

Brand Sensitivity: A Case for Shoes

Master's thesis of Rob van Vliet
296411

Erasmus University Rotterdam

Supervisor: Tim Benning

Date: 01-11-2010

Abstract

A conceptual model including five explanatory variables was developed to explain brand sensitivity. The model was tested in a context of shoes using data obtained from a survey, which was conducted under 146 respondents. It was found that involvement, perceived risk, product quality importance and consumer susceptibility to normative social influence have significant influence on brand sensitivity. No support was found for the relationship between consumer susceptibility to informational social influence and brand sensitivity. The hypothesized link between brand sensitivity and brand loyalty was supported. Furthermore, support was found for an interaction effect between gender and susceptibility to normative social influence. Finally, partial mediation was found in the model, with brand sensitivity mediating the effect of perceived quality importance and susceptibility to normative social influence on brand loyalty. Managerial implications and directions for future research are also discussed.

Table of contents

Abstract.....	2
Table of contents	3
Introduction.....	5
Brand sensitivity	5
Chapter 1: Theory development.....	7
§ 1.1 Involvement	7
§ 1.2 Perceived risk.....	8
§ 1.2.1 Perceived risk and involvement.....	9
§ 1.3 Perceived product quality	9
§ 1.4 Consumer social influence.....	10
§ 1.5 Brand loyalty.....	13
§ 1.6 Conceptual framework.....	15
Chapter 2: Methodology.....	16
§ 2.1 Data collection	16
§ 2.2 Preparing the data	18
§ 2.3 Preliminary analysis.....	18
§ 2.3.1 Factor analysis	19
§ 2.3.2 Interaction variables.....	21
Chapter 3: Results.....	22
§ 3.1 Part one of the model	22
§ 3.1.1 Hypotheses testing	23
§ 3.2 Part two of the model.....	24
§ 3.2.1 Hypothesis testing.....	25
§ 3.3 The final model	26
§ 3.4 Introducing age and gender.....	26
§ 3.5 Test for mediation	28
Chapter 4: Conclusions	32
§ 4.1 Major findings.....	32
§ 4.2 Managerial implications.....	35

§ 4.3 Limitations and directions for future research	36
Appendix A: The survey.....	38
Appendix B: Factor analysis results from SPSS	40
Appendix C: Regression results from SPSS	41
Appendix D: Regression results from SPSS	42
Appendix E: Regression results from SPSS	43
Appendix F: Regression results from SPSS.....	44
References.....	45

Introduction

Brands are important assets to firms. They serve as markers for a company's offerings and reflect the complete experience a user has with a product (Keller and Lehmann, 2006). This implies that brands provide products with value beyond just their functional benefits. Brands thus provide a company with possibilities to differentiate from its competition and enhance positioning possibilities. With the right positioning, companies can establish certain brand associations and knowledge structures in the minds of consumers (Keller, 1993), which lead to the creation of brand equity. Keller (1993) defines customer-based brand equity as the differential effect of brand knowledge on consumer response of the marketing of the brand. This means that a consumer will react differently to a branded product as opposed to an unbranded product, even if they are attributed with the same marketing mix elements. Clearly this makes brands with brand equity valuable assets to companies as this provides them with a number of competitive advantages. Aaker (1992) argues that brand equity provides value to a firm by providing higher margins due to premium pricing, improving the effectiveness of its marketing program, providing a platform for brand extensions, providing leverage in the distribution channel, preventing consumers from switching to a competitor, and by strengthening brand loyalty. Aaker sees brand loyalty as an important brand equity asset as it provides a company with a predictable sales and profit stream. Furthermore, brand loyalty reduces marketing expenditures as it is less costly to retain existing customers than attracting new ones. Gounaris and Stathakopoulos (2004) support this and argue that brand loyalty is important for firms in obtaining a sustainable competitive advantage: brand loyalty leads to higher rates of return on investments and reduced switching of brands.

Brand sensitivity

In the preceding section, the main advantages of brands have been discussed and it has become clear that brands are vital to a company's success. One aspect that has not been given attention to is brand sensitivity, which is an important factor to account for. If consumers are relatively insensitive to marketing efforts or brands for that matter, less brand equity will be generated and less true brand loyalty will be created. This would diminish the aforementioned advantages of brands and is therefore useful to research. Of course, consumers might still repeatedly buy a certain brand, but without a high level of brand sensitivity this would only be purchase inertia

(Odin, Odin and Valette-Florence; 2001). In the case of purchase inertia, the consumer is not able to distinguish between brands and does not perceive any important differences between brands. Repeat purchases would be caused by habitual buying or environmental constraints like product assortment. Only under the condition of strong brand sensitivity a consumer is said to be brand loyal. This is supported by Amine (1998), who recognizes brand sensitivity as a direct antecedent of brand loyalty and defines it as a psychological variable describing the consumers' tendency to use brand information as a determining criterion in the choice process. Amine states that highly involved consumers with strong brand sensitivity are likely to be brand loyal. This shows the importance of brand sensitivity in the context of brand loyalty. Building on Amine (1998), brand sensitivity can thus be seen as the extent to which a consumer takes the actual brand (image) into consideration in the purchase decision process. This is consistent with Laurent and Kapferer (1992) who define brand sensitivity as the importance of a brand when choosing a product.

Brand sensitivity is a crucial concept in the context of brand loyalty, which in turn is of great importance to companies due to the competitive advantages provided by a loyal customer base. Brand sensitivity therefore is the central concept of this thesis. I will try to explain this psychological variable by researching the underlying explanatory variables. This should make clear why some persons are more sensitive to brands than others. A theoretical model will be developed and empirically tested to validate the underlying assumptions.

The research question of this thesis is:

Which factors explain the variance in brand sensitivity among consumers and how strong is the relationship between brand sensitivity and brand loyalty?

Chapter 1: Theory development

In line with Amine (1998), Lachance, Beaudoin and Robitaille (2003) see brand sensitivity as a psychological construct that refers to the buyer's decision-making process. According to Lachance *et al.*, being brand sensitive means that brands play an important role in the psychological process that precedes the buying act. This means that through brand sensitivity one could identify the underlying intrinsic motivation of consumers to buy a certain brand. The theoretical model that I propose in this thesis builds on these assumptions and will try to identify the underlying explanatory variables that together determine a person's brand sensitivity.

§ 1.1 Involvement

One of the factors most directly related to brand sensitivity is consumer involvement in a product category (Lachance *et al.*, 2003; Amine, 1998). Involvement refers to the extent to which the product category is motivating for the consumer (Knox and Walker, 2001). Being more involved means that consumers are motivated to willingly search for and actively process product related information (Warrington and Shim, 2000). This leads to more time and effort spent in search-related activities, greater perceived differences in product attributes and the establishment of brand preferences. This is in line with Laurent and Kapferer (1985), who argue that the extensiveness of consumers' purchase decision processes will differ depending on their level of involvement. Amine (1998) comments that perceived differences between brands depend on the consumers' familiarity with the product category. High involvement in a product category enables consumers to identify more subtle differences between brands in both functional and psychological attributes, leading to higher functional, experiential and symbolic benefits (Keller, 1993). According to Warrington and Shim (2000), product involvement occurs when a product category is related to a person's centrally held values and self-concept. The authors distinguish between situational and enduring involvement, with the difference being that situational involvement refers to the use of a product in a specific situation, while enduring involvement is related to the consumers' centrally held values across all purchase occasions. Ultimately, Warrington and Shim follow Zaichkowsky (1985) in defining product involvement as the perceived relevance of a product class based on the consumers' inherent needs, interests and values. This implies the use of enduring involvement, which is the type of involvement used in this thesis.

Building on the preceding theory on product category involvement we can draw some inferences. The relevance of a product category is based on consumers' needs, interests and values. This implies that a highly involved consumer will intrinsically engage in a more extensive purchase decision process, which in turn will increase the perceived difference between brands, making the consumer more brand sensitive. This is supported by Zaichkowsky (1985), who argues that the perceived differences between brands, due to high involvement, cause consumers to prefer one brand over another. This leads me to hypothesize that:

H1: There exists a positive direct effect of product category involvement on brand sensitivity.

