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Orangzab; Lodhi, Suleman Aziz; Ali, Muhammad

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Consumer Reaction: Linking Consumer Associations and Cultural Values

Orangzab (Corresponding author) National College of Business Administration & Economics Lahore, Pakistan Email: orangzab@hotmail.com

> Suleman Aziz Lodhi University of Sargodha, Lahore, Pakistan Email: sulemanlodhi@yahoo.com

Muhammad Ali National College of Business Administration & Economics Lahore, Pakistan Email: mali.great72@gmail.com

Abstract

Brand is one of the most important resources of the company. It contains worth not only for the company but also for the consumers. The objective of this study is to examine the effect of brand associations on consumer reaction, brand associations are separated into personal and social association, further how the cultural values of the consumers affect the associations and consumer response relationship. Mix method research is used in this research, starting with the qualitative research for theory (framework) development and then followed by quantitative research for testing theory for the purpose of enhancing generalizability of the framework. The transportation sector is considered for testing the conceptual framework. Data is collected from passengers through survey method. The result of this research shows that both personal and social associations have positive impact on consumer reaction and cultural values play moderating role in this relationship. Specifically, masculinity and uncertainty avoidance play moderating role between social associations and consumer response relationship while collectivism plays moderating role between the personal associations and consumer response relationship. This study will help the brand managers to identify how cultural values influence the consumer reaction, which associations are contributing towards desired consumer reaction and which associations need to be reinforced.

Keywords: personal associations, social associations, consumer reaction, cultural values, transportation sector.

1. Introduction

Advancement of information and communication technology has removed the physical boundaries between the countries. Now brands are not just competing with local brands but with multinational brands also. Due to this high competition, developing a strong brand is becoming crucial. For satisfying consumer's individual, social and psychological needs it is important to create a brand which incorporate both emotional and functional

values. In branding the customer based brand equity is most vital topic. Customer based brand equity is the brand asset and value of brand in consumer mind. In reducing risk and making decision regarding brands, brand equity play very important role. Strong positive equity provides different advantages to the brand like higher profit, prospering communication power, brand extension, barriers against competitors, brand preferences and purchase intentions (Buil et al. 2013).

Different models are available that show the factors that can affect or affected by the brand equity. Brand association is important element of brand equity (Aaker and McLoughlin, 2007; Keller, 1993). Brand associations are the ideas or thoughts affiliated to a brand in the mind of the people (Aaker, 1991, 1996; Keller, 1993). Brand associations represent the values or importance that people relate with the brand.

The personal and cultural element play very important role in the examination of attitudes and behavior of people. Cultural values have an impact on the attitude, behavior and purchase intention of the consumer (Moon et al. 2008, Triandis, 1989). According to De Mooij, (2010) individual acquire restriction and beliefs about a particular culture that have major influence upon their purchase decision. Buying behavior of consumer is determined by the cultural values (Laroche et al. 2007; Ko et al. 2004; Legoherel et al. 2009). Business can be managed appropriately in different countries and suitable plans, policies can be formed if managers have good knowledge about the culture (Francesco and Gold, 2005, Khatri, 2009). According to Podrug, (2011) managers face difficulty in global operations of business if they have not appropriate cultural knowledge. Therefore, it is necessary for preparing marketing strategies that cultural values should be considered.

In past researches, few researchers study different dimensions of brand associations in order to determine their impact on consumer response. These researchers just theoretically explain the relationship; they did not statistically determined the relationship (Keller, 1993, 1998; Rio et al. 2001). Those researchers who statistically examine the relationship they do not involve the various dimensions of brand associations instead they consider the brand association as a whole construct (Cobb-Walgren et al. 1995; Yoo et al. 2000; Kamakura and Mazzon, 1991). John et al. (2006) and Ranfagni, et al. (2014) do not statistically measure the relationship of associations with consumer response rather they evolve various methods for knowing the various attributes of brand associations. French and Smith (2013) develop method for measuring brand associations' strength.

