satisfaction has an inverse influence on green switching intentions. Gall and Olsson (2012) identify that switching intentions are predictors of switching behavior, indicating that switching intentions positively influence switching behavior.

Previous studies have paid great attention to exploring relevant issues of green skepticism, green perceived risk, cognitive dissonance, green experiential quality, brand experience, green experiential satisfaction, green switching intentions and switching behavior; however, none explores them on green and branding issues. Rios et al. (2006) indicate that green branding enables organizations to gain consumers’ trust and achieve market differentiation. Therefore, it is an important research issue to integrate the perspectives both green and brand from consumer perspectives. This paper integrates brand theory and green issues (e.g. Aaker, 2007; Hartmann et al., 2005; Rios et al., 2006), and the paradigm of green switching intentions (Wu et al., 2017b, 2018a, 2018b). This study proposes eight novel constructs, green brand skepticism, green brand perceived risk, green brand cognitive dissonance, green brand experiential quality, green brand experience, green brand experiential satisfaction, green brand switching intentions and green brand switching behavior, and incorporates them into a green marketing model. Green brand switching behavior is more important for organizations under the context of strict international environmental regulations and prevalent consumer environmentalism. This study develops the research framework which can help organizations improve green brand switching behavior via its seven determinants: green brand skepticism, green brand perceived risk, green brand cognitive dissonance, green brand experiential quality, green brand experience, green brand experiential satisfaction and green brand switching intentions.

2. Literature review and hypotheses development

2.1 The negative effects of green brand skepticism and green brand experiential risk and green brand experiential satisfaction

Patel et al. (2016) consider skepticism as a consumer state induced by situational factors independent of trait characteristics. However, a review of the literature suggests that there is limited agreement on the nature of green product skepticism (Goh and Balaji, 2016). Leonidou and Skarmeas (2017) indicate that green product skepticism is a hot topic for consumers, organizations, investors, governments and society in general. Following the definition of Goh and Balaji (2016), this study creates a novel construct, green brand skepticism, which is referred to as a state, i.e., the tendency to doubt the environmental claims or environmental performance of branded products.

Experiential satisfaction is extended from the concept of service satisfaction to explore service satisfaction and consumer affection in specific situations (Kao et al., 2008). Experiential satisfaction focuses on consumers’ overall evaluation of experiences after consumption even though it is extended from the concept of service satisfaction. Based on the above definition, this study proposes a novel construct, green brand experiential satisfaction, and defines it as the result of consumers’ overall evaluation of environmental content based on their experience of purchasing green-branded products (e.g. Kao et al., 2008; Wu and Ai, 2016; Wu and Cheng, 2017; Wu et al., 2016). Aikin et al. (2004) propose that satisfaction with both informational content and the comprehensibility of the information in pharmaceutical advertisements is addressed in the literature. If consumers fail to
understand the information provided in advertisements, this is likely to lead to increased skepticism toward advertising. Therefore, it is proposed that:

H1. Green brand skepticism has a negative influence on green brand experiential satisfaction.

Perceived risk is generally defined as the subjective appraisal of uncertainty concerning the financial, physical, and social consequences of a consumption experience (Liebermann and Stashevsky, 2002). With the prevailing environmental consciousness of consumers and strict international regulations related to environmental protection, green perceived risk is defined as the hope of negative environmental consequences associated with purchase behavior (Rizwan et al., 2014). To understand whether consumers have expectations of negative environmental consequences while using branded products, this study proposes a novel notion, green brand experiential risk, and refers to Chen and Chang (2012, 2013a) and Wu and Cheng (2018b) to define it as consumers’ expectations of negative environmental consequences associated with their experiences in using green branded products. Johnson et al. (2008) identify that consumers’ perceptions of risk arising from their experiences with an organization may influence satisfaction ratings by means of common antecedents. In addition, Johnson et al. (2008) add that risk-related emotions, such as anxiety or worry, may negatively influence satisfaction ratings. Accordingly, the following hypothesis is proposed:

H2. Green brand experiential risk has a negative influence on green brand experiential satisfaction.

2.2 The positive effects of green brand cognitive dissonance, green brand experiential quality and green brand experience on green brand experiential satisfaction

Cognitive dissonance is identified as paradoxical feelings in a person’s mind or an uncomfortable state arising when a person simultaneously has two conflicting feelings (Liu and Keng, 2014). A person experiences a gap between positive expectations and negative results when he or she has such thoughts. To understand consumer perceptions of environmental brands, this study proposes a novel construct, green brand cognitive dissonance, which focuses on a state of psychological conflict or anxiety resulting from a contradiction between a person’s simultaneously held beliefs or attitudes toward environmental brands, and is not to be confused with cognitive dysfunction (Reynolds, 2014). Shahin Sharifi and Rahim Esfidani (2014) indicate that cognitive dissonance can reduce post-purchase satisfaction. As consumers face less cognitive dissonance, they feel more satisfied (Shahin Sharifi and Rahim Esfidani, 2014). Intense cognitive dissonance can cause dissatisfaction, thereby leading to a purchaser’s remorse (Lake, 2009), i.e., the purchaser regrets making the purchase. Accordingly, it is proposed that:

H3. Green brand cognitive dissonance has a negative influence on green brand experiential satisfaction.

Chan and Baum (2007) conceptualize experiential quality as consumers’ affective responses to the psychological benefits they want from a purchasing experience. Since the early 1990s, there have been more consumers with responsible and environmental attitudes who prefer to purchase products that generate a minimally detrimental influence on the environment and society has become more concerned with the environment. In turn, organizations have been forced to change their behaviors with regard to compliance with the society’s environmental concerns (Ottman, 1992). With the rise of environmentalism, not only have consumers become more willing to purchase branded products that generate minimum impact, but also society is becoming more concerned about the environment. In addition, international environmental regulations have recently become
increasingly stricter. In the environmental context, this study proposes a novel construct – green brand experiential quality – and defines this term as a subjective measure from a consumer’s perspective of the overall value of the green branded product, and thus does not replace, but augments, end-to-end green experiential quality by providing the quantitative link to consumer perception (Wu et al., 2016, 2018c). Parasuraman et al. (1985) indicate that providing quality is a key determinant in reaching satisfaction in today’s competitive environment. Wong et al. (2015) and Wu et al. (2016, 2017a, 2017b), claim that green experiential satisfaction is influenced by green experiential quality. Accordingly, the following hypothesis is proposed:

**H4.** Green brand experiential quality has a positive influence on green brand experiential satisfaction.

Brakus et al. (2009) define brand experience as consumers’ internal subjective and behavioral responses induced at different levels of interaction, both direct and indirect, with brand-related stimuli. Based on the definition above, this study proposes a novel construct, green brand experience, and refers to Brakus et al. (2009) to define it as subjective, internal consumer responses (sensations, feelings, and cognitions) and behavioral responses evoked by environmental brand-related stimuli that are part of a brand’s design and identity, packaging, communications and environment. Brakus et al. (2009) argue that brand experience positively influences satisfaction. Likewise, Keng et al. (2013) assert that brand experience is an antecedent of satisfaction, indicating that brand experience influences satisfaction. Therefore, it is proposed that:

