



Factors influencing generation Y's purchase intentions of prototypical versus me-too brands



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ABSTRACT

The current study examines self-confidence, perceived quality, extrinsic attributes and perceived risk as drivers and inhibitors of Generation Y's purchase intentions of prototypical and me-too brands. A survey of 348 respondents demonstrated that self-confidence and perceived quality produced significant positive effects on purchase intentions for the me-too brands. Extrinsic attributes produced a significant positive effect on purchase intentions for the prototypical brand. Perceived financial/performance risk produced a significant negative effect on purchase intentions for both the prototypical and me-too brands, while perceived psychological risk produced a significant negative effect on purchase intentions for the prototypical brand. Understanding the factors underlying Gen Y's consumer behaviour is crucial, particularly due to their considerable consumption potential and the increasing sophistication of brand marketing in the marketplace.

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1. Introduction

Generation Y (Gen Y) refers to the population born between 1977 and 1994 (Bartlett, 2004; Sullivan and Heitmeyer, 2008), making the cohort the largest demographic segment of consumers in most developed countries (Rugimbana, 2007). In the United States, Gen Y constitutes nearly 25 percent of the population or 73 million people (MetLife Mature Market Institute, 2010). Similarly, in Australia, 27 percent of the population or about 4.2 million are identified as Gen Y (Heaney, 2007).

What makes Gen Y particularly important to the current study is the very sizeable and lucrative consumer segment they represent (Jackson et al., 2011; Wolburg and Pokrywczynski, 2001). In 2008 the average annual expenditure of Gen Y consumers in the United States was \$29,325 for those under 25 years old and \$48,159 for those between 26 and 35 years. For both these groups, housing constituted the highest expenditure at 30% per annum with 81 percent taken by Gen Y consumers to purchase their own home. Considering the noteworthy buying power of Gen Y consumers, this presents a significant opportunity for American and Australia retailers today.

Being in the earlier stages of the consumer life cycle, Gen Y comprises single tertiary students, single young professionals and

married young professionals (Gurau, 2012). Gen Y appears to be fickle, embracing contradictory behaviour patterns which present the cohort as moving targets (Bartlett, 2004). In Australia, by age 12 Gen Y has reportedly been the direct target of 22,000 advertisements per year. Shaped by Nintendo and MTV (Marciniak, 2002), Gen Y's parents have observed that they utter a brand name as one of their first words (Sheahan, 2005). With their early and wide exposure to brands, Gen Y consumers display chronic boredom and mistrust of the media (Paul, 2001), are cynical about companies they perceive as manipulative and resent hard sell (Beard, 2003; Wolburg and Pokrywczynski, 2001). They are early adopters of new technologies (Kumar and Lim, 2008) but have diverse responses to brands. Some studies have observed Gen Y's willingness to pay more for brands that represent quality (e.g., Sullivan and Heitmeyer, 2008). Yet others have noted that Gen Y does not value longevity and will promptly abandon one brand for another (e.g., Wolburg and Pokrywczynski, 2001).

Generally, brands may be categorised as prototypical and me-too brands. A prototypical brand is defined as possessing a greater degree of family resemblance, with more attributes that are characteristic of a product category (Kalamas et al., 2006; Ward, 1994). Such attributes are valued (Loken and Ward, 1990; Veryzer and Hutchinson, 1998) since they are more familiar exemplars of a product category (Han, 1998). As consumers respond favourably to them (Loken and Ward, 1990) and they are more preferred (Gordon and Holyoak, 1983; Kunst-Wilson and Zajonc, 1980), they often become market-share leaders (Veryzer and Hutchinson, 1998).

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Thus, as brand leaders, prototypical brands often give assurances of better quality, convenient packaging, accessibility and responsiveness in after-sales service. These advantages provide a competitive edge to prototypical brands, giving them higher visibility (Beneke et al., 2012; Carpenter and Nakamoto, 1989), acting as entry barriers to followers (Lane, 1980) and making switching costs difficult for consumers (Schmalensee, 1982).

A me-too brand is defined as a follower brand and is the competition's response to a prototypical brand in the marketplace (Carpenter and Nakamoto, 1989). Me-too brands result from the competition's attempts to win market share from prototypical brand leaders (Lowe and Alpert, 2010). With advances in technology, the response of me-too brands to a prototypical brand is faster, allowing them to appear soon after the launch of a prototypical brand. This shortens the phase in which the unique concept in a prototypical brand can expect to reap premium prices and high margins.