§ 1.2 Perceived risk

Buying a product brings a certain amount of risk. Prior to the purchase, one cannot know if the product will perform as expected. Perceived risk thus refers to the risks associated with making a poor brand choice (Knox and Walker, 2001) and can be related to performance, financials, or social aspects (Ailawadi, Neslin, and Lehmann; 2003). Buying a well-known brand may decrease uncertainty and post-purchase dissonance. Aaker (1992) supports this and states that it is reassuring to buy a well-known alternative. Gounaris and Stathakopoulos (2004) state that this is especially true for high valued and high involvement goods. This is logical given that perceived risk consists of the probability of making a wrong choice and the importance of the negative consequences of this wrong choice (Amine, 1998). Naturally, these consequences are higher for high valued products or if a consumer is highly involved in the product category. The value assigned to products and brands is directly related to perceived risk. Ailawadi *et al.* (2003) state that the perceived risk in a certain product category is linked to the value that consumers give to a branded versus an unbranded product. In categories with high perceived risk, consumers assign higher values to well-known brands. Along with the argument that brands in categories with greater perceived risk should have higher brand equity (Ailawadi *et al.*, 2003), this implies that in categories with greater perceived risk, consumers tend to be more sensitive to brands. Sheth and Venkatesan (1968) argue that consumers rely on brand image as a risk reduction process. Since I defined brand sensitivity earlier on as the extent to which a consumer takes the actual brand (image) into consideration in the purchase decision process, this shows a direct link between perceived risk and brand sensitivity.

H2: There exists a positive direct effect of perceived risk on brand sensitivity.

§ 1.2.1 Perceived risk and involvement

In the preceding section on perceived risk, it is remarkable that involvement plays an important role again. These topics seem to be related as Sheth and Venkatesan (1968) argue that the greater the perceived risk, the more extensive the purchase decision process will be. Brands are a way of reducing perceived risk and perceived risk tends to be higher if a product category is relevant for a consumer's needs, interests and values. This is logical since a wrong choice will have greater consequences if the product category is important to the consumer. This is also true for high value products. Because the price is high, risks are high and this leads Laurent and Kapferer (1985) to state that consumers tend to be highly involved. This is in line with Gounaris and Stathakopoulos (2004) arguing that brands are used to reduce perceived risk, especially in high valued and high involvement product categories. This seems to imply that the greater the perceived risk, the greater the effect of involvement on brand sensitivity will be. Perceived risk thus tends to affect the relationship between involvement and brand sensitivity. This moderating effect is summarized in *H3*.

H3: Perceived risk moderates the effect of product category involvement on brand sensitivity, in such a way that the effect of product category involvement on brand sensitivity is greater in case of higher perceived risk.

§ 1.3 Perceived product quality

One of the brand equity assets that Aaker (1992) identifies as the source of the value of brands is perceived quality. Different consumers will demand different levels of quality. Since a reputable brand name conveys a strong indication of a product's quality (Gounaris and Stathakopoulos, 2004), one could argue that consumers looking for a higher quality level are more sensitive to brands than those that demand less quality. Rao and Monroe (1989) have proved this in their meta-analysis by finding a positive relationship between brand name and perceived quality. Keller and Lehmann (2006) support this in stating that brands promise a particular quality level. Perceived quality provides value to the brand by providing the consumer a reason to buy (Aaker, 1992). This is supported by Ailawadi *et al.* (2003), who argue that the perceived risk of making a

wrong buying decision is greater if there is a larger gap in perceived quality between branded and unbranded products. This implies that the more important perceived product quality is to a consumer, the more brand sensitive he will be.

H4: There exists a positive direct effect of perceived product quality importance on brand sensitivity.

§ 1.4 Consumer social influence

Social factors are an important aspect of the purchase decision process. Bearden, Netemeyer and Teel (1989) state that interpersonal influence is a major determinant of consumer behavior. The formation of consumers' attitudes, norms, values and purchase behavior is partly due to interpersonal influence. Reference groups are the main source of social influence (Bearden and Etzel, 1982; Burnkrant and Cousineau, 1975; Park and Lessig, 1977). Reference groups are defined by Park and Lessig (1977) as an actual or imaginary individual or group conceived of having significant relevance upon an individual's evaluations, aspirations, or behavior. Bearden and Etzel (1982) state that the reference group construct has been generally accepted as being one of the determinants of consumer decision making. They provide a more compact definition in stating that a reference group is a person or a group of people that significantly influences an individual's behavior. The definitions mentioned above are the result of previous research on social influence found in Burnkrant and Cousineau (1975). In their extension of prior research, Burnkrant and Cousineau (1975) find that people use other's product evaluations as a source of information about products. Based on this information people will develop or alter their attitudes towards products and brands. The authors distinguish between informational and normative social influence in the consumer decision making process. This is supported by Bearden *et al.* (1989) as they state that social influence is a multidimensional construct. The multidimensionality is also present in their definition of consumer susceptibility to social influence (Bearden *et al.*, 1989; p. 474):

“(...) consumer susceptibility to interpersonal influence is defined as the need to identify or enhance one's image with significant others through the acquisition and use of products and brands, the willingness to conform to the expectations of others regarding purchase decisions,

and/or the tendency to learn about products and services by observing others and/or seeking information from others.”

The first part of this definition is about the normative dimension of social influence whereas the second part of the definition deals with the informational dimension of social influence.

Normative social influence

Normative social influence is defined as the tendency to conform to the expectations of others (Bearden *et al.*, 1989) and entails two different aspects. Burnkrant and Cousineau (1975) state that social influence is achieved either by identification or compliance. The process of identification is about an individual's need to enhance his self-concept and is reflected in the acceptance of positions expressed by others (Bearden and Etzel, 1982). The acceptance of positions expressed by others, being behavior or opinions, occurs when the behavior or opinions of these others are associated with the self-concept the individual wants to achieve (Bearden *et al.*, 1989). The process of compliance entails the individual seeking rewards or avoiding punishment by conforming to the influence of others (Burnkrant and Cousineau, 1975). Burnkrant and Cousineau (1975) state that this type of influence only occurs when the result is visible to others. Later works (e.g. Bearden and Etzel, 1982; Park and Lessig, 1977) have renamed the processes of identification and compliance to value-expressive influence and utilitarian influence, respectively.

In developing a measure for consumer susceptibility to interpersonal influence, Bearden *et al.* (1989) discuss both value-expressive and utilitarian influence. In their final measurement scale however, they do not explicitly distinguish between these two processes, but provide a general measurement scale for normative social influence. Since this scale will be used in this thesis (see methodology), I will not make a distinction between the two processes, but use the term *normative social influence* instead.

Informational social influence

Using the second part of the previously mentioned definition of Bearden *et al.* (1989), informational social influence can be seen as the tendency to learn about products and services

by observing others and/or seeking information from others. Informational influence stems from the uncertainty associated with a purchase decision. Burnkrant and Cousineau (1975) provide evidence to indicate that people use other's product evaluations as a source of information about the product. They state that consumers draw conclusions about the product based on other's evaluations. It was found that positive peer evaluations lead to more positive evaluations from the consumer itself. This is reflected by the statement of Bearden *et al.* (1989) that informational influence affects the consumer decision making process regarding product evaluations and brand selections. Park and Lessig (1977) recognize two different ways for consumers to be susceptible to informational influence. One way is an active search for information from those considered credible. The other way is more subtle and entails the individual being influenced by others through observing their behavior and drawing conclusions based on their behavior.

Social influence and brand sensitivity

In a context of brand sensitivity, it is likely that social influences will play a substantial role. Building on Amine (1998), I have defined brand sensitivity as the extent to which consumers take the actual brand (image) into consideration in the purchase decision process. In the preceding theory on consumer social influence, it was found that consumers use others to learn about products and brands. This information is then used to develop or alter their attitudes towards the brand. When faced with a purchase decision process, consumers will use this information in deciding whether or not to buy a (specific) well-known brand. Consumer susceptibility to informational social influence thus seems to have a positive effect on brand sensitivity. This also seems to be the case for normative social influences. In their research on adolescents' brand sensitivity in apparel, Lachance *et al.* (2003) suggest that brand sensitivity is the result of interactions with the social environment. They find that the influence of peers is the most important predictor for adolescents' brand sensitivity. The need to identify with certain reference groups drives them to be very sensitive to brands in a context of apparel. In other words, following the definition of Laurent and Kapferer (1992), when choosing a product (apparel) they assign great importance to the brand. This is consistent with Escalas and Bettman (2005), who state that consumer research on reference groups has shown congruency between group membership and brand usage (and thus brand sensitivity). The fact that the category of clothing is used to test brand sensitivity seems logical. Bearden and Etzel (1982) state that the

product or brand has to be observable by others. The process complying with others and adopting their values involve communication of observation. This can only be the case when the product is observable.

Summarizing the preceding theory on consumer susceptibility to social influences I hypothesize:

H5: There exists a positive direct effect of consumer susceptibility to normative social influence on brand sensitivity.

H6: There exists a positive direct effect of consumer susceptibility to informational social influence on brand sensitivity.

Perceived risk and informational influence

Susceptibility to informational social influence reflects the tendency to learn about products by observing others or seeking information (Bearden *et al.*, 1989), it can therefore be seen as a way to reduce the risks associated with a purchase. It is therefore logical to assume that perceived risk influences the effect of susceptibility to informational social influence on brand sensitivity. After all, one would expect the relationship between susceptibility to informational influence and brand sensitivity to be stronger in case the perceived risk is higher, since brands are a way to reduce risk (Keller and Lehmann, 2006). This leads to:

H7: Perceived risk moderates the effect of consumer susceptibility to informational social influence on brand sensitivity, in such a way that the effect of consumer susceptibility to informational social influence on brand sensitivity is greater in case of higher perceived risk.