**H5.** Green brand experience has a positive influence on green brand experiential satisfaction.

### 2.3 The negative effect of green brand experiential satisfaction on green brand switching intentions

Dekimpe et al. (1997) define switching intentions as the possibility of transferring consumers’ existing transactions with an organization to a competitor. Because environmental consciousness is now more prevalent, this study proposes a novel construct, green brand switching intentions, and refers to Wu et al. (2017b) to define it as a consumer’s environmental attitude toward replacing the current branded product with another. Martins et al. (2013) present that satisfaction has an inverse influence on switching intentions, indicating that satisfied consumers are less likely to switch than unhappy ones. Wu et al. (2017b) identify that green experiential satisfaction is an antecedent of green switching intentions, indicating that green experiential satisfaction has a negative influence on green switching intentions. As a result, it is proposed that:

**H6.** Green brand experiential satisfaction has a negative influence on green brand switching intentions.

### 2.4 The positive effect of green brand switching intentions on green brand switching behavior

Bansal and Taylor (1999) define switching behavior as an act by which a consumer replaces or exchanges a current service provider with another service provider. In the service industry, consumer retention is a crucial issue, given that the services’ contract represents a continuous transaction carried out over a long time, though consumers cannot be sure that the services will always provide them with the promised quality (Deng et al., 2010). Accordingly, consumer retention is concerned with maintaining the contractual relationship established between the organization and the consumer (Wang et al., 2005). Therefore, this study proposes a novel construct, green brand switching behavior, and refers to Pourabedin et al. (2016) to define it as
the process by which a consumer abandons his or her relationship with a branded product provider and replaces it with a competitor partially or entirely for a given time period based on environmental considerations. Lin and Wang (2017) indicate that little information is available about the linkage between switching intentions and switching behavior. In accordance with the theory of planned behavior, an individual’s intention is considered a critical factor in predicting a particular type of switching behavior (Bansal and Taylor, 1999). Gall and Olsson (2012) propose that switching intentions are predictors of switching behavior. Therefore, the following hypothesis is proposed:

H7. Green brand switching intentions have a positive influence on green brand switching behavior.

3. Research methodology

3.1 The measures

This study adapted the measurement items from previous studies and all scales included multiple items. First, measurement of green brand skepticism comprises four items which were modified from the study of Goh and Balaji (2016). Second, measurement of green brand experiential risk includes four items which were used in the research of Chen and Chang (2013b). Third, measurement of green brand cognitive dissonance includes three items which were used in the research of Shahin Sharifi and Rahim Esfidani (2014). Fourth, measurement of green brand experiential quality comprises three items which were modified from the research of Wu et al. (2016, 2017b). Fifth, measurement of green brand experience includes five items which were adapted from the study of Jung and Soo (2012). Sixth, measurement of green brand experiential satisfaction comprises three items which were modified from the studies of Wu (2017) and Wu et al. (2016). Seventh, green brand switching intentions are measured using a two-item scale adapted from Wu et al. (2016). Finally, measurement of green brand switching behavior comprises three items which were adapted from the research of Hussain and Rizwan (2014). A total of 28 measurement items for the eight constructs shown in “Measurement model and confirmatory factor analysis” were measured using seven-point Likert scales ranging from 1 (strongly disagree) to 7 (strongly agree).

Measurement model and confirmatory factor analysis:

1. Green brand skepticism: construct reliability (CR) = 0.87, average variance extracted (AVE) = 0.62:
   - Most environmental claims made on this branded product or in advertising are true.
   - Because environmental claims are exaggerated, consumers would be better off if such claims for this branded product in advertising were eliminated.
   - Most environmental claims for this branded product or in advertising are intended to mislead rather than to inform consumers.
   - I do not believe most of the environmental claims made for this branded product or in advertising.

2. Green brand experiential risk: CR = 0.90, AVE = 0.63:
   - There is a chance that there will be something wrong with the environmental performance of this branded product.
   - There is a chance that this branded product will not work properly with respect to its environmental design.
There is a chance that you would get an environmental penalty or a loss if you use this branded product.

There is a chance that using this branded product will negatively affect the environment.

Using this branded product would damage this environmental organization's green reputation or image.

(3) Green brand cognitive dissonance: CR = 0.85, AVE = 0.65:

- Overall, I am extremely dissatisfied with my environmental purchase of this branded product.
- After I purchased this green branded product, I thought I had been fooled.
- I believe that this green branded product is sometimes unable to satisfy my expectations.

(4) Green brand experiential quality: CR = 0.83, AVE = 0.62:

- I believe that this green branded product is going to provide me with an interesting environmental experience.
- The quality of this green branded product could be considered superior when compared to other green branded products.
- Using this green branded product goes beyond my expectation.

(5) Green brand experience: CR = 0.89, AVE = 0.62:

- This branded product induces environmental feelings and sentiments.
- I do not have strong environmental affection for this branded product.
- This branded product is an environmentally emotional product.
- I engage in environmental actions and behaviors when I use this branded product.
- Using this branded product results in environmental experiences.

(6) Green brand experiential satisfaction: CR = 0.85, AVE = 0.65:

- I am satisfied with my decision to purchase this green branded product.
- I think I did the right thing when I used this green branded product.
- I feel that using this branded product can contribute to environmental protection and sustainable development.

(7) Green brand switching intentions: CR = 0.80, AVE = 0.66:

- I am considering switching from this green branded product and using other green branded products instead.
- My likelihood of switching from this green branded product to another is high.

(8) Green brand switching behavior: CR = 0.85, AVE = 0.66:

- I intend to switch this green branded product.
- Next time I shall need other green branded products.
- I would not continue to use this green branded product.
3.2 Data collection and the sample

The unit of analysis in this study is consumers of green branded products. This study applied a questionnaire survey to verify the hypotheses and research framework. This study focused on green branded products (e.g. environmental shampoos) in Taiwan. In this study, environmental shampoos imply that quality, natural products and returnable refillable containers that eliminate the need for single use plastic (Plaine Products, 2017) are involved. According to Shampootree.com (2017), environmental shampoos tend to be packaged in recycled material. Therefore, individuals not only get a healthy product but also aid in saving the environment when the shampoos are purchased. The questionnaires were randomly mailed to consumers who had purchased existing environmental shampoos, such as Body Shop, Burt’s Bees, Nature’s Gate and O’Right. The study referred to previous studies to design questionnaire items. Before mailing it to the respondents, eight experts and scholars were asked to modify the questionnaire in the first pretest. Subsequently, the questionnaires were randomly mailed to 30 consumers who had purchased environmental shampoos; they were asked to fill in the questionnaire and to identify ambiguities in terms, meanings and issues in the second pretest. Accordingly, the questionnaire for this study had a high level of content validity. After the second pretest, the sample was randomly selected from “2017 Yellow Book of Taiwan.” To improve the valid survey response rate, the research team called each randomly selected consumer who had purchased environmental shampoos in order to explain the objectives of the study, the questionnaire’s content, and confirmed the names and addresses of the respondents before mailing the questionnaire. The respondents were required to return, by mail, the completed questionnaires within four weeks. High content validity was a necessary requisite for the questionnaire survey in this study.

