

# Impact of Brand Credibility and Consumer Values on Consumer Purchase Intentions in Pakistan

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## Abstract

Purpose of the research is to examine association of brand credibility and consumer values with purchase intentions of consumers in Pakistan. Brand credibility is studied in three dimensions (trustworthiness, expertise and attractiveness) and consumer values are measured through LOV (List of variables) measure. Data was collected from 102 students from different universities. A self administered questionnaire was employed to collect data from respondents by method of convenient sampling. Results of statistical analysis revealed that brand credibility and consumer values are significantly and positively associated with consumer purchase intentions. Our study imply that brand credibility and consumer values both have positive association with consumer purchase intentions so marketer also focus on brand credibility as well as consumer values and should establish long lasting credibility. This study has some limitations that can be reduced by future research. This study was examined on students but in future it can be expanded on to other general consumers. This study focused on cold drinks of a company further it can be broaden to other products and results will be more obvious and effective.

**Keywords:** Brand credibility, Consumer Values, Purchase Intentions, Pakistan.

## Introduction

“A brand is a name, term, sign, symbol or design or a combination of them which is intended to identify the goods and services of one seller or a group of sellers and to differentiate them from those of competitors” (Kotler, 1997, p. 443). Brand play an important role that it entails a unique identity of firm products of services, different from competitors. Consumers face many product and services within market and they don't have certain information about those product and services. It creates uncertainty in mind of consumers. When asymmetric information is available in market then consumer or firms can employ signals to communicate

their information (Spence, 1974). In such type of situations brand can serve as symbols or signals (Erdem & Swait, 2004) and signal should be credible (Tirole, 1990). Origin of brand credibility is source credibility literature, when brands entail credibility then it stands for brand credibility. Brand credibility refers to believability in characteristics of brand (product) information. Prior studies had proposed three elements of brand credibility: trustworthiness, expertise and attractiveness (Keller K. L., 2008; Wang & Yang, 2010). The term value can be described as "conception of desirable" (Kluckhohn, 1962, p. 125), and "Principle, standard, course of action or quality considered useful or worthwhile" (Kahle L. , 1983, p. 43). Previous researches also explained that values affect the behavior of humans (Rokeach M. , 1968; Yankelovich, 1981)

Only few researchers investigated the link of brand credibility and brand purchase intentions (Wang & Yang, 2010). For example previous research had examined the effect of brand credibility on product utility (Erdem & Swait, 1998). Another study investigated impact of brand credibility on consumer choice and concluded that higher credibility increases the chances of brand to be included in consideration set (Erdem & Swait, 2004). However these studies investigated only two elements of brand credibility: trustworthiness and expertise. They did not include attractiveness/likableness in their study so it causes incomplete effect of brand credibility. A recent study by Wang and Yang (2010) investigated impact of brand credibility on consumer brand purchase intentions and included brand image and brand awareness as moderator. They concluded that brand image and brand awareness moderates the relationship of brand credibility and consumer brand purchase intentions.

Previous researches had investigated that consumer values influences the attitude and purchase intentions toward brand choice (Allen, 2001; Erdem, Oumlil, & Tuncalp, 1999; Homer & Kahle, 1988; Shim & Eastlick, 1998). A recent research by Allen (2001) investigated the impact of human values on product preferences, while incorporating the importance of tangible features. As the culture and values of Pakistani consumers are very different from western countries so it will provide a good insight in to knowledge to study these variables in this context.

Objective of this research is to investigate the association of brand credibility, consumer values and consumer purchase intentions. In this study our research will focus on the values of consumers in Pakistan and explore how they affect brand credibility and consumer purchase intention relationship.

## **Literature Review**

### **Brand Credibility**

Brand credibility is originated from source credibility literature. According to Ohanion (1990) source credibility is positive characteristics of a sender that influence receiver's message acceptance, or validity of communication assertions (Enrique, Rafael, & Isabel, 2009), or believability of intentions of entity at particular time (Herbig & Milewicz, 1995). This sender, communicator or entity can be person, cartoon, corporation and/or brand (Wang & Yang, 2010)

Previous research described that source credibility comprised of trustworthiness, expertise and attractiveness (Hovland, Janis, & Kelly, 1953; Sternthal & Craig, 2002; Keller & Aaker, 1997). So brand credibility refers to believability in characteristics of brand product information. It has three elements trustworthiness, expertise and attractiveness.

1. Trustworthiness: The extent to what entity is considered reliable or honest source of information.
2. Expertise: The extent to what entity has good knowledge and skills.
3. Attractiveness: the extent to what entity is valued by personality characteristics (behavior, ambition etc.)