Although it is acknowledged that Gen Y is in the earlier stage of the consumer life cycle, the cohort does not represent a homogeneous group (Noble et al., 2009). Thus a lack of understanding exists regarding Gen Y's different motivations and consumption patterns (Rugimbana, 2007). Additionally, little is known about marketplace behaviours of university-aged Gen Y (Martin and Turley, 2004). In fact, research priorities set by the Marketing Science Institute between 2004 and 2006 have identified the need to understand and market to special populations such as university-aged individuals (Noble et al., 2009). Understanding this cohort is crucial in influencing purchase behaviour in their later life (Kim et al., 2007). Given these gaps in the literature, the current study explores the perceptions, purchase motivations and behavioural intentions of university-aged Gen Y consumers when choosing different brands of consumer electronics. Specifically, the currently study examines self-confidence, perceived quality, extrinsic attributes and perceived risk as drivers and inhibitors of purchase intentions for their effects on prototypical and me-too brands of MP3 players.

2. Literature review

To achieve its aim, the current study is underpinned by socialisation theory. Socialisation theory is the most common ground for understanding how younger consumers learn to shop. A widely accepted definition of consumer socialisation is the "processes by which young people acquire skills, knowledge, and attitude relevant to their functioning as consumers in the marketplace" (Ward, 1974, p. 2). Two emergence themes from socialisation theory are pertinent to the current study. The first is the idea of "gaining freedom" through the use of products or specific consumption experiences. While young people are aware of their increasing knowledge of consumption, they often struggle in the marketplace in their new role as consumers, independent of their parents and friends. The second is the notion of "finding oneself". As young people mature into adults, they back away from parental influence and try to determine where and how reference groups fit in with the decisions they make (Noble et al., 2009). "Gaining freedom" and "finding oneself" draw upon decision-making theory such as autonomy, value seeking, branding comfort, cost/benefit, lasting investment, reactance, blending in/out, safety and accomplishment. Each theory underpins the key constructs of self-confidence, perceived quality, extrinsic attributes and perceived risk identified in the research model and outlined in the following paragraphs.

2.1. Self-confidence with brands

The psychology and marketing literature has identified three types of self-confidence; the latter two have a direct impact on consumer behaviour. General self-confidence, considered a personality trait, refers to an individual's general state of self-confidence (Bearden and Teel, 1980; Tafarodi and Swann, 1996). Consumer self-confidence reflects the level of self-confidence a consumer exhibits in guarding against being misled or mistreated in marketing exchanges (Gerbing et al., 1994). Product-specific self-confidence is the degree of self-confidence a consumer displays in a particular marketing situation (Locander and Hermann, 1979; Marc de Korte, 1977). In specific marketing contexts, when Gen Y consumers feel threatened or restricted to act in a certain manner, they may be motivated to restore their sense of autonomy (Noble et al., 2009) by asserting themselves and regaining self-confidence in a product or brand.

2.2. Perceived quality

A widely accepted definition of product quality in marketing literature is Garvin's (1984) definition which encapsulates eight attributes of a product. Performance refers to a product's primary operating characteristics. Features are additional characteristics or the "bells and whistles" of the product. Conformance refers to the extent to which a product's design and operating features meet established standards. Reliability is the likelihood a product will operate as expected over a set period of time under stated conditions of use. Durability refers to the usage the customer derives from a product before it physically deteriorates or until replacement is required. Serviceability is the speed, competence and courtesy of repair. Aesthetics refers to how a product appeals to the five senses. Finally, customer-perceived quality is customer perception of a product's quality based on the reputation of the firm. The ability of a brand to deliver these eight attributes is likely to motivate Gen Y consumers who seek value in the marketplace (Noble et al., 2009).

2.3. Extrinsic attributes

An extrinsic attribute is a tangible cue that is related to the product that can change without altering the characteristics of the product itself (Veale and Quester, 2009). Since information related to a product's intangible cues is often scarce, insufficient or inherently difficult to assess, a consumer will return to the product's extrinsic cues to formulate a more heuristic assessment of a product's quality (Monroe, 1976; Suri and Monroe, 2003). Thus consumers tend to rely on tangible cues such as a product's brand, physical appearance, purchase price (Dawar and Parker, 1994) and country of origin (Fandos and Flavian, 2006; Kim, 2008) to experience and determine its quality. The extent to which each of these extrinsic cues impacts upon perceived quality depends on the consumer segment and product category since both aspects can influence perceptions of quality (Forsythe et al., 1999). When purchasing a prototypical brand, Gen Y consumers appear to derive comfort (Noble et al., 2009) from tangible cues such as its reputable branding and pricing to justify their premium purchase.

2.4. Perceived risk

Perceived risk is viewed in terms of a subjective expectation of potential loss (Sjoberg, 1980) across six dimensions (Laroche et al., 2004; Mieres et al., 2006). Financial risk refers to a potential monetary loss arising from the need to repair, replace or refund a purchase (Horton, 1976). Gen Y consumers may perceive financial risk from a basic cost/benefit analysis (Noble et al., 2009). This

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