Response bias is when only highly motivated people return a survey. When this occurs, the resulting data are biased toward those motivated to answer and submit the survey and are therefore not representative of the population as a whole (Lumen, 2017). To reduce response bias for the eight constructs, this study applied the following three features: anonymity, a promise of confidentiality, and a request for honesty (Nancarrow et al., 2001). First, the respondents in this study did not have to reveal their names, titles, ages, addresses, or other personal information. It was meaningless for respondents to overstate or exaggerate the eight constructs in the questionnaires. The level of response bias varies with the level of anonymity in questionnaires and the more anonymity appears assured, the less response bias is detected (Randall and Fernandes, 1991). Second, this study remained respondents’ information confidential at all times. In the questionnaire, the fact that the study’s empirical results are only for academic purposes was addressed and confidentiality of the questionnaire survey was also promised. Third, the respondents were asked to fill in the questionnaire honestly. The more honesty seems assured, the less response bias is detected (Phillips and Clancy, 1972); no response bias seems to exist in this study.

A total of 700 questionnaires were administered, which produced a response rate of 88 percent, of which 87 surveys had missing values and were discarded from further analysis because of incomplete responses. The number of usable questionnaires was therefore above the minimum sample size of 305 suggested by Hair et al. (2010) for factor analysis.

4. Empirical results

4.1 Convergent and discriminant validity and the results of the measurement model

A confirmatory factor analysis was used to confirm the factor loadings of the eight constructs in this study and assess the model fit (see “Measurement model and confirmatory factor analysis”). Cronbach’s α internal consistency reliability coefficients were calculated. Cronbach’s α is the other measure of the reliability. Cronbach’s α coefficient of green brand skepticism is 0.77; green brand experiential risk is 0.85; green brand cognitive dissonance is
0.80; green brand experiential quality is 0.76; green brand experience is 0.84; green brand experiential satisfaction is 0.81; brand switching intentions is 0.74; and green brand switching behavior is 0.78. All the coefficients were > 0.70, indicating an adequate level of reliability (Nunnally, 1978). It is also important to examine whether the validity of the measurement in this study is acceptable. There are two tests to examine the validity of the constructs. The CR estimates varied from 0.80 to 0.90, exceeding the acceptable cutoff value of 0.70 (Hair et al., 2010). Hair et al. (2010) demonstrate that discriminant validity is satisfied when the AVE value for each construct is higher than the squared correlations between the construct and the remaining constructs in the model. Fornell and Larcker (1981) indicate that discriminant validity occurs when the AVE value for each construct is greater than the shared variances. The AVEs for all constructs ranged between 0.62 and 0.66, exceeding the suggested value of 0.50 (Anderson and Gerbing, 1988). The inter-construct correlations of the diagonal of the matrix are shown in Table I. The results revealed adequate discriminant validity by comparing all the correlations and square roots of the AVEs shown on the diagonal of the matrix, indicating that the measurement model had good convergent validity. Accordingly, the hypothesized measurement model is reliable for testing the structural relationships among the constructs.

The measurement model was considered acceptable according to the standards recommended by Hu and Bentler (1999). Besides, the $\chi^2$/df ratio of less than 3.0 was used as the common decision rule of an acceptable model fit. Other indicators of goodness of fit as recommended by Kline (1998) (RMSEA = 0.04, CFI = 0.97, IFI = 0.96, NFI = 0.97) indicate that the hypothesized model fitted the empirical data well.

### 4.2 The results of the structural model

The overall fit measures of the full model in structural equation modeling (SEM) indicate that the model fit was acceptable ($\chi^2$/df = 2.49, RMSEA = 0.04, CFI = 0.97, IFI = 0.96, NFI = 0.97).

The detailed results of the SEM are displayed in Figure 1. H1–H3 postulate that green brand skepticism, green brand experiential risk and green brand cognitive dissonance negatively influence green brand experiential satisfaction, whereas H4 and H5 assume that green brand experiential quality and green brand experience positively influence green brand experiential satisfaction. The path coefficients from green brand experiential risk ($\beta = -0.33, p < 0.001$), green brand cognitive dissonance ($\beta = -0.26, p < 0.01$), green brand experiential quality ($\beta = 0.56, p < 0.001$) and green brand experience ($\beta = 0.49, p < 0.001$) to green brand experiential satisfaction were statistically significant at the 0.1 and 1 percent levels, indicating that green brand experiential satisfaction was negatively influenced by green brand experiential risk and green brand cognitive dissonance, whereas green brand experiential satisfaction was positively influenced by green brand experiential quality and

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</tr>
<tr>
<td>Green brand experience</td>
<td>3.71</td>
<td>0.65</td>
<td>-0.29</td>
<td>-0.36</td>
<td>-0.38</td>
<td>0.40</td>
<td>1.00</td>
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<tr>
<td>Green brand experiential satisfaction</td>
<td>3.93</td>
<td>0.81</td>
<td>-0.07</td>
<td>-0.37</td>
<td>-0.30</td>
<td>0.50</td>
<td>0.45</td>
<td>1.00</td>
<td></td>
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<tr>
<td>Green brand switching intentions</td>
<td>2.96</td>
<td>0.81</td>
<td>0.36</td>
<td>0.36</td>
<td>0.31</td>
<td>-0.33</td>
<td>-0.55</td>
<td>-0.61</td>
<td>1.00</td>
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<tr>
<td>Green brand switching behavior</td>
<td>2.53</td>
<td>0.82</td>
<td>0.24</td>
<td>0.57</td>
<td>0.30</td>
<td>-0.49</td>
<td>-0.23</td>
<td>-0.16</td>
<td>0.19</td>
<td>1.00</td>
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**Note:** The diagonal values represent the square roots of AVE for each construct.

