

## Chapter B: From the traditional to a more nuanced brand purchase funnel

### 1. Theoretical foundation of traditional brand purchase funnel models

In the past, **three interrelated, process-oriented theoretical approaches** have been used to support linear funnel models. These are the comprehensive models of the **“grand theory”**<sup>234</sup> as well as **hierarchy-of-effect models** from advertising research<sup>235</sup> and **multistage choice set models** from behavioral decision theory.<sup>236</sup> Notwithstanding certain similarities, there are differences in these theories. Consequently, the resulting understanding of linear funnel models varies. Building on Chapter A2, the next sections briefly present all three theories and discuss their implications for the TBF model (B1.1-3). While aspects of the grand theory provide overall guidance, hierarchy-of-effect and multistage choice set models offer two distinct perspectives on linear funnels.<sup>237</sup> The presentation has two purposes. First, it specifies the dissertation’s understanding of the brand purchase funnel. Second, a review of the theoretical basis allows carving out the key benefits and two fundamental limitations of the TBF (B1.4). Together these can be used as a framework to structure the conceptual propositions for a more nuanced funnel model.

#### 1.1 Grand theory models

Models of the **grand theory** (also comprehensive models) emerged during the 1960s and 1970s in light of little theory on consumer behavior.<sup>238</sup> They were developed with a perspective of conscious decision-makers, who act largely rational and dominated by cognition.<sup>239</sup> They *“provide a framework of the key elements that are purported to*

<sup>234</sup> Cf. YADAV & PAVLOU (2014), p. 28; YADAV ET AL. (2013), p. 316

<sup>235</sup> Cf. FREUNDT (2006), pp. 208–209; PERREY ET AL. (2015), p. 130; WIESEL ET AL. (2011), p. 605

<sup>236</sup> Cf. ESCH (2010), p. 218; FREUNDT (2006), p. 209

<sup>237</sup> See SIMONSON ET AL. (2001), pp. 255–259. Also PRIESTER ET AL. (2004), who note, *“How individuals choose is of interest to a wide variety of researchers. In particular, attitudes and persuasion researchers and decision-making researchers have, largely independently of one another, explored the processes by which individuals come to choose one alternative over another.”* (p. 574)

<sup>238</sup> Before, consumer theory had largely built on static, economic theory that did, especially, not (well) account for consumers’ psychological processes. See HOWARD & SHETH (1969), pp. 22–23; SIMONSON ET AL. (2001), p. 251. KASSARIAN (1982) refers to *“grand models”* (p. 20)

<sup>239</sup> See ERASMUS ET AL. (2001), p. 83; PUNJ & SRINIVASAN (1992), pp. 491–493. As ERASMUS ET AL. (2001) note, a rationale and cognitively-dominated decision implies a *“... careful weighing and evaluation of utilization or functional product attributes to arrive at a satisfactory decision.”* (p. 83)

*explain the behaviour of consumers.*<sup>240</sup> While different authors contribute to the literature,<sup>241</sup> “... differences lie primarily in their emphasis on particular variables and the manner of presentation.”<sup>242</sup> Of relevance for this chapter is that such models illustrate the **theoretical basis**, in which the brand purchase funnel models were originally rooted.<sup>243</sup> Moreover, they intend to describe the **decision-making sequence holistically**.<sup>244</sup> Both aspects are important for a theoretical understanding of the TBF. To illustrate them, the **renowned model** by BLACKWELL ET AL. (formerly ENGEL ET AL.) is briefly presented.

The **consumer decision process model** is a process-oriented schematic representation of decision-making.<sup>245</sup> It was initially proposed in 1968 but received numerous revisions since then.<sup>246</sup> The model is structured around **seven phases of a decision process** on which this thesis focuses (Figure 4).<sup>247</sup> The overall model entails a more comprehensive account for each phase, especially further constructs that detail the internal and external search for information and the role of memory.<sup>248</sup> The process is also influenced by individual characteristics (e.g., resources, psychological constructs as knowledge and attitude) and environmental factors (e.g., culture, family, or situational aspects).<sup>249</sup>

The basic decision process is described as follows: A purchase process is initiated by the conscious **recognition of a need** (1), which is a discrepancy between the current

<sup>240</sup> BRAY (2008), p. 9. Also FOSCHT & SWOBODA (2011), p. 25; MEFFERT ET AL. (2015), p. 132

<sup>241</sup> See KASSARJIAN (1982), p. 20 for an overview of contributions. These include, for example, the **theory of buyer behavior** by HOWARD & SHETH (1969) (see pp. 24–49 for a summary) or the **consumer decision process model** by ENGEL ET AL. (1968) (see BLACKWELL ET AL. (2006), pp. 68–88 for an overview). Authors such as BRAY (2008), pp. 9–19; FOSCHT & SWOBODA (2011), pp. 25–28 discuss these in more depth.

<sup>242</sup> ERASMUS ET AL. (2001), p. 83

<sup>243</sup> See e.g., MARTIN & MORICH (2011), pp. 484–486 and discussion hereafter.

<sup>244</sup> See ERASMUS ET AL. (2001), p. 83

<sup>245</sup> See e.g., BLACKWELL ET AL. (2006), p. 70; KASSARJIAN (1982), p. 20; PUNJ & SRINIVASAN (1992), p. 491. Crediting the authors, it is also known as ENGEL-BLACKWELL-MINIARD or, originally, ENGEL-KOLLAT-BLACKWELL model.

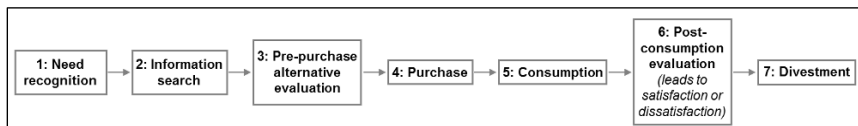
<sup>246</sup> ENGEL ET AL. proposed the original model in 1968. The most recent revision was published by BLACKWELL ET AL. in 2006. See pp. 70–85 for an in-depth presentation of the model.

<sup>247</sup> Note that in recent publications consumption and divestment have been included as separate stages.

<sup>248</sup> See BLACKWELL ET AL. (2006), pp. 71–79

<sup>249</sup> See BLACKWELL ET AL. (2006), pp. 86–88

and an ideal situation triggered by memory or an external stimulus. A consumer, then, engages in **information search** (2). Search is conducted both internally from memory and externally via multiple steps of information processing. Its intensity depends on a trade-off between search benefits and costs and is, for example, influenced by the problem's complexity. An **evaluation of alternatives** (3) follows after sufficient information have been collected. This is the basis for the **purchase** decision (4). Subsequent to **consumption** (5), a **post-consumption evaluation** (6) can lead to satisfaction or dissatisfaction depending on whether the perceived performance of the purchase reflects consumer expectations. The experiential information is stored as feedback for future purchase situations. **Divestment** (e.g., disposal, recycling) is the last stage (7).<sup>250</sup> Similar to other comprehensive models such as the theory of buyer behavior,<sup>251</sup> the model thereby provides a reflection of the entire buying cycle. It spans from a pre-purchase (1-3) to a purchase (4) and a post-purchase phase (5-7), and includes a feedback loop to subsequent purchase situations.



**Figure 4: Decision stages of the consumer decision process model**

Source: Adapted from BLACKWELL ET AL. (2006), p. 70

In the 1980s, the interest in the grand theory declined. Abundant literature reflects on this development in depth.<sup>252</sup> In short, researchers argue that comprehensive models are not only very complex for operationalization or empirical testing but also over-simplify the situation-specific aspects of consumer behavior.<sup>253</sup> The fundamental criticism

<sup>250</sup> A complete discussion is provided by BLACKWELL ET AL. (2006), pp. 70–85. See also e.g., BRAY (2008), pp. 15–17; FOSCHT & SWOBODA (2011), p. 25; MEFFERT ET AL. (2015), p. 133

<sup>251</sup> See HOWARD & SHETH (1969), pp. 29–38

<sup>252</sup> See e.g., BRAY (2008), pp. 14–15, 17–19; ERASMUS ET AL. (2001), pp. 83–87; FOSCHT & SWOBODA (2011), p. 28; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 464–466.

<sup>253</sup> See BRAY (2008), pp. 18–19; FOSCHT & SWOBODA (2011), p. 28; KASSARJIAN (1982), p. 20; MEFFERT ET AL. (2015), p. 135; SIMONSON ET AL. (2001), p. 251. Researchers criticize the delimitation and classification of some variables, especially among the intervening variables. The fact that many of them are unobservable, which complicates their measurement, contributes hereto. Against this background, construct operationalization and empirical testing are difficult.

is that they tend to generalize consumer behavior at least in their visual presentation.<sup>254</sup> As exemplified in the above description of the consumer decision process model, the grand theory focuses on conscious, extensive purchase decisions. A consciously acting consumer, first, perceives a need and, then, follows a rational decision process to fulfill it. This decision is characterized by strong cognitive steering, which implies explicit information search, and a ranking of potential alternatives along evaluation criteria.<sup>255</sup> While the authors acknowledge different decision-making situations, these constitute grades of rational decision-making.<sup>256</sup> Critics have rightfully argued that this view is not applicable to all other purchase types. ERASMUS ET AL. highlight, “consumers do not necessarily embark upon extensive, active, cognitive laden, realistic and goal directed decision-making behaviour.”<sup>257</sup> For example, impulse purchases are characterized by little pre-purchase activity and are not representable in these models. Habit purchases happen quasi-automatically and without “any” conscious intention.<sup>258</sup> While a comprehensive definition and delimitation of different purchase decision types follows in Chapter B2.2.2.1, it is important to acknowledge at this point that the narrow view on a fairly conscious consumer that makes a cognitively steered decision constitutes a limitation. As discussed throughout Chapter B1, **this aspect carries through to the TBF model.**

Today, the benefit of comprehensive models is rather seen in their ability to **structure basic characteristics of consumer behavior.**<sup>259</sup> This feeds their second contribution

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<sup>254</sup> See ERASMUS ET AL. (2001), pp. 84–87 for a discussion. Also, SIMONSON ET AL. (2001), p. 251

<sup>255</sup> See e.g., ERASMUS ET AL. (2001), pp. 84–86; FOSCHT & SWOBODA (2011), pp. 25–26; MARTIN & MORICH (2011), pp. 484–485

<sup>256</sup> HOWARD & SHETH (1969) claim that consumers simplify extensive (or extended) problem solving (EPS) over time. In repetitive situations, buyers are assumed to define clearer choice criteria (which leads to limited decision-making) and, then, to develop strong predispositions toward one brand (routinized decision-making) (pp. 27–28). Similarly, BLACKWELL ET AL. (2006) claim that by modification or omission of stages, their model can represent different situations depending on a) the decision complexity and b) purchase frequency (new versus repeated purchase) (pp. 88–93). For example, they highlight, “*With limited problem solving, there is little information search or evaluation before purchase.*” (p. 90). Hence, stages 2 and 3 are largely reduced.

<sup>257</sup> ERASMUS ET AL. (2001), p. 87. Similarly, BRAY (2008), p. 19; FOSCHT & SWOBODA (2011), pp. 28, 32

<sup>258</sup> See ERASMUS ET AL. (2001), pp. 84–86; FOSCHT & SWOBODA (2011), pp. 25–26; MARTIN & MORICH (2011), pp. 486–487, 492–493; YADAV ET AL. (2013), p. 315

<sup>259</sup> See e.g., FOSCHT & SWOBODA (2011), p. 28; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 466; MEFFERT ET AL. (2015), p. 135

for the understanding of the TBF's structure. The comprehensive models provide fundamental guidance for process-oriented models of consumer behavior, namely to cover the consumer choice process along the entire **buying cycle**. Many researchers continue to make use of the simplified version introduced above, including a pre-purchase, purchase, and post-purchase phase.<sup>260</sup> Over time, the focus in consumer research shifted from comprehensive models to partial analyses of behavior.<sup>261</sup> In line with this shift, the next two chapters focus on two interrelated but different schools of literature that provide process-oriented models serving as foundation for specific linear funnel models.

## 1.2 Hierarchy-of-effect models

Hierarchy-of-effect models<sup>262</sup> are attributable to social cognition research on attitudes and persuasion,<sup>263</sup> and “... *have been around in the literature of marketing, in one form or another, for more than 100 years.*”<sup>264</sup> These models originate from a personal selling context where they were employed to explain the stages in which marketers are supposed to persuade consumers.<sup>265</sup> The ideas can be traced back to LEWIS, who “... *theorized that sales people, in order to be successful, had to attract attention (cognition), maintain interest and create desire (affect), and then ‘get action’ (conation).*”<sup>266</sup> He, thereby, described four hierarchical stages that are known by the acronym: **AIDA**.<sup>267</sup> The logic of this framework rests on a picture of a consciously acting consumer that is similar to the description in the last chapter. The attraction of attention is

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<sup>260</sup> For examples from textbooks and papers alike, see e.g., BLACKWELL ET AL. (2006), pp. 100–232; FOSCHT & SWOBODA (2011), p. 32; GREWAL ET AL. (2013), p. 263; YADAV ET AL. (2013), p. 316. KOTLER & KELLER (2012), pp. 188–195; LILIEN ET AL. (1992 [reprinted 2003]), pp. 25–28 make use of the original five steps of the consumer decision process model.

<sup>261</sup> See SIMONSON ET AL. (2001), p. 251. “*Partialmodelle*” (MEFFERT ET AL. (2015), p. 100) or “*middle-range theories*” (KASSARJIAN (1982), p. 20), are conceptual frameworks that focus on a specific aspect of investigation and do not attempt to reflect consumer behavior comprehensively.

<sup>262</sup> The term hierarchy of effects is often associated with PALDA (1966) who discusses the LAVIDGE AND STEINER model (see hereafter) and states that “*they postulated a hierarchical sequence of effects, resulting from the perception of an advertisement, which moves the consumer ever closer to purchase.*” (p. 13)

<sup>263</sup> See SIMONSON ET AL. (2001), p. 257

<sup>264</sup> WEILBACHER (2001), p. 20

<sup>265</sup> See HEATH & FELDWICK (2008), pp. 34–35

<sup>266</sup> BARRY & HOWARD (1990), p. 123

<sup>267</sup> See e.g., HEATH & FELDWICK (2008), pp. 34–35

supposed to create a need (i.e., external stimulation), which initiates pre-purchase steps that may result in a purchase action.<sup>268</sup> *"Persuasive hierarchy models"*<sup>269</sup> that build on this framework gained widespread diffusion,<sup>270</sup> with the objective to measure the effectiveness of advertisements at each stage.<sup>271</sup> While these models differ slightly regarding their stages and labels,<sup>272</sup> the basic **hierarchy of psychological effects** that an advertisement is assumed to have is maintained: a linear sequence from cognition (thinking) to affect (feeling) to conation (doing).<sup>273</sup> Beyond AIDA, the potentially most renowned contribution<sup>274</sup> is LAVIDGE AND STEINER's *"model for predictive measurements of advertising effectiveness."*<sup>275</sup> It is illustrated, to specify **learnings as well as delimitations** for this thesis' **understanding of linear funnel models**.

The **LAVIDGE AND STEINER model** builds on the observation that consumers "... approach the ultimate purchase through a process or series of steps in which the actual purchase is but the final threshold."<sup>276</sup> They design a hierarchy of effects according to which advertising can move consumers toward purchase. It entails multiple, sequential psychological stages (Figure 5). These are **awareness** of a product's or a service's existence and **knowledge** of the offering (cognitive), **liking** in terms of a favorable attitude and **preference** over all alternatives (affective), **conviction** to purchase and, finally, **purchase** (conative).<sup>277</sup> They acknowledge that the stages are not equidistant and that, depending on the purchase situation, consumers may skip stages.<sup>278</sup> In order to influence this process, the authors see three functions of advertising: information (cognition), formation of favorable attitudes (affect), and creation of action (conation).

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<sup>268</sup> See MARTIN & MORICH (2011), p. 485

<sup>269</sup> VAKRATSAS & AMBLER (1999), p. 32

<sup>270</sup> See e.g., VAKRATSAS & AMBLER (1999), p. 26; WEILBACHER (2001), p. 20

<sup>271</sup> See e.g., LAVIDGE & STEINER (1961), p. 62; VAKRATSAS & AMBLER (1999), p. 26

<sup>272</sup> For a comprehensive overview of hierarchy models see e.g., BARRY & HOWARD (1990), pp. 123–126. Over time, various constructs that mediate or moderate a consumer's response to advertising were studied, esp. attitude and involvement. See VAKRATSAS & AMBLER (1999), pp. 32–33

<sup>273</sup> See e.g., BARRY & HOWARD (1990), pp. 122–123; VAKRATSAS & AMBLER (1999), pp. 32–33

<sup>274</sup> See e.g., HEATH & FELDWICK (2008), p. 38. Another reputed example is the DAGMAR model (*"defining advertising goals for measuring advertising results"*) by COLLEY (1961), p. 61.

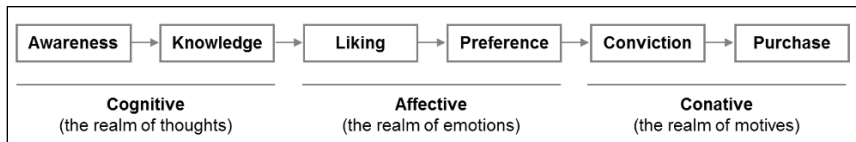
<sup>275</sup> LAVIDGE & STEINER (1961), p. 59

<sup>276</sup> LAVIDGE & STEINER (1961), p. 59

<sup>277</sup> See LAVIDGE & STEINER (1961), pp. 59–61

<sup>278</sup> See BARRY (2002), p. 46; LAVIDGE & STEINER (1961), p. 60. The authors argue that for impulse buying consumers might skip all stages from awareness to conviction, and directly move to purchase.

The model's objective is to establish the effectiveness of an advertisement "... *in moving the specified 'target' audience(s) up the critical purchase steps.*"<sup>279</sup> Interestingly, LAVIDGE AND STEINER also suggest evaluating consumers' opinion on specific brand image components "... *to determine the extent to which changes ... are related to movement on the primary purchase steps.*"<sup>280</sup>



**Figure 5: Model for predictive measurements of advertising effectiveness**

Source: Adapted from LAVIDGE & STEINER (1961), p. 61

From the above presentation, one can note similarities between persuasive hierarchy models and the **linear brand purchase funnel** introduced in Chapter A2. As shown, the LAVIDGE AND STEINER model establishes linear stages that lead to purchase, evaluates consumers' "location" on these stages, and derives an overall performance (here: of an advertisement).<sup>281</sup> The intention thus mirrors the aforementioned "**brand perspective**" taken in funnel models. However, the model types differ in two fundamental ways.

First, the typical research **purpose**, and consequently the level of model description, differ. Hierarchy-of-effect models, generally, look at the effects of **specific marketing communication** on a consumer. The primary focus is on certain types of communication regarding one brand,<sup>282</sup> not on the decision process of a consumer or the evaluation of competitive effects between brands.<sup>283</sup> Moreover, since the models start with

<sup>279</sup> LAVIDGE & STEINER (1961), p. 61

<sup>280</sup> LAVIDGE & STEINER (1961), p. 62. This is close to the intention of this dissertation's fourth research question. The authors specifically suggest using such image measurements for the mid-level, affective stages. They speak of primary purchase steps because the main stages in their model are, already, of psychographic nature. Specifically, the authors differentiate "... *global attitudes or position on the primary purchase steps*" and "... *specific attitudes concerning image components...*" (p. 62)

<sup>281</sup> See e.g., LAVIDGE & STEINER (1961), p. 61 as example of an advertising hierarchy-of-effect model. See e.g., PERREY ET AL. (2015), pp. 130–137 as example of a linear brand purchase funnel.

<sup>282</sup> See SCHWEIGER & SCHRATTENECKER (2013), p. 207; WEILBACHER (2001), pp. 21–22. This implies a passive consumer role.

<sup>283</sup> See WEILBACHER (2001), p. 21

attention to a specific advertisement, they take a narrow view on purchase decisions triggered by a stimulus. This does not account for brand information stored in or decisions made from memory (e.g., experience from a previous purchase).<sup>284</sup> VAKRATSAS AND AMBLER note: *“For most products ... the consumer's mind is not a blank sheet awaiting advertising but rather already contains conscious and unconscious memories of product purchasing and usage.”*<sup>285</sup> Ending with a purchase stage, most models finally do not account for post-purchase activities.<sup>286</sup> Until today, authors that build a funnel model on this type of hierarchical sequence, continue to focus on the communication activities of one (isolated) firm and their influence on a particular outcome.<sup>287</sup> This differs from the purpose that characterizes the brand purchase funnel model introduced in Chapter A2, which focuses on evaluating total **brand performance in comparison to key competitors**.

The second difference regards the **prescribed stages**. Consistent with the S-O-R paradigm introduced before, persuasive hierarchy models establish a link from an advertising stimulus (“S”) to various psychological constructs (“O”) that ultimately explain behavior (“R”, typically purchase).<sup>288</sup> In addition, these psychological variables are hierarchically ordered: advertising is assumed to first provide information; emotions are an outcome of cognition.<sup>289</sup> While this reflected the dominant belief of a largely rational decision-maker,<sup>290</sup> research has disproved the existence of one generalizable hierarchy among the psychological constructs over the last decades.<sup>291</sup> Different other

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<sup>284</sup> See HEATH & FELDWICK (2008), pp. 35–36; WEILBACHER (2001), pp. 21–24

<sup>285</sup> VAKRATSAS & AMBLER (1999), p. 27

<sup>286</sup> A noteworthy exception is SHELDON (1911), whose model includes a post-purchase step of permanent satisfaction. See BARRY & HOWARD (1990), p. 123

<sup>287</sup> For example, NAIK & PETERS (2009) build on LAVIDGE & STEINER and establish a model of online/off-line media synergies on hierarchical stages (awareness, consideration). It is used to study synergies in the advertising activities for a specific automotive manufacturer (pp. 289, 293-294). WIESEL ET AL. (2011) describe an online and offline funnel (operationalized as web visits and leads [cognition] -> quote requests [affect] -> orders [conation]) used to assess the effect of marketing activities of a particular company. While it takes a broader view on communication than historical models (does not only include firm-initiated but also customer-initiated contacts), the fundamental logic is maintained (pp. 605-607).

<sup>288</sup> See e.g., MEFFERT ET AL. (2015), p. 718; PALDA (1966), pp. 13–14; VAKRATSAS & AMBLER (1999), pp. 26–27.

<sup>289</sup> See e.g., HEATH & FELDWICK (2008), p. 38; VAKRATSAS & AMBLER (1999), p. 28

<sup>290</sup> See CRAMPORN (2006), p. 256

<sup>291</sup> See e.g., CRAMPORN (2006), pp. 259–270; HEATH & FELDWICK (2008), pp. 42–46; SCHWEIGER &



hierarchies have been proposed, and their suitability depends on the context of advertising exposure.<sup>292</sup> For example, the main alternative to persuasive hierarchy models are low-involvement hierarchy models.<sup>293</sup> These assume that in situations of low involvement, a consumer only shows little cognitive attention to an advertising exposure. He/she may still engage in purchase behavior; however, an affective reaction (e.g., change in attitude, product preference) only follows the experience.<sup>294</sup> A well-known model of advertising effect paths, more generally, distinguishes four hierarchies. Their occurrence depends on a combination of two parameters: the consumer's involvement at advertising exposure (high or low) and the type of advertisement (informative or emotional).<sup>295</sup> Likewise, an integrative view that acknowledges the interdependency among the psychological constructs but does not maintain a strict hierarchy has been suggested.<sup>296</sup> *"Yet, once cognitive and affective processing begin to interact, even at the millisecond level of initial stages of information processing, the quest for clearly defining a hierarchy based on the idea of sequential ordering of effects loses meaning,"* claim BARRY AND HOWARD.<sup>297</sup> In this regard, the different psychological facets may rather be useful as an ordering frame than a strict hierarchy.<sup>298</sup> In anticipation of Chapter B5, it should be noted that the brand image construct fits well hereto. It is based on a combination of knowledge (cognition) and emotions (affect), influenced by prior experiences.<sup>299</sup> The logic of stages in the linear funnel introduced in Chapter A2 differs.

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SCHRATTENECKER (2013), p. 207

<sup>292</sup> See BARRY & HOWARD (1990), pp. 126–127, who identify six different hierarchical combinations of the cognitive, affective, and conative stages. See VAKRATSAS & AMBLER (1999), pp. 28–35, who differentiate six (partly different) models of *"how advertising works"* ranging from market response only over different hierarchical to integrative and hierarchy-free models (p. 27).

<sup>293</sup> See VAKRATSAS & AMBLER (1999), p. 33

<sup>294</sup> See e.g., VAKRATSAS & AMBLER (1999), p. 33 for a review.

<sup>295</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 677–682 for a discussion of the four different types.

<sup>296</sup> See SCHWEIGER & SCHRATTENECKER (2013), p. 207. See PAUWELS & VAN EWIJK (2013) for an example.

<sup>297</sup> BARRY & HOWARD (1990), p. 130. Also, VAKRATSAS & AMBLER (1999), p. 36 who specify experience as a third aspect.

<sup>298</sup> See BARRY & HOWARD (1990), p. 133; MEFFERT ET AL. (2015), p. 718; SCHWEIGER & SCHRATTENECKER (2013), p. 207; VAKRATSAS & AMBLER (1999), pp. 26–27, 36. For example, AGARWAL & RAO (1996) use the above described hierarchy of effects to classify and study various psychological constructs pertaining to consumer-based brand equity measures (p. 238–239). Similarly in KELLER & LEHMANN (2006), p. 745

<sup>299</sup> See BURMANN ET AL. (2015), pp. 61–65. Describing brand image as an associative network, they specify: *"Die Quelle dieser Assoziationen liegt in den Erfahrungen des individuellen Nachfragers, seinem spezifischen Wissen und seinen Emotionen."* (p. 62). Similarly, MEFFERT ET AL. (2015),

In contrast to the focus on a strict hierarchy of cognitive and affective constructs vis-à-vis one brand, the stages in choice set models describe responses related to a decision (e.g., consideration, purchase). Chapter B1.3 elaborates on this point.

### 1.3 Multistage sequential choice set models

Multistage choice set models pertain to behavioral decision theory<sup>300</sup> and constitute the last line of research that serves as theoretical basis for the brand purchase funnel. They evolved given their superior ability compared to one-stage (purchase) models in explaining consumer behavior and predicting choice.<sup>301</sup> Such models describe sets of relevant brands across multiple stages of consumer decision-making that lead to a final choice.<sup>302</sup> Building on the brief introduction in Chapter A2, the underlying theory is discussed, to specify **learnings** for the thesis' **understanding of the funnel models**.

In situations that involve conscious decision-making,<sup>303</sup> research often theorizes that consumers arrive at choice in **two stages**. First, they **screen a wide array of brands** using simple decision rules. Second, the **remaining alternatives are evaluated** in more depth to make a choice.<sup>304</sup> Researchers have grounded this view in the notion that consumers weigh the utility of retaining a brand and improving choice with the effort of searching, processing, and evaluating brand-related information.<sup>305</sup> Given limited processing capacity and time constraints or a lack of available information, the

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pp. 713–716

<sup>300</sup> See e.g., MOE (2006), p. 681. Other process-oriented models of consumer purchase behavior have been developed, but do not serve as input for the linear brand purchase funnel models. For example, D'ANTONI, JR. & SHENSON (1973), pp. 66–72 present a procedural model of impulse buying.

<sup>301</sup> Single-stage choice models only evaluate the effect of attributes (determinants) on one decision result. For a discussion of the different types of choice models see e.g., SHAO ET AL. (2008), pp. 798–800. The higher predictive ability has been empirically validated in various models. See e.g., GENSCHE (1987), pp. 229–234; ROBERTS & LATTIN (1991), pp. 436–437; MOE (2006), p. 691.

<sup>302</sup> See e.g., NARAYANA & MARKIN (1975), pp. 2–3; SHOCKER ET AL. (1991), pp. 182–185; SPIGGLE & SEWALL (1987), pp. 99–100

<sup>303</sup> See AGGARWAL & SINGH (2013), p. 1097; SHOCKER ET AL. (1991), p. 182; SPIGGLE & SEWALL (1987), p. 109. In relation to the previous chapters, (conscious) problem solving assumes some degree of information search, evaluation, etc.

<sup>304</sup> See e.g., GENSCHE (1987), p. 236. Screening rules are simpler as they, typically, focus on one or a small subset of decision criteria (often non-compensatory, i.e. a weakness in one criterion cannot be compensated by another criterion and directly leads to the elimination of the brand alternative). In the evaluation stage, more complete, often compensatory rules are employed.

<sup>305</sup> See ROBERTS & LATTIN (1991), p. 431; HAUSER & WERNERFELT (1990), p. 404

initial screening allows handling complex choice tasks better.<sup>306</sup> Instead of EPS that characterized models of the grand theory, pre-purchase effort is reduced to a manageable load. It focuses on a downsized set of remaining brand alternatives. These reflect the concept of the **evoked**<sup>307</sup> or **consideration set**.<sup>308</sup> While there is no unanimous definition of the consideration set, it is typically assumed to include the **brand subset from which an individual makes his/her choice**.<sup>309</sup> Today, consumers are hypothesized to form this set dynamically depending on the goals of a specific purchase situation.<sup>310</sup> An accepted definition of the consideration set that fits well hereto is provided by SHOCKER ET AL., who describe it as a “... *purposefully constructed [set] ... consisting of those goal-satisfying alternatives salient or accessible on a particular occasion.*”<sup>311</sup> The concept, thus, provides a choice-simplifying heuristic and is a basic constituent of limited problem solving (LPS).<sup>312</sup>

**Multistage models** extend the two-stage description (consideration set, purchase) as they contain more than two sets.<sup>313</sup> Usually, a so-called **awareness set** explicates the **subset of brands from the totality of alternatives** of which the consumer is aware. It precedes the situation-specific consideration set.<sup>314</sup> NARAYANA AND MARKIN were

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<sup>306</sup> See e.g., ANDREWS & SRINIVASAN (1995), p. 31; BETTMAN ET AL. (1998), p. 211; NARAYANA & MARKIN (1975), p. 6; SHOCKER ET AL. (1991), p. 183

<sup>307</sup> HOWARD & SHETH (1969) define: “*The brands that become alternatives to the buyer's choice decision are generally a small number, collectively called his ‘evoked set.’*” (p. 26, accentuation added)

<sup>308</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 472–473

<sup>309</sup> See BALLANTYNE ET AL. (2006) for an overview of consideration set definitions (p. 340). Note that there are two broad ways of operationalizing the consideration set. The models discussed here primarily take a crisp view: a brand may be considered or not considered. Alternatively, some researchers propose a fuzzy set approach, in which “... *each alternative is considered to a greater or lesser extent than other alternatives.*” WU & RANGASWAMY (2003), p. 412, see also ROBERTS & LATTIN (1991), p. 439.

<sup>310</sup> See e.g., KARDES ET AL. (1993), p. 63; PAULSEN & BAGOZZI (2005), p. 805; SHOCKER ET AL. (1991), p. 183

<sup>311</sup> SHOCKER ET AL. (1991), p. 183. This definition is shared widely by other researchers, e.g., KARDES ET AL. (1993), p. 63; YOO (2008), p. 6. Note that SHOCKER ET AL. (1991) highlight that one may, additionally, describe a choice set as the final consideration set (after its dynamic formation).

<sup>312</sup> See FOSCHT & SWOBODA (2011), pp. 174–177 and Chapter B2.2.2.1 for a discussion of purchase types.

<sup>313</sup> See SANTOSA (2009), pp. 365–366

<sup>314</sup> See SHOCKER ET AL. (1991), p. 182. This overview is not comprehensive. Further sets have been proposed over time esp. to address more complex purchase situations or particular industry contexts. See DECROP (2010), pp. 94–97 for a literature review. For example, SPIGGLE & SEWALL (1987), p. 99 propose five subsets of the evoked set to address the retail context. SHOCKER ET AL. (1991), pp. 183–184 present a choice set as final consideration set immediately prior to choice.

among the first to formalize such a multistage model. They reason that of the total set of brands, consumers are only aware of a fraction that they call awareness set. The evoked set is derived from this subset.<sup>315</sup> KARDES ET AL. provide a renowned multistage model that was presented in Figure 1. It includes the universal set, the retrieval set, the consideration set, and choice.<sup>316</sup> Here, the awareness set is operationalized more narrowly as a retrieval set, which does explicitly only contain those brands accessible from memory. They define: *“The retrieval set consists of the subset of brands in the universal set that the consumer can access from memory... The consideration set consists of the subset of brands in the retrieval set that are scrutinized carefully on a particular choice occasion.”*<sup>317</sup> Literature on multistage models frequently focuses on memory-based consideration set formation.<sup>318</sup> There is evidence that retrieval – independent of brand evaluation – augments the probability of choice.<sup>319</sup> Still, a pure focus on memory-based situations does not explicate the possibility to identify new brands from an external stimulus during the pre-purchase phase. Acknowledging this point, more dynamic multistage models explicate the possibility of also adding (external) brand alternatives to the consideration set in a given choice situation.<sup>320</sup>

The **logic of process stages** is consistent with the set-up of the generic TBF model described in Chapter A2 and differs from hierarchy-of-effect models.<sup>321</sup> Here, stages

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<sup>315</sup> NARAYANA & MARKIN (1975), pp. 2–3. Specifically, their conceptualization also includes negated sets. It breaks the total number of brands into an awareness and an unawareness set. Brands in the awareness set might enter the evoked set, from which choice is made. Otherwise, they are in the inept set (i.e., brands rejected for consideration) or inert set (i.e., neutral brands without advantages of inclusion).

<sup>316</sup> See KARDES ET AL. (1993), pp. 63–64. See Figure 1 in Chapter A2 for a model depiction.

<sup>317</sup> KARDES ET AL. (1993), p. 63. Similarly, e.g., DESAI & HOYER (2000), p. 309; ROBERTS & LATTIN (1991), p. 439

<sup>318</sup> See e.g., NEDUNGADI (1990), p. 264; SHOCKER ET AL. (1991), p. 193. LEHMANN & PAN (1994) summarize, *“The consideration set... is often portrayed as developed by a retrieval process from memory...”* (p. 364)

<sup>319</sup> See KARDES ET AL. (1993), p. 72; NEDUNGADI (1990), pp. 272–273

<sup>320</sup> See SHOCKER ET AL. (1991), pp. 182–184; SPIGGLE & SEWALL (1987), p. 99. NARAYANA & MARKIN (1975), p. 2 acknowledge, *“If a given brand is in the unawareness set of a consumer, the chance of that brand being considered for purchase does not exist at that point in time, although this situation may change over time or with different information inputs.”* (p. 2). Chapter B2.2.2.2 discusses the differences of memory- and stimulus-based consideration set formation in depth.

<sup>321</sup> See SIMONSON ET AL. (2001), pp. 255–259, who compare social cognition and behavioral decision theory.

constitute **“nested sets of alternatives”**<sup>322</sup> that are meant to reflect a sequence of decisions during a purchase process. While these sets are frequently mental constructs (i.e., not directly observable), they are themselves outcome-oriented.<sup>323</sup> Making use of the S-O-R paradigm, the **stages/sets** that are specific to a certain decision **pertain to the response category (“R”)** and researchers focus on identifying the determinants of this outcome.<sup>324</sup> These determinants may be both functional-rational and emotional-affective without a predefined hierarchy.<sup>325</sup> This contrasts from the hierarchy of psychological states (“O”) that form the stages in the described advertising models.<sup>326</sup> As discussed in Chapter A2, such multistage sequential process models have been used in different ways by researchers over the last decades. First, several scholars highlight their benefits as **analytical models of brand or retailer performance**. Building on the conceptual process described for individual consumers, they suggest deriving an aggregate performance relative to competition.<sup>327</sup> NARAYANA AND MARKIN note: *“Using this approach, the marketing manager could learn what percentage of the market was aware of his brand as well as the proportional breakdown into each of the ... subsets...”*<sup>328</sup> This allows identifying specific improvement needs along the consumer decision process<sup>329</sup> and is consistent with the **purpose** of the TBF models as

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<sup>322</sup> SHOCKER ET AL. (1991), p. 182

<sup>323</sup> See MOE (2006), pp. 681–682; VAN NIEROP ET AL. (2010), p. 64; WU & RANGASWAMY (2003), p. 411; YADAV ET AL. (2013), p. 315. As a noteworthy example MOE, in her two-stage choice model, directly measures behavior at the first “consideration” stage via internet clickstream data (operationalization: products that a specific shopper views). In an online experiment, which investigated choice behavior for eight laundry detergent brands and was conducted among university students in the United States (n = 48, multiple instances each), VAN NIEROP ET AL. (2010) find evidence for a strong confluence between consumers’ self-stated consideration set and a consideration set inferred from choice data and in-store merchandising (i.e., space on shelf and displays) (pp. 67-70).

<sup>324</sup> The exception of the awareness and familiarity sets, which are psychological constructs, has already been highlighted.

<sup>325</sup> See e.g., FREUNDT (2006) for an inter-industrial analysis of the importance of rational and emotional attributes on the consideration, purchase, and loyalty set (pp. 249-289). See also discussion in Chapter A2 on the increased diagnostic information offered by multistage models. They allow identifying the influence of specific explanatory variables on stages of the process.

<sup>326</sup> See discussion in Chapter B1.2. In terms of the S-O-R analogy, this creates a hierarchical structure centered on the “O” sphere. The aforementioned *“framework for studying how advertising works”* by VAKRATSAS & AMBLER (1999), pp. 26–27 illustrates this relationship well.

<sup>327</sup> See e.g., SPIGGLE & SEWALL (1987), pp. 104–108. Also, NARAYANA & MARKIN (1975), who conceptualize a model on the individual consumer level but acknowledge its usability as analytical tool. (p. 4).

<sup>328</sup> NARAYANA & MARKIN (1975), p. 3

<sup>329</sup> See e.g., NARAYANA & MARKIN (1975), p. 5; SPIGGLE & SEWALL (1987), pp. 97, 102-103. SPIGGLE & SEWALL highlight, *“Four indices can be computed for every competitor ... They reflect the probabilities of translating given levels of awareness, consideration, store visits, and customers talking to sales*

tools for process-oriented brand controlling.<sup>330</sup> Beyond the analytic use, many researchers have used multistage models to better predict or explain consumer behavior. First, modeling choice contingent on previous stages can augment predictive ability.<sup>331</sup> Second, substantial research shows that multistage models have higher diagnostic information since the influence of explanatory attributes can differ across stages.<sup>332</sup>

Multistage models continue to focus on largely conscious, cognitively dominated decision-making.<sup>333</sup> Beyond this, **two particular limitations** are emphasized. First, past literature (mostly) describes a strictly **sequential set-up** in the pre-purchase stages – the **set of brands** is steadily **narrowed down**. In a restrictive view on memory-based consideration set formation, the consideration set is a subset of the brands retrievable from memory.<sup>334</sup> While other researchers do not impose this restriction,<sup>335</sup> the traditional funnel model is also designed this way. Moreover, typical choice set models focus **linearly on one purchase transaction**.<sup>336</sup> Neither different degrees of pre-existing relationships nor post-purchase actions are typically reflected. As stated above, a noteworthy exception is the conceptual model presented by SHOCKER ET AL. It includes the possibility of external brand addition at the consideration stage and accounts for post-purchase “... *feedback ... since experience can teach and thus affect*

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*personnel into purchasers.”* (p. 102)

<sup>330</sup> See ESCH (2010), pp. 586–587, who explicitly highlights this theoretical origin. See e.g., KRÜGER & STUMPF (2013), p. 33; PERREY ET AL. (2015), pp. 130–137; SANDER ET AL. (2013), p. 7; SCHMIDT & VEST (2010), p. 248 for a discussion of the purpose of these linear brand purchase funnel models.

<sup>331</sup> See e.g., KARDES ET AL. (1993), p. 72; NEDUNGADI (1990), pp. 273–274

<sup>332</sup> GENSCHE (1987) refers to this as an improvement in the “*diagnostic information*” (p. 234). SHOCKER ET AL. (1991) summarize: “*The hierarchical or nested nature of this model of decision-making helps focus attention on those factors which control passage from one stage to another. Different processes may be involved in moving from awareness to consideration and from consideration to choice...*” (p. 184). See Chapter A2 provided an overview of different studies that support this statement, empirically.

<sup>333</sup> See e.g., SPIGGLE & SEWALL (1987), who highlight that their choice sets model focuses on novel (or at least adapted) purchase situations that entail some risk and in which a consumer is involved. He/she searches for information to evaluate alternatives (p. 99).

<sup>334</sup> See DESAI & HOYER (2000), p. 309; KARDES ET AL. (1993), p. 63; LEHMANN & PAN (1994), p. 364

<sup>335</sup> See SHOCKER ET AL. (1991), pp. 182–184; SPIGGLE & SEWALL (1987), p. 99. Also e.g., YOO (2008), pp. 6–7, who discusses consideration set formation for memory- and stimulus-based brand choice situations.

<sup>336</sup> See e.g., KARDES ET AL. (1993), pp. 63–64; SPIGGLE & SEWALL (1987), pp. 99–100

*those alternatives considered as well as those chosen at later times.*"<sup>337</sup> These limitations are highlighted since they carry through to traditional funnel models.

In sum, this chapter presented three literature streams that contribute to the theory of funnel models. The next section reflects on this dissertation's understanding of the TBF and synthesizes its key structural benefits and limitations based on this discussion.

#### 1.4 Reflection and implications for the traditional brand purchase funnel

The previous sections introduced three streams of literature employed as theoretical basis for traditional funnel models. These share a similar consumer picture. They build on a fairly conscious model of decision-making, in which a consumer recognizes a need and subsequent choice is highly steered by cognition (e.g., search for information, evaluation of alternatives). While the grand theory provides overall guidance,<sup>338</sup> both hierarchy-of-effect and choice set literature offer distinct linear, sequential models.<sup>339</sup> Despite their interrelation, the two theories differ. Acknowledging the risk of generalization, the last chapter highlighted disparities in **purpose** (i.e., impact of certain communication stimuli on a (purchase) outcome versus explanation of consumer's choice behavior in multiple stages) and **set-up of stages** (i.e., a causal hierarchy of psychological states versus a nested sequence of decisions).<sup>340</sup> Until today, the term (linear) funnel continues to be associated with models that primarily draw on either of the two theories.<sup>341</sup>

As introduced in Chapter A2, this dissertation builds on the five-stage model presented

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<sup>337</sup> SHOCKER ET AL. (1991), p. 184

<sup>338</sup> Esp. the need to cover the buying cycle, i.e., pre-purchase, purchase, and post-purchase stages.

<sup>339</sup> See contributions such as LAVIDGE & STEINER (1961); SPIGGLE & SEWALL (1987)

<sup>340</sup> SIMONSON ET AL. (2001), pp. 255–259 provide a comparison of the two theories and esp. note the differences in "... underlying models of buyer behavior and the communication process... Whereas social cognition consumer research has focused on the stages in the communications (or hierarchy-of-effects) model and on how judgments and attitudes are formed, BDT [behavioral decision theory] consumer research has tended to examine the decision-making model and particularly the determinants of choice." (p. 257)

<sup>341</sup> While models that emerge from an advertising angle often center on the effects of specific marketing stimuli on (hierarchical) psychological stages and, ultimately, behavior toward one company (cf. e.g., WIESEL ET AL. (2011), pp. 605–607), linear funnel models that build on the multistage set logic typically take a broader brand perspective and evaluate comparative performance across the decision stages (cf. e.g., PERREY ET AL. (2015), pp. 130–137).

in Figure 2 as a generic representation of the linear, sequential brand funnel. This model views the decision process as a reflection of stylized decision stages and includes the following dimensions: awareness, familiarity, consideration, purchase, and loyalty. Each stage allows identifying (mental) sets of brand alternatives and this information serves for process-oriented brand performance measurement relative to competition. In line with the above discussion, **the generic TBF model thus focuses on outcome-related variables**<sup>342</sup> and does not propose a strict hierarchy of (cognitive or affective) psychological constructs as shown in persuasive hierarchy models. These constructs “precede” the funnel’s sets, because brand consideration or purchase are influenced by aspects such as cognitive knowledge and affective emotions.<sup>343</sup> Clearly, the applicability of this assessment depends on the specific set-up of a funnel model.<sup>344</sup> In sum, **in this dissertation, the understanding of the brand purchase funnel is closest to sequential choice set models.** Hereafter, the implied **structural benefits and limitations** are discussed.

Building on the theoretical basis, the brand purchase funnel shown in Figure 2 is a linear, sequential model. It extends the sequential multistage choice model by KARDES ET AL.<sup>345</sup> in two ways. First, it adds a familiarity stage, which allows differentiating two levels of brand comprehension: mere awareness versus specific associations.<sup>346</sup> This is consistent with HOWARD AND SHETH who note that brand comprehension “... could

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<sup>342</sup> The “exception” of the awareness and familiarity sets, which are psychological constructs, has already been highlighted.

<sup>343</sup> Given this focus, the dissertation’s TBF model is not prone to the criticism regarding the hierarchy of cognitive and affective psychological constructs discussed in Chapter B1.2. As noted before, in a comprehensive assessment, FREUNDT (2006) evaluates the influence of functional and emotional brand image on all three outcome-related stages of the generic brand purchase funnel, namely consideration, purchase, and loyalty. Both have a significant impact that varies across the three stages as well as across industries (pp. 302-306). See Chapter B5 for a detailed discussion on the brand image construct.

<sup>344</sup> Given that both types of models influence the TBF, the delimitation is not clear-cut and varies depending on the specific model. For example, the brand screen analysis by JULLENS & SANDER (2002), p. 26 describes an evaluative “image” stage (measures how positive perception of a brand is) instead of a “familiarity” stage. TOMCZAK ET AL. (2004), pp. 1833–1844 review another brand purchase funnel model that includes a “preference” stage. Both are affective constructs, which bring them closer to the hierarchy-of-effects structure from Chapter B1.2.

<sup>345</sup> See KARDES ET AL. (1993), p. 64 and also Figure 1

<sup>346</sup> PERREY ET AL. (2015) delineate awareness and familiarity based on whether a consumer knows a brand only by name or has “... a good knowledge of ... offers” (p. 131).



vary from the buyer's simply being aware of a brand's existence to a complete description of buyer's descriptive meaning of the brands."<sup>347</sup> In the choice set literature, the awareness set has also been split into a "**processed set**" and a "**foggy set**", where the former is interposed between the awareness and the evoked set and the latter may be understood as "... brands of which the consumer is aware ..., however, the consumer has no specific brand comprehension."<sup>348</sup> This differentiation comes very close to the brand funnel's understanding. The two knowledge sets exist independent of a purchase situation.<sup>349</sup> Second, and in contrast to most hierarchy-of-effect and choice set models, it includes a post-purchase loyalty stage.<sup>350</sup> This set-up specifies the model's **fundamental conceptual benefit**: it covers the buying cycle in distinct stages that allow identifying sets of relevant brands and deriving a holistic assessment of brand performance. **Each stage** represents **one performance dimension** on which a **brand can be evaluated** relative to competitors.<sup>351</sup>

From the above elaboration on the TBF's theoretical basis, one can infer **two fundamental, structural limitations**. These are largely similar to the aspects highlighted in Chapter B1.3 for multistage, sequential choice models and can be related to the main points of criticism that necessitate a re-modeling of the TBF discussed in Chapter A3.1.

The **first limitation** pertains to the representation of the **choice process**. The brand purchase funnel starts with a (cognitive) awareness set and all subsequent stages are ordered sequentially.<sup>352</sup> This set-up is prone to **two restrictions** that make up the limitation. On the one hand, it puts a focus on fairly conscious decision-making with a high degree of cognitive control. This reflects the theoretical foundation developed by multistage sequential choice models, and different choice set scholars explicate this restriction in the description of their models.<sup>353</sup> This generalization is problematic, since

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<sup>347</sup> HOWARD & SHETH (1969), p. 31

<sup>348</sup> CHURCH ET AL. (1985), p. 235 and pp. 233-235 for the broader discussion.

<sup>349</sup> See e.g., PERREY ET AL. (2015), p. 131

<sup>350</sup> See e.g., PERREY ET AL. (2015), pp. 130–131 and Chapter A2

<sup>351</sup> See SCHMIDT & VEST (2010), p. 248. The authors highlight that the objective of the brand purchase funnel is to assess the performance of a brand along the entire consumer decision process. See also BURMANN ET AL. (2015), pp. 256–257; ESCH (2010), pp. 586–587; FREUNDT (2006), p. 206

<sup>352</sup> See discussion above and Chapter A2 (incl. Figure 2 for a graphical representation).

<sup>353</sup> See SHOCKER ET AL. (1991), pp. 182–183. Similarly, SPIGGLE & SEWALL (1987) explicate this point by

it foregoes the particularities of different **types of individual purchase behavior** in a certain transaction.<sup>354</sup> In a stylized manner, researchers often delineate between decisions based on stronger cognitive control and based on lower cognitive control.<sup>355</sup> While EPS and LPS may be related to the first category, the second comprises habitual or impulsive purchases. However, these latter decisions are typically not characterized by substantial cognitive processing but rather by other dominant mental processes such as the direct reaction to contextual stimuli.<sup>356</sup> For example, a habit is triggered in a familiar context (e.g., due to repeated, prior experience of purchasing the same toothpaste in the same supermarket) and induces a quasi-automatic, unconscious decision.<sup>357</sup> The dissertation highlighted in the introduction that various funnel adaptations exist, which tailor it to specific (industrial) contexts. For example, some researchers omit consideration set formation in the FMCG context (e.g., coffee or shampoo).<sup>358</sup> This “omission” has explicitly been related to the set’s non-applicability in impulse or habit decisions.<sup>359</sup> Yet, a blank omission reduces the model’s information content and,

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narrowing the scope of application of their choice set model to purchase tasks where consumers “... typically seek information and evaluate alternatives [and] the purchase entails some degree of perceived risk and implies consumer involvement.” (p. 99)

<sup>354</sup> The brand purchase funnel provides an evaluation at a certain point in time. Consistent with this logic, the argument hereafter centers solely on the “current” purchase decision that is in its focus. It is well acknowledged that a specific consumer’s type of decision-making may evolve over time. See HOWARD & SHETH (1969), p. 27 and discussion in Chapter B2.2.2.1 for a more detailed elaboration.

<sup>355</sup> The relative expressions “stronger” and “lower” are purposeful. A certain level of cognitive control may also be possible for the latter group. For example, while an impulsive purchase is typically characterized by a sudden reaction to a contextual stimulus, typically involving a strong degree of affect rather than cognition, this does not mean that the latter plays no role. In a supermarket, the stimulus could advertise an extremely low price for a grocery (e.g., yoghurt) to which the consumer reacts (in other words, which triggers the purchase decision). Still, this reaction is likely to involve a cognitive processing of the price information. In addition, EPS and LPS exhibit theoretical differences for which the dissertation will account. See discussion in Chapter B2.2.2.1

<sup>356</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 460. The above discussion serves to illustrate the basic issue. Chapter B2.2.2.1 provides a more detailed discussion and derives a differentiation of the major purchase decision types that may be included in a more nuanced funnel model.

<sup>357</sup> See e.g., WOOD & NEAL (2009), pp. 580–581. Chapter B2.2.2.1.2 discusses habit behavior in depth. The term **unconscious** (or nonconscious) has been circumscribed by terms such as automatic, mindless, or outside of (conscious) awareness. It relates to the absence of (substantial) information processing. CHARTRAND (2005) describes nonconscious processes as “... the unique ways in which consumers’ decisions are influenced outside of awareness by factors in the environment.” (p. 203). In a reputed article called the unconscious consumer, DIJKSTERHUIS ET AL. (2005) equate the terms unconscious and mindless. They note, “... these [unconscious] choices were introspectively blank... the amount of information processing going on was minimal or virtually nonexistent.” (p. 194)

<sup>358</sup> See FREUNDT (2006), pp. 216–218; PERREY ET AL. (2015), pp. 131–132. As discussed, researchers (instead) differentiate degrees of brand use (one-time or trial, regular, and most frequent purchase).

<sup>359</sup> See FREUNDT (2006), pp. 216–217

most importantly, still does not allow differentiating individuals' situation-specific pre-purchase behavior.<sup>360</sup> *"Even in so-called low-involvement categories, some consumers may be highly involved..."*, note PAUWELS AND VAN EWIJK.<sup>361</sup> Such differences in consumer decision patterns are not representable, which mirrors some of the critique discussed in Chapter A3.1. In sum, the brand purchase funnel purports one **generalized choice process**.

On the other hand, even within cognitively dominated decisions, the strictly sequential set-up creates an additional shortcoming. **Consideration set formation is undifferentiated**. Theoretically, this reflects a focus on internal, memory-based consideration set formation.<sup>362</sup> KARDES ET AL. explicate, *"Again, it should be noted that brands that are not retrieved cannot be considered and are, therefore, irrelevant to consideration set composition."*<sup>363</sup> Discussing the generic brand purchase funnel, FREUNDT similarly notes: *"Durch die sequentielle Abfolge der Prozessstufen wird unterstellt, dass ein Konsument keine nachgelagerte Prozessstufe erreichen kann, ohne die jeweils vorgelagerte Stufe durchlaufen zu haben."*<sup>364</sup> Consequently, the number of brands in the funnel is assumed to steadily narrow down. While literature seems to agree on the fact that it is from the consideration set that choice is made,<sup>365</sup> it has been discussed above that external brand alternatives may enter the funnel during the formation of a consideration set.<sup>366</sup> The observation is related to other critique highlighted in Chapter A3.1 around the potentially more dynamic pre-purchase research of today's consumer (e.g., research for information using a multitude of online and offline channels).<sup>367</sup>

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<sup>360</sup> See FOSCHT & SWOBODA (2011), p. 172. They note that certain industries may more strongly relate to a particular type of purchase behavior (e.g., EPS) than to another. However, they emphasize that particular consumers may still act differently (e.g., impulsively) in a specific situation and, therefore, suggest to evaluate the psychological processes underlying each decision to distinguish types of purchase behavior. Chapter B2.2.2.1 builds on this suggestion.

<sup>361</sup> PAUWELS & VAN EWIJK (2013), p. 26

<sup>362</sup> See e.g., DESAI & HOYER (2000), p. 309; KARDES ET AL. (1993), p. 63.

<sup>363</sup> KARDES ET AL. (1993), p. 65

<sup>364</sup> FREUNDT (2006), pp. 210–211. Loose translation: Due to the sequential succession of process stages, it is assumed that a consumer cannot reach a later stage without having passed the preceding stages.

<sup>365</sup> See e.g., BALLANTYNE ET AL. (2006), p. 340; WALVIS (2007), p. 181; YOO (2008), p. 6

<sup>366</sup> For example, SHOCKER ET AL. (1991), p. 183 acknowledge the possibility of adding brand alternatives at the consideration stage due to external search or stimuli. See also discussion in Chapter B2.2.2.2.

<sup>367</sup> See e.g., NUNES ET AL. (2012), pp. 48–49. In particular, COURT ET AL. (2009) observe, *"... the number*

In order to assess a brand's performance across multiple, process-oriented dimensions,<sup>368</sup> it makes sense to cover the consumer decision process broadly so that extensive behavior can be reflected. However, the question whether a consumer follows this process or proceeds otherwise cannot be answered by the TBF. **All individuals are supposed to follow the same process** through the funnel. In conclusion, this causes the first structural limitation, a **limitation of generalizing sequentiality**.

The **second limitation** pertains to the **models' linearity**. In comparison to multistage choice set models that end with the purchase decision,<sup>369</sup> the TBF models highlighted above contain a loyalty stage. Nonetheless, these models view a particular **transaction** in isolation. It is assumed that the loyalty stage follows after the purchase stage. It assesses whether a given consumer not only purchased a brand but is also loyal to it. As a result, the pre-purchase assessment neglects any aspect of the pre-existing relationship between consumer and brand. Again, this structural restriction causes some of the points of critique voiced in Chapter A3.1.<sup>370</sup> On the one hand, the TBF neglects the longer-term consumer-brand relationship and does not differentiate consumers based on whether they had past interactions or encounter the brand for the first time.<sup>371</sup> On the other hand, no information on actual post-purchase behavior such as the diffusion of WOM to other consumers (e.g., a blog post or product review) is included.<sup>372</sup> In sum, this results in a **limitation of transactional linearity** in the TBF.

