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Examining Drivers of Red Bull's Brand Preference and Price Premium using  
Keller's Resonance Model among Generation 'Y' in Johannesburg

By

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## **DECLARATION**

I, Jiahui Wang, hereby declare that, except where appropriate acknowledgement is made to authors whose studies were cited, this thesis, entitled: “Examining Drivers of Red Bull’s Brand Preference and Price Premium using Keller’s Resonance Model among Generation ‘Y’ in Johannesburg”, submitted in full fulfilment of the requirements for the degree of Master in Marketing at the University of the Witwatersrand, Johannesburg, is entirely my own independent work. This dissertation has not been submitted before for any degree or professional qualification in this or any other universities.

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## ABSTRACT

Competing energy drink brands, such as Monster, Score, Dokta, Lucozade, Power Play, Bioplus are much cheaper than the Red Bull brand. For an example, one can of Red Bull energy drink (473ml) is sold at R25.83 compared to one can of Player (500ml) which is sold at around R15.00. Despite the high price, Red Bull's share of the South African energy drink market grew from a 4.5 million in 1998 to 39.5 million cans in 2010 and the brand has captured the greatest South African market share. It was therefore questionable as to what drives consumers' preference for the Red bull brand and whether the preference continues to drive their willingness to pay a price premium.

This study tested Keller's resonance model as a theoretical background for exploring the reasons behind consumers' preference and willingness to buy Red Bull energy drink, despite it being more expensive than other competing brand. Specifically, the study investigated the impact that salience (brand awareness), performance (product primary characteristics and secondary features, style and design), imagery (sincerity, excitement, competence, sophistication) and judgment (credibility and superiority) have on brand preference. The study also examined the extent to which brand preference drive consumers' willingness to pay a price premium for the Red Bull brand.

Quantitative data through survey was collected from 300 Generation 'Y' consumers of all races. They were recruited from University of Witwatersrand, which a socio-cultural and economically diverse university. Covariance based structural equation modelling analyses using Amos 25 revealed that Red Bull's brand preference was driven by Product Primary Characteristics and Secondary Features, style and design (performance factors), credibility and superiority (judgment factors) and not salience and imagery factors. The brand preference in turn positively and significantly impacted on consumers' willingness to pay a price premium.

The empirical testing of Keller's resonance model with an energy drink does not only empirically validate the model, but it exposed to Red Bull marketers and other marketing practitioners the factors in the model that make the greatest contribution to building brand preference. Since price premium is an important driver of brand profitability, the testing of whether there is a direct relationship between brand preference and consumers' willingness to pay a price premium sheds light on the importance of branding energy drinks and more

specifically, the market performance significance of Red Bull branding amongst Generation 'Y' in the South African context.

## **CHAPTER ONE: OUTLINE OF THE STUDY**

### **1.1 SHORT DESCRIPTIVE TITLE**

Examining drivers of Red Bull's brand preference and price premium using Keller's resonance model among Generation 'Y' in Johannesburg

### **1.2 OVERVIEW OF THE STUDY**

This study tests Keller's resonance model as a theoretical background for exploring the reasons behind consumer's preference and willingness to buy Red Bull despite it being more expensive than other competing energy drinks. Specifically, this study seeks to investigate the impact that salience (brand awareness) performance (product primary characteristics and secondary features, style and design), imagery (sincerity, excitement, competence, sophistication) and judgment (credibility and superiority) have on brand preference. The study also examines the extent to which brand preference directly affect purchasers' willingness to pay a price premium for Red Bull, even though there are some studies that point to there being an indirect relationship between brand preference and willingness to pay a price premium (Agarwal & Rao, 1996; Chen & Chang, 2008; Pessemier, Burger, Teach, & Tigert, 1971).

There are three sections in this chapter. The first section introduces the research, which focuses on why energy drinks in general, and Red Bull in particular are studied. The second section delves into the research problem, gap, and justification. The rest of the chapter provides the research objectives, preliminary literature, hypotheses, conceptual model and briefs on the methods to be used to test the model.

#### **1.2.1 INTRODUCTION**

An energy drink is part of the soft drink category that contains the ingredients of caffeine, vitamin B, ginseng, taurine (Alford, Cox, & Wescott, 2001; Attila & Çakir, 2011). Moreover, energy drinks form part of the functional beverage class with sports drinks and nutraceutical drinks (Heckman, Sherry, Mejia, & Gonzalez, 2010). There is 63% of the market share in energy drinks distributed amongst other functional beverages in the United States (Heckman, et al., 2010). In the 1960s, energy drinks first became available in Asia and Europe as a boosting supplement to help people enhance their performance (Heckman et al., 2010). Before 1977, energy drinks were not successfully launched into the United States market

until the birth of Red Bull. Following the success of Red Bull, the energy drink market began to expand quite significantly (Heckman et al., 2010). The consumption of energy drinks has dramatically increased leading to high profits for energy drink businesses (Velaquez, Poulos, Latimer, & Pasch, 2012).

Andreea and Anca's (2014) case study aptly point out that energy drink consumption is not limited to enhancing performance for physical activities like sports or clubbing because it also helps to refresh mental capability like for programmers. Caffeine-containing energy drinks can improve the ability to stay awake longer, encourage high performance and boost power in sport (Alsunni & Badar, 2011; McCusker, Goldberger, & Cone, 2006). Some people consume energy drinks to boost their performance when they do not eat breakfast regularly (Attila & Çakir, 2011). Customers think energy drinks can enhance their mood, improve memory, alertness and enhance their overall performances (Alsunni & Badar, 2011).

In 1997, Red Bull was launched in South Africa (Naude, 2012). Since then, the company share of the market has steadily grown in South Africa. There were 39 million of Red Bull cans sold in South Africa in 2010 (Naude, 2012). Red Bull brand positioning has always been made as a premium brand (Naude, 2012). However, the competition between energy drink companies is becoming more and more intense. There are over 200 energy drink brand names in the world, and they all offer very similar benefits (Heckman et al., 2010). Interestingly, Red Bull's prices are always relatively high compared to other energy drink brands, but consumers have continued to buy the brand and the company has been capturing market share. Therefore, it is worth examining the brand factors driving consumers' brand preference and willingness to purchase Red Bull at a high price.

Based on a preliminary study conducted by Wang (2018), from which Generation 'Y' respondents were requested to select their preference of various energy drinks, the preference of Red Bull was found to be very high amongst other brands. Red Bull was found to be the favorite energy drink brand amongst the Generation 'Y' consumers studied, representing 55.9%. The brand-related factors driving Red Bull preference, especially for a big and profitable market segment like Generation 'Y' is yet to be examined. Tapscott (1998) see Generation 'Y' as a group of consumers born between 1976 to 2000. According to Norum (2008), they are a big and lucrative market segment for varied goods and services. Thus, the purpose of this study is to investigate the brand-related factors that influence brand

preference and the willingness to pay a price premium for Red Bull amongst Generation 'Y' consumers in Johannesburg, South Africa using Keller's brand resonance model.

The resonance model, also referred to as the Consumer-Based Brand Equity Pyramid (CBBE) developed by Keller (2013) has been used to help companies to differentiate themselves from their competitors through the use of four key levels that help them to build a successful brand (Farjam & Hongyi, 2015). Brands with a high level of equity lead to price premiums, high market shares and inelastic price sensitivity (Farjam & Hongyi, 2015). The hierarchical levels in building CBBE as provided in Keller's (2013) resonance model are salience, brand performance, consumer judgments, brand image, consumer brand resonance and consumer feelings (Keller, 2013).

### **1.2.2 PROBLEM STATEMENT AND RESEARCH GAP**

The competition in the energy drink industry is very strong. There are many brands that enter the energy drink market in South Africa to gain market shares, such as Monster, Score, Dokta, Lucozade, Power Play, Bioplus. According to Naude (2012), even retailers like Checkers and Shoprite have started to provide private label energy drink brands. The competing energy drink brands are much cheaper than Red Bull, For example, one can of Red Bull energy drink (473ml) is sold at R25.83 at Makro. This is nearly double the price compared to one can of Player (500ml) which is sold at around R15.00.

Despite the high price of Red Bull, in 2010, there were 39.5 million of Red Bull cans sold in South Africa compared to the 4 billion cans sold worldwide (Naude, 2012). Although 2010 was the year that South Africa hosted the FIFA World Cup (thus possibly impacting this figure), this is fairly significant because it is approximately 10% of the worldwide total, making it fairly significant. From 1998 to 2010, Red Bull's share of the South African energy drink market grew from 4.5 million to 39.5 million cans (Naude, 2012). Despite the many substitute energy drinks in South Africa, Red Bull has continued to be successful. Therefore, it is questionable what drives consumers' preference to the Red Bull brand and whether the preference continues to drive their willingness to pay a price premium.

In attempts to understand brand preference, previous studies have examined knowledge equity, self-image congruence, satisfaction, attitudinal loyalty, awareness as possible predictors (Walgren, Ruble, & Donthu, 1995; Hellier, Geursen, Carr, & Rickard, 2003; Jamal & Goode, 2001; Park, MacInnis, & Priester, 2007). However, the explanatory power of the

various dimensions (salience, performance, imagery, and judgment) of Keller's resonance model has not been systematically and comprehensively examined to assess the dimensions that best drive brand preference. Aaker (1996), Chaudhuri and Holbrook (2001) and Keller (2001) suggest that when a brand is preferred in terms of brand equity, the brand owner enjoys benefits of a price premium, market leadership, large distribution coverage, and big market share. Since market, distribution coverage, market share, and leadership cannot be measured from a consumer perspective as is the focus of this study, and considering that price premium leads to higher profit margin Keller (2013), this study tested the relationship between brand preference and the willingness to pay a price premium. According to Steenkamp, Van Heerde, and Geyskens, (2010), consumers are willing to pay a price premium because of the perceived quality in advertising, distinctive packaging, and product innovation. Whether brand preference can also predict a willingness to pay a price premium in an energy drink industry needs examination. Based on the Consumers' Behavioral Hierarchy (CBH) model, when customers establish a strong relationship with a brand, they begin with a form of awareness, liking, preferring, purchasing, and repeated purchasing (remaining within a brand relationship) (Park et al., 2007). Can just preference for a brand, which Mellens, Dekimpe, and Steenkamp (1996) claim don't really guarantee purchase action predict the willingness to pay the higher price premium of the Red Bull energy drink?

## **1.2 PURPOSE OF THE STUDY**

The study uses Keller's (2013) brand resonance model to understand Generation 'Y' brand preference and their willingness to pay a price premium for Red Bull in Johannesburg, South Africa. Specifically, it examines the impact of brand awareness, product primary characteristics, and secondary features, style, and design, sincerity, excitement, competence, sophistication, credibility, and superiority on brand preference and how brand preference in turn affect willingness to pay a price premium for Red Bull.

## **1.3 RESEARCH OBJECTIVES**

The section below presents the theoretical and empirical research objectives of this study in light of the purpose of the study.

### **1.3.1 THEORETICAL OBJECTIVES**

Below theoretical objectives need to be achieved:

- To understand the energy market globally and in South Africa and whether Generation ‘Y’ is an attractive customer segment for energy drinks
- To review the literature on Keller’s (2013) brand resonance model and previous studies that have applied various aspects of the model to explain brand preference.
- To test a conceptual model that delineates how some factors in the salience, performance, imagery and judgment levels in Keller’s resonance model lead to brand preference and willingness to pay a price premium.

### **1.3. 2 EMPIRICAL OBJECTIVES**

Given the purpose of the study, below empirical objectives need to be achieved:

- To examine the relationship between brand awareness (brand salience) and brand preference of Red Bull among Generation ‘Y’ in Johannesburg.
- To assess the extent to which brand performance in terms of product primary characteristics and secondary features, style, and design affect brand preference of Red Bull among Generation ‘Y’ in Johannesburg.
- To investigate the influence of imagery factors (sincerity, excitement, competence, and sophistication) on the brand preference of Red Bull among Generation ‘Y’ in Johannesburg.
- To examine the impact of brand judgment in terms of credibility and superiority on the brand preference of Red Bull among Generation ‘Y’ in Johannesburg.
- To test the relationship between brand preference and willingness to pay a price premium for Red Bull among Generation ‘Y’ in Johannesburg.

### **1.4 RESEARCH QUESTIONS**

This study tries to answer the following two questions:

- To what extent can Keller’s brand resonance model explain Generation ‘Y’ consumers’ brand preference of Red Bull?
- Does Generation ‘Y’ consumers’ brand preference of Red Bull impact on their willingness to pay a price premium?

### **1.5 SIGNIFICANCE AND CONTRIBUTION OF THE STUDY**

The purpose of the study is to investigate the factors influencing the price premium of Red Bull among Generation ‘Y’ consumers in Johannesburg, South Africa.

Considering that brand preference produces a myriad of brand market performance outcomes, such as higher market share and leadership, willingness to pay a price premium, profitability and market expansion possibility (Tolba & Hassan, 2009), this study will make a contribution by examining the various indicators that have an influence on brand preference. These indicators, that form Keller's (2013) resonance model are brand salience (brand awareness), performance (product primary characteristics and secondary features, style and design), imagery (sincerity, sophistication, competence, excitement) and judgment (credibility and superiority). The empirical testing of the resonance model with an energy drink will not only empirically validate the model but will expose to Red Bull marketers and other marketing practitioners the factors in the model that make the greatest contribution to building brand preference.

Since price premium is a crucial driver of brand profitability (Tolba & Hassan, 2009), this study also by exploring whether there is a direct relationship between brand preference and consumers' willingness to pay a price premium. Ultimately, this research would shed light on the importance of branding energy drinks and more specifically, the market performance significance of Red Bull branding amongst Generation 'Y' in the South African context.

This research will ultimately assist energy drink brand managers to understand the consumer behavior of a large and profitable market like Generation 'Y' consumers and to develop appropriate marketing strategies and brand positioning. In addition, it will help energy drink companies to truly understand their consumers. This will help them to better engage with their consumers and build strong brand equity, from which many other brand market benefits will flow.

## **1.6 PRELIMINARY LITERATURE REVIEW**

This section provides an overview of the theoretical grounding, followed by an outline of empirical literature from which the definitions, conceptualization, and relationships between the studied constructs can be understood.

## 1.6.1 THEORETICAL FRAMEWORK

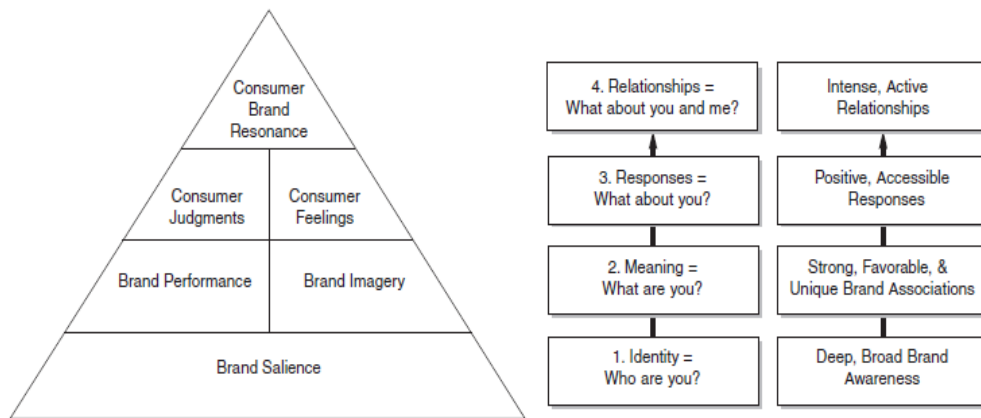


FIGURE 1: KELLER'S MODEL

### 1.6.1.1 Brand resonance model:

The brand resonance model shows how to generate active, intense relationships with consumers. This model shows within four steps how brand positioning affects consumers' knowledge, thinking, feeling, as well as the degree of connection with a brand. (Keller, 2013)

### 1.6.1.2 Brand resonance model building blocks:

The brand resonance model building blocks show how brands create values. Each block shows certain values the brand building efforts can provide an outline below;

Block 1 - Brand salience: This comprises the brand name, slogan, symbol, or logo, which can help the consumer create a recall and recognition of the brand (Keller, 2013). For an example, the consumer will recall that Red Bull is an energy beverage brand

Block 2 - Brand performance and brand imagery: Here the brand uses the product or service features, characteristics and functional and symbolic benefits to meet consumers' functional and psychological or social needs (Keller, 2013). For an example, consumers know that Red Bull can boost one's energy and is healthy, outdoor, and energetic

Block 3 - Consumer judgment and consumer feelings: based on a brand, consumers make types of judgments in relation to brand credibility, brand superiority, brand consideration, and brand quality. When a consumer interacts with a brand, emotional responses will be generated. These could be feelings of fun, pride, exciting, self-respect etc. (Keller, 2013)

Block 4 - Consumer brand resonance: This happens when after the judgment and feelings about a brand, a consumer then feels "in sync" with the brand to the point of developing

attachment, involvement, loyalty and developing brand community, all from which brand equity (preferential positive brand response) is gained (Keller, 2013). This could be what Red Bull is enjoying, considering that its consumers are repeatedly preferring and purchasing the brand despite its higher price.

## **1.6.2 DEFINITIONS AND CONCEPTUALIZATION OF THE STUDIED CONSTRUCTS**

Below section presents the theoretical review of the following constructs.

### **1.6.2.1 Brand awareness**

Keller (2013) has defined brand awareness as the extent and ease with which customers recognize and recall the brand and can identify the products with which it is associated. To be able to increase brand awareness, high exposure can make consumers more familiar with the products or services (Keller, 2013). There are various ways to make potential consumers aware of a brand. Trying to bring awareness to the energy drink brands, energy drink companies will try to present at school orientation days or sponsor sports events (Bower & Turner, 2001). There are a number of people who tried energy drink for the first time, as a result of their friends who introduced the drink to them (Costa, Hayley, & Miller, 2014). Energy drink companies use social media, such as Twitter, Facebook, and YouTube platforms, as an important platform to advertise and build brand awareness among consumers (Mart, 2011). The main purpose of using social media is to use followers to help energy drinks spread positive product messages among followers' friends and networks (Mart, 2011).

### **1.6.2.2 Primary characteristics and secondary features**

Consumers often have beliefs about the product function from primary ingredients and secondary features, which are elements that are added to primary ingredients (Keller, 2013). While the primary ingredients help the product perform its functions the secondary features are elements which can be customized or personalized (Keller, 2013).

For energy drinks, their caffeine content primary feature helps in improving the ability to stay awake longer, increase performance and provide power in sport (Alsunni & Badar, 2011; McCusker et al., 2006). Andreea and Anca (2014) interestingly point out that the purpose of consuming energy drinks is not just about physically reviving athletes or clubbers, rather it also helps to refresh mental forces for the programmer. Consuming energy drinks to purely boost energy level is no longer the only reason. According to Heckman, Sherry, and De Mejia (2010), energy drinks are being modified with secondary features to improve health functionality for health-conscious customers, especially in this health driven society.

### **1.6.2.3 Style and design**

The design of a product can affect its performance depending on the sensory elements of the product. The sensory elements range from products' appearance, texture, smell, and taste. The style is the aesthetic element of products which range from its size, shape, material, and color (Keller, 2013).

In terms of Red Bull, red, silver and blue cans are used as aesthetic elements. This makes it stand out when placed on the shelves (Andreea & Anca, 2014). Red represents "vitality", "strength and force"; silver and blue are "noble colors", they represent the "premium level" of the goods (Andreea & Anca, 2014). Furthermore, the combination of silver and blue generates great attraction for the energy drinks and "inspires trust for the pretentious consumers" (Andreea & Anca, 2014). According to an interesting study about packaging, consumers believe slim containers contain more volume of beverage than the narrow containers (Krishna, 2012). However, people believe they drank more from narrow containers after drinking (Krishna, 2012).