**Table I.** Descriptive statistics and correlation of study variables
green brand experience. However, the path coefficient from green brand skepticism ($\beta = -0.07$, $p = \text{n.s.}$) to green brand experiential satisfaction was statistically insignificant. Accordingly, $H2$–$H5$ were supported but $H1$ was not supported. $H6$ proposes that green brand experiential satisfaction negatively influences green brand switching intentions. The path coefficient from green brand experiential satisfaction ($\beta = -0.68$, $p < 0.001$) to green brand switching intentions was statistically significant at the 0.1 percent level, indicating that green brand experiential satisfaction was positively influenced by green brand switching intentions. Accordingly, $H6$ was supported. $H7$ assumes that green brand switching intentions positively influence green brand switching behavior. The path coefficient from green brand switching intentions ($\beta = 0.86$, $p < 0.001$) to green brand switching behavior was statistically significant at the 0.1 percent level, indicating that green brand switching intentions positively influenced green brand switching behavior. Consequently, $H7$ was supported.

5. Implications

5.1 Theoretical implications

The study’s objective is partially satisfied. First, the results show that the effect of green brand skepticism on green brand experiential satisfaction is insignificant. This finding is inconsistent with the proposition of De Vlieger et al. (2013) that involved consumers base their judgment on the green claim, whereas their less-involved counterparts are satisfied if the advertisement merely looks green, which could not be confirmed. Second, the finding reveals that the negative effect of green brand experiential risk on green brand experiential satisfaction is significant. This result concurs with the contention of Chen and Chang (2013b) that investing resources in the decrease of green perceived risk is useful to enhance green satisfaction. Third, the result indicates that green brand cognitive dissonance has a negative influence on green brand experiential satisfaction. This finding concurs with the contention of Shahin Sharifi and Rahim Esfidani (2014) that reducing cognitive dissonance in the post-purchase stage plays a critical role in increasing satisfaction. Fourth, the result reveals that the positive effect of green brand experiential quality on green brand experiential satisfaction is significant. This finding is consistent with Wong et al. (2015) and Wu et al. (2016, 2017b), that green experiential quality plays a critical role in increasing green experiential satisfaction. Fifth, the finding shows that green brand experience positively influences green brand experiential satisfaction. This result supports Chinomona

<table>
<thead>
<tr>
<th>Green Brand</th>
<th>Path Coefficient</th>
<th>Significance</th>
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<tbody>
<tr>
<td>Skepticism</td>
<td>$\beta = -0.07$</td>
<td>n.s.</td>
</tr>
<tr>
<td>Experiential Risk</td>
<td>$\beta = -0.33**$</td>
<td></td>
</tr>
<tr>
<td>Cognitive Dissonance</td>
<td>$\beta = -0.26*$</td>
<td></td>
</tr>
<tr>
<td>Experiential Quality</td>
<td>$\beta = 0.56**$</td>
<td></td>
</tr>
<tr>
<td>Experience</td>
<td>$\beta = 0.49**$</td>
<td></td>
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| Green Brand Experiential Satisfaction | $R^2=78.34\%$ |

| Green Brand Switching Intentions | $R^2=46.57\%$ |

| Green Brand Switching Behavior | $R^2=62.13\%$ |

**Notes:** Standardized path coefficient. *$p<0.01$; **$p<0.001$
and Maziriri (2017), who indicate that enhancing brand experience is helpful in increasing perceptions of brand satisfaction. Sixth, the result indicates that green brand experiential satisfaction negatively influences green brand switching intentions. This finding concurs with the contention of Rizwan et al. (2013) that core-service quality satisfaction influences decreasing switching intentions, enabling consumers to remain loyal to an environmentally friendly product for a long period. Finally, the finding displays that green brand switching intentions positively influence green brand switching behavior. This result agrees with the contention of Lin and Wang (2017) that switching intentions are a predictor of switching behavior; namely, switching intentions positively influence switching behavior.

5.2 Managerial implications
The study findings have several managerial implications. First, the result confirms that the negative effect of green brand skepticism on green brand experiential satisfaction is insignificant. According to Leonidou and Skarmeas (2017), green skepticism prompts consumers to seek more information about the green product. Accordingly, environmental organizations should make continuous efforts to decrease perceptions of green brand skepticism, because lower perceptions of green brand skepticism will lead to favorable perceptions of green brand experiential satisfaction. Second, this study identifies that the negative influence of green brand experiential risk on green brand experiential satisfaction is significant. To increase perceptions of green brand experiential satisfaction, environmental organizations should build an awareness which enables consumers to realize that using green branded products will protect our environment. Third, the negative influence of green brand cognitive dissonance on green brand experiential satisfaction is confirmed, indicating that environmental organizations should enable consumers to believe that using green branded products is always able to satisfy their expectations when they think that the decision to purchase green branded products is correct. Fourth, the finding confirms that the positive effects of green brand experiential quality and green brand experience on green brand experiential satisfaction are significant. To satisfy consumers’ demands for green branded products, environmental organizations should provide them with an interesting environmental experience and allow them to engage in eco-friendly actions and behaviors when they use branded products. Fifth, the results reveal that green brand experiential satisfaction has a negative influence on green band switching intentions, which in turn positively lead to green brand switching behavior. If consumers have a good impression of a specific green branded product, they will be less willing to switch to another green branded product and continue to receive environmental services from the first branded product. The result also indicates that green brand experiential satisfaction negatively affects green brand switching intentions and green brand switching behavior, implying that consumers with high levels of green brand experiential satisfaction will be less likely to switch to another green branded product. Accordingly, to enable consumers to realize that they are making the right decision when green branded products are used, environmental organizations should decrease the likelihood of switching to other green branded products.

6. Limitations and future research
There are several limitations to this study. First, the variables in this study focus on skepticism, experiential risk, cognitive dissonance, experiential quality, brand experience, experientials satisfaction, switching intentions and switching behavior from the perspective of green branding. Future studies can try to add or modify more variables to expand the scope of this study and enhance accuracy. In addition, they can also examine whether competitor attraction, switching cost (Cheng et al., 2016), habit (Hussain and Rizwan, 2014),
experiential loyalty (Wu, 2017), pricing (Keaveney, 1995), information channels (Strebel et al., 2004), experiential involvement and brand trust (Wu and Cheng, 2017) are related to green brand experiential satisfaction, green brand switching intentions and green brand switching behavior. Second, this study focuses only on the effect of green brand experiential risk on green brand experiential satisfaction. Future studies may try to examine what factors drive green brand experiential risk, such as consumer innovativeness (Hirunyawipada and Paswan, 2006), green brand image (Chen, 2010) and green experiential trust (Wu, 2017). Third, this study conducted random sampling of consumers who had purchased environmental shampoos. However, most surveyed respondents did not fully understand the reasons they switched from one green branded product to another. In this regard, it is suggested that future studies cooperate with environmental organizations to obtain the data for consumers' brand switching experiences and divide them into multi- and single-branded users (Woodham et al., 2017). This can help us understand how to effectively reduce green brand experiential risk and enhance green brand experiential satisfaction, which in turn decreases perceptions of green brand switching intentions and green brand switching behavior.

