

Mediation of Attitude toward Brand in the Relationship between Service Brand Credibility and Purchase Intentions

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Abstract

The current study empirically examine the interrelationship between service brand credibility, attitude toward brand and purchase intentions. Furthermore, the study also investigates the mediating role of attitude toward brand in understanding the relationship between brand credibility and purchase intentions in service sector of Pakistan. The results are based on the perceptions of universities students (n = 309) regarding fast food restaurants and transport services in Pakistan. Linear regression and Sobel test are used to examine the proposed hypotheses. The results reveal that both brand credibility and attitude toward brand positively impact purchase intentions. The attitude toward brand partially mediates the relationship between brand credibility and purchase intentions. This study provides insights for advertisers and brand managers to manage brand communication campaigns more consciously and deliberately in service sector. The limitations are also discussed along with recommendations for future research.

Keywords: brand credibility, attitude toward brand, purchase intentions, mediation, service brands in Pakistan.

1. Introduction

The understanding of a process by which a brand pursues consumer purchase behavior is a long lasting debate in marketing scholars and practitioners. Consumers exhibit their likeness for a brand by showing inclination towards a meticulous brand, or by buying the same branded services or products. A brand can play many types of roles to influence the consumer decision making process or choice behavior. More specifically, Brands vital

role enables consumers to recognize a particular company's products or services and to discriminate the firm's brand from competitors (Keller et al., 2011). The brand's role as an identifier and service provider which facilitate in consumer choice behavior or consumer decision making process is investigated through several perspectives entrenched in sociology (e.g., brand communities), information economics (e.g., brands as signals) and cognitive psychology (e.g., brand awareness) (Erdem et al., 2006). In these perspectives, the information economics approach is recognized as more valuable and useful in measuring the effect of brands on consumer decision making processes and choice behavior.

Consumers in the markets confront many types of products and services but companies have more knowledge and information than consumers (Wang & Yang, 2010). When there is uncertainty about product or service quality then consumers are more hesitant to buy and this information asymmetry leads to uncertainty in the mind of consumers (Erdem & Swait, 1998). This asymmetric information in consumer's minds affect purchase intentions formation process or real purchase behavior of consumers. In situations where uncertainty level is high then vital role of brands emerges to influence how consumer learn, understand and assess the information about brand. It also persuades consumer assessment of the related values of attributes, attribute combination rules, opinion and assessment about the risk involved. Moreover, uncertainty level influences the information cost saved, consideration set and its formation, decision making process, attitude formation about the brand and rules of consumer choice behavior. In such situations vital importance of positioning emerges and brands play a key role of signal or symbol to deliver information about the quality of product or service (Wernerfelt, 1988). Firms employ brands as a signal or symbol to communicate information about the product or service quality between consumers and firms (Rao et al., 1999). Signals that are being employed should be credible to have effect on consumers (Tirole, 1988). The high credibility of brand emerges from such signals and increases the persuasiveness of communication signals. Credibility is one of major attribute that describe positioning of a brand and brands serve as a signal to communicate information (i.e., the credibility of a brand as a signal).

Credibility is derived from "source credibility" literature. When this credibility is referred to brands of company, or when brands are utilized as sources for credibility then credibility represents *brand credibility*. Keller et al., (2011) recommend three dimensions of brand credibility: trustworthiness, expertise, and attractiveness. Thus, brand credibility with measuring all three dimensions display a whole picture that represents the combine impact of a firm's previous marketing actions aimed to influence brand consideration that play major role in consumer behavioral research.

The prior studies have examined the direct relationship of brand credibility and purchase intentions of consumers (Goldsmith et al., 2000; Lafferty et al., 2002). According to Erdem and Swait (2004) it is more likely for brand to be included in consideration set while purchasing if there is positive effect of brand credibility. They investigate brand credibility in only two dimensions: i.e. trustworthiness and expertise, while the third dimension attractiveness/likeableness is missing in their study and consequently it is unable to provide the whole image of brand credibility's effect on brand consideration. However, Wang and Yang (2010) investigate the impact of brand credibility on consumer brand purchase intentions and include brand image and brand awareness as moderators.

Their research focuses on brand credibility in China automobile industry. They examine the brand credibility impact with its all three dimensions (trustworthiness, expertise and likeableness) and find that all the three dimensions have positive and significant impact on purchase intentions.

