



# Influences of two modes of intergenerational communication on brand equity<sup>☆</sup>



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## ABSTRACT

Intergenerational (IG) communication within a family is an important source of brand equity. This study investigates how IG communication influences brand equity through multiple mechanisms. A careful examination of the nature and process of IG communication reveals two distinctive modes of IG influences – IG conversation and IG recommendation. Evidence from a large scale empirical study using structural equation modeling shows that these two modes of IG communication differentially impact brand equity through contrasting mechanisms. Managerial implications and directions for future research are discussed.

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## 1. Introduction

A brand represents enormous values for a company and is a powerful tool to improve marketing productivity (Aaker, 1991). Brand value is commonly called brand equity, which is accrued gradually overtime and can be derived from multiple sources (Keller, 1993). Recently, a growing stream of research has focused on the role of family interaction as a vital source of brand equity with an emphasis on intergenerational (IG) influences within a family (Bravo, Fraj, & Martínez, 2007a; Moore, Wilkie, & Alder, 2001; Perez, Padgett, & Burgers, 2011). IG influence refers to the transmission of knowledge or value, succession of rituals, and continuation of traditions from one generation to the next (Shah & Mittal, 1997). This phenomenon is prominently dubbed as the passing the torch effect in Moore, Wilkie, and Lutz (2002), which shows that, in marketing context, IG influence can exert a powerful and persistent impact on brand equity across an array of consumer packaged goods. The authors conclude that IG influence is “a real marketplace phenomenon and a factor that merits much closer attention” (p. 17).

Empirical research examining the impact of IG influence on brand equity is sparse. A handful of studies have shown that brand information obtained from family indeed contributes to brand awareness and association (Bravo, Fraj, & Martínez, 2007b; Bravo et al., 2007a). As of now, this stream of research has typically conceptualized IG influence

as a homogenous force influencing brand equity. Such an approach is useful and efficient for establishing the first connection between IG influence and brand equity, but on the other hand, it oversimplifies IG influence as a singular force, which is in contrast to previous research showing the richness and multitude modes of IG influence (e.g., Moore et al., 2002; Moschis, Moore, & Smith, 1984; Ward, Wackman, & Wartella, 1977). Further research needs to take a close look at the nature of IG influence to identify and study its specific modes and the mechanisms through which they affect brand equity.

This research examines how brand information is actually transmitted or communicated between generations (i.e., IG communication) in different modes and how the different modes of communication can contribute to brand equity through different mechanisms. This research carefully examines the nature and process of IG communication within a family and thereafter theorizes and empirically tests, using structural equation modeling (SEM), the relationship between two modes of IG communication and their impacts on the major elements of brand equity. In so doing, this research not only achieves a deeper understanding of IG communication, but also paves the way for developing pragmatic guidelines for brand managers to capitalize on IG influence to augment their brand equity. This research uses a sample of Chinese consumers, and the findings added to the pool of empirical evidence regarding the IG influence on brand equity in different cultures.

## 2. Theoretical background and hypotheses

### 2.1. IG influence on consumer behavior and its forms

In general, IG influence refers to the impact of one generation on another within a family in terms of transferring information, beliefs,

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attitudes, preferences, values, skills, and behavior. IG research in consumer behavior is relatively new. Early research on this topic exists in the area of family decision making and the family life cycle (e.g., Wells & Gubar, 1966; Woodson, Childers, & Winn, 1976). IG influence was found to influence a multitude of marketing variables such as marketplace beliefs (e.g., skepticism toward advertising), choice rules, brand loyalty, and brand preference (Heckler, Childers, & Arunachalam, 1989; Moore-Shay & Lutz, 1988; Obermiller & Spangenberg, 2000; Olsen, 1993, 1995; Perez et al., 2011).

More recently, IG consumer research has expanded to the area of brand equity. Moore et al. (2002) demonstrate that IG influence bears considerable potential for building a strong brand and improving marketing efficiency. The premise has been that IG influence represents a rich and highly credible source of brand meanings (i.e., brand equity). Indeed, research has shown that product information learned within a family significantly relates to consumer brand awareness, brand association, and overall brand equity (Bravo et al., 2007a). Nevertheless, a number of research questions remain, and more empirical evidence is needed to demonstrate the impact of IG influence on brand equity across marketing conditions. One prominent issue is that IG influence has often been treated as a singular and homogeneous force, yet IG influence actually manifests itself in multiple forms.

Several forms of IG influence have been identified and discussed in the literature. For example, Ward et al. (1977) differentiate three primary types of parental influences on their children – acting as role models, directly interacting, and providing independent purchase opportunities. Moschis et al. (1984) focus on the cognitive and social learning processes and described three types of parental influences in terms of modeling, social interaction, and reinforcement. Among these different forms of IG influences, IG communication is an important force. Moschis et al. (1984) point out that most consumer socialization research on parental influences has emphasized the role of overt communication between parents and children. Along the same line, Moore et al. (2002) stress the importance of verbal communications in IG influence and discussed several forms of consumption-related communication between parents and their children, including overt articulation of preferences, negotiation on conflicting preferences, and discussion about shopping styles.

