Chapter 2

Review of Literature

2.1 Introduction

Building strong brands is one of the most important goals of product and brand management. Strong brands result in higher revenue streams, both short term and long term. Therefore, the stated goal of strategic brand management is to build brands that last for decades and can be leveraged in different product categories and markets.

Brand researchers have developed several conceptualizations of brands and how brands affect consumer behavior (current and future purchases). Earlier models – such as Aaker's brand equity model and Keller's customer-based brand equity model – have focused heavily on how consumer perceive and evaluate brands by investigating certain knowledge structures such as brand awareness, image and personality.

Brand practice, to some degree, has followed a similar path. For a long time, establishing brand awareness and image have been key goals of brand management. Brand marketers, especially in fast moving consumer goods such as food items as well as mass market sports, apparel and electronics items, spend considerable resources to assess and track consumer awareness of brands, brand image and brand attitude.
This paper focuses on four sets of variables that is believed must be of concern for both researchers and practitioners: Brand Attitude-cognitive variables that assess the knowledge and beliefs of customers toward brands; Brand Attitude-affective variables that measure the consumer’s emotions and feelings toward brands; Brand loyalty variables that measure the attachment and loyalty of consumers toward brands and behavioral outcome variables that assess current and future consumer behavior. Next, the hypotheses were developed about how brand attitude is related to brand loyalty and behavioral outcomes.

The study has been carried out for soft drink brands and the interest in collecting information about a product of this type is due to the fact that, in general, they are known since childhood by individuals, and they are therefore linked to attitudes (positive or negative), which are deeply ingrained in consumers. These attitudes can therefore have considerable effects on purchase and evaluation and loyalty processes. In order to better understand the attitude and buying behavior components, followings are some definitions by brand researchers:

*Brand awareness* is defined as “the ability of a buyer to recognize or recall that a brand is a member of a certain product category”. It often represents the consumer’s ability to identify or recognize the brand (Rossiter and Percy, 1987). Brand awareness is conceptualized as an output of both brand recognition and brand recall (Keller, 1993).

*Brand recognition* relates to consumer’s ability to confirm a prior exposure to the brand when it is given as cue.
Brand recall relates to the consumer’s ability to retrieve the brand when the product category or some other type of probe is given as a cue. In general, consumers tend to adopt a decision rule to buy only familiar and well established brands (Jacoby et al., 1977).

Brand perceived quality is the “consumer’s judgment about a product’s overall excellence or superiority” (Zeithaml, 1988). It is therefore the consumer’s subjective evaluation of the product quality thus differentiating a particular brand from other competing brands (Pappu et al., 2005). Brand name is a key quality indicator and a global image which enhances the brand’s perceived quality (Rao and Monroe, 1989). Consumers often attribute high quality to global brands as the quality is likely to be linked to global acceptance as one of the critical factors.

Consumers’ overall evaluation of a brand depends upon the attitudes they form towards that brand, often referred as brand attitudes (Wilkie, 1986).

Attitude is important as it forms the basis for the consumer behavior. Attitudes are viewed as a function of the salient beliefs that a consumer had about the brand with certain attributes and the evaluative judgment of those beliefs (Fishbein and Ajzen, 1975). Attitude is defined as an individual’s evaluative effective about performing a target behavior.

The “hierarchy-of-effects” model, developed by Levidge and Steiner (1961) has explained AIDA model more elaborately. The model introduces three more levels before the customer takes the purchase decision- one is cognitive, another is affective and the third is conative level.
At the cognitive level, there is the knowledge level in between awareness and interest stages. The interest stage is further divided into liking and preference stages or liking leading to a preference. Then preference is leading to conviction in purchase decisions. This sequential model helps directing the marketer’s task and brings to the fore the role of different elements of promotion mix—advertising, personal selling, product manuals, etc.\textsuperscript{14}

In terms of behavioral perspective of a person, cognitive component consist of a person’s knowledge and perception that is acquired by a combination of direct experience with the object and related information from various sources.

\textit{A consumer’s emotions or feelings} about a particular product or brand constitute the affective component of an attitude. These emotions and feelings are frequently treated by consumer researchers as primarily evaluative in nature that is the extent to which the individual rates the attitude object, a favorable/unfavorable or good/bad.

The conative component is concerned with the likelihood or tendency that an individual will undertake a specific action or behave in a particular way with regard to the attitude object. In some cases, it may also be the actual behavior. The relationship can thus be used to explain or predict the behavior of an individual customer when he actually intends to purchase a product or a brand (Schiffman and Kanuk, 2004).\textsuperscript{15} The stimulus develops the attitude or feeling, and then the consumers learn and gain knowledge about the product that supports their behavior.\textsuperscript{16}
Brand loyalty is defined as “the attachment that a consumer has to a brand”. The concept of brand loyalty usually denotes a favorable attitude towards a brand resulting in the repeat purchases of the same brand over a period of time. Based on the attitude perspective, brand loyalty is defined as “the tendency to be loyal to a focal brand, which is demonstrated with an intention to buy the brand as a primary choice”.

With the rise in the disposable income level, the Indian and Iranian consumer are willing to spend more on personal needs and indulgences. It has been presently observed that consumers have shown a tendency to shift from “sticking to the old faithful” to “try for a famed one” while deciding on purchases. This indicates that consumers are more “loyal” to “perceived value” than to “brands”. In fact, value of a brand becomes more significant in the present scenario.

2.2 Attitude

Attitude has been defined as a construct combining belief, affect, and conation intervening between stimulus and response. The relationship between these three components has been explained by a Tricomponents Attitude Model.