Chapter B1 elaborated on the theoretical foundation and structural implications of traditional funnel models. The discussion specified both the TBF's **key conceptual benefit** (i.e., coverage of the buying cycle in multiple distinct stages for a holistic evaluation of brand performance) and **two inherent limitations** caused by the generalized linear

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*of brands under consideration during the active-evaluation phase may now actually expand rather than narrow as consumers seek information and shop a category."* (pp. 4-5)

<sup>368</sup> See e.g., ESCH (2010), p. 587; PERREY ET AL. (2015), pp. 132–133; TOMCZAK ET AL. (2004), pp. 1843–1844

<sup>369</sup> See e.g., KARDES ET AL. (1993), pp. 63–64. Similarly, in most advertising hierarchy-of-effect models (cf. Chapter B1.2).

<sup>370</sup> For example, COURT ET AL. (2009), pp. 6–7; NUNES ET AL. (2013), pp. 48–49 highlight the need to better account for consumers' level of loyalty vis-à-vis a brand. Both use this loyalty status to differentiate consumers in their respective decision process models. LECINSKI (2011), pp. 16–17; MORAN ET AL. (2014), p. 202 both include the post-purchase sharing of (e)WOM in the MOT model.

<sup>371</sup> See KARIMI ET AL. (2015), p. 138; NUNES ET AL. (2013), pp. 48–49; PERREY ET AL. (2015), pp. 138–139; SRINIVASAN ET AL. (2015), p. 1

<sup>372</sup> See e.g., MORAN ET AL. (2014), p. 202; PAUWELS & VAN EWIJK (2013), pp. 7, 25, 35

and sequential structure. In its first research question, the thesis intends to derive a set of propositions that address the points of criticism, which necessitate a re-modeling of the TBF and from which a more nuanced funnel structure can be developed. In Chapter B1.4, it has been shown that these points of critique can be associated with the two structural limitations. In Chapter B2, the three building blocks (i.e., the two structural limitations and the benefits) can serve as an **organizing framework**. They will be used to structure the conceptual propositions for a more nuanced brand purchase funnel.

## 2. Propositions for a re-modeled brand purchase funnel

### 2.1 Framework for proposition development

This chapter develops the requirements, or **propositions**, for a redesigned brand purchase funnel, addressing **conceptual** aspects (B2.2) and the **operationalization** approach (B2.3). With the objective of deriving a comprehensive set of propositions, an **organizing framework** that caters to exhaustiveness is important.

While the thesis' ultimate objective is to derive a more nuanced funnel structure that may be employed for brand performance controlling ("brand perspective"), the **conceptual propositions** are developed on the individual consumer-level ("consumer perspective"). For these, the conclusions from the discussion of the TBF's theoretical foundations in Chapter B1.4 are used as structure.<sup>373</sup> The first two propositions in **Chapter B2.2.1** pertain to the requirement to cover the buying cycle in multiple, distinct stages. This is the conceptual basis for a multidimensional, process-oriented brand controlling tool, and has been highlighted above as the TBF's key benefit. Retaining this benefit is seen as necessary condition for a more nuanced model. Thereafter, two sets of propositions address the two structural limitations of the TBF. **Chapter B2.2.2** concentrates on the first limitation of generalizing sequentiality and, consequently, on the process by which different consumers arrive at choice. **Chapter B2.2.3** focuses on the limitation of transactional linearity. It aims at additionally reflecting the context of a focal transaction. The focus is, thus, on post-purchase aspects and on the incorporation of

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<sup>373</sup> This framework also addresses the phases of the buying cycle, which is, in variations, also used by other researchers. See GREWAL ET AL. (2013), pp. 263–264 in the retail context; YADAV ET AL. (2013), pp. 314–316 in the context of social commerce.

the pre-existing relation between consumer and brand. Across the two structural limitations, this results in four additional propositions. Each is related to certain **points of critique** discussed in Chapter A3.1 and a **rationale** for its discussion is provided. Where relevant, the theoretical **conceptualizations** are complemented by a review of potential survey-based **measurement approaches**. Given the vastness of the underlying literature, it is by no means the goal to deliver an extensive synthesis. The objective is to develop a set of literature-backed propositions that allow specifying a more nuanced model.<sup>374</sup>

Criteria to evaluate a **model's quality of operationalization** complement these conceptual propositions. They serve to ensure that a more nuanced funnel model provides both academic quality and managerial usability. To ensure exhaustiveness, these are structured along the phases of a comprehensive marketing research process.<sup>375</sup> Chapter B2 concludes with an overview of all propositions along which the approaches to re-model the brand purchase funnel are assessed in Chapter B3.

## 2.2 Model conceptualization

### 2.2.1 Proposition focus: Address the buying cycle

Throughout the last chapters, the TBF's key conceptual benefit has been highlighted: the evaluation of consumers' purchase behavior along multiple stages of the decision process. In each dimension, this allows deriving an aggregate, relative brand performance measure that serves as basis for brand controlling. Even critics acknowledge this benefit.<sup>376</sup> With the objective of **retaining the TBF's existing benefits**, a first proposition is derived from this. It does not provide an improvement vis-à-vis the process-oriented TBF, but ensures **theoretical continuity** in a more nuanced model.

Researchers argue that a prescriptive model of the consumer decision process should

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<sup>374</sup> Comparable research is prone to this caveat. For example, in their seminal work, PETERSON & MERINO (2003) build a "... framework for investigating consumer information search behavior in the context of the Internet" (p. 100) based on 14 propositions. They highlight, "No attempt is made to provide an exhaustive compendium or synthesis of the literature... That literature is simply too vast." (p. 100)

<sup>375</sup> In line with MEFFERT ET AL. (2015), one may differentiate the following phases of the research process: problem definition, information gathering and processing, and communication of results (pp. 95-96).

<sup>376</sup> See COURT ET AL. (2009), p. 4

cover **various, interrelated phases**.<sup>377</sup> A review of recent literature supports that different versions of BLACKWELL ET AL.'s model<sup>378</sup> continue to be used for structuring purposes. While some researchers draw on their extended version,<sup>379</sup> many scholars only distinguish the pre-purchase, purchase, and post-purchase phase.<sup>380</sup> The dissertation follows this three-phase differentiation as overall structural guidance. This trichotomy ensures a holistic reflection of the buying cycle without imposing the structural deficits identified in Chapter B1. For example, while even impulse purchases have a pre-purchase phase (albeit short), substantial information search and alternative evaluation does not apply.<sup>381</sup> Also, certain phases provided by BLACKWELL ET AL. (consumption, disposal) do not add significant information for the thesis' purpose.<sup>382</sup> As noted before, one may refer to the trichotomy as **"buying cycle"**.<sup>383</sup> Herein, the end of one cycle may initiate or influence a subsequent purchase situation.<sup>384</sup>

The requirements regarding particular stages within the integrative "frame" of the buying cycle may be derived from the discussion in Chapter B1. Each stage is supposed to be delimitable<sup>385</sup> and provide information that allow identifying the set of relevant brands to calculate a relative brand performance KPI.<sup>386</sup> This leads to the following basic proposition.

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<sup>377</sup> See KARIMI ET AL. (2015), p. 138; YADAV ET AL. (2013), p. 315. For example, YADAV ET AL. summarize that this allows to "... capture key aspects of consumers' activities during product purchase." (p. 315)

<sup>378</sup> Cf. Figure 4

<sup>379</sup> See e.g., KARIMI ET AL. (2015), p. 138; KOTLER & KELLER (2012), pp. 189–194; VOORVELD ET AL. (2013), pp. 45–46. In slight variations, all three use the original version of the consumer decision process model, which included stages need/problem recognition, information search, evaluation of alternatives, purchase, post-purchase behavior

<sup>380</sup> See e.g., BLACKWELL ET AL. (2006), pp. 100–232; FOSCHT & SWOBODA (2011), pp. 185–188; GREWAL ET AL. (2013), pp. 263–264. See YADAV ET AL. (2013), p. 315 split out need recognition as fourth phase.

<sup>381</sup> FOSCHT & SWOBODA (2011) show that the extended framework is not well applicable in certain purchase situations, especially with regard to the pre-purchase stages. They, thus, focus on the three "generic" phases (pp. 32, 186).

<sup>382</sup> Both consumption and disposal center on specific activities with the chosen brand. The associated volume information ("which brand was chosen") is already included in the purchase stage.

<sup>383</sup> FOSCHT & SWOBODA (2011), p. 32

<sup>384</sup> See FOSCHT & SWOBODA (2011), p. 32

<sup>385</sup> See e.g., FREUNDT (2006), p. 208; YADAV ET AL. (2013), p. 315

<sup>386</sup> See e.g., SHOCKER ET AL. (1991), pp. 182–184

**Conceptual proposition (also CP) 1:** *A more nuanced brand purchase funnel should continue to cover the buying cycle in distinct stages, which allow assessing a brand's relative performance at each of them.*

Before discussing the TBF's structural limitations, the dissertation reflects on one additional aspect that results in a **second conceptual proposition**. Namely, the suggestion to include those sets that are purchase-independent, in the sense that they may exist independent of any purchase trigger. In the TBF model introduced in Chapter A2, these are **the awareness and the familiarity set**.<sup>387</sup> It seems noteworthy that certain consumer-oriented funnel alternatives presented in Chapter A3.1.2 do not include them. For example, the CDJ's first stage after the purchase trigger is initial consideration.<sup>388</sup> Similarly, LECINSKI's MOT model starts with the appreciation of a stimulus that leads to an online search for information.<sup>389</sup> In contrast, other models continue to account for the brand knowledge sets.<sup>390</sup> The thesis perceives **different arguments to explicate these sets** as they contain relevant analytic insights.

Consumers' brand-related perceptions are stored in inter-connected neurons in memory. As such, a central brand node (e.g., LINDT) is linked to different subjective associations, which could be factual (e.g., chocolate), emotional (e.g., tastes well), or experiential (e.g., feels like childhood).<sup>391</sup> Early on, AAKER defined "*a brand association ... [as] anything 'linked' in memory to a brand.*"<sup>392</sup> A neuronal network is supposed to reflect the complex structure of human memory. Schematically, researchers often describe this in form of an associative, semantic network. In a narrow sense, this network

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<sup>387</sup> In accordance with the overall set logic, they show whether (accessible) brand knowledge exists but do not pertain to the "reaction" sphere. "Reaction" sphere refers to the classification in the S-O-R paradigm.

<sup>388</sup> See COURT ET AL. (2009), pp. 2–5. Consumers are assumed to build the initial consideration set "... as they begin their decision journey" (p. 2) and complement it later with brands identified via external search. While the authors acknowledge that this set is based on prior brand knowledge, the model does not include a specific awareness set.

<sup>389</sup> See LECINSKI (2011), pp. 15–17, 23–24

<sup>390</sup> See PERREY ET AL. (2015), pp. 137–141 for the EBF or PAUWELS & VAN EWIJK (2013), pp. 24–25 for the Consumer Boulevard model.

<sup>391</sup> See e.g., BURMANN ET AL. (2015), pp. 61–63; DESAI & HOYER (2000), p. 310; KELLER (1993), pp. 2–3

<sup>392</sup> AAKER (1991), p. 109



covers the functional and non-functional (need) associations conveyed by the brand to a specific consumer. These associations are, in a broader sense, embedded in a consumer's subjective "view of the world," which is only partly conscious and also contains episodic or autobiographic information (i.e., aspects not directly conveyed by the brand).<sup>393</sup> Consumers may gain such associations from brand exposure, for example the perception of an advertisement or discussions with other consumers.<sup>394</sup> With regard to the buying cycle framework, these perceptions can play different roles: On the one hand, brand perceptions may reflect personal experiences from prior purchases.<sup>395</sup> On the other hand, their retrieval can influence the choice process once a consumer engages in a new purchase situation.<sup>396</sup> Therefore, their availability augments the understanding of decision behavior in memory-based situations.

In memory-based situations, consumers make use of knowledge stored internally in memory.<sup>397</sup> For instance, a consumer may choose between three restaurant options for dinner without searching for new alternatives. Then, consideration set formation builds on the **availability-accessibility paradigm**.<sup>398</sup> This paradigm delineates general awareness or knowledge of a brand (i.e., availability) from the ability to retrieve it from memory during a specific occasion (i.e., accessibility).<sup>399</sup> Multistage choice set

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<sup>393</sup> See BIELEFELD (2012), pp. 151–160 for a holistic discussion. Consumers' **episodic memories** describe "... *special occurrences or stories they [consumers] have experienced with a brand in the past.*" BURMANN ET AL. ([IN PRESS])

<sup>394</sup> See e.g., FOSCHT & SWOBODA (2011), p. 202; KARDES ET AL. (1993), p. 64; POWERS ET AL. (2013), p. 480

<sup>395</sup> See BURMANN ET AL. (2015), pp. 63–64. Notably, brand image associations may develop outside of any purchase situation.

<sup>396</sup> This notion is supported across different research streams, including choice set (see e.g., KARDES ET AL. (1993), p. 63), advertising (see e.g., VAKRATSAS & AMBLER (1999), p. 27; WEILBACHER (2001), pp. 21–22), or branding literature (see e.g., AAKER (1991), p. 76; WALVIS (2007), p. 182) as well as findings from consumer neuroscience (see e.g., RATNAYAKE ET AL. (2010), p. 1295 or, for a review of neuroscientific, brand-related studies, KENNING (2014), pp. 202–204).

<sup>397</sup> See BALLANTYNE ET AL. (2006), p. 341; NEDUNGADI (1990), p. 264; YOO (2008), p. 6

<sup>398</sup> See NEDUNGADI (1990), p. 264; PAULSEN & BAGOZZI (2005), p. 786

<sup>399</sup> See TULVING & PEARLSTONE (1966), pp. 381–382. For example, a consumer might know the brand LINDT (availability) but during a situation it did not come to his/her mind (accessibility). Based on the "spreading-activation theory" (see COLLINS & LOFTUS (1975)), researchers argue that accessibility depends on three main aspects. These reflect how strongly the brand node is activated for a consumer (which is influenced by factors such as frequency or recency of contact), the strength of the link between the brand and associated nodes (e.g., chocolate, sweet), and their relation to available retrieval cues (e.g., desire for candy). Accessibility may vary as the retrieval cues change. See e.g., BALLANTYNE ET AL. (2006), pp. 341–342; DESAI & HOYER (2000), p. 310; NEDUNGADI (1990), p. 264

models conceptually emphasize either part of the paradigm. While some models, including the TBF presented in Figure 2, focus on general availability in the definition of the awareness set,<sup>400</sup> those that center on memory-based choice tend to describe the accessible retrieval set.<sup>401</sup> Depending on the focus, the sets provide insights on whether brand knowledge is available in memory and whether it was accessible in a purchase process. In a memory-based choice situation, a consumer forms a goal-satisfying consideration set from the list of available brands that are accessible during a situation. Strong retrieval can, thus, be a determining factor for choice.<sup>402</sup> NEDUNGADI's seminal work shows that the probability of brand consideration and choice can be altered by influencing brand accessibility and retrieval independent of evaluation.<sup>403</sup> KARDES ET AL. confirm this effect.<sup>404</sup> COURT ET AL. support that the likelihood of brand choice is three times higher if a brand is included in the initial consideration set retrieved from memory and not only identified during a later search.<sup>405</sup> Recently, PAUWELS AND VAN EWIJK found evidence that unaided and aided awareness metrics continue to be predictors of brand sales "*... in a world of connected consumers influenced online.*"<sup>406</sup> YOO summarizes, "*A brand that is highly accessible in memory ... has a greater chance of being considered and selected than a less accessible brand.*"<sup>407</sup>

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<sup>400</sup> SPIGGLE & SEWALL (1987) view the awareness set as "... those [retailers] of which the consumer is aware..." (p. 99). For SHOCKER ET AL. (1991), "... the awareness or knowledge set consists of the subset of items in the universal set of which, for whatever reason, a given consumer is 'aware' (whether they 'come to mind' on a given occasion or not) ..." (p. 182).

<sup>401</sup> See KARDES ET AL. (1993) who view the retrieval set as "... the subset of brands in the universal set that the consumer can access from memory." (p. 63)

<sup>402</sup> See NEDUNGADI (1990), p. 264; PAULSEN & BAGOZZI (2005), pp. 805–806; SHOCKER ET AL. (1991), p. 183; VAN OSSELAER & JANISZEWSKI (2012), p. 262; WALVIS (2007), pp. 181–182

<sup>403</sup> See NEDUNGADI (1990), pp. 273–274. This study builds on two experiments conducted among  $n = 105$  or  $n = 189$  university students in the United States. The purpose is to investigate the direct and indirect influences of brand primes on a subsequent decision process (i.e., accessibility, consideration, and choice) as well as on brand evaluation. For analysis, it uses log-linear models (for stages of the decision process) and ANOVA (for evaluation data) (pp. 267–268, 271–272).

<sup>404</sup> See KARDES ET AL. (1993), p. 72. This study builds on a four-session experiment conducted among  $n = 115$  business students (p. 66). Participants were, first, primed with brand names of different chocolate bars (a pioneer brand, initially, and multiple followers, thereafter). In the last session, the decision process was evaluated (pp. 67–68).

<sup>405</sup> See COURT ET AL. (2009), p. 4. The underlying research is discussed in depth in Chapter B3.1.

<sup>406</sup> PAUWELS & VAN EWIJK (2013), p. 20. Average sales elasticity of awareness is 0.41. The authors include multiple awareness metrics reflecting general availability (aided awareness) and specific accessibility (top-of-mind and spontaneous awareness). They note a high correlation among the metrics (p. 17). Further information on the research design are provided in Chapter B3.5.

<sup>407</sup> Yoo (2008), p. 7. Similarly summarized by BALLANTYNE ET AL. (2006), p. 341.

For brand managers, the implication of this discussion is to contribute to the increase of a brand's availability and accessibility in memory. WALVIS calls this a **maximization of cortical representation**.<sup>408</sup> It is reflected in the fundamental understanding of CBBE that KELLER describes "*... as the differential effect of brand knowledge on consumer response to the marketing of the brand.*"<sup>409</sup> In his view, brand knowledge consists of brand awareness and brand image. Awareness is as a precondition for brand image, which, as introduced in Chapter A3.2, contains the set of specific brand associations.<sup>410</sup> Superior brand knowledge may be seen as a network of strong, relevant, and differentiated associations around a central brand node that are easily activated during a specific choice process.<sup>411</sup>

Given the importance of brand knowledge for **external brand management**,<sup>412</sup> essential **brand controlling KPIs** focus on its components. Brand awareness is assessed in most brand tracking studies. It may be measured as the ability to recognize a brand based on visual, audio, or other aids (aided awareness) or as the ability to recall it purely from memory (unaided awareness).<sup>413</sup> These two levels relate to the differentiation of availability (i.e., a consumer generally knows about the brand) and accessibility (i.e., a consumer can retrieve a brand from memory without any aid). Assessing a consumer's awareness set, the brand purchase funnel provides such information in simplified form.<sup>414</sup> Moreover, the funnel's familiarity stage evaluates whether, beyond knowledge of its existence, consumers have specific associations with the brand. In

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<sup>408</sup> See WALVIS (2007), pp. 183–186. In line with BURMANN ET AL. (2015), it is acknowledged that consumers' subjective brand perceptions may only indirectly be influenced by brand management, namely via consumers' interactions with or experience of the brand across all brand touch points (e.g., advertisement, purchase-related interactions) (pp. 29–30).

<sup>409</sup> KELLER (1993), p. 8 (accentuation added)

<sup>410</sup> See e.g., BURMANN ET AL. (2015), p. 57; KELLER (1993), p. 3; ROSSITER (2014), p. 534. Consistently, brand image is also described as the highly condensed, expressible part of the aforementioned full neuronal brand network. See BIELEFELD (2012), p. 157

<sup>411</sup> See AAKER (1991), p. 109; BURMANN ET AL. (2015), pp. 57, 61–63; KELLER (1993), pp. 3–8

<sup>412</sup> See e.g. AAKER (1991), p. 76; KELLER (2009), p. 140; WALVIS (2007), pp. 182–186; WIEDMANN (2015), p. 753

<sup>413</sup> See e.g., AAKER (1991), p. 61; BURMANN ET AL. (2015), pp. 261–262; KELLER (1993), pp. 3, 12; WALVIS (2007), pp. 188–189. Variations of the two exist. For example, ROSSITER (2014) differentiates brand recognition, category-cued brand-name recall, and brand recall-boosted recognition (pp. 535–536).

<sup>414</sup> As they present a predefined list of brands, PERREY ET AL. (2015) focus on aided brand awareness (or availability of brand knowledge) in their TBF model (p. 133). JULLENS & SANDER (2002) include two awareness measures (unaided and aided brand awareness) in the brand screen model (p. 26).

accordance with the discussion in Chapter B1.4, brand researchers typically perceive familiarity as a refinement of brand awareness.<sup>415</sup> However, since the associations that create a feeling of familiarity are also the fundament of consumers' subjective brand image, other scholars relate the familiarity set to the brand image sphere.<sup>416</sup> Irrespective of the classification, the funnel's awareness and familiarity sets provide information relevant for the tracking of brand knowledge components.<sup>417</sup>

Certainly, brand knowledge that is consciously available does not influence every choice. For instance, consumers may identify previously unknown brands during consideration set formation,<sup>418</sup> act on an impulse to buy,<sup>419</sup> or react quasi-automatically to a stimulus.<sup>420</sup> The next chapter explores these situations, since none of them is delimitable in the TBF. Nonetheless, the brand knowledge sets provide relevant performance metrics. Their exclusion would forego these KPIs' assessment and may reduce the understanding of the consumer decision process. Therefore, it is suggested to measure them in a more nuanced funnel model (see conceptual proposition 2).

**Conceptual proposition 2:** *A more nuanced brand purchase funnel should continue to account for brand knowledge-related sets (awareness, familiarity) since they provide relevant information for external brand management and may influence consideration set formation in memory-based situations.*

<sup>415</sup> See BURMANN ET AL. ([IN PRESS]), who articulate, “In addition to brand recognition [aided brand awareness], brand familiarity ascertains the subjective feeling of being familiar with a brand.” This view is consistent with the construct brand comprehension by HOWARD & SHETH (1969), p. 31.

<sup>416</sup> See FREUNDT (2006), pp. 215, 218. In the brand screen model, the stage is labeled “image”, and assessed with a question on how positive brand perception is. See JULLENS & SANDER (2002), p. 26.

<sup>417</sup> In accordance with the set logic, this information is only factual (“is included in the set”). It does not allow studying “where” this knowledge comes from or how it was received. To study such communication effects, explicit measures of advertisement awareness and research approaches capable to explore implicit memory (e.g., physiological tests or priming experiments) would have to be used. See GRIMES & KITCHEN (2007), pp. 199–207; WIEDMANN (2015), pp. 751–755 for a discussion. It is also acknowledged that the assessment via simple research techniques as used in the brand purchase funnel (i.e., a consumer survey) only captures consciously accessible information. Building on BIELEFELD (2012), this image may be understood as the highly compressed, articulable part of the full associative, neuronal brand network focused esp. on key functional and non-functional (or symbolic) brand associations (pp. 156–157).

<sup>418</sup> See e.g., KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 473; PETER & OLSON (2010), pp. 166–167; SHOCKER ET AL. (1991), pp. 183–184.

<sup>419</sup> See e.g., BEATTY & FERRELL (1998), pp. 170–171; PIRON (1991), p. 512.

<sup>420</sup> See e.g., WOOD & NEAL (2009), pp. 580–581.

## 2.2.2 Proposition focus: Address limitation of generalizing sequentiality

Chapter B1.4 carved out a first structural limitation of the TBF. It generalizes choice behavior in two regards: it focuses on conscious decisions that are **cognitively dominated** and, within these decisions, on (largely) **memory-based consideration set formation**, which creates the sequential structure. Two propositions are developed to address these aspects and create a more nuanced view on the breadth of choice behaviors.

### 2.2.2.1 Purchase decision types

Multistage sequential choice set models, generally, assume conscious and purposeful decision-making dominated by cognition, which involves information search and alternative evaluation.<sup>421</sup> In many purchase situations, consideration set formation may be integral. For example, it may well reflect the purchase of a new car or a pair of skis based on a selection among potential, goal-satisfying alternatives. However, not all purchase decisions are made like this. As broached in Chapters A3.1.1 and B1.4, the TBF does not **distinguish consumers' type of purchase decision-making**. Therefore, this chapter derives such a differentiation for a more nuanced model.<sup>422</sup>

In a first step, this goal requires a **comprehensive yet pragmatic frame** to structure purchase decision types. Reviewing the literature, one can identify a variety of approaches. Traditional (Anglo-Saxon) categorizations delineate decisions based on the level of problem solving.<sup>423</sup> As a representative example, BLACKWELL ET AL. differentiate extensive, limited, and habitual decisions on a problem solving continuum.<sup>424</sup> Other

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<sup>421</sup> For example, SPIGGLE & SEWALL (1987) highlight that their choice set model is applicable when consumers search for information and evaluate retailer alternatives. Typically, this implies a rather new or modified situation that contains some risk and consumers' involvement (p. 99). Similarly, SHOCKER ET AL. (1991) highlight their focus "... upon decisions made by choosing from alternatives which are actively processed or considered at or near the time of decision." (p. 182)

<sup>422</sup> Consistent with the logic of the brand purchase funnel, this discussion centers solely on the "current" purchase decision that is in its focus. As discussed later in this chapter, it is well acknowledged that a specific consumer's type of decision-making may evolve over time. Generally, see HOWARD & SHETH (1969), p. 27. As the brand purchase funnel model provides an evaluation at a certain point in time, it focuses on a consumer's current type of decision-making.

<sup>423</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 460

<sup>424</sup> See BLACKWELL ET AL. (2006), pp. 88–93. Other decision types are only highlighted separately (impulse and variety seeking). A similar trichotomy is reflected by other researchers such as HOWARD & SHETH (1969), pp. 46–47. Reflecting the idea of a continuum, the authors refer to those decisions

researchers distinguish purchase types based on, for example, whether the decision was planned or unplanned,<sup>425</sup> the underlying motives,<sup>426</sup> or the type of shopping journey.<sup>427</sup> Recently, MARTIN AND MORICH suggested differentiating choice based on the associated level of automation ranging from conscious to unconscious decisions.<sup>428</sup>

This thesis adopts a **two-layer typology** that combines elements of the above. Building on KROEBER-RIEL AND GRÖPPEL-KLEIN, this typology builds on the traditional differentiation of purchase decisions depending on the **level of cognitive steering** on a first layer. Accordingly, one may separate decisions based on **higher and lower cognitive control**.<sup>429</sup> The first group is characterized by a higher degree of problem solving and includes extensive and limited purchase decisions. Decisions under lower cognitive control include habit and impulse.<sup>430</sup> To describe these types of decision-making more holistically, it seems purposive to also appraise the existence of other mental processes. Hence, drawing on PETER WEINBERG, the four types may be categorized comprehensively based on their **dominant mental processes**. He argues that consumer behavior is not only influenced by cognition but also by emotional as well as reactive processes.<sup>431</sup> As noted before, cognition may be understood as the degree of mental control over or steering of a purchase decision.<sup>432</sup> Affective processes describe

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that lie between the poles “extensive” and “limited” as “*midrange problem solving*” (p. 90).

<sup>425</sup> See e.g., BELL ET AL. (2011), pp. 31–32

<sup>426</sup> See JACK & POWERS (2013), pp. 1611–1613 for an application. In their research, they evaluate whether different shopping motives induce satisfaction or loyalty outcomes. They differentiate three shopping motives: price-conscious, recreational, and impulsive-careless.

<sup>427</sup> See WOLNY & CHAROENSUKSAI (2014). The authors employ qualitative (interview and diary-based) research to map the shopping journeys (in terms of touch points) of female cosmetics purchasers (n = 16). Based on this, they suggest a tripartite differentiation, namely a balanced, a considered, and an impulsive journey. These differ in factors such as pre-shopping and pre-purchase information search (pp. 321–324).

<sup>428</sup> See MARTIN & MORICH (2011), pp. 494–496. Herein, conscious behavior is labeled pilot mode and **unconscious behavior** is labeled autopilot mode. They define the latter as follows, “*Autopilot mode represents habitual purchase and usage behavior, and is the state of being that enables a person to complete tasks that are not linked to conscious intent, needs or goals.*” (p. 495). The thesis expands this understanding, and especially the form of habitual behavior, throughout this chapter.

<sup>429</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 460

<sup>430</sup> See e.g., FOSCHT & SWOBODA (2011), pp. 169–171; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 460–461. Herein, the relative expressions “stronger” and “lower” are purposeful. A certain level of cognitive control may also be possible for the latter group (see hereafter).

<sup>431</sup> See WEINBERG (1981), p. 13. Similarly reflected by KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 460–461.

<sup>432</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 461; WEINBERG (1981), p. 13. Other authors refer to

consumers' degree of emotional activation (e.g., evoked by different forms of stimuli) and the subjective interpretation of this activation.<sup>433</sup> Reactive processes refer to consumers' "quasi-automatic" reactions to a contextual stimulus.<sup>434</sup> Figure 6 visualizes the resulting typology of purchase types.

	Decision type	Dominant mental processes		
		<i>Cognitive</i>	<i>Affective</i>	<i>Reactive</i>
<b>Higher cognitive control</b>	Extensive	✓	✓	
	Limited	✓		
<b>Lower cognitive control</b>	Habitual			✓
	Impulsive		✓	✓

**Figure 6: Typology of major decision types**

Source: Own illustration, based on WEINBERG (1981), p. 16 and discussion in KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 460–461

Clearly, this typology is idealized and the borderline between the decision types is fluid. For instance, the purchase decision of a given consumer may evolve over time. A purchase that was initially based on a higher degree of problem solving, such as the selection of a supermarket upon moving to a new city or of a restaurant for dinner, may become habitualized upon (frequent) repetition of a satisfactory choice.<sup>435</sup> In addition, the typology only emphasizes the dominant mental process(es) of a decision type.<sup>436</sup>

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this as the level of active problem solving in a purchase situation. See BLACKWELL ET AL. (2006), p. 88

<sup>433</sup> See e.g., FOSCHT & SWOBODA (2011), pp. 37–54; WEINBERG (1981), p. 13. Mental activation might result from internal or external stimuli. For example, in an emotionally dominated situation, a consumer may be activated by an affective stimulus (e.g., the cowboy in MARLBORO's advertisements) that is subjectively interpreted and creates a certain emotion (e.g., happiness).

<sup>434</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 461; WEINBERG (1981), p. 13. For example, upon perceiving a certain tooth paste in the supermarket, the consumer reacts without deliberate evaluation (impulsive) or, as is the case in habit decisions, even without a conscious intention and purchases the item.

<sup>435</sup> For general support, see BLACKWELL ET AL. (2006), p. 91; HOWARD & SHETH (1969), p. 27. In a similar vein, BLACKWELL ET AL. (2006) suggest that decisions may lie between (what they call) the extremes "extensive" and "limited". They refer to those as "*midrange problem solving*" (p. 90). The particular characteristics of the different decision types are outlined throughout this chapter.

<sup>436</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 460. To illustrate this point, the authors quote research by GRÖPPEL-KLEIN ET AL. (2007), which shows that, compared to non-purchase, the (emotional) activation of habitual decision-makers is higher. The presence of mental processes beyond

Still, it offers multiple advantages. Researchers argue that it is comprehensive in the sense that no fundamental, empirically observable decision behavior is missing.<sup>437</sup> In contrast to other classifications, it does not only explain dissimilarities in cognitive control but also integrates impulsive behavior and distinguishes it from habitual decisions.<sup>438</sup> Moreover, it provides a pragmatic overview and possibility to differentiate between types of decision-making in a specific purchase situation. In this regard, the typology serves the purpose of this dissertation well. The remainder of this chapter refers to this typology and describes the four types in depth. Hereafter, extensive and limited decisions are recapped before both habit and impulse decisions are introduced.

### 2.2.2.1.1 Extensive and limited purchase decisions

Notwithstanding their differences, extensive and limited purchase situations share a fundamental aspect. They are characterized by a higher level of cognitive steering of pre-purchase activities, including information search and alternative evaluation.<sup>439</sup>

Building on Chapter B1.1, **extensive problem solving** is associated with situations of higher complexity.<sup>440</sup> It typically occurs in novel or innovative circumstances that are of (emotional) importance.<sup>441</sup> The costs of a wrong decision are high and/or the consumer lacks prior information. In the extreme case, he/she has no knowledge to support the decision at all.<sup>442</sup> Typically, such decision processes are attended largely consciously. Consumer examples include the purchase of higher value goods such as automobiles or jewelry.<sup>443</sup> These are characterized by high information requirements (from internal

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the dominant one(s) should, hence, not be ruled out.

<sup>437</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 461; WEINBERG (1981), p. 16

<sup>438</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 460–461. For example, reverting to the other classifications discussed above, BLACKWELL ET AL. (2006) only highlight impulsive behavior “separately”, that is outside their main framework, the decision process continuum (pp. 88–92). MARTIN & MORICH (2011) do not explicate impulsive purchase behavior at all.

<sup>439</sup> See the discussion on extensive purchase decisions in the context of the “grand theory” models (Chapter B1.1) and the introduction to consideration set theory (Chapter B1.3).

<sup>440</sup> See e.g., BLACKWELL ET AL. (2006), p. 89

<sup>441</sup> See e.g., KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 470; WEINBERG (1981)

<sup>442</sup> See FOSCHT & SWOBODA (2011), p. 173; MEFFERT ET AL. (2015), p. 100

<sup>443</sup> See e.g., BLACKWELL ET AL. (2006), p. 89; FOSCHT & SWOBODA (2011), pp. 172–173; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 470–471. Referring to the consumer decision process model by BLACKWELL ET AL. (2006), this means that all seven stages will likely happen (p. 89). EPS situations are also referred to as real decisions, complex decisions, or Suchkauf. See e.g., MEFFERT ET AL. (2015), p. 99.



but especially external sources), the definition of specific evaluation criteria, and longer decision periods given the extensive evaluation of brand alternatives. However, a description of extensive problem solving necessitates a more comprehensive discussion of the underlying mental processes. While the purchase decision is cognitively steered, it also entails a high degree of emotional involvement that results from the consumer's aspiration to reach a desirable outcome.<sup>444</sup> This aspiration influences a consumer's information requirements or search behavior, and it may develop throughout the pre-purchase process.<sup>445</sup> Against this background, **cognitive and affective-motivational mental processes** play a dominant and reinforcing role in extensive problem solving.<sup>446</sup> Given the high degree of consciousness and goal-orientation, this behavior is generally not reactive.<sup>447</sup>

As described, **LPS** constitutes a simplification of **EPS**. BLACKWELL ET AL. note, *"In most situations, consumers have neither the time, the resources, nor the motivation to engage in EPS. It is far more common to simplify the process and sharply reduce the number and variety of information sources, alternatives, and criteria used for evaluation."*<sup>448</sup> Limited decisions **require cognitive steering** (e.g., information search and processing, choice among alternatives) but in a less comprehensive way than **EPS**. The simplification stems from two aspects that were highlighted throughout the last chapters. First, consumers normally have prior experience that can be leveraged.<sup>449</sup> **LPS** thus focuses on key information and proven evaluation criteria to arrive at a choice.<sup>450</sup> This is especially the case in the first, often non-compensatory screening

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MARTIN & MORICH (2011) refer to such decisions as *"Pilot mode"* (p. 495).

<sup>444</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013) who refer to the high degree of activation as *"emotionale Schubkraft"* (p. 471).

<sup>445</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 471

<sup>446</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 461, 471

<sup>447</sup> See e.g., KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 471. Note, however, the discussion hereafter on unconscious influences that may influence presumably rational decision-making.

<sup>448</sup> BLACKWELL ET AL. (2006), p. 89

<sup>449</sup> See e.g., DESAI & HOYER (2000), pp. 309–310; SHOCKER ET AL. (1991), p. 183

<sup>450</sup> See FOSCHT & SWOBODA (2011), p. 17. KROEBER-RIEL & GRÖPPEL-KLEIN (2013) call these *"Schlüsselinformationen"* (p. 472, loose translation: key information). Prior knowledge provides consumers with an idea on which key information and evaluation criteria to focus, which replaces the necessity to collect and evaluate a wide range of individual pieces of information.

stage<sup>451</sup> (e.g., a simple heuristic such as a “maximum price” criterion may be assessed to consider a brand at all). Internal (i.e., memory-stored) information are complemented with external information if this is required to make a decision.<sup>452</sup> This differs from EPS-like situations that often rest on comprehensive, external information gathering.<sup>453</sup> Second, the focus on a smaller set of goal-satisfying brands, which reflect the consideration set, is a typical element of limited decisions.<sup>454</sup> Generally, the **emotional activation is lower than in extensive situations** because the decision is less complex and/or not new.<sup>455</sup> Consumer examples include the planned purchase of nutritional items (e.g., chocolate, drinks) or the choice of a restaurant for dinner.<sup>456</sup>

Despite the differences between EPS and LPS (e.g., in the presence of affective processes), the aforementioned types may be grouped into **one category of purchase decisions**: those that entail a higher level of cognitive control.<sup>457</sup> While consideration set formation is primarily associated with LPS, the volume-based funnel model is able to cater to both types. In purely extensive situations, consumers would typically search for and evaluate a wider range of choice options. Disregarding other aspects such as the differences in psychological processes or decision duration, a high number of brands at the consideration stage may, in simplified terms, represent this extensive behavior in the funnel. In the extreme case, it equals the number of available brands. Correspondingly, some scholars show the two types as anchors on a problem solving continuum ranging from high to low decision complexity.<sup>458</sup> These decisions were thus discussed together.

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<sup>451</sup> See e.g., GENSCHE (1987), pp. 227–229

<sup>452</sup> See e.g., SHOCKER ET AL. (1991), p. 183

<sup>453</sup> See e.g., FOSCHT & SWOBODA (2011), p. 173

<sup>454</sup> See e.g., KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 473; PAULSEN & BAGOZZI (2005), pp. 786, 805; SHOCKER ET AL. (1991), p. 183.

<sup>455</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 472; WEINBERG (1981), p. 14. LPS-type decisions are comparable to the “*Co-pilot mode*” in the aforementioned model by MARTIN & MORICH (2011), p. 496.

<sup>456</sup> For example, KARDES ET AL. (1993) use chocolate bars as object to test their multistage, sequential model (pp. 66–67). NEDUNGADI (1990) uses three product classes in his seminal work on brand retrieval, consideration, and choice namely restaurants for fast food, condiments for a burger, and soft drinks to mix alcohol (pp. 267–268).

<sup>457</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 467–473

<sup>458</sup> See BLACKWELL ET AL. (2006), pp. 88–89

In comparison to habit and impulse decisions, EPS and LPS situations are characterized by higher levels of cognitive steering. Nonetheless, the consumer's effort "... to *rationally decide on an outcome ... does not necessarily imply control over its [the mind's] actions.*"<sup>459</sup> CHARTRAND posits that consumers are typically aware of an outcome but are often **influenced by automatic processes** of which they are not consciously aware. Environmental aspects such as a brand or an advertisement, a store, or the presence of others may trigger these. The consumer may or may not be aware of them.<sup>460</sup> Although the mediating, automatic processes are not explicated in the descriptive funnel model, the following provides a brief illustration of examples to acknowledge this effect.<sup>461</sup>

Rooted in **priming theory**, a growing body of research illustrates the manifold influences of automatic processing. Theoretically, priming describes a situation "... *in which the processing of an initially encountered stimulus is shown to influence a response to a subsequently encountered stimulus.*"<sup>462</sup> For instance, the recent exposure to a gum advertisement by the brand WRIGLEY'S may increase the likelihood of recalling this brand later.<sup>463</sup> The priming stimulus may be consciously perceived or subliminal. It has a temporary effect that may "automatically" alter a judgment or response in a later situation (in the presence of a target stimulus). In each situation, a characteristic of the

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<sup>459</sup> MARTIN & MORICH (2011), p. 496. They specifically note this observation for the pilot mode, which resembles EPS-like decisions.

<sup>460</sup> See CHARTRAND (2005), pp. 203–204, 209. In theory, a consumer may or may not be aware of any of the three aspects (i.e., environmental features, automatic processes, outcomes). However, in the consumer behavior domain, in which this dissertation is rooted, the consumer is normally aware of the outcome (e.g., a preference or choice). He/she is usually "*not aware of automatic processes*" and may or may not be aware of the environmental trigger (p. 204).

<sup>461</sup> JANISZEWSKI & WYER (2014) note that more than 12,000 research papers on priming were published in the social sciences during the last 40 years. A review of the literature is not in scope.

<sup>462</sup> JANISZEWSKI & WYER (2014), p. 97. Priming is typically studied in experimental designs that consist of two phases: first, a priming stimulus is (un-)consciously presented to a participant. Second, they perform a task in which the priming effects are assessed. Taking one example, CHARTRAND ET AL. (2008), first, engage participants in a scrambled-sentence task in which they are subliminally primed. In these tests, participants have to construct grammatically correct sentences from a number of words, which, depending on the test group, include words that serve as prime (e.g., "prestige" to prime a prestige goal). After five minutes, the subjects choose between two pairs of socks, and the prime's effect (here: pursuit of a nonconscious goal) is assessed (p. 192).

<sup>463</sup> See NORTHUP & MULLIGAN (2014), p. 66

stimulus has a priming effect on one “part” of memory.<sup>464</sup> Accordingly, one may differentiate multiple forms including content priming,<sup>465</sup> cognitive process priming,<sup>466</sup> or feature priming.<sup>467</sup> The illustration hereafter focuses on content priming and pinpoints different types of automatic processing that influence problem solving-type decisions. Fundamentally, the effects of **content priming** ensue when the presentation of an information (i.e., the content) increases the accessibility of this information’s representation in memory. This, in turn, may augment the chance that the content (unconsciously) influences a future outcome. As described, knowledge is represented in memory in the form of interconnected neuronal nodes.<sup>468</sup> One may distinguish four types of content knowledge: semantic, affective, behavioral (or motor), and goal-oriented. All four can be primed.<sup>469</sup>

**Semantic content** refers to a wide range of information stored in memory regarding, for example, objects (e.g., a brand’s name), persons (e.g., information on a relative), or attributes (e.g., expensive).<sup>470</sup> Incidental, subliminal exposure to such information (e.g., in an advertisement) may lead to a subconscious semantic analysis of its meaning. This can leave implicit traces in memory that enhance the representation and accessibility of the related information (e.g., the name of the brand or further information contained in the advertisement).<sup>471</sup> Amongst others, this automatic processing may

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<sup>464</sup> See JANISZEWSKI & WYER (2014), p. 97. In related studies, the effect of a prime is often evaluated after a time delay of around five minutes. See e.g., CHARTRAND ET AL. (2008), p. 192

<sup>465</sup> Knowledge is comprised of different content types, and each of them may be primed. See JANISZEWSKI & WYER (2014), p. 97 and discussion hereafter.

<sup>466</sup> Building on JANISZEWSKI & WYER (2014), “A *cognitive process is defined as a mental act that results in the manipulation, transformation, or reorganization of content.*” (p. 106). An example for a procedure that may serve as prime is rapid or slow speech in a first task. It may automatically induce rapid or slow action in a later procedure such as the completion of a survey. See SHEN ET AL. (2012), p. 822

<sup>467</sup> The exposure to physical features of a stimulus (e.g., its shape or brightness) during a perceptual task may leave a trace in memory for this feature. This may, for example, occur upon exposure to an advertisement that shows the shape of a product such as a bottle of laundry detergent. Later perception of this feature may affect consumers, for example by augmenting their attention or increasing the likelihood of inclusion in a stimulus-based consideration set. See e.g., GRIMES & KITCHEN (2007), pp. 195–197; SHAPIRO (1999), pp. 17–18 for reviews of the theoretical foundation. YOO (2008), p. 13; SAUERLAND ET AL. (2012), pp. 786–787 provide two recent examples of this effect in the context of web advertisements.

<sup>468</sup> See BIELEFELD (2012), pp. 151–160 for a holistic discussion in the context of brand-related knowledge.

<sup>469</sup> See JANISZEWSKI & WYER (2014), p. 97

<sup>470</sup> See JANISZEWSKI & WYER (2014), p. 97

<sup>471</sup> See e.g., GRIMES & KITCHEN (2007), pp. 195, 197–198 for a more extensive discussion of the process.

increase the chance of a brand's inclusion in a memory-based consideration set.<sup>472</sup> It has been discussed before that the formation of this set rests on the retrieval of accessible, goal-satisfying brand alternatives.<sup>473</sup> When the unconsciously received semantic information is relevant to the choice situation, the brand's inclusion in a memory-based consideration set is more likely. For instance, SHAPIRO ET AL. incidentally expose participants to different product advertisements for food and kitchen materials in a computer-based magazine.<sup>474</sup> Their findings suggest that the exposure augments the chance of the product's inclusion in a consideration set during a later, hypothetical purchase. These findings hold true for both familiar and unfamiliar purchase situations.<sup>475</sup> Beyond the direct exposure to a specific brand, semantic primes may also influence shopping decisions indirectly. For example, NUNES AND BOATWRIGHT provide evidence that the willingness to pay for one product (a music CD) can be affected through the incidental exposure to the price ticket of another, "irrelevant" product (a sweatshirt displayed at a nearby seller).<sup>476</sup> In an experimental design, ZHANG AND LI show that physical shopping behaviors (i.e., carrying a heavy shopping bag) can activate related semantic concepts (the attributes heavy and weight). Their experiment suggests that the attributes' semantic activation mediates the effects of the physical behavior and later increases judgments of the importance of a specific task (the concept of importance is related to attributes such as heavy or weight).<sup>477</sup>

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<sup>472</sup> GRIMES & KITCHEN (2007) summarize multiple effects of the automatic semantic analysis of the meaning of a stimulus. Beyond the increased likelihood of inclusion in a memory-based consideration set, these include more affective responses and changes in the judgment of the stimulus' meaning (pp. 197-198).

<sup>473</sup> See also SHOCKER ET AL. (1991), p. 183

<sup>474</sup> See SHAPIRO ET AL. (1997), pp. 96-98. This study builds on an experimental design with  $n = 152$  participants (undergraduate students) split into an experimental group (exposed to the advertisements) and a control group. Relevant variables were evaluated after a five-minute distracting task.

<sup>475</sup> See SHAPIRO ET AL. (1997), p. 102. An example of a familiar purchase situation is "... a kitchen-related product you would buy to cook breakfast." (p. 98). An example of an unfamiliar situation is "... a kitchen-related product you would buy if living in an apartment for two months overseas..." (p. 98)

<sup>476</sup> See NUNES & BOATWRIGHT (2004), p. 465. This research builds on three studies, involving controlled experiments and empirical data. The above finding relates to an experiment conducted among  $n = 60$  visitants of a beach in the United States. The sweatshirt were advertised at an adjacent stand, operated by the experimenter. Its price varied in regular intervals during the experiment (pp. 459-460).

<sup>477</sup> See ZHANG & LI (2012), pp. 1070-1071. The experiments' participants were students from a university in Asia. The specific task was the mastery of certain college skills (e.g., the importance of mastering investment skills).

Emotional experiences may also serve as prime. They can make an affective state (e.g., a mood, a feeling) more accessible, which can influence subsequent outcomes.<sup>478</sup> **Affective primes** that are relevant for a later situation may, for instance, influence the evaluation and choice of a brand. Two purchase-related studies exemplify this. GORN ET AL. place subjects into a good or bad mood via music that they liked or disliked, respectively. Thereafter, these evaluated a set of speakers based on global measures (i.e., good-bad rating and purchase intent) and three detailed attributes (stereo separation, distortion, background noise).<sup>479</sup> When participants are unaware of their moods' source, their global evaluation of the speakers on both measures is significantly better when in a good mood.<sup>480</sup> This bias does not prevail when the source was salient (i.e., people rated the music before the speaker evaluation).<sup>481</sup> The effect is also not found during a detailed evaluation of the three speaker features. Here, the more careful, conscious decision-making across multiple attributes supposedly eliminates the unconscious priming effect.<sup>482</sup> In another study, ZEMACK-RUGAR ET AL. first primed subjects subliminally with two emotions, guilt and sadness, and, then, evaluated the prime's influence on choice. Their dependent variable is the indulgence to purchase a CD/DVD rather than school supplies from a 50 USD gift certificate.<sup>483</sup> While their participants do not ascertain any conscious differences in their mood, those primed with guilty adjectives and prone to feelings of guilt were significantly less likely to indulge the recreational CD/DVD than those primed neutrally or with sad adjectives – they rather purchased the responsible school supplies.<sup>484</sup>

Consumers' performance may also be nonconsciously influenced by direct or indirect

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<sup>478</sup> See JANISZEWSKI & WYER (2014), pp. 101–102

<sup>479</sup> See GORN ET AL. (1993), pp. 240–241. The study builds on an experimental design with  $n = 84$  students from a university in the United States. It manipulates two variables, namely the mood that resulted from the music (negative versus positive) and awareness of the mood's source (low versus high) (p. 243).

<sup>480</sup> See GORN ET AL. (1993), p. 248

<sup>481</sup> See GORN ET AL. (1993), p. 248

<sup>482</sup> See GORN ET AL. (1993), pp. 250, 254

<sup>483</sup> See ZEMACK-RUGAR ET AL. (2007), pp. 930–931. The study involves multiple experiments. The findings discussed above build on an experimental design with  $n = 95$  students from a university in the United States. As independent variables, it manipulates the emotional prime (guilt versus sadness) and measures the proneness to feelings of guilt (low versus high).

<sup>484</sup> See ZEMACK-RUGAR ET AL. (2007), pp. 932, 933, 936

**behavioral primes.**<sup>485</sup> The most prevalent direct form is behavioral mimicry: people subtly influence each other's behavior by imitation.<sup>486</sup> From a neurological perspective, mimicry is sustained by the presence of mirror neurons. These neurons are not only activated during one's own performance of a behavior but also during mere observation.<sup>487</sup> Mimicry touches on a wide range of human behaviors, including verbal aspects (e.g., syntax, accents, or yawning), emotional or facial expressions, and body movements.<sup>488</sup> It has also been shown to impact purchase and consumption. TANNER ET AL. exemplify the two ways mimicry can influence.<sup>489</sup> In a first experiment, they instruct participants to memorize information on different advertisements that a confederate discusses in a video. Each of them is provided with two bowls of crackers (goldfish and animal) with no further instructions.<sup>490</sup> Their findings suggest that participants mimic the consumption behavior of the confederate, and this imitation can influence a consumer's judgment. As such, a confederate that only eats goldfish or animal crackers augments the tendency of the same behavior by a participant. Consumption imitation, in turn, enhances participants' self-reported preference for the mimicked product.<sup>491</sup> While these consumers are aware of their preferences, they are not aware of the (non-conscious) process of the mimicry that caused this outcome.<sup>492</sup> In two further experiments, TANNER ET AL. highlight the second impact of mimicry. They show that mimicking a consumer physically (e.g., leg crossing) or verbally (e.g., repetition of key ele-

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<sup>485</sup> See JANISZEWSKI & WYER (2014), p. 103

<sup>486</sup> See JANISZEWSKI & WYER (2014), p. 103; MARTIN & MORICH (2011), p. 490; TANNER ET AL. (2008), p. 763

<sup>487</sup> See GALLESE ET AL. (1996). They evidence mirror neurons in monkey experiments studying different hand movements (pp. 594-595). IACOBONI ET AL. (1999) identify a similar imitation mechanism in an in vivo experiment with humans where participants observed pictures of hand movements (pp. 2526-2527).

<sup>488</sup> The reader is pointed to CHARTRAND & DALTON (2008) for a broad literature review (pp. 459-461).

<sup>489</sup> CHARTRAND (2005), pp. 205–206 discusses both effects and provides further examples that back up the illustration in this dissertation.

<sup>490</sup> See TANNER ET AL. (2008), pp. 757–758. The experiment builds on a final sample of  $n = 113$  participants, who are university students. The experiments manipulated the presence of food (yes or no) and the snacking behavior (goldfish or animal crackers). Mimicry indicated whether participants in a condition (e.g., confederate ate only goldfish crackers) selected the corresponding snack by the majority.

<sup>491</sup> See TANNER ET AL. (2008), p. 763

<sup>492</sup> See CHARTRAND (2005), p. 205

ments) during the presentation of a new sports drink or new cheese straws can unconsciously influence his/her attitudes and behavior toward the products. Specifically, the mimicked consumers “... *reported liking the product more, expressed higher intent and willingness to purchase and recommend the product, and consumed more of the product.*”<sup>493</sup> TANNER ET AL. suggest that mimicry may be relevant both when the interaction with others is central to the situation (e.g., a sales conversation at a car dealership) and more peripheral (e.g., walking down a supermarket aisle).<sup>494</sup>

Expanding beyond direct mimicry, behavioral priming can be achieved indirectly, for instance via the activation of traits and stereotypes based on semantic cues.<sup>495</sup> In a classic study, BARGH ET AL. primed respondents on two traits, namely rudeness or politeness (Experiment 1), and on the stereotypes of elderly people (Experiment 2) or African American males (Experiment 3).<sup>496</sup> In all instances, the priming activated “automatic” processes that led to subsequent behavior consistent with the trait or stereotype.<sup>497</sup> Experiment 3 indicates that the mere exposure to photographs of African American faces in comparison to Caucasian faces can augment hostile behavior. Importantly, this effect is independent of whether the participant has a low or high racist attitude.<sup>498</sup> MARTIN AND MORICH reason that commercials may cause similar priming effects. For example, the display of a certain stereotype (e.g., a beautiful celebrity versus an anonymous person) may alter a women’s beauty feelings and, as a consequence, her response to the commercial.<sup>499</sup>

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<sup>493</sup> TANNER ET AL. (2008), p. 763. Experiment 2 (sports drink) builds on a sample of  $n = 37$  student participants split randomly into two groups (mimicked or not mimicked) (p. 760). Experiment 3 (cheese straws) builds on a sample of  $n = 52$  student participants. In addition to the two conditions from experiment 2, the authors manipulated the facilitator’s need regarding the product (invested versus independent). They also differentiated the experiment by gender (male versus female) (p. 762). For results see also pp. 761-763.

<sup>494</sup> See TANNER ET AL. (2008), p. 754

<sup>495</sup> See JANISZEWSKI & WYER (2014), p. 103. The reader is pointed to WHEELER & PETTY (2001) for an extensive review on the behavioral effects of stereotype activation.

<sup>496</sup> See BARGH ET AL. (1996), p. 233. In the first two experiments, scrambled-sentence tests were used as (subliminal) prime (pp. 234, 236). In the last experiment, photographs were used as (subliminal) prime (p. 238).

<sup>497</sup> See BARGH ET AL. (1996), p. 242

<sup>498</sup> See BARGH ET AL. (1996), p. 239. In the experiment, hostility of behavior was assessed in terms of a participant’s reaction to a computer error subsequent to the subliminal visual priming (p. 238).

<sup>499</sup> See MARTIN & MORICH (2011), p. 491



Goals such as “to be creative” or “to save money” are also represented in memory.<sup>500</sup> In comparison to the cognitive concepts discussed so far, they are motivational: one has the intention to attain a desirable outcome and this intention fades, once the goal is satiated.<sup>501</sup> Researchers provide evidence that **goals** can also be primed subliminally, which induces their **nonconscious pursuit** and alters behavioral outcomes.<sup>502</sup> Herein, the exposure to a stimulus primes a goal and activates certain means to attain it.<sup>503</sup> For example, the general environment may induce nonconscious goal pursuit. AARTS AND DIJKSTERHUIS prime one group of participants with the picture of a library and state that they may visit the environment afterwards (i.e., a goal). They find that those persons’ voices were significantly less loud in a later pronunciation task than the voices of other groups of participants of the experiment.<sup>504</sup> Environmental features such as brands may also activate goal-congruent behavior if they are relevant to a certain task. For example, FITZSIMONS ET AL. show that the exposure to images of brand logos may elicit a goal and subsequent behavior that correspond to the brand’s personality. In a standard creativity task, those persons primed with the “creative” brand APPLE beat others that were primed with a goal-unrelated brand (IBM) or not primed at all.<sup>505</sup> In another intriguing study, CHARTRAND ET AL. subliminally showed the names of retail brands associated with prestige (NEIMAN MARCUS, NORDSTROM, TIFFANY) or thrift (DOLLAR STORE, WALL-MART, KMART) to activate corresponding nonconscious goals (i.e., status achievement or money saving). In later choice tasks for a microwave and for socks, subjects’ relative preferences for two alternatives reflected these goals: those primed with the thrift brands indicated a higher relative preference

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<sup>500</sup> See e.g., VAN OSSELAER & JANISZEWSKI (2012), p. 261

<sup>501</sup> See CHARTRAND (2005), p. 207; JANISZEWSKI & WYER (2014), p. 100

<sup>502</sup> CHARTRAND (2005), pp. 206–209; DIJKSTERHUIS ET AL. (2005), pp. 197–198; MARTIN & MORICH (2011), pp. 491–492 review the literature on nonconscious goal pursuit in more depth. The reader is pointed to their works for further reference.