Consequently, prior research on brand credibility only focuses on products in physical forms (goods) rather than services. As Krishnan and Hartline (2001) advocate that service brands in the marketing research are given comparatively less concentration than their product complements. However service sector is the major contributor in economy of most developed countries of the world. Chang *et al.*, (2008) argue that service brands require more consideration to be explored. Brodie *et al.*, (2009) also advocate that most of the studies emphasize only on consumer goods. Despite of the significance of brand credibility in the area of services marketing, only few studies measure how purchase intentions are influenced by brand credibility in service sector. For instance, Leischnig *et al.*, (2012) investigate the impact of brand credibility on repurchase intentions of consumers in service sector while measuring the mediating role of brand functions (information cost saved and risk reduction). To date, very little attention has given to service brands in both the marketing and consumer behavior research. To further explore the relationship between brand credibility and consumers purchase intentions, recent research highlights the need to investigate it with some other mediating mechanisms that may impact this relationship in the context of service sector (Jin *et al.*, 2015).

The current study attempts to contribute in this stream of research in three specific ways: First, this is maiden empirical investigation of interrelationship between brand credibility, attitude toward brand and purchase intentions. Second, this is first study that examines the mediating role of attitude toward brand in understanding the relationship between brand credibility and purchase intentions in service sector of Pakistan. Third, this article attempts to extend the existing research by proposing conceptual model that will be helpful for the practitioners in service sector to formulate the brand positioning and communication strategies.

2. Literature Review and Hypotheses

2.1 Service companies and Service Brands

A brand has particularly vital importance in service companies because a strong service brand develops higher consumers' trust regarding the invisibility of services (Berry, 2000). A service brand is referred to as "a holistic process which provides focus to the internal relationship between the service company and the employees, and comes alive in the external relationship between consumer and service provider" (Riley & Chernatony, 2000). In the above definition, the focus is not only on consumers but service companies and employees are also included. The extreme and severe competition exists in service markets (Chen & He, 2003) and there is inbuilt complexity in discriminating services because services don't have physical distinction (Zeithaml, 1981). This leads that service companies should develop their strong brands to compete in the market.

2.2 Brand Credibility and Purchase Intentions

Erdem and Swait (2004) define brand credibility as "the believability of the product information contained in a brand, which requires that consumers perceive the brand has the ability and willingness to continuously deliver what has been promised". Brand credibility has three main elements: trustworthiness, expertise and likeableness or

attractiveness (Keller et al., 2011). Trustworthiness is conceptualized as the readiness of firm to give what it has promised. Expertise is referred to as the capability of firm to deliver what it has promised and attractiveness refers the degree to what entity is valued by personality characteristics (behavior, ambition etc.) Since the trustworthiness, expertise and likeableness of a brand represent the combined effects of all previous and current marketing strategies and activities, thus the brand credibility represent the consistency of marketing mix and brand investments. Certainly, brand credibility broadly depends upon consistency, brand investments and clarity.

According to theory of reasoned action, brand credibility can influence the beliefs of individual and beliefs or attitudes can influence the intentions regarding particular object (Fishbein & Ajzen 1975). The prior research has examined the impact of brand credibility on brand purchase intentions in physical forms. For instance, Erdem and Swait (2004) find that brand credibility can exert a positive influence on consumers' brand consideration and choice. They propose that the more credible a brand is, the higher the consumer's brand purchase intention is likely to be. Wang and Yang (2010) conclude that brand credibility (consist of all three dimensions: trustworthiness, expertise and likeability) positively influences the purchase intention of consumers. However, in services, very few studies attempt to empirically examine the role of brand credibility in predicting consumers purchase intentions. For example, Baek and King (2011) investigate the impact of service brand credibility and support the effect on purchase intentions in various types of services categories. Leischnig et al., (2012) examine the effect of brand credibility in repurchase intentions of consumers. Recently, Jin et al., (2015) conclude that brand credibility plays important and positive role in predicting consumers purchase intentions. Accordingly, we expect that brand credibility would positively relate to purchase intentions of consumers. Therefore, we propose the first hypothesis in a new context.

- **H₁:** Brand credibility positively affects purchase intentions.