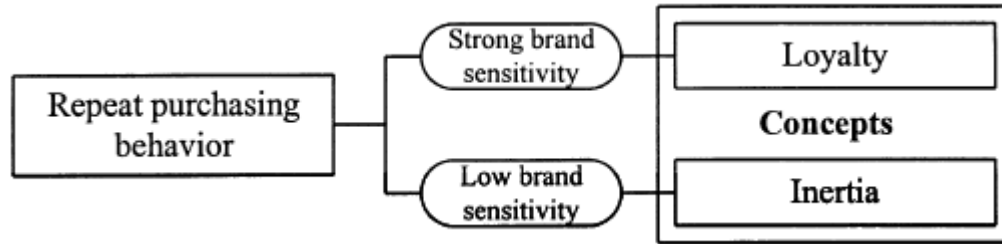
§ 1.5 Brand loyalty

In the preceding theory development, I have tried to identify the underlying explanatory variables that together determine a person's brand sensitivity. To enhance the practical relevancy of this thesis, I will make one more addition to the conceptual framework by adding brand loyalty. In the introduction of this thesis, it became clear why brands are so important and how brand loyalty can help firms in obtaining a sustainable competitive advantage. It is therefore interesting to add brand loyalty to the framework. In this thesis, brand sensitivity will be

measured and explained. Odin *et al.* (2001) define true brand loyalty as repeat purchasing behavior under the condition of strong brand sensitivity (figure 1). In combination with the measure for brand sensitivity, adding a measure for repeat purchasing behavior will probably provide enough information to draw some inferences on brand loyalty.

Figure 1.1:

Repeat purchasing behavior under condition of strong brand sensitivity (Odin *et al.*, 2001; p. 78).



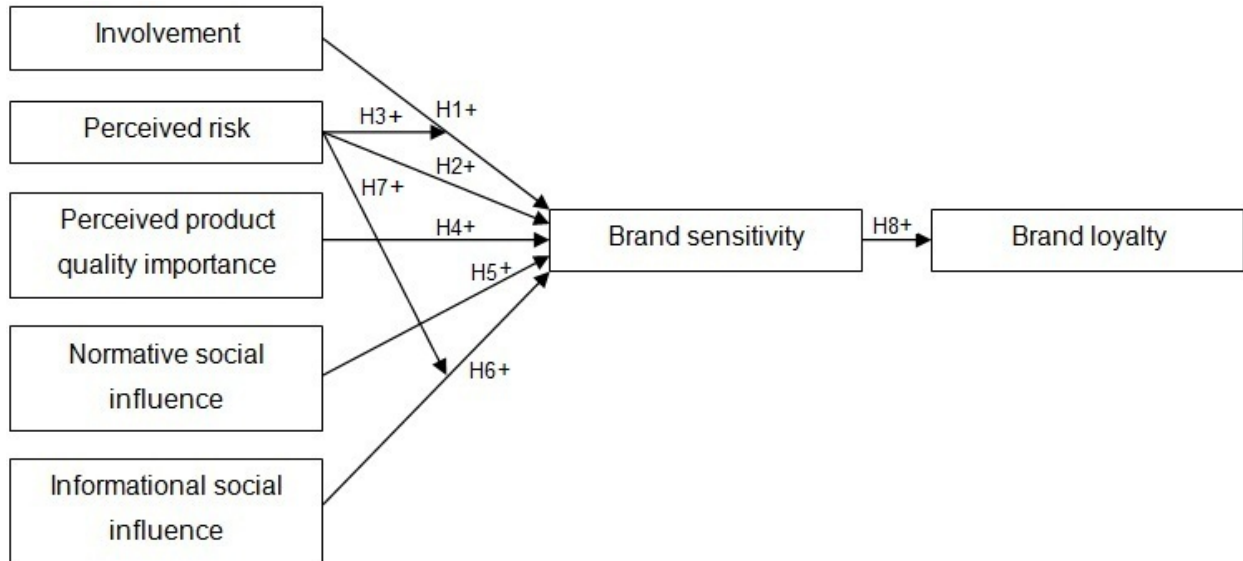
To be able to include brand loyalty in the conceptual framework, we have to take some elements from the preceding theory development and extent it in the direction of brand loyalty. One of the antecedents of brand sensitivity that I have identified is involvement. It has become clear that involvement in a product category is directly related to the perceived differences between brands. As mentioned, Zaichkowsky (1985) argues that the perceived differences between brands cause consumers to prefer one brand over another. It is plausible that this preference for one brand remains intact over time and causes the consumer to remain loyal to a certain brand. Another antecedent of brand sensitivity that influences brand loyalty is perceived risk. Odin *et al.* (2001) conclude that perceived risk is a major determinant of brand loyalty. Consumers who perceive strong risks in a certain product category tend to be more brand loyal as a means of risk avoidance. The examples of involvement and perceived risk show that brand sensitivity and brand loyalty are closely related topics. Both of the variables were hypothesized to be positively related to brand sensitivity. Since the literature shows the same relationship between these variables and brand loyalty, it is likely that their relationship to brand loyalty runs through brand sensitivity. I therefore hypothesize that brand sensitivity has a positive effect on brand loyalty.

H8: Brand sensitivity has a positive direct effect on brand loyalty.

§ 1.6 Conceptual framework

Figure 1.2:

Conceptual framework including all hypothesized relations and their expected signs.



Chapter 2: Methodology

§ 2.1 Data collection

A survey under 146 respondents was conducted to measure all variables of the conceptual framework. For each variable, the appropriate scale was selected and included in the survey. In order to keep the survey relatively small, I chose to reduce the number of items on some of the measurement scales. For this same reason, the survey was only conducted in a context of shoes. I believe consumers tend to be brand sensitive when buying shoes as well as showing differences in each of the variables, depending on personal traits. This leads me to expect some very useable results. Adding another product category would probably lead to more reliable and generalizable results, it would, however, also double the amount of questions in the survey. Since I expected this to deter potential respondents, I chose not to include another product category.

The 27 items included in the survey, found in appendix A, were selected on reliability as well as relevancy for this thesis. Discussed hereafter are the various scales and their sources used to construct the survey. All items are rated using a seven-point Likert-type scale, ranging from totally disagree to totally agree. Questions for age and gender were also included in the survey.

Brand sensitivity

To measure brand sensitivity, I have adopted the scale of Laurent and Kapferer (1992). These authors have often been cited and the scale has been used by many other authors as well (e.g. Lachance *et al.*, 2003; Perrin-Martinenq, 2004). The scale can therefore be seen as a reliable measure for brand sensitivity and is appropriate to use in this thesis.

Involvement

For involvement I used the scale found in (Bruner, Hensel and James, 2005; p. 296-297). In a number of references provided by Bruner *et al.* (2005), this scale has been tested and found to be reliable. For this thesis, some minor modifications to the scale had to be made.

Perceived risk

To measure perceived risk I intended to use the scale found in Bruner *et al.* (2005, p. 490), which was originally developed by Cox and Cox (2001). However, this scale turned out to be designed

for measuring uncertainty in a context of services and was therefore of less use for this thesis. Eventually, one item of this scale was included in the survey, and was supplemented by two items from Laurent and Kapferer (1985). According to Laurent and Kapferer, perceived risk consists of two components, namely uncertainty and consequences. I therefore decided to include two items from Laurent and Kapferer (1985), each measuring one component. The final scale for perceived risk thus contains three items.

The lack of a suitable measurement scale for perceived risk, and the following need to construct one using items from other scales, adds some uncertainty to the results on perceived risk.

Perceived product quality importance

I have not been able to find an existing scale which measures perceived quality importance. However, a scale for perceived quality can be found in Yoo, Donthu and Lee (2000). This scale is said to capture a consumer's general sense of the quality of a specified brand, in other words the perceived quality of that specific brand. To be able to use this scale, it had to be rewritten to capture the importance of perceived quality to the consumer.

Consumer social influence

To measure the two dimensions of consumer social influence, I have adopted the scale developed by Bearden *et al.* (1989). They developed a two-dimensional measure of informational and normative interpersonal influence and this scale was found to be reliable. Originally this scale contained eight items for normative influence and four items for informational influence. For previously mentioned reasons, this total of twelve items has been reduced to four items for each of the two factors.

Brand loyalty

It has been mentioned before that true brand loyalty has been defined by Odin *et al.* (2001) as repeat purchasing behavior under the condition of strong brand sensitivity. This meant that a measure for repeat purchasing behavior had to be included in the survey to draw some inferences about true brand loyalty. The scale that was used is a measure for loyalty proneness, found in Bruner *et al.* (2005, p. 348). This scale measures the consumer's general tendency to buy the

same brands over time and is therefore useful in assessing repeat purchasing behavior. Other scales found in Bruner *et al.* (2005) tend to be aimed more at brand specific loyalty instead of repeat purchasing tendency in a certain product category, and are therefore of less use.