<sup>503</sup> See e.g., FITZSIMONS ET AL. (2008), p. 22; JANISZEWSKI & WYER (2014), p. 100. Building on the definition provided by VAN OSSELAER & JANISZEWSKI (2012), “**Means** are behaviors, products, and services that allow a person to pursue one or more goals.” (p. 261, accentuation added)

<sup>504</sup> See AARTS & DIJKSTERHUIS (2003), pp. 22–23. This finding results from experiment 2. This experiment builds on a sample of  $n = 69$  student participants. After the initial priming task, each participant conducted a pronunciation task (10 words) in which his/her voice intensity was measured. In addition, mood and arousal as well as past behavior (regarding library visits) were investigated.

<sup>505</sup> See FITZSIMONS ET AL. (2008), p. 32

for the lower value alternatives and vice versa.<sup>506</sup> As noted, a memory-based consideration set includes accessible, goal-satisfying brand alternatives and choice is made from this set.<sup>507</sup> The evidences suggest that environmental stimuli may alter the sets' composition and final choice – not only due to the accessibility of a brand but also due to the pursuit of unconsciously activated goals to which this brand is a better mean.

In sum, *“Consumer behavior is often mediated by processes that occur outside of conscious awareness.”*<sup>508</sup> The intention of the last paragraphs was to exemplify that even in purchase decisions that are neither habitual nor impulsive, outcomes such as judgments and responses can be affected by unconscious processes triggered through environmental primes. Examples have been provided across all four types of content knowledge. The potential influence of these processes vis-à-vis conscious problem solving is situation-specific. The prime must be related to the subsequent task<sup>509</sup> and its effect seems to be temporary.<sup>510</sup> Moreover, the evidence provided above centers on rather familiar items with a lower value (e.g., CDs/DVDs<sup>511</sup> or socks and washing machines<sup>512</sup>) or of moderate decision complexity (e.g., novel snacks and crackers<sup>513</sup>), and on more holistic choice evaluations.<sup>514</sup> These observations relate stronger to the

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<sup>506</sup> See CHARTRAND ET AL. (2008), pp. 196–197. The experiment builds on a sample of  $n = 107$  participants split into two groups according to the two types of brands mentioned above. The brand names appeared visually in one corner of a computer screen outside the screen's center to which participants directed their conscious awareness and fulfilled the main task of the experiment.

<sup>507</sup> See SHOCKER ET AL. (1991), p. 183

<sup>508</sup> CHARTRAND (2005), p. 209. As discussed before, the term *“outside of conscious awareness”* describes nonconscious processes, which the author describes as *“... the unique ways in which consumers' decisions are influenced outside of awareness by factors in the environment.”* (p. 203). Related hereto, DIJKSTERHUIS ET AL. (2005) note, *“... these [unconscious] choices were introspectively blank... the amount of information processing going on was minimal or virtually nonexistent.”* (p. 194).

<sup>509</sup> This suggestion has been supported across different of the above studies. For example, in the experiment by FITZSIMONS ET AL. (2008) the IBM logo is not associated with a creative personality and does not induce higher performance in the creativity test. It is, therefore, not goal-relevant (p. 27).

<sup>510</sup> See JANISZEWSKI & WYER (2014), p. 97. As noted before, in many studies, the temporary effect is evaluated after a short time delay of about five minutes.

<sup>511</sup> See ZEMACK-RUGAR ET AL. (2007), pp. 930–931

<sup>512</sup> See CHARTRAND ET AL. (2008), pp. 196–197

<sup>513</sup> See TANNER ET AL. (2008), pp. 760, 762

<sup>514</sup> Remember, for example, the difference in findings in the experiment that GORN ET AL. (1993) conducted. The priming influence did only persist during the overall evaluation of the stereo player, not during more deliberate evaluation of specific attributes (pp. 248, 250).

characteristics of LPS-type decisions than to those of EPS-type decisions.<sup>515</sup> Still, the discussion shows that features in everyday settings, including advertisements, brand logos, or other persons, may potentially prime “automatic” processes.<sup>516</sup> Whilst the descriptive brand purchase funnel focuses on response-stages and does not explicate these processes within the model, the illustrations highlight their potential influence. An abnegation of these effects ignores a basic limitation of making conscious, rational choices. MARTIN AND MORICH summarize, *“The consumer behavior models that posit only conscious information processing and the deliberate formation of attitudes, beliefs and intentions lead to purchase decisions do not accommodate this reality.”*<sup>517</sup>

Fundamentally different from the problem solving-type purchases are the two other decision types included in the typology, habit and impulse purchases.<sup>518</sup> These are introduced hereafter. The discussion focuses on how to identify these purchase types and not on particular determinants. The inherent question is the following. **How can one integrate these essential decision types in the funnel model conceptually and operationally?**

#### **2.2.2.1.2 Habit purchase decisions**

In the models discussed so far, a consumer is assumed to perceive a need (e.g., to purchase a car), and, subsequently, search for and evaluate alternatives. Habit-based decisions do not entail this characteristic. Take, for instance, a person eating a box of popcorn in a movie theater. Research suggests that this behavior may occur “quasi-automatically” and without purposeful intention (e.g., desire to eat) or evaluation (i.e., independent of the popcorn’s quality). The situation’s context may trigger this habit

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<sup>515</sup> This observation is consistent with the conceptual model on consumer behavior proposed by MARTIN & MORICH (2011). They suggest that pilot situations (which mirror EPS-type behavior) are the most conscious, followed by co-pilot situations (which mirror LPS-type behavior) (pp. 494-496).

<sup>516</sup> See CHARTRAND (2005), p. 207

<sup>517</sup> MARTIN & MORICH (2011), p. 492. Similarly, e.g., CHARTRAND ET AL. (2008), p. 197

<sup>518</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 460

unconsciously.<sup>519</sup> Habit literature rests on this.<sup>520</sup> WOOD ET AL note, “... *Behavior can be guided by habitual processes in the case of well-learned behaviors or by more explicit processes in the case of novel behaviors or ones performed in difficult, shifting contexts.*”<sup>521</sup> This sub-chapter characterizes habit decisions, explicates their importance for the brand purchase funnel, and highlights potential approaches to identify a habit in a survey-based design.

A **habit** is a psychological disposition that may be defined “... *as a specific type of automaticity characterized by a rigid contextual cuing of behavior that does not depend on people’s goals and intentions. Habits develop as people respond repeatedly in a stable context...*”<sup>522</sup> While there is no unified definition,<sup>523</sup> contemporary literature shares a comparable understanding.<sup>524</sup> Consistent with the guiding typology of decision types, these decisions are dominantly reactive.<sup>525</sup> Building on the definition, **two central aspects** characterize a habit.<sup>526</sup>

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<sup>519</sup> See NEAL ET AL. (2011), p. 1435. This finding results from an experimental study conducted in two different settings, namely a movie theater (typical context of eating popcorn,  $n = 98$ ) and a meeting room (novel context for eating popcorn,  $n = 60$ ). In addition, popcorn quality (stale versus fresh) was manipulated. Hunger feelings, popcorn quality, and habit strength (i.e., past popcorn eating in a cinema) were assessed in a survey. Based on group-specific regression models for low, medium, and strong habit, the authors show that only consumers with a strong habit eat a similar amount of popcorn independent of its quality. Supporting the hypothesis that the cinema environment acts as a contextual cue, this effect did not persist for lower levels of habit or for participants in the meeting room. Moreover, neither a hunger motive nor liking of the popcorn were found to moderate this influence of habit strength.

<sup>520</sup> See e.g., JI & WOOD (2007), pp. 274–275; MARTIN & MORICH (2011), pp. 492–493; WOOD ET AL. (2002), p. 1294; WOOD & NEAL (2007), p. 844

<sup>521</sup> WOOD ET AL. (2002), p. 1294. This difference is acknowledged in dual-mode models of mental processes. TRIANDIS (1977) noted early, “*When a behavior is new, untried, and unlearned, the behavioral-intention component will be solely responsible for the behavior, while, when the behavior is old, well learned, or overlearned and has occurred many times before in the organism’s life span, it is very likely to be under the control of the habit component.*” (p. 205)

<sup>522</sup> WOOD & NEAL (2009), p. 580

<sup>523</sup> See e.g., KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 485; LIU-THOMPkins & TAM (2013), p. 22. For example, viewing habit only in terms of behavioral frequency neglects the specific psychological dispositions that characterize it. The chapter further elaborates on this aspect.

<sup>524</sup> See e.g., KHARE & INMAN (2006), p. 567; JI & WOOD (2007), p. 262; LIU-THOMPkins & TAM (2013), p. 22; NEAL ET AL. (2012), p. 492; WOOD & NEAL (2007), p. 843. While these scholars provide their own definitions, these relate, to a greater or lesser extent, to the perspective discussed above.

<sup>525</sup> See e.g., NEAL ET AL. (2011), p. 1429 and proposed typology by WEINBERG (1981), pp. 14, 16

<sup>526</sup> See LIU-THOMPkins & TAM (2013), p. 22. In a comprehensive discussion, WOOD & NEAL (2007) carve out a third principle, namely the interaction between the (automated) habits and (intentional) goals (p. 844, 850–856). The dissertation briefly addresses this later, but the reader is pointed to their review for details.

Habits often result from initially goal-directed behavior (e.g., the intended purchase of a brand of juice). Consumers that reach a desired outcome may **repeat the action**. If this repetition happens in a specific context with increasingly familiar stimuli, habits can form over time.<sup>527</sup> Habits are learned and conserved in the brain when **stable stimuli** are available in a specific **environment** (e.g., a supermarket). It is argued that repetition allows developing direct associations in memory between a recurring stimulus and an action.<sup>528</sup> For instance, repeatedly purchasing the same brand of juice from the same shelf space in a specific supermarket may create a purchase habit. Generally, these stimuli may be internal (e.g., a feeling such as thirst) and external (e.g., a brand logo, packaging, or smell).<sup>529</sup> While their nature remains subject to investigation,<sup>530</sup> researchers often examine locational (e.g., supermarket shelf), time (i.e., day period), and situational cues (e.g., presence of others, weather).<sup>531</sup> In sum, **habit development rests on behavioral repetition and a steady context**. Active habits result in a significant relief of cognitive resources (i.e., conscious thought is minimized),<sup>532</sup> and they are associated with lower emotional levels (e.g., less stress or burnout).<sup>533</sup>

After formation of a habit, the mere presence of the familiar contextual cues can activate the learned behavior.<sup>534</sup> As WOOD AND NEAL note, “... *habitual responses in*

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<sup>527</sup> See e.g., KHARE & INMAN (2006), p. 573; NEAL ET AL. (2011), p. 1428; NEAL ET AL. (2012), p. 492; WOOD & NEAL (2007), p. 844; WOOD ET AL. (2005), p. 932. WOOD & NEAL (2009) note the time lag in building habits. It is a “... *slow-to-learn memory trace that captures commonalities across past experience*.” (p. 589)

<sup>528</sup> See e.g., JI & WOOD (2007), pp. 262, 273; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 485; WOOD ET AL. (2005), p. 932. LIU-THOMPSON & TAM (2013) refer to this as “*associative learning*” (p. 23) and note that consumers may be unaware of the process.

<sup>529</sup> See MARTIN & MORICH (2011), pp. 492, 499

<sup>530</sup> See NEAL ET AL. (2011), p. 1435

<sup>531</sup> For example, DANNER ET AL. (2008) explain context stability on one scale that covers time, place, and situation (pp. 249-250). JI & WOOD (2007) measure four separate contextual cues of location, time, presence of others, and mood (p. 265). LIU-THOMPSON & TAM (2013) focus on time and location stability (p. 24). NEAL ET AL. (2012) interpret context stability as location stability (p. 493).

<sup>532</sup> See e.g., FOSCHT & SWOBODA (2011), p. 177; KHARE & INMAN (2006), p. 572; WOOD ET AL. (2002), p. 1295

<sup>533</sup> See WOOD ET AL. (2002), p. 1294. Consistent with the initial discussion and the typology based on KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 460, this does not imply that affective processes are not existent at all. To illustrate this point, the authors refer to research by GRÖPPEL-KLEIN ET AL. (2007), which shows that, compared to non-purchase, the (emotional) activation of habitual decision-makers is higher. See also the discussion and examples throughout this chapter.

<sup>534</sup> See e.g., WOOD & NEAL (2007), p. 844. WOOD & NEAL (2009) refer to a “*direct cuing process*” (p. 580).

*memory are activated directly by context cues.*<sup>535</sup> This describes the second property of habitual behavior: **quasi-automatic action**.<sup>536</sup> Here, automaticity refers to “... *the extent that the behaviour is no longer predicted (or guided) by intentions.*”<sup>537</sup> In habit-driven purchases, the perception of the **contextual stimulus triggers the response**. This distinguishes them from the consciously motivated or intentional decisions discussed before.<sup>538</sup>

DANNER ET AL. illustrate this duality empirically. They evaluate the impact of both habit and intention on behavior in various settings (e.g., drinking alcohol, snacking). They find that intentions do not explain behavior in the presence of strong habit.<sup>539</sup> As behavioral representations become more accessible in memory, subsequent behavior is driven less by conscious intentions.<sup>540</sup> In parallel, competing alternatives may become less accessible.<sup>541</sup> Moreover, NEAL ET AL. evidence that strong unconscious habits carry on when consumers' goals or evaluations change in a certain situation. Referring to the example introduced at the beginning of this chapter, they observe that habitual popcorn eaters in a movie theater continue to do so “... *regardless of whether participants were hungry and whether the popcorn was fresh and palatable or stale and distasteful.*”<sup>542</sup> Once formed, habits thus become “*the dominant, accessible response in a given context.*”<sup>543</sup> Neurological research provides further support for this direct cuing

<sup>535</sup> WOOD & NEAL (2009), p. 580

<sup>536</sup> See e.g., FOSCHT & SWOBODA (2011), p. 177; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 485

<sup>537</sup> DANNER ET AL. (2008), p. 246

<sup>538</sup> WOOD & NEAL (2009) refer to “*motivated cognitions*” (p. 581) that may result from a product preference, attitudes formed during prior experience, or simply the evaluation of prior goal achievement. Clearly, motivated decisions may also lead to consumer repetition and may be flexibly employed in diverse contexts. They are, however, not the result of a habit, which depends rigidly on the presence of stable, contextual cues (pp. 581-582). A recent study by LIU-THOMPSON & TAM (2013) centers on this dualism. The authors assess the different influence of both (“automatic”) habit and (motivated) attitudinal loyalty on repeat purchase behavior, specifically in a cross-selling context (pp. 34-35).

<sup>539</sup> See DANNER ET AL. (2008), p. 260. They note, “*Intentions do not guide behaviour when it is frequently performed in a stable context (i.e., strong habit) ... Similarly, although behaviour is always performed in the same context, intentional processes will still guide behaviour when performance of the behaviour only occurs occasionally...*” (p. 261).

<sup>540</sup> See DANNER ET AL. (2008), p. 263. Similarly, WOOD & NEAL (2009), p. 581

<sup>541</sup> See DANNER ET AL. (2007). They note, “*People are able to make fast and reliable decisions about how to attain their goal by getting rid of the interference of accessible means that otherwise compete for attention*” (p. 1378). Also NEAL ET AL. (2011), p. 1428; WOOD & NEAL (2009), p. 580

<sup>542</sup> NEAL ET AL. (2011), p. 1435

<sup>543</sup> WOOD & NEAL (2009), p. 580

between a stimulus and a response. It is argued that the repeated evaluation of a context and selection of an appropriate action leads to the preservation of specific behavioral patterns over time. These become habits.<sup>544</sup> Thus, habit formation shifts control in neural networks.<sup>545</sup> Specifically, it transfers activity from brain regions responsible for goal-related actions to those systems associated with direct stimulus control.<sup>546</sup> GRAYBIEL note that the formation of a habit leads to “... a shift from largely evaluation-driven circuits to those engaged in performance...”<sup>547</sup> This reflects the assertion that “habits are simply shortcuts developed by the mind from past successful behavior.”<sup>548</sup> On the flipside, this means that changes in the triggering circumstances (e.g., a transfer to a new place, reordering of shelf space in a supermarket) may interrupt the habitual behavior and re-introduce intentional control.<sup>549</sup> Clearly, explicit goals and habits also influence each other. Past research suggests that there are “mixed” situations in which both habit and intentional goals influence behavior, particularly in the case of moderate habit levels.<sup>550</sup> Upon perception of conflicting goals, consumers may additionally try to break the habitual behavior and re-engage in conscious evaluation.<sup>551</sup>

This discussion has clear **managerial implications** that support a differentiation in the brand purchase funnel. Habitual behavior can make up a **significant proportion** of

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<sup>544</sup> See GRAYBIEL (2008), p. 361. Building on YIN & KNOWLTON (2006), one may distinguish two separate brain systems that control (decision) behavior, the action-outcome system (action is controlled by goals and intentions, i.e. involves an evaluation of the expected outcome) and the stimulus-response system (pp. 465–468). In the neuroscientific decision-making research, this distinction is related to the term dual process models. For a review of this literature see e.g., KENNING (2014), pp. 61, 82–84.

<sup>545</sup> See WOOD & NEAL (2009), p. 580

<sup>546</sup> See GRAYBIEL (2008), p. 361; YIN & KNOWLTON (2006), pp. 465–468. YIN & KNOWLTON (2006) specifically note that habit formation is promoted by training. In other words, the shift from the action-outcome to the stimulus-response system is determined by the level of training and reinforcement (p. 467).

<sup>547</sup> GRAYBIEL (2008), pp. 361–362. Correspondingly, YIN & KNOWLTON (2006), p. 474 differentiate between “... goal-directed actions and stimulus-driven habits...”

<sup>548</sup> MARTIN & MORICH (2011), p. 500

<sup>549</sup> See NEAL ET AL. (2011), p. 1435; WOOD ET AL. (2005), p. 932. The latter authors show this empirically in the context of a college student transfer to a new university (p. 920). A comparable example in a purchase situation is the reordering of shelf space in a supermarket (see LIU-THOMPSON & TAM (2013), p. 35).

<sup>550</sup> See NEAL ET AL. (2012), p. 497. Similarly, JI & WOOD (2007) in the context of fast food purchases (pp. 266–267).

<sup>551</sup> See WOOD & NEAL (2007), pp. 844, 853–856

decisions.<sup>552</sup> WOOD ET AL. suggest that people perform close to 50% of daily behavior (e.g., watching TV, driving) largely unconsciously. They claim that this number may even be “... a lower bound to the incidence of nonthoughtful behavior.”<sup>553</sup> Beyond everyday life,<sup>554</sup> habits can drive consumption<sup>555</sup> and (repeat) purchase<sup>556</sup> decisions. In the marketplace, fast moving products of daily use (e.g., basic nutrition or sandwich bags) seem particularly prone to habitual purchase.<sup>557</sup> Acknowledging this behavior has implications for the design of a **brand strategy**. A strong habit can be a driver of repeated purchases.<sup>558</sup> To support the formation – and conservation – of habits, marketers have to understand its incidence and target the stability of the contextual triggers (e.g., for example the composition of supermarket shelves or the timing of a promotion).<sup>559</sup> Without familiar cues, they are required to vend their offer “actively” during every purchase situation.<sup>560</sup> At the same time, a disruption of the relevant cue(s) can break habitual behavior with potentially severe consequences. For instance, in 2009, TROPICANA replaced the familiar packaging of its Pure Premium line (an orange with a straw) by a new but unknown packaging (a glass of orange juice and the statement “100% orange”). During the following two months, the brand experienced a decline in

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<sup>552</sup> See JI & WOOD (2007), p. 275; WOOD & NEAL (2009), p. 580

<sup>553</sup> WOOD ET AL. (2002), p. 1293. The authors use a sample of students and propose that these “... may spend greater portions of their day in thought, study, and novel activities than other individuals.” (p. 1293). Others have suggested that people might act largely unconsciously about 95% of the time daily (cf. BARGH & CHARTRAND (1999), p. 464).

<sup>554</sup> E.g., NEAL ET AL. (2012) study habits in the contexts of jogging and talking in a sports stadium (p. 493). NEAL ET AL. (2011) use the context of popcorn eating in movie theatres (p. 1430).

<sup>555</sup> See e.g., KHARE & INMAN (2006), pp. 572–575

<sup>556</sup> See e.g., JI & WOOD (2007), pp. 264, 266–267; SEETHARAMAN (2004), pp. 270–271

<sup>557</sup> Given either lower frequency of purchase or the instability of purchase contexts, consumers are not as likely to develop habits for durable goods such as cars and jewelry or for products that are frequently switched (e.g., due to promotions). Cf. LIU-THOMPkins & TAM (2013), p. 35; WOOD & NEAL (2009), pp. 585–586. JI & WOOD (2007) study habits in the context of fast food purchases (pp. 264, 266–267). SEETHARAMAN (2004) focus on household purchases (ketchup) (p. 268).

<sup>558</sup> See e.g., LIU-THOMPkins & TAM (2013), pp. 22–23. This can contribute to further targets such as the increase in market share. See e.g., EHRENBERG ET AL. (1990), p. 83; EHRENBERG & GOODHARDT (2002), p. 40. This is associated with the double jeopardy effect, in which a large brand (i.e., high market share) also has a higher average purchase rate per customer.

<sup>559</sup> See NEAL ET AL. (2011), p. 1436; NEAL ET AL. (2012), p. 497. LIU-THOMPkins & TAM (2013), for example, study the effect of cross-selling promotions on attitudinally loyal and habit purchasers. They find that such campaigns are ineffective for “strongly habitual purchasers [who] are resistant to changing their routine...” (p. 30). The cross-selling attempt might even negatively affect the original purchase (p. 34).

<sup>560</sup> See MARTIN & MORICH (2011), p. 499



sales by 20 per cent and reverted to the original design, thereafter.<sup>561</sup> Therefore, identifying and regularly controlling the **magnitude of habit decisions in the funnel model** is clearly relevant for brand management. Corresponding to this line of arguments, MARTIN AND MORICH propose the aforementioned conceptual model of consumer behavior. Its main thrust is to differentiate purchase behaviors based on the situation-specific level of automaticity.<sup>562</sup> They note, "... *We must first understand how consciously or unconsciously the consumer is interacting with the brand, product, website or store.*"<sup>563</sup> They distinguish conscious (pilot), unconscious (autopilot), and intermediate, heuristic (co-pilot) decisions.<sup>564</sup> Whereas pilot- and co-pilot decisions relate to the characteristics of EPS and LPS decisions, the "*autopilot mode represents habitual purchase und usage behavior, and is the state of being that enables a person to complete tasks that are not linked to conscious intent, needs or goals.*"<sup>565</sup>

Literature provides various possibilities to measure, and thus identify, habit behavior.<sup>566</sup> Relevant to this dissertation is that many researchers intend to **evaluate habit strength** on a continuum from no to high habit. Some (earlier) approaches measured this purely based on frequency of action.<sup>567</sup> Different literature suggests that this is insufficient and combines action frequency with contextual stability in one conjunctive measure.<sup>568</sup> Herein, **stability** may refer to the location, time, or other aspects<sup>569</sup> and **action frequency** assesses the degree of repetition over a certain period.<sup>570</sup> One may

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<sup>561</sup> See ZMUDA (2009)

<sup>562</sup> MARTIN & MORICH (2011) call this a "... *continuum of consciousness to unconsciousness that is broken into the categories of Autopilot, Pilot or Co-Pilot mode.*" (p. 495)

<sup>563</sup> MARTIN & MORICH (2011), p. 495

<sup>564</sup> See MARTIN & MORICH (2011), pp. 494–496

<sup>565</sup> MARTIN & MORICH (2011), p. 495

<sup>566</sup> Cf. e.g., DANNER ET AL. (2008), pp. 262–263; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 486; WOOD & NEAL (2009), pp. 589–590 for a discussion.

<sup>567</sup> See e.g., NEAL ET AL. (2011). The authors operationalize habit strength with one question: "*participants indicated how frequently in the past they ate popcorn in movie theaters.*" (p. 1431)

<sup>568</sup> See e.g., DANNER ET AL. (2008), p. 263; LIU-THOMPSON & TAM (2013), p. 24; WOOD ET AL. (2005), pp. 922–923. WOOD ET AL. (2005) specify that frequency-of-action measures may be "*appropriate for actions that typically are performed in a particular context (e.g., brushing teeth in one's bathroom)*" (p. 922) but are generally not as effective as measures that evaluate contextual stability separately.

<sup>569</sup> Ji & WOOD (2007), for example, operationalize four different contextual scales addressing the stability of location, time, attendance of others, and mood. Each scale ranges from 1 (e.g., "*seldom in the same place*") to 3 (e.g., "*always in the same place*") (p. 265).

<sup>570</sup> DANNER ET AL. (2008), for example, enquire behavioral frequency over the last four weeks from "*never*" to "*very frequently*" (p. 249). WOOD ET AL. (2005) provide a scale with options ranging from "0

**record a habit** upon fulfillment of both aspects (e.g., highest response on both the contextual stability and the action frequency measure).<sup>571</sup> While some infer the information from transactional data,<sup>572</sup> many researchers use self-reported, survey-based data.<sup>573</sup> This provides a starting point to specify a “filter” for habit purchase decisions within a more nuanced funnel model.

### 2.2.2.1.3 Impulse purchase decisions

Impulse purchase decisions<sup>574</sup> constitute the last of the major types. They differ from the previously mentioned ones in that the “... *decisions [are] made neither rationally nor habitually...*”<sup>575</sup> Studies suggest that between 27 and 62 per cent of department store purchases may be impulsive in the sense of unplanned, pure impulse decisions may account for about 10 per cent in grocery shopping.<sup>576</sup> While often related to the retail environment, impulsive purchases can play a role across varied contexts.<sup>577</sup> For

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(*I never perform the behavior*)” to “3 (*just about everyday*)” (p. 922).

<sup>571</sup> WOOD ET AL. (2002) operationalize contextual as location stability and define a behavior as a habit if “... participants reported performing [it] ‘just about every day’ and ‘usually in the same location.’” (p. 1285)

<sup>572</sup> See LIU-THOMPSON & TAM (2013), p. 24

<sup>573</sup> See e.g., DANNER ET AL. (2008), pp. 249–250, 255–256; JI & WOOD (2007), pp. 264–265; NEAL ET AL. (2012), p. 493; WOOD ET AL. (2005), p. 922

<sup>574</sup> Note that the dissertation focuses on impulsive purchases involving the actual behavior. Other authors investigate whether search patterns are impulsive or deliberate (processual impulsivity). See e.g., HUANG & KUO (2012), pp. 582–583, 588–589 for a discussion and empirical analysis of online process impulsivity.

<sup>575</sup> WEINBERG & GOTTFELD (1982), p. 43

<sup>576</sup> The proposed magnitude of impulse purchases spans widely. For example, early research by BELLENGER ET AL. (1978) for different department store products suggests that between 27% (women lingerie) and 62% (costume jewelry) of purchases are impulsive. This finding builds on n = 1,600 personal interviews conducted at a department store in the United States (pp. 16–18). Other early studies second that impulse decisions may account for about 50% of the average consumer's product purchases at a supermarket (see KOLLAT & WILLETT (1967), pp. 22–23, based on a field study conducted across eight units of a supermarket chain in the United States and a total of n = 596 interviews) or 50 to 80% of purchases in the consumer goods environment (see ABRAHAM (1997), Par. 19). However, these authors operationalize impulse purchases as unplanned purchases. This is an abbreviated and outdated understanding. See BEATTY & FERRELL (1998), p. 169; KACEN ET AL. (2012), pp. 579–580 for a reflection on this argument. In a study conducted by KACEN ET AL. (2012) that investigated purely impulsive decisions only 9% of purchases were found to be impulsive (p. 582). Herein, panelists (n = 51, multiple shopping trips) indicated those objects (among a total of 3,979 objects) that were purchased impulsively, according to a definition provided by the researchers, subsequent to each grocery shopping trip. This figure is in line with KROEBER-RIEL & GRÖPPEL-KLEIN (2013), who speak of 10–20% (p. 496).

<sup>577</sup> See BELL ET AL. (2011), p. 31; PUNJ (2011), p. 746; XIAO & NICHOLSON (2013), p. 333

instance, SHARMA ET AL. study impulse buying in the service context<sup>578</sup> and, during the last years, several other researchers investigated it online (i.e., e-commerce).<sup>579</sup> Stimulating impulse purchases may be an important strategy across these contexts,<sup>580</sup> but again requires specific actions (e.g., in-store advertisements or accentuation of web site characteristics). This supports the objective of accounting for impulsive decisions in the brand purchase funnel.

Earlier, impulse purchases were frequently equated with unplanned purchases.<sup>581</sup> Whilst this element is still seen as a prerequisite, this view neglects the psychological processes that determine impulsivity.<sup>582</sup> Until today, the **conceptual understanding** differs largely.<sup>583</sup> PIRON broadly views an impulse purchase “... as a purchase that is 1) unplanned, 2) the result of an exposure to a stimulus, 3) decided ‘on the spot.’”<sup>584</sup> BEATTY AND FERRELL define an impulse purchase more narrowly as “... a sudden and immediate purchase with no pre-shopping intentions either to buy the specific product category or to fulfill a specific buying task. The behavior occurs **after** experiencing an urge to buy and it tends to be spontaneous and without a lot of reflection (i.e., it is ‘impulsive’).”<sup>585</sup> This widely accepted interpretation of impulsivity combines the behavioral act with the underlying psychological processes.<sup>586</sup> It is closest to what has been termed “pure impulse buying” before.<sup>587</sup> Building on this view, impulse purchases may be **characterized** as follows.<sup>588</sup> They are unplanned.<sup>589</sup> From a psychological view,

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<sup>578</sup> See SHARMA ET AL. (2014)

<sup>579</sup> See e.g., LIN & LIN (2013); PARBOTEEAH ET AL. (2009); WELLS ET AL. (2011)

<sup>580</sup> See e.g., XIAO & NICHOLSON (2013), p. 333

<sup>581</sup> Cf. e.g., COBB & HOYER (1986), p. 393

<sup>582</sup> See e.g., BEATTY & FERRELL (1998), p. 170; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 491; ROOK (1987), p. 191; WEINBERG & GOTTWALD (1982), p. 44

<sup>583</sup> See e.g., SHARMA ET AL. (2015), p. 32; WELLS ET AL. (2011), p. 33

<sup>584</sup> PIRON (1991), p. 512. This view is adopted by various researchers until today, e.g., BLACKWELL ET AL. (2006), p. 91; PARBOTEEAH ET AL. (2009), p. 61, and similarly SHARMA ET AL. (2015), p. 32.

<sup>585</sup> BEATTY & FERRELL (1998), p. 170. This view expands the definition provided by ROOK (1987).

<sup>586</sup> See BEATTY & FERRELL (1998), pp. 170–171. Recent examples of authors that use this definition include SHARMA ET AL. (2014), p. 155; SHARMA ET AL. (2015), p. 32; WELLS ET AL. (2011), p. 33.

<sup>587</sup> See e.g., ROOK (1987), p. 191. STERN (1962) developed a classification of impulse buying that continues to be applied. He distinguishes pure, reminder, suggestion, and planned impulse buying (pp. 59–60).

<sup>588</sup> This view also reflects the assertions made in the chapter’s introductory typology.

<sup>589</sup> See e.g., BEATTY & FERRELL (1998), p. 170; ROOK (1987), p. 191; WEINBERG & GOTTWALD (1982), p. 44

they happen largely reactive, often caused by a suddenly perceived stimulus, and are often associated with stronger emotions. The consumer is characterized as choosing without a lot of deliberate thought.<sup>590</sup> As a consequence, decision-making is relatively rapid or immediate.<sup>591</sup> Research highlights that impulsive behavior may result from either or a mix of **two aspects**:<sup>592</sup> an individual's (relatively stable) psychological **characteristics**, such as an inherent impulsivity trait<sup>593</sup> or demographic factors,<sup>594</sup> as well as **situation-specific factors triggering** the impulse, that is the subjective perception of environmental stimuli (e.g., point-of-sale displays, price promotions, website characteristics).<sup>595</sup> The relative importance of these factors can vary according to the individual and the situation.<sup>596</sup> XIAO AND NICHOLSON recently provided a review of these determinants to which the reader is pointed.<sup>597</sup> The focus of this discussion is on how to **identify an impulse purchase**.

Originally, impulse purchases were **operationalized** as unplanned purchase (i.e., the

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<sup>590</sup> See e.g., ROOK (1987), p. 191; WEINBERG & GOTTWALD (1982), pp. 44, 54; XIAO & NICHOLSON (2013), p. 345. Similarly, KROEBER-RIEL & GRÖPPEL-KLEIN (2013) view impulsive behavior as follows: "*Impulsives Verhalten ist ein unmittelbar reizgesteuertes (reaktives) Entscheidungsverhalten, das in der Regel von Emotionen begleitet wird.*" (p. 490). Loose translation: Impulsive behavior is a directly stimulus-steered (reactive) decision behavior that is normally accompanied by emotions.

<sup>591</sup> See e.g., FOSCHT & SWOBODA (2011), p. 179; ROOK (1987), p. 191

<sup>592</sup> XIAO & NICHOLSON (2013) differentiate two meta-constructs, namely antecedents (i.e., individual psychological characteristics that are "... *preconditions that exist before the consumer enters a shopping environment*" (p. 336)) and triggers (i.e., impulse buying as "... *function of the interplay between the individual and his/her everyday setting*" (p. 344)). This differentiation is consistent with the latent state-trait theory introduced by STEYER ET AL. (1999), which suggests to differentiate between inherent human characteristics (traits), the characteristics of a specific situation that evoke a certain state-of-mind, and their interaction (pp. 391-392). WELLS ET AL. (2011) recently discussed and applied this dual view in a study on online impulse buying (pp. 34-36).

<sup>593</sup> See e.g., ROOK (1987), p. 196; ROOK & FISHER (1995), pp. 305-306; WELLS ET AL. (2011), p. 35

<sup>594</sup> See e.g., BELLENGER ET AL. (1978), who find a significant relationship between age and impulse buying (p. 17). Their design was discussed before. In an online setting, ZHANG ET AL. (2007) find, amongst others, that male consumers exhibit greater impulsivity than females (pp. 83-85). They build on an online survey (sample of university students, n = 332) and use structural equation modeling.

<sup>595</sup> Environmental stimuli have been studied in the offline (e.g., PIRON (1991), pp. 512-513; ROOK & FISHER (1995), p. 308) and online context (e.g., website features/characteristics, see PARBOTEEAH ET AL. (2009), pp. 73-74; WELLS ET AL. (2011), pp. 45-46). For a summary see e.g., FOSCHT & SWOBODA (2011), pp. 179-180; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 493. For the influence of situation-specific consumer states, see e.g., BEATTY & FERRELL (1998), who find that positive affect and in-store browsing influence the urge to buy impulsively, which, in turn, influences impulse purchases. (pp. 184-185). This study builds on (pre- and post-shopping) interviews conducted at a mall in the United States (n = 533, 153 with potential impulse purchases) and was assessed based on structural equation modeling (pp. 177-179).

<sup>596</sup> See XIAO & NICHOLSON (2013), p. 345

<sup>597</sup> See XIAO & NICHOLSON (2013), pp. 341-345

difference between total purchases after store visit and planned purchases assessed before).<sup>598</sup> Consistent with the theoretical discussion, this seems incomplete, since it neglects the psychological processes that constitute impulse buying.<sup>599</sup> Over time, researchers attempted to measure these processes in numerous ways, including laboratory studies, shopping observations, or interviews.<sup>600</sup> Multiple scholars developed survey-based scales for impulse buying.<sup>601</sup> In the context of the brand purchase funnel, the objective is to **classify whether the purchase of a specific item during a shopping trip happened impulsively**. Measures that study only psychological impulsivity (e.g., urge to buy impulsively<sup>602</sup>) or focus on a general setting (e.g. number of impulse purchases in last month<sup>603</sup> or hypothetical choice to assess if participants decide impulsively<sup>604</sup>) are not useful. Bearing this limitation in mind, literature offers different **survey-based** ways that combine behavioral and psychological components and allow classifying a specific, real purchase as impulsive. Specifically, several researchers provide consumers with a definition of an impulse purchase and ask them to flag their impulse purchases.<sup>605</sup> Building directly on the above definition, BEATTY AND FERRELL developed a two-stage approach. They, first, ask consumers after purchase to identify

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<sup>598</sup> Cf. BELLENGER ET AL. (1978), p. 16. Such examples continue to exist. For example, SLOOT ET AL. (2005) measure impulse buying by asking "... if buying the product was planned in advance (no/yes)." (p. 25)

<sup>599</sup> See e.g., FOSCHT & SWOBODA (2011), p. 180; KACEN ET AL. (2012), p. 580; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 495. In addition, researchers may simply not be able to recall adequately if a purchase was planned or unplanned.

<sup>600</sup> See WEINBERG & GOTTFELD (1982), pp. 44–45 for a discussion. More recently, traditional observation methods during the shopping trip such as shadow shopping have been complemented by approaches such as eye tracking (see e.g., HUANG & KUO (2012), p. 585) or video usage (see e.g., HUI ET AL. (2013)).

<sup>601</sup> See e.g., ROOK & FISHER (1995), pp. 307–308. The nine-item scale contains items such as "*I often buy things spontaneously*" or "*Just do it' describes the way I buy things*" (p. 308). The scale continues to be applied by researchers including SHARMA ET AL. (2014), pp. 164–166; WELLS ET AL. (2011), p. 39; ZHANG ET AL. (2007), p. 84.

<sup>602</sup> Such measures are e.g., "*urge to buy impulsively*" (see LIN & LIN (2013), p. 902; WELLS ET AL. (2011), pp. 36–39) or "*impulse buying intent*" (see ADELAAR ET AL. (2003), p. 253). BEATTY & FERRELL (1998) note, "*felt urge to buy impulsively [is] ... a precursor to the act.*" (p. 171)

<sup>603</sup> See e.g., KACEN & LEE (2002), p. 169; OZER & GULTEKIN (2015), pp. 73–74

<sup>604</sup> ROOK & FISHER (1995) provide participants with a shopping situation, in which an imaginary person intends to purchase certain items in the mall and can choose among five options. These "*represent varying levels of buying impulsiveness.*" (p. 308). Similarly e.g., DAWSON & KIM (2009), p. 28; LUO (2005), p. 290

<sup>605</sup> See LEE & KACEN (2008), p. 268; KACEN ET AL. (2012), p. 582

those purchases that were unplanned and clearly not reminder items. These are potential impulse purchases.<sup>606</sup> Second, they evaluate consumers' level of impulsiveness via a five item-scale that includes questions such as *"When I bought (the item), I felt a spontaneous urge to buy it."*<sup>607</sup> When a mean score of four on a seven-point scale is reached, they classify the purchase as impulsive.<sup>608</sup> This approach seems beneficial for the purpose of this dissertation, since it operates on the item level and is broadly acknowledged in the literature. This provides a starting point for filtering impulse purchases in a more nuanced funnel model.

The discussion highlights why the "standard" path to purchase that the TBF maintains is insufficient. Based on the initially presented typology, this chapter provided a characterization of major purchase decision types that builds on the dominant of mental processes. In sum, it is suggested to differentiate major decision types in the brand purchase funnel<sup>609</sup> and provide a more nuanced view on consumers' path to purchase. This serves as basis for a more differentiated brand performance measurement.

**Conceptual proposition 3:** *A more nuanced brand purchase funnel should differentiate between purchase decision types. It is deemed beneficial to delineate between (extensive or limited) decisions that entail a higher level of cognitive steering and decisions characterized by a lower level of cognitive steering, namely habit and impulse.*

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<sup>606</sup> See BEATTY & FERRELL (1998), pp. 177, 179. A reminder item *"is an item that is simply out-of-stock at home"* and the consumer recognized this when perceiving it in store (p. 170). Other researchers such as MOHAN ET AL. (2013), p. 1718; SHARMA ET AL. (2010), p. 481 also use this approach.

<sup>607</sup> BEATTY & FERRELL (1998), p. 179

<sup>608</sup> See BEATTY & FERRELL (1998), p. 179. CHANG ET AL. (2014) build on this scale in a measurement on the level of the shopping trip (p. 306).

<sup>609</sup> The brand purchase funnel's set-up (e.g., survey-based design, retrospective questions), limits the possibilities for operationalization. Still, the proposed survey-based measures have been proven in the respective stream of literature. They rest on continuous scales and a classification, ultimately, requires establishing some cut-off point. It is acknowledged that this constitutes a simplification. For example, in situations of moderate habit, purchase may be driven by both habit and intention. The perception of a stimulating advertisement in the supermarket may trigger the impulse to purchase a candy bar but may still require a choice among several alternatives on display.

### 2.2.2.2 Consideration set formation

Chapter B1.4 discussed the assumption in the TBF that consumers start with an awareness set and that subsequent stages follow sequentially. The number of brands in the funnel is steadily narrowed down. This aspect is criticized in several modern alternatives introduced in Chapter A3.1. Their authors suggest **suspending the strict brand reduction in consideration set formation**. This chapter reflects on the limitation.

Focusing on purchase situations that entail a consideration set, consumers may only use internally stored information to arrive at choice.<sup>610</sup> Then, the number of brands in the consideration set is a subset of those in the retrieval set.<sup>611</sup> However, consumers may not always be able or willing to recall all relevant information from memory. For this reason, literature differentiates between memory-based, stimulus-based, or mixed situations.<sup>612</sup> In purely **memory-based situations** consumers form their consideration set by internally recalling brands that are relevant (i.e., goal satisfying).<sup>613</sup> In **stimulus-based** situations, a consumer is exposed to external information about brands and forms the consideration set based on these.<sup>614</sup> External stimuli might be available in the perceptual environment (e.g., a packaging, an online banner advertisement)<sup>615</sup> or consumers might actively search for them (e.g., via friends, magazines, or the internet).<sup>616</sup> In **mixed situations**, a consumer forms the consideration set based on information retrieved from memory and acquired from the external environment.<sup>617</sup>

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<sup>610</sup> See DESARBO & CHOI (1998), p. 426. Similarly, KROEBER-RIEL & GRÖPPEL-KLEIN (2013) discuss that consumers, especially in LPS situations, prefer internal information (p. 472).

<sup>611</sup> See KARDES ET AL. (1993), p. 63

<sup>612</sup> See e.g., BALLANTYNE ET AL. (2006), pp. 341–342; PAULSEN & BAGOZZI (2005), p. 786; VAN OSSELAER & JANISZEWSKI (2012), pp. 275–277; YOO (2008), p. 7

<sup>613</sup> See e.g., BALLANTYNE ET AL. (2006), p. 341; DESAI & HOYER (2000), p. 309; NEDUNGADI (1990), p. 264; VAN OSSELAER & JANISZEWSKI (2012), p. 276. As a simple example, take a consumer who is at home and thinks about going to a restaurant. He/she might recall a number of “brand options” based on which he/she forms a goal-satisfying consideration set (e.g., Italian restaurant, Chinese restaurant)

<sup>614</sup> See e.g., BALLANTYNE ET AL. (2006), p. 341. As a simple example, take a consumer who now sits in the Italian restaurant for dinner, reads the menu (i.e., an external stimulus), and forms a consideration set from those options perceived on the menu (e.g., Bolognese pasta, pizza, or a salad).

<sup>615</sup> See e.g., VAN OSSELAER & JANISZEWSKI (2012), p. 277

<sup>616</sup> See e.g., DESARBO & CHOI (1998), p. 426; SUH (2009), p. 539

<sup>617</sup> See BALLANTYNE ET AL. (2006), p. 342; VAN OSSELAER & JANISZEWSKI (2012), p. 277

Information search theory supports this differentiation.<sup>618</sup> **Information search** is perceived as a consumer's pre-purchase effort of gathering information to form a consideration set and make a choice.<sup>619</sup> Fundamentally, one may differentiate two parts of search behavior: **internal and external information search**.<sup>620</sup> As described, internal search means that a consumer retrieves information from memory.<sup>621</sup> External search encompasses "... search for additional information from external stimuli (e.g., stores, friends, experts, magazines, etc.) in the market place."<sup>622</sup> Such information may refer to any material gathered about a brand for the purpose of evaluation.<sup>623</sup> Consumers may, first, access information stored in memory. When this information is insufficient (e.g., due to limited prior knowledge or uncertainty), consumers may engage in external search.<sup>624</sup> In practice, the remaining process of internal and external search may be iterative.<sup>625</sup> With regard to the **formation of the consideration set**, SHOCKER ET

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<sup>618</sup> Within information search theory, one can delineate normative and behavioral approaches. Various researchers provide literature reviews on these. See DESARBO & CHOI (1998), pp. 424-425, 447-450; MILLER (1993); PAULSEN & BAGOZZI (2005), p. 786. The normative approach build on economic theory and intend to assess the optimal (i.e., utility-maximizing) level of information acquisition by contrasting its marginal expected gains and losses. It is often associated with original ideas from STIGLER (1961). Regarding consideration set formation, the cost-benefit models developed by HAUSER & WERNERFELT (1990), p. 393 or ROBERTS & LATTIN (1991), pp. 429-430 reflect this normative approach. Behavioral approaches focus on the search process itself and intend to derive theory from how consumers search for and process information.

<sup>619</sup> See MAITY ET AL. (2014), p. 234. MILLER (1993) specifies, "**Search** is a method by which consumers both develop a set of alternatives for consideration and make a choice among these considered alternatives." (pp. 160-161, accentuation added)

<sup>620</sup> See e.g., BLACKWELL ET AL. (2006), pp. 74-79; DESARBO & CHOI (1998), pp. 424-427; FOSCHT & SWOBODA (2011), p. 191; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 472; PETERSON & MERINO (2003), pp. 101-103

<sup>621</sup> See BLACKWELL ET AL. (2006), p. 424; DESARBO & CHOI (1998), p. 424

<sup>622</sup> DESARBO & CHOI (1998), p. 426. Similarly, MAITY ET AL. (2014), p. 234. As PETERSON & MERINO (2003) note, external search may be pre-purchase and goal-directed or happen as a continuous activity (pp. 101-102). In the context of consideration set formation, the focus is on the first activity.

<sup>623</sup> Research often creates stimulus-based environments to study the use of external information. For example, GE ET AL. (2012) conduct five experiments in which each participant is provided a set of four brands. They introduce ("external") information at the consideration and choice stage and highlight that the final assessment depends on the point of information presentation (pp. 1007-1016).

<sup>624</sup> See DESARBO & CHOI (1998), pp. 424-427; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 472. The researchers note that the two search parts can be influenced by different variables (which is beyond the scope of this thesis). MAITY ET AL. (2014) recently provided a comprehensive meta-analysis of the antecedents (cost/benefit of information, potential payoff, knowledge/experience, individual differences) and moderators (e.g., age) of offline information search.

<sup>625</sup> See PETERSON & MERINO (2003), p. 101. Clearly, an individual consumer may also add a brand from memory (i.e., internal search) after initial formation of the consideration set. Especially in the context of longer-lasting decision processes (e.g., the purchase of a car), it may be possible that a brand that a consumer knows is only added to his/her situation-specific consideration set, later. For example, anticipated, situational effects such as another major investment (i.e., consumer does not have the



AL. explain, “Additional elements may be recalled or encountered during the decision process itself ... Thus, the consideration set may evolve until the consumer decides to make a final choice.”<sup>626</sup>

Traditional multistage models that do not build on purely memory-based decision-making, offer two **approaches to handle this dynamic evolution**. In some models, such brands are de facto “fast-tracked” through the funnel stages of awareness and consideration.<sup>627</sup> In a point-in-time-specific evaluation, this view gives no possibility to differentiate between brands initially retrieved from memory and brands added via later stimuli. Other researchers distinguish between categories of considered brands. The conceptual model by SHOCKER ET AL. reflects this distinction. It shows that the consideration set can evolve throughout the decision process and that the considered brands may stem from either the awareness set (i.e., the subset of accessible, goal-satisfying brands recalled from memory) or the external context.<sup>628</sup> Adopting a similar delineation, PETER AND OLSON differentiate those brands in the consideration set that were activated or evoked from memory and those brands previously unknown. The latter group is split further into brands identified through intentional, goal-oriented search or found accidentally (e.g., in an overheard conversation).<sup>629</sup> KROEBER-RIEL AND GRÖPPEL-KLEIN describe the evoked set in terms of brands from the memory-based retrieval set and current alternatives considered during the choice process.<sup>630</sup> Empirically, DAY AND DEUTSCHER find that 57% of major appliance brand choices stem from such current alternatives – these brands were not included in the initial, memory-retrieved consideration set.<sup>631</sup> WU AND RANGASWAMY show that consumers differ in their use of search

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budget to purchase the MERCEDES car) may (initially) impede consideration of this brand. Cf. TROMMSDORFF & TEICHERT (2011), p. 127. As the consumer's situation or purchase goals change, MERCEDES may be added to the consideration set at a later stage during the pre-purchase process.

<sup>626</sup> SHOCKER ET AL. (1991), p. 183, accentuation added

<sup>627</sup> See SPIGGLE & SEWALL (1987). The authors highlight that a consumer may see “... a previously unknown retailer, analyzes it as a prospective acceptable alternative on the basis of its observable characteristics (location, site, store exterior), and decides to enter to gather more information.” (p. 99)

<sup>628</sup> See SHOCKER ET AL. (1991), pp. 183–184

<sup>629</sup> See PETER & OLSON (2010), pp. 166–167

<sup>630</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 473

<sup>631</sup> See DAY & DEUTSCHER (1982), p. 196. The authors build on a longitudinal interview design. Data for this study was collected during telephone interviews (final, panel-based sample is  $n = 1,690$ ) with households in the United States. These were interviewed twice. An initial interview was conducted

in an online market setting. While so-called nonseekers conduct limited search and rely on intrinsic preferences, so-called seekers conduct internal and external search. Their results suggest that seekers “*process more external information... and, hence maintain larger consideration sets.*”<sup>632</sup> In sum, there is conceptual and empirical support to account for an initial consideration set<sup>633</sup> that may dynamically evolve during the pre-purchase search process.<sup>634</sup> **Previously unknown brands** may be added at this stage due to (external) search. This implies that the consideration set size may not only decrease but also increase during the process.

In today's environment, online information search can **heighten the potential role of brand addition due to external search.**<sup>635</sup> In a seminal work, PETERSON AND MERINO propose that the internet tends to become both initial and primary source of consumer information.<sup>636</sup> One should be cautious of generalizations; traditional “offline” channels continue to be important for search and their use may be complementary.<sup>637</sup> Still, re-search supports the central role of online search. Focusing on (pre-purchase) search for durables, different scholars support that consumers substitute traditional for internet-based search with growing internet experience.<sup>638</sup> GOOGLE's LECINSKI highlights

and was followed by a second one six months afterwards (subsequent to the purchase) (p. 194).

<sup>632</sup> WU & RANGASWAMY (2003), p. 429. The authors apply their model to PEAPOD, an online grocery store.

<sup>633</sup> Note that the term initial consideration set has been used differently before. HONG ET AL. (2006) use it synonymously with the term awareness set (p. 751). For CROMPTON (1992), it describes brands (here: travel destinations) that a person “... is considering as possible ... within some time period” (p. 427). Such understandings differ from the above presentation, in which the initial consideration set describes the set of brands that a consumer considers as goal satisfying at the start of his/her decision process and which may evolve during the process. See also e.g., BLEIER & EISENBEISS (2015), p. 401; COURT ET AL. (2009), p. 2 for such a use of the term.

<sup>634</sup> The term “dynamic” is used to describe the formation of a consideration set over time. The consideration set is malleable and its composition may change/be updated. See e.g., HÄUBL & TRIFTS (2000), p. 8; WU & RANGASWAMY (2003), p. 415; YADAV & PAVLOU (2014), p. 28

<sup>635</sup> The term **online information search** is frequently applied in literature. See e.g., LEE ET AL. (2011), p. 357; MAITY ET AL. (2012), p. 49

<sup>636</sup> See PETERSON & MERINO (2003), p. 111

<sup>637</sup> The relative use of the internet for search may depend on factors such as individual characteristics (e.g., age, education, and overall search time) (see KIM & RATCHFORD (2012), p. 33 or LECINSKI (2011), p. 40), the industry (see BUGHIN (2014), pp. 359–360 or LECINSKI (2011), pp. 358–359), or the fit between the decision task and media richness (see MAITY & DASS (2014), pp. 34–35, 42).

<sup>638</sup> See e.g., KLEIN & FORD (2003) in the context of pre-purchase information search for automobiles (pp. 46–47). Also in the automotive context, RATCHFORD ET AL. (2003) suggest that the introduction of the internet shifts the focus, in terms of share of total search, away from traditional sources (especially the dealership). The effect is stronger for internet users, younger consumers (below 40), and it increases with the level of education (pp. 194, 206). KIM & RATCHFORD (2012) find evidence that as overall search time increases, the use of internet sources increases most rapidly and that especially

that decision processes, nowadays, often start with an online search<sup>639</sup> and finds that “... 84% of the decision-makers ... used online sources to guide them.”<sup>640</sup> His findings suggest that this does not only apply to high-involvement categories (e.g., automobiles) but also to low-involvement categories (e.g., consumer packaged goods).<sup>641</sup> BUGHIN investigates the relevance of digital touch points across consumers’ decision process. While it is found to depend on both consumer segments and industries, it appears that on average 55% of touch points in pre-purchase search are digital and that this number is growing.<sup>642</sup> In light of the phenomenon’s magnitude, a wide body of research discusses the effects of the internet on consumer’s search behavior. It remains debated whether it actually improves search and decision quality. In this discussion, two views prevail. While one group heralds that the internet facilitates search given lower cost and higher information availability, others warn of the associated information overload.<sup>643</sup> Reflecting hereon in a comprehensive review, PUNJ argues that consumers “... adopt information-processing strategies that could potentially improve decision quality in online settings...”<sup>644</sup> While decision quality may relate to factors such as cost savings, the author notes that it increasingly refers to finding a (previously unknown) product that fits the consumer’s purchase objective well.<sup>645</sup> A fundamental and unique feature of computer-mediated environments that is frequently related to the

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younger (below 40) and more educated consumers use the internet for search (pp. 32-33).

<sup>639</sup> See LECINSKI (2011), pp. 16–17, 23. See Chapter B3.3 for information on the research design.

<sup>640</sup> LECINSKI (2011), p. 24

<sup>641</sup> See LECINSKI (2011), pp. 20-21, 37-42. He reports that consumers in the automotive industry use the highest number of information sources and 97% are influenced by ZMOT online sources. For consumer-packaged goods, still 61% are influenced.

<sup>642</sup> See BUGHIN (2014), pp. 358–360. He refers to the “active evaluation” period, which happens between (internal) formation of an initial consideration set and the finalization of pre-purchase search. The underlying research design was discussed before.

<sup>643</sup> See e.g., FLAVIÁN ET AL. (2012), p. 838; SU (2008), p. 111

<sup>644</sup> PUNJ (2012), p. 800

<sup>645</sup> See PUNJ (2012), p. 796. Similarly, BRYNJOLFSSON ET AL. (2006) suggest that consumers “derive far more value from another important characteristic [than lower prices] of Internet markets: the ability of online merchants to help consumers locate, evaluate and purchase a far wider variety of products than they can via traditional brick-and-mortar channels.” (p. 67). The thesis focuses on the aspect that technology-enabled search can facilitate the identification of previously unknown brands with a high fit. More comprehensive discussions on online information search are available elsewhere. DARLEY ET AL. (2010) provide a comprehensive review on online consumer behavior across the five core stages of decision-making. PUNJ (2012) offers a theoretical analysis of online consumer decision behavior. YADAV & PAVLOU (2014) review marketing in computer-mediated environments and highlight technology-enabled search and decision-making as two central research fields in consumer-firm interactions (p. 27).

potential quality improvement is the high degree of **interactivity**. Higher decision quality in terms of product fit presumably depends on whether consumers' make use of this technological benefit. Interactivity exists vis-à-vis machines (e.g., search engines) and between persons (e.g., in forums).<sup>646</sup> Both types may contribute to the effect.