2.3 Brand Credibility and Attitude towards Brand

Attitude is measured as the most distinctive concept in social psychology literature and in information economics perspective. It is the most investigated issue in the consumer behavior researches (Belch & Belch, 2004). Furthermore, diverse types of approaches are used to study the attitude in order to obtain broad knowledge regarding attitude, intention and behavior. Fishbein and Ajzen (1975) define attitudes as "learned predisposition to respond in a consistently favorable or unfavorable manner with respect to a given object". The definition presumed that attitude can be learned or acquired. In addition, this definition assists marketers because it support that attitude is learned or acquired neither innate nor instinctive, even if it is learned so can be influenced by marketing activities or messages. Attitude can be associated with one object (a brand) or the whole group (company) in marketing perspective. Attitude towards the brand is defined as "a predisposition to respond in a favorable or unfavorable manner to a particular brand after the advertising stimulus has been shown to the individual" (Phelps & Hoy, 1996, p. 90). Furthermore "Attitude towards a brand" is consumer propensity to assess the brand, on the basis of previous experiences, available information and environment influences. Shimp (1981) suggests that attitude can be favorable or unfavorable and it is helpful to build up favorable and positive attitude toward the brand. The research also finds that positive attitude toward the brand can be formulated by influencing the beliefs of

individual and beliefs directly affect the attitude regarding object. Positive attitude toward the brand influences the product or service choice of consumers in purchasing the brands (Biehal *et al.*, 1992).

There is a lack of research that empirically examines the relationship between brand credibility and attitude toward brand. However, some studies investigate the effect of source credibility on attitude toward brand (Lafferty & Goldsmith, 1999; Goldsmith *et al.*, 2000; Lafferty *et al.*, 2002) and find that corporate credibility has a direct impact on attitude toward brand. Theory of Reasoned Action (Fishbein & Ajzen, 1975) suggests that beliefs about an object affect the attitude and then attitude in turn affect the intentions of particular object. According to Brinol *et al.*, (2004) a positive relationship exists between source credibility and consumers' attitudes toward the source. Furthermore, it is also argued that the more an individual has confidence on thoughts the more it is likely to change attitude for particular object. Attitude toward brand is changed through the process of persuasion and persuasion has two routes; central and peripheral route (Chen & Chaiken, 1999). Source credibility can affect attitude toward brand through both routes, although it has stronger effect through peripheral route (Reinhard *et al.*, 2014). Prior research further indicates that higher credibility has direct impact on the attitudes of consumer and leads to positive attitude toward brand (Chen *et al.*, 2013). Based on above literature, we conclude that prior research mainly focus on source (corporate) credibility. This study particularly focuses on brand credibility in investigating its relation with consumer attitude toward brand. This is as per the second hypothesis.

➤ **H₂:** Brand credibility positively affects attitude towards brand.

2.4 Attitude toward Brand and Purchase Intentions

Purchase Intention is defined as “predisposition to buy a certain brand or product” (Belch & Belch, 2004, p. 120). Purchase Intention also indicates how likely it is that the individual would purchase a product (Phelps & Hoy, 1996).

Previous studies examine the relationship of attitude with purchase intentions in specific dimensions; such as attitude towards advertiser (Lutz *et al.*, 1983), attitude towards advertisement and attitude towards brand (MacKenzie *et al.*, 1986; MacKenzie & Lutz, 1989). The current study focuses on the concept of attitude toward brand. Attitude toward brand has profound and important role in influencing consumer's purchase intentions (Gresham & Shimp, 1985; Goldsmith *et al.*, 2000). Similarly, Batra and Ray (1986) suggest that attitude toward brand significantly affect intentions of consumers. Till and Busler (2000) investigate the source credibility (endorser) dimensions: expertise and likeability impact on attitude toward brand and purchase intentions of consumer and propose that both dimensions are positively associated with purchase intentions. Choi and Rifon (2002) argue that attitude toward brand and purchase intentions are positively associated with each other. Several studies in adult (Machleit & Wilson, 1988; Homer, 1990) and children samples (Phelps & Hoy, 1996) support that attitude toward brand has positive and significant effect on purchase intentions of consumers.

According to Theory of Reasoned Action, (Fishbein and Ajzen, 1975) attitude toward brand has a positive influence on the purchase intentions and it works as an antecedent of purchase intentions. Similarly prior research empirically investigates the concept and demonstrates a significant positive relationship between attitude toward brand and

purchase intentions of consumers (Thwaites et al., 2012; Chan et al., 2013). Recently, Pradhan et al., (2014) suggest that purchase intentions arise on the basis of favorable attitude toward brand. The “Elaboration Likelihood Model” (Petty and Cacioppo, 1986) also indicates that consumers’ brand purchase intention is a function of attitude toward brand. Thus, we envisage positive relationship between attitude toward brand and consumers’ purchase intentions.