### **1.6.2.4 Brand personality**

Brand personality is defined as the set of human characteristics associated with a brand (Aaker, 1997; Boudreaux & Palmer, 2007; Keller, 2013). According to Keller (2013), the brand may obtain personality traits via consumer experience or different marketing activities (marketing advertisements, communications influence). When it comes to beer, cosmetics, cigarettes, liquors, brand personality are likely to influence consumer purchase decision making (Keller, 2013). Consumers choose a brand among others based on the consideration of consistency between the brand personality and their desire image or own self-concept (Keller, 2013). Sincerity, excitement, competence, sophistication, ruggedness are the five dimensions in brand personality, developed by Jennifer Aaker (Boudreaux & Palmer, 2007; Keller, 2013). The brand personality dimensions are described in the subsection below:

#### **1.6.2.4.1 Sincerity**

Qualities of a brand such as being down-to-earth, honest, wholesome and cheerful are the facets of sincerity (Keller, 2013). Being down-to-earth, family-oriented, small-town characterize the down-to-earth facet. Brand traits such as honesty, sincerity and real are part of the honest facet. Wholesome and originality are the traits that consist of the wholesome facet. While cheerful, sentimental, friendly are the traits that are part of the cheerful facet (Keller, 2013)

#### *1.6.2.4.2 Excitement*

Brand qualities such as daring, spirited, imaginative, and up-to-date are the facets of excitement factor (Keller,2013). Daring, trendy, exciting are the traits that consist of the daring facet. Whereas spirited, cool, young are the traits that are part of the spirited facet. Being imaginative, and unique are the traits that characterize the imaginative facet. On the other hand, up-to-date, independent, contemporary are the traits that part of the up-to-date facet. (Keller, 2013)

#### *1.6.2.4.3 Competence*

Brand qualities such as reliable, intelligent, successful are the facets of competence (Keller, 2013). Reliable, hard-working, secure are the traits that part of the reliable facet. While intelligent, technical, corporate are the traits that characterize intelligent facet. Successful, leader and confident are the traits that consist of the successful facet. (Keller, 2013)

#### *1.6.2.4.4 Sophistication*

Brand qualities such as upper class, charming are the facets of sophistication (Keller, 2013). Upper-class, glamorous, and good-looking are the traits that part of the upper-class facet. Charming, feminine, and smooth are the traits that characterize the sophistication facet. (Keller, 2013)

#### *1.6.2.5 Credibility*

Credibility is one of the dimensions making up brand judgments in the third block of Keller's resonance model. It is consumers' personal evaluation about a brand by comparing amongst other brands performance and imagery associations (Keller, 2013). Product price, different distribution channels, and warranty offer can all lead to quality and credibility judgment (Erdem & Swait, 2004). There are two dimensions of credibility: brand trustworthiness and brand expertise (Erdem & Swait, 2004; Keller, 2013; Sweeney & Swait, 2008). Additionally and in Keller (2013), brand likability is also part of the dimension. These dimensions reflect brands that are cumulatively impacted by past and present marketing strategy and activities (Erdem & Swait, 2004). Brand trustworthiness is keeping up-to-date with customers' interests (Keller, 2013). It is believed that the firm is *willing to deliver* what is promised to consumers (Erdem & Swait, 2004; Sweeney & Swait, 2008). Brand expertise is competence, innovative, and a market leader (Keller, 2013). It is believed that the firm has the *capability to deliver* what is promised to consumers (Erdem & Swait, 2004; Sweeney & Swait, 2008).

### 1.6.2.6 Superiority

Superiority is another element of the judgment dimension that makes consumers view the brand as unique and better than others (Keller, 2013). It can be viewed as a valued benefit. Hence, superiority can be considered as part of brand equity (Kapferer, 2012). Superiority skills, such as unique ability, set the firm apart from other competitors (Day & Wensley, 1988). Whereas the superiority source, such as family brand name, location, and distribution coverage, help firms to perform capably (Day & Wensley, 1988). Whilst a favorable impression of a brand can enhance brand differentiation and superiority (Buil, Martínez, & De Chernatony, 2013). The perceived brand globalism in turn creates consumer perception of brand superiority (Steenkamp, Batra, & Alden, 2003).

### 1.6.2.7 Brand preference

Brand preference expresses consumers' disposition to the approval of a specific brand (Chang & Liu, 2009). According to Wu (2001), the preferred brand is the chosen brand among several brands of the same quality. There are two types of brand preference: the first is liking preference, which shows the *hedonic responses* with the brand and the second is revealed preference, which shows the *behavior responses* with the brand (Hsee, Yang, Gu, & Chen, 2008). Cognitive, affective, and behavioral are the three responses of brand preference (Grimm, 2005). Cognitive is about the beliefs and unique added value regarding to the brand (Bagozzi, 1982); affective is about consumers' feelings or degree of likeness in relation to the brand (Zajonc & Markus, 1982); and behavioral is an action toward the brand (behavioral outcome can be a willingness to pay high price from brand preference) (Chernev, Hamilton, & Gal, 2011; Zajonc & Markus, 1982). It is difficult to alter consumers' preferences once developed (Carpenter & Nakamoto, 1994).

### 1.6.2.8 Price premium

A high price that is "above average profit" is defined as price premiums (Rao & Bergen, 1992). The price of the goods may influence consumers decision making when it comes to purchasing, especially as it is an indication of the quality of the product when consumers cannot try the product first (Jervis & Drake, 2015).

Based on 'own price elasticity theory' used in Epstein et al. (2012) research, the percentage of price fluctuate leads to the fluctuation of quantity demanded. In other words, if there is a decrease in the price of the energy drinks, it will lead to an increase in the quantity of energy drinks consumption, and vice versa. However, an interesting phenomenon, the price of

energy drinks grow led to the quantity of energy drinks consumption grow as well (Mhurchu et al., 2013). According to Meier (2013) research, the price of caffeine and other ingredients are not that costly, however, to create a promotional message for a brand is very costly and that leads to the premium price setting.

#### **1.6.2.9 Generation ‘Y’**

According to Tapscott (1998), Generation ‘Y’ is the consumer group born between 1976 to 2000 (Tapscott, 1998). Oblinger, Oblinger, and Lippincott (2005) however see Generation ‘Y’ as a group of people born between 1981 to 1995. According to Zemke, Raines, and Filipczak, (2000), Generation ‘Y’ is defined as a group of people born between 1980 to 1999. From the above, as one can see, there is no agreement on the period between which people who form part of Generation ‘Y’ are born. This research study will use Tapscott’s (1998) definition of Generation ‘Y’. The reason is that this category will include a larger part of energy drink consumers who would be at Wits at the time of the research.

Generation ‘Y’s are selected for this study because the younger Generation ‘Y’ (18-26 years old) annual household expenditure was R4,785,391,000 (about \$ 360 million) (Koutras, 2009). According to Noble, Haytko, and Phillips (2009), there was \$200 billion spent annually by Generation ‘Y’ in the US and by 2009. Furthermore, according to Morton (2002), Generation ‘Y’ has had more money to spend amongst adolescents of an earlier generation to date. Pennay and Lubman (2012) assert that Red Bull is the most well-liked and popular energy drink brand among young people. According to Jones and Barrie (2009), most of the varsity students have consumed energy drinks before and they are the main consumers. Energy drink companies largely target the markets consisting of teenagers, and people who are between the ages of 18 and 34 (i.e., Generation ‘Y’) (Heckman et al., 2010).

### **1.7 CONCEPTUAL MODEL AND HYPOTHESES STATEMENT**

Considering that the main objective of this study was to test Kellers’ (2013) resonance model in terms of extent to which its dimensions of factors drive Red Bull’s brand preference, the development of the hypotheses and conceptual model was guided by ideas gathered from the model and also from previous studies that have tested elements of the model.

#### **1.7.1 THIS STUDY’S CONCEPTUAL MODEL**

The conceptual model is presented in Figure 2.

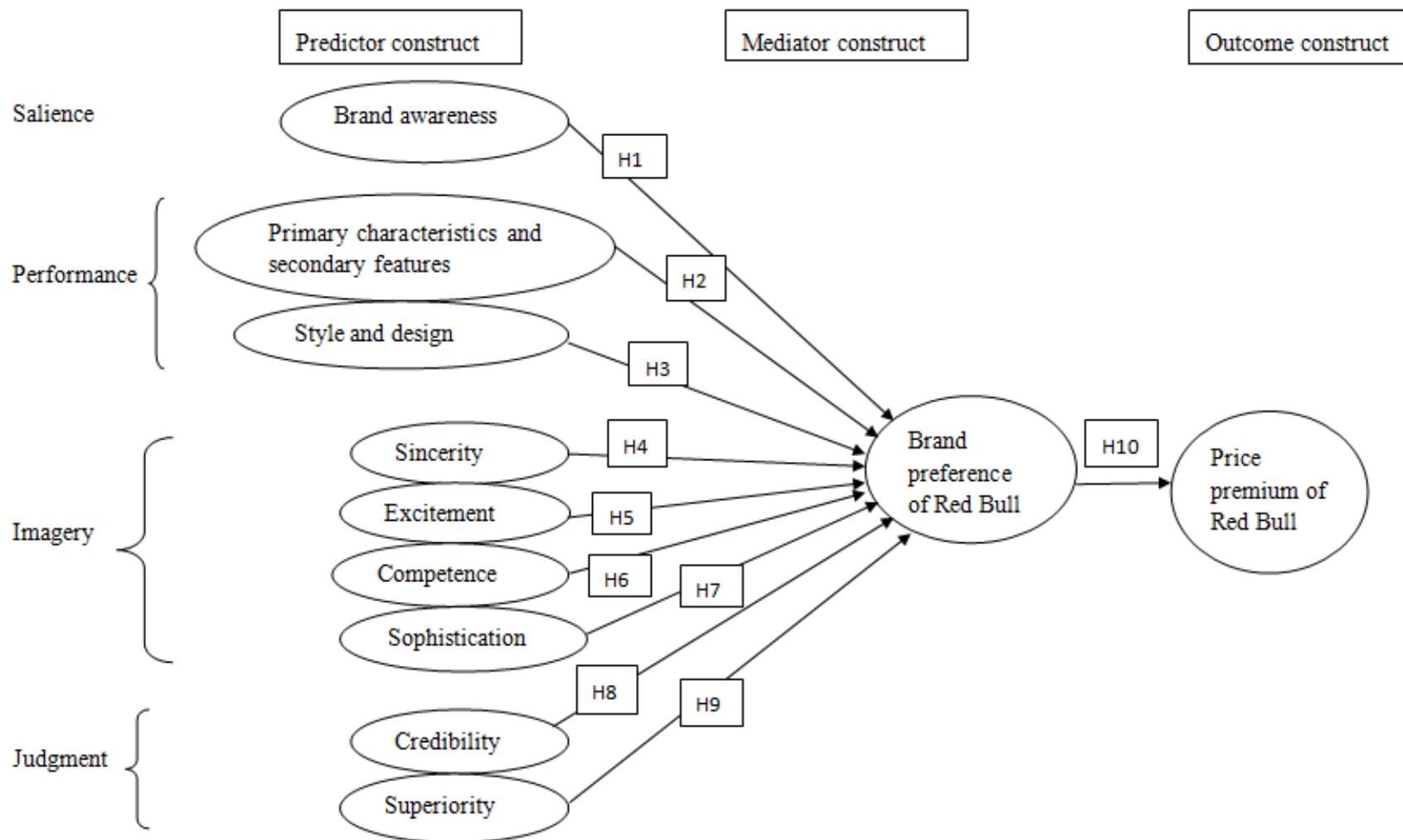


FIGURE 2: THE STUDY'S CONCEPTUAL MODEL

## 1.7.2 HYPOTHESES DEVELOPMENT

Based on the Figure 2 conceptual model, it can be postulated that the salience (brand awareness), performance (product primary characteristics and secondary features, style and design), imagery (sincerity, excitement, competence, sophistication) and judgment (credibility and superiority) dimensions of Keller's (2013) resonance model will impact the Red Bull's brand preference. The brand preference will in turn lead to Generation 'Y's willingness to pay a price premium for the brand as hypothesized and defended below:

### 1.7.2.1 Relationship between 'brand awareness' and 'brand preference' of Red Bull.

Based on Keller's (2013) Consumer-Based Brand Equity pyramid or resonance model, brand awareness is the foundation for building brand equity (Keller, 2013). High level of awareness is the first factor pointed in the definition of brand equity, and it can create favorable consumer response (Keller, 2013). Esch, Langner, Schmitt, and Geus (2006) examined how brand awareness leads to various brand benefits and consumer response. They found that brand awareness does not only directly impact on the purchase, but it also indirectly does so by influencing brand image, which in turn positively impacts brand trust and satisfaction. Among Generation 'Y' in Malaysia, Sasmita and Mohd Suki (2015, p.276) found that brand awareness was a good a positive driver of brand equity, which they report to be the greater confidence and preference consumers place in a particular brand over competitors' brands and which "enhances consumers' loyalty and willingness to pay a premium price for the brand". From these findings, the following is hypothesized:

**Hypothesis 1: There is a positive relationship between brand awareness and brand preference of Red Bull.**

### 1.7.2.2 Relationship between 'primary characteristics and secondary features' and 'brand preference' of Red Bull.

To create brand preference, the customer has to experience or at least trust the functionality of the product or service (Allen, Machleit, Kleine, & Notani, 2005; Bagozzi, 1982; Grimm, 2005). Some of the primary characteristics of energy drinks include energy boosting, performance enhancement, improving alertness (Andreea & Anca, 2014; Attila & Çakir, 2011; McCusker et al., 2006). Some of the secondary features include improving flavors from

mixing with alcohol, potential health benefits derived from specific ingredients, and the possibility of social status being associated with an energy drink brand that enjoys price premium (Alsunni & Badar, 2011; Heckman, Sherry, Mejia, & Gonzalez, 2010). Therefore, companies use different ways to make the product or service meet a broad range of consumers' needs and wants. This potentially can lead to brand preference (Allen et al., 2005; Bagozzi, 1982; Grimm, 2005). Therefore, drawing from these discussions and findings, it can be hypothesized that,

**Hypothesis 2: There is a positive relationship between 'primary characteristics and secondary features' and 'brand preference' of Red Bull.**

#### **1.7.2.3 Relationship between 'style and design' and 'brand preference' of Red Bull.**

Experiential marketing is important for the development of brand preference. In addition to rational brand attributes that make experiential marketing work, irrational attributes, such as sensory, emotional, aesthetics, symbolic, imagery is also important and all to lead to brand preference, and better competitive performance in the market (Ebrahim, 2013). Sensory perception can create a memorable brand experience, and this will lead to strong brand preference (Ebrahim, 2013). Brand experience can be the customers' internal responses to the various sensations, feelings and behavioral responses generated by the packaging, the brand's design and environments (Brakus, Schmitt, & Zarantonello, 2009). Positive brand experience increases brand attachment (Dolbec & Chebat, 2013), which is an outcome of brand preference (Ebrahim, 2013). Therefore, it is hypothesized that,

**Hypothesis 3: There is a positive relationship between 'style and design' and 'brand preference' of Red Bull.**

#### **1.7.2.4 Relationships between imagery dimensions (sincerity, excitement, competence, and sophistication) and brand preference**

Sincerity, excitement, competence, and sophistication are some of the imagery dimensions of Keller's (2013) resonance model and also part of the brand personality dimensions which can be related to energy drinks. Liang and Lee (2010) argue that Red Bull is seen as being more

sincere, competent, sophisticated, exciting, in Australia. Additionally, excitement is the dominant personality trait of Red Bull's brand (Liang & Lee, 2010). This study therefore only focused on sincerity, competence, sophistication, and excitement of the brand personality traits or dimensions, because the literature has tended to exclude ruggedness as one of the brand personality traits that would be associated with Red Bull. Studies have explored how brand personality dimensions relate to various brand factors, but not much with brand preference. This section discusses how the selected brand personality dimensions can possibly relate or impact on brand preference.

Swaminathan, Stilley, and Ahluwalia (2008, p.4) find that highly anxious people gravitate towards "the brand with a sincere personality [which] enhances brand attachment". Since brand preference proceeds brand attachment (Ebrahim, 2013), it can be expected that a brand with a sincere personality will lead to brand preference, especially for anxious consumers as Swaminathan et al. (2008) suggest. Highly anxious consumers have low self-esteem and are afraid of rejection. Therefore, they tend to associate with brands to gain desirable personality traits, which can help them to enhance potential attractiveness to others (Swaminathan et al., 2008).

Studies have shown that brand personality dimensions increase the usage of products or services (Sirgy, 1982), lead to a positive product evaluation (Wang & Yang, 2008), promote enjoyment and confident feelings in a consumer's mind (Biel, 1993), and enhance level of trust and loyalty (Fournier, 1998). From these influences and the fact that brand preference precedes brand loyalty, which Fournier found to be one of the outcomes of brand personality dimensions, it can be expected that the dimensions can drive brand preference as well. The following hypotheses can, therefore, be formulated: **Hypotheses 4, 5, 6, and 7**

- **There is a positive relationship between 'sincerity' and 'brand preference' of Red Bull.**
- **There is a positive relationship between 'excitement' and 'brand preference' of Red Bull.**
- **There is a positive relationship between 'competence' and 'brand preference' of Red Bull.**
- **There is a positive relationship between 'sophistication' and 'brand preference' of Red Bull.**

#### **1.7.2.5 Relationship between ‘credibility’ and ‘brand preference’ of Red Bull.**

Product credibility may decrease the perceived risks, and information costs, increase expectation or perceived quality, which may turn into decrease price sensitivity (David, 1991; Erdem, Swait, & Louviere, 2002). Additionally, consumers who are loyal to high-quality brands are less sensitive to the price (Erdem et al., 2002). This shows that when consumers display the kind of behavior that shows a perception of credibility, there should be a preference to guarantee the reported decreased sensitivity to price, loyalty, and attachment to that particular brand. When consumers believe in the credibility of a brand because of its high quality, top seller status, and high standard of product manufacturing, then the brand name develops the reputation that creates preference and helps customers in their brand decision making ( Baker & Lutz, 2000).

An increase in brand credibility can lead to enhanced satisfaction when service providers are presumed to deliver on promises (Sweeney & Swait, 2008). This creates high satisfaction amongst consumers, which can then lead to brand preference (Chinomona et al., 2013). In the tourist market, Veasna, Wu, and Huang (2013) found that credibility of “destination source” and “destination image”, can both lead to “destination attachment”, which according to Ebrahim (2013) is an outcome of brand preference. Therefore, it is hypothesized that,

**Hypothesis 8: There is a positive relationship between ‘credibility’ and ‘brand preference’ of Red Bull.**

#### **1.7.2.6: Relationship between ‘superiority’ and ‘brand preference’ of Red Bull.**

Beliefs of a product superiority may lead consumers to buy a product, service or repurchase it (Kapferer, 2012). Consumers are likely to seek direct evidence of performance superiority when they want to make a good decision among a set of brands. This should create brand preference before it leads to high engagement with brand and involvement, which Baker and Lutz (2000) found. Once consumers perceive quality or gain a favorable impression from the product or service, this can lead to greater differentiation and brand superiority (Buil et al., 2013; Yoo, Donthu, & Lee, 2000). Higher perceived quality leads to higher brand equity (Kim & Hyun, 2011; Yoo et al., 2000), all of which should happen because of brand preference. From these speculations, it can be hypothesized that,

**Hypothesis 9: There is a positive relationship between ‘superiority’ and ‘brand preference’ of Red Bull.**

#### **1.7.2.7: Relationship between ‘brand preference’ and ‘price premium’ of Red Bull.**

According to consumers’ behavioral hierarchy model in Park, MacInnis, and Priester (2007), when a customer has built a strong relationship with a brand, repeat purchase will lead to paying a price premium. Moreover, in Keller (2001), the greater price premium is one of the benefits when it achieves consumer brand equity. Brand preference is part of brand equity, is described in terms of “repeat purchases caused by brand-use satisfaction, perceived superior value (for the price paid), and preference or loyalty felt for the brand” (Prasad & Dev, 2000, p.4). Buil, Martínez, and De Chernatony (2013) found that overall brand equity leads to consumers willing to pay price premiums. Since brand preference is an indicator of brand equity, then it should also lead to consumers’ willingness to pay a price premium. Brand equity makes a consumer feel less sensitive to the price, as they perceive unique value from the brand that other brands cannot provide (Hoeffler & Keller, 2003; Keller & Lehmann, 2003). Additionally, consumers who are loyal to high-quality brands are less sensitive to the price (Erdem et al., 2002). Therefore, the following hypothesis is formulated:

**Hypothesis 10: There is a positive relationship between ‘brand preference’ and ‘willingness to pay a price premium’ for Red Bull.**

The hypotheses were empirically tested with the research methods briefly discussed in the next section.