The model explains that the knowledge and perception that an individual obtain from different sources creates belief about the object and a sense of emotion or feeling is generated. This will lead to a likelihood or tendency towards the product for the individual to take a proper action that is an intention to buy. Once the consumer buys the object, the feeling of the consumer if further reflected by his belief in his decision to go for further purchase of the same object or search for an alternative. This process is repetitive and cyclical in nature.
According to the research by Haley & Case (1979), six of the strongest marketing-related variables indicative of the attitude formation process a consumer follows are: familiarity, acceptability, preference, purchase intent, satisfaction, and usage. These variables resonate with the hierarchy of effects model, which suggests that consumers exposed to an advertising campaign are taken from unawareness to awareness, knowledge, liking, preference, and conviction to purchase the product.

Mitchell and Olson (1981) defined attitude as “an individual’s internal evaluation of an object such as a branded product”. According to Fishbein and Ajzen (1975), attitude is “a function of his/her salient beliefs at a given point in time”. Beliefs are the subjective associations between any two differentiable concepts and salient beliefs are those activated from memory and considered by the person in a given situation. Research shows that the correlation between attitudes and actions can be strong under certain conditions. Attitudes play a key role in predicting purchase behavior for particular brands. For this reason, much study has concentrated on the cognitive and affective determinants of attitudes in hopes of predicting the conative factor. The affective link has become the main player in today’s marketplace. Assessing individuals’ opinions, attitudes, and preferences becomes extremely important when seeking to measure the overall impact or effectiveness of a brand. Lindenmann (2002) asserted that attitude research measures not only what people say about something, but also what they know and think (their mental or cognitive predispositions), what they feel (their emotions), and how they are inclined to act (their motivational or drive tendencies).
Based on the studies and researches done by various researchers, this study focuses more on cognitive and affective components of brand attitude to find out their relationship with brand loyalty which is the most important outcome of the consumer behavior.

### 2.2.1 Attitude toward the Brand

Ajzen and Fishbein (1980) defined attitude toward the brand as a predisposition to respond in a consistently favorable or unfavorable manner to a particular brand. Mitchell and Olson (1981) defined attitude toward the brand as consumers’ overall evaluation of good or bad. Such evaluations are important to researchers because they often are the basis for consumer behaviors, such as brand choice. Semantic differential scales measuring brand attitude are frequent in marketing and advertising literature. Bruner and Hensel (1996) reported 66 published studies which measured brand attitude, typically as the dependent variable in research on product line extensions or advertising effects. Many studies have shown that consumers’ brand-related beliefs affect brand attitude formation and change (Lutz, 1975). Understanding the roles of brand-related beliefs and attitudes toward the advertisement in the formation of brand attitudes has significant implications for theoretical conceptualizations of the attitude formation process.

According to Olins (2000), “Brands are the device we use to differentiate between otherwise almost indistinguishable competitors.” Without clear branding, in some fields, we literally could not tell one product or service from another. Olins also suggested that people can have a relationship with a brand:
“they have an immense emotional content and inspire loyalty beyond reason”. Olins’s discussion suggests that brands could consist of the following three factors: the behavior of an organization—often defined as a component of organizational identity, communications/messages to define differentiating attributes of an organization or product, or relationships with an organization as people conceptualize that organization.

2.2.2 Product-Related Attribute Beliefs

In the present study, product-related attribute beliefs were used to examine the effect of cognitive component of brand attitude on brand loyalty for FMCG products with special focus on soft drink market. Attributes are those descriptive features that characterize a product or service, what consumers think the product or service is or has, and what is involved with its purchase or consumption. Keller (1998) asserted that brand associations could be classified into three major categories: attributes, benefits, and attitudes. Attributes can be product-related, and non-product-related such as price, user and usage imagery, and brand personality. According to Keller, product-related attributes are “the ingredients necessary for performing the product or service function sought by consumers”.11 Product-related attributes refer to a product’s physical composition or a service’s requirements and are what determine the nature and level of product performance. Product-related attributes can be further characterized according to important and optional features, either necessary for a product to work, or for allowing customization and more versatile, personalized usage. Keller defined non-product-related attributes as external aspects of the product or service that often relate to its purchase or consumption in some way. Keller said that non-
product-related attributes might affect the purchase or consumption procedure, but do not directly influence the product performance. Examples of non-product-related attributes that do not relate directly to product performance can be the company or person that makes the product and the country in which it is made, the type of store in which it is sold, the events for which the brand is a sponsor and the people who endorse the brand, and so on.11

According to the above mentioned researches, product attribute have been taken into consideration to measure cognitive component of brand attitude.

2.3 Brand Awareness

Brand awareness is defined as “the ability of a buyer to recognize or recall that a brand is a member of a certain product category”.1 It often represents the consumer’s ability to identify or recognize the brand.5 Brand awareness is conceptualized as an output of both brand recognition and brand recall.4 According to Rossiter and Percy (1987), brand awareness precedes all other steps in the buying process.5 A brand attitude cannot be formed, unless a consumer is aware of the brand.30 In memory theory, brand awareness is positioned as a vital first step in building the “bundle” of associations which are attached to the brand in memory. The brand is conceptualized as a node in memory that allows other information about the brand to be “anchored” to it.1 The conceptualization of a network of brand associations in memory with the brand as a central core has been put forward by many others.31 Brand awareness can also affect decisions about brands within the consideration set.32 Consumers may employ a heuristic (decision rule) to buy only familiar, well-established brands.6 Consumers do not
always spend a great deal of time making purchase decisions. In a study of pre-purchase search for laundry powder, Hoyer (1984) found that median number of packages examined in-store was around 1.2 before a selection was made.\textsuperscript{33} Dickson and Sawyer (1986) found that for purchases such as coffee, toothpaste and margarine, the consumer took an average 12 seconds from the time of first looking at the shelf to the time they placed the item in their trolley.\textsuperscript{34} In many cases, consumers try to minimize the costs of decision making in terms of time spent, and cognitive effort, by employing simple rules of thumb, such as “buy the brand I have heard”. This is particularly likely to occur in low-involvement situations where a minimum level of brand awareness may be sufficient for choice.\textsuperscript{35} In such situations, the consumer may lack the motivation or the ability to judge between brands.\textsuperscript{36}