Trustworthiness is associated to attitude, expertise is associated with competencies and attractiveness is associated with personality characteristics. Brand credibility involve consumer to perceive that brand as reliable source of information (trustworthiness), has skills (expertise) and match with personality characteristics (attractiveness). Hence trustworthiness, expertise and attractiveness demonstrate a complete picture of brand credibility.

A handful of studies investigated effect of brand credibility purchase intentions. Brand credibility increases consumer utility (Erdem, Swait, & Louviere, 2002), brand credibility is positively associated with emotions and reasons in consumer decision making (Maathuis, Rodenburg, & Sikkel, 2004). Prior research had investigated that source credibility impact attitude of consumers towards the source (Brinol, Petty, & Z.L., 2004). A recent study by Wang and Yang (2010) has investigated that brand credibility has positive impact on consumer purchase intentions.

Thus we can hypothesize that:

**H1:** Brand credibility positively affects consumer purchase intentions

### **Consumer Values**

Many studies measured the consumer values impact. Values can be defined as “an enduring belief that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse mode of conduct or end state of existence” (Rokeach M. , 1973). And there are four measuring tools of values: the Rokeach value system (RVS) (Rokeach M. , 1973), the Schwartz human values (Schwartz, 1992), the list of variables (LOV) (Kahle L. , 1983) and the values and life styles system (VALS) (Mitchel 1983). In this research we will adopt list of variable (LOV) measure of (Kahle L. , 1983).

In LOV, values can be separated in to two main dimensions: external values (social affiliation) and internal values (self actualization). We will use LOV because of its reliability, ease of use and as different researchers had accepted its cross cultural use and effectiveness (Beatty, Kahle, & Homer, 1991; Goldsmith, Freiden, & Kilsheimer, 1993). There are nine items in LOV which are as follows: “self respect, security, warm relationships with others, sense of

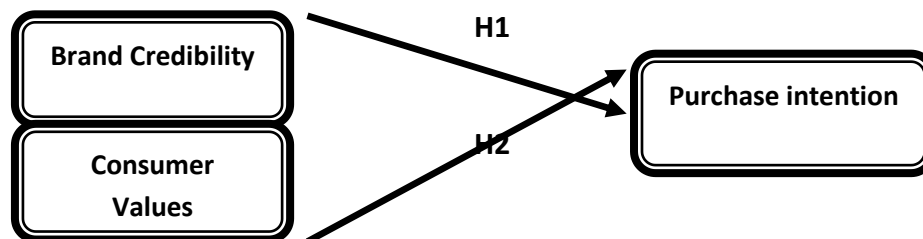
accomplishments, self fulfillment, sense of belonging, being well respected, fun and enjoyment in life and excitement” (Kahle, Beatty, & Homer, 1986)

Individuals have goals and objective which they struggle to achieve, selection of goals and objective is done by values (Vinson, Scott, & Lamont, 1977; Kim, Forsythe, Gu, & Moon, 2002). And values works as grounds to achieve for objectives in simple and consumption behaviors (Allen, 2001; Williams, 1979). Consumer values influence decision making of choice of brand. As Schwartz (1992) suggested that people develop criteria to select and defend their own and others actions. Many researchers suggested that consumer values effect features of consumption and behaviors (intentions) of consumers (Becker & Conner, 1981; Prakash & Munson, 1985; Shim & Eastlick, 1998; Kim, Forsythe, Gu, & Moon, 2002). Another study suggested that consumer values have been recognized as strong force that influences consumer choice of product (Tse, Belk, & Zhou, 1989). Personal values have been determinant of different features of consumer attitude and behavior (Homer & Kahle, 1988). A latest study on organic products in California by Kim and Chung (2011) suggested that consumer values influences purchase intentions of consumers.

Therefore we can hypothesize that:

**H2:** Consumer values influence the consumer purchase intentions about a product.

**Theoretical Model:**



**Methodology**

The population for this study was students of Islamabad/ Rawalpindi universities. Respondents could easily comprehend the questionnaire (in English language) so that content validity of questionnaire was assured. A total of 150 questionnaires were distributed. Out of 150 questionnaires, 102 were completely filled, 8 were uncompleted and remaining did not respond back. Response rate was 68%. Sampling technique employed was convenience in nature. We utilized a self completion questionnaire to collect information (data) about consumers brand credibility, consumer values and purchase intentions. Our study adapted questionnaire of brand credibility from Erdem and Swait (2004) and Wang and Yang studies about brand credibility (Wang & Yang, 2010) and measured on five point Likert scale. Brand credibility was measured in three dimensions: Trustworthiness, expertise and attractiveness. Purchase intention

questionnaire was adapted from Grewal et al. study (Grewal, Krishnan, Baker, & Borin, 1998). Purchase intention was measured by one item, employing five point Likert item that indicates 1 “absolutely impossible” and 5 “absolutely possible”. Consumer values were measured by adapting LOV measures (Kahle L. , 1983). It includes nine items that are as follows: self respect, security, warm relationships with others, sense of accomplishments self fulfillment, sense of belonging, being well respected, fun and enjoyment in life and excitement (Kahle L. , 1983). A five point Likert type scale was used to measure values and respondents were directed to mark the importance of each value (1= Not important at all and 5= greatly important).