References


Further reading

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End-customer value restructuring the financial service supply chain

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Abstract

Purpose – The purpose of this paper is to examine how the customer value experience conveys the restructuring of the service network in the banking industry. The banking sector has often been one of the early adopters of IT in terms of connecting their services and customers. While developing digital services, however, banks are also concerned that they are losing contact with their customers. At the same time, fast developing technologies enable new companies to enter the industry to offer their services. As a result, the service supply chains in the banking industry appear to be restructured.

Design/methodology/approach – The empirical data were collected by using a qualitative method of focus groups and interviews with end-users of banking services.

Findings – According to findings, customers value a holistic approach to the services, and such a holistic value cannot necessarily be provided by a single banking service provider because the ecosystem around such services is becoming more complex.

Practical implications – Service supply chains need to be restructured based on the end-customer value experience.

Originality/value – This study contributes to value research and especially to the discussion in service experiences by addressing some of the disruptions happening at the industry level. The paper shows that the focus should be on customer value because banks should understand that their services are not enough for the customers—they are only seen as banks, not as providers of the holistic value that is required from the customer’s point of view.

Keywords Customer value, Digital services, Service experience, Service supply chain

1. Introduction

The increasing application of digital technology in all aspects of human life is shaping societies in many ways. This digital transformation has a profound impact on our ways to communicate, create and use knowledge and, thus, the choices we make. As consumers, our behavior in the markets is impacted by this technology. In line with this development, the whole marketing landscape has changed significantly with the rise of digital technologies (e.g. Leeflang et al., 2014). In relation to this, there has been an increasing focus on services coupled with development in information and communication technologies. Services have become a major productivity driver in advanced knowledge-based economies (Barrett et al., 2015). Rapid changes in customer’s buying behavior, the increasing use of mobile devices, and international competition is forcing companies to digitalize their businesses as fast as possible. New phenomena, such as big data, cloud services, mobile or Omni-channels and social media are accelerating the change. Globally, Uber, Airbnb and Amazon are well-known examples of the new services, novel business models and emerging opportunities provided by digitalization.

The banking sector has often been regarded as one of the early adopters of IT in terms of connecting their services and customers (Chemingui and Iallouna, 2013). Through digitalization, banking services providers have created new services for many years now, such as credit cards, automated teller machines, internet and mobile banking, fund transfers, complex and synthetic securities and credit default swaps (Nejad, 2016). Mobile banking has been beneficial for banks because they can provide their services in a more
personalized and cost-efficient way (Riivari, 2005; Hoehle et al., 2012). It has been argued that customers can benefit using mobile banking since it can be more flexible, ubiquitous and convenient (Luarn and Lin, 2005; Wessels and Drennan, 2010).

Since banking and financial services have been regarded as somewhat ahead of other industries in the digitalized world, they are the first ones to deal with issues around it. In recent years, the banking sector has attempted to increase the value of their services to their customers but has struggled to understand what is a valuable service experience to their new digital-savvy customers. Banks are concerned that they are losing contact with their customers because of the banks’ attitude and mind-set about digitalization: the organizations lack an interaction with their customers and therefore lack an understanding of the customers’ value creation (Lähteenmäki and Nätti, 2013). Customer-centricity is an issue for banks because they are finding it difficult to understand ever-changing customers (Rajaobellion et al., 2013) and their daily needs (Heinonen et al., 2010; Grönroos and Voima, 2012). This is also supported by previous findings suggesting that potential customers are more interested whether mobile banking is compatible with their existing lifestyle and needs rather than with the usability and other functional aspects of the IT system as such (Ewe et al., 2015). Additionally, technological advancement has led to the fact that digitalization has decreased personal interaction (Sandström et al., 2008).

The digitalization of banking services has created new challenges in building and maintaining valuable customer relationships. While internet banking is a current trend amongst customers, they still feel that they are not gaining enough value from the services. According to Lähteenmäki and Nätti (2013), even the most innovative developments in the customer experience in retail banking are based on the idea that the customer has no other option than to participate in the bank’s offerings in internet banking. Typically, the service provider’s own practices and processes are the primary objective for the business development (Vargo and Lusch, 2004; Heinonen et al., 2010), but in the changing retail banking, the customer is now becoming more and more in charge of deciding what kind of services are suitable in the future.

In order to provide new or improved digital services to customers, it is crucial to understand their total value experience. Value experience is not usually rational or objective but rather very personal and bounded in time and context (Corsaro and Snehota, 2010; Helkkula et al., 2012), yet customers’ past experiences and future expectations also have a significant impact (Komulainen et al., 2013). Taking the customer-oriented perspective on value experience suggests that value is created by either the company, by the customer and company together, or by the customer alone (Heinonen et al., 2013). This perspective, thus, extends the traditional view of banking service value being based on the value defined by the service provider (value-in-exchange view) or being co-created in interaction with the service provider (see Grönroos, 2008; Vargo and Lusch, 2004) to emphasize value formed in the customer’s own life context beyond the visible service interaction (Heinonen et al., 2013). Value may, thus, be formed through mental and invisible actions of the customer without any direct control by the bank (Medberg and Heinonen, 2014). As suggested by Medberg and Heinonen (2014), customer-oriented perspective is needed to truly understand how value is formed for customers in banking services. Many researchers have studied the obstacles banks face when providing value to customers (Johnston, 1997; Lähteenmäki and Nätti, 2013; Mullan et al., 2017), but a few studies have tried to understand why customers feel the way they do about digital banking. Instead, substantial literature exists regarding mobile banking adoption in various cultural contexts (e.g. Akturan and Tezcan, 2012; Mullan et al., 2017; Shaikh and Karjaluoto, 2015).

While some researchers have predicted online banking as the “better digital alternative” (Püschel et al., 2010), more and more researchers reveal the complications of mobile banking and its quick institutionalization (Laukkanen and Kivimäki, 2010; Riivari, 2005). A need for
further research in mobile banking has been put forward because of increasing customer mobility and new players in the financial service market (Eistert et al., 2012).

In addition to making sense of the interface that banks have with their customers, the digitalized market environment affects the networks that service providers operate in. The financial sector has witnessed the rise of the so-called Fintech companies, technology firms that provide services around activities that have traditionally been covered solely by banks. Along with this development, regulation has also started to be renewed. For example, in Europe, the EU's revised Payment Services Directive (PSD2) is set to accelerate the competition and digital disruption that are already reshaping the financial services industry across and beyond Europe. In a nutshell, it is regulating new forms of payment institutions, introducing new interaction models and mandating the opening of banks’ application programming interfaces to third parties. This forces banks to make a key strategic decision: whether to become a banking “utility” supporting other providers’ customer-facing solutions, or an “everyday bank” playing a central role in customers’ daily lives. In the latter case, customer-centricity becomes a key issue.