Beneficial brand recommendations may result from **person interactivity**, the communication between individuals on the web. In the pre-purchase context, consumers primarily use consumer-generated information due to the higher perceived trustworthiness vis-à-vis marketer-generated information.<sup>647</sup> **eWOM**,<sup>648</sup> a central form of consumer-consumer communication, can be defined as *"any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet."*<sup>649</sup> By and large, it constitutes an extension of classic offline discussions between persons (family, friends, and other acquaintances), during which a consumer may identify an unknown brand for his/her consideration set.<sup>650</sup> As such, an online survey among about 2,000 American shoppers for consumer electronic products (e.g., TVs, smartphones) suggests that about two-third had purchased a brand that was not in their initial consideration set because of favorable consumer reviews.<sup>651</sup>

**Machine interactivity** refers to computer-based *"interactive decision aids."*<sup>652</sup> They range from general search engines (e.g., GOOGLE, YAHOO) to more specialized tools

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<sup>646</sup> See HÄUBL & TRIFTS (2000), p. 5; HOFFMAN & NOVAK (1997), pp. 43–44

<sup>647</sup> See e.g., BICKART & SCHINDLER (2001), pp. 32–33; CHATTERJEE (2001), p. 129; YADAV ET AL. (2013), p. 317

<sup>648</sup> From the perspective of the sender, (e)WOM is discussed in depth in Chapter B2.2.3.2. Here, the focus is on illustrating that consumers may use (e)WOM as one information source to identify new brand alternatives, which they may consider for purchase.

<sup>649</sup> HENNIG-THURAU ET AL. (2004), p. 39

<sup>650</sup> See discussion above

<sup>651</sup> See WEBER SHANDWICK & KRC RESEARCH (2012), p. 2. The investigation was conducted based on an online survey in autumn 2012. It focused on consumers in the United States that had recently purchased one or several consumer electronics devices (p. 1). Focusing on negative consumer reviews, NEE (2016) recently conducted an experimental study on consumers' intention to book a hotel in dependency of management's responses to prior reviews of an unsatisfied consumer. Her findings suggest that consumers' booking likelihood increases significantly when the hotel offers either a monetary compensation or an explanation in reaction to this negative review (p. 162).

<sup>652</sup> HÄUBL & TRIFTS (2000), p. 5

on e-commerce sites (e.g., AMAZON, TRIVAGO).<sup>653</sup> These tools aid consumers by assuming parts of the information search task (identification, retrieval, filtering, and processing of information). This can alleviate the risk of information overload and it reduces search costs.<sup>654</sup> They may provide different benefits across the decision process. In the context of **consideration set formation**, so-called recommendation agents or systems are of interest.<sup>655</sup> These screen a wide product array and provide personalized recommendations based on observed preferences (e.g., AMAZON's "what other customers are looking at right now" list) or provided parameters (e.g., key words in a comparison portal such as TRIVAGO).<sup>656</sup> The ease-of-identification of previously unknown brands via such online search tools rests on two aspects. On the one hand, the internet provides access to larger **assortment sizes** (or product alternatives) in comparison to traditional brick-and-mortar stores. Beyond (rather known) blockbusters, these comprise (rather unknown) niche products. Such niche products may better match consumers' needs. Online search aids have access to these assortments and may induce a shift towards such niche products by making recommendations. This is referred to as the long-tail phenomenon and can be found across various industries (e.g., books on Amazon.com, music on Rhapsody.com).<sup>657</sup> FREUNDT ET AL.'s findings on brand choice in the German electricity market presents a related example. They show that while established brands are typically known a priori, comparison portals such as VERIVOX introduce younger "niche" brands to consumers during their pre-purchase search.<sup>658</sup> On the other hand, recommendation systems can improve **brand**

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<sup>653</sup> See HÄUBL & TRIFTS (2000), pp. 7–8.

<sup>654</sup> See ALJUKHADAR ET AL. (2013), pp. 42, 62–64; FLAVIÁN ET AL. (2012), pp. 838–839; HÄUBL & TRIFTS (2000), pp. 6–7.

<sup>655</sup> LI & KARAHANNA (2015) provide a recent review of the literature on **recommendation systems**. They define the term "as a web-based technology that explicitly or implicitly collects a consumer's preferences and recommends tailored e-vendors' products or services accordingly." (p. 74)

<sup>656</sup> See e.g., HÄUBL & TRIFTS (2000), pp. 7–8; also LI & KARAHANNA (2015), p. 73

<sup>657</sup> See e.g., BRYNJOLFSSON ET AL. (2006), pp. 67–68; HINZ ET AL. (2011), p. 67. HINZ ET AL. (2011) summarize different examples for the increase in assortment sizes. For example in comparison to WAL-MART's assortment size of 55,000 tracks, RHAPSODY offers 1.5 million music tracks online (p. 44). BRYNJOLFSSON ET AL. (2006) suggest that more than one third of titles sold by AMAZON would typically not be available in brick-and-mortar bookstores (p. 69). The term **long tail** is related to ANDERSON and reflects the observation that due to the increase in assortment sizes "*niche products gain a significant share of demand of all products, which then consequently decreases the importance of blockbuster products.*" (HINZ ET AL. (2011), p. 44)

<sup>658</sup> See FREUNDT ET AL. (2015), p. 95. See also PERREY ET AL. (2015), pp. 142–143

**screening.** Early on, ALBA ET AL. discussed the possibilities of the interactive online environment in supporting consumers' purchase behavior. With regard to the formation of the consideration set, they suggest that decisions involving external search might gain in importance compared to internal, memory-based decisions.<sup>659</sup> They explicate, *"An efficient and dispassionate search agent should produce appropriate brands that otherwise would not have been considered, implicitly replacing memory with explicit product criteria for screening the universe of available options to a manageable consideration set."*<sup>660</sup> Over the years, researchers investigated the impact of online external search on consideration set formation empirically.<sup>661</sup> In this regard, HÄUBL AND TRIFTS argue that interactive decision aids can *"... provide consumers with unparalleled opportunities to locate and compare product offerings."*<sup>662</sup> In an experiment, they find, amongst others, statistically significant evidence that the employment of a recommendation agent increases consideration set quality while reducing its size and the amount of search.<sup>663</sup> HO AND TAM assess the role of personalization agents across different stages of the decision-making process for mobile phone ringtones. They find, *"... When users are forming their consideration sets, the agents can play a role in helping users discover new products or generate demand for unfamiliar products."*<sup>664</sup> COURT ET AL. support this notion and evidence that the number of brands added due to active search varies according to industries.<sup>665</sup> Other research shows that online

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<sup>659</sup> See ALBA ET AL. (1997), pp. 41–42. Similarly, HÄUBL & TRIFTS (2000), p. 8

<sup>660</sup> ALBA ET AL. (1997), pp. 41–42

<sup>661</sup> See LI & KARAHANNA (2015), pp. 91–96 for a review of studies on the impact of recommendation systems.

<sup>662</sup> HÄUBL & TRIFTS (2000), p. 6

<sup>663</sup> See HÄUBL & TRIFTS (2000), pp. 14–15. This study builds on an experimental design in two categories (stereo systems and tents for backpacking). In each category, respondents could choose among 54 alternatives (6 brands each with 9 models, one superior alternative per brand to assess set quality). In addition, the scholars manipulated the presence of a recommendation agent (yes or no), of a comparison matrix (yes or no), and the order in which participants shop for the two products. The main sample consisted of  $n = 249$  university students (pp. 11–13).

<sup>664</sup> HO & TAM (2005), p. 95. Personalization agents allow online merchants to adapt the presentation of web content to a particular consumer. They highlight AMAZON as an example (p. 96). The underlying study builds on an experimental design that uses mobile phone ringtones as object of research. It was conducted among customers of a mobile data services provider in Hong Kong (p. 102). In different experiments, they manipulated personalization timing (at formation of awareness or consideration set) as well as other aspects related to personalization context, such as its quality (real versus random content).

<sup>665</sup> See COURT ET AL. (2009), p. 5. Across industries, the average number of brands added to the consideration set during active search for and evaluation of brands ranges from 0.9 (telecom carriers) to

consumers trust in such recommendations when making their subsequent choice.<sup>666</sup> Because of both aspects, machine interactivity during the screening process may allow consumers to identify previously unknown brands and include these in their consideration set.<sup>667</sup>

At the outset, this chapter showed that a dynamic understanding of consideration set formation is well documented in the literature. However, this representation is not reflected in the TBF model. Claims that the phenomenon of brand addition during consideration set formation results from a new decision journey in today's market environment<sup>668</sup> are unwarranted.<sup>669</sup> Still, the discussion supports the increasing importance of interactive, technology-enabled search for consumers' consideration set formation. It provides further support for the notion of explicating this aspect in a contemporary funnel model. While an initial consideration set may be created, in particular from the (memory-based) awareness set, the number of brands may increase or decrease in light of further search throughout the pre-purchase process. The proposition is summarized hereafter.

**Conceptual proposition 4:** *A more nuanced brand purchase funnel should differentiate between the initial consideration set and its dynamic evolution during the pre-purchase search process, which may lead to the identification of (previously unknown) brands.*

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## 2.2 (autos).

<sup>666</sup> For example, HÄUBL & MURRAY (2003) conduct an experiment to study online shopping behavior assisted by a recommendation agent (p. 78). Findings suggest that the mere inclusion of a certain attribute in developing recommendations can systematically manipulate consumers' preferences and affect their purchase decision (p. 87). PAN ET AL. (2007) assess college students' use (n = 16 in the United States) of GOOGLE search queries in finding information for ten tasks based on a laboratory-based eye tracking experiment (pp. 805-808). Results show that consumers' view/click behavior is stronger influenced by the ranking of results (i.e., GOOGLE's suggested relevance) than by the subjective evaluation of a page abstract's relevance. They relate this to users' trust in the recommendations made by the engine (p. 816).

<sup>667</sup> See e.g., LECINSKI (2011), p. 24; PUNJ (2012), p. 800. PERREY ET AL. (2015), p. 139 discuss the example of a previously unknown brand being proposed to a consumer in an online comparison portal.

<sup>668</sup> See e.g., EDELMAN (2010), p. 64; LECINSKI (2011), p. 24. COURT ET AL. (2009) argue, "Consumers are moving outside the purchasing funnel – changing the way they research and buy ... products." (p. 1)

<sup>669</sup> See also YADAV & PAVLOU (2014), p. 28

Chapter B2.2.2 focused on the limitation of generalizing sequentiality in the TBF model. A more nuanced account of the path to purchase was derived via two propositions. These create a more differentiated understanding of a brand's performance throughout the choice process. However, the resulting funnel model continues to view a transaction in isolation.<sup>670</sup> Thus, the next chapter specifies two propositions that intend to differentiate a brand's performance as a function of consumers' "activities" beyond the single purchase.

## 2.2.3 Proposition focus: Address limitation of transactional linearity

Over the last decades, marketing has increasingly purported a shift in focus from the single transaction to the broader relationship.<sup>671</sup> Building on MORGAN AND HUNT, "**Relationship marketing** refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges."<sup>672</sup> With regard to interactions between a consumer and a brand, this places stronger emphasis on building and maintaining relationships in contrast to creating one-time choice<sup>673</sup> – which is the typical focus of linear models such as the brand purchase funnel. In addressing the limitation of **transactional linearity**, the following chapters adopt a broader relationship-oriented perspective.

### 2.2.3.1 Loyalty-based relationship status

*"Relationship marketing approaches ... assert that obtaining customer loyalty is a preeminent goal for marketing strategy,"* note EVANSCHITZKY ET AL.<sup>674</sup> Consistent herewith, this dissertation focuses on the construct **brand loyalty** to embed the brand pur-

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<sup>670</sup> It has been discussed that habit decisions require repeated actions (for habit formation). Still, the discussion focus in Chapter B2.2.2.1.2 was on identifying habit behavior in a specific purchase situation.

<sup>671</sup> See e.g., BERRY (1995), pp. 236–237; FOURNIER (1998), p. 343; FOSCHT & SWOBODA (2011), p. 262; MORGAN & HUNT (1994), pp. 20–21.

<sup>672</sup> MORGAN & HUNT (1994), p. 22 (accentuation added). It concerns the relation between a firm and its various stakeholders such as buyers, internal stakeholders, suppliers, or other lateral partners (e.g., government) (p. 21). The focus in this dissertation is on the relationship between the firm and consumers.

<sup>673</sup> See e.g., FRANCISCO-MAFFEZZOLLI ET AL. (2014), p. 455; SRINIVASAN ET AL. (2015), p. 1

<sup>674</sup> EVANSCHITZKY ET AL. (2006), p. 1207



chase funnel's focal transaction into an understanding of the broader consumer relationship.<sup>675</sup> This emphasis is supported by three arguments. First, brand loyalty is of **wide academic interest**. To assess the status of the relationship between a brand and a consumer, several constructs have been studied in the literature, including brand attachment,<sup>676</sup> brand relationship quality,<sup>677</sup> or brand engagement.<sup>678</sup> Notwithstanding each construct's individual relevance, research frequently shows that other relational variables ultimately support brand loyalty.<sup>679</sup> For instance, HOLLEBEEK's conceptual model on brand engagement suggests that engagement may positively affect brand relationship quality, which, in turn, influences brand loyalty.<sup>680</sup> FRANCISCO-MAFFEZZOLLI ET AL. find that brand relationship quality mediates the relation between brand experience and brand loyalty.<sup>681</sup> RAUYRUEN AND MILLER, similarly, find support for the influence of four aspects of relationship quality on customer attitudinal loyalty in a business-

<sup>675</sup> Note that loyalty may be exhibited towards various entities including goods (e.g., cars), services (e.g., financial services), or stores (e.g., retail locations). Consistent with previous research, "brand" (or brand loyalty) is broadly used here to reflect these entities. Cf. e.g., DICK & BASU (1994), p. 99; LIU-THOMPSON & TAM (2013), p. 22; OLIVER (1999), pp. 35–36

<sup>676</sup> Cf. e.g., BURMANN ET AL. (2015), pp. 107–108; PARK ET AL. (2010), pp. 2–5; KLEINE-KALMER (2016). **Brand attachment** is defined as "... the strength of the bond connecting the brand with the self." PARK ET AL. (2010), p. 2. It is viewed as an important psychographic measure for the external strength of a brand. See BURMANN ET AL. (2015), pp. 109, 261. As a derivative, KLEINE-KALMER (2016) develops the **brand page attachment**. It describes "... the strength of the connection a person feels toward a brand page." (p. 93). In other words, the bond between an internet user and a brand's page in social networks.

<sup>677</sup> Cf. e.g., FOURNIER (1998), pp. 365–367; FRANCISCO-MAFFEZZOLLI ET AL. (2014), pp. 454–455; RAUYRUEN & MILLER (2007), pp. 28–29. According to FOURNIER (1998), a brand can act as a relationship partner for a consumer. She conceptualizes **brand relationship quality** via six facets, namely love/passion and self-connection (affective attachment), interdependence and commitment (behavioral ties), as well as intimacy and brand partner quality (cognitive beliefs) (pp. 363, 366).

<sup>678</sup> Cf. e.g., HOLLEBEEK (2011), pp. 796–797. She defines **customer brand engagement** as "the level of an individual customer's motivational, brand-related and context-dependent state of mind characterised by specific levels of cognitive, emotional and behavioural activity in direct brand interactions." (p. 790)

<sup>679</sup> Already in an early, seminal contribution on brand loyalty, JACOBY & KYNER (1973) stated that "brand loyalty is essentially a relational phenomenon." (p. 2). Cf. e.g., AGUSTIN & SINGH (2005), pp. 96, 104; BERRY (1995), p. 237; BLUT ET AL. (2007), p. 726; EVANSCHITZKY ET AL. (2006), pp. 1207, 1212–1213; HARRIS & GOODE (2004), p. 139; SHETH & PARVATIYAR (1995), p. 256. Reflecting specifically on brand relationship quality and brand loyalty, FOURNIER (1998) notes, "Both constructs attempt to capture the strength of the connection formed between the consumer and the brand toward a prediction of relationship stability over time." (p. 367)

<sup>680</sup> See HOLLEBEEK (2011), p. 796. Similarly, HENNIG-THURAU & KLEE (1997) conceptualize that relationship quality (here: quality perception, trust, and commitment) moderates the influence of satisfaction on customer retention (which they relate to behavioral loyalty) (pp. 741, 758).

<sup>681</sup> See FRANCISCO-MAFFEZZOLLI ET AL. (2014), pp. 454–455. Brand relationship quality is measured via interdependence, intimacy, self-connection, love/passion, partner quality/trust, and commitment. The survey-based study builds on a convenience sample collected in Brazil (n = 306) and was analyzed

to-business setting.<sup>682</sup> PARK ET AL. argue that an increase in brand attachment can increase (behavioral) brand loyalty.<sup>683</sup> Second, different research highlights the manifold **managerial benefits** that brand loyalty may create. On the individual level, and with relevance for the volume-oriented funnel model,<sup>684</sup> these include consumer retention and subsequent repeat purchase<sup>685</sup> as well as brand advocacy (or recommendation) toward other consumers.<sup>686</sup> The design of marketing strategies to gain and retain loyal consumers is thus of fundamental importance.<sup>687</sup> For this purpose, a conceptually sound and comprehensive approach to the identification of (non-)loyal customers within the brand purchase funnel can provide a factual basis. This aspect leads over to a third argument. The **traditional funnel model** discussed in Chapter B1.4 includes a loyalty measure. However, it provides a narrow understanding of the theoretical con-

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via structural equation modeling (pp. 449-453).

<sup>682</sup> RAUYRUEN & MILLER (2007), pp. 25, 28. The study builds on an online/mail survey and was conducted among Australian small- and medium-sized enterprises (n = 306). It focuses on courier delivery services. The four dimensions are service quality, commitment, trust, and satisfaction. The authors employ structural equation modeling and, amongst others, find that all four influence attitudinal loyalty (pp. 26-28).

<sup>683</sup> See PARK ET AL. (2010), pp. 2, 14. See also BURMANN ET AL. (2015), pp. 109, 292

<sup>684</sup> Researchers discuss a variety of other benefits of brand loyalty including price-related consequences (see e.g., CHAUDHURI & HOLBROOK (2001), p. 90; WIESEKE ET AL. (2014), pp. 20, 33) and noneconomic aspects such as engagement with the brand in the form of website visits (see e.g., BERGKVIST & BECH-LARSEN (2010), pp. 507–508).

<sup>685</sup> REICHHELD & SASSER, JR. (1990) provide cross-industry data which suggests that a decrease in customer defections by 5% may result in an increase in customer value (net present value of profit) between 25% (credit insurance) and 85% (branch deposits) (p. 6). CHAUDHURI & HOLBROOK (2001) develop a brand-level data set based on three surveys: a survey that gathered product category data, a survey among managers to assess each brand's performance (e.g., market share), and a survey among consumers to investigate brand-specific aspects (e.g., brand loyalty). They employ LISREL-based path analysis (p. 85-88). The authors show that an increase in (intention-based) loyalty can have a significant, positive influence on a brand's market share (pp. 89-90). More generally, MORGAN & REGO (2006) investigate the influence of multiple satisfaction and loyalty metrics (e.g., repurchase likelihood, average satisfaction score) on six different performance outcomes (e.g., market share, sales growth). They derive information on the former from the American Customer Satisfaction Index for 80 companies over 7 periods (p. 427). While their findings are mixed, they, for example, support that the commonly used loyalty metric "repurchase intention" has a significant influence on market outcomes such as market share ( $R^2$  change of 15%) or sales growth ( $R^2$  change of 7%) (pp. 433-437).

<sup>686</sup> See e.g., DICK & BASU (1994), p. 107; KUMAR ROY ET AL. (2014), p. 1840. The above cited study by MORGAN & REGO (2006) suggests that consumer advocacy (measured via number of recommendations and net promoter score) may significantly, positively influence business performance outcomes (e.g., market share), but both magnitude and significance of findings are limited (pp. 433, 436).

<sup>687</sup> See e.g., See BENNETT & RUNDLE-THIELE (2005), p. 259; COOIL ET AL. (2007), p. 78; EL-MANSTRLY & HARRISON (2013), p. 1834; OLIVER (1999), p. 43

struct. On the one hand, it is confined to a **unidimensional measurement** operationalized via intentions and commitment but not actual behavior. On the other hand, loyalty is the **stage succeeding purchase** in the funnel. It assesses if the customer who purchased a brand is also loyal to it.<sup>688</sup> As such, loyalty serves as “extension” to the transactional view, but the transaction is not embedded into an understanding of a consumer’s loyalty status. Within this proposition, the thesis addresses the two shortcomings of the current conceptualization.

A review of the loyalty literature highlights **three research perspectives**: behavioral,<sup>689</sup> attitudinal,<sup>690</sup> and composite loyalty.<sup>691</sup> In the early behavioral understanding, loyalty was described in terms of a consumer’s repeated brand purchase over time.<sup>692</sup> An individual’s **behavioral loyalty** is assessed via his/her actual purchase pattern, involving measures such as proportion-of-purchase or sequence-of-purchase.<sup>693</sup> In contrast, **attitudinal loyalty** views the concept in psychological terms and specifies whether an attitudinal disposition exists, due to which a consumer stays committed to a brand over time and in spite of situational effects.<sup>694</sup> Although the term has been used to describe an individual’s personality trait (i.e., a general propensity to be loyal),<sup>695</sup> this view of attitudinal loyalty is brand-specific (i.e., an individual is loyal to one or multiple brands).<sup>696</sup> This concept is often reflected in consumers’ commitment

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<sup>688</sup> See e.g., FREUNDT (2006), p. 211

<sup>689</sup> Cf. e.g., TUCKER (1964)

<sup>690</sup> Cf. e.g., BENNETT & RUNDLE-THIELE (2002); WU ET AL. (2008)

<sup>691</sup> This perspective was pioneered by DAY (1969) and, subsequently, adopted by others. Cf. e.g., BURMANN (1991); CHAUDHURI & HOLBROOK (2001); DICK & BASU (1994); OLIVER (1999); JACOBY & KYNER (1973)

<sup>692</sup> See e.g., DICK & BASU (1994), pp. 99–100. Characteristic for this perspective, TUCKER (1964) notes, *“No consideration should be given to what the subject thinks or what goes on in his central nervous system; his behavior is the full statement of what brand loyalty is.”* (p. 32)

<sup>693</sup> See AAKER (1991), pp. 43–44; KELLER (2013), p. 120; MELLENS ET AL. (1996), pp. 523–525. Proportion-of-purchase measures evaluate what fraction of purchases in a product category stem from a brand. A consumer is considered loyal if a brand accounts for more than X percent (e.g., 50%, cf. DAY (1969), p. 31). Sequence-of-purchase measures assess patterns. A consumer is considered loyal when a certain number of repetitive purchases is reached (e.g., three times in a row, cf. TUCKER (1964), p. 33)

<sup>694</sup> See e.g., BENNETT & RUNDLE-THIELE (2002), pp. 194–195; WU ET AL. (2008), p. 347

<sup>695</sup> See MELLENS ET AL. (1996), pp. 515–519 for a review. The authors differentiate between individual personality-oriented and brand-oriented attitudinal measures.

<sup>696</sup> See BENNETT & RUNDLE-THIELE (2002). In an empirical study, the authors review both concepts. They build on a survey conducted among owners or operators of small businesses in the Australian service sector (final sample of n = 267). It focused on the market for directory advertising (p. 197). Their

to,<sup>697</sup> preference of,<sup>698</sup> or future intention to purchase a brand.<sup>699</sup> Both streams suffer from limitations. On the one hand, behavioral loyalty lacks a conceptual basis<sup>700</sup> and, due to its focus on purchase data only, does not allow differentiating the reasons for the behavior, especially whether repetitive purchase is accompanied by (attitudinal) loyalty or not.<sup>701</sup> On the other hand, the attitudinal understanding does not account for actual re-purchase behavior.<sup>702</sup>

To address the construct's multidimensionality, today's research largely builds on **composite loyalty theory**. The early accounts of this perspective build on researchers such as DAY<sup>703</sup> and JACOBY.<sup>704</sup> DAY specifies that true brand loyalty requires more than repeated purchases; it is encouraged by a commitment to the brand.<sup>705</sup> JACOBY AND KYNER empirically support the difference between mere repeat purchases and attitudinal brand loyalty.<sup>706</sup> Repeat purchases that are not accompanied by an attitudinal disposition toward the brand are referred to as *"spurious loyalty."*<sup>707</sup> Consistent with this theory, OLIVER **defines loyalty** as *"a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior."*<sup>708</sup> This pairs a behavioral (i.e., repeated purchase of a brand) and an attitudinal (i.e., an attitudinal commitment

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findings, first, suggest that individual loyalty propensity (i.e., a personality trait) and attitudinal loyalty towards a specific brand are different concepts (i.e., there is no significant relation). Second, only the "brand-specific" concept has significant influence on behavior (i.e., purchase of brand) (pp. 203-204).

<sup>697</sup> CHAUDHURI & HOLBROOK (2001) measure this directly (*"I am committed to this brand,"* p. 88). Others use indirect measures such as willingness to stay or willingness to recommend a brand (see e.g., EVANSCHITZKY ET AL. (2006), p. 1211; RAUYRUEN & MILLER (2007), p. 27).

<sup>698</sup> See e.g., EVANSCHITZKY ET AL. (2006) who assess this via the aspect *"I will prefer this [service provider] as opposed to others in the future"* (p. 1211). Similarly, LIU-THOMPSON & TAM (2013) use *"I like this store more than other convenience stores"* and *"I have a strong preference for this store"* (p. 26).

<sup>699</sup> See e.g., AUH ET AL. (2007) who assess this via the aspect *"I will invest more funds through [Business Name] in the future."* (p. 363)

<sup>700</sup> See DICK & BASU (1994), pp. 99-100, 111

<sup>701</sup> See DAY (1969), p. 35; JACOBY & KYNER (1973), p. 7

<sup>702</sup> See MELLENS ET AL. (1996), p. 525

<sup>703</sup> Cf. DAY (1969)

<sup>704</sup> Cf. e.g., JACOBY (1971); JACOBY & KYNER (1973)

<sup>705</sup> See DAY (1969), p. 35

<sup>706</sup> See JACOBY & KYNER (1973), pp. 7-8

<sup>707</sup> See e.g., DAY (1969), pp. 31, 35; DICK & BASU (1994), p. 100

<sup>708</sup> OLIVER (1999), p. 34

toward this brand) component. A wide range of contemporary studies<sup>709</sup> draws on the **conceptualizations by OLIVER<sup>710</sup> or DICK AND BASU.<sup>711</sup>** Both view loyalty as a dynamic concept and differentiate loyalty states based on a combination of the two views.<sup>712</sup> While OLIVER suggests that consumers progress through a hierarchical sequence of states to attain a high level of composite loyalty,<sup>713</sup> DICK AND BASU conceptualize the *"loyalty relationship"*<sup>714</sup> based on its two building blocks: relative attitude and repeat patronage. Since consumers may hold favorable attitudes towards various purchase-relevant brands (multi-brand loyalty), their relative attitude-concept does not only assess the strength but also the degree of differentiation.<sup>715</sup> Combining the two blocks allows DICK AND BASU to delimit four loyalty levels. These are no loyalty (low relative attitude and low repeat patronage), spurious loyalty (high repeat patronage despite low relative attitude), latent loyalty (low repeat patronage despite high relative attitude), and loyalty.<sup>716</sup> To reach the highest level of loyalty, *"... both a favorable attitude that is high compared to potential alternatives and repeated patronage are required..."*<sup>717</sup> DICK AND BASU suggest that as a consequence of a strong (composite) loyalty relationship, consumers' motivation to search for information in a subsequent purchase may decline, resistance to persuasion by other brands may rise, and the possibility of favorable WOM may augment.<sup>718</sup>

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<sup>709</sup> See e.g., AUH ET AL. (2007), p. 361; CHAUDHURI & HOLBROOK (2001), pp. 82–83; CHIOU & DROGE (2006), p. 615; CURRAN & HEALY (2014), p. 368; EL-MANSTRLY & HARRISON (2013), pp. 1835, 1852; EVANSCHITZKY ET AL. (2006), pp. 1207–1208. Some scholars combine the two components in a one-dimensional (i.e., only one loyalty construct) loyalty measurement. See e.g., HOMBURG & FÜRST (2005) who study loyalty after a customer complaint. They use a construct that includes attitudinal (e.g., *"it is very likely that I will purchase the product of this company again."*) and behavioral components (*"After the complaint, I purchased the product of this company again."*) (p. 111).

<sup>710</sup> Cf. e.g., OLIVER (1999)

<sup>711</sup> Cf. DICK & BASU (1994)

<sup>712</sup> See CURRAN & HEALY (2014), p. 367

<sup>713</sup> See OLIVER (1999). Consumers are assumed to, first, become cognitively loyal, then develop affective loyalty, followed by conative loyalty, and ultimately action loyalty. Whereas the first three states provide a more detailed account of attitudinal loyalty, action loyalty is behavioral (pp. 35–36).

<sup>714</sup> DICK & BASU (1994), p. 100

<sup>715</sup> See DICK & BASU (1994), pp. 100–101. The authors use the example of the two soft drinks PEPSI and COCA-COLA. A consumer may have high attitudinal loyalty to both brands (multi-brand loyalty). However, the degree of differentiation and, consequently, relative attitude would be low.

<sup>716</sup> See DICK & BASU (1994), pp. 101–102

<sup>717</sup> DICK & BASU (1994), p. 100

<sup>718</sup> See DICK & BASU (1994), pp. 106–107

In spite of some research that continues to build on a one-sided understanding (i.e., only attitudinal or behavioral loyalty),<sup>719</sup> these conceptual works on composite loyalty theory have gained widespread diffusion. It should be noted that the line between attitudinal and behavioral loyalty remains blurred in the constructs' operationalization. Some researchers measure behavioral loyalty via purchase intention.<sup>720</sup> However, this thesis supports the more prevalent view that the intention is still part of attitudinal loyalty.<sup>721</sup> Literature provides various other approaches<sup>722</sup> to measure actual behavioral loyalty ranging from single-<sup>723</sup> to multi-item approaches.<sup>724</sup> Their selection may depend on the industry. For instance, proportion-of-purchase measures<sup>725</sup> may be well applicable for frequently bought consumer goods (e.g., milk), but not for infrequently purchased products or services (e.g., automotive). TERECH ET AL. provide an alternative approach that may be used in such a situation. It combines whether a consumer has purchased the brand again or switched to another one (behavioral dimension) with information on consideration set size (proxy for intent to switch). A consumer is considered truly loyal in case of a repeat purchase with a consideration set size of  $n = 1$ .<sup>726</sup> In sum, the thesis suggests incorporating the composite loyalty status in a more nuanced funnel model, since it serves as an assessment for the existing relationship between consumer and brand. Consistently, EVANSCHITZKY ET AL. note, "*both behavioral loyalty and attitudinal loyalty are important concepts for understanding long-term customer relationships...*"<sup>727</sup>

<sup>719</sup> See e.g., CHANDRASHEKARAN ET AL. (2007), pp. 157, 159; JOHNSON ET AL. (2006). JOHNSON ET AL. (2006) focus on loyalty intentions, only (pp. 122-123, 126-127). They study how intentions evolve over a product life cycle. This unidimensional perspective may clearly be beneficial in certain study contexts.

<sup>720</sup> See e.g., CHAUDHURI & HOLBROOK (2001), pp. 87–88; RAUYRUEN & MILLER (2007), p. 23.

<sup>721</sup> See e.g., MELLENS ET AL. (1996), p. 512. OLIVER (1999) explicates that the intention is part of conative loyalty, the last stage of attitudinal loyalty (p. 36). MORGAN & REGO (2006) note that "*repurchase likelihood [is] the most commonly used attitudinal loyalty measure in practice...*" (p. 433)

<sup>722</sup> For a comprehensive review of brand loyalty measures see KAYNAK ET AL. (2007), pp. 344–346; MELLENS ET AL. (1996). More recently, EL-MANSTRLY & HARRISON (2013) provided an overview of various attempts to operationalize loyalty with a focus on service industries (see pp. 1835-1841).

<sup>723</sup> See e.g., AUH ET AL. (2007), p. 364; RUSSELL-BENNETT ET AL. (2007), p. 1258

<sup>724</sup> See e.g., EVANSCHITZKY ET AL. (2006), pp. 1210–1211

<sup>725</sup> Cf. MELLENS ET AL. (1996), pp. 523–524

<sup>726</sup> See TERECH ET AL. (2009), pp. 213–216. They call the group of highly loyal customers (i.e., consideration set size = 1 and purchase of same brand) "*hard core loyal*" (p. 214).

<sup>727</sup> EVANSCHITZKY ET AL. (2006), p. 1207. Similarly, e.g., KAYNAK ET AL. (2007), p. 346.

Adopting a relational understanding in the brand purchase funnel does not only necessitate a sound conceptual foundation, composite loyalty, but also a **different construct use**. Basic marketing literature posits that consumers re-evaluate their decision post purchase, which may lead to satisfaction or dissatisfaction.<sup>728</sup> Satisfaction, in turn, is an established determinant of brand loyalty.<sup>729</sup> Consistent herewith, loyalty is placed after purchase in the TBF model.<sup>730</sup> It is similarly reflected in several modern funnel alternatives.<sup>731</sup> To embed the focal transaction of the brand purchase funnel into a better understanding of the relationship, it seems, however, not only important to evaluate post-purchase loyalty formation vis-à-vis the purchased brand. Rather, consumers may be differentiated based on their **loyalty-based relationship level vis-à-vis each brand**. Two arguments support this.

First, just because the purchase that the TBF assesses does not stem from a brand, this does not **rule out the existence of brand loyalty**. Individual-oriented measures of behavioral loyalty use some threshold (e.g., half of purchases in a product category) to determine loyalty.<sup>732</sup> Consumers may exhibit some degree of attitudinal loyalty toward multiple brands (which lowers their relative attitude).<sup>733</sup> Even when composite

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<sup>728</sup> **Satisfaction** may be defined as "... the consumer's sense that consumption provides outcomes against a standard of pleasure versus displeasure." OLIVER (1999), p. 34. See also e.g., BURMANN (1991)

<sup>729</sup> For example, SEIDERS ET AL. (2005) find evidence in a retailing context that satisfaction can strongly impact repurchase intentions but not actual repurchase behavior (pp. 35-36). They build on a survey-based research design and recruited participants via e-mail and postal mail (total sample of n = 945). Satisfaction and purchase intentions are multi-item constructs. Repurchase behavior (i.e., number of visits, expenditure amount) results from actual data collected from the company with which the scholars collaborate. Several customer, marketplace, and relational moderators are included. They employ regression analysis (p. 32). Findings by CHIOU & DROGE (2006) support a satisfaction-attitudinal loyalty-behavioral loyalty relation in a premium cosmetics setting (p. 624). The scholars collaborate with a high-end cosmetics firm and collect the required data via telephone interviews (sample of n = 300 female respondents). They embed this relation into a more comprehensive structural model (pp. 614-615, 619). CHANDRASHEKARAN ET AL. (2007) suggest that the relation between satisfaction and loyalty strongly depends on satisfaction strength (i.e., the level of certainty about satisfaction) (pp. 160-161).

<sup>730</sup> Cf. Figure 2

<sup>731</sup> PAUWELS & VAN EWIJK (2013) speak of "*postpurchase loyalty*" (p. 8). Also, COURT ET AL. (2009), pp. 6-7.

<sup>732</sup> See MELLENS ET AL. (1996), pp. 523-524

<sup>733</sup> See BENNETT & RUNDLE-THIELE (2005), pp. 253-254; OLIVER (1999), p. 35; JACOBY & KYNER (1973), p. 2

loyalty is high, a consumer's choice may diverge due to uncontrollable, situational aspects (e.g., a stock out).<sup>734</sup> In addition, varied research shows that purchase-related satisfaction is relevant but insufficient to explain loyalty. Recently, KUMAR ET AL. conducted a literature review on the link between satisfaction and both attitudinal and behavioral loyalty. Their main findings are that customer satisfaction and loyalty are positively related, but that satisfaction alone explains only about 8% of its variance. The explained variance augments to 34% on average, 54% for attitudinal loyalty and 15% for behavioral loyalty, by inclusion of other predictors as direct antecedents, moderators, or mediators.<sup>735</sup> They conclude, "*Customer satisfaction is not enough to fully explain loyalty; other variables need to be included in the relationship model to depict a more complete picture.*"<sup>736</sup> More generally, attitudinal loyalty may develop outside of a purchase transaction.<sup>737</sup> For instance, the aforementioned study by FRANCISCO-MAFFEZZOLLI ET AL. supports a direct, positive influence of brand relationship quality on an (attitude-oriented) loyalty construct without any consideration of a prior purchase situation.<sup>738</sup> Moreover, different studies suggest that internet-based brand interactions can contribute to this "purchase-independent" development. STICHNOTH, for instance, investigates the effects of participating in a virtual brand community (e.g., ClubNintendo) on the strength of the brand-consumer-relationship and the influence of the latter on brand loyalty in the context of mobile phones and game consoles. In support of an indirect contribution, his findings propose that a consumer's participation in such communities increases the strength of his/her relationship with the brand which, in turn, has a positive influence on different loyalty components including brand recommendation, willingness to pay, and future purchase intention.<sup>739</sup> YOO ET AL. show that the

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<sup>734</sup> See e.g., OLIVER (1999), p. 36

<sup>735</sup> See KUMAR ET AL. (2013), p. 258. Findings from a previous meta-analysis on consumer satisfaction by SZYMANSKI & HENARD (2001) suggest a (reliability-adjusted) correlation between satisfaction and the intention to repurchase of 0.53 (p. 24).

<sup>736</sup> KUMAR ET AL. (2013), p. 258

<sup>737</sup> The presence of a favorable attitudinal disposition (i.e., attitudinal loyalty), yet with no (low) patronage of a brand reflects the idea of "*latent loyalty*" in the conceptualization by DICK & BASU (1994), p. 102

<sup>738</sup> See FRANCISCO-MAFFEZZOLLI ET AL. (2014). The loyalty construct includes four items that relate to the recommendation and appraisal of the brand towards others and the intention to purchase it in the future. The underlying research design was discussed before (pp. 449-453).

<sup>739</sup> See STICHNOTH (2008), pp. 95–97. The study builds on a sample of 706 community members and 1,415 non-community members (p. 54). Methodologically, the author investigates the relationship between community membership and consumer-brand relationship based on a group comparison



participation in eWOM about a (Korean) online shopping mall, mediated by the consumer's personal identification with the mall's website and his/her social identification with other customers on the site, exerts a positive influence on (e-)loyalty toward this mall. They summarize that attitudinal e-loyalty towards this online shopping mall arises "... when customers identify themselves by continuing to participate in electronic-word-of-mouth..."<sup>740</sup> Against these varied findings, it seems **insufficient to consider loyalty solely as the stage after purchase** (i.e., for the purchased brand) in a funnel model.

Second, an understanding of each consumer's loyalty status may be **relevant for the analysis of the purchase decision itself**. Early, it has been documented in the literature that satisfaction, experience, and attitudinal loyalty can lead to a **reduction in search for alternatives**.<sup>741</sup> As such, DEIGHTON ET AL. find evidence for a "*usage dominance*"<sup>742</sup> effect in three consumer goods categories: consumers' previous purchase influences subsequent choice and this dominates the effect of advertising information.<sup>743</sup> Similarly, FURSE ET AL. compare the search patterns for cars across consumer groups and find that those individuals that searched the least had extensive experience.<sup>744</sup> SAMBANDAM AND LORD argue that very satisfied (or dissatisfied) cus-

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and derives the findings on the relationship with brand loyalty based on both linear regression analysis and mean-comparisons between consumers with a low, medium, and high relationship to the brand (pp. 63-73, 81-82).

<sup>740</sup> YOO ET AL. (2013), p. 675. The study was conducted in Korea ( $n = 257$ ) and analyzed via structural equation modeling (p. 673). eWOM participation is related to frequency of and effort in writing online reviews and e-loyalty is an attitudinal construct that measures loyalty toward the internet shopping mall. The two site identification constructs explain  $R^2 = 0.491$  of e-loyalty.

<sup>741</sup> See DICK & BASU (1994), pp. 106–107; GOUNARIS & STATHAKOPOULOS (2004), p. 283

<sup>742</sup> DEIGHTON ET AL. (1994), pp. 28, 40-41

<sup>743</sup> See DEIGHTON ET AL. (1994), pp. 37, 40-41. The empirical study builds on scanner panel data from a single source in the United States. The data set includes information on household purchases, advertising exposure, and marketing-related information (i.e., price and promotion). It is employed to evaluate the influence of prior purchase (i.e., inertia) as well as previous/current advertising, previous/current promotion, price, brand preference, and size preference on current purchase. The focal consumer goods categories are ketchup ( $n = 481$  panel members and 3,897 purchases), liquid detergents ( $n = 167$  and 1,519 purchases), and powder detergents ( $n = 313$  and 3,527 purchases). The analysis builds on logit models (pp. 30, 34, 36-37).

<sup>744</sup> See FURSE ET AL. (1984), pp. 421, 423, 428. They survey car purchasers and identify six clusters based on consumer self-reports and cluster analysis. They note that the "*Cluster 1, the group involved in the least information search, is the most experienced of the groups. Members of this group are older and have, on average, owned more cars and been more satisfied with previous purchases than members of other groups. They are more likely to know in advance the manufacturer and dealer from whom they want to purchase, and they spend less time than any other group in search-related*

tomers potentially make their repurchase (or switching) decision directly at the beginning of a new purchase situation.<sup>745</sup> A study on information search for cars and large household appliances (e.g., televisions, freezers) by NEWMAN AND STAELIN contributes evidence hereto. They find that previous purchase minimizes subsequent information requirements, specifically for those consumers who initially consider only one brand. About two-thirds of those consumers were satisfied with their previous product.<sup>746</sup> Against such cross-industry evidence, SHETH AND PARVATIYAR state, “*The fundamental axiom of relationship marketing is, or should be, that consumers like to reduce choices by engaging in an ongoing loyalty relationship with marketers.*”<sup>747</sup>

Notably, this pattern of low or no search in a repeat purchase situation may not only be a consequence of attitudinal loyalty or related constructs of intentional behavior. As argued in Chapter B2.2.2.1.2, it may also result from an unconscious habit that triggers a quasi-automatic reaction given stable situational cues (e.g., specific position of a brand on a supermarket shelf).<sup>748</sup> This implies that different managerial strategies may be appropriate depending on the “type of loyalty” that a brand’s consumers exhibit. For instance, it has been discussed that consumer satisfaction helps to create attitudinal or behavioral loyalty. However, in order to influence habit behavior, brand managers should not target satisfaction (or other constructs related to conscious evaluation) but create stable contextual cues and reinforce behavior.<sup>749</sup>

In light of these theoretical and managerial arguments, the thesis suggests assessing a consumer’s composite loyalty status vis-à-vis each brand in a more nuanced funnel

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*activities.”* (p. 421)

<sup>745</sup> See SAMBANDAM & LORD (1995), p. 64

<sup>746</sup> See NEWMAN & STAELIN (1972), p. 251

<sup>747</sup> SHETH & PARVATIYAR (1995), p. 256

<sup>748</sup> See e.g., KAAS (1982), p. 13; LIU-THOMPkins & TAM (2013). Reflecting on their findings, FURSE ET AL. (1984) had similarly proposed, “*It is reasonable to assume that the two lowest-search groups found here are exhibiting automaticity of choice.*” (p. 428) Conceptually, DICK & BASU (1994) specify that spurious loyalty results from “*nonattitudinal influences on behavior (e.g., subjective norms or situational effects).*” (p. 101). Habits constitute one mechanism underlying spurious loyalty. See e.g., JI & WOOD (2007), p. 275. Related hereto, LIU-THOMPkins & TAM (2013) differentiate between “automatically” triggered habits and attitudinal loyalty (pp. 22-23). They assess how consumers differ with regard to their response to cross-selling promotions in light of the two mechanisms (pp. 34-35).

<sup>749</sup> See MARTIN & MORICH (2011), pp. 500–501

model. Consistent herewith, composite loyalty theory gave rise to different **segmentations of consumers based on their loyalty status**.<sup>750</sup> For example, GOUNARIS AND STATHAKOPOULOS conceptualize and operationalize four brand loyalty types based on purchase behavior, attitudinal attachment, and social influences (e.g., family members disproving the purchase).<sup>751</sup> CURRAN AND HEALY develop a differentiation of high, intermediate, and lower loyalty based on DICK AND BASU's typology.<sup>752</sup> Similarly, RAUYRUEN AND MILLER operationalize a loyalty typology based on the two composite constructs. They argue that *"marketers should identify groups of customers based on loyalty status and develop strategies that are appropriate for further building loyalty under the conditions that exist for the product and service."*<sup>753</sup>

Although this chapter provides a more thorough conceptual basis for the proposition, similar approaches can be found in contemporary alternatives to the TBF.<sup>754</sup> More specifically, the EBF complements a measurement of attitudinal loyalty with a behavioral component to distinguish new and repeat customers.<sup>755</sup> PAUWELS AND VAN EWIJK's argue, *"... A loyalty loop can shortcut the purchase path for a repeat customer..."*<sup>756</sup> The CDJ model includes a *"loyalty loop"*<sup>757</sup> for consumers that forego search for and evaluation of new brand alternatives and repeatedly purchase the same brand.<sup>758</sup>

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<sup>750</sup> In recent literature, see CURRAN & HEALY (2014), pp. 380–381; EL-MANSTRLY & HARRISON (2013), p. 1853; GOUNARIS & STATHAKOPOULOS (2004), pp. 285–287; RAUYRUEN & MILLER (2007), pp. 28–29

<sup>751</sup> See GOUNARIS & STATHAKOPOULOS (2004). The types are *"no loyalty"*, *"covetous loyalty"* (high relative brand attachment supported by the social environment, yet without purchase), *"inertia loyalty"* (brand repurchase without brand attachment or social motive), and *"premium loyalty"* (brand repurchase accompanied by brand attachment and social motive) (pp. 285–287, 294). DICK & BASU (1994) reflect "social norms" (and situational effects) as moderators, but not as a building block of the typology (pp. 105–106).

<sup>752</sup> See CURRAN & HEALY (2014). Here, high loyalty reflects DICK AND BASU's loyalty state, intermediate loyalty (i.e., a brand previously purchased and liked, however not always purchased) mirrors latent loyalty, and lower loyalty (i.e., a regularly purchased brand without a high relative attitude) closely reflects spurious loyalty. Respondents were asked to think of a specific brand that falls into each category (p. 372).

<sup>753</sup> RAUYRUEN & MILLER (2007), p. 29. The typology is based on DICK AND BASU. As noted before, the authors operationalize behavioral loyalty as a purchase intention, not as an actual behavior (pp. 27–28).

<sup>754</sup> Chapter B3 provides details on the representation of loyalty-based consumer segmentations in each alternative to the TBF that is included in the literature review.

<sup>755</sup> See PERREY ET AL. (2015), p. 138. See Chapter B3.4 for details.

<sup>756</sup> PAUWELS & VAN EWIJK (2013), p. 7

<sup>757</sup> COURT ET AL. (2009), pp. 3–4, 7. See Chapter B3.1 for more details on their definition.

<sup>758</sup> See COURT ET AL. (2009), pp. 3–4, 6–7.

Within this shortcut path, COURT ET AL. differentiate active and passive loyalists.<sup>759</sup> Similarly, NUNES ET AL. differentiate consumers according to four types of loyalty in the Nonstop Customer Experience Model. Consumers in the two higher segments are characterized as not engaging in search for and consideration of new brand alternatives.<sup>760</sup>

In sum, an understanding of consumers' relationships with a brand may allow reducing the transactional view in the funnel model. The thesis proposes that a more nuanced funnel model should **account for each consumer's composite loyalty status with each brand**. This segmentation may enhance the understanding of a brand's performance. The discussion leads to the following proposition.

**Conceptual proposition 5:** *A more nuanced brand purchase funnel should embed the focal transaction into an understanding of each consumer's brand loyalty status. This understanding may be reflected in terms of composite loyalty theory, accounting for both an attitudinal and a behavioral component.*

### 2.2.3.2 Sending of (electronic) word-of-mouth

Previous literature differentiates between **economic and social outcomes of behavior**.<sup>761</sup> Whereas a consumer's economic behavior directly influences a firm's performance (e.g., due to brand repurchase or switching), social outcomes refer to the impact of his/her behavior on other current or prospect customers (e.g., via WOM).<sup>762</sup> In the presented alternatives to the brand purchase funnel, one **social outcome, the sharing of WOM**, is widely discussed. Some use it as a criterion to characterize specific loyalty types.<sup>763</sup> Others as an outcome of the loyalty loop. PAUWELS AND VAN EWIJK

<sup>759</sup> See COURT ET AL. (2009). Consumers are perceived as active when they “not only stick with it [the brand] but also recommend it” (p. 6) and as passive if they “stay with a brand without being committed to it.” (p. 6) See Chapter B3.1 for details.

<sup>760</sup> See NUNES ET AL. (2013), pp. 50–51. They label the four types “emotional loyalty”, “inertia-based loyalty”, “conditional loyalty”, and “true deal chasing”. See Chapter B3.2 for details.

<sup>761</sup> See CHAI ET AL. (2015), p. 24; GUENZI & GEORGES (2010), p. 120; SMITH ET AL. (1999), pp. 357–358

<sup>762</sup> See GUENZI & GEORGES (2010), p. 120. Building on the duality, researchers have, for example, studied the impact of trust and perceived value on repurchase (economic) and advocacy intention (social). See CHAI ET AL. (2015), pp. 24–25

<sup>763</sup> See COURT ET AL. (2009), p. 6; NUNES ET AL. (2013), p. 50 both discuss brand advocacy, i.e. sending

suggest, "... *A loyalty loop can shortcut the purchase path for a repeat customer ... but also feed the purchase path for another (prospective) customer, influenced by the word-of-mouth narrative.*"<sup>764</sup> Finally, the MOT model proposes an explicit role that is independent of the loyalty construct. It describes a consumer's post-purchase sharing of experience as a stage that may influence another consumer's purchase process.<sup>765</sup>

This proposition reflects on the aspect of **WOM**, which may be understood as "... *informal communications between private parties concerning evaluations of goods and services ... rather than formal complaints to firms and/or personnel.*"<sup>766</sup> More recently, the possibility to widely diffuse WOM via the internet (e.g., via discussion forums, review pages, or on social media platforms) has drawn renewed attention to this form of consumer-to-consumer communication.<sup>767</sup> While Chapter B2.2.2.2 discussed the reception of (e)WOM as one potential source (amongst others) for external pre-purchase information search<sup>768</sup>, the focus in this chapter is on the **sending of (e)WOM**. From the sender's perspective, it is a voluntary activity that, consistent with the above categorization, constitutes social extra-role behavior.<sup>769</sup> Hereafter, the objective is to discuss the conceptual inclusion of the construct in a more nuanced funnel model. One may argue that this goes beyond the scope of a purchase-related funnel model. However, the prominent interest in the related literature<sup>770</sup> and its potential to affect another

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of positive WOM, as a characteristic of highly loyal customers. See discussion of the two models in Chapter B3 for more details.

<sup>764</sup> PAUWELS & VAN EWIJK (2013), p. 7. Similarly NEWMAN (2012) states: "*it is this brand loyalty loop – the spreading of a brand among friends – that is rapidly becoming the key component of several current and many planned marketing campaigns.*" (p. 14)

<sup>765</sup> See LECINSKI (2011), pp. 16–17. In this context, the word loop is also used. MORAN ET AL. (2014) argue that experience sharing "*closes the loop of the consumer's purchasing journey...*" (p. 202). To avoid a confusion with the aforementioned term loyalty loop, the dissertation refrains from using the term loop in the context of WOM behavior.

<sup>766</sup> ANDERSON (1998), p. 6

<sup>767</sup> See e.g., DELLAROCAS (2003), p. 1407; HENNIG-THURAU ET AL. (2004), p. 39; NEE (2016), pp. 1–2; YEY & CHOI (2011), p. 145; YOO ET AL. (2013), p. 669. Extending the above definition, **eWOM** can be viewed as "*any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet.*" HENNIG-THURAU ET AL. (2004), p. 39. eWOM and online WOM are used synonymously in this dissertation.

<sup>768</sup> Note that a consumer might have to send a (e)WOM message to receive information on a product or service prior to purchase. This type of message is not in focus, here. See also discussion hereafter.

<sup>769</sup> See VAN DOORN ET AL. (2010), pp. 253, 255; YOO ET AL. (2013), p. 669

<sup>770</sup> See COURT ET AL. (2009), p. 6; LECINSKI (2011), pp. 16–17; MORAN ET AL. (2014), p. 202; NUNES ET AL. (2013), p. 50; PAUWELS & VAN EWIJK (2013), p. 7

consumer's purchase decision process support this discussion.<sup>771</sup> Given the breadth of the (e)WOM literature, this review focuses on three aspects: a review of arguments for the inclusion of WOM in the brand purchase funnel, a specification of the relevant WOM concept, and a discussion of its inclusion in a monitoring logic comparable with the other stages of the funnel model.

It has long been acknowledged that non-commercial communications between consumers may have a crucial role in **influencing others' purchase behavior**.<sup>772</sup> Early research suggests that WOM may have a larger direct influence on consumers than other communication (e.g., printed information, advertisement) in terms of inducing favorable attitude change<sup>773</sup> or actual choice behavior.<sup>774</sup> This is often related to its higher perceived credibility. Several online WOM studies mirror the higher relative effect. Studying new customer acquisitions for a social network site, TRUSOV ET AL. find, *"The elasticity for WOM is approximately 20 times higher than that for marketing events and 30 times that of media appearances."*<sup>775</sup> Similarly, a recent meta-analysis on the elasticity of eWOM on sales suggests that it is among the highest compared to other marketing instruments.<sup>776</sup> As such, today's literature widely shares that *"... WOM is one of the most influential sources of marketplace information for customers..."*<sup>777</sup>

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<sup>771</sup> Building on the aforementioned TBF alternatives, WOM is viewed as most important social consequence of a focal transaction given its influence on others' transactions (see also discussion hereafter). There are clearly other social behaviors such as formal complaints (see e.g., RICHINS (1983), p. 69) or non-purchase engagement such as website visits (see e.g., BERGKVIST & BECH-LARSEN (2010), pp. 507–508).

<sup>772</sup> See e.g., FULGONI & LIPSMAN (2015), p. 18; LEE ET AL. (2013), p. 687; MEINERS ET AL. (2010), p. 83

<sup>773</sup> See DAY (1971), pp. 37–39

<sup>774</sup> See BORGIDA & NESBETT (1977), pp. 268–270

<sup>775</sup> TRUSOV ET AL. (2009), p. 98. The study builds on data from a large social networking site. For 36 weeks in 2005, it includes the daily number of joiners and (WOM) referrals as well as third-party data on the site's appearance in traditional marketing (i.e., media activity and marketing events). The scholars employ vector autoregressive models and evaluate the reciprocal influences of the variables based on Granger causality (pp. 93–94). The above finding relates to the metrics' long-term elasticity but WOM's direct elasticity is also found to be highest (p. 96).

<sup>776</sup> See YOU ET AL. (2015). In their meta-analysis (51 studies with 339 volume and 271 valence elasticities), they find a mean elasticity of eWOM volume of 0.236 and of eWOM valence (i.e., direction) of 0.417, which they compare to findings from studies that looked at other marketing instruments (pp. 20, 35–36).