§ 2.2 Preparing the data

In order to use the data obtained from the survey, some preparations had to be made. The dataset contained a number of missing values, caused by respondents forgetting to answer a question. This was solved by replacing the missing values by the mean value of that item. Since there were very few missing values, this is not expected to influence the final results in any way.

The next step in preparing the dataset for analysis was creating a number of new variables to replace the reverse scored items, since these could not be used in their original form. The items concerned are questions 2, 5, 11, 12, 14, and 15, found in appendix A. Creating the new variables was done by taking the original score for that item and subtract it from eight. This resulted in regularly scored items which could be used for further analysis.

§ 2.3 Preliminary analysis

A preliminary analysis was conducted to obtain some descriptive statistics about the respondents in the test sample. The sample contains 56 male and 90 female respondents, for a total of 146. The mean age of the respondents was 24. The age distribution of the sample can be found in table 2.1.

Table 2.1:
Age distribution of the sample.

<i>Age</i>	<i>Number of respondents</i>
< 20	32
20 - 29	89
30 - 39	16
40 - 49	6
50 - 59	3

§ 2.3.1 Factor analysis

After the dataset was prepared for the analysis, a factor analysis was conducted to get the factor loadings for each of the 27 items. All items loaded on the right factor, except for the second item measuring risk, RISK2. This item loaded on the factor *Perceived Quality Importance* as well as the factor *Perceived Risk*, with loadings less than 0,500 on each factor. To prevent RISK2 from having much influence on the results, it was deleted from the analysis.

A new principal component analysis, using varimax rotation, was conducted on the remaining 26 items. The results can be found in table 2.3. All factors loaded on the right factor, except for INFO1. Since this question fits factor 3 (susceptibility to normative social influence) as well as the factor it was supposed to load on (susceptibility to informational social influence), it is not expected to cause problems in the rest of the analysis.

The sample size was found adequate for factor analysis since the Kaiser-Meyer-Olkin measure scored 0,800 (appendix B), which according to Field (2009) is in between good and great. The KMO values for the individual items ranged between 0,570 for RISK1 and 0,919 for SENS1, with most of the values between 0,700 and 0,900. All are above the limit of 0,500 (Field, 2009). Seven components had eigenvalues over 1 and in combination explained 74,8% of the variance. The reliability of each of the extracted factors can be found in table 2.2.

Table 2.2:
Factor reliability.

<i>Factor</i>	<i>Cronbach's α</i>
1: Brand Sensitivity (BS)	,897
2: Involvement (I)	,925
3: Normative Social Influence (NSI)	,853
4: Repeat Purchasing Behavior (RPB)	,854
5: Informational Social Influence (ISI)	,868
6: Perceived Quality Importance (PQI)	,831
7: Perceived Risk (PR)	,554

Table 2.3:**Rotated factor loadings.**

<i>Item</i> <i>(Name)</i>	<i>Factor 1</i> <i>(BS)</i>	<i>Factor 2</i> <i>(I)</i>	<i>Factor 3</i> <i>(NSI)</i>	<i>Factor 4</i> <i>(RPB)</i>	<i>Factor 5</i> <i>(ISI)</i>	<i>Factor 6</i> <i>(PQI)</i>	<i>Factor 7</i> <i>(PR)</i>
SENS4	,801						
SENS5reversed	,795						
SENS2reversed	,792						
SENS3	,757						
SENS1	,737						
INV2		,936					
INV3		,909					
INV4		,885					
INV1		,871					
NORM4			,810				
NORM3			,809				
NORM2			,714				
INFO1			,713				
NORM1			,707				
RPB4				,805			
RPB2				,784			
RPB1				,768			
RPB3				,767			
INFO3					,884		
INFO2					,872		
INFO4					,848		
QUA2reversed						,867	
QUA3reversed						,833	
QUA1						,815	
RISK1							,837
RISK3reversed							,749
% of variance	26,56	12,78	11,49	8,41	5,86	5,04	4,71

As can be seen from table 2.2, all factors have high reliabilities except for perceived risk, which has a Cronbach's α of only 0,554. One explanation may lie in the number of items measuring risk. Since RISK2 has been excluded from the analysis, there are now only two items left measuring perceived risk. This may have decreased the reliability of the factor perceived risk. This is supported by Odin *et al.* (2001), who state that Cronbach's α is often criticized for its dependence on the number of items of the scale. Excluding RISK2 thus had significant influence on the reliability coefficient for perceived risk, found in table 2.2. Another explanation could be the fact that the item RISK3 was reverse scored whereas RISK1 was regularly scored. While reverse phrased items are a good way to reduce response bias, it may also have influenced the internal consistency of the scale.

Since it is impossible to revise the scale for perceived risk in this stage of the thesis, further analyses will be conducted with the current scale, despite its low reliability. This means that the results on perceived risk may be less reliable than the results on the other variables.

§ 2.3.2 Interaction variables

Now that the final variables (the factors from table 2.2) have been constructed, the interaction variables needed for the final regression model can be created. Since I have hypothesized that perceived risk moderates both the effect of product category involvement on brand sensitivity (H3) and the effect of consumer susceptibility to informational social influence on brand sensitivity (H7), perceived risk has to be multiplied by involvement (factor 2) and Informational Social Influence (factor 5) respectively. The resulting variables will be used in the final regression model.

Chapter 3: Results

Since all necessary steps regarding the dataset have been undertaken, the regression model can be created. In paragraph 3.1, the first part of the model will be done, which concerns hypotheses 1 to 7. Since hypothesis 8 is a slightly distinct part of the model (see also figure 1.2), it will be treated separately in paragraph 3.2.

§ 3.1 Part one of the model

To test hypotheses 1 to 7, a multiple regression model was constructed with brand sensitivity as dependent variable. All other variables except for repeat purchase behavior serve as explanatory variables. The coefficients of the regression model can be found in table 3.1. The R^2 of the model is 0,34, which means that the selected variables explain 34% of the variation in brand sensitivity. This also means that 66% of the variation is left unexplained. Apparently there are other factors as well, which have not been accounted for in the model. The F-test returned a value of 10,020 (significant at $p < 0,001$), which means that this model has significantly improved our ability to predict brand sensitivity (Field, 2009). The original outputs from SPSS can be found in appendix C.

Table 3.1:
Regression results. Dependent variable is brand sensitivity.

<i>Independent variables</i>	<i>B</i>	<i>Standard error B</i>
Constant	-3,091*	1,134
Involvement	0,411**	0,176
Normative social influence	0,622*	0,112
Informational social influence (ISI)	0,427	0,209
Perceived quality importance	0,427*	0,090
Perceived risk	0,910*	0,326
Interaction (Risk x Involvement)	-0,122**	0,059
Interaction (Risk x ISI)	-0,71	0,064

Note: $R^2 = 0,34$. * $p < 0,01$, ** $p < 0,05$ level.

§ 3.1.1 Hypotheses testing

Hypothesis 1 states that a positive direct effect of product category involvement on brand sensitivity exists. As can be seen from table 3.1, this statement is supported by the *b*-value of 0,411. This indicates that as a consumer's level of involvement increases by one unit, the level of brand sensitivity will increase by 0,411 units. This interpretation is true only if the effects of the other variables are held constant. Since the relationship between involvement and brand sensitivity is found to be significant ($p < 0,05$), H1 is accepted.

H2 posits that a positive direct effect of perceived risk on brand sensitivity exists. From table 3.1 it can be seen that, with a *b*-value of 0,910, perceived risk is strongly and positively related to brand sensitivity. The relationship was found to be very significant ($p < 0,01$). The reliability of the measurement scale for perceived risk however, was found to be fairly low in paragraph 2.3.1. Any conclusions drawn on perceived risk should therefore be considered very carefully. Despite this note, H2 is accepted.

An interaction effect between perceived risk and involvement was hypothesized in H3, which states that *perceived risk moderates the effect of product category involvement on brand sensitivity, in such a way that the effect of product category involvement on brand sensitivity is greater in case of higher perceived risk*. The *b*-value for this effect was found to be -0,122 with $p < 0,05$. Since the interaction effect is found to be negative, H3 is rejected. This means that the level of brand sensitivity among consumers with both high perceived risk and involvement will be lower than expected based on the additive effect of the two independent variables alone.

H4 suggests that there exists a positive direct effect of perceived product quality importance on brand sensitivity. According to the results of the analysis in table 3.1, there is indeed a significant relationship between perceived quality importance and brand sensitivity. The *b*-value of 0,427 ($p < 0,01$) furthermore suggest that this relationship is positive. H4 is therefore accepted.