## **1.8 RESEARCH DESIGN AND METHODOLOGY**

### **1.8.1 QUANTITATIVE RESEARCH METHOD**

There are two research methods, qualitative and quantitative. Being a deductive research approach, which starts with the aim of testing a theory or model and then leads to hypotheses development, data collection and analyses, followed by testing and confirming of hypotheses and late revision of theory and models, (Bryman & Bell, 2014). This study used quantitative research methods. Malhotra (2008, p.171) defines quantitative research objective as “to

quantify the data and generalize the results from a sample to a population of interest”. Quantitative research design involves statistics analysis (Mackenzie & Knipe, 2006) of data collected. In quantitative research, the sample size is large, data collection is structured and the outcome will generate a final course of action (Malhotra, 2008). For the quantitative results to be a generalist to the population of interest, an appropriate sampling design has to be used.

## **1.8.2. SAMPLING DESIGN**

Sampling design starts with the definition of the target population, determination of the sampling frame, then the selection of a sampling technique, followed by determining the sample size and executing the sampling process.

### **1.8.2.1 Target population**

Malhotra (2008, p.372) defines the target population as “the collection of elements or objects that possess the information sought by the researcher and about which inferences are not be made” (Malhotra, 2008). The targeted population in this research will be registered male and female students, aged between 18 and 42 (following Tapscott’s (1998) definition of Generation ‘Y’ born between 1976-2000), at the University of the Witwatersrand in 2018. The reason to choose the University of the Witwatersrand is that it is a culturally and socio-economically diverse university. The students were used to collect data because in addition of being easy and less costly to reach them, students are more likely to consume or try various brands of energy drinks for energy boosting and to keep them awake. Students are also more likely to comprehend and more accurately respond to questionnaires in a specialized field of study, such as brand management (Bryman & Bell, 2014).

### **1.8.2.2 Sample frame**

Malhotra (2008, p.373) defines the sample frame as “a representation of the elements of the target population. It consists of a list or set of directions for identifying the target population”. The sample frame of this study comprised of male and female undergraduate and postgraduate students of all racial groups at any faculty at the University of the Witwatersrand.

### **1.8.2.3 Sample size**

Sample size according to Malhotra (2008) is the number of elements from whom data will be gathered, drawn from the population, in a research study. This research data for this study was acquired data from 300 respondents, following Siddiqui’s (2013) suggestion that the

testing of models with structural equation modeling, which this study used to analyze data, requires sample sizes between 200 to 400 respondents.

#### **1.8.2.4 Sampling method and data collection approach**

This research used non-probability sampling method. Judgment sampling, convenience sampling, snowball sampling, and quota sampling methods are part of the non-probability sampling method. For this study, convenience sampling was used, because being a dissertation with a strict deadline, there was limited time and no funding to use a probability sampling method that requires the random selection of suitable respondents (Malhotra, 2008).

The researcher approached the available and willing students who are studying at the University of the Witwatersrand from any faculty and degree levels. After obtaining ethics clearance, they were approached in libraries, lecture rooms, and labs. After explaining the purpose of the study to the respondents, they were solicited to anonymously participate in the study.

#### **1.8.3 QUESTIONNAIRE DESIGN FOR DATA COLLECTION**

The questionnaire was created to measure the constructs in the research's conceptual model. The questionnaire had two sections, section A and section B. Section A had demographic questions and section B consisted studied constructs measured with five-point Likert type questions, scale anchored from 1 = "strongly disagree" to 5 = "strongly agree". Demographic questions were related to age, racial group, level of study, product usage frequency, faculty/school. The constructs measured in Section B had tested and reliable scales adapted from previous studies. The questionnaire distribution and collection methods were done face to face for self-administration.

#### **1.9 DATA ANALYSIS APPROACH**

In order to analyze the overall data collected from the questionnaires, the first step was to capture the data in a Microsoft Excel spreadsheet. The second step was to import all the data from Microsoft Excel spreadsheet to the Statistical Package of the Social Sciences (SPSS) 25 to conduct descriptive statistics and then from SPSS 25 to AMOS 25 to mainly test the hypotheses. AMOS 25 and SPSS 25 were also used to check reliability, validity and model fit. The main data analyses methods were therefore descriptive statistics ( to assess the characteristics of the sample and constructs), confirmatory factor analyses (to assess factors

structure, test validity and assess model fit) and structural equation modeling (to assess model fit and test hypotheses).

### **1.9.2 MEASUREMENT INSTRUMENTS RELIABILITY AND VALIDITY CHECK**

The test of reliability is done to measure the stability and consistency of the instruments (Bryman & Bell, 2014; Malhotra, 2008). Cronbach's alpha and composite reliability are part of the reliability indicators. The Cronbach's alpha value should be above 0.6 and the composite reliability value should be equal to or greater than 0.7 (Chinomona, 2017).

Validity means to answer the question of whether or not a measurement really indicate the idea that is supposed to capture (Bryman & Bell, 2014). Convergent validity and discriminant validity are part of the validity indicators, which was used to test constructs validity in this study.

Regarding convergent validity, the researcher has to do analysis with factor loadings and item-to-total correlation values. To confirm convergent validity, the item-total correlation values should be above 0.5 or 0.4. Factor loadings should also be above 0.5 or even 0.4 for all the instruments. (Wu & Liang, 2009).

To assess discriminant validity, the researcher has to conduct inter-construct correlation matrix and can also use Average Variance Extracted (AVE). The inter-construct correlation values for all paired latent variables should be below than 0.8 for discriminant validity to be confirmed (Chinomona, 2017). AVE values should be equal to or above 0.5.

### **1.9.3 HYPOTHESES AND MODEL FIT TESTING**

The researcher tested the hypotheses calculating the value of the standardized regression weights (Path Coefficients) and level of significance values (P-Values). The significant of the relationships were assessed at 95% confidence level or when lower than 0.05 positive or negative signs were used to get the direction of the relationships (Malhotra, 2008).

Regarding the model fit, the chi-square value should be less than 3; goodness of fit index value should be higher than 0.9; norm fit index value should be equal to or above 0.8; incremental fit index value should be above 0.9; Comparative Fit Index value should be higher than 0.9 and lastly the root standard measure error approximation value should be less than 0.08.

## **1.10 STRUCTURE OF DISSERTATION**

### **OVERVIEW OF THE STUDY**

Chapter 1 is an overview of the study and supplies context to the research. It outlines the introduction, problem statement, purpose of the study, research objectives, research questions, scope of the study, the significance of the study, conceptual research model, the structure of the study and ethical considerations.

### **RESEARCH CONTEXT**

Chapter 2 provides insights into the energy market globally and in South Africa defend the study of Generation ‘Y’ as an attractive consumer segment for energy drinks.

### **LITERATURE REVIEW**

Chapter 3 covers the literature reviewed of each variable based on the conceptual model. It also defended the proposed relationships between the studied constructs: brand awareness, primary characteristics and secondary features, style and design, sincerity, excitement, competence, sophistication, credibility, superiority, brand preference and price premium.

### **CONCEPTUAL MODEL AND HYPOTHESES DEVELOPMENT**

Chapter 4 used ideas from Keller’s (2013) resonance model and empirical literature reviewed to more elaborately develop this study’s conceptual model and hypotheses.

### **RESEARCH DESIGN AND METHODOLOGY**

Chapter 5 discusses the research designs used to collect and analyze data, sample the respondents surveyed and design the questionnaires used for data collection.

### **DATA ANALYSIS AND RESULTS**

Chapter 6 presents the results of the analyzed data. The results presented were descriptive statistics, measurement model assessment, Confirmatory Factor Analysis (CFA) model and path modeling analysis.

### **DISCUSSION, CONCLUSION, AND RECOMMENDATIONS**

Chapter 7 is an overview of the findings from the hypotheses testing. Based on the findings, the researcher provides academic implications and managerial implications. Additionally, the researcher provides recommendations and suggestions for further research.

### **1.11 ETHICAL CONSIDERATIONS**

A cover letter will contain in the questionnaire to explain the purpose of the research. The questionnaire will be done in a free and open environment for respondents. Respondents will not be pressured into answering the questionnaire, if respondents find uncomfortable in answering the questionnaire, they can discontinue at any point in time. This research is this topic is not ethically sensitive and the respondents or potential participants are not ethically vulnerable. All respondents details will be treated with the strictest confidentiality, the researcher has the duty to secure the respondents' answers and personal information. The information collected from respondents will not be distributed to third parties. Respondents will be not asked to provide their names to keep it anonymous. To able to conduct this research, ethics clearance form from the University of Witwatersrand will be applied for and attached.

### **1.12 CONCLUSION**

This chapter is the outline of the study. This research aims to use Keller's (2013) brand resonance model to understand Generation 'Y' brand preference and their willingness to pay a price premium for Red Bull in Johannesburg, South Africa. Based on the conceptual models, this included are eleven variables: brand awareness, product primary characteristics and secondary features, style and design, sincerity, excitement, competence, sophistication, credibility, and superiority on brand preference and how brand preference in turn affect willingness to pay a price premium for Red Bull.

## **CHAPTER TWO: THE GLOBAL AND SOUTH AFRICAN ENERGY MARKET AND THE ATTRACTIVENESS OF GENERATION ‘Y’ CONSUMERS**

### **2.1 INTRODUCTION**

This chapter provides an insight into the global and South African market for energy drinks. It provides a brief history of Red Bull, looks at the marketing activities that Red Bull undertakes to build their brand and how the brand has performed in the global and South African market. The chapter also examines the market attractiveness and behavior of Generation ‘Y’ and assesses whether they have a preference for Red Bull from previous studies. The chapter starts by evaluating the benefits and demerits of drinking energy drinks like Red Bull.

### **2.2 BELIEVED BENEFITS AND NEGATIVE PROPERTIES OF ENERGY DRINKS**

An energy drink is part of the soft drink category containing caffeine, vitamin B, ginseng and taurine (Alford, Cox, & Wescott, 2001; Attila & Çakir, 2011). Moreover, energy drinks form part of the functional beverage category with sports drinks and nutraceutical drinks (Heckman, Sherry, Mejia, & Gonzalez, 2010). The high amount of caffeine is the primary ingredient in energy drinks (Stephense et al., 2014). For example, Red Bull contains 80mg caffeine in 250 ml can. Red Bull energy drinks produced in Austrian and Swiss Alps contains Alpine water as part of its ingredients. The spring is collected near the Red Bull production sites in Austria and Switzerland. High-quality Alpine waters show the premium and quality of Red Bull energy drinks. With these properties of energy drinks, consumers hold various beliefs about the benefits and negative consequences of drinking energy drinks.

#### **2.2.1 BELIEVED BENEFITS OF ENERGY DRINKS**

Vitamin B in Red Bull helps the body to reduce tiredness and fatigue and plays an important role in the nervous system. Energy drinks that contain caffeine can improve ability to stay awake longer, high performance and power in sport, and improving alertness, increase memory (Alsunni & Badar, 2011; McCusker et al., 2006). Some people consume energy drinks to boost their performance when they do not eat breakfast regularly (Attila & Çakir,

2011). Andreea and Anca (2014) point out that the purpose of consuming energy drinks is not just about physically reviving athletes or clubbers, rather it also helps to refresh mental forces for the programmer. O’dea (2003) found that after consumers consumed energy drinks, they felt refreshed, while some consumers believe energy drink ingredients can give them enough nutrition if they are on a diet. According to Alsunni and Badars’ (2011) research, customers commonly use energy drinks when they are in the gym, preparing for an exam, need to drive long distances or just for fun. Consumers also prefer to consume energy drinks when they play soccer games as it makes them have energetic feelings (O’dea, 2003). Customers think energy drinks can enhance their mood, improve memory and enhance their performances (Alsunni & Badar, 2011). However, by consuming a large number of energy drinks, it may cause many side effects and taking overdose amount of vitamins can cause toxicity (O’dea, 2003).

Consuming energy drinks to boost energy levels is no longer the only reason. Nowadays, customers consume energy drinks mixed with alcohol for a better flavor. This has become one of the popular ways to serve drinks at events (Alsunni & Badar, 2011). Furthermore, a combination of energy drinks and alcohol can lead consumers to enjoy themselves more (Jones & Barrie, 2009). According to Pennay and Lubman’s (2012) research, fifteen percent of varsity students like to mix energy drinks with alcohol to help them feel less drunk and drink more in the party. There is fifty-five percent of varsity students who are believed to be drinking mixed energy drinks with alcohol to help hide the flavor of alcohol (Pennay & Lubman, 2012). According to Heckman, Sherry, and De Mejia (2010), energy drinks are trying to add health functionality into the drinks to promote health-conscious customers, especially in this health driven society. For an example, the antioxidant is extracted from various tea and fruits is added to the drinks to help prevent cancer and heart diseases (Heckman et al., 2010).

There are some consumers who are not really enjoying the taste of energy drinks but drink energy drinks to help them socialize with their group of friends (Jones & Barrie, 2009). Thus, some consumers drink energy drinks because of social status being associated with an energy drink brand that enjoys a price premium (Alsunni & Badar, 2011; Heckman et al., 2010). People also believe that drinking energy drinks is fashionable, consumers feel more fun and enjoyment while drinking energy drinks with their friends in the club (Jones & Barrie, 2009). Some consumers drink mixed energy drinks with alcohol in seeking to enhance the

psychoactive impact of alcohol, lead to enhance durability (Jones, Barrie, & Berry, 2012). Moreover, customers feel more conscious and have the energy to control drunkenness after drinking a mixture of alcohol and energy drinks (Jones et al., 2012).

Socialization with energy drinks can help people improve enhance good mood. A study conducted by Jones, Barrie, and Berry (2012) has found that people are of the belief that drinking mixed energy drinks with alcohol can help to lessen the feeling of alcohol intoxication. Some, however, believe that the reality is totally opposite, citing that it increases the toxicity because both energy drinks and alcohol dehydrate the body (Jones et al., 2012). Rockstar brand energy drink uses scientific formulated to gain credibility amongst energy drink consumers (Meier, 2013). Hence, energy drink companies try to use different ways to provide different functions or benefits to help customers to meets their needs and wants. Furthermore, from above, there are different reasons that consumers are seeking for consuming energy drinks.

### **2.2.2 BELIEVED NEGATIVE PROPERTIES OF ENERGY DRINKS**

Energy drink advertisements have contributed to consumers' strong beliefs about energy drinks benefits. They may be however misleading because there are some negative benefits of energy drinks (O'dea, 2003). For example, large amounts of caffeine in energy drinks may promote an unhealthy lifestyle (Velazquez, Poulos, Latimer, & Pasch, 2012). After consuming a large amount of caffeine the effects may include dizziness, headaches, vomiting, chest pain, hypertension, rapid heartbeat and may also lead to addiction in caffeine and insomnia (Attila & Çakir, 2011; Reissig, Strain, & Griffiths, 2009; Sojar et al., 2015).

### **2.3 THE MARKETING OF ENERGY DRINKS**

Energy drink companies use fun and humorous advertisements to attract customers in order to create memories to help customers recall and recognize the product when it comes to purchasing (Costa et al., 2014). Many people can recall energy drinks' slogans without putting any thought towards it. examples include "Red Bull gives you wings" which is associated with Red Bull (Costa et al., 2014). Energy drink companies also use a social media platform to bring same interests people together through Facebook, Twitter and other platforms (Mart, 2011). Moreover, these social media platforms are part of advertising strategy implementations, to letting followers spread positive information about the company, the brand, the benefits from the energy drink, and different types of sponsored events (Mart, 2011). According to Jones et al., (2012), word of mouth is another promotion method used in

the energy drink industry. This is because consumers commonly drink energy drinks mixed with alcohol with friends. It is likely that the specific brand name will pass on to other energy drink consumers if they are satisfied with the product. In addition, energy drink companies also direct their efforts towards advertising energy drink brands in clubs (Jones & Barrie, 2009). To increase awareness amongst young people, energy drink companies sponsor sports events that most of the adolescents are interested in. They hand out free energy drink samples during this kind of events (Bower & Turner, 2001).

Energy drink prices are related to promotion cost. A study conducted by Mart (2011) has found that a product price increases by 3% when one dollar is spent on promotions. In terms of distribution and in South Africa (Gauteng Province), people purchase energy drinks in most of the stores, such as Makro, Checkers, Woolworths, Pick n' Pay or any tuck shops. Brands, such as Red Bull, Lucozade, Score, Dokta, Bioplus, and Power Play are the most common energy drink brands consumers are able to find in the South African market. There are different ranges of energy drink packages with sizes ranging from 200 ml to 1000 ml. Most of the energy drink containers come in the form of plastic bottles or cans.

## **2.4 THE GLOBAL MARKET FOR ENERGY DRINKS**

Energy drinks first became available in Asia and Europe in the 1960s as a boosting supplement to help people enhance their performance (Heckman, Sherry, & De Mejjia, 2010). Today, there are more than 200 energy drink brands in the world They all offer very similar benefits (Heckman et al., 2010), making the competition in the energy drink industry is very strong. Energy drinks were successfully launched into the United States market only after 1977 after the birth of Red Bull. Following the success of Red Bull, the energy drink market began to expand quite significantly (Heckman et al., 2010). In the United States alone, energy drinks captured up to 63% of the market share of drinks distributed amongst other functional beverages (Heckman et al., 2010). The consumption of energy drinks has dramatically increased leading to high profits for energy drink businesses globally (Velaquez, Poulos, Latimer, & Pasch, 2012). In the United States, there was the market value of energy drinks increased by 32% from 2006 to 2007 (Heckman et al., 2010). The increase in market value and profits even tripling because of the rapid increase in demand and consumption of energy drinks which saw a rapid growth by 240% between 2008 and 2010 in the United States (Breda et al., 2014; Velazquez et al., 2012).

In 2012, the sales of energy drinks were over 12.5 billion in USD and increased by 60% from 2008 to 2012 (Breda et al., 2014). The growth of the energy drink market in Europe is equally remarkable. Osotspa, a Thai energy drink brand, has sold between two million and three million cans a month in Europe (Nondhanada Intarakomalyasut, 2002). In 2015, the energy drinks market in the European has increased by 4.9%, which is close to 550 million liters (“Energy drinks stand firm in EU,” 2015). An analyst at Canadian said the reason behind of increasing energy drink consumption in the European is because energy drinks are “highly submerged in people’s daily routines” (“Energy drinks stand firm in EU,” 2015, p.1). Interestingly, in Greece, the consumption of energy drink volumes have stayed stable but the consumption of other beverages was declined due to the economic circumstances (“Energy drinks stand firm in EU,” 2015). low-calorie energy drinks have increased by 11.6% across Europe (“Energy drinks stand firm in EU,” 2015).

In South Africa, the market for energy drinks grew substantial in 2015 (Plessis, 2016). A report from BMi research shows energy drinks added 8151.22 million Rand to the economy, which means a 27.1% increase in value from 2014 to 2015 (Plessis, 2016). In South Africa, the volume of energy drink can packaging has increased by 27.8%, and PET and glass design packing have increased by 12%, from 2014 to 2015 (Plessis, 2016). The report forecasted energy drink market to grow by 14.2% per year through to 2020 (Plessis, 2016). According to Stacey, Walbeek, Maboshe, Tugendhaft, and Hofman (2017), the market of energy drink is a fast growing segment in South Africa. The annual volume of energy drinks sold in South Africa increased from 97.9 million liters to 167.7 million liters, from 2009 to 2014 (Stacey et al., 2017). This means within five years time have risen around 2 to 3 liters per capita (Stacey et al., 2017).

## **2.5 BRIEF HISTORY AND MARKET PERFORMANCE OF THE RED BULL BRAND**

### **2.5.1 Definition of a brand and a brief history of the Red Bull Brand**

A brand is defined as consisting of a symbol, sign, term or name, or any combination of them, that attempts to represent the unique benefits a company can give to consumers through a particular product or service, in terms of culture, value, and attributes (Wang & Yang, 2010). The most important role a brand plays is in helping customers to identify and differentiate the brand’s product from other competitors. Consumers are increasingly getting many various substitute products and services in the market in this era. A product combined with branding

is an important factor that can influence purchase and consumption behavior, especially among adolescents, who are believed to be sensitive to brands (Jackson, Hastings, Wheeler, Eadie, & MacKintosh, 2000). Brands are established over a long period and through strategic marketing efforts. For example, Red Bull entered into the market in the mid-1980s and by 2004, it had gained over 2.5 billion Euros in value and approximately gained 70 percent of the energy drink market share through marketing efforts that created a unique brand image (Gschwandtner, 2004).