However, the way these new service networks are organizing themselves currently represents many challenges for all actors in the market. We argue that restructuring of the service supply chain in the banking industry can be examined from the perspective of the end-customer value, as it forms the basis for all actors’ value-creating activities.

The aim of the present study is to examine how the customer value experience conveys the restructuring of the service network in the banking industry. This paper contributes to previous research by examining customers’ perceptions of the digital service experience. However, the main contribution relates to improving managerial practice in banking and financial sector as the study adopts a customer-centric perspective and elaborates this into implications for service supply chain restructuring. The paper is structured as follows: first, we discuss the existing theoretical foundations of service experience and customer value. Next, the empirical methodology of the research is explained in detail. The data will be analyzed and discussed, and the study will be concluded with managerial implications while suggesting future research directions.

2. Service network in banking industry

In terms of the service supply chains in the financial markets, the emergence of financial technology (fintech) companies has disrupted the earlier rather focused and clear actor network structures of the supply market. Fintech is rapidly penetrating the financial markets by filling in the gaps left by the existing financial institutions by considerably improving the user experience. Even though bank sector has traditionally been walled by barriers of entry (e.g. laws and regulations) these barriers are fast eroding and banks face extensive pressure from the digital structural changes (Still et al., 2016). Thus, digital disruption has a twofold potential either to diminish the role and relevance of banks or to help them create better, more flexible and valuable services that could make them an even more important part of everyday life of their customers (Skan et al., 2015).

Haddad and Hornuf (2016) identify several areas that prior research has recently addressed in the field on fintech, including crowdlending, different types of crowdfunding, social trading platforms, robo-advisors, virtual currencies (e.g. Bitcoin or Ethereum), mobile payment and e-wallet services and venture capitalist investments in fintech start-ups. This huge variety of new services that have emerged describes well the diversity and extent of the turbulence banking industry currently faces.

As digital disruption is still at the early phase, also fintech ecosystems or networks are just only emerging and taking forms. The roles of the different actors are, thus, unclear and nobody knows what they will be in the future. Still et al. (2016) found that in emerging fintech ecosystems no key or leading actor yet exists. Further, they speculated whether
there even could be a focal company or could for example Apple, Google or Facebook “take over” also this arena. As a conclusion, it was suggested that since fintech companies’ main offerings are digital, easy-to-use financial services used either over mobile apps or internet browsers, radical innovations are not necessarily needed but one of the key questions will be the distribution channels used in the future.

As suggested by Skan et al. (2015), it is clear that the digital revolution in financial services is under way, but its impact on current banking players is not defined. In their study on future fintech and banking, they identify two scenarios for how digital revolution could affect the banks. First, if banks are stuck with regulation and cost reduction, and continue with a product-based sales approach instead of improving the customer experience, they will compete for a shrinking share of wallet. According to the second scenario, if the banks’ focus is on making customer’s life easier instead of asset monopolies, their customer insight grows and banks will be able to renew their business models to create more value for their customers. This is also in line with the study of Still et al. (2016) suggesting that in the core of the fintech ecosystem is the customer and a smooth experience of digital and seamless service for him/her. That is why adopting a customer-centric perspective on developing their future business models provides a critical starting point for the banks and aids in understanding the restructuring of the service network in the fast changing banking industry.

3. Service experience and value

The phenomenon of experience has been discussed by various scholars in service marketing (Addis and Holbrook, 2001; Sandström et al., 2008; Tronvoll et al., 2011). The need for deeper understanding of the role of the customer’s experiences in marketing has emerged through the seminal article by Holbrook and Hirschman (1982), who noted that consumer behavior has an experiential dimension (Tynan and McKechnie, 2009). Furthermore, Helkkula (2011) characterized the service experience as a process, an outcome and a phenomenon. Process-based experience is linked to experiential learning (Kolb, 1984; Edvardsson et al., 2005), outcome-based experience occurs when one element links various variables to several outcomes (Flanagan et al., 2005; Galetzka et al., 2006) and a phenomenological experience is promoted in consumer research (Holbrook and Hirschman, 1982; Arnould and Price, 1993; Meyer and Schwager, 2007) and in service-dominant logic (Helkkula et al., 2012) as related to customer value. Consumers experience phenomena from their own perspective (Helkkula et al., 2012), and that automatically includes bringing one’s past life experiences to new situations (Webster and Mertova, 2007). In this study, the emphasis is on the phenomenological perspective on service experience that emphasizes especially the experiential nature of value (Helkkula et al., 2012).

The discussion around service experience is an important topic in marketing since companies are seeking to manage better customer experiences. However, in today’s markets, the customers are not the only ones who share and co-create experiences of their interests in communities (Cova and Dalli, 2009; Schau et al., 2009), as interaction is also occurring in the service provider–customer dyads. The literature from customer’s individual hedonic experience in direct or indirect contact with the provider (Meyer and Schwager, 2007; Verhoef et al., 2009) has now focused more on the collective experience of the consumers and service providers (Arnould and Price, 1993). That is why service providers collaborate with their network of suppliers and partners; each participant contributes to the customer’s individual experience (Hakanen and Jaakkola, 2012; Tax et al., 2013). But to understand this experience in detail, companies need to understand how valuable their services are to their customers. Therefore, a concept of value needs to be explored in connection to experience.

Value has been studied extensively over the past decade in the field of marketing, much emphasizing the non-monetary aspects of customer perceived value. The two traditional dimensions of value are utilitarian and hedonistic, where the former takes place when a
customer is considering the usefulness of a service, and the latter happens when they are considering the pleasant feelings and emotions that the service raised in them (Batra and Ahtola, 1991). Value is uniquely and phenomenologically defined by the service customers (Helkkula et al., 2012) because they experience value through their use of a certain service, which in turn is linked to their previous, current and even future imagined consumption experiences (Wikstrom, 2008). Therefore, the value proposed by the company does not always correspond with the customers’ own approach to value (Heinonen, 2009; Grönroos and Helle, 2010).

Most of the previous studies have explored how customer perceives value from the service provider’s offerings, and have not focused on value in the experience in the broader context of customers’ everyday lives (Helkkula et al., 2012). However, understanding customer value more profoundly and from the customer-centric perspective could provide important ways to differentiate a company’s service offering from that of competitors (e.g. O’Loughlin et al., 2004; Roig et al., 2006; Strandberg et al., 2012). Nevertheless, as Roig et al. (2006) have noticed, few companies understand customer value in terms of how value can be delivered through experience and how to create services that consumers want. Helkkula and Kelleher (2010) analyzed the cyclical inter-relationship between customer perceived value and customer-service experience, and this dynamic relationship means that customers are always assessing and modifying their individual and collective “life-worlds,” both consciously and unconsciously. The authors described the value perception process as a complex phenomenon that integrates the experiencing and perceiving value processes within a circle of phenomenological understanding. However, it should be remembered that customer perceived value is not exclusively related to the service provider’s service offerings because customers make sense of their own service experiences (Helkkula and Kelleher, 2010). In other words, according to the customer-centric view, value can be created either by the company, by the customer and company together, or by the customer alone (Heinonen et al., 2013). Therefore, exploring value in the banking services not only in the direct interaction with the service provider but also within the customer’s own everyday life context becomes highly important.