Hypothesis 5 states that consumer susceptibility to normative social influence has a positive direct effect on brand sensitivity. As can be seen from table 3.1, this relationship was found to be strong and positive with a *b*-value of 0,622 ($p < 0,01$). Hypothesis 5 will thus be accepted.

Consumer susceptibility to informational social influence was hypothesized to have a positive direct effect on brand sensitivity in hypothesis 6. The *b*-value of 0,427 suggest a positive relationship as was hypothesized, however, it was found that this variable makes no significant contribution to the model with $p = 0,366$. Therefore, hypothesis 6 is rejected.

Hypothesis 7 describes another interaction effect in positing that perceived risk moderates the effect of consumer susceptibility to informational social influence on brand sensitivity, in such a way that the effect of consumer susceptibility to informational social influence on brand sensitivity is greater in case of higher perceived risk. As can be seen from table 3.1, the analysis did not return a significant value for this effect ($p = 0,271$). This leads me to reject hypothesis 7. A possible explanation may be found in the rejection of hypothesis 6. Since consumer susceptibility to informational social influence makes no significant contribution to the model, it is to be expected that the hypothesized interaction effect also lacks statistical value.

§ 3.2 Part two of the model

To test hypothesis 8, a simple regression was conducted with repeat purchasing behavior as dependent variable and brand sensitivity as independent variable. The coefficients of the regression can be found in table 3.2. The R^2 of the model is 0,30, which means that brand sensitivity explains 30% of the variation in repeat purchasing behavior. This also means that 70% of the variation in repeat purchasing behavior is due to other variables than brand sensitivity. The F-test returned a value of 61,205 (significant at $p < 0,001$), which means that this model has significantly improved our ability to predict repeat purchasing behavior (Field, 2009). The original outputs from SPSS can be found in appendix D.

Table 3.2:

Regression results. Dependent variable is repeat purchasing behavior.

<i>Independent variables</i>	<i>B</i>	<i>Standard error B</i>
Constant	0,963*	0,238

Brand sensitivity	0,458*	0,059
-------------------	--------	-------

Note: $R^2 = 0,30$. * $p < 0,01$

§ 3.2.1 Hypothesis testing

Hypothesis 8 posits that brand sensitivity has a positive effect on brand loyalty. The results in table 3.2 concern the relationship between brand sensitivity and repeat purchasing behavior. A b -value of 0,458 ($p < 0,01$) indicates a strong and positive relationship between brand sensitivity and repeat purchasing behavior. This means that the more brand sensitive a consumer becomes, the more repeat purchasing behavior he will exhibit. This is also true in the opposite direction. The less brand sensitive the consumer, the less he will exhibit repeat purchasing behavior, with a certain base level indicated by the constant in table 3.2. In paragraph 1.5 it was found that true brand loyalty was defined by Odin *et al.* (2001) as repeat purchasing behavior under the condition of strong brand sensitivity. Since a clear link between brand sensitivity and repeat purchasing behavior has been found, some conclusion can be drawn.

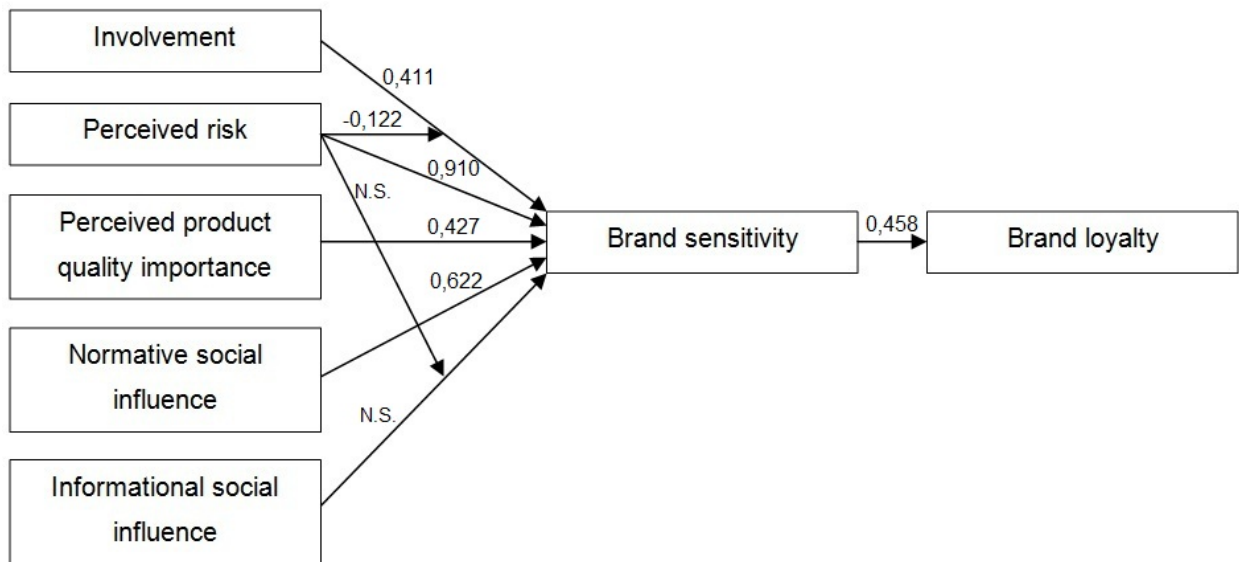
In the model of Odin *et al.* (2001), high levels of both brand sensitivity and repeat purchasing behavior suggest that a consumer is brand loyal. In this thesis I have found these two variables to be closely related in a way that repeat purchasing behavior levels tend to be higher in case of strong brand sensitivity. Brand sensitivity by itself is thus found to be an indicator for brand loyalty. The more brand sensitive a consumer is, the more repeat purchasing behavior he will exhibit. Since high levels of repeat purchasing behavior are needed for a person to be brand loyal, this would imply that brand sensitivity is positively related to brand loyalty. Hypothesis 8 is therefore supported.

§ 3.3 The final model

Now that all hypotheses have been tested and the coefficients of the relevant variables have been estimated, the conceptual model from paragraph 1.6 can be updated. This results in the final model (figure 3.1).

Figure 3.1:

The final model including all significant relations.



§ 3.4 Introducing age and gender

In paragraph 2.1 it was mentioned that questions for age and gender were also included in the survey. Despite the fact that no hypotheses were formulated concerning age and gender, it may well be worth to compare male and female respondents and to see if age is of any influence. A look at the difference in mean brand sensitivity levels between male and female respondents reveals some first differences. As can be seen from table 3.3, male respondents score almost a whole point higher on brand sensitivity on a 1 to 7 scale.

Table 3.3:

Gender and mean levels of brand sensitivity.

<i>Gender</i>	<i>Mean brand sensitivity</i>
Male	4,24

Female	3,44
--------	------

To find the cause of this difference in mean brand sensitivity level between male and female respondents, two separate regression analyses were conducted. The results can be found in table 3.4.

Table 3.4:

Separate regression results for male and female respondents. Dependent variable is brand sensitivity.

<i>Independent variables</i>	<i>B (male)</i>	<i>B (female)</i>
Constant	-4,464*	-4,071**
Involvement	0,668**	0,691**
Normative social influence	0,705*	0,147
Informational social influence (ISI)	0,319	0,275
Perceived quality importance	0,465*	0,358*
Perceived risk	1,269**	1,141**
Interaction (Risk x Involvement)	-0,169	-0,147
Interaction (Risk x ISI)	-0,115	-0,044

Note: R^2 (male) = 0,59, R^2 (female) = 0,29. * $p < 0,01$, ** $p < 0,05$ level.

This difference in mean brand sensitivity levels between males and females seems to be caused by differences in susceptibility to normative social influence. A strong and significant relationship between susceptibility to normative social influence and brand sensitivity was found for males, whereas this variable made no significant contribution to the model for female respondents. This indicates that there may be an interaction effect between gender and susceptibility to normative social influence. To test this, another regression analysis was conducted (see table 3.5 and appendix E), including the main effects of age and gender, and the interaction effect between gender and susceptibility to normative social influence.

Age and gender were found to make no significant contribution to the model. Age and gender by themselves thus do not influence the level of brand sensitivity among consumers. Weak support was found for the interaction effect between gender and susceptibility to normative social influence, given that $p = 0,075$. Though this interaction effect is only weakly supported, it is very

likely that this effect is indeed the cause of the differences in susceptibility to normative social influence between males and females.

Table 3.5:
Regression results. Dependent variable is brand sensitivity.

<i>Independent variables</i>	<i>B</i>	<i>Standard error B</i>
Constant	-3,424*	1,201
Involvement	0,572*	0,169
Normative social influence (NSI)	0,276***	0,155
Informational social influence (ISI)	0,239	0,195
Perceived quality importance	0,410*	0,083
Perceived risk	1,037*	0,312
Interaction (Risk x Involvement)	-0,124**	0,055
Interaction (Risk x ISI)	-0,066	0,061
Age	-0,016	0,013
Gender	0,196	0,596
Interaction (Gender x NSI)	0,362***	0,202

Note: $R^2 = 0,45$. * $p < 0,01$, ** $p < 0,05$ level, *** $p < 0,10$ level.