The idea of Red Bull energy drink was originated from a Thai energy drink brand, called Krateng Daeng, which means red water buffalo when translated into English (Gorse, Chadwick, & Burton, 2010). The actual Red Bull formulae were then developed by Dietrich Mateschitz, and Austrian. The Red Bull brand was first introduced and sold in 1987 in Austria and today, it is available in 171 countries worldwide (Red Bull Report, 2018). Red Bull went international in 1989 in Singapore and in 1992 to Hungary. In 1997, Red Bull entered the North American market. By 2003, the United States Red Bull energy drink revenue was nearly 40% of the company's total turnover (Gorse et al., 2010). In 2009, over 3.9 billion Red Bull energy drink cans were sold in the world (Gorse et al., 2010). Less than a decade later, i.e., in 2018, the brand doubled the 2009 figure by selling 6.790 billion cans. This was a 7.7 % growth rate from 2017 (Red Bull Report, 2018). Red Bull is performing well even in the South African market.

### **2.5.2 Market performance of the Red Bull brand in South Africa**

Red Bull is one of many energy drink brands in South Africa. In 1997, Red Bull was launched in South Africa (Naude, 2012). Since then, the company share of the market has steadily grown in South Africa. There were an estimated 39 million of Red Bull cans sold in South Africa in 2010 (Naude, 2012). Red Bull brand positioning has always been made as a premium brand (Naude, 2012). However, the competition between energy drink companies has become intense. Many brands enter the energy drink market in South Africa to gain market shares. Apart from Red Bull, there are other brands such as: Monster, Score, Dokta, Lucozade, Power Play, Bioplus, which all share this highly profitable category in the South African energy drink market. According to Naude (2012), even Checkers and Shoprite have started to provide private label energy drink brands. These brands constitute substitutes for

Red Bull in the South African energy drink market and make energy drink brands to be much cheaper than Red Bull. For an example, one can of Red Bull energy drink (473ml) is sold at R25.83 at Makro This is nearly double the price compared to one can of Play (500ml) which is sold at around R15.00.

Despite the high price of Red Bull, in 2010, there were 39.5 million of Red Bull cans sold in South Africa compared to the 4 billion cans sold worldwide (Naude, 2012). Although 2010 was the year that South Africa hosted the FIFA World Cup (thus possibly impacting this figure), this is fairly significant because it is approximately 10% of the worldwide total, making it fairly significant. Red Bull's share of the South African energy drink market grew from 4.5 million in 1998 to 39.5 million cans in 2010 (Naude, 2012). Despite the many substitute energy drinks in South Africa, Red Bull has continued to be successful.

### **2.5.3 Red Bull's brand building marketing efforts**

Gorse et al.'s (2010) case study on Red Bull report that sport plays an important role in Red Bull brand identity building efforts and its expansion in the energy drink market. The Red Bull brand has successfully been ever-present at sports events, in popular culture and in the media (Gorse et al., 2010). To be able to distinguish between the Red Bull brand amongst other beverage brands, Red Bull sets its price relatively higher in comparison to other beverages in order to build status and premium brand images of the product in the eyes of consumers. Moreover, in order to avoid direct competition with other beverages, Red Bull sets its uniqueness of brand image among consumers by associating with the sport (Gorse et al., 2010)

Red Bull is a leader in the energy drink market and incorporating sport into the strategic plans have played an important role (Gorse et al., 2010). Red Bull build its brand based on extreme sports and fast living has capitalized on this global marketplace (Gorse et al., 2010). Sport is an industry that many parties can get involved in and attain revenue. It has been noted that the value of the global sports industry is over 141 billion US dollars (Klayman, 2009). It is this reason that Red Bull places itself into the sports market. Red Bull starts and always positions its energy drink product as being beneficial to the athletes. It is known as being "a driver of performance, has led to the creation both of new and innovative sports properties, and the sponsorship and eventual ownership of mainstream sports properties, and serves as a perfect

example of the entrepreneurial potential in sport and the unique strategies and activities undertaken by the Red Bull brand (Gorse et al., 2010, p.5 ).” With involvement and support for extreme sports as well as subcultural events, the Red Bull brand and consumers have built a unique and special relationship. Additionally, Red Bull’s association with adventure sports, traditional and non-traditional sports has created a “degree of authority and authenticity (an important part of brand identity)” in beverage companies (Gorse et al., 2010, p.5 ). Developing and advertising innovative sports has enhanced Red Bull’s brand reputation as well as brand image. Examples include Red Bull crashed ice (a combination of hockey, skiing), which was at the Winter Olympics. (Gorse et al., 2010)

Over a hundred competitors, including Coca-Cola, have copied Red Bull energy drink. However, it is difficult to take the beverages market share away from Red Bull (Gorse et al., 2010). Red Bull has been creative and innovative with new sports events to enhance the brand’s image and reputation, such as crashed ice, downhill skiing, boardercross, and other extreme sports, etc. (Gorse et al., 2010). Red Bull has cooperated with more than five hundred extreme sports athletes who have broken records (Gschwandtner, 2004). With the strength, favorable, and unique brand image and brand credibility built from these activities, the potential for continuous brand preference and purchase is enhanced (Wang & Yang, 2010).

The sport and other brand-building activities have also enhanced Red Bull’s brand personality. For example, Liang and Lee (2010) found that consumers’ perception of Red Bull’s brand personalities in Australia is sincerity, competence, sophisticated and exciting. Additionally, excitement is the dominant personality trait of Red Bull’s brand (Liang & Lee, 2010). According to Foscht, Maloles, Swoboda, Morschett, and Sinha (2008) and in the United Kingdom and Australia, competence, sophistication, and excitement were found to be Red Bull’s brand personality, all of which had a positive influence on the amount of consumption of Red Bull in the studied countries. In the United States, Foscht et al. (2008) found that sincerity, and also competence, sophistication, excitement do have a positive influence on the amount of consumption of Red Bull. Thus, competence and excitement were the two personality traits that were commonly found in the United Kingdom, the United States, and Australia and which are most widely represented in Red Bull advertising campaigns (Foscht et al., 2008).

According to Andreea and Anca (2014), the color and the shape of the product package can lead to emotional effect, and it will further lead to purchase behavior. Red Bull uses red, silver and blue color on the can. This makes it stand out when placed on the shelves (Andreea & Anca, 2014). Red represents “action”, “vitality”, “strength and force”; silver and blue are “noble colors”, they represent the “premium level” of the goods (Andreea & Anca, 2014, p.516). Furthermore, the combination of silver and blue generates great attraction for the energy drink and “inspires trust for the pretentious consumers” (Andreea & Anca, 2014, p.516). Red Bull packaging was tested over two hundreds of designs before its launch in Austria in 1987 (Gorse et al., 2010). Red Bull’s packaging is very distinctive compared to Pepsi, Coca-Cola, and other beverages, in color (Red, silver, and blue), the shape of the can and dimension (slim compared to other beverages’ packaging) (Gorse et al., 2010).

Regarding the packaging, a unique shape and the aluminum ring is easy to handle, conceals the energy drink and is not fragile (Andreea & Anca, 2014). However, some athletes are dissatisfied with the closing issue in relation to Red Bull cans (Andreea & Anca, 2014). Some athletes have recommended that if Red Bull cans are able to close during exercise, this will be more practical (Andreea & Anca, 2014). McDaniel and Baker (1977) have found that packaging can influence taste. For example, consumers believe that food becomes crispier, fresher and tastier in hard to open containers than easy to open ones. According to an interesting study about the packaging, consumers believe that slim containers contain more volume of beverage than the narrow containers (Krishna, 2012). However, people believe they drank more from narrow containers after consumed (Krishna, 2012).

Mateschitz, the co-founder of Red Bull brand claims that Red Bull’s success stems from the fact that, “We don’t bring the product to the people. We bring the people to the product” (Gorse et al., 2010, p.4). Red Bull built its brand from the ground, starting from regional sales to create awareness amongst “cultural icons, focusing on local and influential DJs, clubbers, ravers and social trendsetters, growing the brand’s identity through word of mouth” (Gorse et al., 2010, p.4). Red Bull entered into a new market successfully by initially attracting early adopters and social elites with a new method of drinking (i.e., mixing Red Bull with Vodka). (Gorse et al., 2010). In addition to this method of drinking Red Bull for social purposes, students and drivers discovered that Red Bull could have the ability to keep consumers awake and enhances body energy level. This took Red Bull’s brand awareness into another level.

With Red Bull's mystique and large consumptions by students and older young adults, Red Bull brand has been tagged Generation 'X' and "the poor man's cocaine" label on it (Gorse et al., 2010). Targeting Generation 'X' was a way to enter into the market. Generation 'Y' was then targeted to broaden Red Bull brand awareness and demand. Generation 'Y' was targeted via "popular culture, sports (both traditional and extreme/adventure) and nightlife (bars and clubbing)" to increase popularity and visibility (Gorse et al., 2010, p.4). Red Bull distributes its products to stores, bars, clubs, petrol stations and different types of stores surrounding universities to help students reach their products. Red Bull also hires students to be brand ambassadors to build a brand community with Generation 'Y' (Gorse et al., 2010).

## **2.4 GENERATION 'Y'**

### **2.4.1 Who are Generation 'Y'?**

The reason why generations are distinguished between each other is mainly that each generation obtains unique experiences "brought about by distinct environmental forces prevalent during their formative years" (Bevan-Dye, Garnett, & De Klerk, 2012, p.4). For example Generation 'Y' was born during the internet era and was the first generation to share its experiences through the use of the internet, social media, smartphones etc.(Bevan-Dye et al., 2012). Tapscott (1998) views Generation 'Y' as a group of people born between 1976 to 2000. However, Oblinger, Oblinger, and Lippincott (2005) consider Generation 'Y' to be as people who were born between 1981 to 1995. Additionally, and according to Zemke, Raines and Filipczak, (2000) Generation 'Y' is defined as a group of people born between 1980 to 1999. Whereas, Bolton et al., (2013) see Generation 'Y' to be consumers born after 1981. Even though the consensus is yet to make as to when Generation 'Y' consumers were born, this study used Tapscott's definition of Generation 'Y'. This is in consideration of the fact that a larger segment of young adult consumers fall within this age range and it forms the age group of energy drink consumers who are studying at Wits at the time of the research.

### **2.4.2 Demographic characteristics of Generation 'Y'**

Generation 'Y' population in South Africa is large For example, in 2008, the population of Generation 'Y', between the age of 15 and 29 was 14,303,800 which was 29% of the South African population (Bevan-Dye et al., 2012). The population of black Generation 'Y' alone

was 11,865,800 which was 83% of South Africa's population of Generation 'Y' and 24% of South Africans (Bevan-Dye et al., 2012).

Coming to purchasing power and based on the South African annual household expenditure table in 2005 from Koutras (2009), there was R37,823,859,000 (about \$ 2.8 billion) annual household expenditure spent by older Generation 'Y' (26 and 35 years old). The Younger Generation 'Y' (18-26 years old) annual household expenditure was R4,785,391,000 (about \$ 360 million) (Koutras, 2009). According to Noble, Haytko, and Phillips (2009), there was \$200 billion spent annually by Generation 'Y' in the US and by 2009. Furthermore, according to Morton (2002), Generation 'Y' has had more money to spend amongst adolescents of an earlier generation to date. In Morton (2002) research, Generation 'Y' is defined as people who were born between 1977 and 1994.

In South Africa, Generation 'Y' is the first generation to grow up in the post-apartheid era. Before the 1994 elections, many South African schools and Higher Education systems were strictly segregated based on students' race. Generation 'Y' is the first generation able to attend multiracial schools and freely join the study with mixed races. Black Generation 'Y' started having exposure to different cultures, and westernized media. Therefore, black Generation 'Y' has more opportunities in education and careers in comparison to the previous black generations. This created a black diamond consumer segment, which is a growing middle-class consumer, and a profitable market for varied goods and services. South African Generation 'Y' has strong consumption tendencies and materialistic outlook. They mostly prefer international brands than local brands. Additionally, there is conspicuous consumption in relation to status products amongst young adult South African consumers. The South African black Generation 'Y' students are becoming important to the global luxury companies, as they are likely to become the future black diamonds (Bevan-Dye et al., 2012).

### **2.4.3 Are Generation 'Y' an attractive market for Red Bull?**

Pennay and Lubman (2012) assert that Red Bull is the most well-liked and popular energy drink brand among young people. In the United States, there was an estimated 50% of varsity students who drank energy drinks (at least one bottle per month) to enhance their energy (Heckman, Sherry, Mejia, & Gonzalez, 2010; Malinauskas, Aeby, Overton, Carpenter-Aeby, & Barber-Heidal, 2007). According to Jones and Barrie (2009), most of the varsity students

have consumed energy drinks before and they are the main consumers. Energy drink companies largely target the markets consisting of teenagers, and people who are between the ages of 18 and 34 (i.e., Generation 'Y' ) (Heckman et al., 2010). A survey about the consumption of energy drinks in the United States has presented that 34% of people between the ages of 18 and 24, and 31% of people between the age of 12 and 17 have consumed energy drinks before (Gallimberti et al., 2013). Less (22%) of the older Generation 'Y' (25 and 34) consumed energy drinks before (Gallimberti et al., 2013). In 2011, European Food Safety Authority (EFSA) has found 68% of adolescents who were aged between ten to eighteen, 30% of adults and 18% of children who were less than 10 years old have consumed energy drinks before (Breda et al., 2014). Additionally, the average consumption was 0.49 liter in children, 2 liters in adolescents (Breda et al., 2014).

Most of Generation 'Y' believe that drinking energy drinks is fashionable, they feel more fun and enjoyment while drinking energy drinks with their friends in the club (Jones & Barrie, 2009). Moreover, a study has also pointed out that the main reason associated with drinking is to socialize, integrate with peers and is a way into the adult world (Jackson et al., 2000). When a person sees their friends drinking energy drinks, then they might just follow with (Jones & Barrie, 2009). This is a phenomenon of peer pressure. Consumers might not really enjoy the taste of energy drinks but the reason behind drinking energy drinks is to help them to socialize with their group of friends and enjoyment (Jones & Barrie, 2009).

Energy drink companies try to apply various and distinct promotional approaches to inform Generation 'Y' about their products or services (Heckman et al., 2010), such as Red Bull sponsorships of sporting matches and use sporting celebrities to promote the brand and product. Since innovative products are likely to be found attractive by Generation 'Y' (Parment, 2013). Energy drinks also try to be diverse with their products, in order to appeal to the wide range of consumers, such as developing a gluten-free, vegetarian-friendly, organic product in an effort to appeal to health-conscious young adults (Heckman et al., 2010). According to Bevan-Dye, Garnett, and De Klerk (2012, p.5), since Generation 'Y' is living in a "media-saturated, brand conscious and materialistic world", therefore, younger generations are likely to become materialistic and "status consumption oriented" compare to earlier generations. Generation 'Y' also have higher self-esteem (Bevan-Dye et al., 2012).

#### **2.4.4 Generation ‘Y’ buying behavior and environment**

Growing up with technologies around, such as laptops, computers, tablets, smartphones (Weiler, 2005), Generation ‘Y’ face the problem of information overload (Bolton et al., 2013). They can access global news and information, social networking, social media, and social reporting at any time (Bevan-Dye et al., 2012). Hence, Generation ‘Y’ are exposed to many global perspectives. This leads to cultural globalization (Morton, 2002). Generation ‘Y’ prefer to learn things via verbal communication with their peer groups and take the ideas from people who have experienced rather than actually doing their own research (Weiler, 2005). Even though College-aged Generation ‘Y’ get influences from their parents and their reference groups, friends and peers, they also desire independence and freedom and like to be treated as an adult since they are moving into adulthood (Noble et al., 2009). The college-aged Generation ‘Y’ also have to discover the balance between their self-interests and social influences that come with making purchasing decisions. They begin to be more self-determining (Noble et al., 2009).

Despite the self-determination, close friends are the main source of the influence on Generation ‘Y’ (Simons-Morton & Farhat, 2010). Moreover, family, social, the school can also be part of the influences sources this consumer group (Simons-Morton & Farhat, 2010). For an instance, in the beginning, teenage behaviors are likely to be influenced by their parents (Gallimberti et al., 2013). For example, if their parents drink Red Bull then their children are likely to do the same.

There are two kinds of reference classes based on Childers and Rao’s (1992) research. The two are “comparative reference” class and the other is called “normative reference” class. Peers and parents are part of the “comparative reference” class, which relates to self-improvement by comparing to others (Childers & Rao, 1992). Whereas, heroes, celebrities are part of the “normative reference” class, which impacts one’s behavior, value, and attitudes (Childers & Rao, 1992). When it comes to consumer purchase behavior, the above reference classes may impact on each customers’ preference of brands, products, and services (Childers & Rao, 1992).

#### **2.5 CONCLUSION**

Chapter 2 shows an insight into the global and South African market in the energy drink industry. A brief history of Red Bull, and examines the market attractiveness and behavior of

Generation 'Y'. The next chapter is the literature review of the theoretical framework in consumer-based brand equity and eleven variables: brand awareness, product primary characteristics and secondary features, style and design, sincerity, excitement, competence, sophistication, credibility, superiority, brand preference and willingness to pay a price premium for Red Bull.

## CHAPTER THREE: LITERATURE REVIEW

### 3.1 INTRODUCTION

Chapter three is the literature review. The first section is the theoretical framework in consumer-based brand equity, and section two is the literature review in eleven variables: brand awareness, product primary characteristics and secondary features, style and design, sincerity, excitement, competence, sophistication, credibility, superiority, brand preference and willingness to pay a price premium for Red Bull.

### 3.2 THEORETICAL FRAMEWORK - CONSUMER-BASED BRAND EQUITY (CBBE)

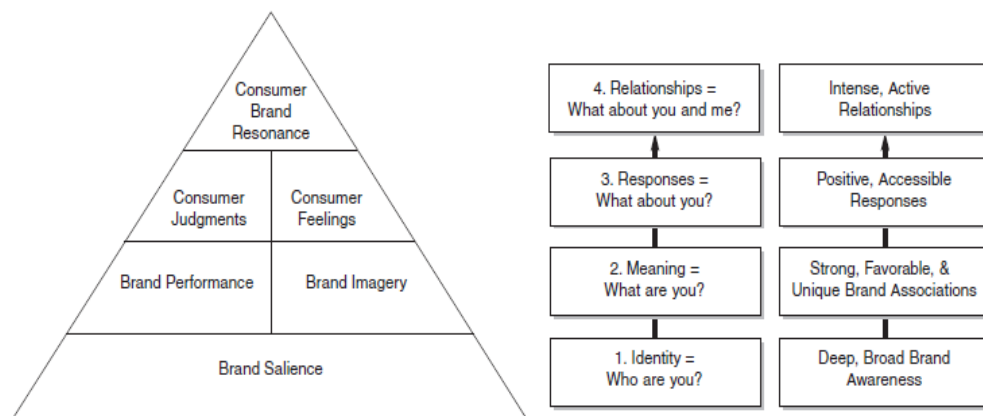


FIGURE 3: CBBE MODEL

#### 3.2.1 Brand Salience

Brand salience is the root of the CBBE framework. Without brand awareness, a company can barely build its own brand equity (Miller & Berry, 1998; Pappu, Quester, & Cooksey, 2005). Therefore, companies need to increase brand awareness among their different target segments. Brand awareness is measured by the consumer's capability to recall and recognize a brand when it comes to purchasing a certain product (Pappu et al., 2005), and associate that brand with the brand name, logo, packaging or slogan in a consumer's memory (Keller, 2001, 2013). For an example, "Red Bull gives you wings", many people know that this is Red Bull's slogan without taking any effort to think (Costa, Hayley, & Miller, 2014). The reason for building brand awareness is to let consumers have an idea about what services or products a particular brand offers or under what category (Keller, 2013). Brand salience is particularly

important when it comes to a customer's first experience with a brand because their satisfaction with the brand and its ability to meet the consumer's needs and wants will impact on the likelihood of purchasing the brand again (Keller, 2001), or whether or not to lead customers to further engage with the brand.