Hoyer and Brown (1990) designed a controlled experiment to probe the role of brand awareness in the process of consumer choice for the purchase of peanut butter, whose results revealed that brand awareness was a dominant factor in both initial (trial) and repeat purchase decisions, even when the quality of the brand was inferior to that of the other brands.\textsuperscript{32} A pervasive “double jeopardy” phenomenon implies that the larger the brand (measure by market share), the more loyal the buyer tend to be. This implies that the market share advantage of a brand can enhance the awareness-loyalty behavior relationship.

Further, brand awareness may also affect the choice within the consideration set by influencing perceived quality. In a consumer choice study by Hoyer and Brown (1990), over the 70% of the consumers selected a known brand of peanut butter from among a choice of three, even though another brand was
“objectively” of a better quality (as determined by blind taste tests), and even though they had neither purchased nor used the brand before.\textsuperscript{32}

Based on the above mentioned studies, brand awareness plays an important role on consumer purchase decision. The researcher has measured top of the mind brand recall (unaided brand recall) as well as aided brand recall in soft drink category.

2.4 Brand Knowledge

Consumer brand knowledge relates to the cognitive representation of the brand.\textsuperscript{37} Consumer brand knowledge can be defined in terms of the personal meaning about a brand stored in consumer memory, that is, all descriptive and evaluative brand-related information.

Researchers have studied consumer brand knowledge for decades, with different areas receiving greater emphasis depending on the dominant research paradigm and thrust of the time. For example, reflecting in part a strong methodological interest in information-display boards, researchers studying the organization of consumer memory at one point debated whether brand-knowledge structures were organized by attributes or by brands, as well as the effects of different information-processing factors such as consumer goals, brand familiarity, and so on.\textsuperscript{38,39,40,41} Much of this earlier research concentrated on more tangible, product-related information for brands. One important thrust in recent branding research is an attempt to understand more of the abstract, intangible aspects of brand knowledge not related to the actual physical product. For example, relying on 114 possible personality traits and 37 well-known brands in various product
categories, Aaker (1997) uncovered five basic dimensions that appear to capture the perceptual space of brands. The Zaltman Metaphor Elicitation Technique (ZMET) has used a series of research methods to tap into consumers’ visual and other sensory images for brands. Finally, Fournier (1998) has extended the metaphor of interpersonal relationships into the brand domain to conceptualize the relationships that consumers form with brands. In another intriguing line of research, Muniz and O’Guinn (2000) have explored brand communities, defined as a specialized, non geographically bound community based on a structured set of social relationships among users of a brand.

Schouten and McAlexander (1995) have defined a subculture of consumption as a distinctive subgroup of society that self-selects on a basis of a shared commitment to a particular product class, brand, or consumption activity. Moreover, different dimensions of brand knowledge are likely to have interactive effects. For example, strong brand awareness and familiarity may be a prerequisite for certain types of thoughts, feelings, or attitudes to occur. How do the different dimensions of brand knowledge function as antecedents to or consequences with respect to other dimensions? How malleable or changeable are these different dimensions over time? Holistic approaches are thus needed that attempt to capture more dimensions of brand knowledge, both methodologically in terms of tools and models for creating mental maps as well as conceptually and managerially in terms of recognizing the range of effects in brand knowledge arising from and influencing marketing activity. For example, in terms of the former, Janiszewski and Osselaer (2000) provide a demonstration of a connectionist model where consumers are assumed to be adaptive learners who
are “learning to value”. This model is an example of an approach with potential to contribute to mental mapping. In terms of the latter, unlike the static nature of mental maps, models that capture the interplay between brand knowledge and consumer response to marketing activity necessarily will need to be dynamic, with appropriate updating mechanisms of consumer memory. One challenge here is the wide range of marketing activity involved and the potential wide range of dimensions of brand knowledge that may come into play. The next section considers one particularly important form of marketing activity, brand leveraging, and its potentially broad impact on knowledge for the brand.

Linking the brand to some other person, place, thing, or brand, affects brand knowledge by (1) creating new brand knowledge or (2) affecting existing brand knowledge. Much research has examined these transfer effects in terms of country-of-origin effects, celebrity source effects, co-branding or ingredient brand effects, corporate branding effects, and so on. Little research has attempted to take a broader perspective, however, to consider simultaneously the multiple entities to which a brand can become linked. One example of a more expansive approach is the work by Sam Hill and Chris Lederer. They redefine the concept of brand portfolio to take on a much larger meaning than its conventional usage. With their approach, brand portfolios refer to all the brands that factor into a consumer’s decision to buy, whether the company owns them or not, for example, brand extensions, co-brands, ingredient brands, brand alliance partners, and so on.

Hill and Lederer develop a three dimensional model called the “brand portfolio molecule” to represent their approach, which captures each different type of a
brand’s role and influence as well as its positioning and corresponding degree of control.51

All the above mentioned researches indicate that brand knowledge is related to cognitive representation of the brands which can affect attitudes toward the brand.

2.5 Product Knowledge

Product knowledge plays an important role in the research of consumer behavior; therefore, it is an essential research subject in related fields. Brucks (1985) states that product knowledge is based on memories or known knowledge from consumers.52 Lin and Zhen (2005) assert that product knowledge depends on consumer's awareness or understanding about the product, or consumer's confidence about it.53 Based on a definition of Brucks (1985) about product knowledge, it can be divided into three major categories52:

- subject knowledge or perceived knowledge;
- objective knowledge; and
- experience-based knowledge.