- **H₃**: Attitude toward brand positively affects purchase intentions.

2.5 Attitude toward Brand as a Mediator

The concept of Attitude (Fishbein & Ajzen, 1975) is considered as learned or acquired rather than instinctive. This conceptualization strengthens the marketer’s viewpoint that it can be influenced by marketing activities. Theory of planned behavior also supports this notion that attitude can affect intentions of consumers. In prior studies attitude toward brand is used as intervening mechanism between corporate credibility and purchase intentions. Source credibility and attitude toward brand has direct and indirect relationship (Lafferty et al., 2002). In direct relationship source credibility directly influence the attitude toward brand which in turn influences the purchase intentions of consumer (Lafferty & Goldsmith, 1999). Therefore, attitude toward brand may be used as mediator between the source credibility (corporate credibility) and purchase intentions. Biehal et al., (1992) examine attitude toward brand as mediator towards purchase intentions. They suggest that consumers’ attitude toward brand influences the intentions to purchase the brand and furthermore, attitude toward brand and attitude toward advertisements both have separate effect on the purchase intentions of consumers.

Recently, Anridho and Liao (2013) empirically find significant association between brand credibility, attitude toward brand and participation intentions. They propose that when brand is highly credible, consumers likely to have positive attitude which in turn positively affect their intentions. Suki (2014) demonstrates the effect of endorser credibility on attitude toward brand and purchase intentions of consumer in Muslim and Non-Muslim consumers. In the context of services, to further explore the relationship between brand credibility and consumers’ purchase intentions, the recent research highlights the need to investigate it with some intervening mechanisms (Jin et al., 2015). Based on the above literature, we expect that attitude toward brand seems likely to intervene the relationship between brand credibility and purchase intentions of consumers. This is as per the following hypothesis of the study.

- **H₄**: Attitude toward brand mediates the relationship between brand credibility and purchase intentions.

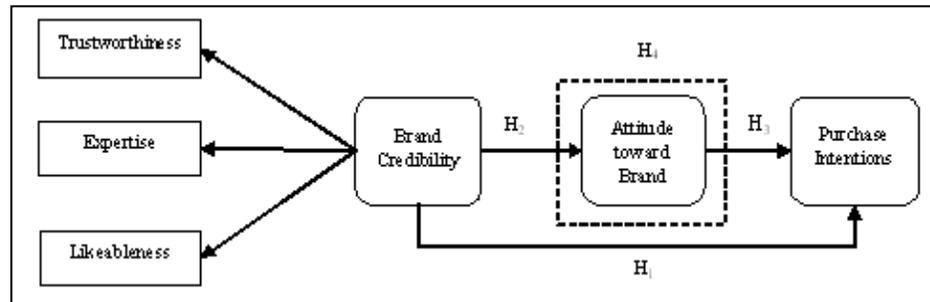


Figure 1: Conceptual Model

3. Methodology

3.1 Population and Procedures

The target population of the study is students from universities situated in Punjab province of Pakistan. Keeping in view the variables of the study we select a sample of business administration students from four major universities (two public and two private). The selection of students for this research has several reasons. First students are the most homogeneous population and it decreases the random error that may arise by selecting general public (Calder et al., 1981). Second, focus of study is on the transport service and fast food restaurants and students are the population that frequently visit restaurants and travel on transport services. Third, there are several prior studies which used students as sample to investigate the service purchase intentions (Ostrom & Iacobucci, 1995; Erdem & Swait, 1998; Mitra et al., 1999; Baek & King, 2011). A total of 500 structured and self-administered questionnaires were sent to the heads of concerned departments. After two weeks of the distribution we receive only few responses, then researcher personally visits the concerned departments and collects the remaining questionnaires. In this way we have received 309 completed questionnaires which yield an overall response rate of 61%. There are two categories of respondents "Male" and "Female" according to gender. There are 216 male and 93 female respondents in the sample that are 69.9% and 30.1% respectively. Sample for this study includes students from universities so majority of the respondents 57.3% are young and fall in the range of 18 to 25 years. Of the total respondents 44.3% have MS/M.Phil qualification and 42.1% respondents have master level degree/qualification.