### 3.2.2 Brand Performance

Brand performance is about a product or service's tangible functional performance, namely: 'primary ingredients and supplementary features', 'product reliability, durability, and serviceability', 'service effectiveness, efficiency, and empathy', 'style and design', and 'price' (Keller, 2013). Product performance considers the consistency of performance, the economic life of the product, ease of repair (Keller, 2001). Whereas for service performance, there is a need to be considered in relation to the satisfaction of the services, the speed of delivering services, whether company employees are caring, trusting, and keep customer's interest in mind (Keller, 2001).

Brand performance can have directly or indirectly interacted between the product and the customers (Keller, 2013). Those interactions could be hearing about a product or service's performance from others who have consumed. Consumer directly experiences a product or service by reading information about the product or service via the company's communication channels (Weerawardena, O'Cass, & Julian, 2006).

### 3.2.3 Brand Imagery

Brand imagery is when a brand attempts to use the product or service to meet consumers' psychological or social needs (Keller, 2013). Brand imagery is related to a brand's intangible aspect from own experience, advertising, word of mouth and social channels (Batra & Homer, 2004). The following are the four main intangibles that related to a brand:

1. **User profiles:** customers have an image of idealized or actual users would consume that specific brand with descriptive demographic elements in the race, gender, income, age; and psychographic elements in careers, possessions, attitudes to life (Keller, 2013).
2. **Purchase and usage situations** are when people have an idea about under what situations consumers may lead to purchasing the brand (Keller, 2013). The product usage situation can be associated with frequency of usage, the location of usage, purchase channels (Aaker & Biel, 2013; Keller, 2013; Keller, Sternthal, & Tybout,

2002). For an example, a customer to drink Red Bull after exercise and the consumer knows where to purchase Red Bull when he is out or inside of a gym.

3. **Personality:** brand personality is defined as the set of human traits correlated with a brand (Aaker, 1997; Boudreaux & Palmer, 2007; Keller, 2013). According to Keller (2013), the brand may obtain personality traits via consumer experience or different marketing activities (marketing advertisements, communications influence). Sincerity, excitement, competence, sophistication, ruggedness are the five factors under the brand personality (Keller, 2001).
4. **History, heritage, and experiences:** the past usage experience with the brand from individual and others can contribute to the image of the brand (Keller, 2013). It can be an association with the person who made the product, the country in which it is made, the unique design of its package (Keller, 2013). This all leads to the brand having a strong differentiation (Keller, 2013). The long history of the brand and heritage can make consumers feel a level of certainty (Keller, 2001).

#### 3.2.4 Consumer Judgements

Consumer judgments are related to customer's individual opinions about the brand, based on all different types of associations in terms of brand performance and brand image (Keller, 2013). The following are the four main types that important to a brand:

1. **Brand quality:** it is an overview evaluation of the brand based on customer's satisfaction, specific attributes, and perceived quality (Keller, 2013).
2. **Brand credibility:** There are three dimensions in credibility: brand trustworthiness, brand likability and brand expertise (Erdem & Swait, 2004; Keller, 2013; J. Sweeney & Swait, 2008). Brand trustworthiness is believed that the firm is willing to deliver what is promised to consumers (Erdem & Swait, 2004; Sweeney & Swait, 2008). Brand expertise is believed that the firm has the capability to deliver what is promised to consumers (Erdem & Swait, 2004; Sweeney & Swait, 2008). Brand likability or attractiveness is involved with the source's image, it can be physical attributes (Um, 2008; Wang & Yang, 2010).
3. **Brand superiority:** Superiority may make consumers view the brand as unique and better than others (Keller, 2013), which can be viewed as a valued benefit. Superiority skills and sources are the main dimensions. Superiority skills, such as unique ability, set the firm apart from other competitors (Day & Wensley, 1988). Additionally, the

superiority sources, such as family brand name, location, and distribution coverage, help firms to perform capably (Day & Wensley, 1988).

4. **Brand consideration:** customer's brand consideration comes to purchase a product or service or not (Keller, 2013). It's a consideration that deep down in relation to customer's needs and wants, decision making (Keller, 2013). It is more about the customer to find the brand and put the brand into considerations; put the brand into their daily lives (Keller, 2013). It's an individual process.

### 3.2.5 Consumer Feelings

When a consumer interacts with a brand, emotional responses will be generated. These could be feelings of fun, pride, exciting, self- respect etc. (Keller, 2013)

### 3.2.6 Consumer Brand Resonance

Consumer brand resonance: when the consumer feels "in sync" with the brand (Keller, 2013). The intensity of the psychological bond and level of activity are the two characteristics of consumer brand resonance (Keller, 2013). Behavior loyalty, attitudinal attachment, sense of community, active engagement are the four categories of brand resonance (Keller, 2013). For an instance, consumer repeat purchase of Red Bull, engage with the Red Bull community, seek Red Bull information on social media, etc.

Consumer-Based Brand Equity Pyramid (CBBE) has been applied to a number of industries, including research looks at innovative sponsorship, social media strategies, business to business strategies, the IT software, and the service industries (Aziz & Yasin, 2010; Birkeland, 2014; Ginman, 2011; Kim & Hyun, 2011; Leek & Christodoulides, 2011).

The following section presents the theoretical review of the following constructs.

## 3.3 BRAND AWARENESS

Brand salience is particularly important when it comes to a customer's first experience with a brand because their satisfaction with the brand and its ability to meet the consumer's needs will impact on the likelihood of purchasing the brand again (Keller, 2001). Kapferer (2012), in a survey, indicated that 65% of marketing directors selected brand awareness as one of the important factors that build a strong brand, which is also a significant company asset. Pike, Bianchi, Kerr, and Patti (2010) state that greater brand awareness will enhance brand image and brand image is important for brand loyalty. Moreover, brand loyalty is the main dimension of brand equity (Keller, 2013). Keller (2013) defined brand awareness as the

extent and ease with which customers recall and recognize the brand and can identify the products and services with which it is associated.

Based on the Consumer-Based Brand Equity pyramid, brand awareness is the foundation for building brand equity (Keller, 2013), as well as a rudimentary level of brand insight (Hoyer & Brown, 1990). High level of awareness is the first factor pointed in the definition of brand equity, and it can be created by a favorable consumer response (Keller, 2013). Brand awareness may maximize potential usage (Keller, 2001). According to Esch, Langner, Schmitt, and Geus (2006), without awareness and positive image of the brand, the customer cannot be satisfied with the brand and will be unable to trust the brand. The success of a brand indicates its ability to develop the trust and satisfaction of its consumers, which can help consumers reduce the time that they would spend on investigating the risks and viability of alternative brands (Keller, 2001). Brand trust (Chaudhuri & Holbrook, 2001) and high satisfaction (Orth, Limon, & Rose, 2010) can positively lead to strong brand equity. However, without the initial brand awareness, satisfaction and trust are not even possible.

A study conducted by Allison and Uhl (1964) found out that consumer's rate preferred beer brand highly if they knew the name of the brand compared to when they rate the beer brands without knowing the name. Consumers cannot distinguish the product differences in a blind taste test (Allison & Uhl, 1964). The above finding shows the importance of brand awareness. Consumers are increasingly receiving many various products and services in the market that they can substitute with (Wang & Yang, 2010). A brand can help customers to identify and differentiate the brand's product from other competitors (Wang & Yang, 2010). Therefore, without brand awareness, a product cannot be easily remembered and distinguished. In most purchase situations or even repurchase situations, consumers are likely to spend minimal time and effort when it comes to choosing a brand amongst others (Hoyer, 1984). Customers may pick a product amongst others in the same category based on "simple heuristic cue", such as price, packing and brand awareness; and evaluate the brand afterward (Ray et al., 1973). High brand awareness in a product usually also means the product's market share is also very high and with good quality evaluation (Chi, Yeh, & Yang, 2009). Brand awareness can be seen from both depth and width sides. Depth reflects how easily a customer can recall the brand and identity of the brand (Hoeffler & Keller, 2002). Whereas, width reflects the brand element comes to mind immediately when it comes to a range of purchase (Hoeffler & Keller,

2002). When a customer comes to purchase, a brand name of a product comes to mind immediately, then this reflects high brand awareness (Chi et al., 2009).

To be able to increase brand awareness, high exposure can make consumers more familiar with the products or services (Keller, 2013). A study by Janiszewski (1988), indicates that familiarity can increase liking, even without awareness as a mediator. Therefore, familiarity stimulates the effects of brand awareness, it cannot be separated. Different promotion methods are used to make sure potential consumers are seeing the brand, hearing it and thinking of it (Keller, 2013). To create brand awareness or maintain brand awareness is one of the main goals for advertising (McMahan, 1980). Advertisers presume that after brand awareness is created, it can be kept in the customers' mind and this leads to a high purchase probability (Hoyer & Brown, 1990). Brand name, packaging, slogan and logo are all important factors to help the consumer recognize and recall the products or services (Keller, 2013). There are various ways to make potential consumers aware of the brand. Trying to bring awareness to the energy drink brands, energy drink companies will try to present at school orientation days or sponsor sports events (Bower & Turner, 2001). Also, the companies might hand out free samples and ask young adults to taste them during the energy drink campaigns. Tasting the product can lead to purchasing (Bower & Turner, 2001).

There are a number of people who tried energy drinks for the first time, as a result of their friends who introduced the drink to them (Costa, Hayley, & Miller, 2014). In South Africa, companies can put advertisements for energy drinks on their cars and earn some money. The cars people drive with Red Bull advertisements can easily grab the attention of the passenger or other. Energy drink companies are using social media, for example, Twitter, Facebook, and YouTube platforms, as an important platform in advertising and building up communities (Mart, 2011). The main purpose of using social media is to use followers to help energy drinks spread positive product messages among followers' friends and networks (Mart, 2011). Costa, Hayley, and Miller (2014) found that many people can actually recall energy drink brand slogans.

According to Mateschitz, the co-founders of Red Bull said "We don't bring the product to the people, we bring the people to the product" (Gorse et al., 2010, p.4). Red Bull built its brand from the ground, starting from regional sales to create awareness amongst "cultural icons, focusing on local and influential DJs, clubbers, ravers and social trendsetters, growing the brand's identity through word of mouth" (Gorse et al., 2010, p.4). Red Bull entered into a new

market successfully by initially attracting early adopters and social elites with a new method of drinking (mix Red Bull with Vodka) (Gorse et al., 2010). Upon knowing about the consumer's presence, with further development of Red Bull brand, this helps Red Bull company have the chance to “dictate supply and drive demand” (Gorse et al., 2010). Further, students and drivers are discovered Red Bull and provide authoritative evidence of its ability to keep consumers awake and enhance body energy level; it leads Red Bull’s brand awareness onto another level (Gorse et al., 2010). With Red Bull’s mystique and large consumptions by students, Red Bull brand has tagged Generation ‘X’ and “the poor man’s cocaine” label on it (Gorse et al., 2010). Targeting Generation ‘X’ is a way to enter into the market, then Generation ‘Y’ followed afterward to develop the Red Bull brand awareness even border (Gorse et al., 2010). Via “popular culture, sports (both traditional and extreme/adventure) and nightlife (bars and clubbing)” to increase popularity and visibility to Generation ‘Y’ (Gorse et al., 2010, p.4). Red Bull distributed its products to stores, bars, clubs, petrol stations, and different type of stores surrounding universities to help students to be within easy of the drinks (Gorse et al., 2010). Red Bull also hires students to be brand ambassadors so to build communities with Generation ‘Y’ (Gorse et al., 2010). To create further brand awareness, Red Bull entered into the sports industry. By promoting product benefits of performance to athletes, Red Bull also created innovative sports and into sports sponsorships such as “F 1 teams Red Bull Racing”, “Major League Soccer's New York Red Bulls”, “Red Bull air race” (Gorse et al., 2010).

### **3.4 PRIMARY CHARACTERISTICS AND SECONDARY FEATURES**

Brand performance is described as “how well the product or service meets customers’ more functional needs” (Keller, Parameswaran, & Jacob, 2011, p.112). Brand performance is also about satisfaction based on the “ability of a brand and perception of quality” (Riaz & Tanveer, 2012, p.6). There are five most important factors of attributes and benefits that mostly appear under the brand performance, namely: primary ingredients and supplementary features, product reliability, durability, and serviceability, service effectiveness, efficiency and empathy, style and design, and price (Keller et al., 2011).

Based on Keller, Parameswaran, and Jacob (2011)’s definition of brand performance, functional needs is at the core. Sweeney and Soutar (2001) have defined functional value as the “value for money” and the “perceived quality and expected a performance” (Wang, Po Lo, Chi, & Yang, 2004, p.4). Additionally, according to Lai (1995), functional benefits are

related with “product capacity”, “physical performance”, “utilitarian”, features and attributes that consumers able to directly “experience” it while consuming the manufactured item. However, Sweeney and Soutar’s definition is related to purchasing durable products. Therefore, this research study will use Lai’s functional value definition.

To understand better customer’s functional needs in relation to the energy drink market, primary ingredients and supplementary features come in as one of the important dimensions. Consumers often have beliefs about the product operation with primary ingredients and secondary features as elements that are added to primary ingredients (Keller, 2013). The primary ingredients help the product work, and the secondary features can be customized or personalized (Keller, 2013).

Vitamin B, sugar, carbohydrates, panthenol, taurine (Alford et al., 2001; Attila & Çakir, 2011) and caffeine (Arria & O’Brien, 2011) are the ingredients contained in energy drinks. The high amount of caffeine is the primary ingredient in energy drinks (Stephens et al., 2014). Red Bull energy drink contains 80mg caffeine in a 250 ml can. Red Bull energy drinks produced in Austrian and Swiss Alps contains Alpine water as part of one ingredient. The spring is collected at nearby Red Bull production sites in Austria and Switzerland. High-quality Alpine waters show the premium and quality of the Red Bull energy drink. Vitamin B helps the body to reduce tiredness and fatigue and plays an important role in the nervous system.

Energy drinks that contain caffeine can improve the ability to stay awake longer, high performance and power in the sport, and improving alertness, increase memory (Alsunni & Badar, 2011; McCusker et al., 2006). Some people consume energy drinks to boost their performance when they do not eat breakfast regularly (Attila & Çakir, 2011). Andreea and Anca (2014), interestingly, point out that the purpose of consuming energy drinks is not just about physically reviving athletes or clubbers, rather it also helps to refresh mental forces for the programmer. After consuming energy drinks, consumers felt refreshed, meanwhile consumers believe energy drink ingredients can give them enough nutrition if they are on a diet (O’dea, 2003). According to Alsunni and Badars’ (2011) customers commonly use energy drinks when they are in the gym, preparing for an exam, need to drive long distances or just for fun. Consumers prefer to consume energy drinks when they play soccer games, it makes them have more energetic feelings (O’dea, 2003). Customers think energy drinks can enhance their mood, improve memory and enhance their performances (Alsunni & Badar, 2011). However, consume energy drinks regularly in a long run can cause many side effects,

and consumed over the number of vitamins may cause a different type of health hazards such as toxicity (O’dea, 2003).

Consumers may be misled through some energy drink advertisements and over trust the benefits or ingredients’ effects after consuming energy drinks (O’dea, 2003). A large amount of caffeine may create many unhealthiness or side effects (Velazquez et al., 2012). After consuming a large amount of caffeine may cause headaches, dizziness, vomiting, hypertension, chest pain, rapid heartbeat and may also lead to addiction in caffeine and insomnia (Attila & Çakir, 2011; Reissig et al., 2009; Sojar et al., 2015).

Consuming energy drinks to purely boost energy level is no longer the only reason why consumers consume energy drinks. Nowadays, customers consume energy drinks mixed with alcohol for a better flavor and it is a popular way to serve drinks at events (Alsunni & Badar, 2011). Furthermore, a combination of energy drinks and alcohol can lead consumers to enjoy themselves more (Jones & Barrie, 2009). According to Pennay & Lubman (2012) research, represents that fifteen percent of university students like to mix energy drinks with alcohol to help them feel less drunk and drink more at a social gathering. There is fifty-five percent of university students also believed drinking mixed energy drinks with alcohol help to hide the flavor of alcohol (Pennay & Lubman, 2012). According to Heckman, Sherry, and De Mejia (2010), energy drink companies are trying to add health functionality into the drinks to promote health-conscious customers, especially in this health driven society. For an example, the antioxidant is extracted from various tea and fruits and is added to the drinks to help prevent cancer and heart diseases (Heckman et al., 2010). Some consumers drink energy drinks because of social status being associated with an energy drink brand that enjoys a price premium (Alsunni & Badar, 2011; Heckman et al., 2010).

Consumers also believe that drinking energy drinks are fashionable, consumers are enjoying consuming these beverages with friends at social gatherings (Jones & Barrie, 2009). Some consumers drink mixed energy drinks with alcohol in seeking to enhance the psychoactive impact of alcohol, leading to enhanced durability (Jones et al., 2012). Moreover, customers feel more awake and energy to control drunkenness after drinking mixed energy drinks with alcohol (Jones et al., 2012). People feel the sweetness contained in energy drinks is very similar to the alcohol taste (Jones et al., 2012). This can also might be one of the reasons people like the taste of energy drinks. However, there are some consumers are not really enjoying the taste of energy drinks but the reason behind to drink energy drinks is to help

them to socialize with their group of friends and feel so much fun (Jones & Barrie, 2009). Socialization with energy drinks can help people improve and enhance a good mood. A study by Jones, Barrie, and Berry, (2012) has found that people believe that drinking mixed energy drinks with alcohol can help to lessen the feeling of alcohol intoxication. However, the reality is totally opposite, it increases the toxicity because both energy drinks and alcohol dehydrate the body (Jones et al., 2012).

### **3.5 STYLE AND DESIGN**

The design of a product can affect its performance depending on its sensory elements of the product, ranging from its appearance, texture, smell, and taste, and aesthetic element of the product, ranging from its size, shape, material, and color (Keller, 2013).

Sight, taste, smell, hearing, and touch are the five senses (Agapito, Valle, & Mendes, 2012). Moreover, in the past years, over one-third of the sensory studies in consumer behavior was focusing on taste, hearing, touch, and smell (Krishna, 2012). According to Krishna (2012), perception and sensation are different. The sensation is when the stimulus affects “the receptor cells of a sensory organ”; and perception is the “awareness or understanding of sensory information” (Krishna, 2012, p.2). In other words, sensation (can be the raw material) that is the process of input from the sensory organ to the brain; whereas perception is the process of interpreting sensory information to help a human understand or make sense out of input. Sensory factors may trigger consumers to desire brand attributes in self-generation rather than verbally provided by the promoter (Krishna, 2012). Krishna (2012) has defined “sensory marketing” as marketing that uses the customers' senses and makes affections in their perception, judgment, and behavior.

Sensory marketing is part of experiential marketing, it appeals to customers' five senses: taste, hearing, smell, vision, and touch (Keller, 2013). It is no longer just about customer's satisfaction in products or services (McCole, 2004). It is more about the relationship and emotional attachment between the brand and the customer (McCole, 2004). Sensory perception can create a memorable brand experience, and this will lead to strong brand preference (Ebrahim, 2013). Brand experience can be the customers' internal responses to the various sensations, feelings and behavioral responses generated by the packaging, the brand's design and environments (Brakus et al., 2009). Additionally, positive brand experience increases brand attachment in order to build strong brand equity (Dolbec & Chebat, 2013). Experiential marketing is important for the brand preference, is not just rational brand

attributes, also irrational attributes (such as sensory, emotional, aesthetics ) to lead to brand preference, and become competitive in the market (Ebrahim, 2013). Red Bull owns many sports entities, such as Red Bull Air Race, Red Bull Racing, Red Bull Big Wave Africa (a surfing competition, hosted in Cape Town every year). Those events attract many people who are willing to participate in extreme sports all over the world (Ntloko & Swart, 2008). Red Bull also encourages people to build different types of fly machines and put Red Bull slogan “Red Bull gives you wings” on it (McCole, 2004). Those Red Bull experiential marketing events or advertisements can create emotional essence and to lead consumers to have “wings” that can not be rationally obtained and encouraged consumers to become more creative and have more ability after Red Bull consumption (McCole, 2004).