Wang (2001) reports that the index used to measure product knowledge by scholars include54:

- The consumer's perception of how much he or she knows.55
- The amount, type and organization of what the consumer has stored in his/her memory.39
• The amount of purchasing and usage experience.\textsuperscript{56}

Rudell (1979) uses an examination score to measure objective knowledge and applies a self-evaluation inventory to measure subjective knowledge.\textsuperscript{57}

In this research, soft drink brands are studied and the awareness and product knowledge for this product category is high and participants were regular consumers of soft drinks who were qualified for completing the questionnaire, so the researcher did not have to find out how familiar are the participants with this product category.

**The Influence of Product Knowledge on Information Search Behavior;** To understand consumer behavior, consumer knowledge is an important construct. This is because, before the consumer performs actual purchasing behavior, he/she most likely experiences two procedures:

*Information search:* this means when the consumer faces many consuming relevant questions, he/she requires relevant information to assist with his/her consuming decision. This type of search of appropriate information procedure is called information search.\textsuperscript{58}

*Information processing:* includes consumer self selects to expose, notice, recognize, agree, accept, or retain. No matter how much knowledge the consumer has, it all affects his/her procedures concerning information search and information processing.\textsuperscript{52} Much evidence shows that product knowledge does have an impact on information processing to the consumer.\textsuperscript{59} For example, Zhu (2004) states that when the consumer selects a product, he/she usually rely on his/her product knowledge to evaluate it, and his/her product knowledge would
also affect his/her information search procedure, attitude, and information search quantity. In addition, his/her level in product knowledge would determine consumer purchase decision, and indirectly affect his/her buying intention. The relationship between product knowledge and information search has not yet generated any definite conclusion.

Some scholars state that consumers' understanding in product knowledge has a positive correlation to information search quantity, such as Moore and Lehmann (1980)\textsuperscript{61}, Punj and Staelin (1983)\textsuperscript{62}, Selnes and Troye (1989)\textsuperscript{63}, Alba and Hutchinson (1987)\textsuperscript{64}. Some scholars assert that these two variables have a negative correlation, such as Brucks (1985)\textsuperscript{52}, Newman and Staelin (1972)\textsuperscript{65}. Therefore, when scholars face these two different conclusions, they submit another theory, i.e. that product knowledge and information search quantity has a U-shape correlation rather than simply a linear correlation, as Bettman and Park (1980)\textsuperscript{66} and Johnson and Russo (1984)\textsuperscript{39} assert.

Product knowledge is an important part of purchase behavior but the researcher does not measure the correlation between product knowledge and information search quantity because the assumption is that participants are aware about the product and consume it regularly.

**Brand Knowledge and Purchase Behavior;** Different authors have presented different perceptual and cognitive factors that influence purchase behavior. Aaker identified three key perceptual/cognitive variables: name awareness, brand associations, and perceived quality.\textsuperscript{1} All three are seen as key determinants of brand loyalty.
Feldwick (1996)\textsuperscript{67} and Chernatony and McDonald (2003)\textsuperscript{68} have distinguished six types of brand attributes: awareness, image, perceived quality, perceived value, personality; and organizational associations.

One of the most widely used, and most parsimonious, models today is Keller's customer-based brand equity model. Keller conceptualizes customer-based brand equity as “the differential effect of brand knowledge on consumer response to the marketing of the brand”.\textsuperscript{4}

Customer-based equity occurs when the consumer is aware and familiar with the brand and holds positive associations about the brand in memory. That is, there are two distinct types of brand knowledge: brand awareness and image. These two dimensions of brand knowledge have been generally confirmed in prior marketing research.\textsuperscript{69}

Brand awareness refers to the strength of the brand node in memory, i.e. how easy it is for the consumer to remember the brand.\textsuperscript{4}

Brand recall is the most common way to measure brand awareness. In a study including various brand knowledge and behavioral variables, using one product category, “candy bars,” Agarwal and Rao (1996) found support for a two factor solution: one factor clearly represented unaided recall.\textsuperscript{69} Brand image refers to strong, favorable and unique brand associations in memory, which result in perceived quality, a positive attitude and overall positive affect. Indeed, many of the brand factors identified as different aspects of brand equity by other authors (such as perceived quality, personality and organizational associations) may be
viewed as belonging to the overall category of brand image and its immediate effects.

According to Keller (1993), brand awareness is a necessary condition for the creation of a brand image. When a brand is well established in memory, it is easier to attach associations to the brand and establish them firmly in memory. As Kapferer (2004) showed that awareness is indeed significantly correlated with many valuable image dimensions. Moreover, perceptual and cognitive models assume that brand knowledge (i.e. brand awareness and image) affects consumer response to the brand, defined as perceptions, preferences and, most important, behavior arising from marketing mix activity. Current behavior can refer to the purchase of the brand as well as its usage; future behavior refers to intentions to purchase the brand in the future. Following the customer-based brand equity model, brand knowledge (awareness and image) affects current purchase and usage of brands. Moreover, it has been argued that brand equity does not have only immediate value but also long-term value by guaranteeing future revenue streams. Therefore, it is expected that brand knowledge to affect intended future behavior as well.

In order to expand the brand awareness, two general approaches are possible; expanding the depth and/or expanding the breadth of brand awareness by improving brand recall and recognition during purchase and consumption. A fading brand is usually still recognized or recalled by consumers in certain situations, which means that it is the breadth of brand awareness that need improvements. Breadth of brand awareness is increased to make sure that
consumers do not overlook the brand and think of purchasing it in those situations where the brand can satisfy their needs and wants.70

In this study, aided and unaided brand recall was measured in order to measure brands awareness which is a part of brand knowledge.