3.2 Measurements

In this study brand credibility is treated as a latent variable although there are three components of brand credibility: trustworthiness, expertise and likeableness/attractiveness. Brand credibility is measured by adopting measurement items from Wang and Yang (2010). The scale ranges from, 1 "Strongly Disagree" and 5 "Strongly agree".

Attitude toward brand is measured by adopting items from Lafferty et al., (2002). Different scales are used to measure the three items such as: scale, 1 represents as "Worst" and 5 represents as "Very Good", for second item 1 represents "Highly unfavorable" and 5 represents "Highly favorable", for third item 1 represents "Highly unsatisfactory" and 5 represents "Highly satisfactory".

Purchase intention is measured by adopting items from Lafferty and Goldsmith (1999). The scale consists of three items to measure purchase intention. In measuring purchase intentions scale, 1 represents “Absolutely Impossible” and 5 represents “Absolutely Possible”.

4. Results and Interpretations

As mentioned above, all measurement items are adopted from prior studies. These sales have been validated numerous times and are the most commonly applied scales in academic research. However, to further confirm the validity and reliability of measures, we have assured construct validity by analyzing the results of correlations between all variables (as mentioned in Table 1). Discriminant validity has been confirmed by observing the bivariate correlation values of brand credibility, attitude toward brand and purchase intentions which are (0.451, 0.448, 0.380 respectively) less than the threshold value of 0.75(Kline, 1998). It exhibits that all three variables are significantly discriminant and distinct from each other.

The reliability of constructs and correlation values are exhibited in Table 1. The internal consistency or inter-item reliability of scales is measured by Cronbach’s Alpha. The results reveal that the alpha values of all the three variables range from 0.81 to 0.86. The Cronbach’s Alpha values exhibit that all measures are reliable and falls in very good range (greater than 0.80) (Sekaran, 2010). Results of reliability and validity denote that all constructs are acceptable and reliable.

The mean, standard deviation and correlations among three key variables are presented in Table 1. It can be observed that all three variables are significantly and positively correlated with each other. The lower correlation coefficient values supported the absence of multi-collinearity issues in data.

Table 1: Correlation Matrix and Descriptive Statistics

		1	2	3	Mean	S.D
1	Brand Credibility	(0.86)			4.4	0.43
2	Attitude toward Brand	0.451**	(0.81)		4.4	0.50
3	Purchase Intentions	0.448**	0.380**	(0.82)	4.5	0.54

** $p < 0.01$; (n= 309); Alpha values are along the diagonal in parenthesis

To test the proposed hypotheses, we run multiple linear regression models. Before testing the hypotheses, we assured all pre requisite assumptions of regression. In order to check the normality of data, Kolmogorov-Smirnov test and Shapiro-Wilk test are applied which yield a significant p value ($p < 0.05$) and it exhibits that the data fulfills the normality condition. Bivariate correlation values ranges from 0.38 to 0.448 for all three variables which refute issue of linearity among variables and furthermore it affirm absence of multicollinearity issue in data (Montgomery et al., 2009).

Table 2 represents the regression results for hypotheses H₁, H₂ and H₃. The Results reveal that brand credibility positively and significantly associated with purchase intentions ($\beta = 0.448$, $p < 0.01$). R² value shows that brand credibility explains 20.1% variation in purchase intention. Hence, hypothesis one is fully supported by our data. In second step, brand credibility and attitude toward brand are entered in the analysis. The regression

results show that brand credibility positively and significantly associated with purchase intentions ($\beta= 0.451, p<0.01$).The value of R^2 shows that 20.4% variation in attitude toward brand is caused by brand credibility. Our second hypothesis is also supported. Regression results also reveal that attitude toward brand significantly affect purchase intentions ($\beta= 0.380, p<0.05$) with $R^2 =0.145$. Hence, our third hypothesis is also supported.

Table 2: Regression Results

Hypotheses	Path	R ²	β	Sig.
H ₁	Brand Credibility → Purchase Intentions	0.201	0.448	0.000**
H ₂	Brand Credibility → Attitude toward Brand	0.204	0.451	0.000**
H ₃	Attitude toward Brand ► Purchase Intention	0.145	0.380	0.000*

** $p<0.01$, * $p<0.05$

4.1 Mediation Analysis

We use Sobel test (Sobel, 1982) to examine the mediating effect of attitude toward brand among brand credibility and purchase intentions. In Sobel test an indirect effect is measured that exist between independent variable and dependent variable. When mediator is introduced in the model, the coefficient value between independent and dependent variable may be reduced (partial mediation) or becomes insignificant (full mediation). The Sobel test results are presented in Table 3.