§ 3.5 Test for mediation

Some additional analyses were conducted to see if brand sensitivity acts as a mediator variable. Though not explicitly stated this seems to be implied by the model in figure 3.1 since the effects of the explanatory variables on brand loyalty seem to run through brand sensitivity. If brand sensitivity indeed acts as a mediator variable, the direct effects of the explanatory variables on brand loyalty will be reduced if brand sensitivity is included in the model (Baron and Kenny, 1986). To test if this is the case, four sequential regression analyses were conducted.

First the basic model in table 3.6, meant to test the effect of the explanatory variables on brand sensitivity. Brand sensitivity can only be a mediator for those variables which are found to significantly influence brand sensitivity levels. As can be seen from table 3.6, this is the case for five variables.

Table 3.6:**Regression results. Dependent variable is brand sensitivity.**

<i>Independent variables</i>	<i>B</i>	<i>Standard error B</i>
Constant	-3,091*	1,134
Involvement	0,411**	0,176
Normative social influence	0,622*	0,112
Informational social influence (ISI)	0,427	0,209
Perceived quality importance	0,427*	0,090
Perceived risk	0,910*	0,326
Interaction (Risk x Involvement)	-0,122**	0,059
Interaction (Risk x ISI)	-0,71	0,064

Note: $R^2 = 0,34$. * $p < 0,01$, ** $p < 0,05$ level.

The next step in this test for mediation is to test the relationship between brand sensitivity and brand loyalty. This is a necessary step since a mediator has to affect the outcome variable (Baron and Kenny, 1986), which in this case is brand loyalty. This relationship was already tested in paragraph 3.2, and was found to be significant. The results are shown in table 3.7.

Table 3.7:**Regression results. Dependent variable is brand loyalty.**

<i>Independent variables</i>	<i>B</i>	<i>Standard error B</i>
Constant	0,963*	0,238
Brand sensitivity	0,458*	0,059

Note: $R^2 = 0,30$. * $p < 0,01$

The third step concerns a regression analysis with all explanatory variables from the model in table 3.6, with brand loyalty as the dependent variable instead of brand sensitivity. This analysis is conducted to find out which of the variables have a direct effect on brand loyalty. Note that the factor repeat purchasing behaviour (RPB) will be treated as a measure for brand loyalty in the following analyses. Insignificant results from table 3.6 are also included in this model. Though they are of no further use in this test for mediation as they make no significant contribution to the

model, deleting them would change the model, thereby making it hard to compare the parameters. The results of the regression are shown in table 3.8. Only two of the five significant variables from table 3.6 remain significant after changing the dependent variable to brand loyalty instead of brand sensitivity. This means that mediation by brand sensitivity can only occur for those variables.

Table 3.8:
Regression results. Dependent variable is brand loyalty.

<i>Independent variables</i>	<i>B</i>	<i>Standard error B</i>
Constant	-0,293	1,035
Involvement	0,080	0,161
Normative social influence	0,436*	0,102
Informational social influence (ISI)	-0,037	0,191
Perceived quality importance	0,298*	0,082
Perceived risk	0,116	0,297
Interaction (Risk x Involvement)	-0,049	0,054
Interaction (Risk x ISI)	0,024	0,058

Note: $R^2 = 0,22$. * $p < 0,01$, ** $p < 0,05$ level.

The final step in this test for mediation is to include all variables from the preceding analyses in a final regression analysis with brand loyalty as dependent variable. This means that brand sensitivity will also be included, on top of the variables from table 3.8. The SPSS outputs for this final model can be found in appendix F.

As can be seen from table 3.9, susceptibility to normative social influence and perceived quality importance remain significant in the final model, with p-values of 0,057 and 0,096 respectively. Since these values are between 0,05 and 0,10, weak support is found for these variables.

The results from table 3.9 suggest that brand sensitivity indeed acts as a mediator variable for susceptibility to normative social influence and perceived quality importance. There is no complete mediation however, since these variables still directly affect the outcome variable (Baron and Kenny, 1986). The direct effect is reduced however, which means that brand

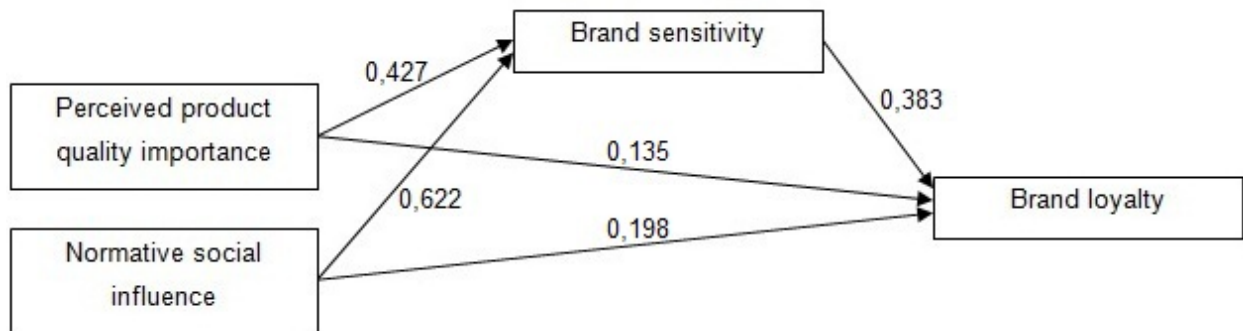
sensitivity has mediated some of this effect. Since these reduced direct effects still are significantly greater than zero, there is partial mediation (Baron and Kenny, 1986). The preceding is summarized in figure 3.2.

Table 3.9:
Regression results. Dependent variable is brand loyalty.

<i>Independent variables</i>	<i>B</i>	<i>Standard error B</i>
Constant	0,890	0,968
Involvement	-0,077	0,150
Normative social influence	0,198***	0,103
Informational social influence (ISI)	-0,109	0,175
Perceived quality importance	0,135***	0,080
Perceived risk	-0,232	0,279
Interaction (Risk x Involvement)	-0,003	0,050
Interaction (Risk x ISI)	0,051	0,053
Brand sensitivity	0,383*	0,071

Note: $R^2 = 0,35$. * $p < 0,01$, ** $p < 0,05$ level, *** $p < 0,10$ level.

Figure 3.2:
Partial mediation by brand sensitivity.



Chapter 4: Conclusions

§ 4.1 Major findings

The importance of brands has been stressed by many authors. With the right marketing strategy, companies can influence brand knowledge structures in the minds of consumers and create brand equity (Keller, 1993). Brand equity influences the consumer's reaction to a product, making consumers react differently to branded products as opposed to unbranded products. Brand loyalty is also an important part of brand equity (Aaker, 1992). Through brand loyalty, companies can obtain predictable sales and profit streams. This is why companies seek to develop brand loyalty as a means of sustaining and growing sales and market share (Gounaris and Stathakopoulos, 2004).

For consumers to become brand loyal, it has been shown that brand sensitivity is a necessary condition (Odin *et al.*, 2001). Brand sensitivity represents the importance of a brand in the purchase decision process (Laurent and Kapferer, 1992; Amine, 1998). Without brand sensitivity, repeat purchasing behavior would be mere habitual buying instead of true brand loyalty. Since developing brand loyalty is vital to companies in obtaining a sustainable competitive advantage (Gounaris and Stathakopoulos, 2004), brand sensitivity is an important aspect of branding.

This thesis has attempted to identify the variables that explain brand sensitivity. This proved to be more difficult than expected. After a review of relevant literature, a model was constructed including the variables which should explain the variance in brand sensitivity among consumers. However, the final model only captured 34% of the variance in brand sensitivity. This is no surprise given the complex nature of consumer behavior (Knox and Walker, 2001). The other 66% of the variance in brand sensitivity is likely to be due to many other factors influencing consumer behavior. Despite the fact that only one third of the variance in brand sensitivity is explained, the findings contain some strong relationships.

First of all the relationship between involvement and brand sensitivity. Product category involvement was shown to have significant influence on the level of brand sensitivity.

Consumers who are more interested in the product category tend to attach more value to brands than those who are less interested. While involvement is found to influence brand sensitivity, Amine (1998) warns not to extent this result in the direction of brand loyalty. Since involvement is measured on the aggregate level of product categories, it tells us little about the disaggregate level of brands, where brand loyalty is formed.