An attractive way to create a competitive edge in the banking sector is to enable value creation by the customers themselves and improve the customer experience (O’Loughlin et al., 2004) since customers create the final value (Grönroos, 2008; Heinonen et al., 2010). While banks are considering the generated value in the customer’s life context, they most often miss that the customer’s life and practices could be far ahead in the future. Lähteenmäki and Nätti (2013) believe that the future of retail banking will be changed due to regulation, competition and customer behavior and this will eventually force banks to focus on delivering an integrated and holistic value experience. Nejad (2016) has recommended that future research focuses on consumer studies because the topics other than adoption or resistance have decreased in recent years, which evidently entails more academic attention to the value research in the period of digital banking.

4. Methodology
The qualitative study is chosen as an appropriate research method with characteristics of phenomenological research strategy, which states that the participant’s views and experience are considered as “facts” (Helkkula et al., 2012). Empirical data were collected using focus groups and interviews in order to collect in-depth information from the participants about the phenomenon. Three focus groups were arranged in spring 2015. All focus groups had four participants, men and women, ages ranging from 23 to 31. Two to three researchers guided the discussions, and each discussion lasted about two hours. Before the focus groups, two individual pre-interviews were arranged to test the method. These two interviews also provided applicable data for the analysis. The invitation to
participate in the research was sent using one of the researcher’s Facebook pages, and all the volunteer participants were encouraged to sign up for the research. The focus groups were arranged on the university’s premises, in a research lab for innovative methods. During the focus groups, the participants had an interactive discussion about future financial and payment habits. Before the discussion, their thinking was first enhanced with videos of unusual situations for payments, such as in a desert, in a spacecraft and in a bazaar, to let “their minds fly.” In the second phase, a digital storytelling method was used, where each participant was able to describe their thoughts about their own financial and banking habits in the future by utilizing digital tools available in the research lab and sharing this story with the group. Additionally, the participants reflected on and talked about their everyday banking and financial services experiences.

Altogether 25 thematic interviews took place during spring 2015 (6 interviews) and spring 2016 (19 interviews). The duration of the interviews was between 24 and 55 min. The invitation to participate was sent again in the researchers’ Facebook pages, and all of the volunteered participants were invited to participate in the study. The interviews had a slightly different goal than the focus groups, and they focused on the real users of digital banking services and the usage of mobile applications. The structure followed a semi-structured interview procedure because the researchers’ goal was to gain an understanding of the participants’ experiences of the phenomenon (Silverman, 2013). The ages of the participants varied from 20 to 64, and the majority of them were women.

All interviews and focus group sessions were recorded and transcribed verbatim. The total number of material amounted to 359 pages. Content analysis was used to analyze the data, adopting an abductive approach. Following Miles and Huberman (1994), the analysis was implemented through phases of data reduction, data display and drawing conclusions. NVivo 8 software was used to facilitate the content analysis and stimulate the researchers’ interaction with the large amount of data.

5. Findings
The main findings of this study show that as customers experience banking services, they do not necessarily link this experience straight-forwardly as bank’s financial services but rather in relations to a wider market context. Thus, the role of the bank in the customer’s value experience is limited and dependent on the wider service supply chain.

When examining the customer’s value experience, it is evident that it is highly complex and entails both utilitarian and hedonistic aspects. Based on our data, the experience consists of different dimensions, one being the ease and speed of paying for products. This can be seen as a utilitarian reason to use the services, as participants appreciated the convenience of the use. As an example, one focus group participant said: “When you have used your mobile as a payment method, you start to think that this is so easy, why haven’t I done this before?” (Woman, 23 years). Those who used the specified mobile banking application also appreciated the ease of use and also its simplicity, free of charge locus and the possibility to follow the money flow and control spending and saving. The data showed that mobile banking is a big part of consumers’ daily activities because it is a valuable service to complete the activities on a daily basis, as illustrated in the following quotation: “That’s why I actually like [the mobile banking app] because it’s so fast, clear and easy-to-use. And it actually affects my everyday life and behaviour” (Woman, 31 years).

In terms of bank’s role in the customer’s value experience, the analysis also indicated that participants did not receive a strong emotional experience from the digital services. Some of the hedonic reasons for using digital banking services were strongly linked to utilitarian reasons: ease and convenience increased their satisfaction, and complicated situations led to poor experiences. One participant even linked the service to her feelings: “[...] When they work well, they do not raise any feelings. It is just something that you do. But then again, if
they don’t work, then I’m outraged” (Woman, 37 years). There were no differences when asking how the experience made them feel, because it was considered to be the same with the service. This citation illustrates this situation: “It’s all about the functionality, that you need to be able to do something that used to be hard to do or took too much time” (Man, 36 years). Thus, the role of banks was not considered as hedonically important in a person’s life, although the value experience from using the services was embedded into the customer’s broad context of everyday life. This is evident also in the following quote, which addressed how banks can improve their digital banking services in the future: “I have not even thought of that. You just assume that a bank’s only purpose is to pay the bills” (Woman, 36 years).

For understanding the connection between the customer’s value perceptions of the service experience and its impact on the restructuring of the service supply chain, the data shows that there are multiple reasons why customers think that their service experience is disrupted, and these reasons are more or less related to the lack of coordination between the service providers. For example, reliable global payment methods and the connections between different banks and financial institutions were particularly important for safe and convenient payments. The value factor is seen as how the banks could change their services to be more customer friendly. To clarify, participants would appreciate if EFTPOSs in retail outlets would be similar internationally, and in order to receiving money transfers faster, the banks’ networks would work faster and more efficiently. The following citation from a focus group illustrates this: “If you could make the systems between banks similar so that you wouldn’t have to wait for weeks [for transfers] and then pay a terrible price for waiting for them” (Woman, 21 years). Furthermore, those who used the specified mobile banking application valued that in the future the payments would be automated, and the individual should not be focusing on “paying at all.” For example, a man illustrated this idea: “[E-bills] would all be direct bills and I would not have to personally worry whether I have paid that bill […] so that I could trust that bills would be paid automatically [from the application]” (Man, 29 years). Thus, to overcome what customer’s experienced as disruptions in their value experience, multiple actors in the service supply chain would need to be considered, not only one actor, like a bank.