Researchers develop different consumer behavior models (consumer decision model, theory of buyer behavior, theory of reasoned action) to examine how consumers make decision, many of these models involve social and personal element which are vital elements of consumer behavior, many of them also consider culture as an external or environmental factor that significantly affect the decision making of consumer. Several researchers negatively pinpoint these models. According to them these models are not statistically validated and difficult to analyze. However, this study concentrates on brand associations that are divided into personal and social association in order to find out their impact or relationship with important consumer reactions. Additionally, the cultural values/dimensions developed by Hofstede's are taken as a moderating variable to identify

how and which cultural values influence the personal and social associations' impact on consumer reaction. The framework which is developed in this study will help the brand managers to identify which associations and cultural values contributing to the brand equity and on which associations they have to focus in order to attain desirable consumer reaction.

The structure of the paper is as follow. First, we present brief review of current literature of consumer response, brand associations and role of cultural values for the formation of conceptual foundation of our research. This discussion leads to the formation of conceptual framework which represents cultural values strengthen the brand associations' consumer response relationship. After that research methodology and data analysis part is explained. Finally, the conclusion, contribution and direction about future research are given in the last of paper.

2. Literature Review and Hypotheses Development

According to Keller (1993, 2008) in branding research brand equity is most important topic. For the better understanding of brand equity two most widely used models have been suggested. The model provided by Keller (1993) shows that brand knowledge represents brand equity, brand knowledge depends upon awareness about brand and brand image, brand image consists of brand associations that are held in consumer memory. Another important model of brand equity given by Aaker and McLoughlin (2007) which shows that brand equity depends upon brand loyalty, quality perception, awareness of brand and brand associations. In these models' associations is considered as an important antecedent of brand equity. Brand associations are vital for both consumers and marketers. In consumer decision making brand associations are used by marketers to extend, differentiate and position brands, to create affirmative feelings and response regarding brands, propose feature and advantages of buying/consuming a particular brand (Aaker, 1991).

Information is present in mind as a node or point which holds knowledge. At the time when a point or node is activated in mind different connections are also activated which associate this node or point with the other points, this theory is known as associative network memory model given by Anderson (1983). In branding these linkages which connect the nodes with other nodes in memory are the brand associations. Brand associations are either or not based on the consumer actual experience with the brand.

There are three forms of brand associations; these are benefits, attributes and attitudes (Keller, 1993). Gladden and Funk (2002) identify different dimensions of brand association, he considers vicarious achievement, nostalgia, escape and pride as a benefit, logo design as a non-product related attribute and management as a product related attribute associations. Rio et al. (2001) consider guarantee, social identification, personal identification and status as a brand association related to the immaterial attributes of brand. Popularity is another important brand association used by Alexandris et al. (2008) and Fillo et al. (2008). Consumers normally give more importance and consider into their consideration set that are popular in the market. Consumers that gave important to status and social identification, they use prestigious brands that helps to separate them from others.

The associations which are discussed above are important to the firm because they influence the consumer response. Competitive advantages, brand response is influenced by positive brand associations (Barich and Kotler, 1991; Spears et al. 2006). In this study, we have taken the above discussed brand associations and divided them into two groups (personal and social associations) based on their characteristics. Brand association is important determent of brand equity and brand equity is positively related with consumer response (brand extension, brand preference, pay price premium and purchase intention (Buil et al. 2013). In this research, we also included these responses as important consumer reaction.