Another finding of this research is the strong effect of perceived risk on brand sensitivity. While this result has to be treated carefully due to the limited reliability of the measurement scale (paragraph 2.3.1), it still is a remarkable result. Although this relationship turned out as it was hypothesized, I had not anticipated it would be this strong. The *b*-value of 0,910 suggests an almost directly proportional relationship; an increase of one point in perceived risk yields an increase of 0,91 points in brand sensitivity. The statement that brands serve as means of risk reduction (Sheth and Venkatesan, 1968) is therefore supported by this research. Support was also found for the moderating effect of perceived risk on the relationship between involvement and brand sensitivity. The moderating effect, however, did not strengthen the relationship between involvement and brand sensitivity as was expected. It turned out to slightly weaken this relationship.

Perceived product quality importance was also found to be one of the factors influencing brand sensitivity. Since brand names convey a strong indication of a product's quality (Gounaris and Stathakopoulos, 2004), it was argued that consumers looking for a higher quality level are more sensitive to brands than those that demand less quality. This statement was supported by the data. A positive effect of perceived product quality importance on brand sensitivity was found.

Consumer susceptibility to social influences and its relationship to brand sensitivity was also researched. Before testing this relationship, consumer susceptibility to social influences was split in a normative and an informational part, following the definition of Bearden *et al.* (1989). It was found that consumer susceptibility to normative social influences has a strong and positive effect on brand sensitivity. The need to identify or enhance one's image with significant others and the willingness to conform to the expectations of others regarding purchase decisions results in consumers being more sensitive to brands. Testing the effect of consumer susceptibility to

informational social influence on brand sensitivity returned different results. No significant relationship between the two variables was found. Since Cronbach's α for this factor was high (table 2.2), this result is reliable. A plausible explanation for the failure to find a relationship between informational social influence and brand sensitivity is the selected product category in this research. Shoes are a great category to measure susceptibility to normative social influence since they are socially visible, which is an important condition for normative social influence to have effect (Bearden and Etzel, 1982). For informational social influence however, shoes are of much less use. While the statement of Bearden *et al.* (1989) that informational social influence is the tendency to learn about products and services by observing others and/or seeking information from others still applies to shoes in a way, it is certainly not the best category. Another product category like consumer electronics would probably have returned different and more useful results.

The most important finding of this research is the positive relationship between brand sensitivity and repeat purchasing behavior. Though at itself this is not particularly useful for managers, some logical reasoning extending this finding in the direction of brand loyalty adds a great deal of weight to it. As explained in paragraph 3.2.1, high levels of both brand sensitivity and repeat purchasing behavior suggest that a consumer is brand loyal (Odin *et al.*, 2001). The finding in this paper that repeat purchasing behavior levels are positively influenced by the level of brand sensitivity, suggests that brand sensitivity by itself is thus an indicator for brand loyalty. The more brand sensitive a consumer is, the more repeat purchasing behavior he will exhibit. Since high levels of repeat purchasing behavior are needed for a person to be brand loyal, the conclusion is that brand sensitivity is positively related to brand loyalty.

Some tests were conducted to find relations between brand sensitivity and age and gender. Neither age nor gender had a significant effect on brand sensitivity. Weak support was found for an interaction effect between gender and susceptibility to normative social influence. It was found that the effect of susceptibility to normative social influence on brand sensitivity was stronger if the respondent was male.

Finally, partial mediation was found in the model, with brand sensitivity mediating the effect of perceived quality importance and susceptibility to normative social influence on brand loyalty.

§ 4.2 Managerial implications

The results of this research have some implications for managers. Throughout this paper it has become clear that brand loyalty is a source of competitive advantage, since brand loyalty helps in sustaining and growing sales and market share (Gounaris and Stathakopoulos, 2004). It is for this reason that companies should always strive to have a loyal customer base. The finding that brand sensitivity is related to brand loyalty gives managers a hand in getting a loyal customer base. Since an increase in brand sensitivity leads to more repeat purchasing behavior and brand loyalty, managers should seek to increase brand sensitivity under their (potential) customers. Using the results of this research, they can do so in different ways.

First of all, marketing activities should be aimed at getting the consumer more involved in the product category. Consumers who are more involved are more sensitive to marketing activities and perceive more differences between brands. They thus become more brand sensitive. It is critical in this early stage that the marketing activities convey the right brand image to consumers. Marketing managers could achieve a greater sense of involvement by developing marketing communication plans that are appealing to different subsets of potential customers, e.g. design different marketing campaigns for male and female customers.

Second, companies should use the perceived risk associated with a purchase in a certain product category. In conveying an image of reliability and quality, managers could position the brand as a safe option in a category in which a bad bargain is easily made. At the same time this will create a brand image of high perceived quality. Since this is an important antecedent of brand sensitivity as well, the suggestion of conveying an image of reliability and quality will increase brand sensitivity in more than one way.

A final recommendation concerns consumer susceptibility to normative social influence. Since there is a direct relationship to brand sensitivity, it is advisable for managers to increase this susceptibility. They may achieve this by introducing marketing activities which stress the symbolic benefits of the brand. These symbolic benefits relate to underlying needs for social

approval and personal expression (Keller, 1993). Consumers who are susceptible to normative social influences value the prestige, exclusivity, or fashionability of a brand, because of how it relates to their self-concept. This is especially true for socially visible products (Bearden and Etzel, 1982; Keller, 1993). Managers should thus strive to establish certain brand associations in the minds of consumers, emphasizing the symbolic benefits of the product.

§ 4.3 Limitations and directions for future research

There are several limitations to this research. The survey only concerned a single product category. While this resulted in some very useful results, it also was a source of some disappointing outcomes. The failure to find significant link between consumer susceptibility to informational social influence and brand sensitivity is probably due to the nature of the selected product category. Making the research multiple-category in future research should probably yield better results. A recommendation is to extend the research in the direction of consumer electronics. This should also increase the generalizability of the results, which is a problem in the current research. Since the data only concerns shoes, it is doubtful that it will apply to consumer electronics for instance. The results and conclusions should therefore be considered carefully.

Another limitation is the test sample. As time for this thesis was limited, social network site Hyves was used to get enough respondents quickly. While this was rather effective in terms of the number of respondents, it also represents a major limitation. Due to the usage of Hyves, most of the respondents were younger than 30 years old. Therefore, the sample is not representative. A larger and more representative sample in future research would increase reliability and generalizability.

A final recommendation for future research is to extend the conceptual model. By identifying new factors which explain brand sensitivity, the explanation power of the model can be enhanced. A suggestion for one of these factors could be to incorporate the price sensitivity, budget and reservation price of consumers. Since price perceptions vary enormously among consumer, this is likely to influence their sensitivity to certain brands.

Appendix A: The survey

1. When I buy a pair of shoes, I prefer a well-known brand.
2. I do not choose shoes according to the brand.
3. When I buy a pair of shoes, I look at the brand.
4. When I buy a pair of shoes, I take account of the brand.
5. For shoes, the brand is not very important.
6. In general I have strong interest in shoes.
7. Shoes are very important to me.
8. Shoes matter a lot to me.
9. Shoes are very relevant to me.
10. Buying a pair of shoes is risky.
11. When buying a pair of shoes, it's not a big deal if you make a mistake.
12. When buying a pair of shoes, it's hard to make a bad choice.
13. It is important to me to buy high-quality shoes.
14. The quality of shoes is not that important to me.

15. I don't care if shoes are of poor quality.
16. It is important that others like the shoes I buy.
17. When buying shoes, I generally purchase those brands that I think others will approve of.
18. I achieve a sense of belonging by purchasing the same products and brands that others purchase.
19. I often identify with other people by purchasing the same products and brands they purchase.
20. To make sure I buy the right shoes. I often observe what others are buying and using.
21. If I have little experience with a product. I often ask my friends about the product.
22. I often consult other people to help choose the best alternative available from a product class.
23. I frequently gather information from friends or family about a product before I buy.
24. I generally buy the same shoe brand I have always bought.
25. Once I have made a choice on which shoe brand to purchase, I am likely to continue to buy it without considering other shoe brands.
26. Once I get used to a shoe brand, I hate to switch to another brand.
27. Even though shoes are available in a number of different brands, I always tend to buy the same brand.