2.6 Purchase Intention

Purchase intention (PI) is the consumers’ tendency to act toward an object, and is generally measured in terms of intention to buy. Advertising managers often test the elements of the marketing mix—alternative product concepts, ads, packaging, or brand names—to determine what is most likely to influence purchase behavior.71 In the absence of actual buying behavior, management uses the closest substitute, intention to buy, to determine the effectiveness of the components of the marketing mix.

One of the most commonly accepted theories used in marketing today, the Dual Mediation Hypothesis72, addresses the many attitudinal-behavioral patterns and relationships in advertising. The DMH was developed in research studies dealing with attitude toward the brand and affective motivation. Results represented accurately the interrelationships among brand and ad cognitions, and purchase intention.73 These affective and cognitive-based attitudes toward the brand have a direct effect on purchase intentions.74 This causal sequence of attitudes leading to purchase intention may be an important measure of the attitude toward the brand.

Attitudes are the most abstract and highest-level type of brand associations. Keller (1998) pointed out that consumers’ brand attitudes generally depend on specific considerations concerning the attributes and benefits of the brand.11 The
Fishbein and Ajzen’s (1975) expectancy-value model suggests that overall brand attitudes depend on the strength of association between the salient attributes associated with the brand and the evaluation of those attribute beliefs.\textsuperscript{13}

There has been much research concerning consumer behavior; therefore, an explanation of many different consumer behavior models is extended. The EKB model was first presented by three scholars, Engel, Kollat and Blackwell, in 1968, and also a rather clear, complete, and systematic theory model concerning consumer behavior.\textsuperscript{75} The EKB model assumes that a consumer’s decision processing is a consecutive processing which leads to solving problems, and which features considering decision processing as the center of combining interaction of relevant outside and inside elements.

Kotler \textit{et al.} (1999) point out that, when a consumer makes a purchase decision behavior, there is a primary “stimulation-response” model and the black box concept in behavior science response. Through external stimulation sources, marketing and environment, it would further affect consumer purchase decisions through the black box (including consumer feature and decision processing).\textsuperscript{76}

Engel \textit{et al.} (1993) report that, the center concept of the EKB model means consumer purchase decision processing, which is also problem-solving processing to consumer decision processing and includes five stages: demand confirmation, search for information, evaluation of alternatives, purchasing, and purchasing result.\textsuperscript{77}

Mc Quarrrie and Muson (1992) use Likert's seven-point method to measure information on search intention.\textsuperscript{78} Chin (2002)\textsuperscript{79} refers to McQuarrrie and Muson's
research and uses a Likert's seven-point method to measure information search intention. Dodds et al. (1991)\textsuperscript{80} use five questions, however, Klein et al. (1998)\textsuperscript{81} use six questions and both use Likert's seven-point method to measure it. Major variables that influence consumer purchase behavior are:

*Information search intention:* summarizing consumer behavior and purchasing behavior from Nicosia (1968)\textsuperscript{82}, Howard (1989)\textsuperscript{83}, and naming relevant information/news parts as a search for information. When a consumer confirms his/her demand, he/she would start seeking relevant information. That means, a consumer reads about relevant product information through this news, compares differences among different products, and furthermore spends more time on product search.\textsuperscript{78} In this processing when a consumer purchases a product, information search intention takes a large part.

*Purchase decision:* in evaluation of alternatives and purchase decision relation map, Kotler *et al.* (1999) indicate that between evaluation of alternatives and purchase decisions, they would first form buying intention.\textsuperscript{76} Fishbein and Ajzen (1975) verify that buying intention could be taken as an important index to predict consumer behavior.\textsuperscript{13}

Purchase intention was measured in this study by asking consumers if they would purchase their favorite soft drink brand on their next purchase and also if they recommend it to their friends, in a seven point likert scale.

**Competitive Effects of Brand Attitude on Purchase Intention:** Purchase intention is one type of judgment about how an individual intends to buy a specific brand. Variables such as considering buying a brand and expecting to
buy a brand, measure purchase intention (Laroche et al., 1996; Laroche and Sadokierski, 1994).84,85

Forming purchase intention toward a focal brand requires making explicit overall evaluations of all brands within the consideration set. Research has shown that attitude toward a brand significantly impact intention to buy that brand (Homer, 1990)86, and there is a significant positive relationship between brand attitude and intention to buy; for example, Laroche et al. (1996) proposed a multi-brand model of intentions that indicates that consumers' intentions to choose a specific brand are based on the attitudes held simultaneously about all the brands in a product category.84 They classified the influence of attitude toward a local brand on purchase intention toward the brand as a direct effect, and the influence of attitude toward another brand on intention to buy that local brand as a competitive effect. Their results showed that the direct effect positively impacts intention to buy the local brand, while the competitive effect negatively impacts intention to purchase that brand. Therefore, a consumer's intention to buy a local brand is determined not only by his/her attitude toward the same brand, but also by his/her attitudes toward other brands within the consideration set.87

**Influence of Product Involvement on Consumer Purchase Decision;**
Friedman and Smith (1993) discover in their research concerning service that when consumer selects a service and his/her involvement increases, he/she will search for further more information.88,89
Goldsmith and Emmert (1991), report that product involvement plays an important role in consumer behavior. When his/her involvement level increases,
the consumer will search for further information. \( ^{90} \) Petty et al. (1983) adopt the Elaboration Likelihood Model (ELM) and discover that high product involvement, brand attitude and purchase intention have a much higher correlation than that of low product involvement. \( ^{91} \)

Neese and Taylor (1994) discover in their research concerning automobiles comparison advertisement that, under a different level of advertise information, high involvement of a product causes a distinctly positive purchase intention, whether in the advertising attitude, brand recognition, and brand attitude, than with a low involvement product. \( ^{92} \)

In this research, soft drink category is studied; some researchers believe that soft drink is a low involvement product and other researchers believe that it is a high involvement product. In this research, the impact of brand attitude on purchase behavior will be studied and the researcher is going to find out whether cognitive and affective component of brand attitude equally impact purchase behavior and brand loyalty, and depending on the result, if affective component and brand loyalty would be high, it can be said that soft drinks are high involvement products.