<sup>777</sup> LEE ET AL. (2013), p. 687. See also e.g., GODES & MAYZLIN (2004), p. 545

A series of articles highlight that eWOM does not only influence **performance outcomes** such as sales<sup>778</sup> or customer acquisition.<sup>779</sup> They also provide evidence that this impact results from WOM's influence across different **stages of the consumer decision process**.<sup>780</sup> WOM's sales effect can be attributed to its ability to create consumer awareness (via volume)<sup>781</sup> and/or to influence attitudes positively or negatively (via valence).<sup>782</sup> BICKART AND SCHINDLER find evidence that online discussions create significantly more product category interest than corporate websites but cannot confirm this effect for lower funnel stages (i.e., purchase intention).<sup>783</sup> JANG ET AL. propose that consumers employ user reviews more for consideration set formation than for subsequent choice.<sup>784</sup> While these findings may suggest that eWOM especially influences upper funnel stages (e.g., create awareness/interest, build consideration set), further research on its impact across the decision process appears to be necessary.<sup>785</sup>

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<sup>778</sup> See e.g., CHEVALIER & MAYZLIN (2006), pp. 346, 354; DUAN ET AL. (2008), pp. 239–241. HO-DAC ET AL. (2013) support this but suggest that brand equity moderates the relationship. In the context of branded Blu-ray and DVD players, they find that cumulative online reviews have an effect on sales for weak but not for strong brands (p. 48).

<sup>779</sup> See TRUSOV ET AL. (2009), p. 98

<sup>780</sup> FULGONI & LIPSMAN (2015) map different digital WOM platforms to three stages of the decision process, namely top-, mid-, and bottom-funnel (pp. 19–20).

<sup>781</sup> See e.g., CHEVALIER & MAYZLIN (2006), p. 354; LIU (2006), p. 86; DUAN ET AL. (2008), pp. 239–241

<sup>782</sup> Findings on the effect of valence seem more ambivalent. For example, studying the influence of WOM on movie sales, LIU (2006) finds that only WOM volume (via creation of awareness), not valence (i.e., star ratings), significantly explains box office revenue (p. 86). Similarly, DUAN ET AL. (2008) highlight that valence only has an indirect effect on movie sales as it may augment WOM volume (pp. 239–241). Contrarily, CHINTAGUNTA ET AL. (2010) find that eWOM valence (and not volume or variance) significantly affects future earnings of a box office (pp. 955–956). YOU ET AL. (2015) suggest that this ambivalence may result from industry, product, and platform characteristics as well as data or model specificities (p. 34).

<sup>783</sup> See BICKART & SCHINDLER (2001), pp. 36–37. They attribute this to the perceived higher relevance, credibility, and potential to create empathy with WOM-type online discussions. This study builds on a longitudinal design and a university student sample ( $n = 61$ ). First, participants were asked to examine either an online discussion/internet forum or a company webpage (i.e., two conditions) with regard to one of five topics (e.g., bicycling). Both condition and topic were attributed randomly. At the end of the semester, the scholars assessed participants' interest in the topic and intention to purchase as well as several control questions in a survey (pp. 33–35).

<sup>784</sup> See JANG ET AL. (2012). They use an online experimental setting in which consumers choose a hotel from among 10 alternatives based on the formation of a (stimulus-based) consideration set and subsequent selection (pp. 830–831). They find significant use of reviews for some hotels in both stages. Whereas the relation of hotel-specific review use to consideration set formation is significant for all but one hotel, it only exists for four hotels in subsequent choice (pp. 833–834, 836).

<sup>785</sup> See KING ET AL. (2014), p. 177

The absolute and relative importance of (e)WOM support the need to identify its senders and encourage (positive) (e)WOM behavior. JACK AND POWERS pinpoint, *"It is ... important to know if ... customers convey their satisfaction to other shoppers through positive word-of-mouth communications."*<sup>786</sup> This objective gains in prominence since a rather small part of the customer base provides the majority of eWOM messages.<sup>787</sup> The funnel model may contribute to **identifying whether and how consumers' share their purchase experience**. In fact, some "linear" funnel models do include an explicit "recommendation" stage.<sup>788</sup> The next paragraphs specify the suggested understanding of the (e)WOM concept in a nuanced brand purchase funnel model and discuss how it can be included.

Whereas some researchers suggest that the mechanisms of WOM and eWOM are similar,<sup>789</sup> do not distinguish the concepts,<sup>790</sup> or, as is the case in other funnel alternatives, measure only eWOM,<sup>791</sup> this dissertation suggests to **differentiate online and offline WOM**. The two can be divided based on the employed channels. Whereas offline WOM occurs through interpersonal communication with family, friends, or acquaintances (e.g., face-to-face, telephone), eWOM is widely diffused via a variety of internet-related channels (e.g., forums, blogs, or social networks).<sup>792</sup> Building on KING ET AL., one may specify six key particularities of eWOM: larger scale (supported by asynchronous, multiway communication), higher persistence (i.e., written, electronically stored information available on-demand), higher anonymity (i.e., among "unknown strangers" which has implications for credibility), a salience of valence (i.e., less

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<sup>786</sup> JACK & POWERS (2013), p. 1609. Similarly, MORAN ET AL. (2014) highlight, *"In the new digital consumer decision-making journey, the sharing of experience is considered a crucial element."* (p. 202)

<sup>787</sup> In the introduction, research by BUGHIN (2014) was highlighted which suggests that even in the most social categories (e.g., consumer electronics, automotive) only around 10% of consumers actively promote brands (p. 357).

<sup>788</sup> See KRÜGER & STUMPF (2013), pp. 34–35. Note that the authors take a one-sided, namely positive, view on WOM. The thesis favors a reflection of both sides. The subsequent paragraphs elaborate on this point.

<sup>789</sup> See GRUEN ET AL. (2006), p. 450

<sup>790</sup> See e.g., KUMAR ROY ET AL. (2014), p. 1830

<sup>791</sup> See PAUWELS & VAN EWIJK (2013), p. 16. Whilst mentioning online and offline WOM, the researchers measure only social media (i.e., online) messages conversations.

<sup>792</sup> See LOVETT ET AL. (2013), pp. 430–431. KING ET AL. (2014) argue, *"eWOM takes place in a more complex computer-mediated context, whereas traditional WOM typically happens in a face-to-face/one-on-one context."* (p. 169)



potential for misunderstanding given numerical ratings), as well as a dispersed landscape of communication platforms and the association with consumer engagement in online communities.<sup>793</sup> Various comparative research highlights differences in the use of WOM and eWOM that result from these particularities. For instance, BERGER AND IYENGAR show that the modality of WOM communication (i.e., oral versus written) affects which brands and products are discussed. Their findings suggest that consumers talk over more interesting products/brands in written.<sup>794</sup> LOVETT ET AL. study the relevance of different brand drivers for engaging in WOM and (e)WOM. Their results suggest that while emotional characteristics are the most important antecedents for offline WOM mentions, social and functional drivers are most relevant online.<sup>795</sup> In addition, both forms of WOM continue to be important. In spite of the recent focus on and benefits of eWOM (e.g., reach, persistence), research highlights the continued relevance of its offline counterpart. A GOOGLE study presented by LECINSKI suggests that *“talked with friends/family about the product”* is, on average, the second most important source of information for consumers when they start their pre-purchase information search.<sup>796</sup> Another investigation by the KELLER FAY GROUP, a market research company specialized on WOM, suggests that *“... 75 percent of all consumer conversations about brands happen face to face, and another 15 percent happen over the phone and only*

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<sup>793</sup> See KING ET AL. (2014), pp. 170–171. The points are supported and/or (similarly) discussed by other researchers such as ANDREASSEN & STREUKENS (2009), p. 252; DELLAROCAS (2003), pp. 1409–1411; HENNIG-THURAU ET AL. (2004), p. 39; NEE (2016), pp. 2–6

<sup>794</sup> See BERGER & IYENGAR (2013). Here, oral refers to face-to-face WOM, whereas written WOM is evaluated online. They cover a range of brands across sectors (pp. 569, 574). The research builds on a series of controlled experiments and field data. They relate this finding to the asynchrony of written communication. This asynchrony gives more time to create a message and to choose an interesting product/brand to communicate about, which allows self-enhancing a consumer's identity (pp. 576–577).

<sup>795</sup> See LOVETT ET AL. (2013), p. 440. The study builds on a multi-source data set and aggregate, brand-level data. It has two dependent variables, offline WOM and online WOM. Emotional characteristics include excitement or satisfaction, functional characteristics include brand type or knowledge, and social characteristics include degree of differentiation or premium/value orientation. These explanatory variables are assembled via multiple sources and surveys (Brand Asset Valuator by Y&R, Decipher, Inc., and Interbrand). The data set includes further secondary data (e.g., age or type of good) (pp. 429–436). The authors make multiple other findings, for example that novel brands are rather discussed offline, whereas premium brands attract significantly more WOM online (but not offline) (p. 440).

<sup>796</sup> See LECINSKI (2011), p. 19. The research was conducted in 2011 (p. 61). See details in Chapter B3.3.

*about 10 percent online.*<sup>797</sup> Irrespective of the specific shares, these pieces of research point to the continued relevance of offline consumer-consumer discussions.<sup>798</sup> Consequently, the thesis argues for a separate reflection of online and offline WOM.

Second, it is suggested to **account for (e)WOM associated with the purchase and usage experience**. In an attempt to categorize (e)WOM, academics have distinguished between primary and secondary (e)WOM. Whereas primary information results from one's own experience, secondary (e)WOM reflects information adopted from other, often commercial, sources (e.g., advertisement, editorials).<sup>799</sup> Since the funnel model investigates individual purchase decisions, the dissertation suggests looking at **primary (e)WOM**. Moreover, a content-oriented classification derived by ANDREASSEN AND STREUKENS delineates four main eWOM categories. These are comments on usage experience (i.e., based on concrete use), information requests (from current or potential customers on specific service/product aspects), comments on product developments or expected launches, and comments on overall business practice (relating to a company's general conduct).<sup>800</sup> While all types are of relevance, the thesis' aim is not to provide a general (e)WOM monitoring but an extension to the (purchase-related) funnel model. The latter two categories are not related to a particular purchase experience. In addition, whereas consumers may send (e)WOM to request information both pre and post purchase,<sup>801</sup> the prime goal is to receive something. Thus, comments relating to one's own **specific purchase experience** are in focus. Such (e)WOM includes explicit purchase reviews as much as a general comment without the goal of reviewing.<sup>802</sup> It is this dissertation's view that these may also touch on a brand that was

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<sup>797</sup> KELLER & FAY (2012), p. 460

<sup>798</sup> FULGONI & LIPSMAN (2015) similarly highlight that a holistic approach to WOM needs to look at both online and offline WOM (pp. 18, 20).

<sup>799</sup> See HORNIK ET AL. (2015), p. 273

<sup>800</sup> See ANDREASSEN & STREUKENS (2009), pp. 254–255. To derive the typology, they analyzed WOM from discussion forums focusing on toys, household appliances, and agricultural equipment (p. 253). One may question the generalizability of findings given the qualitative approach. To address this, the authors asked another person to challenge their findings coding another set of WOM from five other, randomly selected discussion forums. Results show high similarity to their four original categories (p. 255).

<sup>801</sup> See e.g., COURT ET AL. (2009), p. 6; NUNES ET AL. (2013), p. 49

<sup>802</sup> See YADAV ET AL. (2013), p. 319. For a general comment, think of a consumer that shares his/her purchase of a new music station on FACEBOOK but does not provide an extensive review of product features, etc.

considered in the decision process but not purchased (e.g., for a comparative review). This delimitation excludes primary (e)WOM not tied to an actual purchase and use experience (e.g., pre-launch buzz<sup>803</sup>) and secondary information.<sup>804</sup> In sum, the dissertation suggests to restrict the assessment to **primary, experience-related (e)WOM**. This is consistent with the conceptualization in other alternatives to the brand purchase funnel that include the sending of (e)WOM communication in the context of sharing one's own consumption or use experience.<sup>805</sup>

Third, it is suggested to **reflect (e)WOM valence**.<sup>806</sup> In this regard, the dissertation differs from funnel models that only assess positive recommendations (e.g., as a consequence of loyalty).<sup>807</sup> Whereas positive WOM may be firms' objective, negative WOM can significantly reduce purchase intentions and perceived reliability, at least in case of low familiarity.<sup>808</sup> There is an ongoing academic debate about the relative impact of positive and negative WOM. Some studies suggest a higher influence of positive than of negative WOM on other consumers in terms of change in purchase probability.<sup>809</sup> Other comparative research supports that negative WOM has a higher impact than positive WOM on sales<sup>810</sup> and behavior in a purchase decision.<sup>811</sup> A similar

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<sup>803</sup> See e.g., LIU (2006) in the context of pre-release, movie-related WOM (p. 87). Using the typology introduced before, this would fall into the category of product developments/expected launches.

<sup>804</sup> See HORNIK ET AL. (2015), p. 274

<sup>805</sup> See COURT ET AL. (2009), p. 6; EDELMAN (2010), pp. 64–65; LECINSKI (2011), p. 17; MORAN ET AL. (2014), pp. 202, 204; PAUWELS & VAN EWIJK (2013), p. 25. The note focuses on WOM's way of inclusion in the model.

<sup>806</sup> Beyond volume, valence is perceived as a second key dimension in the characterization of eWOM. Valence regards the messages' direction. See e.g., HORNIK ET AL. (2015), pp. 273–274; YADAV & PAVLOU (2014), p. 31; YOU ET AL. (2015), p. 19

<sup>807</sup> See KRÜGER & STUMPF (2013), pp. 34–35

<sup>808</sup> See CHATTERJEE (2001), pp. 132–133. The author studies the online purchase of a book required for a university course in an experimental design with students. Participants were able to choose among several retailers and were provided online WOM reviews that they could use to form their decisions.

<sup>809</sup> See EAST ET AL. (2008). They summarize findings from 19 studies gathered across 11 surveys. They suggest that this finding results from a "*positivity effect*" in that pre-exposure purchase probability was below 0.5. This offers more room for improvement than for impairment of purchase probability (pp. 219–221).

<sup>810</sup> See CHEVALIER & MAYZLIN (2006). They study the effect of user reviews on sales at Amazon.com. In absolute terms, one-star ratings decrease sales more than five-star ratings increase sales (p. 349).

<sup>811</sup> See PARK & LEE (2009). In an experimental setting, the researchers evaluate the impact of eWOM direction (positive or negative) on eWOM effect (a multi-item construct that assesses credibility of eWOM and its influence in a subsequent purchase) (p. 64).

debate is apparent with regard to the likelihood of sending WOM.<sup>812</sup> In an attempt to resolve it, ANGELIS ET AL. propose that consumers are more likely to generate (primary) positive WOM but more likely to transmit (secondary) negative WOM.<sup>813</sup> In general, this asymmetry in findings speaks in favor of accounting for both valence directions. With the **purpose of identifying (e)WOM senders in the brand purchase funnel**, the dissertation, thus, suggests focusing on primary, purchase/use experience-related messages shared online or offline and monitoring whether they are positive or negative. This assessment may provide a view on the order-of-magnitude of (e)WOM discussions that is similar in logic to the other stages of the funnel model.<sup>814</sup>

Building on this conceptual discussion, both a volume and a valence metric are required for a **measurement of (e)WOM behavior**.<sup>815</sup> In recent years, many scholars leveraged the internet's technological possibilities to collect and assess real eWOM data (e.g., user reviews on web pages such as AMAZON,<sup>816</sup> YAHOO!MOVIES,<sup>817</sup> or of an undisclosed loyalty program provider<sup>818</sup>). As noted, PAUWELS AND VAN EWIJK use social media postings to measure eWOM.<sup>819</sup> Despite the benefits, such approaches are limited in at least two ways. First, they are restricted to online data.<sup>820</sup> However, not all relevant WOM communication happens online.<sup>821</sup> Second, most of these approaches rest on aggregate-level data that are difficult to link to an individual's purchase decision

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<sup>812</sup> Cf. ANGELIS ET AL. (2012), pp. 551–552

<sup>813</sup> See ANGELIS ET AL. (2012), p. 560. They derive this proposal empirically based on four experiments. This is related to the motive of self-enhancement.

<sup>814</sup> One may differentiate WOM sending activities beyond the above aspects. For example, YOU ET AL. (2015) find that the medium to communicate eWOM (e.g. user- versus expert-driven, independent or not) affects sales elasticity (p. 36). GODES & MAYZLIN (2004) suggest assessing WOM dispersion (i.e., communication focused on certain groups or across heterogeneous groups) (p. 558). For the dissertation's purpose, the focal dimensions volume and valence seem most valuable. Medium-specific aspects may be captured on the touch point level that some modern funnel models (e.g., CDJ, MOT model) assess.

<sup>815</sup> Cf. e.g., YOU ET AL. (2015), p. 19

<sup>816</sup> See CHEVALIER & MAYZLIN (2006), p. 346

<sup>817</sup> See DUAN ET AL. (2008), p. 236

<sup>818</sup> See KIM ET AL. (2016), pp. 514–515

<sup>819</sup> See PAUWELS & VAN EWIJK (2013), p. 16

<sup>820</sup> The potentially closest representative in the offline world are diary-style surveys that note WOM incidence per brand over time (e.g., weekly). See e.g., LOVETT ET AL. (2013), p. 341

<sup>821</sup> See discussion in this chapter

process.<sup>822</sup> Given the modest purpose to identify (e)WOM senders within the brand purchase funnel, a survey-based approach may thus be a fruitful alternative.<sup>823</sup> As such, researchers both in the offline<sup>824</sup> and in the online<sup>825</sup> context assess this behavior via its incidence.<sup>826</sup> Evaluating these incidences with a directional note (e.g., spoke positive versus negative) allows capturing their valence.<sup>827</sup> In consequence, there are different potential approaches to include the post-purchase sending of WOM in a more nuanced brand purchase funnel. Conceptual proposition 6 summarizes this chapter.

**Conceptual proposition 6:** *A more nuanced brand purchase funnel should include an assessment of whether a consumer shares experience-related positive or negative (e)WOM to investigate one consumer's influence on others' purchase processes.*

Clearly, one may argue for additional revisions of the funnel model such as a further differentiation of sub-types of purchase behavior or an inclusion of other types of (social) post-purchase behavior (e.g., providing advice to firm). This should not surprise given the broad range of topics covered by the model. However, it does entail a risk of over-complexity. This dissertation does not attempt to create an “all-encompassing”

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<sup>822</sup> See GODES & MAYZLIN (2004), p. 548; KIM ET AL. (2016), p. 512. As an exception to the rule, KIM ET AL. (2016) use a data set that links individual purchase and eWOM data derived from a particular combination of two sources: The provider of a loyalty program records consumers' purchase data and operates an online forum on its webpage that provides “personalized” comments (pp. 514-515). Notwithstanding the benefits for WOM-specific research, this approach does not seem widely replicable in other situations.

<sup>823</sup> GODES & MAYZLIN (2004) note, “Surveys remain the most popular method to study WOM.” (p. 548). It is clearly also associated with disadvantages such as the reliance on self-reported data. See e.g., BOWMAN & NARAYANDAS (2001), p. 295; WOLNY & MUELLER (2013), p. 576

<sup>824</sup> ANDERSON (1998) measures WOM as the amount of people talked to about recent experiences (p. 10). Similarly, BOWMAN & NARAYANDAS (2001), p. 288. BROWN ET AL. (2005) measure WOM behavior in an automotive setting via 7 incidence questions on scales from never to frequently (pp. 130, 135).

<sup>825</sup> See WOLNY & MUELLER (2013), p. 571. They measure eWOM engagement on FACEBOOK and TWITTER regarding fashion items via a binary (i.e., yes/no) and a frequency measure (scale from always to never). DAUGHERTY ET AL. (2008) measure a self-reported number of user-generated content creations (p. 19).

<sup>826</sup> Other scholars provide multi-item constructs that measure (e)WOM behavior. See e.g., KUMAR ROY ET AL. (2014), p. 1835; LEE ET AL. (2013), p. 692; WOISETSCHLAGER ET AL. (2011), p. 804; YOO ET AL. (2013), p. 673. Some constructs mix questions on behavior and future intention.

<sup>827</sup> For example, BROWN ET AL. (2005) focus on positive WOM and ask questions relating to recommending or speaking positively (p. 135). RICHINS (1983) assesses negative WOM defined and investigated “... as the act of telling at least one friend or acquaintance about the dissatisfaction...” (p. 71)

model of consumers' purchase behavior. It aims at a more nuanced representation of the purchase process vis-à-vis the TBF, which allows for a more granular assessment of brand performance. Its propositions give consideration to the main points of critique whilst maintaining the managerial benefits of the descriptive, easy-to-use tool. In sum, they provide a more nuanced brand purchase funnel.

### 2.3 Model operationalization

A fundamental challenge for scientific models, beyond any conceptual aspect, is their operationalization in a way that fosters managerial use. Early on, LITTLE noted, "*The big problem with management science models is that managers practically never use them.*"<sup>828</sup> Over time, other researchers seconded this claim and highlighted the importance of bridging between academia and management.<sup>829</sup> As discussed in Chapter A2, the TBF model enjoys managerial application. At the same time, it was shown that initial approaches to re-model the brand purchase funnel are dissimilar in operationalization.<sup>830</sup> Consequently, it is deemed beneficial to derive a set of criteria that allows assessing an approach's **quality of operationalization** regarding **scientific rigor** as well as **managerial relevance**.

The purpose of the operational propositions and their conceptual counterparts is identical. They allow answering the dissertation's first research question and can be used to evaluate the appropriateness of previous approaches to re-model the brand purchase funnel. The thesis builds on research from three fields to establish them: general studies on the managerial approval of marketing models,<sup>831</sup> research reviewing the TBF's (dis-)advantages,<sup>832</sup> and model evaluations in related fields.<sup>833</sup> To ensure exhaustiveness, the **phases of a marketing research process** are used as structuring

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<sup>828</sup> LITTLE (2004b), p. 1841. Note that this is a reprint of the original article, published in 1970.

<sup>829</sup> See e.g., ANDERL ET AL. (2014), p. 7; BREXENDORF ET AL. (2014), p. 687; LILIEN (2011); LODISH (2001)

<sup>830</sup> Beyond Chapter A3.1.2, see Chapter B3 for a comprehensive discussion.

<sup>831</sup> See LILIEN (2011); LITTLE (2004a); LITTLE (2004b); LODISH (2001)

<sup>832</sup> Different brand controlling reviews discuss the brand purchase funnel as a potential approach. See e.g., BURMANN ET AL. (2015), pp. 256–258; ESCH (2010), pp. 586–587; REINECKE (2005), pp. 145–146; TOMCZAK ET AL. (2004), pp. 1843–1844. See FREUNDT (2006) who discusses relevant criteria for the operationalization of a multistage model of consumer purchase behavior (p. 208).

<sup>833</sup> Especially brand equity calculation models. See BENTELE ET AL. (2009), pp. 39–43; TROMMSDORFF (2004), p. 1866. Building on TROMMSDORFF'S criteria to evaluate brand equity and customer equity

framework. Drawing on MEFFERT ET AL., one may differentiate problem definition, information gathering and processing, and communication of results.<sup>834</sup> Since funnel research would have to be executed along these phases, one may ask which criteria are relevant in each to assess the quality of a given model. This results in **four operational propositions**.

In the **“problem definition” phase**, a marketing manager is required to specify the decision problem at hand.<sup>835</sup> Referring to the dissertation’s context, one may want to assess a brand’s relative performance along multiple stages of the consumer purchase decision. This specification is the prerequisite to derive an adequate market research approach and the information need.<sup>836</sup> To decide on the adequacy of a tool, it seems essential for a marketer to understand whether an alternative constitutes a scientifically and managerially viable option for the problem. Two criteria can help to answer this.

As a general requirement, it is deemed necessary that a more nuanced funnel model provides **quantifiable results** (e.g., performance of Brand A at the consideration stage as the percentage of consumers who consider it) with a **high a degree of explanation**. The enumeration of individual stages allows quantifying distinct stages of a consumer’s buying cycle. It, thereby, provides an operational complement to the TBF’s benefit discussed in CP1.<sup>837</sup> In addition, a high degree of explanation is a necessity to ensure scientific rigor.<sup>838</sup> It requires a precise measurement of what is ought to be measured, in other words, construct reliability<sup>839</sup> and validity<sup>840</sup>. The basis for this assessment are

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models also BURMANN & JOST-BENZ (2005), pp. 9–10.

<sup>834</sup> See MEFFERT ET AL. (2015), pp. 95–96. Details on each phase are presented hereafter.

<sup>835</sup> See MEFFERT ET AL. (2015), p. 95

<sup>836</sup> See MEFFERT ET AL. (2015), pp. 95–96

<sup>837</sup> LITTLE argues that a model must be “*complete on important issues*” (2004b, p. 1844) and “*... face the true requirements of the decision task at hand.*” (2004a, p. 1855). In the dissertation’s context, important refers to the stages of a consumer’s purchase decision process. ESCH (2010) specifies that the decision process analysis is core for process-oriented models such as the TBF (p. 586).

<sup>838</sup> See BENTELE ET AL. (2009), p. 40; TROMMSDORFF (2004), p. 1866. These scholars define this as either a single criterion or a group of criteria to assess brand equity valuation models.

<sup>839</sup> **Reliability** indicates whether the results obtained are stable and, thus, consistently reproducible in repeated, identical measurements. It can be viewed as “*... the degree to which what we measure is free from random error...*” SARSTEDT & MOOI (2014), p. 35. It is a necessary precondition for validity.

<sup>840</sup> “**Validity** refers to whether we are measuring what we want to measure and, therefore, to a situation where the systematic error ... is zero.” SARSTEDT & MOOI (2014), p. 35 (accentuation added). It, thus, assesses whether the information measured reflects what was supposed to be measured.

the model's objectivity and transparency.<sup>841</sup> In particular, one needs to understand which and to what extent items influence its constructs.<sup>842</sup> Ultimately, this ensures both a model's robustness and its controllability by the manager,<sup>843</sup> which is critical for the academic and managerial acceptance.<sup>844</sup> When this is given, an alternative may constitute a viable option. Consistent with previous research,<sup>845</sup> this requirement is summarized in one criterion that may be labeled "**quality of explanation**".

**Operational proposition (also OP) 1:** *A more nuanced brand purchase funnel should provide rigorous, quantifiable explanations of consumers' purchase behavior across multiple stages of the decision process that build on an objective, transparent set-up and are reliable and valid.*

The second criterion deemed relevant to judge on whether a model constitutes a viable option may be called "**scope of application.**" In this dissertation, it refers to the extent to which a model is applicable across various industry and company/brand contexts. Similar criteria are frequently used in literature.<sup>846</sup> This criterion does not necessitate the full standardization of a model since specific structural adaptations to the study context are often indispensable.<sup>847</sup> For instance, it has been discussed that the evaluation of behavioral loyalty may vary across industries given differences in purchase frequency between consumer goods such as milk and durables such as a car. In ad-

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<sup>841</sup> See TROMMSDORFF (2004), p. 1866

<sup>842</sup> Evaluating brand and customer equity models, BURMANN & JOST-BENZ (2005) call this criterion "*Transparenz in der Auswahl und Gewichtung der Einflussgrößen*" (p. 9). Loose translation: transparency in selection and weighting of influencing factors. Reflecting on the brand purchase funnel, BURMANN ET AL. (2015) highlight that its transparency is one of the advantages (pp. 256-257).

<sup>843</sup> LITTLE (2004b) specifies "*easy to control*" as an important criterion to ensure managerial use (p. 1843). LITTLE (2004a) expands, "*Ease of control implies model transparency so that a manager knows what is happening when input knobs are turned.*" (p. 1855)

<sup>844</sup> See LITTLE (2004a), p. 1855; LITTLE (2004b), pp. 1843–1844

<sup>845</sup> See TROMMSDORFF (2004), p. 1866

<sup>846</sup> In the context of consumer purchase decision models, FREUNDT (2006) specifies cross-industry applicability as a criterion to assess the appropriateness of a model ("*branchenübergreifende Anwendbarkeit*," p. 208). In a broad evaluation of brand equity models, BENTELE ET AL. (2009) define a set of criteria related to a model's reach ("*Reichweite*," p. 41). This set of criteria investigates model suitability for different occasions, industries, and brand types. In this context, they also evaluate degree of previous application.

<sup>847</sup> See TROMMSDORFF (2004), p. 1866 for a similar argument.



dition, the evaluation of impulse or habit behavior may be less relevant in study contexts where purchase decisions are typically planned and cognitively dominated.<sup>848</sup> This operational criterion rather evaluates whether, from the outset, a more nuanced funnel model can be broadly used. A general applicability may be impeded by definitions of model stages that require specific data. For example, measuring WOM only via social media conversations<sup>849</sup> may not be representative or applicable for all companies. The degree of previous application can serve as one input for investigation.<sup>850</sup> This leads to the following proposition.

**Operational proposition 2:** *A more nuanced brand purchase funnel should be broadly applicable across different managerial contexts, implying the possibility of, but limited need for, model adaptation.*

The next phase of the research process comprises **information gathering and processing**. Marketers are required to employ an effective approach to design the research, gather the information, and analyze them with regard to their decision problem.<sup>851</sup> In this phase, one should question whether an approach's **effort of use** is acceptable. This investigates the relation of aspired output (e.g., understanding of a brand's relative performance across all stages of the model) and required input (time and money resources to produce results)<sup>852</sup> vis-à-vis two aspects: **research** (i.e., information gathering) and **analysis** (i.e., information processing).<sup>853</sup> This criterion seems critical for a model's managerial employment and other scholars specify similar

<sup>848</sup> See e.g., SPIGGLE & SEWALL (1987), p. 99. Presenting the EBF model, FREUNDT ET AL. (2015) compare its usability with the TBF model (see also Chapter B3.4). Consistent with this argument, they suggest that a basic TBF model (i.e., without any differentiation of individuals' purchase type) may continue to be applicable in stable market environments, where consumers make planned decisions (e.g., longer-term investments with medium to high prices) (p. 97).

<sup>849</sup> See PAUWELS & VAN EWIJK (2013), p. 16, who measure WOM only via social media conversations.

<sup>850</sup> As discussed above, BENTELE ET AL. (2009) use this as one sub-criterion in their category reach (p. 41).

<sup>851</sup> See MEFFERT ET AL. (2015), p. 95

<sup>852</sup> Albeit with a focus on brand or customer equity as the output, this understanding of input and output-relationship is similar to the criterion "*Wirtschaftlichkeit*" (loose translation: economic feasibility) that BURMANN & JOST-BENZ (2005) employ (p. 10).

<sup>853</sup> Similarly, FREUNDT (2006) specifies the criterion of an acceptable research and analysis effort ("*Anforderungen ... eines akzeptablen Erhebungs- und Analyseaufwands*," p. 208).

criteria.<sup>854</sup> Regarding research, it assesses the practical availability of and the effort to collect reliable data.<sup>855</sup> Operationally, this is influenced by factors such as type (i.e., primary versus secondary data, internal versus external data) and number (i.e., one versus multiple) of the employed sources. In terms of the analysis, it evaluates the effort to process the inputs. Since marketers' may repeat the analysis over time (e.g., as part of a regular brand performance audit),<sup>856</sup> the ability to regularly update a model is important.<sup>857</sup> The ease of using the TBF model as described in Chapter A2 may serve as benchmark. In sum, this proposition concerns a model's practical manageability during the research process.

**Operational proposition 3:** *A more nuanced brand purchase funnel should be efficient in use, i.e. the required resource effort for information research and analysis should be acceptable.*

The last part of the research process hinges on the **communication of the results** to and their acceptance by (marketing) managers or other involved parties.<sup>858</sup> ANDERL ET AL. specify a criterion that can similarly be employed here. Building on LITTLE,<sup>859</sup> they state, *"To ensure managerial acceptance, models need to be simple and easy to communicate ..., which we summarize as interpretability."*<sup>860</sup> Simplicity refers to a model's focus on important metrics and serves to counteract complexity. It fosters the communication of comprehensible findings.<sup>861</sup> The existence of an interactive tool that allows managers to experience the model, for example to change inputs (e.g., number of

<sup>854</sup> Beyond the examples above see e.g., BENTELE ET AL. (2009), p. 40; TROMMSDORFF (2004), p. 1866

<sup>855</sup> Note that other researchers that review the TBF model often call out the prerequisite of reliable research data. See BURMANN ET AL. (2015), p. 257; REINECKE (2005), pp. 145–146; TOMCZAK ET AL. (2004), p. 1844. BENTELE ET AL. (2009) employ a similar criterion that evaluates the availability of a model's input variables. It is called *"Datenverfügbarkeit"* (p. 40).

<sup>856</sup> See PERREY ET AL. (2015), p. 131. The authors highlight that software solutions can help to refresh key outputs easily upon availability of novel research.

<sup>857</sup> LITTLE (2004b) refers to this as adaptability. It describes whether *"the model ... [is] capable of being updated as new information becomes available."* (p. 1844)

<sup>858</sup> See MEFFERT ET AL. (2015), p. 96

<sup>859</sup> See LITTLE (2004a), p. 1855; LITTLE (2004b), pp. 1843–1844

<sup>860</sup> ANDERL ET AL. (2014), p. 8. Note that the researchers focus on attribution modeling.

<sup>861</sup> See LITTLE (2004b), p. 1843; LODISH (2001), pp. S54

brands) and receive updated outputs, can augment understandability.<sup>862</sup>

**Interpretability of results** is perceived as a prerequisite for decision-making.<sup>863</sup> In the context of a more nuanced funnel model, two aspects seem especially important. First, a model should be able to provide **analytic insights** on a brand's performance across multiple stages of consumers' purchase behavior. The first operational proposition covers the possibility to provide a rigorous quantification. Here, the focus is on whether the findings provide information on the sets of relevant brands for an individual consumer across all stages. These should be summable<sup>864</sup> to derive a relative brand performance vis-à-vis competitors and make objective decisions for brand management.<sup>865</sup> As noted before, reviews of brand controlling instruments highlight that this information is the main managerial result of the funnel model. For instance, it can be used to target future brand investments.<sup>866</sup> Second, one can assess whether a model provides additional information on potential reasons for the brand performance (e.g., impact of different brand image facets, relevance of specific touch points).<sup>867</sup> This goes beyond the descriptive purpose of the funnel model but it may provide relevant **diagnostics** for brand management. If such explanatory variables are available, their relative impact should be specified to augment objectivity.<sup>868</sup> In sum, the proposition centers on the ease-of-interpretation of a model's results to derive managerial decisions.

**Operational proposition 4:** *A more nuanced brand purchase funnel should be able to provide easy-to-interpret, relevant insights on a brand's relative performance that allow for managerial decision-making.*

The dissertation's first **research question** asks, "*Which requirements ('propositions')*

<sup>862</sup> See LITTLE (2004b), p. 1844. See PERREY ET AL. (2015), pp. 290–291 for an example of such a tool that is based on the TBF model.

<sup>863</sup> See LODISH (2001), pp. S52

<sup>864</sup> See LODISH (2001), pp. S54

<sup>865</sup> LILIEN (2011) notes, "*Marketing decision modeling provides focus and objectivity to group decision making by externalizing the ideas and relationships that reside in the minds of decision makers.*" (p. 198)

<sup>866</sup> See ESCH (2010), p. 587; REINECKE (2005), p. 145; TOMCZAK ET AL. (2004), p. 1844

<sup>867</sup> See Chapters A2 as well as A3.2 for a discussion and examples from prior research

<sup>868</sup> See LILIEN (2011), p. 198. Related hereto, BENTELE ET AL. (2009) employ a criterion called degree of causality ("*Kausalitätsgrad*," p. 40) that investigates the relation between determining variables and the outcome (in their review: brand equity value).

*should a more nuanced structure of the brand purchase funnel fulfill?"* Based on the key benefits and structural limitations of the TBF that were derived before, Chapter B2 proposed six conceptual propositions to re-model the brand purchase funnel and provide a more nuanced, differentiated model. These have been complemented by four criteria on model operationalization that intend to preserve the managerial usability whilst ensuring academic quality. Together, these ten requirements provide the dissertation's answer to the first research question. Table 2 recapitulates all propositions.

The proposition framework		A more nuanced brand purchase funnel should ...
Model conceptualization	Address buying cycle	<p><b>CP1:</b> continue to cover the <b>buying cycle</b> in distinct stages, which allow assessing a brand's relative performance at each of them.</p> <p><b>CP2:</b> continue to account for <b>brand knowledge-related sets</b> (awareness, familiarity) since they provide relevant information for external brand management and may influence consideration set formation in memory-based situations.</p>
	Address generalizing sequentiality	<p><b>CP3:</b> differentiate between <b>purchase decision types</b>. It is deemed beneficial to delineate between (extensive or limited) decisions that entail a higher level of cognitive steering and decisions characterized by a lower level of cognitive steering, namely habit and impulse.</p> <p><b>CP4:</b> differentiate between the <b>initial consideration set</b> and its dynamic evolution during the pre-purchase search process, which may lead to the <b>identification</b> of (previously unknown) brands.</p>
	Address transactional linearity	<p><b>CP5:</b> embed the focal transaction into an understanding of each consumer's <b>brand loyalty status</b>. This understanding may be reflected in terms of <b>composite loyalty theory</b>, accounting for both an attitudinal and a behavioral component.</p> <p><b>CP6:</b> include an assessment of whether a consumer shares <b>experience-related positive or negative (e)WOM</b> to investigate one consumer's influence on others' purchase processes.</p>
Model operationalization	Problem definition	<p><b>OP1:</b> provide <b>rigorous, quantifiable explanations of consumers' purchase behavior</b> across multiple stages of the decision process that build on an objective, transparent set-up and are reliable and valid.</p> <p><b>OP2:</b> be <b>broadly applicable</b> across different managerial contexts, implying the possibility of, but limited need for, model adaptation.</p>
	Info. gathering and processing	<p><b>OP3:</b> be <b>efficient in use</b>, i.e. the required resource effort for information research and analysis should be acceptable.</p>
	Communication of results	<p><b>OP4:</b> be able to provide <b>easy-to-interpret, relevant insights</b> on a brand's relative performance that allow for managerial decision-making.</p>

**Table 2: Propositions for a more nuanced brand purchase funnel structure**

Source: Own illustration

### 3. Evaluation of contemporary approaches to re-model the brand purchase funnel

The last chapter suggested a set of propositions for a more nuanced alternative to the brand purchase funnel. The second research question asks, “*To what extent are **previous approaches** to re-model the brand purchase funnel appropriate in fulfilling these propositions?*” To answer this question, Chapter B3 discusses those **five approaches** identified in the literature review. The focus is on these, since they fit to the **focus** (i.e., purchase-related model that describes stylized steps of the consumer decision process) and **intention** (i.e., provide a general alternative to the linear, sequential TBF) of this research project and are of both **academic and managerial relevance**. These approaches differ in orientation. They either describe a consumer-level decision process (CDJ, MOT model, Nonstop Customer Experience Model) or use this to derive brand-level implications (EBF: brand-specific performance across stages, Consumer Boulevard: impact of each stage to explain and predict brand sales). Hereafter, each approach is introduced and evaluated against the ten propositions based on the information provided by the authors in the presentation of each model. This results in a summary evaluation in Chapter B3.6.

#### 3.1 Consumer Decision Journey

COURT ET AL. introduced the CDJ in 2009,<sup>869</sup> and it was discussed in further articles.<sup>870</sup> It presents a widely recognized,<sup>871</sup> “*non-traditional alternative*”<sup>872</sup> concept of the consumer decision process. Others have employed it in specific research contexts.<sup>873</sup> Generally, the CDJ is a **consumer-oriented model** that intends to better reflect and track the **decision process** than the linear funnel and to identify the most **influential touch points** in each process phase.<sup>874</sup> The concept describes the decision process

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<sup>869</sup> Cf. COURT ET AL. (2009)

<sup>870</sup> Cf. e.g., EDELMAN (2010)

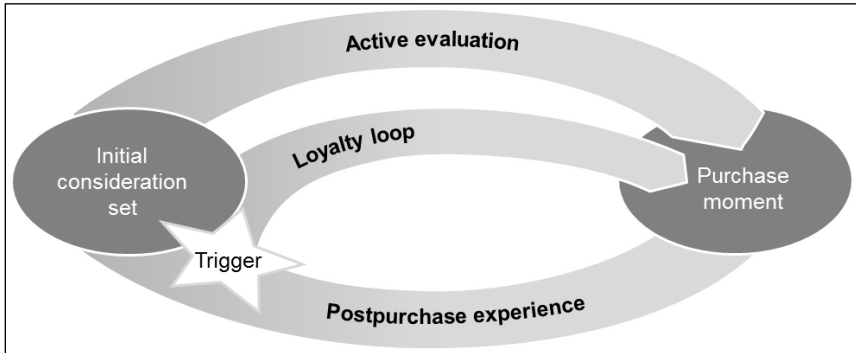
<sup>871</sup> See e.g., HARDESTY & BEARDEN (2009), p. 241; KING ET AL. (2014), p. 177; YADAV ET AL. (2013), p. 315

<sup>872</sup> HARDESTY & BEARDEN (2009), p. 241

<sup>873</sup> See HUDSON & HUDSON (2013) in the context of music festivals (pp. 209-213), HUDSON & THAL (2013) in the context of tourism marketing (pp. 156-157), or WRIGHT ET AL. (2015) in an application to study conservation and animal welfare (pp. 42-44). VÁZQUEZ ET AL. (2014) use a CDJ-like model to classify user-generated content across process stages (p. 70).

<sup>874</sup> See COURT ET AL. (2009), pp. 1–2; EDELMAN (2010), p. 64. COURT ET AL. (2009) use the term **touch**

as a **loop-like journey** consisting of four phases (Figure 7).<sup>875</sup> It is supposedly applicable to all markets with a wide range of brand alternatives, diverse types of media, and across geographies.<sup>876</sup>



**Figure 7: Consumer Decision Journey**

Source: Adapted from COURT ET AL. (2009), p. 3

The **initial consideration phase** starts with the perception of a purchase trigger (e.g., the need to purchase a car).<sup>877</sup> It induces the formation of an initial, internally retrieved set of considered brands. A consumer may know these from experience or previous exposure to stimuli such as advertisements or discussions with friends.<sup>878</sup> Then, he/she engages in external information search via marketer (e.g., brand web page) and non-marketer sources (e.g., peers, online reviews). This is the **active evaluation phase**. COURT ET AL.'s research suggests that a majority of touch points in this phase are consumer-driven (i.e., consumer pulls the required information). Importantly, the amount of brands in the consideration set may not only lower but also expand at this stage.<sup>879</sup> **Purchase** addresses the moment of purchase, where a consumer selects

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**point** to describe "... those moments... when consumers are open to influence." (p. 1). This includes past experiences, company-driven marketing (e.g., advertising), consumer-driven marketing (e.g., online research), and directs interactions with the store, dealer, or agent (p. 6).

<sup>875</sup> See COURT ET AL. (2009), p. 3

<sup>876</sup> See COURT ET AL. (2009), p. 2

<sup>877</sup> See VÁZQUEZ ET AL. (2014), p. 70

<sup>878</sup> See COURT ET AL. (2009), pp. 4,6; EDELMAN (2010), p. 65

<sup>879</sup> See COURT ET AL. (2009), pp. 4–5

one brand. This may constitute a touch point. For example, a consumer may be influenced by in-store elements (e.g., packaging, interaction with sales representative, availability).<sup>880</sup> The fourth phase is the **post-purchase experience**, in which consumers may re-evaluate their purchase and share their experience via WOM. The authors emphasize the phase's importance, since it "... *shapes their [consumers'] opinion for every subsequent decision in the category, so the journey is an ongoing cycle.*"<sup>881</sup> In later situations, consumers may enter a **loyalty loop**. This means that they remain with the purchased brand and leapfrog the consideration and evaluation phases.<sup>882</sup> EDELMAN, therefore, calls this the "*enjoy, advocate, bond*"<sup>883</sup> phase. Repeat customers in the loop may be active loyalists, who are committed to the brand (e.g., recommend it to others), or passive loyalists, who repurchase the brand but do not have an attitudinal attachment to it (e.g., stay due to confusion or laziness).<sup>884</sup>

The circular CDJ can be used to identify the most important touch points for each phase. COURT ET AL., for example, find that past experience and company-driven marketing (e.g., advertising) are highly effective to augment the likelihood of inclusion in the initial consideration set. Consumer-driven marketing (e.g., online research), however, primarily influences consumers in active evaluation. Such findings may allow targeting marketing expenditures and adapting messages to the specific phase.<sup>885</sup>

The next part of this chapter evaluates the CDJ concept against the dissertation's propositions. Foremost, the concept fulfills the requirement to cover the **entire buying cycle** in distinct phases. The pre-purchase phase consists of initial consideration and active evaluation; purchase and post-purchase are each reflected in one stage (**CP1**).<sup>886</sup> The authors emphasize the importance of the active evaluation phase and

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<sup>880</sup> See EDELMAN (2010), p. 65

<sup>881</sup> COURT ET AL. (2009), p. 6

<sup>882</sup> See COURT ET AL. (2009), pp. 6–7. The operational definition of the loyalty loop is industry-specific. For fast-moving skin care products, it requires that one brand has a share of total purchases of 70% and a minimum of two purchases over 3 months. For other products (e.g., automotive, computers), it requires the repurchase of the same brand without consideration of other alternatives (p. 4).

<sup>883</sup> EDELMAN (2010), p. 65

<sup>884</sup> See COURT ET AL. (2009), pp. 6–7

<sup>885</sup> See COURT ET AL. (2009), pp. 6–7

<sup>886</sup> See COURT ET AL. (2009), pp. 3–4; EDELMAN (2010), p. 65



the post-purchase-initiated loop.<sup>887</sup> An evaluation of the remaining propositions reflects this focus. The CDJ provides a **more dynamic account of consideration set formation**. It starts with an initial, internally retrieved set that may be expanded during active evaluation. Here, external search, in particular via consumer-driven touch points, is important.<sup>888</sup> One may criticize that the authors propose this solely as a consequence of "... *today's decision journey*..."<sup>889</sup> As discussed conceptually, the phenomenon of external brand addition at this stage is well reflected in traditional consideration set theory (**CP4**).<sup>890</sup> Moreover, the CDJ places a strong focus on investigating consumers' relationship beyond the focal transaction.<sup>891</sup> It introduces an alternate shortcut path (called loyalty loop) for repeat purchasers and **differentiates two loyalty levels** (active versus passive loyalty).<sup>892</sup> This is **consistent with CP5** but falls back on two aspects. First, the CDJ continues to view loyalty in dependency of prior purchase. Participation in the loyalty loop is assessed in behavioral terms. The differentiation of active and passive loyalty rests on whether, in addition, a consumer is committed to a brand.<sup>893</sup> Reverting to the discussion in Chapter B2.2.3.1, passive loyalty thus reflects criteria of spurious loyalty, while active loyalty mirrors (true) loyalty. This does not cover whether a consumer exhibits latent loyalty, an attitudinal brand attachment without purchase.<sup>894</sup> Second, while the authors discuss the post-purchase sending of (e)WOM as a criterion to identify active loyalists,<sup>895</sup> **no evidence** could be found for the **operation-ization of WOM behavior** as discussed in **CP6**. The other two propositions are not addressed in the CDJ. On the one hand, while initial consideration depends on prior awareness,<sup>896</sup> the model **does not separately measure consumers' brand**

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<sup>887</sup> EDELMAN (2010) notes, "*New media make the 'evaluate' and 'advocate' stages increasingly relevant.*" (p. 64)

<sup>888</sup> See COURT ET AL. (2009), pp. 4–5

<sup>889</sup> COURT ET AL. (2009), p. 5

<sup>890</sup> See YADAV & PAVLOU (2014), who also reflect on this critique (p. 28).

<sup>891</sup> See BOCK (2012), pp. 257–258

<sup>892</sup> See COURT ET AL. (2009), pp. 6–7

<sup>893</sup> See COURT ET AL. (2009), pp. 6–7

<sup>894</sup> See e.g., DICK & BASU (1994), pp. 101–102. Similarly, GOUNARIS & STATHAKOPOULOS (2004), who refer to this type of loyalty as "*covetous loyalty*" (p. 286).

<sup>895</sup> See COURT ET AL. (2009), p. 6

<sup>896</sup> See COURT ET AL. (2009), p. 4

**knowledge-related sets (CP2).** On the other hand, it **focuses on conscious, cognitively dominated decisions.** Consumers are assumed to either purchase via the formation and active evaluation of a consideration set or to leapfrog these stages and repeat a prior purchase (loyalty loop).<sup>897</sup> Consequently, the **CDJ does not offer a possibility to reflect and differentiate types of decision-making (CP3).**<sup>898</sup>

COURT ET AL. use a survey-based design to test the CDJ in five industries,<sup>899</sup> and report several findings. This serves as ground to evaluate the **operationalization approach.**<sup>900</sup> Importantly, the CDJ model offers **insights of direct managerial relevance (OP4).** These focus on the individual consumer. The CDJ can assess a consumer's number of relevant brands at each stage and trace the share of purchases made from each stage.<sup>901</sup> One may use this data to derive a brand-specific, relative performance across the process. It is complemented with an analysis on the effectiveness of single touch points at each stage.<sup>902</sup> Together, these findings may, for example, be used to optimize the allocation of marketing expenditures across touch points.<sup>903</sup> Generally, the model's individual-level, survey-based design seems **broadly applicable (OP2).** Its **ease of use is difficult to assess** based on the available information. As an advantage, one may note that the basic model builds on one proprietary data source only (the survey). However, the full analysis requires information on each

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<sup>897</sup> See EDELMAN (2010), pp. 64–65

<sup>898</sup> COURT ET AL. (2009) focus their research on five industries, namely automotive, automotive insurance, personal computers, telecom, and skin care (p. 3). While in some of these industries (e.g., automotive) impulsive and habit decisions likely play a negligible role, in others such as skin care the purchase may well result from either an impulse or a habit. For example, DITTMAR ET AL. (1995) find that non-utility consumer goods categories such as body care products (including make-up, cream, or body oil) are most likely to be purchased impulsively among a wide range of brand categories (p. 501).

<sup>899</sup> See COURT ET AL. (2009), p. 3

<sup>900</sup> This evaluation builds on the information provided by COURT ET AL. (2009) and EDELMAN (2010) with regard to the CDJ model. It does not address the potential use of complementary tools. For example, EDELMAN (2010) describes a case in which the CDJ is complemented with other research techniques (e.g., individual interviews, social media monitoring) to drill-down on specific aspects or touch points (pp. 66–67).

<sup>901</sup> See COURT ET AL. (2009), pp. 4–5. For example, findings from the automotive survey show that of the brands ultimately purchased, 63% were included in the initial consideration set, 30% found during active evaluation, and only 7% result directly from the loyalty loop (i.e., no consideration of other brands) (p. 4).

<sup>902</sup> See COURT ET AL. (2009), p. 6 and earlier discussion in this chapter.

<sup>903</sup> See COURT ET AL. (2009), pp. 7–10

relevant touch point across brand alternatives.<sup>904</sup> This results in a high number of variables, which extends the research survey and may require a larger sample size. This may augment time and/or financial effort. The large sample size in COURT ET AL.'s study<sup>905</sup> may support this claim (**OP3**). With few exceptions, the authors do not provide any supporting evidence on either the operationalization of constructs (e.g., operationalization of initial consideration) or their statistical methods (e.g., to calculate touch point effectiveness per stage).<sup>906</sup> Scientific **quality of explanation** can, thus, not be assessed given a **lack of transparency in the model's structure (OP1)**.

In sum, the CDJ provides a broadly applicable, simple model that provides insights on a more nuanced decision journey vis-à-vis the TBF. While it presents conceptual improvements, the evaluation highlighted propositions that remain unaddressed. These include existing benefits of the TBF, namely the inclusion of brand knowledge-related sets and the comparison of brand performance across stages.

### 3.2 Nonstop Customer Experience Model

In 2012, ACCENTURE introduced an alternative to the traditional funnel, the *Nonstop Customer Experience Model*.<sup>907</sup> It is a consumer-level concept with similarities to CDJ.

Fundamentally, the model is built on the argument that choice proliferation and channel digitization<sup>908</sup> alter the decision-making process of individuals and business customers.<sup>909</sup> Today's customer journey is described by **three characteristics**. First, it is viewed as more continuous since consumers may search for, evaluate, and decide to purchase brands at any time given the nonstop availability of online touch points. Second, it is viewed as more dynamic – the availability of different channels leads to a

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<sup>904</sup> As noted before, COURT ET AL. (2009) highlight that the model "... is applicable to any geographic market that has different kinds of media, Internet access, and wide product choice..." (p. 2)

<sup>905</sup> Across the five tested industries, COURT ET AL. (2009) use a sample size of about 20,000 individuals (p. 2). This implies an average of about 4,000. They do not state the sample size per study.

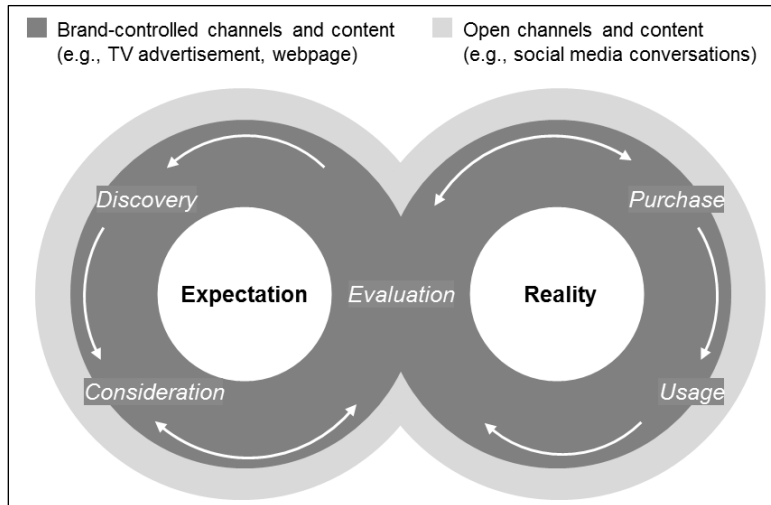
<sup>906</sup> As an exception, the authors describe the operational definition of the loyalty loop. It has been discussed earlier in this chapter. See COURT ET AL. (2009), p. 4

<sup>907</sup> Cf. NUNES ET AL. (2012); NUNES ET AL. (2013)

<sup>908</sup> See NUNES ET AL. (2013), p. 48. They note, "With a burgeoning stream of online choices available to customers, it is harder than ever to predict how they will make decisions." (p. 48). This reflects the two trends discussed in the dissertation's introduction.

<sup>909</sup> See NUNES ET AL. (2012), p. 2

higher variety in purchase paths that are often nonlinear. Third, the increase in sources available to consumers, frequently outside firms' control, makes information more accessible.<sup>910</sup> As a result, today's decision-maker is described as a *"nonstop customer."*<sup>911</sup>



**Figure 8: Nonstop Customer Experience Model**

Source: Adapted from NUNES ET AL. (2012), p. 3

Guided by the characteristics, the authors propose a model on the decision-level (Figure 8).<sup>912</sup> It reorders the stages of a linear funnel into a continuous concept including two connected loops.<sup>913</sup> The **evaluation of brands** is at the model's center, since *"even after a purchase, customers today frequently reevaluate their decisions, and compare promises made against experiences delivered."*<sup>914</sup> The model's **left circle**

<sup>910</sup> See NUNES ET AL. (2012), pp. 2–3

<sup>911</sup> NUNES ET AL. (2013), p. 48

<sup>912</sup> Here, decision level means that it is comparable to the TBF's "level of operation", that is it includes stages such as consideration or purchase. It does not operate on the individual touch point level.

<sup>913</sup> In a publication on the Nonstop Customer Experience Model, ACCENTURE (2012) notes, *"While buyers still go through the same stages of awareness, consideration, evaluation, purchase and use, they no longer enter a channel but, instead, are continuously in the channel."* (p. 5)

<sup>914</sup> NUNES ET AL. (2013), p. 49

describes the discovery, consideration, and evaluation of new brand alternatives.<sup>915</sup> The consideration and evaluation of a set of brands may happen iteratively. This circle is called **expectation**. The **right loop** is labeled **reality**. It describes the re-evaluation of a specific brand choice based on the delivered purchase and/or use experience.<sup>916</sup> Across all stages, customers may employ brand-controlled (e.g., TV advertisement) and open (e.g., on social media) information.<sup>917</sup>

seNUNES ET AL. differentiate **four types of loyalty behavior** based on how a customer follows the stages.<sup>918</sup> The model can serve as “a navigation tool”<sup>919</sup> to segment customers and address them more specifically.<sup>920</sup> The first two profiles exhibit low levels of brand loyalty and “use” both loops. **True deal chasers** are not loyal to any brand. They search for information and consider and evaluate different options to make the best decision (e.g., least expensive price for a holiday trip). **Conditionally loyal customers** favor a brand but only under stable circumstances. They easily reevaluate their options upon availability of new information (e.g., knowledge of a more convenient bookstore) or changing circumstances (e.g., brand declines in reputation among friends).<sup>921</sup> Generally, the two higher loyalty profiles do not engage in pre-purchase search for new brand alternatives. They “stay” in the right loop for two different reasons. **Inertia-based loyalists** repurchase a brand because it is a “... *tried-and-true*”<sup>922</sup> choice, but they do not have a strong bond. **Emotional loyalists** repurchase one brand because they are emotionally attached to it. They are also likely to engage in active discussions about the brand (e.g., reading others’ opinions or writing a review).<sup>923</sup>

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<sup>915</sup> See NUNES ET AL. (2012), p. 4; NUNES ET AL. (2013), p. 49

<sup>916</sup> See NUNES ET AL. (2012), p. 4; NUNES ET AL. (2013), p. 49

<sup>917</sup> See NUNES ET AL. (2013), p. 49

<sup>918</sup> See NUNES ET AL. (2012), p. 6 and NUNES ET AL. (2013), pp. 50–51 for a more detailed discussion of the four segments.