Appendix B: Factor analysis results from SPSS

Rotated Component Matrix^a

	Component						
	1	2	3	4	5	6	7
SENS4	,801						
SENS5reversed	,795						
SENS2reversed	,792						
SENS3	,757						
SENS1	,737						
INV2		,936					
INV3		,909					
INV4		,885					
INV1		,871					
NORM4			,810				
NORM3			,809				
NORM2			,714				
INFO1			,713				
NORM1			,707				
RPB4				,805			
RPB2				,784			
RPB1				,768			
RPB3				,767			
INFO3					,884		
INFO2					,872		
INFO4					,848		
QUA2reversed						,867	
QUA3reversed						,833	
QUA1						,815	
RISK1							,837
RISK3reversed							,749

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,800
Bartlett's Test of Sphericity	Approx. Chi-Square	2370,422
	df	325
	Sig.	,000

Appendix C: Regression results from SPSS

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3,091	1,134		-2,726	,007
	Involvement	,411	,176	,401	2,333	,021
	Normative_social_influence	,622	,112	,435	5,562	,000
	Informational_social_influence	,190	,209	,169	,908	,366
	Perceived_quality_importance	,427	,090	,334	4,772	,000
	Perceived_risk	,910	,326	,697	2,792	,006
	Int_Risk_Inv	-,122	,059	-,577	-2,077	,040
	Int_Risk_InfSI	-,071	,064	-,295	-1,106	,271

a. Dependent Variable: Brand_sensitivity

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,580 ^a	,337	,303	1,32153937

a. Predictors: (Constant), Int_Risk_InfSI, Perceived_quality_importance, Involvement, Normative_social_influence, Perceived_risk, Informational_social_influence, Int_Risk_Inv

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	122,493	7	17,499	10,020	,000 ^a
	Residual	241,012	138	1,746		
	Total	363,505	145			

a. Predictors: (Constant), Int_Risk_InfSI, Perceived_quality_importance, Involvement, Normative_social_influence, Perceived_risk, Informational_social_influence, Int_Risk_Inv

b. Dependent Variable: Brand_sensitivity

Appendix D: Regression results from SPSS

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,963	,238		4,042	,000
	Brand_sensitivity	,458	,059	,546	7,823	,000

a. Dependent Variable: Repeat_purchasing_behavior

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,546 ^a	,298	,293	1,11709744

a. Predictors: (Constant), Brand_sensitivity

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	76,378	1	76,378	61,205	,000 ^a
	Residual	179,699	144	1,248		
	Total	256,077	145			

a. Predictors: (Constant), Brand_sensitivity

b. Dependent Variable: Repeat_purchasing_behavior

Appendix E: Regression results from SPSS

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3,424	1,201		-2,851	,005
	Involvement	,572	,169	,558	3,378	,001
	Normative_social_influence	,276	,155	,193	1,774	,078
	Informational_social_influence	,239	,195	,213	1,227	,222
	Perceived_quality_importance	,410	,083	,321	4,964	,000
	Perceived_risk	1,037	,312	,795	3,329	,001
	Int_Risk_Inv	-,124	,055	-,589	-2,274	,025
	Int_Risk_InfSI	-,066	,061	-,275	-1,082	,281
	Age	-,016	,013	-,078	-1,165	,246
	Gender	,196	,596	,061	,329	,742
	Int_NSI_Gender	,362	,202	,364	1,792	,075

a. Dependent Variable: Brand_sensitivity

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,671 ^a	,450	,409	1,21725768

a. Predictors: (Constant), Int_NSI_Gender, Informational_social_influence, Perceived_quality_importance, Age, Perceived_risk, Involvement, Normative_social_influence, Gender, Int_Risk_InfSI, Int_Risk_Inv

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	163,473	10	16,347	11,033	,000 ^a
	Residual	200,032	135	1,482		
	Total	363,505	145			

a. Predictors: (Constant), Int_NSI_Gender, Informational_social_influence, Perceived_quality_importance, Age, Perceived_risk, Involvement, Normative_social_influence, Gender, Int_Risk_InfSI, Int_Risk_Inv

b. Dependent Variable: Brand_sensitivity

Appendix F: Regression results from SPSS

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,890	,968		,919	,360
	Involvement	-,077	,150	-,089	-,515	,607
	Normative_social_influence	,198	,103	,165	1,921	,057
	Informational_social_influence	-,109	,175	-,116	-,626	,532
	Perceived_quality_importance	,135	,080	,126	1,677	,096
	Perceived_risk	-,232	,279	-,212	-,833	,406
	Int_Risk_Inv	-,003	,050	-,016	-,056	,955
	Int_Risk_InfSI	,051	,053	,252	,951	,343
	Brand_sensitivity	,383	,071	,456	5,402	,000

a. Dependent Variable: Repeat_purchasing_behavior

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,594 ^a	,353	,315	1,09952700

a. Predictors: (Constant), Brand_sensitivity, Involvement, Informational_social_influence, Perceived_risk, Perceived_quality_importance, Normative_social_influence, Int_Risk_InfSI, Int_Risk_Inv

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	90,450	8	11,306	9,352	,000 ^a
	Residual	165,627	137	1,209		
	Total	256,077	145			

a. Predictors: (Constant), Brand_sensitivity, Involvement, Informational_social_influence, Perceived_risk, Perceived_quality_importance, Normative_social_influence, Int_Risk_InfSI, Int_Risk_Inv

b. Dependent Variable: Repeat_purchasing_behavior

References

Aaker, D.A., (1992). The Value of Brand Equity. *Journal of Business Strategy*, 13 (4), 27-32.

Ailawadi, K.L., Neslin, S.A., Lehmann, D.R., (2003). Revenue Premium as an Outcome Measure of Brand Equity. *Journal of Marketing*, 67 (4), 1-17.

Amine, A., (1998). Consumers' true brand loyalty: the central role of commitment. *Journal of Strategic Marketing*, 6 (4), 305-319.

Baron, R. M., & Kenny, D. A., (1986). The moderator-mediator variable distinction in social psychological research: Conceptual, strategic and statistical considerations. *Journal of Personality and Social Psychology*, 51 (6), 1173-1182.

Bearden, W.O., Etzel, M.J., (1982). Reference Group Influence on Product and Brand Purchase Decisions. *Journal of Consumer Research*, 9 (2), 183-194.

Bearden, W.O., Netemeyer, R.G., Teel, J.E., (1989). Measurement of Consumer Susceptibility to Interpersonal Influence. *Journal of Consumer Research*, 15 (4), 473-481.

Bruner, G.C. II, Hensel, P.J., James, K.E., (2005). *Marketing scales handbook: a compilation of multi-item measures. Vol. 4: A compilation of multi-item measures for consumer behavior advertising 1998-2001*. American Marketing & Association.

Burnkrant, R.E., Cousineau, A., (1975). Informational and normative social influence in buyer behavior. *Journal of Consumer Research*, 2 (3), 206-215.

Cox, D., Cox, A.D., (2001). Communicating the Consequences of Early Detection: The Role of Evidence and Framing. *Journal of marketing*, 65 (3), 91-103.

Escalas, J.E., Bettman, J.R., (2005). Self-Construal, Reference Groups, and Brand Meaning. *Journal of Consumer Research*, 32 (3), 378-389.

Field, A., (2009). *Discovering statistics using SPSS* (3rd ed.). London, SAGE Publications Ltd.

Gounaris, S., Stathakopoulos, V., (2004). Antecedents and consequences of brand loyalty: An empirical study. *Journal of Brand Management*, 11 (4), 283-306.

Keller, K.L., (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, 57 (1), 1-22.

Keller, K.L., Lehmann, D.R., (2006). Brands and Branding: Research Findings and Future Priorities. *Marketing Science*, 25 (6), 740-759.

Knox, S., Walker, D., (2001). Measuring and managing brand loyalty. *Journal of Strategic Marketing*, 9 (2), 111-128.

Lachance, M.J., Beaudoin, P., Robitaille, J., (2003). Adolescents' brand sensitivity in apparel: influence of three socialization agents. *International Journal of Consumer Studies*, 27 (1), 47-57.

Laurent, G., Kapferer, J.N., (1985). Measuring consumer involvement profiles. *Journal of Marketing Research*. 22 (1), 41-53.

Laurent, G., Kapferer, J.N., (1992). *La sensibilité aux marques: marches sans marques, marches a marques*, Paris, Les Editions d'Organisation.

Odin, Y., Odin, N., Valette-Florence, P., (2001). Conceptual and operational aspects of brand loyalty: an empirical investigation. *Journal of Business Research*, 53 (2), 75-84.

Park, C.W., Lessig, V.P., (1977). Students and Housewives: Differences in Susceptibility to Reference Group Influence. *Journal of Consumer Research*, 4 (2), 102-110.

Perrin-Martinenq, D., (2004). The Role of Brand Detachment on the Dissolution of the Relationship Between the Consumer and the Brand. *Journal of Marketing Management*, 20 (9), 1001-1023.

Rao, A.R., Monroe, K.B., (1989). The Effect of Price, Brand Name, and Store Name on Buyers' Perceptions of Product Quality: An Integrative Review. *Journal of Marketing Research*, 26 (3), 351-357.

Sheth, J.N., Venkatesan, M., (1968). Risk Reduction Processes in Repetitive Consumer Behavior. *Journal of Marketing Research*, 5 (3), 307-310.

Warrington, P., Shim, S., (2000). An empirical investigation of the relationship between product involvement and brand commitment. *Psychology & Marketing*, 17 (9), 761-782.

Yoo, B., Donthu, N., Lee, S., (2000). An Examination of Selected Marketing Mix Elements and Brand Equity. *Journal of the Academy of Marketing Science*, 28 (2), 195-211.

Zaichkowsky, J.L., (1985). Measuring the Involvement Construct. *Journal of Consumer Research*, 12 (3), 341-352.