According to Park, MacInnis, and Prieser (2007), brand-self connection can lead to brand equity when a consumer can personally identify with a brand. Brand equity can be generated from its ability to satisfy consumer through pleasing and comforting. This pleasure comfort is a result of the brand’s ability to provide “sensory, hedonic or aesthetic pleasure” (Park et al., 2007). According to Park, MacInnis, and Prieser (2007, p.19), “the brand-self connection is based on one’s appreciation of a brand’s aesthetic qualities and attractiveness”. Different aesthetic elements of the brand are some of the important factors for building brand-self connection because the brand is able to provide consumers with feelings of optimism and hope when coping with daily stress and pressures, or maintaining emotional stability (Mikulincer & Shaver, 2005).

Interestingly, humans can merely distinguish five pure tastes: sweet, bitter, sour, salty and umami (Krishna, 2012). According to Tamamoto, Schmidt, and Lee (2010), ginseng and caffeine can attribute bitter taste in energy drinks. Since ginseng is the main ingredient in energy drinks and bitterness taste will reduce the liking level of energy drinks (Tamamoto, 2009). However, there is no significant bitterness when ginseng mixed with fruit juice. Tamamoto (2009) has found that the use of cyclodextrins can reduce the bitter taste and keep nutrition from ginseng. Younger consumers crave foods and drinks that they are familiar with and contain sweetness (Bellisle & Drewnowski, 2007). Therefore, many foods and beverage companies use sweeteners to present a brand new food or beverage product or to trigger consumption extent (Bellisle & Drewnowski, 2007). However, there is a preferred level of sweetness, excessively high levels of sugar can lead to the rejection of foods and drinks (Booth, Conner, & Marie, 1987). The sweetness in energy drinks is very similar to the taste

of alcohol (Jones et al., 2012), this is one of the reasons why energy drinks taste good. According to Gschwandtner (2004), some people think Red Bull energy drink tastes sweet, however, some people think the taste is not that great. Taste can also be influenced by external factors, for example, packaging, brand name, physical attributes, and product information, and advertisements (Krishna, 2012). According to Bellizzi and Martin (1982), brands can influence the taste of the product: national brands are rated higher than the generic ones. Additionally, according to Sprott and Shimp (2004), when consumers have no opportunity to taste the product, then they make purchasing judgments based on extrinsic cues (price, brand name, label, packing).

According to Andreea and Anca (2014), the color and the shape of the product package can lead to emotional effect, and it will further lead to purchase behavior. Red Bull used red, silver and blue color on the can. This makes it stand out when placed on the shelves (Andreea & Anca, 2014). Red represents “action”, “vitality”, “strength and force”; silver and blue are “noble colors”, they represent the “premium level” of the goods (Andreea & Anca, 2014). Furthermore, the combination of silver and blue generates great attraction for the energy drinks and “inspires trust for the pretentious consumers” (Andreea & Anca, 2014). Red Bull packaging was tested over two hundred designs before launching it in Austrian 1987 (Gorse et al., 2010). Red Bull’s packaging is very distinctive compared to Pepsi, Coca-Cola, and other beverages, in color (Red, silver, and blue), the shape of the can and dimension (slim compared to other beverages’ packaging) (Gorse et al., 2010).

Regarding the packaging, a unique shape and the aluminum ring is easy to handle, well conceals the energy drink and it is not fragile (Andreea & Anca, 2014). However, some athletes are dissatisfied with the closing issue in relation to Red Bull cans (Andreea & Anca, 2014). Some athletes have recommended that if Red Bull cans are able to close during exercise, this will be more practical (Andreea & Anca, 2014). McDaniel and Baker (1977) have found the packaging can influence the taste, consumers believe food becomes crispier, fresher and tastier in a container that is difficult to open. According to an interesting study about the packaging, consumers believe slim containers contain more volume of beverage than the narrow containers (Krishna, 2012). However, people believe they drink more from narrow containers after drinking (Krishna, 2012).

### 3.6 BRAND PERSONALITY

According to Keller (2013) brand image as a set of brand associations that contains in consumer's memory in relation to a brand. Brand image can be built through the brand associations in the characteristic of strength, favorability, uniqueness (Wang & Yang, 2010). Brand associations help to creates brand meanings into customers' memories via product information in relation to brand benefits and evaluation of brands for example. (Wang & Yang, 2010). A unique, strong, favorable brand image can create strong brand equity, and it positively direct to the willingness of paying price premium (Faircloth, Capella, & Alford, 2001; Lassar et al., 1995). There are Red Bull sports events to enhance the brand's image and reputation, such as crashed ice, downhill skiing, boardercross, and other extreme sports (Gorse et al., 2010). Sporting event's image can be transferred into a sponsored brand via event sponsorship activities (Gwinner & Eaton, 1999).

Brand personality is defined as the set of human characteristics associated with a brand (Aaker, 1997; Boudreaux & Palmer, 2007; Keller, 2013). According to Keller (2013), the brand may obtain personality traits via consumer experience or different marketing activities (marketing advertisements, communications influence). Additionally, according to Boudreaux & Palmer (2007), brand personality obtains from "human representative" of the brand (employees, salesman, other consumers) or from "nonhuman aspect" (pricing, advertisements, packaging, product characteristics). When it comes to beer, cosmetics, cigarettes, liquors, brand personality are likely to influence consumer purchase decision making (Keller, 2013). Consumers choose a brand among others based on the consideration of consistency between the brand personality and their desire image or own self-concept (Keller, 2013). Swaminathan, Stille, and Ahluwalia (2008, p.1) define brand personality as "a vehicle of consumer self-expression and can be instrumental in helping consumers express their actual self, ideal self, or specific aspects of the self." High self-monitoring consumers are sensitive to how other people think of them, and they are more likely to purchase a brand to fit the consumption situation (Keller, 2013). Sincerity, excitement, competence, sophistication, ruggedness are the five dimensions in brand personality, developed by Jennifer Aaker (Boudreaux & Palmer, 2007; Keller, 2013). Brand personality can be one of the competitive advantages that help consumers to differentiate the brand amongst others when brand personality is clearly presented and echoes with the customer's emotions (Naude, 2012).

There is a broad range of literature that looks at the various ways in which positive brand personality can lead to brand preference. A positive brand personality may either increase the usage of the product or services (Sirgy, 1982), leads to a positive product evaluation (Wang & Yang, 2008), promote enjoyment and confident feelings in consumer's mind (Biel, 1993), and "enhance level of trust and loyalty" (Fournier, 1998). Brand preference precedes brand loyalty and attachment (Ebrahim, 2013).

Consumers choosing a particular brand over others will base their consideration of consistency between the brand personality and their desired image or self-concept (Keller, 2013). Swaminathan, Stilley, and Ahluwalia (2008, p.6) found that highly anxious people gravitate towards "the brand with a sincere personality [which] enhances brand attachment". Highly anxious consumers have low self-esteem and are afraid of rejection. Therefore, they tend to associate with brands to gain desirable personality traits, which can help them to enhance potential attractiveness to others (Swaminathan et al., 2008). However, if the brand personality represents something that is out of reach, that may lead to a decrease in the brand attachment. According to Jamal & Goode, (2001), when consumers experience high self-image congruence with a particular brand will lead to satisfaction with that particular brand. Actual self-congruence is when a consumer's actual self fit in with the brand's personality. Self-congruence can develop into a brand attachment in order to build brand equity, depending on a customer's characteristics or context. Brand personality leads to brand attachment by allowing the customer to invest their own meanings and associations with the brand (Liang & Lee, 2010).

### **3.6.1 Sincerity**

Qualities of a brand such as being down-to-earth, honest, wholesome and cheerful are the facets of sincerity (Keller, 2013). Being down-to-earth, family-oriented, small-town characterize the down-to-earth facet. Brand traits such as honesty, sincerity and real are part of the honest facet. Wholesome and originality are the traits that consist of the wholesome facet. While cheerful, sentimental, friendly are the traits that part of the cheerful facet. (Keller, 2013)

### **3.6.2 Excitement**

Brand qualities such as daring, spirited, imaginative, and up-to-date are the facets of excitement factor (Keller, 2013). Daring, trendy, exciting are the traits that consist of the daring facet. Whereas spirited, cool, young are the traits that part of the spirited facet. Being

imaginative, and unique are the traits that characterize the imaginative facet. On the other hand, up-to-date, independent, contemporary are the traits that part of the up-to-date facet. (Keller, 2013)

### 3.6.3 Competence

Brand qualities such as reliable, intelligent, successful are the facets of competence (Keller, 2013). Reliable, hard-working, secure are the traits that part of the reliable facet. While intelligent, technical, corporate are the traits that characterize intelligent facet. Successful, leader and confident are the traits that consist of the successful facet. (Keller, 2013)

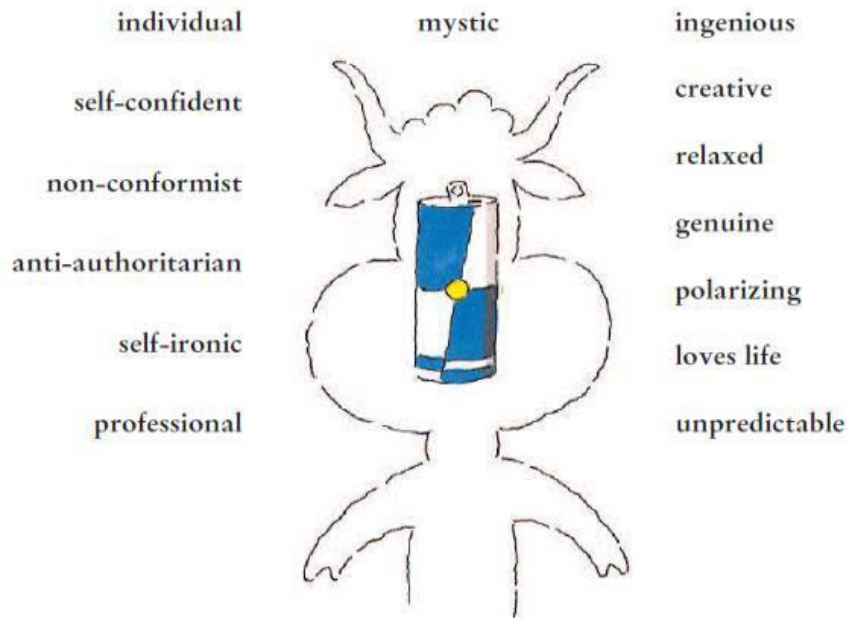
### 3.6.4 Sophistication

Brand qualities such as upper class, charming are the facets of sophistication (Keller, 2013). Upper-class, glamorous, and good-looking are the traits that part of the upper-class facet. Charming, feminine, and smooth are the traits that characterize the sophistication facet. (Keller, 2013)

Draaijer (2015) shows that sincerity, competence, sophistication, and excitement are aspects of brand personality that can be able to derive higher satisfaction in comparison to ruggedness (Orth et al., 2010). Liang and Lee (2010) argue that Red Bull is seen as being more sincere, competent, sophisticated, exciting, in Australia. Additionally, excitement is the dominant personality trait of Red Bull's brand (Liang & Lee, 2010). This study will only look at sincerity, competence, sophistication, and excitement as brand personality traits because the literature has tended to excluded ruggedness as one of the brand personality traits that would be associated with Red Bull. In Foscht, Maloles, Swoboda, Morschett, and Sinha (2008), competence, sophistication, and excitement have a positive influence on the amount of consumption with Red Bull, in the United Kingdom and Australia. Whereas in the United States., sincerity, competence, sophistication, excitement are positively influenced by the amount of consumption of Red Bull (Foscht et al., 2008). Competence and excitement are the two personality traits that are most widely represented in Red Bull advertising campaigns (Foscht et al., 2008). According to Naude (2012, p.61 ), Red Bull has built its own brand personality traits (please refer to FIGURE 4). There are also some interesting descriptions about Red Bull as a person: *“He is the person teachers are always after, but they never get him because he is too smart. Yet, they like him nevertheless. Or just because of it?”*, *“The teenager who started to smoke first and who is the first one to quit because he understands it*

*is not good for him.”, “He is the first one to play around with the girls and he is still playing because he likes it so much.” (Naude, 2012, p.60)*

FIGURE 4: RED BULL BRAND PERSONALITY



(Naude, 2012, p.61)

### 3.7 CREDIBILITY

The most important role brand plays in is to help customers identify and differentiate the brand’s product from other competitors (Wang & Yang, 2010). Consumers are increasingly getting many various products and services in the market that they can substitute with, and companies know much more of their products and services than consumers (Wang & Yang, 2010). Therefore, products and services’ information availability results confusion and uncertainty in customers’ minds when comes to purchases (Wang & Yang, 2010). In this case, credibility comes through to help consumers to make better decisions. Credibility matters originate from “source credibility literature” (Ohanian, 1990, p.4). Source credibility is defined as denoting a sender’s positive characteristics that influence the message acceptance of a receiver (Ohanian, 1990). There are a number of studies that have looked at credibility in the financial industry, communication effectiveness, macroeconomic policy, celebrity, leaders (Cukierman, 1992; Goldsmith, Lafferty, & Newell, 2000; Hovland & Weiss, 1951; Kouzes & Posner, 2011; Persson & Tabellini, 2012). A brand can be one of the sources or senders, then it leads to brand credibility (Erdem & Swait, 2004). Credibility is one type of

brand judgments (Keller, 2013). It is consumers' personal evaluation about a brand by comparing amongst other brands performance and imagery associations (Keller, 2013). Consumers' judgments on brands' credibility are based on companies' past and present marketing investments and will continuously influence current and future brand decision (Erdem et al., 2002; Herbig & Milewicz, 1995). A high price, different distribution channels, and warranty can all lead to quality and credibility judgment (Erdem & Swait, 2004). Moreover, credibility plays an important role in consumer perceptions in relation to pricing, advertising, retailing environment, and online category (Sweeney & Swait, 2008).

There are two dimensions of credibility: brand trustworthiness and brand expertise (Erdem & Swait, 2004; Keller, 2013; Sweeney & Swait, 2008). Additionally, in Keller (2013) brand likability is also part of the dimension. These dimensions reflect on brands that cumulatively impact with past and present marketing strategy and activities (Erdem & Swait, 2004).

Brand trustworthiness is keeping up-to-date with customers' interests (Keller, 2013). It is believed that the firm is *willing to deliver* what is promised to consumers (Erdem & Swait, 2004; Sweeney & Swait, 2008). There is a measure of brand trustworthiness: dependable, honest, reliable, sincere (Ohanian, 1990). When customers trust that the company can deliver on its promises in terms of products or services quality, then it will directly enhance a higher satisfaction (Sweeney & Swait, 2008).

Brand expertise is competence, innovative, and a market leader (Keller, 2013). It is believed that the firm has the *capability to deliver* what is promised to consumers (Erdem & Swait, 2004; Sweeney & Swait, 2008). The following items are used to measure brand expertise: experienced, knowledgeable, qualified, skilled (Ohanian, 1990). When companies obtain expertise, technical knowledge and have the ability to demonstrate competencies will lead to a higher satisfaction (Franco, 1990; Wray, Palmer, & Bejou, 1994).

Brand likability or attractiveness is involved with the source's image, it can be physical attributes (Um, 2008; Wang & Yang, 2010). The following items measure brand attractiveness: elegant, classy, beautiful, familiarity (Ohanian, 1990; Um, 2008). The effectiveness of the message can directly impact responders depending on the familiarity and attractiveness of the source such as a firm or a brand (Um, 2008). Likability is defined as "a persuasion tactic and a scheme of self-presentation" (Nguyen, Melewar, & Chen, 2013, p.2). According to Nguyen, Melewar, and Chen (2013), the functional dimension can help

companies to set up strategies in order to achieve likability. Communication, good services, and convenience are the sub-dimensions under the functional dimension (Nguyen et al., 2013). Convenience can be referred to the low involvement purchases (Nguyen et al., 2013). For instance, Red Bull can be purchased at most of the stores in Johannesburg.

Creating brand credibility means consumer continuously need to invest in the products or services for the long term (Sweeney & Swait, 2008). The credibility of a brand is a signal of quality (Erdem & Swait, 2004). It is a promise that the bond between the 'products or services' and the 'consumers' is built through experience and time (Sweeney & Swait, 2008). Brand credibility can be considered as a factor of influence and generates attitudes in customers' brand decision making (Brinol, Petty, & Tormala, 2004; Erdem & Swait, 2004). It also impacts on consumer's options and beliefs (Nguyen et al., 2013). Credibility may decrease the perceived risks, information costs, increase expectation or perceived quality, which may turn into decrease price sensitivity (David, 1991; Erdem et al., 2002). However, according to Gilaninia, Ganjinia, Moridi, and Rahimi (2012), brand credibility is negatively affected by perceived risk. Brand credibility positively impacts loyalty, "saving the cost information" and perceived quality (Gilaninia, Ganjinia, Moridi, & Rahimi, 2012).

When consumers believe in the credibility of a brand because of its high quality, top seller status, and high standard of product manufacturing, then the brand name develops the reputation that helps customers in their brand decision making (Baker & Lutz, 2000). A study by Sweeney and Swait (2008), found credibility as positively affecting satisfaction, loyalty commitment, and continuance commitment. This will enhance positive word of mouth and in order to reduce consumer's products switching behavior (Sweeney & Swait, 2008). An increase in brand credibility can lead to enhanced satisfaction when service providers are presumed to deliver on promises (Sweeney & Swait, 2008). This creates high satisfaction amongst consumers, which can then lead to brand attachment (Orth et al., 2010) and further lead to brand equity (Jahanzeb, Fatima, & Mohsin Butt, 2013). Veasna, Wu, and Huang (2013) find that credibility of "destination source" and "destination image", can both lead to "destination attachment", in the tourism market.

Starbucks has created brand credibility by being seen as a "chief protagonist of the coffee culture" (Keller, 2003). Starbucks introduced newly developed products in each season to enhance their coffee reputation (Keller, 2003). The largest Starbucks is located in Shanghai, China. Many of the processes like roasting coffee beans, packaging, happen right in front of

consumers. Consumers can also book a coffee lesson to taste different types of coffee and learn coffee knowledge from Starbucks expertise.

The selection of creditable celebrity endorsers to speak about the company's products or services is really challenging (Ohanian, 1990). According to Boorstin (1961), Celebrities can cleverly distinguish themselves from others who are essentially like them. If a celebrity's image only focuses on acquirable expertise, then the limited area of expertise that celebrity can endorse (Simmers et al., 2009). However, if a celebrity's image focuses on likeability, then a much wider range of products he/she can endorse (Simmers et al., 2009). With the effectiveness of the endorser is strongly dependent on the expertise and trustworthiness of the celebrity. A study by Kamins (1990), physical attractiveness of a source only becomes important when an attractive source was paired with an attractiveness-related product, creating an increased attitude toward the advertisement and perceived source credibility. Sponsorship can also largely influence on the brand image (Karpinska-Krakowiak, 2013). The reason behind a brand involvement in sponsorship is to use emotional bond between customer and sports teams, player, events, and create different associations of their own that generate a linkage between the company's brand logo and sponsored object (Karpinska-Krakowiak, 2013). There are Red Bull sports events to enhance the brand's image and reputation, such as crashed ice, downhill skiing, boardercross, and other extreme sports, etc. (Gorse et al., 2010). With stronger, favorable, and unique brand image, brand credibility would likely enhance with purchasing (Wang & Yang, 2010).

### **3.8 SUPERIORITY**

Superiority may make consumers view the brand as unique as and better than others (Keller, 2013), which can be viewed as a valued benefit. According to Atilgan, Aksoy, and Akinci (2005), the superiority of a product or service can be part of a consumer's quality perception. Additionally, perceived quality is significantly and positively affect brand equity (Aaker, 1996). Hence, superiority can be considered as an important factor to build brand equity (Kapferer, 2012). Beliefs of superiority may lead consumers to buy a product, service or repurchase (Kapferer, 2012).