<sup>919</sup> NUNES ET AL. (2013), p. 51

<sup>920</sup> See NUNES ET AL. (2013), p. 50

<sup>921</sup> See NUNES ET AL. (2013), p. 51

<sup>922</sup> NUNES ET AL. (2013), p. 51. The authors argue, “Some customers will stay with a brand out of habit when it comes to certain purchases.” (p. 51). Note that, here, habit is not used in the narrow, psychological way described in conceptual proposition 3. It rather reflects “*spurious loyalty*” as described by DICK & BASU (1994), pp. 101–102.

<sup>923</sup> See NUNES ET AL. (2013), p. 50. This category is most closely comparable to the category “loyalty” described by DICK & BASU (1994), p. 102.

These two types seem comparable to active and passive loyalty as described in the CDJ's loyalty loop.<sup>924</sup>

The Nonstop Customer Experience Model is presented **without theoretical basis**. It still provides amendments to the TBF and addresses certain **conceptual propositions**. Foremost, it covers the **buying cycle** in distinct stages (**CP1**). Moreover, the **discovery of new brands** is explicated as a separate stage.<sup>925</sup> However, the authors do not provide additional details on it. Especially, pre-purchase consideration set formation is not discussed further. It is, thus, **not possible to differentiate between general brand knowledge (CP2) and transaction-specific consideration set formation** (i.e., via mental retrieval versus external search) (**CP4**). This model embeds an individual's purchase decision into a continuous process and emphasizes the existing relationship between consumer and brand. The four **loyalty types** closely **mirror the theoretical discussion on composite loyalty**<sup>926</sup> and account for a "shortcut path" of repeat customers. However, as much as in the CDJ, each loyalty type is described based on a purchase path. Consequently, latent loyalty, attitudinal loyalty without a purchase action, is not reflected (**CP5**). Whilst the Nonstop Customer Experience Model differentiates purchase decisions based on their loyalty type, it builds on a decision-maker who acts with fairly **high cognitive steering**. Evaluation, a key characteristic of cognitive control, is central to the concept.<sup>927</sup> **Situation-specific decisions with a low level of cognitive steering** (i.e., impulse and habit) are **not reflected (CP3)**. Finally, whilst **sharing of (positive) WOM** is discussed as a characteristic of emotional loyalists,<sup>928</sup> this aspect is **not explicated as a specific stage (CP6)**.

In presenting this model, the scholars build specific arguments on consumer's self-reported findings from the ACCENTURE Global Consumer Pulse Research.<sup>929</sup> Such

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<sup>924</sup> See COURT ET AL. (2009), pp. 6–7

<sup>925</sup> See NUNES ET AL. (2013), p. 49

<sup>926</sup> As noted above, one may compare the four loyalty types to the conceptualization proposed by DICK & BASU (1994), pp. 101–102. Herein, true deal chasers relate to the no loyalty state, inertia-based loyalty reflects spurious loyalty, and emotional loyalty is comparable to true loyalty. Conditional loyalty describes a state of repurchase behavior with some brand preference but without the strong commitment that characterizes attitudinal loyalty.

<sup>927</sup> See NUNES ET AL. (2013), p. 49

<sup>928</sup> See NUNES ET AL. (2013), p. 50

<sup>929</sup> See NUNES ET AL. (2013), p. 48 for this reference. See ACCENTURE (2012) for the source. This survey-

findings include, for instance, the number and importance of different channels in making a purchase decision or the number and reasons for brand switching.<sup>930</sup> However, the Nonstop Customer Experience Model itself has been presented conceptually.<sup>931</sup> An **overall operationalization**, in the sense of one model that may be used for process-oriented brand controlling, **could not be identified (OP1-OP4)**. The model has, nonetheless, been included in the review as an example for a practitioner-led approach and given its conceptualization. In sum, it provides an alternative to the TBF with similarities to the CDJ. It puts even stronger emphasis on the differentiation of consumers' loyalty type but does also not address different other conceptual propositions. The dissertation now turns to a last practitioner-led, consumer-level model that sets a different conceptual focus.

### 3.3 Moments of Truth model

The consumer-level MOT model is a concept led by different multinationals (PROCTER & GAMBLE and later GOOGLE).<sup>932</sup> The model discussed here was introduced by LECINSKI. He extends an older version of the concept and presents it as an alternative to a linear funnel model.<sup>933</sup> Several researchers have discussed his work.<sup>934</sup>

The fundamental idea of MOTs is to describe the most critical stages in a consumer purchase decision at which a brand has to be successful.<sup>935</sup> They are described as “... *instances of contact between a customer and a brand that give the customer an opportunity to form an impression about the brand.*”<sup>936</sup> Albeit similarities with the definition of a touch point discussed before, the MOTs also correspond to a phase in models

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based research is conducted annually. In 2012, the year of presentation of the Nonstop Customer Experience Model, the survey was conducted across 32 countries with a sample size of above 12,000 (p. 3).

<sup>930</sup> See ACCENTURE (2012), pp. 11, 13, 15

<sup>931</sup> Cf. NUNES ET AL. (2012); NUNES ET AL. (2013)

<sup>932</sup> See MORAN ET AL. (2014), pp. 201–202

<sup>933</sup> See LECINSKI (2011), p. 24

<sup>934</sup> Cf. MORAN ET AL. (2014) for an expansion of the concept. They highlight, “*Digital consumers' purchasing behaviors have outgrown traditional purchase decision-making models.*” (p. 203). It is also discussed by various other researchers such as HUDSON & HUDSON (2013), p. 210; PAUWELS & VAN EWIJK (2013), pp. 5–6; SPOTTS ET AL. (2015), p. 457.

<sup>935</sup> See MORAN ET AL. (2014), p. 202

<sup>936</sup> MORAN ET AL. (2014), p. 202

such as the CDJ. The original version of the MOT model contains three stages, namely a **stimulus**, a **first moment of truth** (FMOT), and a **second moment of truth** (SMOT).<sup>937</sup> The FMOT happens at the point of purchase and describes consumers' purchase decision.<sup>938</sup> The SMOT refers to the post-purchase use and experience of the brand.<sup>939</sup>

More recently, this concept has been expanded in two ways to account for the **influence of digital technology**, especially the increased potential for interaction amongst consumers.<sup>940</sup> The core expansion is the introduction of the **zero moment of truth** (ZMOT) by LECINSKI. Subsequent to a purchase stimulus (e.g., a TV advertisement) and before the point of purchase, the consumer is thought to engage in pre-purchase online information search. He defines the ZMOT as “... *that moment when you grab your laptop, mobile phone or some other wired device and start learning about a product or service ... you're thinking about trying or buying.*”<sup>941</sup> It is supposed to happen online and in real time. At the ZMOT, the consumer primarily pulls information from both marketer- and consumer-driven sources and may engage interactively with others.<sup>942</sup> It is not necessarily a singular moment in time but may comprise multiple, iterative actions prior to reaching the point of purchase.<sup>943</sup> Clearly, on the underlying touch point level, each consumer engages in a specific search journey across multiple channels (e.g., search engine, review page) or devices (e.g., computer, smartphone), and may interrupt it or reiterate on specific sources.<sup>944</sup> In contrast to the linear funnel, LECINSKI notes, “*At ZMOT, they [shoppers] can actually widen their choices. The more they*

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<sup>937</sup> See LECINSKI (2011), p. 16

<sup>938</sup> See LÖFGREN ET AL. (2008), p. 465; MORAN ET AL. (2014), p. 202. PROCTER & GAMBLE associate this FMOT with a store's shelf, which may make sense for this company, given its consumer goods product portfolio (beauty and household products). This dissertation refers to FMOT since many other products and services are not sold on shelves.

<sup>939</sup> See LÖFGREN ET AL. (2008), p. 465; MORAN ET AL. (2014), p. 202. LÖFGREN ET AL. (2008) note, “... *There may actually be multiple second moments of truth because the product may not be consumed on only one occasion.*” (p. 463)

<sup>940</sup> See MORAN ET AL. (2014), pp. 201–202

<sup>941</sup> LECINSKI (2011), p. 10

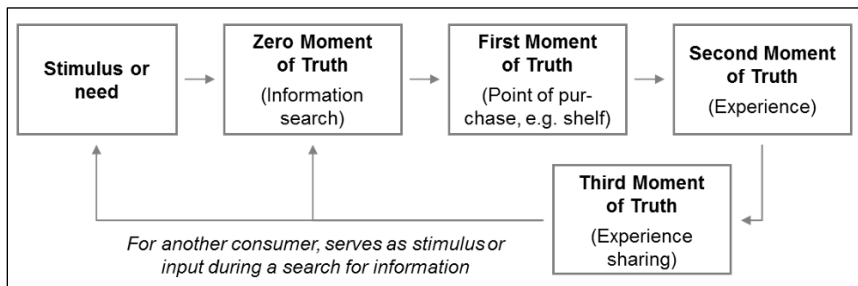
<sup>942</sup> See LECINSKI (2011), p. 23

<sup>943</sup> See LECINSKI (2011), pp. 21, 24, 47

<sup>944</sup> See GOOGLE (2012), pp. 11–12



learn, the more options they consider.”<sup>945</sup> By and large, ZMOT is similar to the CDJ’s active evaluation phase. Moreover, in this model, the post-purchase sharing of a brand experience with other consumers has been explicated. While LECINSKI includes it within the SMOT,<sup>946</sup> MORAN ET AL. isolate it as a **third moment of truth** (TMOT).<sup>947</sup> Consumer-to-consumer interactions (e.g., in social networks, blogs, or opinion and review sites) may either stimulate another consumer’s need or serve as input for him/her during an ongoing information search process (i.e., at ZMOT).<sup>948</sup> While MORAN ET AL. focus their discussion on eWOM (e.g., customer review, post on TWITTER or FACEBOOK), offline WOM (e.g., mentioning to friends, family, or acquaintances) has also been highlighted.<sup>949</sup> Comments may be positive or negative but this is not separately shown in the model.<sup>950</sup> The TMOT “... closes the loop of the consumer’s purchasing journey from search to share and back to search...”<sup>951</sup> Figure 9 summarizes the model.



**Figure 9: Revised Moments of Truth model**

Source: Adapted from MORAN ET AL. (2014), p. 202

As noted, the MOT model is a practitioner-led concept. Still, it proposes certain insight-

<sup>945</sup> LECINSKI (2011), p. 24

<sup>946</sup> See LECINSKI (2011), p. 17

<sup>947</sup> See MORAN ET AL. (2014), pp. 201–202

<sup>948</sup> See MORAN ET AL. (2014), pp. 202–203

<sup>949</sup> See e.g., LECINSKI (2011), p. 67

<sup>950</sup> See MORAN ET AL. (2014), pp. 202, 204

<sup>951</sup> MORAN ET AL. (2014), p. 202. LECINSKI (2011) suggests that due to digital technologies the different MOTs may move closer together in time. For example, a consumer may stand at a store shelf (FMOT) and conduct a mobile search on specific products, there (ZMOT). Then, he/she may share the experience right after purchase (p. 56).

ful amendments. Generally, it covers the **entire buying cycle** in distinct stages, including a pre-purchase (ZMOT), purchase (FMOT), and post-purchase phase (SMOT, TMOT) (**CP1**). It specifies two approaches to improve the linear funnel model.<sup>952</sup> First, the **sharing of (positive or negative) WOM** is introduced as a specific post-purchase stage in the MOT model (**CP6**).<sup>953</sup> Second, it explicates that, after a stimulus, an iterative **search process** (ZMOT) may result in the identification of new brands.<sup>954</sup> Unfortunately, the author **does not specify consideration set formation** in more depth. ZMOT does not account for existing brand knowledge and memory-based set formation (**CP2, CP4**). More generally, the ZMOT conceptualization is ambiguous. LECINSKI's aforementioned definition centers on online search.<sup>955</sup> However, testing the concept, he specifies a wide list of potential sources that a consumer may employ at ZMOT. While most are online (e.g., search engine, website, chat discussions), it also contains an offline source,<sup>956</sup> namely *"talked with friends/family about the product."*<sup>957</sup> Across 12 categories, this is found to be the second most used source of information at ZMOT (see Figure 10).<sup>958</sup> Clearly, consumers may use further offline sources for their search, which LECINSKI attributes entirely to the stimulus stage (e.g., a review in a trade magazine for an automotive purchase).<sup>959</sup> This rigid relation of sources to specific MOTs seems problematic. **No other conceptual proposition** is addressed. It, particularly, does not differentiate individual consumers based on the **type of purchase decision (CP3)** or the **loyalty relationship with a brand (CP5)**.

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<sup>952</sup> In a later publication, GOOGLE (2012) also suggests that the traditional funnel is replaced by a multi-channel journey (incl. e.g., online, print media, etc.) (p. 11). As argued in Chapter A, this dissertation does not support this comparison, since it contrasts decision stages (e.g., consideration, purchases) and touch points passed across these stages (e.g., a web page). The comparison with the above MOT model seems more appropriate and has, thus, been in focus.

<sup>953</sup> See MORAN ET AL. (2014), pp. 201–202

<sup>954</sup> See LECINSKI (2011), p. 24

<sup>955</sup> See LECINSKI (2011), p. 10

<sup>956</sup> See LECINSKI (2011), pp. 66–67

<sup>957</sup> LECINSKI (2011), p. 66

<sup>958</sup> See LECINSKI (2011), p. 19. This is an average finding across research in 12 varied categories, namely automotive, consumer electronics, travel, pharmaceutical products, grocery, consumer health/beauty/personal care, restaurants, banking, insurance, credit card applications, investments, and public election (selection of a candidate). Total sample size is n=5,003 (pp. 18, 68). See also Figure 10.

<sup>959</sup> See LECINSKI (2011), p. 66

With the revision, LECINSKI attempts to introduce a “*new mental model*.”<sup>960</sup> It serves as a structuring map, and a range of research techniques that may help to gain insights on specific MOTs are highlighted. For instance, MORAN ET AL. suggest a number of online KPIs to investigate TMOT behavior (e.g., number of “Likes” or “Shares”).<sup>961</sup> LECINSKI exemplifies several GOOGLE efforts to measure performance at ZMOT (e.g., clicks on organic or paid ads, searches per month).<sup>962</sup> Generally, these attempts rely on online behavioral data.<sup>963</sup> To the knowledge of the author, the model has, however, **not been operationalized “as a whole”** or for process-oriented brand controlling. LECINSKI conducts a survey-based investigation across 12 categories.<sup>964</sup> Yet, in line with the author’s position as a managing director at GOOGLE, his focus is to assess the relevance of ZMOT in influencing purchase decisions across the categories. He assesses the use and influence of information sources across all MOTs and the average length of purchase cycles.<sup>965</sup> The data is gathered on the category-level and the figures are self-reported.<sup>966</sup> For example, for ZMOT, the findings indicate that 50% of consumers use search engines and 49% talk with friends and family (see Figure 10).<sup>967</sup> However, the author does not provide a brand-related performance measurement across single MOTs (e.g., number of brands considered at ZMOT). This impedes the **managerial use** for the thesis’ focus, **brand performance controlling (OP4)**. Hence, an evaluation of the **operational criteria** is not meaningful.<sup>968</sup>

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<sup>960</sup> LECINSKI (2011), p. 15

<sup>961</sup> See MORAN ET AL. (2014), pp. 202–203

<sup>962</sup> See LECINSKI (2011), pp. 27, 47

<sup>963</sup> Similarly, PAUWELS & VAN EWIJK (2013) discuss LECINSKI’s work in the context of online behavioral metrics (pp. 5–6).

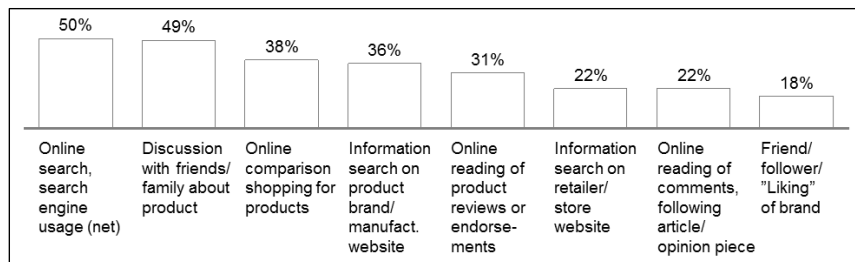
<sup>964</sup> See LECINSKI (2011), p. 68 and above description of the categories.

<sup>965</sup> See LECINSKI (2011), pp. 17, 39, 61.

<sup>966</sup> See LECINSKI (2011), p. 19. The underlying question was “*When you were considering purchasing [PRODUCT] what sources of information did you seek out to help with your decision?*” (p. 18). A long-list of possible sources was provided (see pp. 66–67). The overall sample size was n=5,003.

<sup>967</sup> While the findings discussed by LECINSKI (2011) indicate the average number of sources that the respondents employed per category (pp. 39, 62), it does not provide further information on the combined usage of multiple sources. It is not possible to indicate, for example, how many of those 50% of respondents that employ search engines at ZMOT also talk with friends and family.

<sup>968</sup> Taking LECINSKI’s study as basis, the model seems to be **broadly applicable** and relatively **easy-to-use**. He builds on an individual-level survey-based design (i.e., one data source), and tests it across a wide array of categories. Case studies on these show the industry-level specification of each MOT’s meaning. For example, in the investment category, the FMOT would be to “*open new investment account and/or traded stock/bonds*.” GOOGLE & SHOPPER SCIENCES (2011), p. 5



**Figure 10: Top eight information sources used for purchase at ZMOT**

Source: Adapted from LECINSKI (2011), p. 19

The revised MOT model is presented as an alternative to the TBF.<sup>969</sup> Based on an increase in the relevance of digital technologies, two aspects of consumer behavior (ZMOT, TMOT) are explicated but this mental model does not address other propositions and cannot readily be employed for process-oriented brand performance controlling. In this regard, it is similar to the Nonstop Customer Experience model. Whilst neither provides a full operationalization both have some academic reach<sup>970</sup> and illustrate a managerial use of the conceptual amendments. Therefore, they were discussed in depth in this thesis.<sup>971</sup>

### 3.4 Enhanced Brand Funnel

The commonality of the previous approaches is that they operate on the consumer level. In contrast, PERREY ET AL.<sup>972</sup> and FREUNDT ET AL.<sup>973</sup> recently proposed the EBF model. As much as the TBF presented in Chapter A2, it takes a brand view and can directly be used for process-oriented brand performance controlling.<sup>974</sup>

<sup>969</sup> See LECINSKI (2011), p. 24

<sup>970</sup> From the academic angle, models were only included in the detailed review if they have been presented in a peer-reviewed publication or at least have been discussed in other peer-reviewed academic articles.

<sup>971</sup> As discussed in Chapter A3.1.2, one can identify several other publications that offer an alternative "presentation" of a consumer's purchase process. These have been excluded from the thesis' detailed discussion based on the criterion "model implementation", in other words due to a lack of academic recognition and/or any specific (publicly accessible) way of application or operationalization.

<sup>972</sup> Cf. PERREY ET AL. (2015), pp. 137–148

<sup>973</sup> Cf. FREUNDT ET AL. (2015)

<sup>974</sup> The model has been endorsed by BURMANN ET AL. (2015), pp. 256–258 in a review of brand controlling

PERREY ET AL. derive the need for the development of the EBF from different changes in market dynamics and consumer behavior. They suggest that digital tools (e.g., online peer reviews, comparison sites, and recommendation engines) can ease the search for and comparison of brands, which, amongst others, may facilitate the formation of *‘IT-enabled consideration sets’*.<sup>975</sup> Given the available resources, consumers may take more flexible, nonlinear journeys across multiple touch points.<sup>976</sup> They, therefore, propose **two expansions** to the TBF. First, the EBF model provides a more nuanced account of consideration set formation. It differentiates between initially considered brands, which are retrieved from the traditional awareness and familiarity sets, and brands added during the pre-purchase process.<sup>977</sup> The latter are labeled **direct entry to consideration** and defined “... as the addition of a specific brand (that was not initially considered) during the evaluation phase, that is, immediately prior to purchase or contract renewal.”<sup>978</sup> This direct entry can result from a deliberate search (e.g., online comparison portal, recommendation by others) or from the perception of a brand in the purchase environment (e.g., at the point-of-sale). It can happen online or offline. Such brands may be entirely new to the consumer or he/she did not remember them upon formation of the initial consideration set.<sup>979</sup> Second, the authors complement the attitudinal loyalty stage<sup>980</sup> with a behavioral measure. Specifically, they differentiate **initial (or new) and repeat (or prior) purchasers** and suggest to separately evaluate the brand purchase funnel for both groups.<sup>981</sup> The operational classification of a repeat purchaser varies by brand category.<sup>982</sup> It generally describes a consumer who has purchased the brand earlier,<sup>983</sup> but for FMCG, consumers need to meet

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approaches, specifically for multi-dimensional brand controlling.

<sup>975</sup> PERREY ET AL. (2015), p. 138

<sup>976</sup> See PERREY ET AL. (2015), pp. 137–138

<sup>977</sup> See FREUNDT ET AL. (2015), pp. 91–92; PERREY ET AL. (2015), p. 139. FREUNDT ET AL. (2015) also refer to the initially considered brands as *“traditionelle Erwäger”* (p. 92, loose translation: traditional considerers).

<sup>978</sup> PERREY ET AL. (2015), p. 139

<sup>979</sup> See FREUNDT ET AL. (2015), pp. 91–92; PERREY ET AL. (2015), p. 139

<sup>980</sup> It is operationalized as one construct that combines future purchase intention and commitment to the brand. It builds on the statements *“I will buy again”*, *“I will stay with my provider”*, and *“I will recommend this brand to others”*. PERREY ET AL. (2015), p. 138

<sup>981</sup> See FREUNDT ET AL. (2015), p. 92; PERREY ET AL. (2015), pp. 138–139

<sup>982</sup> See FREUNDT ET AL. (2015), p. 92

<sup>983</sup> See PERREY ET AL. (2015), p. 138

a minimum share-of-purchase.<sup>984</sup> Both enhancements are introduced as add-on modules for a TBF model, not as replacements.<sup>985</sup>

The EBF builds on a **survey-based design**, which the authors use to test the model across **three categories**: automotive manufacturers, candy bars, and energy providers.<sup>986</sup> Consistent with the TBF, the model provides brand-specific performance findings at each stage (e.g., 57% of consumers are familiar with the brand shown in Figure 11). The two enhancements enable additional analyses.<sup>987</sup> The first allows subdividing consideration into two groups, namely initial and direct entry to consideration. Using the energy survey as an example, for many brands a relatively high share of consideration appears to result from their discovery during the evaluation process and not from initial consideration due to prior knowledge.<sup>988</sup> PERREY ET AL. suggest that “... *these brands will become apparent and relevant only immediately prior to a given purchase decision. This may, for example, be triggered by a top rank on price comparison portals...*”<sup>989</sup> Based on the second enhancement, the authors assess each brand’s performance separately for new and prior customers (e.g., of the 57% of consumers familiar with the brand in Figure 11, 13% [44% x 30%] are new and 44% [56% x 78%] are prior customers). Based on this analysis they find, for instance, that for different automotive brands the majority of purchasers are prior customers.<sup>990</sup> In addition to the descriptive use, the authors employ the EBF’s enhancements to assess the relevance of brand image drivers for moving from the consideration to the purchase stage. As

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<sup>984</sup> The authors apply the EBF model to candy brands. Prior or repeat consumers “... *bought the brand at least 3 times out of last 10 purchases in the category.*” PERREY ET AL. (2015), p. 162

<sup>985</sup> See FREUNDT ET AL. (2015), p. 93; PERREY ET AL. (2015), p. 141

<sup>986</sup> See FREUNDT ET AL. (2015), pp. 93–98; PERREY ET AL. (2015), pp. 139–140. The authors specify the exact sample composition in more depth (e.g., for candy: purchase of at least one chocolate bar in last 3 months). The total sample size is above  $n = 5,000$ .

<sup>987</sup> It is not the dissertation’s intention to describe all insights in depth but to highlight the type of results. See PERREY ET AL. (2015), pp. 141–146 for an overview. The model allows calculating a brand’s performance at each stage and the transfer rates between stages (p. 138).

<sup>988</sup> See PERREY ET AL. (2015), pp. 142–143. For example, for one undisclosed provider (Provider 1), 16% of new customers consider it. Of those, 9% included the provider in their initial consideration set but 7% only identified it during the evaluation process.

<sup>989</sup> PERREY ET AL. (2015), p. 143

<sup>990</sup> See PERREY ET AL. (2015), pp. 141–142. For example, for one undisclosed brand (Brand A), 42% of all customers are labeled prior customers. Of these, 42% also purchased the brand on the last occasion. These purchases account for about 84% of all purchases, i.e. only 16% of purchases stem from new customers (58% of which 6% purchased the brand).

described in Chapter A3.2, they differentiate three sub-groups: initial considerers, direct entrants, and prior customers.<sup>991</sup> An exemplary finding is that for choosing an energy provider the image of “*attractive, transparent tariffs*”<sup>992</sup> is relevant for direct entrants but not for the two other sub-groups.

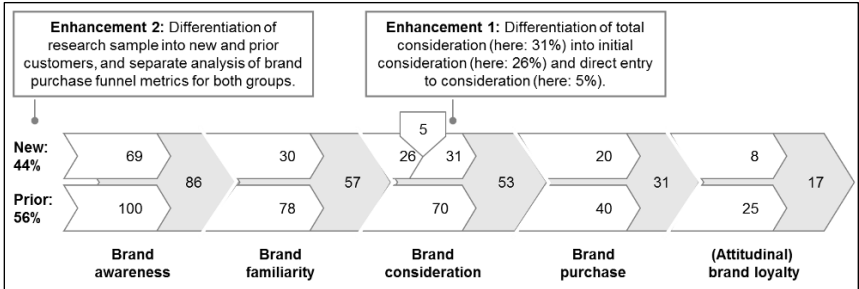


Figure 11: Enhanced Brand Funnel

Source: Adapted from PERREY ET AL. (2015), p. 140

Conceptually, the EBF model builds on and expands the TBF presented in Chapter A2.<sup>993</sup> The two propositions that reflect **benefits of the original model** are addressed. It covers the **buying cycle in distinct stages (CP1)** and includes a measurement of **brand knowledge** (i.e., awareness and familiarity) (**CP2**). With regard to consumers’ choice processes, the model reflects the proposition to **differentiate consideration set formation** well. The identification of new brands (called direct entry to consideration) can happen during both online search and offline behavior (e.g., perception of a stimulus at a kiosk, petrol station, or super market, or the recommendation by a friend) (**CP4**).<sup>994</sup> The authors, additionally, relate the concept “direct entry to consideration” to impulse purchase decisions. They note, “*This ... addition ... is particularly relevant to categories dominated by impulse purchases and last-minute decision making.*”<sup>995</sup> More

<sup>991</sup> See PERREY ET AL. (2015), pp. 178–182. The authors primarily use t-test analysis to derive the relevance of an individual brand image facet (e.g., attractive design, trustworthy). They highlight indexed results for the top 10, statistically significant (alpha level < 5%) drivers in each group. They do not provide information on the significance of the difference in relevance of brand image facets between groups.

<sup>992</sup> PERREY ET AL. (2015), p. 180

<sup>993</sup> See FREUNDT ET AL. (2015), pp. 93, 98; PERREY ET AL. (2015), p. 138

<sup>994</sup> See FREUNDT ET AL. (2015), pp. 91–92; PERREY ET AL. (2015), p. 139

<sup>995</sup> PERREY ET AL. (2015), p. 139

specifically, in the empirical investigation on candies, direct entry to consideration is attributed to the existence of impulsive decisions.<sup>996</sup> However, according to the dissertation's understanding developed in Chapter B2.2.2.1.3, the two concepts do not necessarily coincide. While "direct entry to consideration" can capture whether a consumer spontaneously identified a brand in the perceptual environment, it does not answer whether the decision itself meets the characteristics of impulse purchases.<sup>997</sup> In other words, it does not allow distinguishing whether an individual's choice was deliberately planned (and one only perceived an additional brand option during the shopping trip) or truly impulsive. Hence, other terms used for the enhancement, such as spontaneous consideration<sup>998</sup> or last-minute brand addition and decision,<sup>999</sup> seem more appropriate. In sum, it is this dissertation's view that the EBF **does not allow differentiating individuals' purchase decision types** as suggested in **CP3**. With the second enhancement, the authors acknowledge that a focal brand purchase may be part of a longer consumer lifecycle. An initial buying cycle may be followed by further ones. Accordingly, the EBF **separates consumers based on their brand relationship** into initial and repeat customers.<sup>1000</sup> Whilst consumers are only segmented regarding this behavioral component, the EBF also contains information on attitudinal loyalty.<sup>1001</sup> Notably, the EBF's definition of a "prior customer" does not equal behavioral loyalty as introduced in Chapter B2.2.3.1 in all cases. The general definition ("*I have bought this brand before*"<sup>1002</sup>) sets a different focus. To illustrate this, consider a 65-year-old consumer who purchases a new car. He/she may be purchasing his/her 10<sup>th</sup> car (think of a replacement cycle of 3-5 years). Only because he/she purchased a certain brand

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<sup>996</sup> See FREUNDT ET AL. (2015), p. 94; PERREY ET AL. (2015), p. 143

<sup>997</sup> As discussed, an impulsive purchase can be viewed as "... a sudden and immediate purchase with no pre-shopping intentions either to buy the specific product category or to fulfill a specific buying task." BEATTY & FERRELL (1998), p. 170. It is unplanned and characterized by a specific psychological disposition (esp. a sudden reaction to a stimulus that is often associated with stronger emotions).

<sup>998</sup> See PERREY ET AL. (2015), p. 143

<sup>999</sup> See PERREY ET AL. (2015), p. 139. Similarly, FREUNDT ET AL. (2015), p. 92

<sup>1000</sup> See BURMANN ET AL. (2015), p. 257

<sup>1001</sup> See PERREY ET AL. (2015), pp. 138–139. As noted before, the attitudinal loyalty metric is described as one stage of the brand purchase funnel. Only the behavioral metric is used to differentiate consumers. Instead of using attitudinal loyalty as a stage, one may use it to assess a composite loyalty level for each consumer in connection with the behavioral metric. One may, also, evaluate whether a brand's repeat customers follow a shortcut path (i.e., repurchase the brand without consideration of other brands).

<sup>1002</sup> PERREY ET AL. (2015), p. 138. Similarly, FREUNDT ET AL. (2015), p. 92



(e.g., MERCEDES) on one occasion (which reflects the definition), he/she may have bought another brand (e.g., VOLKSWAGEN) during the last 5 occasions.<sup>1003</sup> In contrast, the operationalization used for FMCG (minimum share-of-purchases)<sup>1004</sup> is acknowledged as a measure for an individual's behavioral loyalty (**CP5**).<sup>1005</sup> The EBF does **not evaluate WOM sending (CP6)**.

With regard to the operationalization, other researchers highlight the EBF's transparency as an advantage.<sup>1006</sup> The dissertation supports this view. In particular, the authors provide definitions for each metric including the two enhancements,<sup>1007</sup> explain the survey-based approach,<sup>1008</sup> and name the methodology used to derive the explanatory findings on brand image relevance.<sup>1009</sup> There are certain caveats. Details on the specification of the multi-item construct attitudinal loyalty are limited, and the validity of relating "direct entry to consideration" to impulse purchases has been questioned above. In addition, the model makes use of a rather simple statistical methodology (t-tests) to evaluate brand image relevance instead of more robust approaches (e.g., a logistic regression).<sup>1010</sup> Nonetheless, and in comparison to other managerial approaches, the EBF provides an **adequate quality** in explaining brand-level performance across all metrics (**OP1**). Since it constitutes an extension of a TBF model, its **findings fulfill the requirements of OP4** (i.e., performance of each brand relative to its competitors for each metric). The EBF's **scope of application appears to be high**. It builds on a survey-based design and data is collected on the individual consumer level.<sup>1011</sup> There are, thus, no material limitations in applicability from a data perspective. Moreover, the

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<sup>1003</sup> To measure behavioral loyalty, a more rigid definition such as the one provided by TERECH ET AL. (2009), pp. 213–216 (i.e., repeat purchase of the same brand as last time and consideration set size = 1) could be employed.

<sup>1004</sup> See FREUNDT ET AL. (2015), p. 92; PERREY ET AL. (2015), p. 162

<sup>1005</sup> See e.g., MELLENS ET AL. (1996), pp. 523–524

<sup>1006</sup> See BURMANN ET AL. (2015), pp. 256–257

<sup>1007</sup> See FREUNDT ET AL. (2015), pp. 91–92; PERREY ET AL. (2015), pp. 131, 138–139, 162. As an exception to this statement, the operationalization of the "direct entry to consideration" variable is not explained.

<sup>1008</sup> See PERREY ET AL. (2015), pp. 139–140

<sup>1009</sup> See PERREY ET AL. (2015), pp. 179–181

<sup>1010</sup> See FREUNDT ET AL. (2015), pp. 95–96. Studying the relevance of rational and emotional brand image facets on different stages of a TBF model, FREUNDT (2006) compares the two approaches in more detail and comes to a similar conclusion (pp. 251–252).

<sup>1011</sup> See FREUNDT ET AL. (2015), pp. 93, 95, 97; PERREY ET AL. (2015), pp. 139–140

authors' test across different categories (i.e., durables, services, FMCG) supports this usability. As noted above, the model makes certain industry-specific adaptations to singular metrics (**OP2**).<sup>1012</sup> In comparison to a TBF model, "*... the enhanced methodology may call for larger sample sizes to ensure that inferences at the more granular level of different customer groups remain statistically significant.*"<sup>1013</sup> Given the importance of reliable research data,<sup>1014</sup> this makes the research process more complicated and/or expensive. Still, the model is created as a managerial tool and the simple design and methodology **facilitate its ease of use (OP3)**.

The EBF is the only one of the five focal approaches that builds on consumer-specific data but provides an alternative to the TBF for brand performance controlling (i.e., operates on the brand level).<sup>1015</sup> Whilst it makes two conceptual enhancements, it also intends to retain the benefits and operational approach of the traditional model. Still, some conceptual propositions remain unaddressed.

### 3.5 Consumer Boulevard

The *Consumer Boulevard* is another brand-level model and has been introduced by PAUWELS AND VAN EWIJK.<sup>1016</sup> While the approaches discussed so far take a descriptive focus and collect data on the individual consumer level, this model has a fundamentally different focus. It is explanatory and integrates survey-based mindset and digital behavior data.

The purpose of PAUWELS AND VAN EWIJK's study is to assess the impact of and interaction between **solicited, survey-based tracking metrics** (awareness, consideration, preference, loyalty) and **passive, digital behavior metrics** (number of paid clicks, website visits and views per visit, social media conversations, search) on weekly sales. They question to what extent each metric helps to explain and predict sales and

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<sup>1012</sup> See FREUNDT ET AL. (2015), p. 92; PERREY ET AL. (2015), pp. 138-139, 162

<sup>1013</sup> PERREY ET AL. (2015), p. 146

<sup>1014</sup> See PERREY ET AL. (2015), p. 257

<sup>1015</sup> VORWERCK (2012) suggests an approach called DECISIONVUE 360, which also operates on the brand-level. It has been excluded from the detailed literature review in this dissertation given its perceived lack of academic relevance and model transparency.

<sup>1016</sup> Cf. PAUWELS & VAN EWIJK (2013). The authors note (p. 6) that this study's framework builds on an earlier model by WIESEL ET AL. (2011), which was created for one specific company.

how online and offline marketing activities (e.g., TV, GOOGLE display ads) influence the online metrics.<sup>1017</sup> The implied logic diverges from other approaches in two regards. First, their tracking metrics differ from the dissertation's focus on specific, decision-related stages. PAUWELS AND VAN EWIJK include both cognitive (e.g., awareness) and affective (e.g., preference) psychographic metrics. However, these describe general states-of-mind rather than situation-specific decision sets. For example, consideration is assessed by asking, "*Which of the following brands of <product category> would you consider?*"<sup>1018</sup> This does not evaluate the number of goal-satisfying brands considered in a situation. Second, they conceptually distinguish between marketer-driven, pushed actions (e.g., TV advertisement) and consumers' digital, pulled actions (e.g., search). The latter are stages of online behavior. In models such as the CDJ both are potential brand touch points and precede the decision stages such as initial consideration.<sup>1019</sup> The scholars do not prescribe a priori hierarchies among the variables but use vector autoregressive models to evaluate all interdependencies (both among metrics of one type and between the types of metrics).<sup>1020</sup> Their sample consists of **36 brands from 15 categories** including services (e.g., insurance), durables (automotive), and packaged food (e.g., candy) and nonfood (e.g., toilet paper) products.<sup>1021</sup> The key findings are as follows.<sup>1022</sup> First, PAUWELS AND VAN EWIJK support that a **combination** of brand tracking and digital behavior metrics can augment the ability to explain sales vis-à-vis each type alone, as measured by adjusted  $R^2$ , in some categories.<sup>1023</sup> Herein, the average influence of individual online metrics exceeds the average

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<sup>1017</sup> See PAUWELS & VAN EWIJK (2013), pp. 3, 16-17. Here, (in-sample) explanation is measured by (adjusted)  $R^2$  and accuracy in (out-of-sample) forecasts by Theil's inequality coefficient (p. 4). For two brands, they use sales growth instead of sales as dependent variable (p. 18).

<sup>1018</sup> PAUWELS & VAN EWIJK (2013), p. 43. Preference is assessed with a comparable question.

<sup>1019</sup> See e.g., COURT ET AL. (2009), p. 6

<sup>1020</sup> See PAUWELS & VAN EWIJK (2013), p. 4. The dissertation foregoes a detailed discussion of the methodology. The reader is pointed to PAUWELS & VAN EWIJK (2013), pp. 11-15, 42 for an overview.

<sup>1021</sup> See PAUWELS & VAN EWIJK (2013), p. 16

<sup>1022</sup> The reader is pointed to PAUWELS & VAN EWIJK (2013), pp. 19-24 for a discussion of all findings.

<sup>1023</sup> See PAUWELS & VAN EWIJK (2013), pp. 18-19. They compare the adjusted  $R^2$ , which adjusts  $R^2$  for the number of predictive variables, of individual models for survey tracking and online behavior metrics with a combined model. The adjusted  $R^2$  of the combined model is higher or equal than the adjusted  $R^2$  of either single model in 12 of 36 cases. The adjusted  $R^2$  differs widely across industries ranging from 0.01 (combined model for a soft drink brand) to 0.77 (combined model for a car brand) (p. 48).

influence of individual mindset metrics on sales.<sup>1024</sup> Second, they highlight that **causalities** between brand tracking and specific digital metrics exist in **both ways**. For instance, clicks on paid advertisement and website visits can create awareness for new brands, which is consistent with the CDJ's view that an initial consideration set can expand during active search for information. General consideration can result in further website visits.<sup>1025</sup> Finally, on average, brand-tracking variables are found to better **forecast** sales than digital behavior metrics or a combined model.<sup>1026</sup> The researchers, thus, reason that **short-term online metrics** may be more beneficial for **tactical planning**, while **brand-tracking metrics** are more **stable and beneficial for strategic planning**.<sup>1027</sup>

Against these findings, PAUWELS AND VAN EWIJK propose the Consumer Boulevard as a model that integrates survey-based brand tracking and digital behavior metrics (Figure 12). Its key stages are behavior-oriented (label: "DO") and referred to as fast lanes. The pre-purchase stages are search, click, and visit, which are described as online actions. As consumers engage in these activities (e.g., a natural search or a website visit), they may restrict or expand their set of alternatives along them. The result is a purchase decision (label: "Buy") and subsequent consumption and use experience. Consumers may share their experience with others online or offline (label: "Express").<sup>1028</sup> In this model, general cognitive (awareness and consideration; label: "KNOW") and affective (preference and loyalty; label: "LIKE") mindset metrics function as slow lanes. As indicated by the antithetic arrows, these mindset metrics and consumers' actual behavior may influence each other throughout the process without a clear, predefined hierarchy. For example, as outlined above, a click on a paid advertisement may create awareness for a new brand, and general consideration of another brand could result in further website visits. Experience with a brand may create a longer-lasting preference or loyalty. Marketing and environmental aspects (i.e., stimuli)

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<sup>1024</sup> See PAUWELS & VAN EWIJK (2013), p. 20

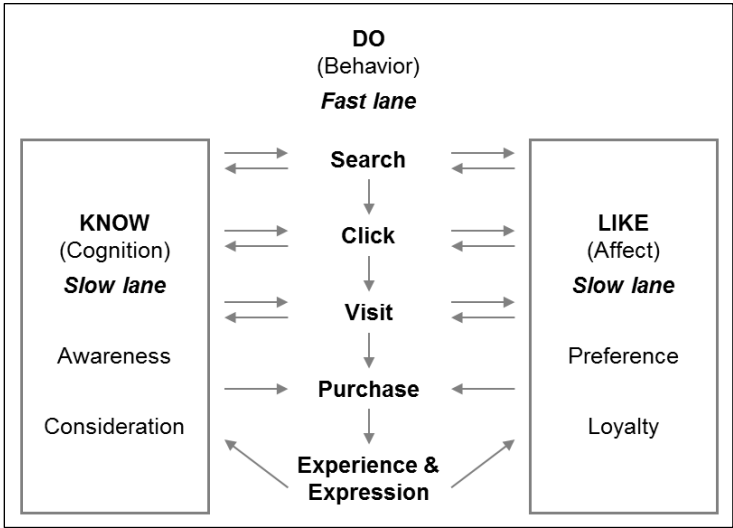
<sup>1025</sup> See PAUWELS & VAN EWIJK (2013), p. 22

<sup>1026</sup> See PAUWELS & VAN EWIJK (2013), pp. 24, 49. Specifically, the model that only contains brand-tracking metrics shows the best results in terms of Theil's inequality coefficient for 18 of 36 individual brands and 12 of 15 brand categories.

<sup>1027</sup> See PAUWELS & VAN EWIJK (2013), pp. 25–26

<sup>1028</sup> See PAUWELS & VAN EWIJK (2013), p. 25

can affect both the slow and the fast lanes.<sup>1029</sup> By and large, the model's focus is on the *“toll booths’ of online consumer behavior”*<sup>1030</sup> and the conversion between them. Comparable to the TBF’s use for brand performance analysis, the authors suggest *“quantifying these conversions for their [managers] own brand ... to address weak links and take remedial action with both online and offline marketing instruments.”*<sup>1031</sup>



**Figure 12: Consumer Boulevard**  
Source: Adapted from PAUWELS & VAN EWIJK (2013), p. 41

The Consumer Boulevard fulfills the dissertation’s first proposition, namely to **cover a buying cycle’s** pre-purchase, purchase, and post-purchase phase. Herein, the main stages are described and measured in (online) behavioral terms (**CP1**). As discussed above, they reciprocally interact with slow-moving survey-based mindset metrics. These are general: they do not relate to a consumer’s specific purchase. The researchers use general awareness and consideration as **brand knowledge variables**,<sup>1032</sup>

<sup>1029</sup> See PAUWELS & VAN EWIJK (2013), p. 25. Marketing actions may also directly influence sales (p. 7).  
<sup>1030</sup> PAUWELS & VAN EWIJK (2013), p. 25  
<sup>1031</sup> PAUWELS & VAN EWIJK (2013), p. 25  
<sup>1032</sup> See PAUWELS & VAN EWIJK (2013), pp. 25, 41

**which corresponds to CP2.** Depending on the brand, one of three measures assesses awareness: top of mind, unaided, and aided.<sup>1033</sup> Since the Consumer Boulevard builds on aggregate, brand-level data,<sup>1034</sup> it is more difficult to assess the four other propositions. Clearly, PAUWELS AND VAN EWIJK acknowledge differences in consumers' purchase behavior. First, they do not specify any hierarchy among the mindset and online behavior variables.<sup>1035</sup> Second, they differentiate brand categories based on consumers' average involvement level.<sup>1036</sup> However, their research does not describe **individual differences in decision-making** such as whether a specific consumer made a decision based on a higher level of cognitive steering and involvement or due to an impulse or a habit (**CP3**). Similarly, they argue and empirically evidence that behavioral stages (esp. clicks on paid ads and website visits) can create awareness for brands. This supports the idea that an initial consideration set may expand throughout the purchase process.<sup>1037</sup> Yet, the model does **not allow measuring a purchase-related set size**. On the one hand, the behavioral data on which PAUWELS AND VAN EWIJK build is brand-specific.<sup>1038</sup> On the other hand, the brand tracking metric "consideration" can specify a set of brands but **assesses general not purchase-specific consideration (CP4)**.<sup>1039</sup> Moreover, while the conceptual model includes **loyalty**, both the **theoretical underpinning and its use fall behind CP5**. In this research, loyalty is defined as an affective construct across-the-board but no attempt is made to operationalize the metric consistently.<sup>1040</sup> For some beer brands, loyalty is operationalized as degree of closeness, which reflects an affective (more broadly attitudinal)

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<sup>1033</sup> See PAUWELS & VAN EWIJK (2013), pp. 17, 43. The measures build on GFK data. Here, top of mind is evaluated as *"If you think about <product category>, which brand first comes to mind?"* (p. 43)

<sup>1034</sup> In comparison to customer-level, individual responses. See PAUWELS & VAN EWIJK (2013), pp. 16–17

<sup>1035</sup> See PAUWELS & VAN EWIJK (2013), pp. 7, 11

<sup>1036</sup> See PAUWELS & VAN EWIJK (2013), p. 16. For example, involvement is highest (level 7) for automobile, travel, and lodging and lowest (level 2) for the fast-moving goods soft drinks, cheese, yellow fats, and toilet paper (p. 46). The average involvement in each category is assessed via expert judgments.

<sup>1037</sup> See PAUWELS & VAN EWIJK (2013), p. 22. See also argument presented by COURT ET AL. (2009), pp. 4–5

<sup>1038</sup> See PAUWELS & VAN EWIJK (2013), pp. 16–17. That means that it does not contain information on competitors and, consequently, does not allow measuring a specific consumer's total set size.

<sup>1039</sup> See PAUWELS & VAN EWIJK (2013), p. 43 and argument made before in the presentation of the research.

<sup>1040</sup> See PAUWELS & VAN EWIJK (2013). The authors argue that they *"... gave priority to category and brand coverage over exact comparability of attitude survey metrics, which are often customized to*

construct. For others, it builds on behavior-oriented metrics (i.e., degree of usage).<sup>1041</sup> Future purchase intention, which is a measure for attitudinal loyalty,<sup>1042</sup> is available for several brands but the authors do not use it.<sup>1043</sup> Based on the theory discussed in Chapter B2.2.3.1, a **general classification of loyalty as an affective metric cannot be supported**. Furthermore, no attempt is made to differentiate individual consumers based on their loyalty status.<sup>1044</sup> Lastly, in their conceptual model, PAUWELS AND VAN EWIJK explicate the **post-purchase sending of online and offline WOM**.<sup>1045</sup> Note, however, that their measurement does only capture one type of eWOM, namely (positive or negative) social media conversations (**CP6**).<sup>1046</sup>

The Consumer Boulevard **fulfills the criterion quality of explanation** better than the practitioner-led approaches discussed before. It is transparent on the sources and (for survey-based metrics) measurement of the key variables used for each brand<sup>1047</sup> and describes the methodology of calculation (**OP1**).<sup>1048</sup> As illustrated above, this model allows deriving multiple brand-level **findings of managerial interest**. These include the relative impact of online behavior and mindset metrics on a brand's sales and each other or the influence of marketing actions on online behavior and mindset metrics.<sup>1049</sup>

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*the category and the brand in question.*" (p. 15)

<sup>1041</sup> See PAUWELS & VAN EWIJK (2013), pp. 17, 44-46. A loyalty metric is assessed for 16 of the 36 brands. Degree of usage builds on a multi-item scale providing answers such as *"use sometimes"*, *"use regularly"*, or *"use most"* (p. 44) for soft drink brands. For salty snacks and sanitary napkins, it evaluates if the brand has ever been used/eaten (pp. 44-45).

<sup>1042</sup> See e.g., MELLENS ET AL. (1996), p. 512. OLIVER (1999) explicates that the intention is part of conative loyalty, the last stage of attitudinal loyalty (p. 36). MORGAN & REGO (2006) note that *"... repurchase likelihood ... [is] the most commonly used attitudinal loyalty measure in practice..."* (p. 433)

<sup>1043</sup> See PAUWELS & VAN EWIJK (2013), p. 17

<sup>1044</sup> This could be achieved based on a consistent operationalization of loyalty in the model. As mentioned before, the researchers discuss that *"... a loyalty loop can shortcut the purchase path for a repeat customer... but also feed the purchase path for another (prospective) customer, influenced by the word-of-mouth narrative..."* PAUWELS & VAN EWIJK (2013), p. 7. In presenting the Consumer Boulevard, they do not specify this aspect further.

<sup>1045</sup> See PAUWELS & VAN EWIJK (2013), p. 25

<sup>1046</sup> See PAUWELS & VAN EWIJK (2013), p. 16. The researchers collect this data from SDL (formerly AL-TERIAN).

<sup>1047</sup> See PAUWELS & VAN EWIJK (2013), pp. 15-17, 43-45 (for details on survey measures).

<sup>1048</sup> See PAUWELS & VAN EWIJK (2013), pp. 11-15. Whilst they only derive the Consumer Boulevard ex post, the authors discuss the significance levels and fit for each finding where appropriate (pp. 18-24).

<sup>1049</sup> See PAUWELS & VAN EWIJK (2013), pp. 20-22

Such findings may, for example, be used to target brand-related marketing expenditures. However, the brand tracking metrics provide a general view and the behavioral data only captures the focal brand's performance (i.e., is not comparable to competitor brands). At least in this specification, the Consumer Boulevard does thus not assess consumers' purchase-specific set sizes or relative brand performance as defined in this dissertation (**OP4**). The two main **challenges reside in the application and use** of this model. The authors apply it across a wide sample of different types of categories (i.e., services, durables, FMCG), which theoretically supports its applicability.<sup>1050</sup> However, the **application rests on the premise of available data**. Particularly for the required online data, this may be an issue. On the one hand, independent of the industry, some consumers may not engage with a brand online.<sup>1051</sup> These segments are not recorded in the online data. On the other hand, not every firm has access to all required online data.<sup>1052</sup> Above all, it may not be feasible to gather the data (e.g., number of website visits) on both one's own and competitor brands for a relative comparison. These aspects **limit the practical applicability (OP2)**. Finally, PAUWELS AND VAN EWIJK highlight the wide range of different proprietary and third party data sources required to use the model.<sup>1053</sup> Consequently, the **Consumer Boulevard's ease of use is lower** compared to other approaches (**OP3**).

In sum, the Consumer Boulevard provides a comprehensive set of brand-related mind-set and behavior metrics. Above all, it has the ability to show their relative impact on each other and on sales. For specific situations (esp. the identification of relative sales influence) and specific brands (that can provide all required data), it may be highly beneficial. However, for the purpose of this dissertation, the model has particular weaknesses. As it builds on brand-level data, it does not offer the level of consumer-specific nuances reflected in the conceptual propositions. Its widespread applicability seems questionable for the reasons given above. It is for the same reason that potential alter-

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<sup>1050</sup> See PAUWELS & VAN EWIJK (2013), p. 16

<sup>1051</sup> See PAUWELS & VAN EWIJK (2013), pp. 2–3

<sup>1052</sup> To gather their sample, PAUWELS & VAN EWIJK (2013) only addressed clients of the providers of their required data (GOOGLE, MILLWARD BROWN, METRIX LAB, GFK). Even among them, only 46% were able to provide the required time series data across all metrics (p. 15).

<sup>1053</sup> See PAUWELS & VAN EWIJK (2013), pp. 16–17



natives to the TBF that only build on context-specific online metrics have been excluded from the detailed review.<sup>1054</sup>

### 3.6 Summary

The thesis focuses on the stylized representation of a decision process, particularly for process-oriented brand performance controlling. It noted from the outset that a range of academic and practitioner publications discuss today's suitability of the brand purchase funnel. Yet, few publications provide a model alternative that meets the criteria established to ensure a relevant, high quality literature review.<sup>1055</sup> These **five approaches** pertain to different streams. While the first three (CDJ, MOT model, Nonstop Customer Experience model) propose consumer-level models, the latter two operate on the brand level using individual consumer data (EBF) or a mix of brand-specific data (Consumer Boulevard).

With regard to the conceptual propositions, the models share three main **commonalities**. First, they acknowledge the increase in available brand-controlled and independent **information sources and interaction channels**. These have the ability to influence consumers' decision-making and create more individual, flexible journeys across the buying cycle using a wider range of touch points. This has implications for the presentation of the stylized decision stages. In the pre-purchase phase, all models discuss the ease of identifying unknown brands and updating consideration sets throughout the process.<sup>1056</sup> Second, the topics of **brand loyalty and customer retention** gain in significance vis-à-vis the TBF. Several approaches propose ways to differentiate segments based on consumers' prior brand relationship using measures of (attitudinal and/or behavioral) loyalty.<sup>1057</sup> Finally, the importance of consumer-to-consumer interaction is more prominent. It does not only serve as a pre- or post-purchase

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<sup>1054</sup> Cf. SRINIVASAN ET AL. (2015), who only use customer online activity metrics.

<sup>1055</sup> See Chapter A3.1.2 for an overview of the criteria used in this literature review, namely research focus (i.e., a multistage decision-level model relating to purchase decisions), model intention (i.e., objective to provide a general, not context-specific alternative to a linear, sequential TBF model), and model implementation (i.e., a proposed model with academic relevance and managerial usability).

<sup>1056</sup> CDJ: See COURT ET AL. (2009), pp. 3–6; MOT model: See LECINSKI (2011), pp. 23–24; Nonstop Customer Experience model: See NUNES ET AL. (2013), pp. 48–49; EBF: See PERREY ET AL. (2015), pp. 137–138; Consumer Boulevard: See PAUWELS & VAN EWIJK (2013), pp. 22–23, 25

<sup>1057</sup> CDJ: See COURT ET AL. (2009), pp. 6–7; Nonstop Customer Experience model: See NUNES ET AL.

source of information but is also discussed as an activity of the “purchasing consumer.” Some models include consumers’ **sending of online or offline WOM** as a characteristic of certain types of loyalty.<sup>1058</sup> Others use it as a model stage/metric in line with CP6.<sup>1059</sup> Whilst WOM may theoretically be shared at any moment, the focus in the models is on post-purchase sharing of the actual experience.<sup>1060</sup> Notwithstanding these commonalities, Chapter B3 highlights **stark differences** in both the conceptualization and operationalization of the five approaches. Specifically, none reflects all conceptual propositions established in this dissertation (note especially that no approach allows to differentiate between types of purchase behavior on the consumer level, CP3). In addition, the quality of operationalization, where available at all, varies across all four criteria. Table 3 provides a **summary of each model’s evaluation** across the dissertation’s ten propositions. It serves as answer to the second research question.

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(2013), pp. 50–51; EBF: See PERREY ET AL. (2015), pp. 138–139. Note again that their behavioral measure rather serves to differentiate new and prior customers than behavioral loyalty.