Finally, the banking industry is also segregated by the exclusion of other industries and their networks. According to the data, some industries already work well with the banking supply chains, such as retailing. Many of the specified mobile banking application users even said they use the app when they are at the retail point of sale: “When I’m at the store and before I pay, I check [the app]” (Woman, 31 years). Additionally, the majority of participants accepted targeted marketing from retailers if they received personalized deals and vouchers, which is linked to the utilitarian reasons to use the mobile app. For example, the following participant explains why she would share her data with service providers: “Yeah, targeted marketing I think. That’s the most essential thing. So that you see where you spent your money and how much you spent at this store this month, so here is something for you. So something that is personally offered to you […]” (Woman, 31 years).

In addition to cross-industry context, the customers’ value experiences were also related to global context. To experience a smooth value processes, global services were raised in our data, as highlighted by this participant who uses the specified banking app: “Obviously, I hope that if similar services can be found abroad, then I could feed the data there too. Like with cooperation I could use this in the ‘digital jungle’ between companies regardless in which country it is located” (Woman, 31 years). The integration of service providers is something that the participants saw as important since there are more and more digital services available. Instead of creating new digital channels (e.g. mobile applications or websites) the users would like to see fewer of them and more data in one place:
“For example, the council things could be like that. Library cards and health services […] and others could be on one mobile application. And not like I need to get separate apps for all of them” (Woman, 32 years). Conversely, while the data suggest that incorporating services are the future of digital services, there are still doubts that personal security might be reached. This is an especially important issue for banks because according to the data, customers trust their banks. Therefore, there might be other solutions to banking like other forms of money and payment, as illustrated by this comment: “That’s what it’s about today – these networks will be integrated, so it’s kind of a loss of your personal security, so that’s why I find bitcoins very interesting” (Man, 31 years).

Based on our empirical analysis, to provide superior value experience, a multitude of actors in the whole service supply chains or service ecosystems more broadly, need to be involved and aligned.

6. Discussion
The present study shows that customers defined the value by themselves through the use of the services that they used in their everyday life (Helkkula et al., 2012). This means that customer’s service experience should be the driver of the banking service supply chain. Based on our data, customers do not necessarily perceive banks as value providers as such when they use the services, but they are more concerned with the services as a way to improve their life. Examining the value related to the service experiences revealed that customers were not showing commitment to the service providers or their brand, but they were more concerned with the way the services advanced their own ways of life. That is why the value proposed or offered by the banks do not necessarily equal the customer’s perception of value (c.f. Heinonen, 2009; Grönroos and Helle, 2010). Thus, our results support and extend findings of Ewe et al. (2015) who found that for consumers it is important that mobile banking complement their lifestyles. Considering the restructuring of the service supply chain, this raises the question of whether in the future the digitalized banking services will be based on established customer-service provider relationships between consumers and banks, or whether the customer interface will be based on some other relationship, such as customer and technology, for example. This could be something similar as we have with smartphones in relation to different operating systems used by the brands.

The present research also revealed that digital services have their complications, which has been noticed by other authors as well (Kleijnen et al., 2004; Riivari, 2005). While the ideal situation might be one in which the bank provides the ultimate experience and good value for its customers, it seems that delivering the service that consumers want is disrupting the value in the experience (e.g. Roig et al., 2006). Our data revealed that digital banking services offered more utilitarian than hedonic value to end-customers. The usefulness of the services rather than the pleasant feelings and emotions that were raised using the service (Batra and Ahtola, 1991) was more emphasized in the findings and could be leading to value disruption of the customer-service experience because the services should raise both utilitarian and hedonic reasons to use the services. In relation to service supply chain restructuring, this further indicates that the role of customer loyalty in bank-customer relationships is not very high, and that might not be the cornerstone of the whole chain.

Overall, the disconnection between different banks and other actors in the financial services market were a common theme that was raised. Consumers often do not see banks separately, but they are more concerned about the services as one network that should be linked to all spheres of their daily life. In fact, it seemed that if the banks do not open their networks more widely, the customer value may be disrupted. Our findings extend the views of Ewe et al. (2015) who suggested that consumers value multiple types of transactions available through mobile banking, such as paying movie or airline tickets.
That is why service providers should collaborate with their network of suppliers and partners so that each participant could contribute to the customer’s individual experience (Hakanen and Jaakkola, 2012; Tax et al., 2013). After all, the end-consumers decide what is valuable to them, and they do so by experiencing the services and comparing them to their previous, current and future imagined consumption experiences (Wikström, 2008). Lähteenmäki and Nätti (2013) predicted that the future of banking should focus on customer behavior because that would force banks to focus on delivering an integrated and holistic value (in experience). This point is crucial from the service supply chain point of view—it is unlikely that such a holistic value can be provided by a single banking service provider alone because the ecosystem around such services is becoming more and more complex.

7. Conclusion and managerial implications
The aim of the present study was to examine how the customer value experience conveys the restructuring of the service network in the banking industry. To achieve this, the paper outlined an approach to examining customers’ experiences in digital banking services. It also analyzed the implications of these experiences on how service providers should integrate their networks to improve the end-customer’s service experience in a way that would be the most valuable to them. The complex connection between value and service experience prompts a transition in marketing practices for a variety of businesses across industries and markets, such as business-to-consumer and business-to-business.

The present paper contributes to value research and especially to the discussion in service experiences by addressing some of the disruptions happening at the industry level. The paper shows that the focus should be on customer value because banks should understand that their services are not enough for the customers—they are only seen as banks, not as providers of the holistic value that is required from the customer’s point of view. The purpose of the services should be to support the daily life of a customer, which brings them the value they experience. The “bank” experience lies in the fact that customers can pay for purchases easily, the various different delivery options from online orders, the easily reachable customer e-service and many more services that are linked to banks’ services. When banks realize their rather limited direct role in customer experience, they will understand what customers want, why they buy and pay, as well as why they need banks’ services to enable their experiences.

The results of the present study call for further research especially in terms of the network and partnership formation within the banking industry. Some actors have put forward their own start-up incubators in the hope of gaining access to technological innovations. Yet the logic of creating the new ecosystem and related network remains unclear, and it is integral to examine how technology providers and banking services providers are coming together to provide a holistic value experience to end-customers. Furthermore, our research puts forward the need to examine the value disruption—how customer value disruption takes place in the context of banking services. As our data indicated, the lack of a holistic view from the service providers’ perspective disrupted the value perception of the end-customer. However, the processes and factors related to this would be important to reveal to develop an understanding toward avoiding this.

From a managerial perspective, research from the B2B perspective on digitalization could help to understand its effect on mobile banking value. Therefore, we also encourage future researchers to investigate the underlying reasons that hinder service providers from integrating their services further to provide value to the end-customer. Customer value makes it a must to change the bank’s network, and together, the contributions of this study and the research around service experience creating value can pave the way for a better understanding of its future development.


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