Table 3: Results for Mediation of Attitude toward Brand

		Purchase Intentions		
Independent Variable(s)		R2	Std. E	B
Step 1	Brand Credibility	0.204	0.06	0.448**
Step 2		0.241		
	Brand Credibility		0.069	0.347**
	Attitude toward Brand		0.059	0.224**

** $p<0.01$, * $p<0.05$

In step one; we can observe the direct path (coefficient value 0.448) without mediator. In step two, when mediator is introduced in the model the coefficient value dropped from 0.448 to 0.347. It can be observed that after inclusion of attitude toward brand (the mediator) in step 2, the coefficient value between brand credibility and purchase intentions dropped but remain significant. Thus, attitude toward brand partially mediates the relationship between brand credibility and purchase intentions. Hence, our hypothesis four is supported.

considered and perceived as credible brand. It shows that when credibility of brand is high then consumers will have positive attitude toward the brand.

Our third finding shows that attitude toward brand have positive and significant impact on the purchase intentions of the consumers. The results of the study regarding attitude toward brand and purchase intentions are consistent with previous studies conducted on same issue (Lafferty & Goldsmith, 1999; Goldsmith et al., 2000; Lafferty et al., 2002; Tsang et al., 2004). We can claim that when consumers have positive attitude toward brand then it will exert influences on the purchase intentions of the consumers.

Finally, the mediation results show that attitude toward brand mediates the relationship between brand credibility and purchase intentions. The mediated relationship between brand credibility and purchase intentions is tested by Sobel test (Sobel, 1982). The results confirm that partial mediation exists in the model. This implies that brand credibility changes the attitude of consumer and then in turn attitude affects the purchase intentions of the consumers.

This study contributes in the extant literature by number of ways. First, this study accomplishes its main objectives in service sector of Pakistan where the empirical literature is scarce. Second, this is a first study which provides empirical support on an indirect relationship of brand credibility and purchase intentions. Third, this study fills the gap in consumer behavior literature by identifying important mediator which will be source of indication for marketing researchers in future. Finally, the study proposes and tested the model which would be helpful for the practitioners in service sector to formulate the brand positioning and communication strategies.

5.1 Managerial Implications

The study proposes a theoretical model that supports the applicability of signaling theory, theory of reasoned action, and theory of planned behavior. The proposed model implies that brands act as signal to communicate the quality of services to consumers and when these signals are perceived as credible then the attitude of consumers is positive toward brand which in turn build up positive purchase intentions. Brand credibility effects the beliefs of individual and beliefs develops positive attitude toward brand which positively affects purchase intentions of consumers.

In practice, the study will help the advertisers and brand managers to understand how brand credibility works to increase purchase intentions of consumers in the context of services. Brand credibility will be helpful in managing brand communication (that can be advertising or word of mouth) and brand names that will ultimately affects intentions of consumers. Brand managers and marketers should develop consistent communication campaigns to build up strong brands and their brand credibility in services.

5.2 Limitations and Future Directions

Apart from contributions this study is not free from limitations. We highlight some limitations that should be accomplished for future improvements. First, the current study results may not be generalizable to all other services sectors, so future studies should focus on telecom, banking and other service sectors. Secondly, services encounter intense competition and heterogeneity across different cultures, thus a cross cultural study of service brand credibility will contribute to existing literature. Third, current study has limitation due to student sample. Although students are the most probable population

who visits restaurants and travel across transport services, but we can't generalize the results to general population. In future, general public should be included along with students for making comparisons and generalizing the results. Fourth, it is a cross sectional study, the data collected at single shoot may suffer from response biases. In future, longitudinal survey shall be conducted for more accurate results. Last but not the least, this study only focuses on service brands. Future research may consider some other variables as a mediator such as attitude toward advertisement which will contribute to current literature.

6. Conclusion

This study communicates the importance of brand credibility and attitude toward brand in service sector of Pakistan. The empirical results confirm that both brand credibility and attitude toward brand simultaneously impact purchase intentions of consumers. The analytical results reveal that attitude toward brand partially mediates the relationship between brand credibility and purchase intentions. The findings suggest that brand credibility is helpful to increase the attitude toward brand and as a result attitude toward brand affects purchase intentions of consumers. Hence, marketers should focus on attitude toward brand along with brand credibility in order to increase purchase intentions of consumers.

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