Consumer purchase intention to buy personalized goods is influenced by cultural differences (Moon et al. 2008). It is known that buying behavior of consumer is influenced by culture (Laroche et al. 2007; Legoherel et al. 2009). Hofstede (1980, 1991, 2001) identify different cultural values/dimensions, these dimensions are: collectivism, avoidance of uncertainty, masculinity, power distance and long-term orientation. Hofstede's cultural dimensions are broadly used in marketing studies (Roth et al. 1995). Adopted or new instrument/questionnaire are using in some situations for calculating Hofstede's cultural values instead of using Hofstede's actual score of cultural dimensions (Lu et al. 1999). According to Kagitcibasi (1997) social artifacts are strong in collectivist countries; they show high level of group behavior and expect that their social group help then in any situation. Conformance with the group is important for people who have collectivist values. Those brands that strengthen group membership are more important for collectivist cultures Roth et al, (1995). Consumers who have collectivist values involve number of family/friends in their decision making (Nayeem, 2012). Nicholls (1997) identify that for collectivist cultures social influence is most essential. However, it is anticipated that for consumer who have collectivist values social associations are more crucial. Those people who have uncertainty avoidance values they feared with vague, undefined, risky and uncertain situations and they are motivated to reduce such uncertainty (Hofstede, 1991). Individual information sources are more important and used by consumers who have high uncertainty avoidance and collectivist values (Dawar et al. 1996). In a situation when a consumer has any doubt regarding the quality of the product, it creates perceived risk in the mind of the consumer and mostly the consumers are risk avoider. In that state consumers actively engaged in searching information regarding the quality of the product and prefer believable brands that have good repute in the market (Money et al. 1998; Bearden and Shimp, 1982). Therefore, it is anticipated that personal associations are more valuable for consumers who have high uncertainty avoidance values while social associations are more valuable for low uncertainty avoidance consumers. In masculine culture, those characteristics that are attached with the male are prevail in the society. According to Hofstede, (1980) Male related characteristics are success, power, wealth, achievement, recognition; while female related characteristics are equality, team work, helping others, environment protection, sacrifice. Brands that contain social image are more essential for consumers who have masculine values because they stress more on recognition, wealth and prestige. However, consumers that contain masculine values, social associations are more essential to them. People who have power distance values they accept that power is distributed unequally. They accept

that there is a difference between subordinated and superiors, superiors are given extra advantages. People who have high power distance HPD values gave more importance to prestige and wealth. According to Roth et al. (1995) people gave importance to status and affiliation norms who have HPD values that why brands that contain status image are highly admired. Therefore, it is expected that those consumers who have HPD value social associations are more important for them. Based on this literature the conceptual framework is prepared which is shown in the Figure 1, which includes the personal, social association, cultural values and consumer reaction. The framework represent that the cultural values interact with the personal and social associations in order to enhance their effect on consumer reaction.



Figure 1: Conceptual Framework

2.1 Hypothesis

The alternative hypotheses of this study which are represented in the conceptual framework are stated below.

- > H1: Personal associations construct has positive impact on consumer reaction.
- > H₂: Social associations construct has positive impact on consumer reaction.
- H_{3a}: In case of low collectivism the impact of personal associations on consumer reaction will be higher.
- H_{3b}: In case of high uncertainty avoidance the impact of personal associations on consumer reaction will be higher.
- H_{4a}: In case of high collectivism, the impact of social associations on consumer reaction will be higher.
- ➢ H₄b: In case of low uncertainty avoidance, the impact of social associations on consumer reaction will be higher.
- H_{4c}: In case of high masculinity, the impact of social associations on consumer reaction will be higher.
- H_{4d}: In case of high power distance, the impact of social associations on consumer reaction will be higher.

3. Research Methodology

Sequential approach which is one of the mixed method research technique is used in this research. Starts with the qualitative technique for the development of the theory and after that quantitative technique is used for testing theory for the generalization of theory on the population. In this study, the theory (conceptual framework) is validated on transportation sector that is related with service sector, specifically in transportation sector companies that provide bus service are considered. The data from the passengers of these buses are gathered from District Bahawalnagar, which is the area of Southern Punjab through questionnaire which contained close ended questions and respondents provide their answer on five point Likert scale. Teddlie and Yu, (2007) provided mixed method sampling strategy; stratified purposive sampling is one of mixed method sampling technique. We used this sampling technique in our research. Measures for management, logo design, popularity, nostalgia, pride and vicarious achievement are taken from Alexandris et al. (2008), for status and social identification from Rio et al. (2001), for cultural values Yoo et al. (2011), brand preference and brand extension Martinez and Pina, (2009), purchase intention Erdem et al. (2006) and for pay price premium measures are taken from Netemeyer et al. (2004). Cochran's (1977) sample size formula is used for calculating the sample size of this study which is given below

$$n = \frac{Z^2 * S^2}{D^2}$$

The Z value based on the chosen confidence level. At 95% confidence level the value of Z is 1.96. For five point scale the estimated variance S is 1.25 which is calculated by dividing 5 by 4. For continuous data, the satisfactory margin of error is 3%.