IG communication becomes an even more important form of IG influence as children grow into young adults. At a younger age, observation and modeling are likely to serve as the primary mechanisms through which young children acquire consumption knowledge and skills from their parents (Hayta, 2008). As the children grow older, the importance of observation and modeling is likely to recede, while other mechanisms of parental influences, such as verbal communications, become more important since young adults are frequently absent from home and away from their parents. Previous research on IG influence typically studies a range of consumers spanning across multiple life stages (Heckler et al., 1989). This research focuses on young adult consumers, and considers IG communication to be the primary form of IG influence affecting brand equity for this segment of consumers.

## 2.2. Two modes of IG communication

IG communication within a family occurs naturally and frequently. For example, daily conversations at breakfast time allow family members to interact and exchange information about breakfast products or past shopping experiences (Price, 2008). Intense in-car conversations on frequent trips to grocery stores, churches, or sport events provide family members multiple opportunities to share product opinions and information. Given its scope and situational diversity, IG communication within a family can take on various modes like casual conversation, specific shopping recommendations, or even coercion (e.g., don't smoke) (Moschis et al., 1984). In the consumption context, two common modes of IG communication within a family are IG conversation and IG recommendation.

IG conversation refers to general discussions and chats between parents and children about product, purchase, and marketplace information. IG conversation can pertain to broad or metacognitive consumption knowledge (e.g., enjoyment of shopping, price consciousness, consumerism) or specific and detailed information about product features and attributes (Moore et al., 2002). Such conversations are often spontaneous and do not evoke specific purchasing intentions, though information acquired through such conversations may form the basis for a later purchase decision.

In contrast, IG recommendation is less rich in its informational content but more of an endorsement to buy a product or brand without explanation of why (Bravo et al., 2007a). IG recommendation can happen because the reasons to buy a product are not consciously available or hard to articulate as is often the case for experience and credence products (e.g., movie, perfume, or fashion products) (Shah & Mittal, 1997). IG recommendation can also happen because the parents are so confident in the purchase that they do not find it necessary to explain why the product is a good choice. Thirdly, children sometimes actively seek purchase recommendations from their parents without asking for reasons (Carlson & Grossbart, 1988; Moschis & Moore, 1979). In all of these cases, IG communication boils down to a purchase recommendation, often without justification or detailed product information.

Previous IG consumer research, especially the empirical studies, routinely lumps IG conversation and IG recommendation as IG communication and does not explicitly differentiate the two modes of communication (e.g., Moore-Shay & Lutz, 1988; Moschis et al., 1984). Nevertheless, theoretical work and exploratory research on IG studies indicate that IG conversation and IG recommendation are two distinctive modes of IG communication (Bravo et al., 2007a; Moore et al., 2002; Shah & Mittal, 1997) that can have differential influences on marketing variables related to brand equity. A preliminary qualitative study conducted earlier<sup>1</sup> has garnered empirical evidence supporting the differentiation of these two modes of IG communication and their impact on brand equity.

## 2.3. IG conversation, IG recommendation, and dimensions of brand equity

Moore et al. (2002) argue that IG communications are interesting and potentially powerful contributors to brand equity. Brand equity is the added value that a brand accrues as a result of marketing investment and efforts (Aaker, 1991). The added values are often derived from the meanings associated with a brand name (Keller, 1993). The multitude of family interactions and the accompanying IG communications can significantly augment and enrich brand meanings, and thereby brand equity.

According to Aaker's (1991) framework, brand equity is comprised of five dimensions: brand awareness, brand associations, perceived quality, brand loyalty, and other proprietary brand assets. Except for the last dimension, which refers to patents and other intellectual rights, the other four dimensions are consumer-based brand equity (Keller, 1993) and relevant to consumer study. Furthermore, for this research, brand awareness is not a key consideration since this research studies the well-known and well-established consumer brands in China, which all enjoy a high level of brand awareness (Aaker, 1991; Keller, 1993). Thus, this research focuses primarily on three dimensions of brand equity, namely, brand association, perceived quality, and brand loyalty. Since this research focuses on the brand equity that is derived mainly from IG influence, a prefix of *IG* is added to the names of these three dimensions to distinguish them from other non-IG-communication-related brand equity. In this paper, the three key brand equity dimensions are called IG brand association, IG perceived quality, and IG brand loyalty.

<sup>1</sup> A multi-stage in-depth interview with ten mother–daughter pairs was conducted in Shanghai, China. The interviews produced 55 h of voice recordings which was transcribed in a document containing 600,000+ words. Analysis of the data clearly reveals two modes of IG communication – IG conversation and IG recommendation. Data are available upon request to the corresponding author.

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