Superior skills and resources in a firm can lead to superior consumer value and this will lead to customer satisfaction and loyalty (Day & Wensley, 1988). Superiority skills and superiority sources can be treated as a company's advantage sources that shows a certain

ability to do better than other competitors (Day & Wensley, 1988). It is also shown with superiority skills and sources, the company can have lower costs (Day & Wensley, 1988). For example, high-quality product materials and designs can reduce service maintenance costs. Superiority skills, such as unique ability, set the firm apart from other competitors (Day & Wensley, 1988). Additionally, the superiority sources, such as family brand name, location, and distribution coverage, help firms to perform capably (Day & Wensley, 1988). Whilst a favorable impression of a brand can enhance brand differentiation and superiority (Buil et al., 2013). The perceived brand globalism in turn creates consumer perception of brand superiority (Steenkamp et al., 2003).

Superiority skills and resources will not convert into competitor advantage by itself. Different activities can perform in a unique and superior way that have to correspond with superiority skills and resources with effective strategies (Day & Wensley, 1988). There are many drivers to help the company to differentiate itself from other companies. Such as location, timing to obtain the chance to have first mover benefits, learning, value chain interrelation (speed of order, delivery), an extension of services, skills, and experiences of employees, level of advertising expenses, product features and performance (Day & Wensley, 1988). “Cost control, financial, the flexibility of the capacity, conformity of quality and standards, credibility, labor auditing, company image, service after-sale, inventory management and production time” can be treated as competition measures of superiority (Köroğlu, Biçici, & Sezer, 2011, p.1).

To gain superiority and become competitive, there are two dimensions needed to be focused on. One is company competitors centered, the other is customer focused. With company competitors centered, managers need to do a comparison of value chains between its company and targeted competitors to gain superiority, especially in configuration and costs (Day & Wensley, 1988). Additionally, customer focused, customers will do a comparison of multi-attribute rating of its company product versus competitors’ products (Day & Wensley, 1988). Loyalty and customer’s satisfaction surveys are the measures of superiority in customer-focused (Day & Wensley, 1988). Whereas profits and market share are the measures of superiority in company competitors centered (Day & Wensley, 1988).

Without distinctive capabilities, the company hardly achieve superior performance with potential valuable resources (Ketchen, Hult, & Slater, 2007; Mahoney & Pandian, 1992). According to Ngo and O’Cass (2012), integrate resources and capabilities that are associated

with innovation and marketing will gain customer-related performance superiority and innovation related performance superiority. Moreover, customer-related performance superiority will lead to customer satisfaction, customer attraction, and customer retention; innovation related performance superiority leads to new products, new markets, product quality, product uniqueness as outcomes (Ngo & O’Cass, 2012). Marketing orientation as an important driver to gain marketing capability and innovation capability to achieve the innovation and customer related performance superiority (Griffin & Hauser, 1995; Moorman & Rust, 1999; Song, Droge, Hanvanich, & Calantone, 2005). Marketing orientation is defined as “the market-sensing resource provides a knowledge structure that permits recognition of market dynamism and provides a knowledge base for developing the required processes and for developing and deploying a firm’s capability to serve its markets” (Ngo & O’Cass, 2012, p.3). Company capabilities (skills and activities) become more beneficial comes with marketing orientation through constant development over time (Prahalad & Hamel, 2000). Marketing orientated company considers about capabilities that can enhance connection in between what is delivered to consumers and what is consumers’ expectations from the marketplace (Ngo & O’Cass, 2012).

Consumers are likely to seek direct evidence of performance superiority when they want to make a good decision among a set of brands, it is highly engaged with brand responses and involvement (Baker & Lutz, 2000). Once consumers perceive quality or gain a favorable impression from the product or service, this can lead to greater differentiation and brand superiority (Buil et al., 2013; Yoo et al., 2000). Some studies that use different types of strategies to gain superiority in practical businesses world. For an example, tea was part of the low-income diet (Burnett & Burnett, 2012). Whereas, tea as a form of luxury nutritionally superior drinks nowadays (Burnett & Burnett, 2012). In Barlow and Wogalter (1993) research, high visual of television with less distraction may create visual superiority and have a superior memory. Guerrilla marketing, gathering all the resources ( time, location, subject) to gain temporary superiority (Baltes & Leibing, 2008). For an instance, do not gather consumers’ attention all the time but through a marketing event (Baltes & Leibing, 2008). Moreover, skills of communication, combine emotional ideology with the product to the target population, not only sell a product alone (Baltes & Leibing, 2008). Brand positioning establishes an important key brand combination into the consumer’s mind, this leads to differentiate the brand and build competitive superiority (Oladepo & Abimbola, 2015).

Some food and beverage brands likely to use blind tastings to evaluate the affective experience and test consumer's preference with limited food and beverage information rather than on brand superiority in taste (Yamada et al., 2014). Regarding the product packing, a study by Morris (1996), aluminum cans contributes its advantages of lightweight, easy to open, "superiority in the preservation of beverage flavor", and recyclability. In Fuller's (1975) study, alcohol can provide a temporary sense of superiority feelings and confidence, while forgetting the unpleasantness. With ingredients superiority, a study found whey has superior nutrition value and low cost compare to other natural proteins that likely to add into sports food and beverage (Jain, Gupta, & Jain, 2013).

### 3.9 BRAND PREFERENCE

Preference can be related in many fields, such as economics, psychology, sociology etc. (Albanese, 1987; Ebrahim, 2013; Oliver, 1999). There are many different definitions of preference. In the economic field, defined preferences as stable (Ebrahim, 2013). In marketing, preference signifies as "choice among alternatives" (Oliver & Swan, 1989). According to Zajonc and Markus (1982, p.6), defined preference is "a behavioral tendency that exhibits itself not so much in what the individual thinks or says about the object, but how he acts toward it".

Brand preference represents when consumers have inclined to approve a specific brand (Chang & Liu, 2009). According to Wu (2001) has defined the preferred brand is the chosen brand amongst various similar quality brands. There are two types of brand preferences: liking preferences show the *hedonic responses* with the brand; while revealed preferences show the *behavior responses* with the brand (Hsee et al., 2008). Cognitive, affective, and behavioral are the three responses of brand preference (Grimm, 2005). Cognitive is about the beliefs and unique added value regarding to the brand (Bagozzi, 1982); affective is about consumers' feelings or degree of likeness in relation to the brand (Zajonc & Markus, 1982); and behavioral is an action toward the brand (behavioral outcome can be a willingness to pay high price, brand preference) (Chernev et al., 2011; Zajonc & Markus, 1982). It is difficult to alter consumers' preferences once developed (Carpenter & Nakamoto, 1994).

There is a traditional way to define brand preferences as a utility function that matches with consumers' expectations of brand attributes (Allen et al., 2005). This is a narrow way to view brand preference. Consumers cannot be based on rational attributes to shape their brand preference. They search brand memorable experiences from sensorial, emotional, and

creative, to evaluate the brand with experiential marketing in irrational ways (Allen et al., 2005; Zajonc & Markus, 1982). It can be the imagery, aesthetic, symbolic attributes of the product, generating multisensory experience (Addis & Holbrook, 2001; Hansen, 2005; Holbrook & Hirschman, 1982).

Different products and services have their own ways to develop brand preferences. To develop a preference for Mercedes will be different compared to developing a preference for FERRERO. According to Alreck and Settle (1999), consumers' preferences developed from one or more of the following six modes. The first mode is *needed an association*. A specific product, service or brand that satisfy one has needs and wants through "repeated association". The second mode is the *mood association*. When the mood is engaged with a specific product, service or brand through "repeated association". The third mode is *subconscious motivation*. To use suggestive images to stimulate consumers' subconscious motivation. The fourth mode is *behavior modification*. When consumers purchase a particular brand due to rewards and other influences. The fifth mode is *cognitive processing*. To create positive attitudes when consumers gain positive knowledge or beliefs about a specific product, service or brand. The sixth mode is *model emulation*. Consumers emulate idealized social lifestyles that attract themselves.

There are four levels of brand preference. The highest level is a strong brand preference, which is loyal to a particular brand. Moderate brand preference comes to the second as consumers might substitute brand from one to another. The following level is a neutral preference when consumer incognizant the brand or loyal to others. The last is a negative brand preference as a consumer is not willing to be loyal to a certain brand. These four levels of brand preferences can be represented into four different segments, the marker can target each segment to design specific strategies accordingly. (Ebrahim, 2013)

### **To distinguish between brand preference and brand loyalty**

Brand preference as consumers chosen a specific brand amongst others (Ebrahim, 2013). However, consumers will also accept a substitute when the preferred brand is no longer available (Ebrahim, 2013). Whereas brand loyalty is when "a deeply held commitment to rebuy or patronise 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 (Oliver, 1999, p.2)."

Behavioral loyalty and attitudinal loyalty are the two dimensions of brand loyalty. Behavioral loyalty is related to repeat purchase behavior (Chaudhuri & Holbrook, 2001). Whereas, attitudinal loyalty is the consumer's psychological commitment with a particular brand (Chaudhuri & Holbrook, 2001).

Brand loyalty has four steps, namely: cognitive loyalty, affective loyalty, conative loyalty, and action loyalty (Oliver, 1999). The first three steps set up brand preference (Ebrahim, 2013). Whereas, the last step of action loyalty is when consumers repeat purchase particular brand overtime (Oliver, 1999). Therefore, brand preference is related to brand loyalty (Ebrahim, 2013). However, brand loyalty has the consistency of long term rebuy behavior (Ebrahim, 2013).

Brand preference is different from attitudinal loyalty (Mattila, 2001), however, both believe that brand cognitive factors can increase brand loyalty (Kim, Magnini, & Singal, 2011). Customer's brand preference does not really show purchase action, but action will be shown later with a continuously strong preference (Mellens et al., 1996).

Therefore, brand preference comes to first before brand loyalty. Brand loyalty as a good measure of brand preference (Hardie, Johnson, & Fader, 1993). However, in Hellier, Geursen, Carr, and Rickard (2003), customer loyalty has a direct positive effect on brand preference, a reverse relationship which is not supported.

### **To distinguish between brand preference and brand attachment**

Brand preference is the predictor of the brand attachment. Brand attachment emotional response is higher than brand preference; has passion, affection within it (Ebrahim, 2013). The brand attachment may bond the brand with customers (Thomson, MacInnis, & Whan Park, 2005). It creates a long term relationship to predict ongoing purchases (Esch et al., 2006).

### **To distinguish between brand preference and brand choice**

Brand preference is the predictor of brand choice. According to Ebrahim (2013, p.33), brand choice is "the process of preference consolidation facilitating the choice task". Consumers make purchase decisions based on their preferences to help them determine among alternative brands (Louviere, Hensher, & Swait, 2000). In Sagoff (2003) research, brand choice and brand preference depend on the market conditions. Consumer choice preferred brand in a

perfect market condition. Whereas comes to imperfect market condition, consumer choice can be unpredictable with preference, due to availability reasons. Marketing managers are more focused on brand preference compared to brand choice because preferences are more constant across different circumstances (Amir & Levav, 2008).

### **3.10 PRICE PREMIUM**

A high price that is “above average profit” is defined as price premiums (Rao & Bergen, 1992). Price is one of the important factors in the marketing mix. The price represents its value or quality level when the product or service is sold (Dawar & Parker, 1994; Jervis & Drake, 2015). Price, brand name, store name can be part of cues that customers will be used in the goods evaluation (Rao & Bergen, 1992). Price of the goods may influence consumers decision making when it comes to purchasing, it is also as an indication of the quality of the product when consumers cannot try the product first (Jervis & Drake, 2015). For an example, consumers based on label, price, packaging to make a purchase decision on a product without tasting it first. Setting the price of the product should refer to the value of the product in the customer’s mind (Jervis & Drake, 2015). However, in Rao and Bergen (1992) study shows that consumers who use price premium as a cue to purchase goods are less quality conscious.

A price premium can be viewed as over and beyond the fair price (Rao & Bergen, 1992). The price premium is more focused on the willingness of purchase than if it really reflects the real prices or not (Sethuraman, 2001). The price premium is “a relative measure”, which can apply to all brands (it is all about the willingness to pay more one brand over another) (Sethuraman, 2001). The price premium is a strong predictor of market share. Product quality is becoming less important as a competitive factor (Gerzema & Lebar, 2008). A study shows that with goods quality alone can only contribute a small percentage of the price that customers are willing to purchase for different packaged food or beverage brands (Sethuraman, 2001).

According to Steenkamp, Van Heerde, and Geyskens (2010), consumers are willing to pay in price premium because of the perceived quality in product innovation, distinctive packaging, and advertising. Moreover, non-quality attributes are becoming more important to gain competitive advantages (Anselmsson, Johansson, & Persson, 2007). Focusing on the brand building can help companies to better understand the reasons behind the willingness to pay a price premium for goods from some grocery brands, and what are the factors leads to customer preferences and price premium in grocery product categories (Anselmsson et al.,

2007)? Additionally, uniqueness, social image, home country origin, corporate social responsibility may lead to the willingness to pay price premium (Anselmsson, Vestman Bondesson, & Johansson, 2014).

A study by Skuras and Vakrou (2002) found that consumers are willing to pay more for a normal table wine if the wine shows the place of the origin. Comparing manufacturer label product and private label product, the main difference is the brand name (Anselmsson et al., 2014). There are researchers who think that some of the leading brands have decreased the quality of their products to reach low-cost competition (Ettliger, 2007; Silverstein, Silverstein, & Butman, 2006). A quality positive strong brand image can generate a differentiated position that will motivate consumers to pay an extra amount of money to get the product (Anselmsson & Lars Anders, 2013; Davčík & Rundquist, 2012). A brand gains a premium price when consumers are willing to pay a higher price premium for a product or service from a particular brand compared to other brands which offer similar products or services (Aaker, 1996). There are a number of studies that have looked at price premium in eco-labeling, business to business, branding, product marketing (Anselmsson et al., 2007, 2014; Choe, Park, Chung, & Moon, 2009; Dastrup, Zivin, Costa, & Kahn, 2012; Fionda & Moore, 2009; Sedjo & Swallow, 2002).

According to consumers' behavioral hierarchy model in Park, MacInnis, and Priester (2007), when a customer has built a strong relationship with a brand, repeat purchase will lead to paying a price premium. Moreover, in Keller (2001), the greater price premium is one of the benefits when it achieves consumer brand resonance. The price premium is one of the best measures of brand equity (Aaker, 1996). Moreover, to understand the motivations behind paying a price premium is to understand the insight brand equity (Anselmsson et al., 2007). Buil, Martínez, and De Chernatony (2013) found that brand loyalty is positively affected by overall brand equity and this leads to consumers willing to pay price premiums (Lassar et al., 1995; Netemeyer et al., 2004). Additionally, consumers who are loyal to high-quality brands are less sensitive to the price (Erdem et al., 2002). Brand equity makes consumers feel less sensitive to the price, as they perceive unique value from the brand that others cannot provide (Hoeffler & Keller, 2003; Keller & Lehmann, 2003).

According to Epstein et al. (2012), 'Own price elasticity' is very high when applying to unhealthy food and beverages, and lower when applying to healthy foods and beverages. 'Own price elasticity theory' defined as the proportion of price fluctuate leads to the

fluctuation of quantity order (Epstein et al., 2012). In other words, if there is a decrease in the price of the energy drinks will lead to an increase in the quantity of energy drinks consumption, and vice versa. However, an interesting phenomenon, the price of energy drinks grew to the quantity of energy drinks consumption grows as well (Mhurchu et al., 2013). Eight to ten percent in purchase reduction when the price of the soft drinks increased ten percent, in the United States (Andreyeva, Chaloupka & Brownell, 2011). Whereas, in New Zealand, the percentage of the price of energy drinks increased led to the number of consumption in energy drinks increased as well (Mhurchu et al., 2013).

According to Meier (2013) research, the price of caffeine and other ingredients are not that costly. Whereas to create a promotional message for a brand is very costly and that leads to the premium price setting. People prefer energy drinks compare to the soft drinks if they don't consider the price (O'dea, 2003). Sometimes people to consume a product because of the meaning rather than consider the price or the health. For an instance, in Li et al., (2015) study, it was found that price does not affect whether people to like chocolate or not. People consume chocolate as a reward, looking for pleasure from it rather consider its healthiness (Jervis & Drake, 2015). However, a high price does lead to purchase reduction (Jervis & Drake, 2015). This means, the price factor would not affect peoples' desire to have a product or service but it would affect consumer purchase behaviors. Therefore, be able to attract young consumers, nightclubs likely to offer special price in alcohol energy drinks frequently (Jones & Barrie, 2009). Huang, Chang, Yeh, & Liao (2014) study found that price promotion can directly affect repeat purchase intentions.

Tax can be one of the other factors that affect the reduction of purchasing. The reason behind having high tax rates on unhealthy food and beverage is to guide consumers to improve or change diets to become healthier (Epstein et al., 2012; Thow, Downs, & Jan 2014). Moreover, applying a high tax rate on unhealthy food and beverage is to encourage consumers to purchase local groceries (Thow et al., 2014). Tobacco is one of the popular highly taxed goods. Additionally, highly contained sugar products are also highly taxed. The period 2010 to 2015, tax revenue from high sugar contained beverage was 79 billion dollars, and tax revenue generated in energy beverages was 2823 million dollars, in the US (Andreyeva, Chaloupka, & Brownell, 2011). The excise tax is one of another beverage taxations, it is charged based on the beverage unit (Andreyeva et al., 2011). Moreover, applying five percent

to thirty percent of taxation in sugar-sweetened drinks will decrease five percent to forty-eight percent of purchasing (Thow et al., 2014).

In the United Kingdom, young people are willing to pay a price premium for branded alcohols (Jackson et al., 2000). Moreover, the set price premium of products is needed to add value that reflects the needs and wants in order to reduce the price sensitivity (Jackson et al., 2000). In the South African market, Red Bull price is higher in comparison to other energy drinks. One Can of Red Bull energy drink (473ml) is selling at R25.83 at Makro, which is nearly doubled the price of one can of Monster (500ml).

### **3.11 CONCLUSION**

This chapter is to provide ideas and knowledge of eleven variables that have been established from other studies or other researchers have used. Chapter 4 is a hypotheses development based on the conceptual model.

## CHAPTER FOUR: CONCEPTUAL MODEL AND HYPOTHESES DEVELOPMENT

### 4.1 INTRODUCTION

Chapter 4 is a hypotheses development. Based on other studies' statistics and theories to determine if each hypothesis is likely to have really occurred or not.

### 4.2 HYPOTHESES DEVELOPMENT

Based on the above conceptual model the following hypotheses were developed:

#### **Hypothesis 1:**

**There is a positive relationship between 'brand awareness' and 'brand preference' of Red Bull.**

Based on the Consumer-Based Brand Equity pyramid, brand awareness is the foundation for building brand equity (Keller, 2013). High level of awareness is the first factor pointed in the definition of brand equity, and it can be created by a favorable consumer response (Keller, 2013). Brand awareness has been argued as an important variable for customers purchasing decision-making (Macdonald & Sharp, 2000). It depends on the brand awareness, consumers will decide which brands should put into the consideration set, and it will further lead to the impact on the products or services selection (Macdonald & Sharp, 2000). Consumers choose brands based on the packaging, value and brand awareness (all part of heuristic) in repeat purchase products situations (Macdonald & Sharp, 2000). However, consumer preference of products or services can depend on the customer segments and consumers' preferences can be changed during the experiment (Macdonald & Sharp, 2000). Brand awareness is "a dominant choice tactic among awareness group subjects (Macdonald & Sharp, 2000, p.5)." Without consideration, the differences in price and quality, choosing a product or service which shows a difference in "an overwhelming preference for the high awareness brand", from a set of brands that have been all marked awareness (Macdonald & Sharp, 2000, p.1). From the above definition, "overwhelming preference" and "high awareness brand" are the two very important factors when it comes to purchasing decision-making.