<sup>1058</sup> The focus is on positive WOM (brand advocacy). CDJ: Characteristic of active loyalty, see COURT ET AL. (2009), p. 6; Nonstop Customer Experience model: Characteristic of emotional loyalty, see NUNES ET AL. (2013), p. 50

<sup>1059</sup> MOT model: Extending LECINSKI (2011), MORAN ET AL. (2014) describe the sharing of the experience as the TMOT (p. 202); Consumer Boulevard: See PAUWELS & VAN EWIJK (2013), pp. 25, 41. Whilst the authors only operationalize eWOM (via positive and negative social media conversations) (p. 16), their conceptual Consumer Boulevard model includes offline and online WOM (p. 25).

<sup>1060</sup> CDJ: See COURT ET AL. (2009), p. 6; MOT model: See LECINSKI (2011), p. 17; MORAN ET AL. (2014), p. 202; Consumer Boulevard: See PAUWELS & VAN EWIJK (2013), pp. 25, 41

Cat.	Model (author, year)	Conceptual propositions						Operational propositions			
		CP1	CP2	CP3	CP4	CP5	CP6	OP1	OP2	OP3	OP4
Consumer-level models	<b>Consumer Decision Journey</b> (COURT ET AL., 2009; EDELMAN, 2010)										
	<b>Moments of Truth model</b> (LECINSKI, 2011; MORAN ET AL., 2014)							No full operationalization of the model provided by the authors			
	<b>Nonstop Customer Experience Model</b> (NUNES ET AL., 2012, NUNES ET AL., 2013)							No full operationalization of the model provided by the authors			
Brand-level models	<b>Enhanced Brand Funnel</b> (FREUNDT ET AL., 2015, PERREY ET AL., 2015)										
	<b>Consumer Boulevard</b> (PAUWELS & VAN EWIJK, 2013)										
			Proposition partly fulfilled							Proposition fulfilled	
Summary of the propositions											
CP1: Coverage of buying cycle in distinct stages, CP2: Inclusion of brand knowledge sets, CP3: Differentiation of individual purchase types, CP4: Differentiation of consideration set formation, CP5: Embedment of focal transaction in understanding of loyalty-based relationship status, CP6: Inclusion of post-purchase sharing of experience via positive or negative (e)WOM											
OP1: Quality of explanation, OP2: Scope of application, OP3: Ease of use, OP4: Interpretability of findings (for purpose of process-oriented brand performance controlling)											
1 In both models, sending of positive (e)WOM is discussed as a criterion for certain types of loyal customers, which, in this evaluation, is included in CP5.											
2 While the authors only measure eWOM via social media conversations, they conceptually acknowledge both offline and online WOM.											

Table 3: Evaluation of contemporary approaches to re-model the TBF  
Source: Own illustration

4. Presentation of a re-modeled brand purchase funnel

Building on the theoretical derivation of conceptual and operational propositions in Chapter B2 and the learnings from the evaluation of other contemporary approaches in Chapter B3, the dissertation now turns to the third research question: “How could

*the brand purchase funnel be re-modeled to provide a more nuanced structure that fulfills the propositions?*" This chapter suggests a **model**<sup>1061</sup> that addresses all propositions.

In line with Chapters A4 and B2, the dissertation's **objective** is to derive a model that keeps the purpose and benefits of the TBF but provides a more nuanced conceptual structure across consumers' "**buying cycle**"<sup>1062</sup> (CP1). Generally, the process-oriented TBF evaluates a brand's relative performance at one point in time. This evaluation is based on an analysis of a consumer's purchase transaction.<sup>1063</sup> In order to address the two limitations of generalizing sequentiality and transactional linearity, the **proposed model** expands this view and differentiates **two levels**. First, a **focal transaction**<sup>1064</sup> continues to be at the model's core but its representation is **more differentiated** (CP2-CP4). Second, this **transaction is embedded** into a more comprehensive understanding of each consumer's relation with each brand (CP5-CP6). The more nuanced funnel model is conceptualized along the propositions throughout the next paragraphs. Just as the EBF,<sup>1065</sup> it refines the TBF shown in Figure 2. Along with the conceptualization, the thesis highlights proven measures for its operationalization. To ensure that the model continues to have **relevance for top management**, each of them aims at simplicity whilst ensuring **rigorous academic quality** (OP1).<sup>1066</sup> Thereafter, the overarching **operational design and constraints** are discussed (OP2-OP4).

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<sup>1061</sup> The term **model** continues to be used here, but, at this stage, it is not the intention to specify cause-effect relations. One may think of it as a **descriptive framework** that stylizes consumers' purchase processes, and each stage can be employed for brand performance controlling.

<sup>1062</sup> FOSCHT & SWOBODA (2011), p. 35 (accentuation added)

<sup>1063</sup> See ESCH (2010), pp. 574, 586. For example, operationalizing the consideration stage, PERREY ET AL. (2015) suggest asking, "*In addition to the one you chose, which of these manufacturers did you consider at any point during your search for a compact car?*" (p. 131)

<sup>1064</sup> The term **focal transaction** refers to the transaction for which a consumer's purchase decision process is evaluated. It has been used in this way throughout the dissertation. The term is similarly employed by YADAV ET AL. (2013) in the context of social commerce activities (p. 312).

<sup>1065</sup> See FREUNDT ET AL. (2015), pp. 93, 98

<sup>1066</sup> As noted in Chapter A2, the TBF's practical benefit results from its effectivity and efficiency in providing top management with relevant insights on brand performance. Accordingly, TOMCZAK ET AL. (2004) note, "*Der Markenfilter ist ein einfaches, auf Effektivität ausgerichtete Instrument, das danach strebt, dem Top-Management Hinweise für den wirkungsvollen Einsatz (knapper) Marketingressourcen zu geben.*" (p. 1844). Loose translation: The brand funnel is a simple, effective instrument, which strives to provide top management with indications regarding the effective use of (scarce) marketing resources.

Finally, Figure 13 summarizes the proposed model.

The proposed model starts by **differentiating how consumers attain the purchase decision (CP3)**. The traditional multistage structure applies well to **problem solving-type situations**. Typically, this is the case in situations such as the purchase of higher value durables (e.g., automobile), special nutritional items, or the choice of a restaurant. Notwithstanding the differences between EPS and LPS, for instance the characteristically dominant influence of affective processes in the former, both types share a key property, a consumer's **higher level of cognitive control**.<sup>1067</sup> The proposed model distinguishes between such problem solving-based decisions and both habit and impulse decisions. For marketing managers, this differentiation is important, since the strategies to address consumers may vary significantly. For example, to support habit formation, marketers should retain stable cues such as the shelf placement or packaging of their brand to reinforce this behavior.<sup>1068</sup> To implement the proposition, the thesis establishes filters for the two latter purchase types in accordance with Chapter B2.2.2.1. On the one hand, a **habit** has been defined “... as a specific type of automaticity characterized by a rigid contextual cuing of behavior that does not depend on people's goals and intentions. Habits develop as people respond repeatedly in a stable context and thereby form direct associations in memory between that response and cues in the performance context...”<sup>1069</sup> It hinges on two aspects: stable environmental stimuli to create and sustain it and repeated, quasi-automatic action upon perception of these cues.<sup>1070</sup> Building on prior research, a “**habit filter**” may be implemented using a composite measure that combines purchase frequency and contextual stability.<sup>1071</sup> Frequency assesses the degree of purchase repetition over a period.<sup>1072</sup>

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<sup>1067</sup> See Chapter B2.2.2.1.1 for the details. SPIGGLE & SEWALL (1987) note that their multistage model of retail selection does well apply to the purchase of high value items such as automobiles or jewelry (p. 99). KARDES ET AL. (1993) use chocolate bars as object to test their multistage, sequential model (pp. 66-67). NEDUNGADI (1990) uses three product classes in his work on brand retrieval, consideration, and choice, namely fast food restaurants, burger condiments, and soft drinks to mix alcohol (pp. 267-268).

<sup>1068</sup> See e.g., MARTIN & MORICH (2011), pp. 500–501 and TROPICANA case example discussed in Chapter B2.2.2.1.2 (cf. ZMUDA (2009)).

<sup>1069</sup> WOOD & NEAL (2009), p. 580

<sup>1070</sup> See Chapter B2.2.2.1.2 for a detailed discussion.

<sup>1071</sup> See e.g., DANNER ET AL. (2008), p. 263; LIU-THOMPSON & TAM (2013), p. 24; WOOD ET AL. (2005), pp. 922–923

<sup>1072</sup> For example, DANNER ET AL. (2008) enquire behavioral frequency over the last four weeks from “0

Regarding stability, researchers have assessed different aspects in the past.<sup>1073</sup> The dissertation focuses on the most important, stability of location.<sup>1074</sup> Consistent with WOOD ET AL., a habit may be recorded when both aspects are fulfilled: a behavior is performed very regularly and normally in the identical location.<sup>1075</sup> On the other hand, an **impulse purchase** has been described as “... a sudden and immediate purchase with no pre-shopping intentions either to buy the specific product category or to fulfill a specific buying task. The behavior occurs after experiencing an urge to buy and it tends to be spontaneous and without a lot of reflection (i.e., it is ‘impulsive’).”<sup>1076</sup> As noted in Chapter B2.2.2.1.3, research suggests diverse possibilities to evaluate if a purchase happened impulsively. For the more nuanced funnel, BEATTY AND FERRELL’s two-stage approach is particularly useful, since it assesses the purchase of a specific item in one purchase situation. First, the scholars suggest asking consumers ex post to identify if their purchase was both unplanned and not a reminder item. These represent potential impulse purchases.<sup>1077</sup> Second, the psychological aspect underlying this behavior is assessed via a multi-item impulsivity scale. Upon reaching a certain overall score, for instance an average of four on a seven-point scale, the purchase may be classified as truly impulsive.<sup>1078</sup> This approach is adopted to **filter for impulse purchase decisions**.<sup>1079</sup> In sum, a differentiation of **how consumers make their purchase decision**

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‘never’ to 8 ‘very frequently.’” (p. 249). WOOD ET AL. (2005) provide a scale with options ranging from “0 (I never perform the behavior)” to “3 (just about everyday)” (p. 922).

<sup>1073</sup> DANNER ET AL. (2008) use one contextual stability measure that addresses the time, place, and situation (e.g. circumstances). The scale ranges from 1 (unstable) to 9 (stable) (pp. 249-250). JI & WOOD (2007) use four different scales addressing the stability of location, time, attendance of others, and mood. Each scale ranges from 1 (e.g., “seldom in the same place”) to 3 (e.g., “always in the same place”) (p. 265).

<sup>1074</sup> Across many habit-related studies, stability of location is used alone or in combination with other aspects to assess contextual stability. See e.g., DANNER ET AL. (2008), pp. 249–250; JI & WOOD (2007), p. 265; WOOD ET AL. (2002), p. 1285. LIU-THOMPSON & TAM (2013) focus on purchase location and time, “which are the most common bases of habit...” (p. 24).

<sup>1075</sup> Building on the two dimensions, WOOD ET AL. (2002) record a behavior as habit if “... participants reported performing [it] ‘just about every day’ and ‘usually in the same location.’” (p. 1285)

<sup>1076</sup> BEATTY & FERRELL (1998), p. 170

<sup>1077</sup> See BEATTY & FERRELL (1998), pp. 177, 179. As described, a reminder item “... is an item that is simply out-of-stock at home” and the consumer recognized this when perceiving it in store (p. 170).

<sup>1078</sup> See BEATTY & FERRELL (1998), p. 179. The scale includes questions such as “When I bought (the item), I felt a spontaneous urge to buy it.” (p. 179). CHANG ET AL. (2014) construct a three-item scale (on the trip-level) based on BEATTY & FERRELL (1998). Items from it could be used (p. 306).

<sup>1079</sup> BEATTY & FERRELL (1998) administer the survey right after consumers finished their shopping trips in a mall (p. 177). Others ask consumers retrospectively to recall their last purchase after a longer time delay and assess whether it was impulsive, which better reflects the brand funnel’s research

can be established based on proven, survey-based instruments.

For those consumers who **deliberately form a consideration set** in their pre-purchase phase, one may distinguish memory-based, stimulus-based, and mixed situations.<sup>1080</sup> This distinction rests on the use of internal and/or external information for consideration set formation and choice. Whereas consumers solely retrieve information stored in memory in the first type, they (also) use external information in the latter two. A consumer may perceive<sup>1081</sup> (e.g., on a supermarket shelf) or actively search for<sup>1082</sup> (e.g., in a magazine, via a GOOGLE search query, or via a review of (e)WOM comments) goal-satisfying brand alternatives during the formation of the consideration set. Characteristics of the online environment, in particular the high degree of interactivity between the consumer and either technological programs (machine interactivity e.g., recommendation agents) or other consumers (person interactivity e.g., in social media), simplify the external identification of previously unknown brands.<sup>1083</sup> This, in turn, augments the managerial relevance of a more differentiated perspective on consideration set formation. To integrate this in a more nuanced brand purchase funnel model, it is suggested to discriminate between **initial brand consideration** and **later entry of additional brands during the pre-purchase process**, especially due to external search. Initial brand consideration refers to those goal-satisfying brands initially retrieved from memory for consideration. It could, for instance, be a result of regular browsing prior to and independent of any purchase intention.<sup>1084</sup> It necessitates accessibility of brand knowledge, which continues to be monitored in the awareness and familiarity sets (**CP2**).<sup>1085</sup> Drawing on previous research, an additional alternative

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design. See e.g., OZER & GULTEKIN (2015), p. 73

<sup>1080</sup> See e.g., BALLANTYNE ET AL. (2006), pp. 341–342; PAULSSEN & BAGOZZI (2005), p. 786; SHAPIRO ET AL. (1997), p. 95; VAN OSSELAER & JANISZEWSKI (2012), pp. 275–277; YOO (2008), p. 7

<sup>1081</sup> See e.g., VAN OSSELAER & JANISZEWSKI (2012), p. 277

<sup>1082</sup> See e.g., DESARBO & CHOI (1998), p. 426; SUH (2009), p. 539

<sup>1083</sup> See discussion in Chapter B2.2.2.2

<sup>1084</sup> This view is similar to the CDJ's initial consideration set. COURT ET AL. (2009) note, "*The consumer considers an initial set of brands, based on brand perceptions and exposure to recent touch points.*" (p. 3)

<sup>1085</sup> The two brand knowledge sets are included in the TBF discussed in Figure 2, and the proposed model uses the existing operationalization. Whereas the awareness set asks whether a consumer knows a brand at all (i.e., by name), familiarity means that a consumer has a "... *good knowledge of ... offers*" (i.e., specific associations with this brand). See PERREY ET AL. (2015), p. 131. For theoretical support of the differentiation see e.g., BURMANN ET AL. (2015), pp. 261–262; HOWARD & SHETH (1969),

is understood as “... a specific brand (that was not initially considered) [added] during the evaluation phase...”<sup>1086</sup> Hereafter, the proposed dichotomy is also referred to as **consideration set differentiator (CP4)**. It reflects the differentiation of initial and direct entry to consideration in the EBF<sup>1087</sup> and relates to SHOCKER ET AL.’s seminal model of brand consideration.<sup>1088</sup> Thereby, the proposition allows for a more dynamic description of the consideration set compared to the TBF’s rigid sequentiality.<sup>1089</sup>

Together, the above propositions allow for a more differentiated understanding of a consumer’s **choice decision in a focal transaction**. In turn, the revised funnel instrument provides more nuanced information on a brand’s current, relative performance. It makes no inferences regarding the speed or straightforwardness of the underlying decision process. The timing to arrive at purchase may vary from a few seconds in the supermarket<sup>1090</sup> to situations requiring longer involvement and resources<sup>1091</sup> (e.g., the purchase of a new car). Also, consumers may go back and forth across single brand touch points during the consideration set formation and evaluation process<sup>1092</sup> (e.g.,

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p. 31. As specified in Chapter B2.2.1, these sets also provide relevant KPIs for external brand management.

<sup>1086</sup> PERREY ET AL. (2015), p. 139. Consistent with FREUNDT ET AL. (2015), the consumer may identify a brand alternative that is new (i.e., previously unknown) or that he/she was not able to retrieve/willing to consider when forming the set of initially considered brands (pp. 91-92).

<sup>1087</sup> See Chapter B3.4 for a discussion and FREUNDT ET AL. (2015), pp. 91–92; PERREY ET AL. (2015), p. 139. As described throughout Chapter B3, this view is supported in other contemporary approaches to re-model the brand purchase funnel. It also relates to the aforementioned, explorative research by WOLNY & CHAROENSUKSAI (2014). Based on in-depth interviews and consumer diaries (n = 16), they develop a tripartite typology of shopping journeys for the cosmetics industry. Besides impulsive journeys, it differentiates between considered and balanced journeys (it, notably, does not contain habitualized purchases). Here, considered journeys relate to the idea of the initial, memory-based consideration set. These “...have an extended pre-shopping stage, where respondents do not think of themselves as shopping, but gather information from a number of sources ... This information is then used to evaluate choices when a need or want arises.” (pp. 323-324). In comparison, balanced journeys involve a pronounced period of, especially external, information search and have characteristics of extensive decision-making (e.g., joint importance of cognitive and affective processes).

<sup>1088</sup> See SHOCKER ET AL. (1991), pp. 183–184. In this model, brands in the consideration set may stem from either the awareness set (this model does not include a separate familiarity set) or the context (external alternatives).

<sup>1089</sup> Cf. YADAV & PAVLOU (2014), p. 28. It accounts for the possibility that “... the number of brands under consideration during the active-evaluation phase may ... expand rather than narrow as consumers seek information and shop a category.” COURT ET AL. (2009), pp. 4–5. Similarly, SHOCKER ET AL. (1991), p. 183

<sup>1090</sup> See KRÜGER & STUMPF (2013), p. 34

<sup>1091</sup> See SHAO ET AL. (2008), pp. 797–798

<sup>1092</sup> See e.g., WOLNY & CHAROENSUKSAI (2014), p. 321



an initial search for a new car model on the MERCEDES webpage may be followed by a visit of a MERCEDES dealership and a renewed search on the webpage).

Hereafter, the dissertation turns to the model's second level, which builds on **CP5** and **CP6**. They address the **limitation of transactional linearity** and allow reflecting aspects of a brand's performance that surround the focal transaction. First, the proposed model **accounts for behavioral (e)WOM**, a fundamental social outcome of a purchase and use experience (**CP6**).<sup>1093</sup> This proposition is not only supported by the prominence in other contemporary approaches<sup>1094</sup> but is also a result of the direct influence that both online and offline WOM can have on other consumers' purchase decisions. Consistent with the MOT model, (e)WOM is assessed, separately.<sup>1095</sup> Whereas consumers might receive (e)WOM and use it as source of information in their purchase process, the proposition centers on the **purchase-related sending of (e)WOM**. As discussed, the focus is on experience-based (e)WOM vis-à-vis the purchased brand and alternatives that were relevant during the process. It may be shared online (e.g., blogs, forums, social media) or offline (e.g., face to face or telephone)<sup>1096</sup> and can be either positive or negative.<sup>1097</sup> This dual differentiation results in four partial (e)WOM-related measures. To be consistent with the brand purchase funnel's set-up, the proposed model employs **binary (i.e., yes/no) questions with a valence note**.<sup>1098</sup> For instance, to measure positive (negative) WOM, it asks whether a consumer spoke positively (negatively) to at least one person (e.g., family, friend, or acquaintance) about

<sup>1093</sup> As discussed in Chapter B2.2.3.2, (e)WOM is viewed as most important social consequence of a focal transaction. There are other social behaviors such as formal complaints (see e.g., RICHINS (1983), p. 69) or engagement such as website visits (see e.g., BERGKVIST & BECH-LARSEN (2010), pp. 507–508).

<sup>1094</sup> MOT model: In an extension of LECINSKI (2011), MORAN ET AL. (2014) describe the sharing of the experience as the TMOT (p. 202); Consumer Boulevard: see PAUWELS & VAN EWIJK (2013), pp. 25, 41. Whilst the authors only operationalize eWOM (via positive and negative social media conversations) (p. 16), their conceptual Consumer Boulevard model includes offline and online WOM (p. 25); CDJ: Positive WOM as characteristic of active loyalty, see COURT ET AL. (2009), p. 6; Nonstop Customer Experience model: Positive WOM as characteristic of emotional loyalty, see NUNES ET AL. (2013), p. 50.

<sup>1095</sup> See MORAN ET AL. (2014), p. 202 and Chapter B3.3 for a detailed discussion

<sup>1096</sup> See KING ET AL. (2014), p. 169; LOVETT ET AL. (2013), pp. 430–431

<sup>1097</sup> Beyond volume, valence is a second key dimension of (e)WOM. See e.g., HORNİK ET AL. (2015), pp. 273–274; YOU ET AL. (2015), p. 19. The thesis differs from funnel models that only look at positive recommendations (e.g., as consequence of loyalty). See KRÜGER & STUMPF (2013), pp. 34–35

<sup>1098</sup> Other stages in the TBF model provide information on whether a brand is relevant for a certain set (e.g., Is a consumer aware of the brand? Did he/she consider it?). See PERREY ET AL. (2015), p. 130

purchase X.<sup>1099</sup> In addition, one may complement each measure with a frequency assessment<sup>1100</sup> to differentiate consumers' according to the degree of communication:

Lastly, the proposed model builds on **composite loyalty theory** to evaluate the status of the relationship between a consumer and a brand into which the focal transaction is embedded (**CP5**). Drawing on Chapter B2.2.3.1, composite loyalty rests on the combination of an attitudinal and a behavioral component. In comparison to non-loyals, consumers that are (truly) loyal to a brand are characterized by a strong and differentiated attitudinal disposition to it, which has also been reflected in past purchase behavior. Furthermore, one may carve out latent loyalists (i.e., attitudinal disposition toward a brand without behavioral purchase) and spurious loyalists (i.e., repetitive brand purchase without attitudinal disposition). This results in a differentiation of up to four loyalty levels.<sup>1101</sup> Instead of positioning loyalty subsequent to purchase as in the TBF, the proposed model assesses a **consumer's loyalty status vis-à-vis each brand**. This differentiation may be of managerial relevance as it allows controlling, and hence managing, the brand funnel separately for different loyalty segments.<sup>1102</sup> A combination of an attitudinal and a behavioral loyalty metric is required to operationalize the proposition. The TBF shown in Figure 2 provides a **brand-related attitudinal construct**. It builds on items that evaluate a consumer's commitment to a brand and his/her intention to consider its purchase in the future.<sup>1103</sup> This operationalization is

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<sup>1099</sup> This question builds on prior literature. RICHINS (1983) assesses negative WOM "... as the act of telling at least one friend or acquaintance about the dissatisfaction..." (p. 71). BROWN ET AL. (2005) ask several questions on positive WOM, for example "Spoke positively of the dealership to others." (p. 135)

<sup>1100</sup> For example, ANDERSON (1998) measures WOM as the amount of people talked to about recent experiences (p. 10). Similarly, BOWMAN & NARAYANDAS (2001), p. 288

<sup>1101</sup> See DICK & BASU (1994), pp. 101–102. Cf. also FOSCHT & SWOBODA (2011), pp. 245–247; KABIRAJ & SHANMUGAN (2010), pp. 294–295

<sup>1102</sup> Different researchers provide comparable segmentations based on consumers' loyalty status. See e.g., CURRAN & HEALY (2014), p. 372; RAUYRUEN & MILLER (2007), pp. 27–29. RAUYRUEN & MILLER (2007) argue, "Marketers should identify groups of customers based on loyalty status and develop strategies that are appropriate for further building loyalty under the conditions that exist for the product and service." (p. 29). Similarly, certain contemporary alternatives to the TBF include such a segmentation. See e.g., NUNES ET AL. (2013), pp. 50–51 and Chapter B3.2. Consistently, the EBF allows assessing the brand purchase funnel for new and prior customers. See FREUNDT ET AL. (2015), p. 92 and Chapter B3.4.

<sup>1103</sup> For example, in the automotive context, PERREY ET AL. (2015) propose to measure the loyalty construct by two questions: "Which of these manufacturers would you recommend to friends and family?" and "From which of these manufacturers could you imagine buying a car in the future?" (p. 131)

similar to other constructs employed in the literature,<sup>1104</sup> and, hence, adopted for the attitudinal component of the model. An **industry-specific, behavioral metric** is added based on the CDJ and other literature discussed in Chapter B2.2.3.1. For frequently purchased products or services (e.g., candy bar, skin care) a proportion-of-purchase measure (e.g., X% of purchases in last three months) is used.<sup>1105</sup> For durables or long-term services (e.g., automotive, electricity contract), the repeated purchase of the same brand as last time is a proven measure that is adopted here.<sup>1106</sup> In sum, composite loyalty provides an evaluation on the transaction's context that is not available in the TBF.

Throughout the last paragraphs, a more nuanced brand purchase funnel model has been conceptualized, and established means for operationalization were suggested. Their adoption contributes to the model's **academic rigor**. At the same time, their relative simplicity intends to support the continued **managerial usability** of the model (**OP1**). Consistent with approaches such as the CDJ<sup>1107</sup> or EBF,<sup>1108</sup> this proposal builds on a **solicited, survey-based design (OP2, OP3)**. Despite certain caveats, especially the need for a representative survey that may require a large sample and result in financial effort<sup>1109</sup> as well as the potential bias of consumers' self-reported answers, this design is deliberately chosen. First, it is applicable across a brand's consumer

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<sup>1104</sup> For example, EVANSCHITZKY ET AL. (2006) measure attitudinal loyalty by two questions, namely "*I would recommend the [service provider] in the future*" and "*I will prefer this [service provider] as opposed to others in the future*" (p. 1211). In their multi-item construct, AUH ET AL. (2007) use, amongst others, one item that relates to future purchase intention, namely, "*I will invest more funds through [Business Name] in the future*" (p. 363).

<sup>1105</sup> See COURT ET AL. (2009). For fast-moving skin care products, the CDJ requires that one brand has a share of total purchases of 70% and a minimum of two purchases over 3 months. (p. 4). In the EBF, a lower threshold is used to identify prior or repeat consumers. Those "... *bought the brand at least 3 times out of last 10 purchases in the category.*" PERREY ET AL. (2015), p. 162. MELLENS ET AL. (1996) review (behavioral) loyalty metrics and highlight that while proportion-of-purchase measures are simplistic, they "... *are easy to use and easy to implement.*" (p. 524)

<sup>1106</sup> See TERECH ET AL. (2009), who develop a loyalty taxonomy for the automotive industry (pp. 213-215). Consumers who repeat their previous purchase are divided into soft and hard-core loyalists based on whether they consider more than one (soft) or only the previously purchased brand (hard-core). COURT ET AL. (2009) use this measurement for durable goods and long-term services (automotive, personal computer, automotive insurance, telecom carriers): For inclusion in the loyalty loop, the CDJ requires the repurchase of the same brand without consideration of other alternatives (p. 4).

<sup>1107</sup> See COURT ET AL. (2009), pp. 2, 4

<sup>1108</sup> See FREUNDT ET AL. (2015), pp. 93, 95, 97; PERREY ET AL. (2015), pp. 139–140

<sup>1109</sup> As noted before, reliable market research data are a key requirement for operationalizing the TBF (or EBF) model(s). See e.g., BURMANN ET AL. (2015), p. 257; TOMCZAK ET AL. (2004), p. 1844

base.<sup>1110</sup> An approach that rests on passive (online) behavioral data would not record consumers that do not employ the tracked (online) medium (e.g., GOOGLE search, comments on FACEBOOK, or supermarket scanner data) and may over-represent those that are (highly) active in it. Research discussed in the dissertation illustrates the point. For instance, even in the developed US market, it was found that more than one third of individuals do not employ online sources in the pre-purchase search for consumer-packaged goods.<sup>1111</sup> In addition, a large share of WOM conversations apparently continues to happen offline<sup>1112</sup> and, even in highly social industries, the percentage of customers that promote a brand online seems rather low.<sup>1113</sup> Second, this design ensures uniform data across all components on the individual level. While behavioral data may be tracked for specific stages (e.g., eWOM), these approaches normally rest on aggregate-level data that is difficult to link to an individual's purchase process.<sup>1114</sup> Finally, the design may ease the collection of data across all required brands. On the one hand, firms may not have access to the necessary behavioral data on their own brand. For example, in many instances it may be difficult to track data on the latent consideration stage.<sup>1115</sup> On the other hand, it may not be feasible to gather certain data on competitor brands since it is not disclosed.<sup>1116</sup> Yet, this is required for a relative assessment of brand performance. For these reasons, the thesis employs a single-source, survey-based design. The four propositions addressing the two limitations can

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<sup>1110</sup> See also PAUWELS & VAN EWIJK (2013) for a similar discussion on the advantages and disadvantages of using solicited, survey-based versus passive online behavioral data (pp. 5-6).

<sup>1111</sup> See LECINSKI (2011), pp. 38–39. The underlying research design was discussed in Chapter B3.3.

<sup>1112</sup> As discussed before, data collected by the KELLER FAY GROUP suggests that “... 75 percent of all consumer conversations about brands happen face to face, and another 15 percent happen over the phone and only about 10 percent online.” KELLER & FAY (2012), p. 460. This data stems from the research service TalkTrack, which combines a daily online questionnaire with a diary to trace online as well as offline conversations. On an annual basis, it includes 36,000 surveys among consumers in the United States. The authors do not report the exact period for the above-described distribution.

<sup>1113</sup> In the aforementioned study, BUGHIN (2014) suggests that “for these [most social] categories, research shows that more than 10 per cent of consumers actively promote brands to others...” (p. 357)

<sup>1114</sup> In the WOM context, see GODES & MAYZLIN (2004), p. 548; KIM ET AL. (2016), p. 512

<sup>1115</sup> As a noteworthy example MOE (2006), in her two-stage choice model, observes behavior at the “consideration” stage via internet clickstream data from a retailer of nutritional products. The stage measures products that a shopper viewed (pp. 682-683). Such an approach may not be useful in many other settings, e.g., if a consumer forms the consideration set across multiple touch points which the brand cannot access (e.g., search of satisfying automotive alternatives on own website versus in a car test magazine).

<sup>1116</sup> Cf. assessment in the discussion of the Consumer Boulevard model in Chapter B3.5.

be **implemented modularly**. They may or may not be applied depending on the situation. For example, a brand manager may omit CP3 in industries such as automotive where the purchase decision is typically deliberately prepared and impulse or habit decisions are not likely. Similarly, in case that consumers are generally aware of the set of available brands included in the analysis (e.g., in a relatively concentrated market with few alternatives), an evaluation of CP4 may not be necessary.<sup>1117</sup>

Just as the TBF, the proposed model provides **volume-based information on the external performance of a brand (OP4)**. However, every proposition that addresses a limitation results in a more specific understanding of an individual's buying cycle. Whereas the first level creates a more differentiated understanding of a focal transaction, the second level adds information on its context. Since an aggregate, relative brand performance KPI can be derived from each mean ("brand perspective"), the resulting model allows for a **more differentiated measurement of brand performance** across consumer sub-groups.<sup>1118</sup> For instance, a separate assessment of initial consideration and later brand entry may allow identifying a brand's performance more specifically and targeting investments accordingly.<sup>1119</sup> Similarly, a brand manager who monitors the extent to which his/her brand's purchases depend on habitual or impulse decisions may focus attention on the stimuli that cause these purchase reactions. Therefore, while the proposed model maintains the basic type of results of the TBF, its findings offer a higher level of granularity.

Concluding this chapter, **overarching constraints** of the proposed model are pointed out. On the one hand, the thesis provides a **descriptive model with a focus on volume-oriented brand performance KPIs**. This restricts the scope of application. The model is general and does not account for adaptations that others have proposed for applications of the TBF (e.g., addition of a stage like "visited" in the context of retail brands<sup>1120</sup>). Furthermore, the model does not provide insights on underlying reasons

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<sup>1117</sup> FREUNDT ET AL. (2015) compare a TBF and the EBF model, and provide a similar argument on the benefits of the EBF's modular set-up (pp. 93, 98). For example, they suggest that for deliberate investments in stable market environments, the traditional model may suffice (p. 97).

<sup>1118</sup> FREUNDT ET AL. (2015) highlight this advantage regarding the EBF's two enhancements (p. 98).

<sup>1119</sup> The dissertation reverts to this aspect in Chapter D2. FREUNDT ET AL. (2015) employ the EBF (context: electricity industry) for a similar split (pp. 95).

<sup>1120</sup> See HEYWOOD & KLIGER (2001), pp. 69–71. They present a TBF model for retail brands and, amongst

(e.g., relevant brand drivers or touch points)<sup>1121</sup> or on other parts of a nested decision (e.g., consumer subsequently decides whether to visit a store, whether to shop, and what to purchase<sup>1122</sup>). On the other hand, there are **prerequisites to apply the proposed model**. First, given the relative performance assessment, it requires the possibility of choosing among alternatives.<sup>1123</sup> Second, it assumes that choices are discrete. As such, purchases of bundles (e.g., purchase of a shampoo because it was promotionally included with the shower gel that the consumer intended to buy) or due to obligations (e.g., to secure the fare of a flight, a consumer needs to choose hotel A) are not in focus.<sup>1124</sup> Third, and consistent with the TBF, the model is based on a measurement at one point in time.<sup>1125</sup> This has implications for its use. The managerial benefit augments upon repeated application, since one may then compare KPIs over time and reduce the risk of biases in self-reported answers.<sup>1126</sup> Lastly, instead of applying the proposed model to the “undifferentiated” consumer base, managers may rather want to distinguish their specific business segments (e.g., local clients versus global accounts) and interpret brand performance separately.<sup>1127</sup> This supports the need for a reliable, representative survey design with a sufficiently large sample size that was highlighted before.<sup>1128</sup> Bearing these constraints in mind, the proposed model provides a more nuanced structure that fulfills the propositions derived before and answers the third research question. Figure 13 summarizes it graphically.

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others, add a further stage before purchase that is called visited.

<sup>1121</sup> See Chapters A2 and A3.2. Chapter B5 presents brand image as driver of purchase decisions.

<sup>1122</sup> See HUI ET AL. (2009a), pp. 479–480

<sup>1123</sup> See COURT ET AL. (2009), who similarly use this aspect to delimit the CDJ's scope of application (p. 2).

<sup>1124</sup> See SHOCKER ET AL. (1991). Presenting their seminal multistage model of an individual's purchase decision process, they highlight, “*The decisions we emphasize are separable and discrete and will be assumed to have well-defined boundaries, i.e., they have weak future implications.*” (p. 182)

<sup>1125</sup> See e.g., ESCH (2010), p. 586

<sup>1126</sup> See REINECKE (2014), p. 40

<sup>1127</sup> See REINECKE (2014), p. 38

<sup>1128</sup> See e.g., BURMANN ET AL. (2015), p. 257; TOMCZAK ET AL. (2004), p. 1844

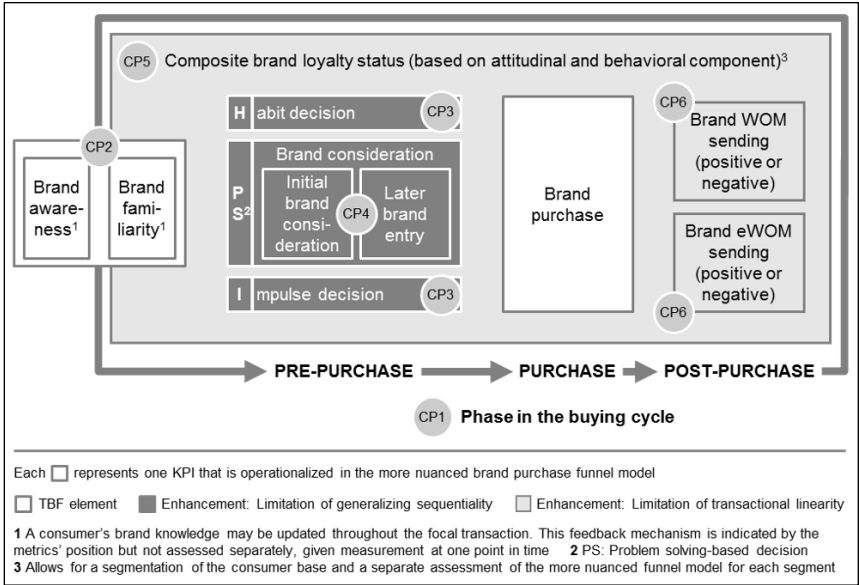


Figure 13: More nuanced brand purchase funnel model

Source: Own illustration

### 5. Multidimensional brand image perception as an important driver in the brand purchase funnel

As a second contribution, the thesis intends to assess the added value of the proposed funnel enhancements, compared to a TBF model, empirically (second research focus). Moving beyond prior research,<sup>1129</sup> the elected focus is on the extent to which these **improve the ability to explain the brand purchase decision**. This may emerge in two ways: from the **proposed enhancement** per se (e.g., different purchase propensity according to the composite loyalty status) or from the **separation of sub-groups** based on an enhancement (e.g., the consideration set differentiator), which **differ significantly** in terms of the underlying, behavioral factors that influence the purchase decision. As outlined in the introduction, **brand image**, which is a central construct in the explanation of consumers' purchase behavior, can be employed to investigate the latter. The resulting evaluation, namely, to what extent the influence of brand image on

<sup>1129</sup> See especially Chapter B3. Further relevant research is discussed throughout Chapters B5 and B6.

the purchase decision differs for sub-groups created by the more nuanced funnel model, is important to the **brand image literature** itself. It can provide insightful information for strategic and operative brand management. Moreover, prior brand funnel-based research focuses on this particular relation. It assesses the influence of the multidimensional brand image on different stages of the traditional brand purchase process.<sup>1130</sup> Specifically, FREUNDT conducts a comprehensive quantitative-empirical assessment in this context. Across 13 industries, he evaluates the extent to which the construct brand image explains consumers' progression through three stages of the TBF, namely brand consideration, purchase, and loyalty.<sup>1131</sup> Mirroring this "**TBF-based**" **research model**, complemented by the proposed enhancements, provides a foundation against which the thesis' findings can be compared. It, subsequently, allows for an investigation of each propositions' value add vis-à-vis this TBF base model. To complete the theoretical foundation that is necessary to establish the research hypotheses, this section develops a detailed view on the brand image concept. It expands the **theoretical context** introduced in Chapter A3.2, the relevance of brand image for purchase behavior, and delimits the **construct's understanding** in this thesis.

Grounded in **consumer psychology research**, the image construct relates closely to "longer standing" concepts used in the explanation of consumers' behavior.<sup>1132</sup> Literature often discusses it in connection with the attitude concept. While dissensions remain,<sup>1133</sup> different researchers use the two terms synonymously.<sup>1134</sup> KROEBER-RIEL

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<sup>1130</sup> See e.g., ANISIMOVA (2007); EILERS (2014); FREUNDT (2006); HSIEH ET AL. (2004). Findings from these and other studies are discussed below.

<sup>1131</sup> See FREUNDT (2006), pp. 153, 268-281, 285-289. The author employs two brand image constructs as independent variables, namely the rational and emotional brand image. The 13 industries include durables (compact cars, medium-class cars, motorcycles, and airlines), contractual services (mobile phone contracts, investment funds, and health insurance), fast-moving goods (coffee, shampoo, mobile phones, and mineral water), and retail (mail-order firms and food retailing). Central research findings are discussed below.

<sup>1132</sup> See HSIEH ET AL. (2004), p. 252

<sup>1133</sup> Cf. KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 233. For example, FOSCHT & SWOBODA (2011) highlight that attitude and image take reciprocal perspectives: The attitude belongs to a person, the image belongs to the object considered by this person (p. 69).

<sup>1134</sup> See e.g., ANDREASSEN & LINDESTAD (1998), p. 11; CIAN (2011), pp. 181-182; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 233; SYED ALWI & KITCHEN (2014), p. 2326



AND GRÖPPEL-KLEIN advocate this view because both concepts share similar characteristics<sup>1135</sup> and are measured by similar approaches.<sup>1136</sup> In accordance with BURMANN AND STOLLE, this thesis understands **brand image as an attitudinal construct**.<sup>1137</sup> It can be defined as “... a multidimensional attitudinal construct ...which represents the perceptions of the brand in the mind of external stakeholders.”<sup>1138</sup> These stakeholders, and consumers in particular, are theorized to form a subjective image as they perceive, decode, and evaluate signals related to a brand.<sup>1139</sup> In other words, the image describes “... perceptions about a brand as reflected by the brand associations held in consumer memory.”<sup>1140</sup>

Corresponding to this definition, brand image is an intervening construct that pertains to the “O” sphere in the S-O-R paradigm.<sup>1141</sup> It provides a learned, holistic **evaluation of a brand** and has relatively **high temporal stability**, causing a consumer to regularly **act positively or negatively** with regard to the object.<sup>1142</sup> The two-component theory of the attitude details this view.<sup>1143</sup> It posits that brand image combines a **cognitive component** (i.e., subjective knowledge about the brand resulting from rationale processes) and an **affective component** (i.e., subjective, emotional feeling toward the

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<sup>1135</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 232–233, who build on KROEBER-RIEL (1984).

<sup>1136</sup> Since the construct is latent, it is important to use a measurement approach that reflects the theoretical concept. Explicit approaches (e.g., via a survey-based image scale) only allow to measure an explicit brand image. See BIELEFELD (2012), p. 157; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 263–264; TROMMSDORFF & TEICHERT (2011), pp. 135, 145

<sup>1137</sup> See BURMANN & STOLLE (2007), p. 68. Similarly, e.g., BURMANN ET AL. (2003), pp. 5–6; BURMANN ET AL. (2015), p. 56; MEFFERT ET AL. (2015), p. 332

<sup>1138</sup> BURMANN ET AL. ([IN PRESS]), who build on FOSCHT & SWOBODA (2011) and TROMMSDORFF & TEICHERT (2011). Similarly, BURMANN ET AL. (2003), pp. 5–6.

<sup>1139</sup> See BURMANN ET AL. (2015), p. 56. This implies that brand managers can only indirectly influence the brand image via the experience conveyed at the touch points. Hence, it can be viewed as a central effect concept in brand management. See BURMANN ET AL. (2003), pp. 5–6; BURMANN ET AL. (2015), pp. 30, 56, 59. Brand-related signals include both signals created/sent by the brand itself and signals created/sent outside its control. Especially in the context of (consumer-consumer interactions on) social media, the latter gain in importance. See EILERS (2014), p. 24

<sup>1140</sup> KELLER (1993), p. 3

<sup>1141</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 263–264; TROMMSDORFF & TEICHERT (2011), p. 127

<sup>1142</sup> See MEFFERT ET AL. (2015), p. 118; TROMMSDORFF & TEICHERT (2011), p. 126. An attitude's temporal stability is a key prerequisite for its ability to explain behavior. When market researchers investigate the relationship, they typically limit the time between actual purchase and attitude measurement to a certain period. See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 251

<sup>1143</sup> See NITSCHKE (2006), p. 105

brand).<sup>1144</sup> These jointly influence a consumer's (conative) behavioral intention and actual behavior, which can in turn retroact on the attitude's components.<sup>1145</sup> Hence, the subjective perception of a favorable, strong, and unique brand image should **increase the likelihood of this brand's purchase**.<sup>1146</sup> Adopting a multistage perspective on the brand purchase decision, brand image can be conceptualized (and has been empirically employed) as driver (i.e., explanatory construct) of consumers' progression through the purchase funnel, most importantly from the brand consideration to the brand purchase stage.<sup>1147</sup> In practice, the connection between attitude and behavior can be disturbed by anticipated (e.g., the upcoming purchase of a new car is affected by a foreseeable budget constraint due to another major investment) or unanticipated (e.g., an unforeseeable delay in the release of the car in favor) situation-specific influences.<sup>1148</sup> Empirical research supports this causality for different types of brand image conceptualizations and across various industries. As such, multiple studies across diverse contexts evidence that brand image is a significant **determinant of consumers' (conative) purchase intention**.<sup>1149</sup> In addition, prior research shows that

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<sup>1144</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 244; TROMMSDORFF & TEICHERT (2011), p. 130

<sup>1145</sup> See e.g., EAGLY & CHAIKEN (1993), p. 6; NITSCHKE (2006), p. 105; SCHADE (2012), pp. 33–34. It remains a controversy in the marketing literature whether the conative behavioral intention is itself a component of the attitude. See e.g., NITSCHKE (2006), pp. 104–106. This view is postulated by the tricomponent theory of the attitude. See e.g., KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 242; TROMMSDORFF & TEICHERT (2011), pp. 130–131. The above identity-based definition of brand image emphasizes its evaluative, psychological character, which corresponds to the two-component understanding. See e.g., BURMANN & STOLLE (2007), pp. 23, 70; NITSCHKE (2006), p. 105; SCHADE (2012), pp. 33–34

<sup>1146</sup> See e.g., FISCHER ET AL. (2002), pp. 9–10; FOSCHT & SWOBODA (2011), p. 69; HSIEH ET AL. (2004), p. 252; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 232–233; MEFFERT ET AL. (2015), p. 118

<sup>1147</sup> See e.g., BALLANTYNE ET AL. (2006), p. 349; PERREY ET AL. (2015), pp. 171–182. Implicitly, this multistage perspective necessitates modeling the influence of the explanatory variable, brand image, on the outcome, brand purchase, yet subject to (stated) brand consideration.

<sup>1148</sup> See TROMMSDORFF & TEICHERT (2011), p. 127

<sup>1149</sup> For example, BECKER (2012) employs structural equation modeling to investigate the relation between different brand benefit categories, global brand image, and purchase intentions. Across five industry contexts, namely automotive, mobile phones, sport shoes, beer, and services, he finds a significant influence of different brand benefit categories on a brand's global image, which exerts a significant influence on purchase behavior (p. 181, 205). In a two-industry study (automotive and grocery), EILERS (2014) finds that both functional and non-functional brand benefits significantly explain a brand's global image, which is a significant determinant of brand purchase intention (pp. 159–160, 163–164). Based on structural equation modeling, STOLLE (2013) finds that all five (i.e., utilitarian, economic, social, hedonic, and aesthetic) brand benefit constructs exert a significant influence on the conative brand evaluation in the automotive context (p. 350). The underlying research designs are discussed in more detail later in this chapter.

this relation extends beyond the intention to **purchase behavior**.<sup>1150</sup> Therefore, the construct is viewed as a key component of a **brand's external strength**,<sup>1151</sup> which formally describes the degree of behavioral relevance that a brand has for a consumer.<sup>1152</sup> This provides the conceptual basis for the **relation between a consumer's perception of a brand's image and his/her brand-related behavior**, illustrated in the brand purchase funnel.<sup>1153</sup>

Theoretically, however, the psychological construct brand image should only be a determinant of a purchase decision if the consumer attains to it when making his/her choice. KROEBER-RIEL AND GRÖPPEL-KLEIN point out that this assumption, a (substan-

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<sup>1150</sup> For example, research by ROBERTS & LATTIN (1991) focuses on the cereals market (sample of 121 households surveyed in Australia). They study how brand perceptions across 25 image associations predict consideration and choice and discover higher diagnostic information in the two-stage model compared with a choice only model (pp. 434–435, 437–438). Using mean score comparisons (t-tests), UM & CROMPTON (1990) evaluate the influence of attitude on three stages of an actual destination choice (awareness set, evoked set, choice). They evidence a positive relationship, since the mean score among alternatives selected as destinations from the evoked set is significantly higher than the mean score of alternatives not selected. Using the classification introduced in this dissertation, they build on both functional and non-functional (social or personal) benefits to measure attitude. The research is based on a two-stage, longitudinal design using an undergraduate student sample (n = 359) (pp. 439–440, 444–445). Different researchers adopt a comparable approach in further industries. Using the TBF or the EBF, they suggest that single brand image associations have a statistically significant influence for transferring from brand consideration to brand purchase. TBF: See e.g., HEYWOOD & KLIGER (2001), p. 71. In a retail context, the authors identify which associations are relevant for moving from one funnel stage to the next (e.g., visited to ever purchased). The assessment is based on an ANOVA analysis. They call the stage prior to purchase “visited”, not consideration. EBF: See FREUNDT ET AL. (2015), pp. 95–98. As discussed in Chapter B3.4, the authors use t-test analyses to identify whether there are statistically significant mean differences in brand image associations between traditional or direct entry to consideration and purchase (industry: electricity providers) as well as consideration and purchase for both initial and prior customers (industry: automobile companies). Comparable findings extend to similar settings. In the context of mobile telephone providers, LAM ET AL. (2010) evidence that a higher brand image of an incumbent brand, relative to a new brand, significantly reduces the likelihood of switching to the latter (p. 140).

<sup>1151</sup> See BURMANN ET AL. (2003), pp. 49–50; BURMANN ET AL. (2015), p. 261; FISCHER ET AL. (2002), pp. 9–10

<sup>1152</sup> BURMANN ET AL. ([IN PRESS]) define, “*The external brand strength ascertains the extent of a brand's relevance to behaviour for consumers.*” Previously, the dissertation introduced the term CBBE based on KELLER (1993), pp. 8–9. While he focuses only on brand knowledge (constituted by brand awareness and brand image) as constituent of brand equity, the two terms are similar in nature.

<sup>1153</sup> To deploy any (positive) behavioral relevance, the perceived bundle of functional and non-functional benefits has to be able to satisfy a consumer's needs. See BURMANN ET AL. (2015), pp. 28, 56 and discussion hereafter. For this reason, FISCHER ET AL. (2002), pp. 10–11 formally distinguish between “*Einstellungsstärke*” (i.e., attitudinal strength, which is the evaluated image of a brand) and “*Verhaltensstärke*” (i.e., behavioral strength, which is the behavioral relevance of the attitudinal strength, moderated by a brand's relevance for a [purchase] decision).

tial) influence of brand image on purchase, may not hold in habitual or in impulse purchase decisions.<sup>1154</sup> In habit situations, consumers execute learned decisions “quasi-automatically” based on the perception of stable cues and frequent repetition.<sup>1155</sup> Consumers who purchase impulsively essentially react to a sudden, unplanned urge to buy that can, for instance, be caused by environmental stimuli.<sup>1156</sup> In both decision types, consumers’ degree of cognitive steering is comparatively lower.<sup>1157</sup> Then, the explicit evaluation of brand image as driver of purchase behavior may not be in the foreground.<sup>1158</sup> The differentiation of **purchase decision types** in the proposed funnel model is thus also relevant for the second research focus. It implies that the relation of brand image and purchase is primarily important for **problem solving-based decisions**. Chapter B6 incorporates this aspect in the design of the empirical research.

The thesis specifies the understanding of the construct, hereafter, as basis for the empirical investigation. While, so far, it discussed the construct as one, researchers have developed more **detailed conceptualizations** over the last decades.<sup>1159</sup> Based on BURMANN AND STOLLE, the image can be theorized as either the **global image** (i.e., an overall evaluation) or the **partial images** (i.e., a multidimensional evaluation) of a brand.<sup>1160</sup> According to their view, the global evaluation of a brand equals the aggregation of all partial images.<sup>1161</sup> The partial images can be subdivided into **two main**

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<sup>1154</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 252. They build their argument on the attitude construct but use the term synonymously with brand image (p. 233). As a third case, they exclude initial purchases with a very low degree of involvement (i.e., a situation where the consumer purchases without more specific knowledge of and thought about the brand) (p. 252).

<sup>1155</sup> See e.g., KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 252; WOOD & NEAL (2009), pp. 580–581 and Chapter B2.2.2.1.2 for details on the understanding of a habit purchase decision.

<sup>1156</sup> See e.g., BEATTY & FERRELL (1998), pp. 170–171; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 252, 491–495 and Chapter B2.2.2.1.3 for details on the understanding of an impulse purchase decision.

<sup>1157</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 252, 460 and Chapter B2.2.2.1.

<sup>1158</sup> See KROEBER-RIEL & GRÖPPEL-KLEIN (2013), p. 252

<sup>1159</sup> The reader is pointed to BURMANN & STOLLE (2007) for a comprehensive review of this literature.

<sup>1160</sup> See BURMANN & STOLLE (2007), p. 23; STOLLE (2013), pp. 54–57

<sup>1161</sup> See BURMANN & STOLLE (2007), pp. 69–70. Consistent herewith, TROMMSDORFF & TEICHERT (2011), p. 128 relate the use of the two perspectives to practical marketing applications. While a global evaluation may suffice as overall performance indicator, for example to evaluate an advertisement campaign or for a sales forecast, a multidimensional evaluation is beneficial for elaborations that are more thorough. These may include the discovery of consumer segments or market niches (based on the importance of certain brand image associations) or the planning of an advertisement as regards content.

**categories** of associations: brand attributes as well as brand benefits.<sup>1162</sup> **Brand attributes** are defined as “... *those descriptive features that characterize a product or service*.”<sup>1163</sup> They can either be product- or non-product-related.<sup>1164</sup> Whereas product-related attributes relay to the characteristics of the product or service that are necessary for its performance (e.g., a car’s horsepower or the availability of a service hotline for an electricity provider), non-product-related attributes describe other, external characteristics,<sup>1165</sup> for instance a brand’s personality<sup>1166</sup> or origin.<sup>1167, 1168</sup> **Brand benefits** describe a consumer’s subjective degree of satisfaction of his/her needs that results from the perception of those attributes.<sup>1169</sup> Formally, KELLER defines them as “... *the personal value consumers attach to the product or service attributes – that is, what consumers think the product or service can do for them*.”<sup>1170</sup>

This suggests a **hierarchical link** between the two categories, which is grounded in the **means-end-theory**.<sup>1171</sup> It proposes that a consumer perceives a product (the mean) as a set of characteristics and evaluates these with regard to their ability to fulfill a situation-specific valued state (the end) that is reflected by the relevant benefits. A consumer is assumed to choose a mean based on this evaluation.<sup>1172</sup> As such, brand

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<sup>1162</sup> See BURMANN ET AL. (2003), p. 6; BURMANN ET AL. (2015), p. 57; KELLER (1993), p. 3; KELLER (2013), pp. 72, 77; MEFFERT ET AL. (2015), pp. 332–333

<sup>1163</sup> KELLER (1993), p. 4; KELLER (2013), p. 77. Similarly, BURMANN ET AL. (2015), p. 57

<sup>1164</sup> See KELLER (1993), p. 4. Although the author employs the terms product-/non-product-related, this understanding holds for both products and services (in accordance with the definition).

<sup>1165</sup> See KELLER (1993), p. 4

<sup>1166</sup> AAKER (1997) defines **brand personality** as “... *the set of human characteristics associated with a brand*.” (p. 347). For example, the vodka brand ABSOLUTE may “... *be described as a cool, hip, contemporary 25-year old*...” (p. 347). Whereas BURMANN ET AL. (2015), p. 57 view brand personality as a sub-dimension of brand attributes, STOLLE (2013), pp. 97–98 suggests to separately account for this dimension as a third type of brand image associations beyond brand attributes and brand benefits.

<sup>1167</sup> THAKOR & KOHLI (1996) refer to “**brand origin** as the place, region or country to which the brand is perceived to belong by its target consumers.” (p. 27, accentuation added).

<sup>1168</sup> See MEFFERT ET AL. (2015), p. 333

<sup>1169</sup> See DILLER (2001), p. 1201; PERREY (1998), p. 12. DILLER (2001) notes, “*Im Marketing versteht man unter Nutzen den Grad der Befriedigung von Bedürfnissen ..., den ein Wirtschaftsgut beim Verbraucher bzw. Verwender erbringt*.” (p. 1201). Loose translation: In marketing, a benefit can be understood as the degree to which an economic good fulfills a consumer’s or user’s needs.

<sup>1170</sup> KELLER (1993), p. 4. A similar definition is expressed by GUTMAN (1981), pp. 117–118; KELLER (2013), p. 77.

<sup>1171</sup> Cf. FOSCHT & SWOBODA (2011), p. 69; KROEBER-RIEL & GRÖPPEL-KLEIN (2013), pp. 241–242

<sup>1172</sup> See GUTMAN (1981), pp. 116–118

benefits intervene between brand attributes and the consumer's aspired state. In other words, a consumer can derive brand benefits from a "compression" of descriptive brand attributes.<sup>1173</sup> For instance, the evaluation of car attributes such as its initial list price, horsepower, etc. could result in a benefit "best value for money".<sup>1174</sup> Hence, brand benefits are perceived as the main element of the brand image's behavioral relevance.<sup>1175</sup> Due to this hierarchical connection and to support research parsimony, empirical brand image studies often concentrate on the brand benefit level.<sup>1176</sup> Consistently, this thesis adopts a **multidimensional understanding** and **focuses on benefit associations**.