2.7 Consumers’ Extent of Evaluation in Brand Choice

Consistent with Stigler’s (1961) seminal paper on information acquisition, a consumer may find the evaluation of all relevant marketing mix information on the brands on every occasion to be a time-consuming and tedious activity. \( ^{93} \) Similarly, Shugan (1980) develops the idea of ‘‘cost of thinking’’ associated with purchase evaluation and derives the costs associated with different evaluation
strategies. When a consumer does not search, brand choice may not be optimal. Therefore, the consumer makes a trade-off between search costs and the risk of a suboptimal choice. This trade-off leads the consumer to engage in evaluation of prices and promotions only on some purchase occasions.\(^{94}\)

Based on price search theory, it is anticipated that the decision to evaluate on a given occasion may be influenced by economic returns from search (Goldman and Johansson 1978)\(^{95}\), search costs or time constraints, knowledge (Alba and Hutchinson 1987)\(^{64}\), and individual household characteristics (Doti and Sharir 1981; Carlson and Gieseke 1983)\(^{96,97}\). Further, consistent with Bass (1974)\(^{98}\) and Goldman and Johansson (1978)\(^{95}\), explanatory variables can only partially explain the variation across consumers in their evaluation tendencies. Economists have derived the optimal search policy for a consumer searching for the lowest price by sampling across stores (Nelson 1970; Wilde 1980)\(^{99,100}\).

Dickson and Sawyer (1990) find that consumers spend an average of 13 seconds in selecting a brand in the grocery store, suggesting that consumers may not incorporate all the marketing mix information of the brands prior to purchase decision.\(^{101}\) Recently, Bucklin and Lattin (1991) find that for saltine crackers nearly 50% of brand purchase decisions are not affected by point-of-purchase marketing activity, which they attribute to the fact that consumers may decide their purchases before entering the store on some occasions. He classifies consumer decision making as ranging from complex buying behavior for high-involvement products to habitual buying behavior for low-involvement products. Depending on the value and importance of the item to be purchased, consumers will expend effort and time on the decision-making process. Similarly, one can
expect consumers to decide whether to evaluate or not, on a given occasion, depending on the expected payoff from such an exercise.\textsuperscript{102} There is further support for limited evaluation from the elaboration likelihood model proposed by Petty and Cacioppo (1986). This model suggests that consumers process information to varying degrees and that there is a continuum from elaborate processing to nonelaborate processing depending on the relevance of the stimuli. If the stimulus is relevant to the consumer, there is greater processing of the information. The theory suggests that the best way to influence passive consumers is through the use of peripheral cues, while the involved consumer needs to be targeted using central cues.\textsuperscript{36}

Marketing researchers have recognized that consumers facing information overload may engage in strategies to minimize the cost of such burden.

Focusing on the modeling literature, Hauser and Wernerfelt (1989, 1990)\textsuperscript{103,104}, Roberts (1989)\textsuperscript{105}, and Roberts and Lattin (1991)\textsuperscript{106} argue that consumers may limit their attention and evaluation to a subset (consideration set) of available brands to simplify the purchase decision. Gensch (1987) models a sequential two-stage decision process. In the first stage, consumers employ simplifying heuristics to select a subset of brands for a thorough evaluation in the second stage. The notion that consumers may be in multiple states has been proposed earlier.\textsuperscript{107}

Fader and McAlister (1990) study the purchase states in the presence and absence of promotional activity.\textsuperscript{108} Bucklin and Lattin (1991) estimate the probability that consumers are in either a planned or an opportunistic purchase
Last, when a brand is not available on the shelf, information on these brands may be missing. In such cases, consumers may be choosing a brand based on evaluation of only a few brands. It is difficult to separate this “no availability effect” from the consideration set effect using scanner data that does not record this information. Price search theory suggests that a number of factors affect a consumer’s extent of evaluation. The decision to evaluate on any given occasion may be influenced by economic returns from search (Goldman and Johansson 1978)\textsuperscript{95}, search costs or time constraints, knowledge (Alba and Hutchinson 1987)\textsuperscript{64}, and individual household characteristics (Doti and Sharir 1981)\textsuperscript{96}.

A high income consumer has a high valuation of time (Marmorstein et al. 1992)\textsuperscript{109}. In that case, a consumer may be more willing to trade off in favor of a choice based on limited evaluation. Hence, a consumer with higher income is less likely to evaluate. There is indeed empirical evidence to show that income is negatively related to external search (Udell 1966; Beatty and Smith 1987).\textsuperscript{110,111}

Another cost that might offset the benefits of evaluation is the availability of time. In behavioral literature, time constraints have been shown to affect consumer behavior (Belk 1975).\textsuperscript{112} As product and store familiarity increases, the consumer is able to process more information with less cognitive effort, and the likelihood of analytic processing increases. Hence, these consumers may engage in greater evaluation of marketing mix information. In contrast, Newman and Staelin (1972) show that the amount of search for appliances and cars decreases with the number of times the product class is purchased, suggesting that familiarity reduces the need for extensive evaluation.\textsuperscript{65} There are three reasons for expecting a positive effect of education on evaluation. First, in Alba and
Hutchinson’s framework (1987), expertise (or the ability to process information) can be represented by education level of the household. Second, better-educated shoppers recognize the value of search and know how to use the information gathered. Finally, educated consumers are more likely to buy newspapers and become aware of competitive promotions that may increase their in-store evaluation. Therefore, educated consumers are more likely to engage in extended evaluation. Beatty and Smith (1987) show a positive relationship between education and external search across a number of product categories.