$$n = \frac{(1.96)^2 * (1.25)^2}{(5*.03)^2}$$
$$n = 267$$

The Cochran's (1977) correction formula is applied because the sample size exceeds the 5% of the estimated population.

$$n = \frac{no}{(1 + no / Population)} = \frac{(267)}{(1 + 267 / 1982)} = 235$$

3.1 Data Analysis Techniques

The data which is collected through questionnaire are analyzed by applying statistical tests. SPSS software is used for data analysis. Descriptive statistics provide the mean and standard deviation values of the variables. It is important to check the reliability and validity of the scale which is used for data collection. Cronbach Alpha values are computed to check the reliability of the scale which is used for data collection. AVE and square root of AVE values are computed to check the relationship among the variables. Hierarchical regression analysis is employed for testing hypotheses.

4. Data Analysis and Discussion

4.1 Descriptive Statistics

Demographic description of data is provided in table 1 which represent that male respondents are greater than female respondents. Out of 235 sample 178 are male while 57 are female respondents. Major portion of the respondents are students i-e, 42 percent. The table represents that 28% respondents from the sample use Daewoo bus and the same number of respondents use Non-AC bus. But majority of respondents 44% use Non-Daewoo AC bus service for traveling.

Factors		Valid No.	Percentage (%)
Gender	Female	57	24
	Male	178	76
Occupation	Self-Business	48	20
	Govt. Employees	21	9
	Private Employees	68	29
	Student	98	42
Bus Service Used	Non-Daewoo Ac Bus	102	44
	Daewoo Bus	66	28
	Non-Ac Bus	67	28

 Table 1: Profile of Sample

Descriptive statistics related to the study variables are provided in table 2. All Variables of the study are given in that table. It describes the values of standard deviation, mean, maximum and minimum of the constructs. Five-point Likert scale is used while minimum and maximum values fluctuate between 1 and 5. The mean values of all the variables are greater than 3 which means majority of respondents provided above the neutral response. Among all the variables power distance has highest standard deviation and lowest mean value which means more responses are deviated from the mean for power distance.

Variables	Ν	Minimum	Maximum	Mean	Std. Deviation
Consumer Response	235	1.33	5.00	3.6904	.74399
Personal Associations	235	1.25	5.00	3.7188	.59654
Social Associations	235	1.52	5.00	3.5526	.68347
Collectivism	235	1.00	5.00	3.6298	.72012
Power Distance	235	1.00	5.00	3.0494	.92908
Masculinity	235	1.75	5.00	3.7745	.81695
Uncertainty Avoidance	235	2.20	5.00	3.9591	.70143

Fable 2:	Descript	ive Statis	tics
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4.2 Reliability and Validity Analysis

To check the consistency of the constructs under observation reliability of the instrument is measured. Reliable instrument provides approximately same results when repeated in same condition with similar respondents. Cronbach's alpha values are computed to check the reliability, the Cronbach's alpha values of the study variables are given in table 3. According to Hinton et al. (2004) the Alpha values greater than or equal to 0.90 is considered as excellent reliability, 0.7-0.90 high reliability, 0.50-0.70 moderate reliability, less than or equal to 0.5 low reliability. By examining the Alpha values provided in table 3 we come to know that all values are equal to or greater than 0.6 which means data on all variables are reliable.

Consumer Associations and Cultural Values

Variables	Cronbach's Alpha
Management	.771
Logo Design	.702
Popularity	.714
Nostalgia	.657
Status	.667
Social Identification	.713
Pride	.780
Vicarious Achievement	.606
Brand Preference	.829
Brand Extension	.821
Purchase Intention	.815
Pay Price Premium	.836
Collectivism	.784
Uncertainty Avoidance	.788
Masculinity	.661
Power Distance	.784
Personal Associations	.671
Social Associations	.783
Consumer Reaction	.762

Table 3: Reliability Analysis

Table 4 below provides the values of Average Variance Extracted (AVE) and square root of AVE, which are computed to measure the validity of the constructs. The square roots of the AVE values are greater than the correlation of these constructs with other constructs which means that these constructs confirm discriminant validity.