Scholars have developed different normative frameworks for the **classification of brand benefits**. Fundamentally, one may distinguish between a functional and a non-functional benefit dimension.<sup>1177</sup> **Functional benefits** result from a brand's ability to resolve the consumer's use-related problem (e.g., to drive a car).<sup>1178</sup> In part, prior research subdivides these benefits into a **utilitarian** and an **economic dimension**.<sup>1179</sup> Functional-utilitarian benefits relate to a brand's competence and describe its basic ability to fulfill the functional purpose (e.g., a car's ability to transport people from one place to another or an electricity retailer's ability to provide electricity to a household). Economic benefits reflect the short- and long-term financial consequences associated

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<sup>1173</sup> See BURMANN & STOLLE (2007), pp. 24–25, 82; MEFFERT ET AL. (2015), p. 333; STOLLE (2013), pp. 56–57

<sup>1174</sup> HSIEH & LINDRIDGE (2005) provide a comparable example. They note, "*For example, in the automobile industry the benefit association of good acceleration summarizes the product attribute information such as number of seconds required to accelerate from low speed to fourth gear, engine size, and/or whether variable ratio power steering is offered.*" (p. 15)

<sup>1175</sup> See HSIEH ET AL. (2004), p. 252

<sup>1176</sup> See BURMANN & STOLLE (2007), pp. 37–38; HSIEH ET AL. (2004), p. 252 in support of this argument. For examples of empirical studies see FREUNDT (2006), p. 195; HSIEH ET AL. (2004), pp. 256–257; HSIEH & LINDRIDGE (2005), p. 22; EILERS (2014), p. 86.

<sup>1177</sup> See esp. the conceptual work (summarized) by BURMANN ET AL. (2015), p. 58. More generally, a two-dimensional set-up of a rather functional and a rather non-functional dimension of brand image/benefit associations is consistent with prior research including CHANDON ET AL. (2000), pp. 66–67; EILERS (2014), pp. 134–137; FREUNDT (2006), pp. 192–206; KELLER (2010), pp. 68–69; MEFFERT ET AL. (2015), p. 333; PERREY ET AL. (2015), pp. 168–169; SYED ALWI & KITCHEN (2014), pp. 2328–2329. These researchers employ (partly) different terminology for the two factors.

<sup>1178</sup> See PARK ET AL. (1986), pp. 136–137. Here, brand describes the actual product or service.

<sup>1179</sup> See e.g., BURMANN ET AL. (2015), p. 58; HSIEH & LINDRIDGE (2005), pp. 19–20; STOLLE (2013), pp. 102–103

with the use of the brand, notably its price-performance ratio.<sup>1180</sup> **Non-functional benefits** emerge when a brand provides additional benefits to a consumer beyond its mere functionality.<sup>1181</sup> On a lower level, prior research distinguishes (up to) three types, namely **hedonic, sensual-aesthetic, and social benefits**.<sup>1182</sup> In this understanding, hedonic benefits describe a brand's ability to satisfy a consumer's non-functional, internal needs such as feelings of pleasure and delight, stimulation, or self-realization (e.g., the pleasure of driving a car). Sensual-aesthetic benefits result from a brand's sensual characteristics, including its haptics, acoustic, or taste (e.g., a car's design).<sup>1183</sup> Hedonic and sensual-aesthetic brand benefits have an intrinsic effect that occurs independent of the consumer's social environment.<sup>1184</sup> Hence, the two types have also been summarized as personal/individual<sup>1185</sup> or experiential<sup>1186</sup> benefits. In contrast, social benefits occur when a brand allows satisfying a consumer's extrinsic needs. Such needs include external prestige, self-portrayal of the own personality, or membership in a social group.<sup>1187</sup> This benefit type is related to the consumer's appearance in the social environment. It is assumed to be of particular importance for brands that are consumed or used in public (e.g., a car), since these brands' general visibility augments the importance of social influences.<sup>1188</sup>

Lastly, following BURMANN ET AL., a brand's **risk reduction** capability may be viewed as an overarching brand benefit.<sup>1189</sup> Subjectively, consumers may associate various risks with the purchase of a brand. For instance, in the context of a car, a functional

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<sup>1180</sup> See BURMANN ET AL. (2015), p. 58; BURMANN & STOLLE (2007), pp. 73–74; STOLLE (2013), pp. 102–103

<sup>1181</sup> See BURMANN ET AL. (2003), p. 8; BURMANN ET AL. (2015), pp. 58–59; MEFFERT ET AL. (2015), p. 333

<sup>1182</sup> See BURMANN ET AL. (2015), p. 59; STOLLE (2013), pp. 102–105

<sup>1183</sup> See STOLLE (2013), pp. 104–105

<sup>1184</sup> See BURMANN ET AL. (2015), p. 58

<sup>1185</sup> See BURMANN ET AL. (2015), p. 58

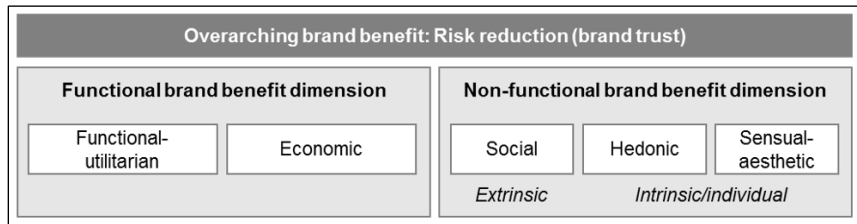
<sup>1186</sup> See KELLER (1993), p. 4; PARK ET AL. (1986), pp. 136–137

<sup>1187</sup> See STOLLE (2013), pp. 103–104

<sup>1188</sup> See MCENALLY & CHERNATONY (1999), pp. 9–11; RICHINS (1994), pp. 505–506, 517; STOLLE (2013), p. 104

<sup>1189</sup> See BURMANN ET AL. (2015), p. 59

risk could relate to the level of protection provided in a crash situation and a non-functional risk could relate to its acceptance by family and friends.<sup>1190</sup> Building on the discussion above, the subjective perception that a brand provides a functional and/or non-functional brand benefit can help to reduce these risks.<sup>1191</sup> This benefit relates closely to the concept of **brand trust**, which reflects a consumer's conviction that a brand has both the capability and the willingness to fulfill its brand promise.<sup>1192</sup> A stronger perception that a brand offers a functional or non-functional benefit should strengthen the perception of its ability to reduce an associated risk and increase a consumer's trust in this brand.<sup>1193</sup> Figure 14 summarizes the different brand benefit dimensions in one normative framework.



**Figure 14: Differentiation of brand benefit dimensions**

Source: Simplified, adapted from BURMANN ET AL. (2015), p. 58; BURMANN ET AL. ([IN PRESS])

This thesis adopts the **dyadic structure of functional and non-functional brand benefits** for several reasons. First, while it offers an inclusive coverage of brand image associations that may influence a purchase decision, it remains parsimonious. Second, this dyadic understanding of brand image fits well to the overall discussion in this thesis.<sup>1194</sup> Moreover, this structure has been validated in a wide range of industry settings,

<sup>1190</sup> These examples are adopted from BURMANN ET AL. (2015), p. 59

<sup>1191</sup> See BURMANN ET AL. (2015), p. 59

<sup>1192</sup> For a more comprehensive discussion of the theoretical foundations, see esp. HEGNER (2012), p. 91. This understanding is adopted by BURMANN ET AL. (2015), p. 59.

<sup>1193</sup> See BURMANN ET AL. (2015), p. 59. A strong, positive relation between brand image and brand trust has been documented empirically, in the past. Cf. BURMANN ET AL. (2015), pp. 70–71, who summarize findings from an online study conducted by the German MARKENVERBAND in 2009 among 5,028 individuals surveyed with regard to more than 350 brands. In this study, a correlation between brand image and trust of 0.83 has been found.

<sup>1194</sup> In particular, Chapter B1.2 discussed that cognitive and affective psychological processes, consolidated within the brand image, may jointly influence behavioral responses represented by the brand funnel's stages (esp. brand purchase). Furthermore, this dyadic structure relates closely to the definition of a brand that was provided in the introduction. Herein, a brand is perceived as "... a bundle



which is beneficial for this dissertation's empirical approach.<sup>1195</sup> In contrast, the empirical support for lower-level classifications remains less conclusive. For example, STOLLE develops and validates the five-component model discussed before (i.e., utilitarian, economic, aesthetic, hedonic, and social brand benefits) in the automotive industry.<sup>1196</sup> Similarly, BECKER has successfully operationalized it in different contexts including the automotive industry.<sup>1197</sup> However, other scholars' exploratory research could not (fully) support a five-factor conceptualization. For instance, ANISIMOVA derives a three-factor measurement instrument for brand benefits in the automotive industry based on exploratory and confirmatory research: a functional, a symbolic, and an emotional construct. While the latter two account for separate aspects of the non-functional brand image, the functional construct includes items that are utilitarian (e.g., quality), economic (e.g., value for money), and aesthetic (aesthetic appeal of features).<sup>1198</sup> EILERS initially conceptualized the partial brand image based on the five lower-order dimensions for two industries, automotive and grocery. However, based on exploratory research, she concludes that a two-factor solution, namely functional

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*of functional and non-functional benefits in the mind of the target groups. This bundle differentiates the brand from competing offers in a sustainable way.*" BURMANN ET AL. ([IN PRESS]), accentuation added.

<sup>1195</sup> As will be discussed in Chapters B6 and C1, the thesis conducts the empirical research in two diverging categories, durables (automotive industry) and contractual services (retail electricity). Based on consumer surveys in 13 industries (total of 29,590 brand image evaluations, see industry discussion before), FREUNDT (2006) develops (industry-specific), multi-item measurement instruments based on this dyadic structure, namely a functional (here: rational) and a non-functional (here: emotional) brand image construct (pp. 192-206). All constructs are (successfully) validated based on confirmatory factor analysis (pp. 218-229). On the basis of an exploratory factor analysis, EILERS (2014) finds support for this two-factor brand image solution and differentiates a functional and a non-functional (here: symbolic) brand benefit construct (pp. 134-137). Her survey-based research focuses on two industries, namely automotive (n = 573) and grocery brands (n = 441) (p. 94). In a fairly different research context, business schools, SYED ALWI & KITCHEN (2014) develop and validate a higher-order measurement model that distinguishes cognitive and affective brand attributes (p. 2331). Their survey is fielded among MBA students in four schools (n = 558) (pp. 2328-2329).

<sup>1196</sup> For the automotive industry, STOLLE (2013) develops and validates a measurement model (survey-based research in six countries, n = 3,237) for brand benefits that entails five formative constructs: utilitarian, economic, social, hedonic, and aesthetic brand benefits. For a summary, see p. 243.

<sup>1197</sup> BECKER (2012) develops another measurement model that builds on the five brand image categories and tests it in five industries (namely automotive, telephony, sport shoes, life insurances, and beer; sample size varies between n = 173 and n = 188 per category) based on a survey-based design (pp. 160-161, 170-173).

<sup>1198</sup> See ANISIMOVA (2007), pp. 397-400. Data is derived from a questionnaire-based survey distributed among customers of an automotive manufacturer (n = 285). The three reflective constructs are validated based on exploratory and confirmatory factor analysis. Drawing on PARK ET AL. (1986), HSIEH ET AL. (2004) also employ a three-factor structure, namely functional, symbolic/social, and sensory/experiential brand benefits (pp. 252-253).

versus non-functional brand image, is more appropriate.<sup>1199</sup> Consistent with different research pointed out before, this thesis thus builds on the dyadic structure.<sup>1200</sup>

Notably, evidence regarding the **influence of the brand image dimensions** on the purchase decision remains inconclusive to date.<sup>1201</sup> According to prior studies, their effect appears to depend on factors including the industry<sup>1202</sup> and nation<sup>1203</sup> under consideration as well as consumer characteristics (e.g., level of involvement or sociodemographic aspects)<sup>1204</sup>. For example, NGOBO AND JEAN use six years of panel data on grocery purchases for organic products to investigate the influence of six store image constructs (produce quality, price, assortment variety, sales staff service, convenience of location, private label quality) and three marketing mix variables (price, feature advertising, and aisle display) on purchase quantity.<sup>1205</sup> They evidence that four partial images have a significant relation with organic product purchase, partly moderated by whether the brand in question is a store's own or another's brand.<sup>1206</sup> In the aforementioned study, STOLLE finds that all five lower-level benefit dimensions, namely utilitarian, economic, hedonic, sensual-aesthetic, and social, have a significant, positive effect on the conative (intention-oriented) evaluation of a brand.<sup>1207</sup> ANISIMOVA uses multiple regression analysis to investigate the influence of three brand image dimensions

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<sup>1199</sup> See EILERS (2014), pp. 132–137. As described, she focuses on two industries, namely automotive and grocery brands and models the constructs as reflective models.

<sup>1200</sup> Notwithstanding the focus on this dyadic structure, the integration of the five lower-order categories is discussed in the context of the constructs' operationalization. See Chapter C2.2.1

<sup>1201</sup> See BALLANTYNE ET AL. (2006), p. 347; KELLER & LEHMANN (2006), pp. 740–741; VAN DER LANS ET AL. (2016), p. 926

<sup>1202</sup> Beyond the studies discussed below, see e.g., HWANG & OK (2013). They find that consumer's brand preference for restaurants is more strongly influenced by hedonic than by utilitarian attitude (p. 129). SYED ALWI & KITCHEN (2014) find that cognitive brand attributes have a higher direct influence on satisfaction than affective brand attributes in the aforementioned context of MBA schools (p. 2332).

<sup>1203</sup> See HSIEH ET AL. (2004), p. 266; VAN DER LANS ET AL. (2016), pp. 937–938

<sup>1204</sup> See BALLANTYNE ET AL. (2006), p. 347

<sup>1205</sup> See NGOBO & JEAN (2012), pp. 623–624. The organic products cover a wide range of categories (e.g., cereal bars, butter, ham, or milk) (p. 623). The purchase data stems from the period 2004–2009 and two French cities. Store image is assessed via an annual survey questionnaire (p. 622).

<sup>1206</sup> See NGOBO & JEAN (2012), pp. 625–627. Their dependent variable is purchase of organic products (not purchase per se) and significant relations exist in both directions. For example, while salespeople's service quality is positively related, price image (items include low prices or promotions) is negatively related.

<sup>1207</sup> See STOLLE (2013), pp. 256–261. This is the case for Germany as well as on average across five countries. Details of this study were discussed before.

on, amongst others, behavioral loyalty (i.e., repeated brand purchase) in the automotive industry. Her findings suggest that, in contrast to emotional brand benefits, both functional and symbolic (social in the terminology employed above) brand benefits are significant determinants.<sup>1208</sup> In a multi-country analysis, HSIEH ET AL. propose that the influence of these three brand benefit constructs is moderated by individual- and country-level variables.<sup>1209</sup> FREUNDT provides a comprehensive assessment that fits particularly well to this dissertation. As described, he employs logistic regression analysis to explain the effect of a functional (here: rational) and a non-functional (here: emotional) brand benefit construct on three TBF stages (consideration, purchase, and loyalty). This survey-based research is conducted separately across 13 industries including durables, contractual services, retail, and fast-moving goods. With regard to the purchase junction, the dissertation's focus, the researcher finds that either one or both brand image dimensions have a significant influence, with similar patterns within the four types of categories. For four durable good categories, his research evidences a significant, positive influence of the rational brand image. Whilst for airlines, the emotional brand image exerts a significant, positive influence, this effect is not significant in the medium-sized or the compact car samples. For two contractual services, investment funds and mobile telephony providers, the rational brand benefit also has a significant, positive impact. The emotional brand benefit is found to have a significant negative impact for investment funds and a directionally negative but non-significant impact for mobile telephony providers.<sup>1210</sup> In a nutshell, varied studies present evidence that brand image, and both the functional as well as the non-functional dimensions, can have a positive influence on (stages of) the purchase decision.

This chapter complements the conceptual basis for the empirical investigation. In sum, the thesis adopts a multi-dimensional brand image conceptualization. It focuses on benefit associations and a differentiation of the functional and non-functional dimensions. Chapter B6 builds on this understanding and derives the research hypotheses.

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<sup>1208</sup> See ANISIMOVA (2007), p. 401. Details of this study were discussed before.

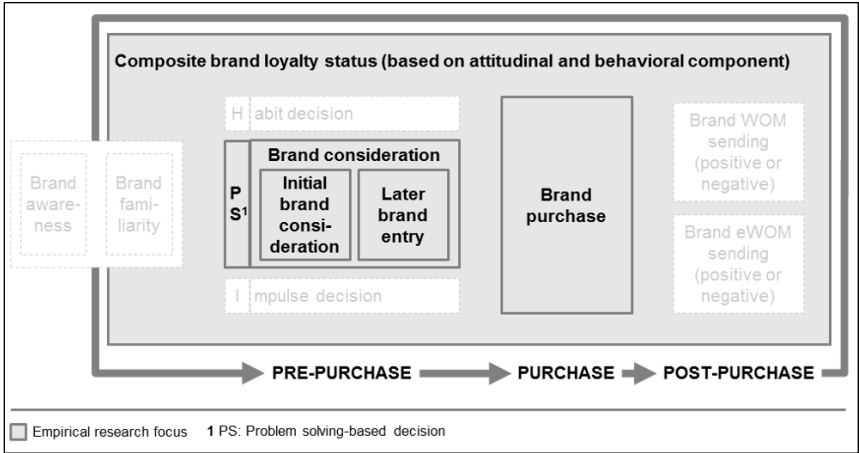
<sup>1209</sup> See HSIEH ET AL. (2004), pp. 264, 266

<sup>1210</sup> See FREUNDT (2006), pp. 268-281, 303

## 6. Development of empirical research focus and hypotheses

Emerging from the presentation of a more nuanced funnel model in Chapter B4, the fourth research question investigates to what extent this proposal constitutes an improvement compared to a traditional funnel model with regard to the explanation of a purchase decision? This question drives this section. Chapter B6 delimits the **focus and context** of the empirical research and postulates the **research hypotheses**.

So far, the dissertation's purpose was to specify a more nuanced alternative to the TBF, holistically. Hence, an integrative approach has been chosen, which adopts existing benefits and mends the fundamental limitations related to the TBF, labeled generalizing sequentiality and transactional linearity. For the last question, a more narrow **focus on selected propositions** is adopted in light of **conceptual and pragmatic reasons**. Conceptually, not all propositions have the same relevance with regard to the above question, which addresses the **determinants of purchase behavior** and **differences in the relevance of brand image facets**. More specifically, CP1 and CP2 focus on existing elements of the TBF. Whilst these are necessary for the nuanced model, they cannot augment the explanatory power vis-à-vis the traditional model. They are thus not in focus of the empirical section. Moreover, CP3 proposes to explicate impulse and habit decisions but, as discussed in Chapter B5, consumers are typically not (strongly) influenced by brand image in these decision types. Lastly, the sending of (e)WOM (CP6) focuses on a consequence of the focal transaction. Against these aspects, a prioritization among the conceptual propositions has been made. In particular, the empirical analysis **focuses on two propositions: the differentiation of consideration set formation** and the **inclusion of consumers' brand loyalty status** (see Figure 15). These are perceived as most relevant in the context of the question and allow addressing both limitations empirically.



**Figure 15: Focus of the empirical research**

Source: Own illustration

Research-pragmatic reasons further support this prioritization. For these two propositions, the dissertation is able to **draw on survey-based data sets** from two industries: automotive manufacturers (durable good) and electricity providers (contractual service) in Germany. In spite of their focus with regard to the propositions, these have **several advantages** for this thesis. Generally, their employment allows investigating the research question based on empirical facts rather than anecdotal evidence, as is often the case in popular scientific contributions.<sup>1211</sup> Specifically, these data sets embrace the demand in marketing research to assess stated purchase behavior rather than mere intentions.<sup>1212</sup> In addition, this data basis enables an assessment of the two additions to the brand purchase funnel in relatively different settings. Since the model intends to have applicability across diverse industries, this aspect is prioritized over the coverage of all conceptual propositions. A brief classification of the two industries supports this claim.<sup>1213</sup> This classification builds on established criteria, namely the type of

<sup>1211</sup> Cf. ZALTMAN ET AL. (1973). In this regard, the thesis offers an advantage compared to several other contemporary approaches to re-model the brand purchase funnel that were discussed in Chapter B3.

<sup>1212</sup> See ANSELMSSON & BONDESSON (2015), p. 67; VERHOEF ET AL. (2007), pp. 97–98 for two discussions in the recent branding literature that mirror this claim.

<sup>1213</sup> This discussion only provides a brief introduction and focuses on aspects relevant to classify the two industries along the proposed criteria. Consistent with the dissertation's overall scope, the focus

category, the basic market structure (esp. lifecycle stage and brand diversity), and the typical consumer choice process (esp. decision effort and involvement).<sup>1214</sup>

The **automotive industry** has high academic and practical importance. It provides a traditional context for brand-related research<sup>1215</sup> and is a core sector of the German economy. In 2013,<sup>1216</sup> there were 43.8 million passenger cars and close to 3 million new registrations in Germany – highlighting the high average lifetime of these **durable goods**.<sup>1217</sup> The industry can be considered as **relatively stable**,<sup>1218</sup> especially with regard to the corporate brand landscape. According to statistics by the KRAFTFAHRT-BUNDESAMT (KBA), Germany's federal motor transport authority, there were about **40 manufacturer brands** in central segments of the passenger car market in 2013.<sup>1219</sup> Besides the major domestic manufacturers (AUDI, BMW, MERCEDES, OPEL, VOLKSWAGEN), a range of foreign alternatives are present (e.g., DACIA, SKODA, TOYOTA). While the total number is moderately large, prior research suggests that German consumers' awareness of the main manufacturer brands is high.<sup>1220</sup> Given the substantial investment associated with the complex purchase, the industry is often described as an example of a **relatively extensive decision process**. The purchase typically implicates a higher level of cognitive steering as well as a higher degree of

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is solely on end consumer aspects. In both industries, there are clearly a number of further influential trends. For example, the "*Energiewende*" has implications on the (retail) electricity market such as an increase in green electricity tariffs or a general impact on retail prices. See e.g., BUNDESNETZAGENTUR & BUNDESKARTELLAMT (2014), pp. 151-172, 176–180 for a discussion.

<sup>1214</sup> The criteria build on FISCHER ET AL. (2002), pp. 21–24. They constitute a subset of the researchers' overall list, including those criteria that seem most relevant for this discussion.

<sup>1215</sup> For empirical investigations that evaluate the impact of brand image constructs on brand-related behavior (or behavioral intention), see e.g., ANISIMOVA (2007); BAUMANN ET AL. (2015); FREUNDT (2006); BECKER (2012); FREUNDT ET AL. (2015); HSIEH ET AL. (2004); KANITZ (2013); MITTAL & KATRICHIS (2000); MITTAL ET AL. (1999); STOLLE (2013). Relevant studies are discussed throughout the chapter.

<sup>1216</sup> Reference is made to 2013 throughout the dissertation, since the two surveys were conducted in December 2013 and January 2014.

<sup>1217</sup> See BUNDESMINISTERIUM FÜR WIRTSCHAFT UND ENERGIE (2016)

<sup>1218</sup> See JOHNSON ET AL. (2006), p. 122

<sup>1219</sup> The KBA publishes data on vehicle population and new registrations for passenger cars in Germany on its webpage (see [http://www.kba.de/SiteGlobals/Forms/Suche/Statistik/Fahrzeuge/Fahrzeuge\\_Formular.html?nn=644264](http://www.kba.de/SiteGlobals/Forms/Suche/Statistik/Fahrzeuge/Fahrzeuge_Formular.html?nn=644264), accessed August 3, 2016). The number is based on the vehicle population in January 2013 and focuses on the segments compact cars (e.g., MERCEDES A-Class), medium-sized cars (e.g., MERCEDES C-Class), and sport-utility vehicles [SUVs] (e.g., MERCEDES GLK). As discussed in Chapter C1.1, the survey at hand focuses on this part of the automotive industry.

<sup>1220</sup> See PERREY ET AL. (2015), p. 141

emotional activation. It often coincides with high consumer involvement and substantial search and evaluation activities.<sup>1221</sup>

The German **retail electricity market** provides an environment that is different in fundamental aspects. The provision of electricity may be viewed as a **contractual service**.<sup>1222</sup> The market has “only” been liberalized in 1998. Amongst others, this has provided free access to the power grid to retailers. It allows them to sell electricity to end consumers across the country.<sup>1223</sup> During the last years, this has led to a **dynamic market evolution** with implications for both market structure and end consumers’ decision-making. In this environment, marketing- and brand-related strategies have gained in importance. On the one hand, the dissolution of (region-specific) monopoly structures has induced market competitiveness.<sup>1224</sup> The number of electricity retailers has proliferated. In 2013, there were about **1,000 providers in Germany** and, on a regional average, households could choose among 80.<sup>1225</sup> Besides the “big four” providers (ENBW, E.ON, RWE<sup>1226</sup>, VATTENFALL) and the respective municipal utilities, consumers can choose among an emerging range of smaller alternatives (e.g., YELLO

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<sup>1221</sup> Beyond discussion in Chapter B2.2.2.1. see ANISIMOVA (2007), p. 397; BLACKWELL ET AL. (2006), p. 89; FREUNDT (2006), p. 151; PAUWELS & VAN EWIJK (2013), p. 46; PERREY ET AL. (2015), p. 141; SPIGGLE & SEWALL (1987), p. 99.

<sup>1222</sup> The classification of retail electricity as a product or service is ambivalent. The term electricity product is frequently employed to describe the specific offer (e.g., 100% eco-friendly electricity). Yet, electricity lacks fundamental properties of a typical product (e.g., from the consumer’s perspective, it is not tangible). At the same time, it shares key characteristics with other contractual services such as mobile telephony, including a temporally defined contractual relationship and the provider’s obligation to conform to a service promise. See FREUNDT (2006), p. 214; SCHMIDT & VEST (2010), p. 151. In accordance with FISCHER ET AL. (2002), p. 27; PERREY ET AL. (2015), p. 146, it is, hence, classified as a contractual service.

<sup>1223</sup> This section focuses solely on the retail (end customer) market, specifically on private households. In their annual “*Monitoringbericht*”, the BUNDESNETZAGENTUR & BUNDESKARTELLAMT (2014) includes these in one segment, delimited from large industrial customers and business customers, with an annual consumption of ≤ 10 megawatt-hours (p. 26). For a more comprehensive introduction to the electricity value chain, the liberalization process, or current developments see e.g., BUNDESNETZAGENTUR & BUNDESKARTELLAMT (2014), pp. 13–192; KEMFERT (2003); SCHMIDT & VEST (2010), pp. 24–27.

<sup>1224</sup> See SCHMIDT & VEST (2010), p. 25

<sup>1225</sup> See BUNDESNETZAGENTUR & BUNDESKARTELLAMT (2014), pp. 139–140

<sup>1226</sup> In 2016, RWE transferred its retail as well as its renewables and grid and infrastructure activities into a subsidiary, INNOGY SE. Besides Germany, this entity’s key markets are the United Kingdom, Belgium, and the Netherlands as well as countries in South East and Central Europe. After the initiation of its operations in April 2016, the gradual rebranding from RWE to INNOGY started in autumn 2016. INNOGY SE started trading on the Frankfurt Stock Exchange on October 7, 2016. See INNOGY SE (2016). Nonetheless, reference is made to RWE throughout this thesis, since it was the relevant retail brand in 2013 and was, hence, included in the questionnaire.

STROM, EPRIMO, LEKKER).<sup>1227</sup> The market thus differs from the automotive industry in terms of lifecycle stage and brand fragmentation. On the other hand, the liberalization has influenced **consumers' decision process**. By default, a regional "**Grundversorger**" serves households in a grid region with electricity.<sup>1228</sup> However, consumers can today **actively search for and evaluate** alternative tariffs and/or providers. In 2013, about 8% of households switched their provider. Based on the amount of electricity provided, 45% of household electricity was covered by a special tariff with the "**Grundversorger**" and 21% by a special tariff with another provider. This implies that about one third of household electricity continued to be provided by contractual "**Grundversorgung**" in 2013, yet this share has been declining over the years.<sup>1229</sup> Due to the commoditized nature of electricity, the decision is typically a lower involvement affair (at least compared to the automotive industry).<sup>1230</sup> For consumers who intend to actively search for a tariff and/or provider, functional aspects, in particular price advantages and service quality, seem important.<sup>1231</sup> This is also reflected in the prominence of online price comparison portals (e.g., VERIVOX, CHECK24), which "introduce" tariffs and providers to consumers.<sup>1232</sup> Generally, this alludes to a more dominant **role of cognitive processes** yet with less extensive problem solving (compared to the automotive industry) and a higher focus on key, heuristic information.<sup>1233</sup>

In sum, the two contexts differ in fundamental aspects that are summarized in Table 4.<sup>1234</sup> Consequently, it could be insightful to assess the effects of the two modules in

<sup>1227</sup> Municipal utility is used as a general term for regional entities entirely or partly owned by the municipality, e.g., STADTWERKE DÜSSELDORF or STADTWERKE MÜNCHEN. For a comprehensive overview of providers see e.g., VERIVOX (2016). Note that some of the smaller providers are subsidiaries of one of the big four (e.g., EPRIMO is owned by RWE).

<sup>1228</sup> Loose translation: basic supplier. According to § 36 (2) EnWG, the (region-specific) "**Grundversorger**" is the electricity provider that supplies the majority of households in a particular grid region and is nominated for three years. For example, in Düsseldorf, the STADTWERKE DÜSSELDORF assume this role.

<sup>1229</sup> See BUNDESNETZAGENTUR & BUNDESKARTELLAMT (2014), pp. 146–149

<sup>1230</sup> See PAUWELS & VAN EWIJK (2013), p. 46; PERREY ET AL. (2015), p. 142

<sup>1231</sup> See BDEW BUNDESVERBAND DER ENERGIE- UND WASSERWIRTSCHAFT E.V. (2014), p. 4; BUNDESNETZAGENTUR & BUNDESKARTELLAMT (2014), pp. 161–165

<sup>1232</sup> See FREUNDT ET AL. (2015), pp. 95–96

<sup>1233</sup> Whilst the discussion points to "general characteristics", the thesis abstains from a simple industry-level classification. As outlined in this document, even within an industry, individuals may act differently.

<sup>1234</sup> In both industries, it can be expected that consumer decisions generally imply a certain level of



these unequal settings. Drawing on the conceptual discussions in Chapter B, the **research hypotheses** are derived for both focal propositions, subsequently.

Industry	Type	Market structure	"Typical" consumer choice process
Automotive manufacturers	<ul style="list-style-type: none"><li>▪ Durable good</li></ul>	<ul style="list-style-type: none"><li>▪ Fairly stable market environment</li><li>▪ Moderately large number of domestic and foreign corporate brands in central passenger car market segments</li><li>▪ Generally high level of awareness of major manufacturer brands</li></ul>	<ul style="list-style-type: none"><li>▪ Relatively extensive choice process, implying higher level of cognitive steering and emotional activation</li><li>▪ Higher involvement decision involving substantial search and evaluation activities</li></ul>
Electricity providers	<ul style="list-style-type: none"><li>▪ Contractual service</li></ul>	<ul style="list-style-type: none"><li>▪ Dynamically evolving market environment since liberalization in 1998</li><li>▪ High number of available providers (~ 1,000 in Germany, ~80 per household)</li><li>▪ Beyond "big four" and municipal providers, evolving number of smaller alternatives</li></ul>	<ul style="list-style-type: none"><li>▪ As an alternative to <i>Grundversorgung</i> (2013: ~34%), consumers can actively switch tariff and/or provider (2013: ~66%)</li><li>▪ Characteristics of less extensive problem-solving and dominant role of cognitive processes</li></ul>

**Table 4:** Classification of the automotive and the electricity industry  
Source: Own illustration

The discussion in Chapter B2.2.2.2 advocates a **differentiated reflection of consideration set formation**. It has been proposed to distinguish between an initial consideration set and later brand additions. Several **contemporary funnel alternatives** presented in Chapter B3 include a comparable suggestion but their empirical support is **mostly descriptive**. In the CDJ, COURT ET AL. provide industry-level information on the amount of brand purchases either made from the initial consideration set or added during active evaluation. For instance, they find that 63% of purchases in the automotive industry stem from the initial consideration set.<sup>1235</sup> The EBF evaluates each brand's performance against other brands for both types of consideration.<sup>1236</sup> These information suggest that a differentiation of consideration set formation is of relevance for brand purchase but do not allow concluding to what extent it significantly augments the power to explain the purchase decision. This thesis intends to assess this aspect.

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cognitive control and are neither habitual nor impulsive. As discussed in Chapter B2.2.2.1.2, high frequency of action is a constituting element of habit purchases. Typically, this is neither the case for the renewal/change of an electricity contract (which normally has a duration of several months or years) nor for the purchase of a car. DITTMAR ET AL. (1995) compare different categories of consumer goods with regard to their degree of impulse purchases. They find that "car equipment" is at the bottom of the list (p. 503). It may be assumed that this is even less the case for car purchases given the high level of resource investment and perceived risk, due to which consumers generally search for and evaluate information. See also SPIGGLE & SEWALL (1987), p. 99

<sup>1235</sup> See COURT ET AL. (2009), p. 4

<sup>1236</sup> See FREUNDT ET AL. (2015), pp. 94–95; PERREY ET AL. (2015), pp. 138–146

For this purpose, it **compares the quality of a “TBF-like” model** (subsequently also referred to as base model) **with a model that includes the enhancement** proposed in the more nuanced brand purchase funnel. Using FREUNDT’s empirical research design as basis,<sup>1237</sup> the base model contains a functional and a non-functional brand image construct as main determinants of brand purchase.<sup>1238</sup> In line with CP4, the enhanced model adds the brand consideration set differentiator and effectively splits this model into two groups. **The base model is thus nested in the enhanced model, which allows for a comparison of the two alternatives.**<sup>1239</sup> The dissertation establishes the following model-level hypothesis (indicated by subscript “M”):

**H<sub>M,CSD</sub>:<sup>1240</sup> Compared with a TBF base model, the differentiation of a brand purchase funnel model according to the “consideration set differentiator” augments the ability to explain a purchase decision.**

This premise is grounded in predictor-level expectations with regard to the brand purchase funnel addition. Multiple scholars suggest that **initial brand retrieval** affects brand choice. Based on a choice experiment using chocolate bars, KARDES ET AL. conclude that brand retrieval can influence brand choice independent of brand evaluation.<sup>1241</sup> ROMANIUK AND SHARP investigate the influence of brand salience, how big a brand is in a consumer’s mind, in different subscription-based industries. They find that higher salience reduces brand defection and can help to build brand market share.<sup>1242</sup>

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<sup>1237</sup> See FREUNDT (2006), pp. 268–281. Chapter B5 provided an initial overview of the research set-up and findings. The dissertation reverts to these in the discussion of its empirical results.

<sup>1238</sup> This is also consistent with the fundamental application of the TBF proposed by PERREY ET AL. (2015). Herein, different brand image facets are employed to explain progression through the brand purchase funnel, including the junction from brand consideration to brand purchase (pp. 171-182). In addition, relevant sociodemographic and industry-specific covariates are included in both models to control for their effects (see Chapter C2.3).

<sup>1239</sup> See Chapter C3.2 for details on the model fit criteria.

<sup>1240</sup> The subscript CSD refers to consideration set differentiator.

<sup>1241</sup> See KARDES ET AL. (1993), p. 72. The underlying research design was discussed before.

<sup>1242</sup> See ROMANIUK & SHARP (2003), p. 40. This finding results from a series of three survey-based studies, conducted via telephone interviews or mail, in the financial services and telecommunication industry (p. 29). To measure brand salience, the authors provide respondents with a number of brand image associations (e.g., 18 attributes in Study 1) and ask them to highlight those brands in a market environment to which the attribute fits. A brand’s salience is described as the share of times that a given brand is mentioned in comparison to the total number of possible associations (pp. 30-31).

As noted before, research by COURT ET AL. suggests, *“Brands in the initial-consideration set can be up to three times more likely to be purchased eventually than brands that aren’t in it.”*<sup>1243</sup> In contrast, others find that consumers more often choose a brand that was **not included in the initial set** (i.e., only identified or added during a pre-purchase process). Early research by DAY AND DEUTSCHER suggests that in 57% of major appliance purchases, the chosen brand was not among those initially considered.<sup>1244</sup> PAUWELS AND VAN EWIJK support this view with regard to online search. Their research proposes that brand awareness often follows from pre-purchase online activities (clicks or web visits).<sup>1245</sup> Moreover, in a survey-based study among consumers in the United States, WEBER SHANDWICK AND KRC RESEARCH find that 65% of consumers purchased an electronic product that was not in their initial consideration set based on other consumers’ reviews.<sup>1246</sup> While these pieces of research support a differentiated account of consideration set formation, the underlying rationale deviates. At least in some industries, a “dominance of the initial consideration set” may not hold.

As outlined in the industry introduction, the **automotive industry** may be viewed as a **mature market with a relatively stable number of established manufacturers**. Research in the industry suggests that automotive consumers’ awareness of the major manufacturer brands is relatively high.<sup>1247</sup> Although focusing on the automotive industry in the United States, other research based on the CDJ suggests that consumers had included a majority of brands purchased (63%) in their initial consideration set.<sup>1248</sup> In this light, a dominance, a significantly higher level of purchase, of brands included the initial consideration set may be expected. The **retail electricity industry provides an opposing context**, given its **fragmented and evolving landscape of providers**. In such a market environment, it seems likely that the average consumer only knows

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<sup>1243</sup> COURT ET AL. (2009), p. 4

<sup>1244</sup> See DAY & DEUTSCHER (1982), p. 196. The study design was discussed before.

<sup>1245</sup> See PAUWELS & VAN EWIJK (2013), p. 22 and Chapter B3.5 for details.

<sup>1246</sup> See WEBER SHANDWICK & KRC RESEARCH (2012), p. 2

<sup>1247</sup> See PERREY ET AL. (2015), p. 141

<sup>1248</sup> See COURT ET AL. (2009), p. 4. Differentiating the share of brand purchase decisions into “initial consideration”, “active evaluation” and “loyalty loop”, the researchers find that 63% of brands purchased had been included in the initial consideration set. This is based on a consumer survey conducted in the United States in 2008. Compared to the other industries (personal computers, skin care, telecom carriers, and auto insurance), this “dominance” of the initial consideration set is the largest in the automotive industry.

a small fraction of available offerings a priori. Drawing on the discussion on online interactive decision aids in Chapter B2.2.2.2, such a consumer may be able to identify a range of previously unknown retailers if he/she engages in pre-purchase online search.<sup>1249</sup> Notably, prior discussions point to the important role of online comparison portals such as VERIVOX or CHECK24 for decision-making in retail electricity.<sup>1250</sup> As such, the possibility of identifying other, potentially more goal-satisfying, alternatives during a pre-purchase search appears high in this environment, which may increase the propensity of brand purchase. Consistent with the aforementioned perspective that the benefits of a more nuanced funnel model may depend on the context of application, the thesis expects the following, industry-specific effects:

**H1.A: In the automotive industry, the odds of brand purchase are higher for a brand included in the initial consideration set.**

**H1.E: In the retail electricity industry, the odds of brand purchase are higher for a brand added to the consideration set at a later stage.**

In line with the theoretical discussion in Chapter B5, the thesis views brand image as a multi-dimensional construct and distinguishes **functional and non-functional brand image based on the benefit level**. In addition to the main effect of the proposed enhancement discussed above, it intends to investigate whether the relevance of behavioral factors, expressed in the brand image constructs, differs significantly between the two groups created by this enhancement.

Some findings from different streams of literature suggest such discrepancies but focus on other variables (e.g., sociodemographic factors, regret) and operationalize consideration set differently.<sup>1251</sup> Prior empirical research that assesses brand image relevance for purchase across stages of consideration set formation appears to be scarce.

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<sup>1249</sup> In particular, HÄUBL & TRIFTS (2000) claim that interactive decision aids “... provide consumers with unparalleled opportunities to locate and compare product offerings” (p. 6). They find statistically significant evidence that the employment of a recommendation agent increases consideration set quality while reducing its size (p. 15). See Chapter B2.2.2.2, which also discusses the research design.

<sup>1250</sup> See FREUNDT ET AL. (2015), p. 95

<sup>1251</sup> See KARL ET AL. (2015), p. 56; LIN & HUANG (2006), pp. 305–308. For example, for tourists' destination choices, KARL ET AL. (2015) investigate whether sociodemographic and tourist characteristics influence the size of an initial consideration set, an unavailable consideration set, a relevant set, and

Investigating the attributes that are relevant for the selection of trade shows, KIJEWski ET AL. propose that managers use certain items (e.g., show reputation) to develop an initial consideration set and others to develop and evaluate it further.<sup>1252</sup> In the aforementioned study, DAY AND DEUTSCHER suggest “... *when serious search is initiated ... information is sought and attended critically. At this stage in the decision process, most buyers are open to new information which will change attitudes or form new attitudes.*”<sup>1253</sup> Their study finds that attitude only has a significant influence on appliances brand choice for such initially considered brands that are national and heavily advertised (and thus well known). However, their design impedes a general answer to the question. Brand attitude is measured by a single attribute (best value for money) and is only available for brands in the initial consideration set.<sup>1254</sup> The recent investigations by PERREY ET AL. and FREUNDT ET AL in the context of the EBF nurture this claim.<sup>1255</sup> Applying the EBF model in three different industries, they find differences between initial (or traditional) considerers and direct entrants in the 10 most relevant brand image items.<sup>1256</sup> For example, for choosing an electricity provider brand that enters the consideration set only later during search, different price-related items, which are easily codified information, are the most relevant. They note that these brands are typically less well known and may, for instance, be found in online comparison portals.<sup>1257</sup> Conceptually, this reflects PETERSON AND MERINO, who discuss the influence of the internet on consumers’ pre-purchase search behavior. They propose that cognitive aspects will be more relevant than affective aspects in this type of internet-based search but suggest that the relationship depends on the type of information that is sought (e.g., possibility of codification).<sup>1258</sup> While offering the best price is also the most important for

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an action set. Note that their set definitions are forward-looking and differ from this dissertation’s. The relevant set includes destinations to be considered for the next trip (relates to the consideration set in this dissertation); the initial consideration set is hypothetical and asks if a respondent wishes to visit a destination in the future (p. 51). Their findings suggest that while the number of destinations in the initial set depends on tourist characteristics, the size of the relevant set does not (p. 56).

<sup>1252</sup> See KIJEWski ET AL. (1993), p. 292

<sup>1253</sup> DAY & DEUTSCHER (1982), p. 197

<sup>1254</sup> See DAY & DEUTSCHER (1982), pp. 194, 198

<sup>1255</sup> See FREUNDT ET AL. (2015); PERREY ET AL. (2015), pp. 178–182

<sup>1256</sup> See FREUNDT ET AL. (2015), pp. 95–96. As discussed, the industries are automotive manufacturers, candy bars, and energy providers. See also PERREY ET AL. (2015), pp. 179, 181

<sup>1257</sup> See FREUNDT ET AL. (2015), p. 95

<sup>1258</sup> See PETERSON & MERINO (2003), p. 115

brands chosen from the initial consideration set, specific non-functional aspects (esp., strong presence in the region) also seem relevant. Their findings suggest that relevant brand image facets may vary between brands chosen from the initial consideration set or identified and added to the consideration set later. However, notwithstanding apparent variances in the top 10 items, further research seems required. First, the focus is on singular, industry-specific brand image associations and not on the theoretical dimensions of the brand image construct. Second, an investigation whether the associations' influence differs significantly across the two groups is not possible. The thesis intends to address these aspects. Based on the general expectation that the subjective perception of a brand's image has a significant influence on brand purchase, the following is hypothesized:<sup>1259</sup>

**H<sub>2</sub>: Brand image has a significant effect on brand purchase for both brands included in the initial consideration set and brands added later to it.**

**H<sub>3</sub>: The effect of brand image on brand purchase differs between brands included in the initial consideration set and brands added later to it.**

Chapter B2.2.3.1 established the theoretical context for the second focal proposition. It provided a discussion on the relevance of understanding consumers' loyalty status in the context of brand choice and suggested accounting for it in a more nuanced funnel model. Specifically, the thesis proposes to evaluate a **consumer's composite loyalty**, which is based on the combination of a favorable, relative attitude towards one brand (attitudinal component) and past purchase behavior (behavioral component).<sup>1260</sup>

As discussed before, prior research suggests that **brand loyalty**, both attitudinally and behaviorally, can act as driver of subsequent purchase behavior.<sup>1261</sup> On the one hand,

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<sup>1259</sup> The key objective of this dissertation is to assess whether differences exist across the consideration groups, which would further support the conceptual proposition. No relation of functional and non-functional brand image is hypothesized a priori. Nonetheless, prior research as discussed in Chapter B5, in particular the research by FREUNDT (2006), pp. 273, 280, provides an empirical base against which the dissertation's empirical findings can be compared.

<sup>1260</sup> For a comprehensive discussion, see Chapter B2.2.3.1. DICK & BASU (1994) propose that to reach the highest level of loyalty, "... both a favorable attitude that is high compared to potential alternatives and repeated patronage are required..." (p. 100).

<sup>1261</sup> It is acknowledged that some research provides differing findings. KIM & KIM (2005) investigate the influence of different brand equity components, amongst which brand loyalty, on firm performance

an attitudinal loyalty disposition may result in a reduction, and at best an avoidance, of search for other brand alternatives.<sup>1262</sup> In addition, attitude-based loyalty intentions “... may result in a readiness to act (to buy).”<sup>1263</sup> Correspondingly, research in different settings suggests that attitudinal loyalty can predict purchase behavior.<sup>1264</sup> For instance, VOGEL ET AL. investigate the impact of loyalty intentions, influenced by different customer equity drivers, on future sales using loyalty card data from a European do-it-yourself retailer. They control for prior purchase behavior. Their findings support a significant, positive effect.<sup>1265</sup> In a similar setting, EVANSCHITZKY ET AL. complement this research and show that (attitudinal) loyalty to both a specific company and to a multi-firm loyalty program can act as significant determinants of the retailer’s future sales.<sup>1266</sup> Based on linear regression analysis, ANSELMSSON AND BONDESSON recently investigated the influence of multiple mindset metrics, including attitudinal loyalty, on the market performance of 29 FMCG players in Sweden.<sup>1267</sup> Amongst others, their findings suggest that attitudinal loyalty is a significant determinant of both enhanced performance (a brand’s market penetration and [value and volume-based] market share) and

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(measured in terms of a sales metric) in the Korean hospitality industry (pp. 554-555). Whilst their regression-based findings for luxury hotels suggest that brand loyalty has a significant, positive influence on performance, this is not the case for fast-food restaurants (p. 556). The authors measure brand loyalty as a unidimensional, six-item construct, which includes components that are related to both past behavior (e.g., regular visit) and attitude-based disposition or commitment (willingness to recommend, satisfaction) (p. 554).

<sup>1262</sup> See DICK & BASU (1994), p. 107

<sup>1263</sup> VOGEL ET AL. (2008), p. 100

<sup>1264</sup> Beyond the instances discussed below, see also the conceptual discussion in Chapter B2.2.3.1.

<sup>1265</sup> See VOGEL ET AL. (2008), p. 103. The three customer equity drivers used as determinants of loyalty intentions are value-, relationship-, and brand equity. Future sales are measured as sales during the six months after the conduct of the main survey. Loyalty intentions “... reflect favorable attitudes toward the brand or firm...” (p. 100). Corresponding to the dissertation’s proposal in Chapter B4, this construct is assessed via two items: intention to repurchase from and to recommend the store (p. 103). They employ regression analysis.

<sup>1266</sup> See EVANSCHITZKY ET AL. (2012), pp. 633–634. Company loyalty is measured as a three-item construct that evaluates a respondent’s (positive) attitude toward the company. Future sales are measured based on the retailer’s transaction data (six months after completion of the survey) (pp. 630–631). The researchers include three further dependent variables, namely share of wallet, share of visits, and willingness to pay a price premium. Company loyalty also exerts a significant, positive influence on these.

<sup>1267</sup> See ANSELMSSON & BONDESSON (2015), pp. 64–65. Market performance data (2007 to 2010) for the 29 brands is based on a household-based panel of weekly grocery purchases provided by GfK. A survey-based approach is used to collect the mindset metrics. Attitudinal loyalty is measured as a single-item construct (p. 61). The data is aggregated on the brand level (pp. 62–63).

sustained performance (e.g., a brand's repurchase rate). With regard to the investigated metrics, they conclude, "... *Attitudinal loyalty shows the strongest relationship with real behaviour.*"<sup>1268</sup> On the other hand, different studies support (empirically) that previous behavior can exert an influence on future choice.<sup>1269</sup> In sum, brand loyalty may serve as predictor of brand purchase. Thus:

**H4: Composite brand loyalty has a significant, positive effect on brand purchase, holistically.**

Related to the proposal of expanding the brand purchase funnel beyond the singular transaction, ROMANIUK AND NENYCH-THIEL observe a "... *neglect of consumers' past direct experiences with the brand in CBBE modeling... The manifestation of this past experience is behavioral loyalty.*"<sup>1270</sup> Here, CBBE refers to customer-based brand equity, of which brand image is a key component.<sup>1271</sup> Addressing this void, the dissertation's empirical analysis allows comparing the influences of brand image and consumers' loyalty status on brand purchase in both industries.<sup>1272</sup> Moreover, the present study allows extending this general relationship and assessing the loyalty influence across

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<sup>1268</sup> ANSELMSSON & BONDESSON (2015), p. 65

<sup>1269</sup> Generally, see e.g., DICK & BASU (1994), pp. 101–102. Focusing on different consumer goods categories (ketchup and various forms of detergents), DEIGHTON ET AL. (1994) find that consumers' previous purchase significantly influences subsequent choice. This effect is stronger than the effect of advertising information (pp. 37, 40–41). RUST ET AL. (2004) propose a model of intended brand choice that employs last purchase (inertia) and a series of perceptual value-, relationship-, and brand-related drivers as independent variables. While they ground their study in customer equity theory, these drivers show similarities to the brand image conceptualization in Chapter B5. Based on multinomial logit regression, they find that the coefficient of inertia is significant. Its magnitude exceeds each individual driver's in the airline industry (pp. 117–118). In the study discussed above, VOGEL ET AL. (2008) also find evidence that past sales (measured as sales during the six months before conduct of the main survey) are a significant determinant of future sales (six months after its conduct) (p. 103).

<sup>1270</sup> ROMANIUK & NENYCH-THIEL (2013), p. 68

<sup>1271</sup> See KELLER (1993), p. 2; SONNIER & AINSLIE (2011), p. 518

<sup>1272</sup> In support of the basic modeling approach, the thesis' set-up relates to another study conducted by ROMANIUK & NENYCH-THIEL (2016). These researchers investigate the influence of two constructs, brand attitude (single-item) and past brand ownership (specifically, whether a consumer is a lapsed buyer, i.e., purchased a brand in the past but does not currently own it), on future brand consideration for past (but not current) owners of a brand. They test this relation in the context of mobile phone brands for six country-specific samples (e.g., Brazil [n = 578] or Indonesia [n = 778]) and estimate the model via linear regression analysis. For each brand in each country, they find that brand attitude is a significant predictor. In addition, in about half of the models the ownership status dummy exerts a significantly positive influence. This indicates a higher likelihood of future consideration for lapsed customers compared to non-buyers (pp. 3647–3648).



both stages of the “consideration set differentiator”. Upon formation of the **initial consideration set**, a brand toward which a consumer is (composite) loyal should easily come to mind. In line with the discussion, a significantly higher propensity of (re-)purchasing this brand can be expected.<sup>1273</sup> However, if/once a consumer engages in an **active search process** and may add further brands to the consideration set, this **“loyalty advantage” is likely to diminish**. In fact, engaging in active search behavior indicates a quest for a better brand alternative that was not considered at the start.<sup>1274</sup> Therefore, it is expected that the loyalty effect declines during the process of consideration set formation.<sup>1275</sup> In other words, the thesis hypothesizes that composite loyalty is a significant predictor of purchase for brands in the initial consideration set but not for brands added at a later stage.

**H<sub>5</sub>: Composite loyalty has a significant, positive effect on brand purchase for brands in the initial consideration set but not for brands added later to it.**

In general, it is expected that the **inclusion of an account for the composite loyalty status** results in an advancement vis-à-vis the TBF. Building on the specification in Chapter B4, the thesis also assumes that a combination of the two enhancements results in an improvement compared to either one alone. Mirroring H<sub>M.CSD</sub>, this implies the following:

**H<sub>M.CLS</sub>:<sup>1276</sup> Compared with a TBF model, the inclusion of a consumer’s “composite loyalty status” in a brand purchase funnel model augments the ability to explain a purchase decision.**

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<sup>1273</sup> Related hereto, SAMBANDAM & LORD (1995) argue that very satisfied (or dissatisfied) customers potentially make the repurchase (or switching) decision directly at the beginning of a purchase situation (p. 64).

<sup>1274</sup> For a comprehensive discussion see Chapter B2.2.2.2 and, in addition, Chapter B2.2.3.1. In line with the conceptualization, this does not imply that an individual consumer may not add a brand from memory (i.e., internal search) after initial formation of the goal-satisfying consideration set.

<sup>1275</sup> Early, survey-based research (n = 653) by NEWMAN AND STAELIN contributes to this view. In a study on information search for cars and large household appliances (e.g., televisions, freezers) they find that previous purchase minimizes subsequent information requirements for those consumers who initially consider only one brand. About two-thirds of those consumers were satisfied with their previous product. See NEWMAN & STAELIN (1972), p. 251

<sup>1276</sup> The subscript CLS refers to composite loyalty status.

**H<sub>M,Full</sub>:** Compared with each enhancement alone, the inclusion of both enhancements<sup>1277</sup> in a brand purchase funnel model augments the ability to explain a purchase decision.

Throughout this chapter, **multiple hypotheses** were developed. They are intended to evaluate the **benefits of the two proposed modules** of a more nuanced funnel model. A TBF-like model, which is conceptualized according to previous work by FREUNDT, serves as basis for comparison. First, **model-level** hypotheses (H<sub>M,CSD</sub>, H<sub>M,CLS</sub>, and H<sub>M,Full</sub>) have been described to assess the overall value of the conceptual propositions.<sup>1278</sup> Second, a range of hypotheses anticipates specific effects of the **main independent variables**.<sup>1279</sup> Inherently, the analyses in relation to the differentiation of the brand consideration set assume that a consumer considers a brand for purchase. In the terminology of the brand purchase funnel, they focus on the junction from brand consideration to brand purchase. On purpose, the same constraint is applied to the hypothesis related only to composite loyalty. The main reason is that this ensures consistency in the underlying research sample (by size and structure) across all hypotheses. This is a requirement for a valid comparison of model fit based on various criteria. It implies that all research models isolate preceding effects that lead to brand consideration and focus on the influences on the purchase decision, subject to stated brand consideration.<sup>1280</sup> For both industries, subsequently also referred to as Study 1 (automotive) and Study 2 (electricity), **Chapter C** describes the design, operationalizes all constructs, introduces the methodology, and presents the findings.

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<sup>1277</sup> To ease the syntax and readability of the hypothesis, the thesis refers to “both enhancements”. These describe the differentiation of the brand purchase funnel model according to the “consideration set differentiator” and an inclusion of a consumer’s “composite loyalty status”.

<sup>1278</sup> For each proposition, a separate logistic regression model is estimated and compared to the TBF base model (for H<sub>M,Full</sub>, the full model is also compared to the two other, enhanced models). See discussion of the empirical results in Chapter C4 for the details.

<sup>1279</sup> As mentioned before, each research model is complemented by sociodemographic and industry-level covariates to control for their effects. Chapter C2.3 introduces these in depth.

<sup>1280</sup> The importance of “convincing” consumers at the junction from brand consideration to brand purchase, at which the final choice is made, is discussed by others. BALLANTYNE ET AL. (2006) reflect on the role of the brand image in the context of brand choice. They note, “*Given that the brands held within the consideration set are very similar in terms of the physical (instrumental features) and functional attributes (consequences) they provide, it is through portraying the ‘correct’ image that marketers are allowed to differentiate these very similar products.*” (p. 347). Prior empirical research by ERDEM & SWAIT (2004), p. 195 or (in the context of the EBF) PERREY ET AL. (2015), pp. 178–182, similarly focuses on this junction.

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