There is evidence that when product information is inconsistent with consumers’ own product knowledge, they are more likely to engage in greater analysis and do so at the attribute level (Sujan 1985). Faced with matching information (information that is consistent with consumer’s knowledge), consumers engage in less evaluation and do so in heuristic fashion. In grocery shopping, this suggests that a consumer is likely to update information when there is evidence of a change in marketing activity since the previous evaluation. Therefore, we posit that any promotion in the category may suggest a change in information pertaining to the product category and those consumers are more likely to evaluate the marketing mix on such occasions. Store loyalty affects consumer evaluation in many ways. Early studies suggest that consumers shopping in a familiar store may have planned their purchases in advance (Park et al. 1989; Bucklin and Lattin 1991), which may lead them to engage in habitual evaluation in the store. Further, cherry pickers (those who visit a store only to buy the items on promotion) are less store-loyal. Moreover, the decision to routinely select the same store or only a few stores may also indicate a
consumer’s tendency to minimize shopping time or reduce cognitive effort (Alba and Hutchinson 1987).64

2.8 Brand Extension

Brand extensions, in which existing brand names are used with new products introduced in different categories, continue to be used frequently by brand managers (Aaker, 1996).2 Although managers have many decisions to make regarding the appropriate marketing mix for their products, with brand extensions managers have two primary decisions to make:

- which category to enter; and
- what marketing strategy to use.

Most research in brand extensions has dealt with the first decision, concluding that increased perceived fit between the parent brand’s and extension’s categories leads to more positive evaluations (Aaker and Keller, 1990; Park et al., 1991).115,116 However, little research has dealt with the second decision - marketing brand extensions. One important factor in marketing any new product is positioning. Positioning is the process of influencing perceptions by specifying the attributes, benefits or images which represent differentiation (Kotler, 1997; Sujan and Bettman, 1989).117,118 However, unlike traditional new products which carry new names, brand extensions can be positioned relative to both the parent brand, which is the brand being extended, and extension’s category. For example, managers can select between Weight Watchers dietary frozen yogurt or Weight Watchers sweet frozen yogurt. These different positions may cause consumers to change the extent to which they leverage their parent brand and extension
category beliefs, that is transfer these beliefs to brand extensions. The extent of leveraging of existing brand beliefs is expected to be an important determinant of brand extension evaluation (Aaker, 1996)\textsuperscript{2}, while the extent of leveraging of existing category beliefs is an important determinant of the evaluation of any new product (Ozanne \textit{et al.}, 1992)\textsuperscript{119}.

Most research in brand extensions uses a categorization framework and concludes stronger “perceptual fit” between the parent brand’s and brand-extension’s categories leads to more positive attitudes (Aaker and Keller, 1990).\textsuperscript{115} Although the concept of fit has been expanded to understand its antecedents and the role of brand characteristics like breadth and knowledge (Boush and Loken, 1991; Broniarczyk and Alba, 1994), the focus has remained on the attitude implications of brand-category fit. Surprisingly little work has gone beyond the brand-category fit paradigm.\textsuperscript{120,121}

Positioning is important with brand extensions because it may change their fit with their two relevant knowledge sources - the parent brand and extension’s category. As brand extension knowledge can stem from the parent brand and category, its formation should be an inference process. Inferencing is the combination of multiple sources of knowledge into one judgment (Fiske and Taylor, 1991). Inference processes are frequently biased by problem-solving shortcuts.\textsuperscript{122}

One important shortcut in terms of knowledge formation is fit, which is the similarity of new information to existing knowledge (Tversky and Kahneman, 1974).\textsuperscript{123} As fit increases, the probability consumers can establish category
membership increases (Crocker et al., 1984). This is important because consumers make assumptions about new information based on category membership (Simmons and Lynch, 1991). For example, consumers could classify an object “with two wheels” as a bicycle or motorcycle. However, if told the object also had “pedals”, consumers would more likely classify it as a bicycle, and assume it was “lightweight” and “good for exercise”. In this manner, increasing fit strengthens category leveraging (Weber and Crocker, 1983).

These positions should change knowledge formation about brand extensions. Brand positions should display the strongest brand-derived beliefs, while category positions should display the strongest category-derived beliefs. Brand-derived beliefs are brand extension beliefs which are sourced from the parent brand, while category-derived beliefs are brand extension beliefs which are sourced from the extension’s category. For example, with Weight Watchers frozen yogurt, a brand-derived belief would be “dietary” (which is a belief about Weight Watchers products) and a category-derived belief would be “all-natural” (which is a belief about yogurt).

Brand and category positions should bias knowledge formation because they fit with the parent brand and extension’s category respectively. Thus, consumers should strongly attach beliefs from the source which fits with the position. Conversely, dual and distinct positions should not bias knowledge formation, as they fit equally with the parent brand and extension’s category. In the absence of bias, inference processes display an “averaging effect” where beliefs are averaged from relevant knowledge sources (see Anderson, 1991; Murphy and Medin, 1985). The averaging effect equally dilutes the impact of each source. This
suggests brand-derived (category-derived) beliefs should be stronger in brand
extensions with brand (category) positions than in those with dual positions. With
distinct positions, the lack of fit with either source suggests consumers should
display the weakest brand-derived and category-derived beliefs. These belief
changes should have implications for attitudes toward brand extensions. As belief
transfer increases, attitude transfer increases (Fiske and Pavelchak, 1986). Similarly, as consumers display stronger brand-derived beliefs, they should
display greater attitude consistency between brand extensions and parent brands.