Variables	AVE	Sq Root of AVE
Management	.692	.832
Logo Design	.630	.794
Popularity	.637	.798
Nostalgia	.602	.776
Status	.751	.867
Social Identification	.543	.737
Pride	.695	.834
Vicarious Achievement	.718	.847
Brand Preference	.746	.867
Brand Extension	.738	.859
Purchase Intention	.736	.858
Pay Price Premium	.860	.927
Collectivism	.582	.763
Uncertainty Avoidance	.544	.738
Masculinity	.508	.713
Power Distance	.540	.735
Personal Associations	.637	.798
Social Associations	.751	.867
Consumer Reaction	.738	.859

Table 4: AVE and Square Root of AVE

4.3 Correlations

Relationship among two variables are computed through correlation. The correlation among personal associations and social associations with consumer reaction are shown in table 5. The values represent that there is high positive and significant correlation between social associations and consumer reaction then personal association and consumer reaction .722>.696 and both relationships are significant because *P*-values are less than 0.05. These results are consistent with the models of consumer behavior, which represent that both personal and social factors are important for positive consumer behavior.

Variables		Personal Associations	Social Associations	Consumer Reaction
Dorsonal	Paarson Correlation	1	624**	696**
Associations	Sig (2 toiled)	1	.024	.090
Associations	Dig. (2-tailed)	CO 4**	.000	.000
Social	Pearson Correlation	.624	1	.122
Associations	Sig. (2-tailed)	.000		.000
Consumer	Pearson Correlation	.696**	.722**	1
Reaction	Sig. (2-tailed)	.000	.000	

Table 5: Correlation of Main Variables

**. Correlation is significant at the 0.01 level (2-tailed)

4.4 Regression Analysis

The results of multiple regression analysis of main study variables are shown in table 6. By analyzing the values, it has been observed that both personal and social associations have significant effect on dependent variable (consumer reaction) because p-value<.05. Positive Beta values represent that both variables have positive effect on consumer reaction. This model predicts 61% variation of consumer reaction because Adjusted R square value is .617. The remaining variation is due to other variables that are not considered in this study. Personal and social associations jointly effect the consumer response because value of F is also significant p-value<.05.

Variables	ß	t-value	P-value
Constant	.003	.017	.987
Personal Associations	.501	7.764	.000
Social Associations	.513	9.102	.000
$\mathbf{R}^2 = .788$	$\mathbf{R}^2 \mathbf{A} \mathbf{d} \mathbf{j} = .617$	F-value = 189.473	P-value = .000

Table 6: Multiple Regression Analysis of Main Variables

Consumer Reaction (Dependent Variable)

4.4.1 Impact of Brand Associations

According to Aguinis, (1995) the hierarchical regression is a suitable statistical test when independent and moderator variables measured by continuous scale. Hierarchical regression results are shown in table 7. H_1 and H_2 represent that personal and social associations' constructs have positive impact on consumer reaction. Values in table 7 represent that personal and social associations have positive impact on consumer reaction ($\beta = .406$, $\beta = .493$) and these impacts are significant p-value less than .05, both hypotheses 1 and 2 were supported.

4.4.2 Interaction Effects of Cultural Values and Associations on Consumer Reaction

To check the status of hypotheses either accepted or rejected, the sign of β value and its significance (p-value) of the associations' interactions with cultural values are measured.

Collectivism: H_{3a} express that in case of low collectivism the impact of personal associations on consumer reaction will be higher while H_{4a} represent that in case of high collectivism, the impact of social associations on consumer reaction will be higher. Model 7 of table 7 show that ($\beta = -.336$) and p value is less than .05 which means the interaction of personal associations with collectivism has negative significant impact on consumer reaction (H_{3a} is supported), thus in case of low collectivism the stress should be given on personal associations. Similarly, Roth et al, (1995) found in his research that in case of low collectivism and high individualism, social and symbolic benefits should not be emphasized. The results are also supported with the findings of (Nayeem, 2012) that individualistic consumers are more inclined towards personal information. H_{4a} is not

supported because the social associations and collectivism interaction impact on consumer reaction is not significant (p-value is greater than .05).