### **Results, Discussion and Conclusion**

The reliability analysis of variables was measured by employing Cronbach’s coefficient alpha. And the reliability analysis revealed that it is .73, .71 and .71 of constructs brand credibility, consumer values and purchase intentions respectively. These values were much bigger than standard of .70 and fall in acceptable range. As all the items of questionnaire were adapted from previous studies so content validity as insured.

The co-relation and regression techniques were used to measure the relationship among brand credibility, consumer values and purchase intentions. The co-relation coefficients of three variables were as follows:

**Table 1: Co-relation Analysis:**

	P.I	C.V	B.C
P.I	1		
C.V	.755**	1	
B.C	.674**	.744**	1

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

N=102

In this study co-relation analysis demonstrate strong and positive relationship among purchase intentions, consumer values and brand credibility and show that both consumer values and brand credibility have co-relation of .755 and .674 respectively.

**Table 2: Regression Analysis**

	Standardized Coefficients		Sig.
	Beta	T	
(Constant)		-.144	.886
Brand Credibility	.251	2.635	.010
Consumer Values	.568	5.962	.000

a. Dependent Variable: Purchase Intention

Regression analysis revealed that value of Adjusted R Square is .590, it represent that 59.0% change in dependent variable (purchase intention) is due to independent variables (brand credibility and consumer values) and remaining 41% is caused by other factors. It represent that Adjusted R Square value is highly significant and data of current study fits with model. And value of F= 73.706 is significant at the level of .000. Beta value is .251 and .568 for respectively brand credibility and consumer values and values are positive and significant at .010 and .000 respectively. It reveals that brand credibility and consumer values are positively associated with purchase intentions of consumers.

This study examines the relationship of brand credibility, consumer values and purchase intentions. Results revealed that there is positive and significant relationship of brand credibility and consumer values with consumer purchase intentions in Pakistan. Findings of study are consistent with previous studies of Erdem and Swait (2004), who concluded that higher credibility will influence consumer and increase probability of product to be included in choice set formation. Wang and Yang (2010) also concluded same results that brand credibility has affect purchase intentions of consumer. Kim and Chung (2011) in their study suggested that consumer values influence purchase intentions of consumers. And our results supported Homer and Kahle study that consumer values influence the attitudes and behavior of consumer towards product (brand) (Homer & Kahle, 1988).

On the basis of these findings we can conclude that brand credibility and consumer values affect the purchase intentions of consumers in Pakistan. As the values of consumer of Pakistan are different from western countries so they have also affect on purchase intentions.

Brand credibility plays an important role in purchase intentions of consumers and found that it has positive and strong affect. The more brand is credible the more there are chances that it will be included in choice set formation and will be selected (Erdem & Swait, 2004). Brand credibility that was measured in three dimensions shown a positive impact on consumer purchase intentions. Consumer while purchasing exhibited larger and strong positive intentions

towards credible brand. Consumer values have strong and positive impact on the purchase intentions of consumer towards brand.

### **Recommendations and Limitations and Future Directions**

Current study provides numerous managerial implications. The main implication is that credibility of brand is very important and has greater impact on the consumer while purchasing. And in FMCG products it is more important because these purchases are based on past experiences and credibility of source. So companies should establish and build up strong and distinctive brand credibility from its competitors.

And the second managerial implication can be that companies should develop a long lasting brand credibility to more influence the intentions of consumers. And it can be established by giving expertise, trustworthiness and attractiveness to consumers.

Consumer values are also strong predictors of consumer purchase intentions so marketers should keep in view and focus on the values of consumers because of affect.

Limitations can be avenues for future research. One limitation was that we employed student collected data in our study. Future research can collect data from general customer that will bring a good insight into knowledge. Second our study was tested on cold drink (juices) of a company. Future research can focus more than one product that will give more generalizability for results. And third we did not include consumer culture and brand image in our study. Consumer culture and brand may have strong effect on purchase intentions as their effect was concluded in some researches.

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