Given position fit may alter knowledge formation of brand extension; evidence
suggests position effects would be moderated by the fit between the parent brand
and extension’s category. As previously discussed, brand-category fit is
important in brand extension evaluation and poor fit leads to negative attitudes

Positions may not influence brand extension knowledge with poor brand-category
fit. Reducing the fit between new information and a category decreases the ability
of consumers to place the information with it (Crocker et al., 1984). In fact, the
information is either “subtyped” as a distinct sub-category or placed in an entirely
new category (Sujan and Bettman, 1989). Thus, poor fit with an existing
category causes fewer categorical inferences and weaker category-derived
beliefs. This suggests consumers may have difficulty linking brand-derived
beliefs if brand extensions have poor brand-category fit regardless of their
position. In other words, brand-category fit would alter the importance of
positioning in determining brand-extension beliefs. Brand-category fit is a more
significant determinant of attitude toward brand extensions than is brand attitude,
breadth or quality (Boush and Loken, 1991). In other words, even brands with positive attitudes have difficulty executing a brand extension with poor category fit. Thus, if brand extensions have poor brand-category fit, then positioning should be a less important determinant of knowledge formation and attitude than it would be if they have good brand-category fit. With poor fit, consumers should thus display equally weak brand-derived and category-derived beliefs regardless of positioning. Conversely, if brand extensions have good brand-category fit, then different positions should generate different knowledge.

In this research, the relation between brand loyalty and brand extension and also the type of products for brand extension is studied.

2.9 Brand Loyalty

Representing one of the most important factors believed to explain consumer brand choices, it is no surprise that the concept of brand loyalty has aroused an enormous interest among academics as well as practitioners within the field of marketing and consumer behavior. Firms with large groups of loyal customers have been shown to have large market shares, and market share, in turn, has been shown to be associated with higher rates of return on investment (Buzzell et al., 1975; Raj, 1985; Reichheld and Sasser, 1990).

Dick and Basu (1994) suggest that brand loyalty favors positive worth of mouth and greater resistance among loyal customers to competitive strategies. Obviously such findings encourage marketers to build and maintain brand loyalty among customers. When striving for such goals, information on factors...
determining the creation of brand loyalty among customers becomes an important matter.

One of the objectives of this study is to find out the impact of brand attitude on brand loyalty and consumer purchase behavior. From a purely stochastic approach, brand loyalty is considered tantamount to repeat purchasing and grounded on no manifest factors determining the behavior. It is impossible to detect any antecedents of repeat purchases, and therefore companies gain no understanding of how to build brand loyalty.

From a determinist approach brand loyalty is conceptualized more like an attitude or intention to purchase and it is believed that the researcher can investigate the factors producing brand loyalty. Marketers investigating these factors may therefore gain valuable insights into the creation and retaining of brand loyalty among customers.

Although the stochastic approach seems very useful for explaining consumer purchase behavior of fast-moving consumer goods (e.g. soft drinks, powder, detergent, toothpaste etc.), even for frequently purchased consumer goods the purchase decisions are rarely made on a purely arbitrary basis.

Jacoby (1971) defines brand loyalty as repeat purchase but clearly points out that this behavior is a function of psychological processes. In other words, repeat purchase is not just an arbitrary response but the result of some proceeding factors (for example psychological, emotional or situational factors). Likewise Dick and Basu (1994) point out that even a relatively important repeat purchase may not reflect true loyalty to a product but may merely result from situational
conditions such as brands stocked by the retailer. In their framework, attitude is a requirement for true loyalty to occur. Consequently, they define repeat purchasing without a favorable attitude as spurious loyalty. Similar thoughts are found in Assael (1998) who conceptualizes brand loyalty as repeat purchase under high involvement and defines repeat purchase under low involvement as inertia. The relationship between attitude and behavior is well accepted among consumer researchers although this relationship appears to be most likely when applied to high involvement situations (Ajzen and Fishbein, 1980). Assuming that, even with regard to frequently purchased consumer goods, some consumers will exert more involvement to the purchase decision than others; this research investigates the relationship between relative attitude and repeat purchasing. Understanding the role of relative attitude to brand loyalty is important for brand managers in order to enhance and maintain consumers' repeat purchasing of their brand. Only if an increase in relative attitude results in an increase in repeat purchase it is meaningful for marketers seeking to influence repeat purchasing through attitude building marketing strategies.

Due to the importance of brand loyalty in consumer behavior for companies and marketers, in this research, brand loyalty is studied as a main factor of consumer behavior and the impact of brand attitude on brand loyalty is studied.

2.10 Conclusion

Chapter 2 reviewed the literature to draw on prior findings that relate to the development of the current research. Various literatures regarding the brand attitude and its components, consumer behavior, purchase intention, brand
extension and brand loyalty were studied and a number of variables that potentially moderate the relationships between brand attitude and brand loyalty were identified. There are major studies which helped on conceptualizing the research and developing the hypothesis of the research; Kathleen J. Westberg (2004)\textsuperscript{136} has done a research on the impact of cause-related marketing on consumer attitude to the brand and purchase intention, Jeesun Kim (2003)\textsuperscript{137} has done a research on the effects of organization-public relationships and product related attribute beliefs on brand attitude and purchase intention, the outcome of this study helped the researcher in analysis of cognitive component of brand attitude, Brian L. Bourdeau (2005)\textsuperscript{138} has done a research on identification of the antecedents and outcomes of an attitudinal loyalty framework, his study helped the researched on developing hypothesis and identifying variables on brand loyalty and attitude.
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