Uncertainty avoidance: H_{3b} Represent that in case of high uncertainty avoidance the impact of personal associations on consumer reaction will be higher, and H_{4b} shows that in case of low uncertainty avoidance, the impact of social associations on consumer reaction will be higher. Values in table 7 represent that the interaction impact of personal association with uncertainty avoidance has no significant impact on consumer reaction because the p-value is greater than .05, therefore hypothesis 3b is not supported. Similarly, not significant impact of uncertainty avoidance and functional brand image interaction was found by Roth et al, (1995). The interaction impact of social associations with uncertainty avoidance has negative ($\beta = -.268$) significant (p < .05) impact on consumer reaction. Therefore, hypothesis 4b is supported which means in case of low uncertainty avoidance stress should be given on social associations.

Masculinity: H_{4c} represent that in case of high masculinity, the impact of social associations on consumer reaction will be higher. In table 7 the Beta value of the interaction impact of social associations with masculinity on consumer reaction is .248 and this value is also significant (p < .05), therefore hypothesis 4c is supported which means in case of high masculinity the emphasize should be given on social associations.

Power distance. H_{4d} represent that in case of high power distance, the impact of social associations on consumer reaction will be higher. In table 7, results show that the interaction impact of power distance with social associations are not significant (p > .05). Therefore, hypothesis 4d is not supported.

The values of R square in table 7 are increasing from model 1 to model 7 (left to the right) which means that by including the interaction of associations with cultural values the model measure more variance in consumer response.

Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Personal Associations	.501*	.421*	.421*	.411*	.414*	.414*	.406*
Social Associations	.513*	.534*	.534*	.546*	.553*	.513*	.493*
Personal Association X Collectivism		191*	190*	239*	301*	327	336*
Personal Associations X Uncertainty Avoidance			001	.020	.111	.124	.125
Social Associations X Collectivism				.045	.075	.105	.141
Social Associations X Uncertainty Avoidance					082	210*	268*
Social Associations X Masculinity						.225*	.248*
Social Associations X Power Distance							067
Constant	3.691*	3.717*	3.717*	3.716*	3.717*	3.695*	3.702*
R ²	.620	.641	.641	.642	.643	.657	.660

Table 7: Hypotheses Testing Results, Hierarchical Regression Results

*. P-value < .05

Dependent variable is Consumer Reaction

All variables are centered.

5. Conclusions

The conclusion of this study is that both personal and social associations have positive relationship and positive significant effect on consumer reaction while cultural values moderate this effect. As the consumer decision making models specifically theory of reasoned action consider attitude and subjective norms which represent the personal and social factors as important factor of consumer decision making and behavior. In this study, we consider brand associations which are clustered into personal and social associations and statistically found that both have significant impact on consume actual behavior. The statistical results represent that masculinity and uncertainty avoidance play moderating role between social associations and consumer reaction relationship while collectivism play moderating role between the personal associations and consumer reaction relationship.

5.1 Contribution

This study adds to the literature of international marketing, consumer behavior and branding by formulating and validating a framework which is tested for the first time. This study gave blueprint to the marketing/brand managers for the formulation of branding plans which helps for the attainment of desired consumer reaction. With the passage of the time marketing/brand managers evaluate which associations strongly held

in consumer mind regarding the brand and which associations required to be strengthen or improve for gaining desired consumer reaction. Managers can compare these associations with the competitors' brand associations for the purpose of evaluating uniqueness of brand associations.

6 Limitations and Directions for future Research

The framework which is developed and statistically tested in this study depend on the primary brand associations and consumer reaction. Other essential variables that can significantly affect the consumer reaction like brand credibility, brand personality and secondary associations etc., are not taken in this study. The framework is statistically tested by collecting data from one district, in future the researchers can test the framework to other geographic areas. This research is carried out only in Pakistan because of the shortage of resources and time. The strength of the framework can be enhanced by involving other countries which are culturally distinct. In this study, the conceptual framework is tested on services sector specifically on transportation sector. In future, the researcher can consider the manufacturing sector in order to increase the generalizability of the framework on manufacturing sector.

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