Brand awareness is important comes to when consumers who only have little information on hand or spent limited effort on researches (Macdonald & Sharp, 2000). Consumers are

actually passive in relation to search for products or services' information that spends less time and effort to choose brands (Macdonald & Sharp, 2000). Brand salience is particularly important when it comes to a customer's first experience with a brand because their satisfaction with the brand and its ability to meet the consumer's needs will impact on the likelihood of purchasing the brand again (Keller, 2001). In Pike, Bianchi, Kerr, and Patti (2010), greater brand awareness will enhance brand image, and brand image is important for brand loyalty. According to Esch, Langner, Schmitt, and Geus (2006), without awareness and positive image of the brand, the customer cannot be satisfied with the brand and will be unable to trust the brand. Brand awareness may maximize potential usage (Keller, 2001). The success of a brand indicates its ability to develop the trust and satisfaction of its consumers, which can help consumers reduce the time that they would spend on investigating the risks and viability of alternative brands (Keller, 2001). Brand trust can positively lead to brand loyalty (Chaudhuri & Holbrook, 2001) and high satisfaction can lead to a strong brand attachment (Orth et al., 2010). Brand preference precedes brand loyalty and attachment (Ebrahim, 2013), and strong brand preference can be loyal to a certain brand (Rossiter & Bellman, 2005). Therefore, satisfaction and brand trust is important for building brand preference before coming to brand loyalty and attachment. However, without the initial brand awareness, satisfaction and trust are not even possible.

Brand awareness, the familiarity of the brand, and brand choice correspond with each other (Baker, Hutchinson, Moore, & Nedungadi, 1986). Moreover, according to Baker, Hutchinson, Moore, and Nedungadi (1986), consumers prefer to purchase a particular brand because they are familiar with it. There are two ways of processes to help the company to gain brand awareness and familiarity in order of preference. One is the exposure effect and the other is the frequency effect.

More exposure to the brand, more familiarity with the brand, high chance consumers is favorable to the brand by increased affective reactions (Zajonc, 1968). Moreover, exposure can increase liking through the perception of familiarity with stimulus objects (Zajonc, 1968). This is based on the exposure effect processes. Exposure causes preference is closely associated with stimulus habituation. According to Baker, Hutchinson, Moore, and Nedungadi (1986), a novel stimulus will lead to avoidance actions with strong arousal in the beginning. However, arousal will start to reduce, promote stimulus habituation, and in order to affect the approach tendency after repeated exposures (Baker et al., 1986). Hence, the

exposure effect can tell people what is safe and what is not safe before they actually go through it (Baker et al., 1986). As referring to marketing, this applies when consumers perceive risks or deal with uncertainty reduction (Obermiller, 1985). The process without any cognitive or elaboration to generate affective response (Baker et al., 1986). The response generated automatically by the exposure. Therefore, for advertising, the marketer needs to be aware of the message to avoid negatively elaboration by customers. Moreover, repeated exposure can lead to preference (Baker et al., 1986).

Brand familiarity can intervene in brand preference by the frequency effect (Hasher & Zacks, 1984). Consequently providing relative products or services information can help consumers to do inference making (Baker et al., 1986). For instance, a consumer may have seen Red Bull brand more than other brands, then they trust that Red Bull sells well and it is a good product. Therefore, it leads to purchasing. This process requires attention to operate with brand perception (Baker et al., 1986). The differences in comparing the frequency effect to the exposure effect are to generate a cognitive response from frequency information in order to make inherent of pre-purchase evaluation (Baker et al., 1986). Therefore, for advertising, the marketer needs to create more exposure than competitors do.

When consumers have no prior product class knowledge than enhanced exposure effects can be an advertising strategy leads to preference formation (Baker et al., 1986). Moreover, if consumers have little prior knowledge however there is lack of distinguishing performance dimensions between brand alternatives, then enhance the frequency effect on advertising can be a strategy method (Baker et al., 1986). Advertising is one of the methods used to gain awareness and the above two processes show how to gain brand awareness and familiar in relation to brand preference. According to Sriram, Chintagunta, and Neelamegham (2006), marketing actions, like advertising can influence brand preference.

Therefore, drawing from the above theories, this study hypothesizes that there is a positive relationship between ‘brand awareness’ and ‘brand preference’ of Red Bull.

### **Hypothesis 2:**

**There is a positive relationship between ‘primary characteristics and secondary features’ and ‘brand preference’ of Red Bull.**

A study by Prasad and Dev (2000), pointed nature attributes of products does not really give the “set of performance dimensions”, whereas performance dimensions are the property of people’s thoughts and experiences (Thayer, 1968). For example, the ingredients of Vitamin B in Red Bull can help the consumer to reduce tiredness and fatigue and plays an important role in the nervous system (Reynolds, 2006). Whereas, caffeine could be damage to the nervous system (Ribeiro, Sebastiao, & Mendonca, 2002). Therefore, caffeine and Vitamin B is a good combination to balance. However, consumers won’t aware of that, they more look at the outcome salient performance after consuming a Red Bull energy drink. Moreover, according to Myers and Alpert (1968), “determinate attributes” are limited attributes that play an important role when customers making purchase decisions among alternatives. For instance, all the energy drinks have a certain ability to boost consumers’ energy (Attila & Çakir, 2011), then this attribute cannot be part of the “determinate attributes.” If consumers specifically like the Red Bull taste, then this attribute can be one of the “determinate attributes.” To create brand preference, the customer has to experience the functionality of the product or service at least (Allen et al., 2005; Bagozzi, 1982; Grimm, 2005). Some of the primary characteristics of energy drinks include energy boosting, performance enhancement, improving alertness (Andreea & Anca, 2014; Attila & Çakir, 2011; McCusker et al., 2006). Some of the secondary features include improving flavors from mixing with alcohol, potential health benefits derived from specific ingredients, and the possibility of social status being associated with an energy drink brand that enjoys price premium (Alsunni & Badar, 2011; Heckman et al., 2010). When product performances above consumer’s expectations then lead to consumer satisfaction (Anderson & Mittal, 2000). Therefore, the primary characteristics and secondary feature of the product performance is important in relation to consumer’s satisfaction. Moreover, according to Prasad and Dev (2000), salient performance and determinate attributes are in relation to customer satisfaction and customer satisfaction leads to brand equity. Additionally, brand preference is part of brand equity (Prasad & Dev, 2000). Therefore, companies use different ways to make the product or service meet a broad range of consumers’ needs and wants. This potentially can lead to brand preference (Allen et al., 2005; Bagozzi, 1982; Grimm, 2005).

Brand equity can be formed from various ways namely: brand awareness, recognition, consumers’ perception and overall satisfaction with the brand performance (Prasad & Dev, 2000). These factors determine a firm’s brand equity to expand, shrink, or remain the same. According to Prasad and Dev (2000), brand awareness and brand performance are the two

main dimensions to build brand equity. Whether good or bad experiences can all contribute to brand equity. Good experiences enhance brand equity, whereas bad experiences break brand equity (Prasad & Dev, 2000). Brand performance can be determined by customer satisfaction with products or services, brand preference, price-value relationships (Prasad & Dev, 2000). Therefore, primary characteristics and secondary features are relative to brand performance, strong brand performance leads to brand equity. Moreover, according to Prasad and Dev (2000, p.4), brand equity is defined as “repeat purchases caused by brand use satisfaction, perceived superior value (for the price paid), and preference or loyalty felt for the brand.” High equity is associated with high satisfaction, brand preference, loyalty, price premium, high profits (Prasad & Dev, 2000). From the above theories, brand preference is part of the brand equity, and brand preference is in relation to primary characteristics and secondary features.

Proksch, Orth, and Cornwell (2015, p.2) found that “the perceived ability of a brand to fulfill an individual’s need for competence enhancement facilitates attachment.” Competence can be described as consumers’ abilities, skills, and capabilities for sports, social activities and others (Proksch et al., 2015; Weinert, 2001). Additionally, based on the reliability and the consistency of the products’ functional performance, this can lead the brand to create a sense of efficacious and will lead to strong brand attachment (Park et al., 2007). Moreover, brand attachment and brand preference are part of brand equity (Keller et al., 2011; Prasad & Dev, 2000). Therefore, products’ functional performance is in relation to brand preference.

Therefore, drawing from the above theories, this study hypothesizes that there is a positive relationship between ‘primary characteristics and secondary features’ and ‘brand preference’ of Red Bull.

### **Hypothesis 3:**

**There is a positive relationship between ‘style and design’ and ‘brand preference’ of Red Bull.**

According to Park, MacInnis, and Prieser (2007), brand-self connection can lead to brand attachment when a consumer personally identifies with a brand. Brand attachment can be generated from its ability to satisfy consumer through the pleasing and comforting that able to derive from the brand. This pleasure can comfort is the result of the brand’s ability to provide hedonic, sensory or aesthetic pleasure (Park et al., 2007). According to Park, MacInnis, and

Prieser (2007, p.8), “the brand-self connection is based on one’s appreciation of a brand’s aesthetic qualities and attractiveness”. Different aesthetic elements of the brand are some of the important factors for building brand-self connection because the brand is able to provide consumers with feelings of optimism and hope when coping with daily stress and pressures, or maintaining emotional stability (Mikulincer & Shaver, 2005). The design of a product can affect its performance depending on its aesthetic element of the product, ranging from its size, shape, material, and color; and sensory elements of the product, ranging from its appearance, texture, smell, and taste (Keller, 2013).

Sensory perception can create a memorable brand experience, and this will lead to strong brand preference (Ebrahim, 2013). Additionally, positive brand experience increases brand attachment (Dolbec & Chebat, 2013). Brand experience can be the customers’ internal responses to the various sensations, feelings and behavioral responses generated by the packaging, the brand’s design and environments (Brakus et al., 2009). Experiential marketing is important for the brand preference, is not just rational brand attributes, also irrational attributes (such as sensory, emotional, aesthetics, symbolic, imagery) to lead to brand preference, and become competitive in the market (Ebrahim, 2013). Sensory perception can create a memorable brand experience, and this will lead to strong brand preference (Ebrahim, 2013). Brand experience can be the customers’ internal responses to the various sensations, feelings and behavioral responses generated by the packaging, the brand’s design and environments (Brakus et al., 2009). Positive brand experience increases brand attachment (Dolbec & Chebat, 2013). Brand preference precedes brand loyalty and attachment (Ebrahim, 2013) and all part of brand equity (Prasad & Dev, 2000b). Therefore, there is a relationship between brand experience and brand preference before coming to brand attachment.

Package design support in the brand building helps to distinguish its products amongst other same category products (Orth & Malkewitz, 2008). It also important comes to decision making, when consumer scanning the products on the shelves and may arouse favorable impression (Orth & Malkewitz, 2008). Package design influences customer responses. Customers may initially perceive perception from the designed package with a particular category (Orth & Malkewitz, 2008). According to Veryzer (1999), consumers by using received color, surface, texture to establish or aggregate into a more complex design cognitive, that transfer into a specific feature of the brand to customers. Consumers can also generate brand impressions based on packages (Veryzer,1999).

Sriram, Chintagunta, and Neelamegham (2006) found that a low level of brand preference is affected by product attributes and price. Whereas a high level of brand preference is dependent on the inclusive value of products and intrinsic preference for the certain brand. The traditional way to define brand preferences as a utility function matches with consumers' expectations of brand attributes (Allen et al., 2005). However, consumers cannot shape their brand preference based on rational attributes. They search brand memorable experiences from sensorial, emotional, and creative, to evaluate the brand with experiential marketing in irrational ways (Allen et al., 2005; Zajonc & Markus, 1982). It can be the imagery, aesthetic, symbolic attributes of the product, generating multisensory experience (Addis & Holbrook, 2001; Hansen, 2005; Holbrook & Hirschman, 1982). This shows package design can also be part of the attributes that influence brand preference.

Therefore, this study expects to find that there will be a positive relationship between 'style and design' and 'brand preference' of Red Bull.

#### **Hypotheses 4,5,6,7:**

- **There is a positive relationship between 'sincerity' and 'brand preference' of Red Bull.**
- **There is a positive relationship between 'excitement' and 'brand preference' of Red Bull.**
- **There is a positive relationship between 'competence' and 'brand preference' of Red Bull.**
- **There is a positive relationship between 'sophistication' and 'brand preference' of Red Bull.**

A brand as a pledge or commitment to the customers, certain expectations, certain perceptions, an image, an icon that cause customers to buy a particular brand's products or services (Prasad & Dev, 2000). Brand generates some characteristics that link with the firm or its products or services with the consumers in a relationship (Prasad & Dev, 2000). Sincerity, excitement, competence, and sophistication are all part of the brand personality. There are studies exploring brand personality in a broad sense and do not discuss sincerity, excitement, competence, and sophistication of the brand in detail. Therefore, the hypotheses in relating to these four sub-dimensions of brand personality will be discussed and presented together.

There is a broad range of literature that looks at the various ways in which positive brand personality can be in relation to brand preference. A positive brand personality may either increase the usage of the product or services (Sirgy, 1982), leads to a positive product evaluation (Wang & Yang, 2008), promote enjoyment and confident feelings in consumer's mind (Biel, 1993), and "enhance level of trust and loyalty" (Fournier, 1998). Brand preference precedes brand loyalty and attachment (Ebrahim, 2013). Therefore, these show certain potentiality in relation to brand preference.

Consumers choosing a particular brand over others will base on their consideration of consistency between the brand personality and their desired image or self-concept (Keller, 2013). Swaminathan, Stilley, and Ahluwalia (2008, p.4) find that highly anxious people gravitate towards "the brand with a sincere personality [which] enhances brand attachment". Highly anxious people are afraid of rejection with low self-esteem. Therefore they tend to associate with brands to gain desirable personality traits, which can help them to enhance potential attractiveness to others (Swaminathan et al., 2008). Brand preference precedes brand attachment (Ebrahim, 2013). Therefore, this research presumes that a positive relationship between sincere and brand preference before leads to brand attachment.

According to Jamal and Goode (2001), when consumers experience high self-image congruence with a particular brand will leads to satisfaction with that particular brand. In Malär, Krohmer, Hoyer, and Nyffenegger (2011) find that actual self-congruence can lead to a stronger impact on emotional brand attachment than ideal self-congruence. Actual self-congruence is when a consumer's actual self fit in with the brand's personality. Self-congruence can develop into brand attachment, depending on a customer's characteristics or context. Brand personality leads to brand attachment by allowing the customer to invest their own meanings and associations with the brand (Liang & Lee, 2010). According to Jamal and Goode (2001), there is a positive relationship between self-image congruency with a brand and brand preference. Brand preference and customer satisfaction can be affected by self- image congruence with brand image comes to make a purchase decision (Li, Wang, & Yang, 2011).

High satisfaction can lead to brand attachment because as Draaijer (2015) shows that sincerity, competence, sophistication, and excitement are aspects of brand personality that can are more able to derive higher satisfaction in comparison to ruggedness (Orth et al., 2010). However, high satisfaction can also lead to brand preference (Chinomona, Mahlangu, & Pooe, 2013). Liang and Lee (2010) argue that Red Bull is seen as being more sincere,

competent, sophisticated, exciting, in Australia. Additionally, excitement is the dominant personality trait of Red Bull's brand (Liang & Lee, 2010). This study will only look at sincerity, competence, sophistication, and excitement as brand personality traits because the literature has tended to exclude ruggedness as one of the brand personality traits that would be associated with Red Bull.

Brand personality can be an important factor that capture and group the impression responses from different sides of a brand (Aaker, Fournier, & Brasel, 2004; Aaker, 1997; Aaker, Benet-Martinez, & Garolera, 2001). Brand personality can help customers to express actual or ideal of themselves (Belk, 1988; Elliott & Wattanasuwan, 1998; Sirgy, 1982), or a certain aspect of self by using the brand (Fournier, 1998a; McCracken, 1986). Brand personality helps the brand to distinguish amongst others (Vernadakis, 2000) and also to market a brand across different cultures (Aaker et al., 2001).

There are four levels of brand preference. The highest level is a strong brand preference, which is loyal to a particular brand (Ebrahim, 2013). Brand loyalty is when “a deeply held commitment to rebuy or patronize 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” (Oliver, 1999, p.2). This shows brand preference can increase the amount of consumption. In Foscht, Maloles, Swoboda, Morschett, and Sinha (2008), competence, sophistication, and excitement have a positive influence on the amount of consumption with Red Bull, in the United Kingdom and Australia. Whereas in the United States, sincerity, competence, sophistication, excitement are positively influenced by the amount of consumption of Red Bull (Foscht et al., 2008). Competence and excitement are the two personality traits that are most widely represented in Red Bull advertising campaigns (Foscht et al., 2008). Therefore, all of the above literature leads this study to hypothesize that:

- There is a positive relationship between ‘sincerity’ and ‘preference’ of Red Bull.
- There is a positive relationship between ‘excitement’ and ‘brand preference’ of Red Bull.
- There is a positive relationship between ‘competence’ and ‘brand preference’ of Red Bull.
- There is a positive relationship between ‘sophistication’ and ‘brand preference’ of Red Bull.

## **Hypothesis 8:**

**There is a positive relationship between ‘credibility’ and ‘brand preference’ of Red Bull.**

To build the credibility of the brand needs long term interaction between customers and the company (Sweeney & Swait, 2008). It is more like a bond that consumer purchase with a specific company brand’s products or services (Sweeney & Swait, 2008). However, it can lose the relationship easily if trust is broken by the company (Sweeney & Swait, 2008). Hence, to build strong brand credibility, the company needs to make sure to concern different aspects of functions all the time (Sweeney & Swait, 2008). Credibility comes to play as an important role in relation to online, salesperson interaction, advertising, pricing (Sweeney & Swait, 2008). Credibility may decrease the perceived risks, and information costs, increase expectation or perceived quality, which may turn into decrease price sensitivity (David, 1991; Erdem et al., 2002). Additionally, consumers who are loyal to high-quality brands are less sensitive to the price (Erdem et al., 2002). This shows that when consumers display the kind of behavior that shows a decreased sensitivity to price, there is some form of loyalty, preference, and attachment to a particular brand. To enhance loyalty commitment between the customer and the company, expertise and trustworthiness are important factors that can lead to positive consumer outcome (Sweemey, Soutrar, & Johnson, 1999; Sweeney & Swait, 2008). Moreover, expertise and trustworthiness are part of brand credibility. When consumers believe in the credibility of a brand because of its high quality, top seller status, and high standard of product manufacturing, then the brand name develops the reputation that helps customers in their brand decision making (Baker & Lutz, 2000).

Consumers’ perceptions in relation to companies’ credibility are important to brand preference, the effectiveness of advertisements and directly affect the stimulation of companies’ products demand (Newell & Goldsmith, 2001). Meanwhile, companies’ credibility or reputation can affect its tangible or intangible, old or new products and services demand, and contribute to its brand equity building (Aaker, 1991). Moreover, the greater brand credibility, the greater chance that the brand’s product or service will be in customers’ purchase consideration, leads to having a higher chance in ultimately chosen (Erdem & Swait, 2004).

According to Halkias, Davvetas, and Diamantopoulos (2016), global brands have created stronger brand preference than local brands due to enhancing customers’ perceptions in

relation to credibility, prestige, and quality. Moreover, according to Swait and Erdem (2007) credibility can affect preference discriminate depend on customer's choice amongst alternatives. In order to increase brand preference in advertising, a company needs to create good perceptions and increase the salient of characteristics and value of the brand (Wilkie & Farris, 1975). Credibility is one of the important factors relating to positive perceptions and acceptance of the message sources (Wilkie & Farris, 1975).

A study by Sweeney and Swait (2008), found credibility positively affects satisfaction, loyalty commitment, and continuance commitment. This will enhance positive word of mouth and in order to reduce consumer's products switching behavior (Sweeney & Swait, 2008). An increase in brand credibility can lead to enhanced satisfaction when service providers are presumed to deliver on promises (Sweeney & Swait, 2008). This creates high satisfaction amongst consumers, which can then lead to brand preference (Chinomona et al., 2013), to brand attachment (Orth et al., 2010) and further lead to brand equity (Jahanzeb et al., 2013).

Brand evaluation can be influenced by brand credibility (Keller, 2013). With stronger, favorable, and unique brand image, brand credibility would likely enhance with purchasing (Wang & Yang, 2010). According to Niedrich and Swain (2003), company credibility can lead to brand preference. To gain knowledge about a first in the market brand, consumers will be based on inferences from the brand and the company (Niedrich & Swain, 2003). Customers will believe first in market brand's products are expert, innovative and capable than other competitors (Niedrich & Swain, 2003). Customers may also believe pioneering companies have more experiences and have spent a longer time in the industry compared to other companies (Niedrich & Swain, 2003). Therefore, customers may deduce pioneering companies supply lower risks products, better quality, more reliable compared to other competitors (Niedrich & Swain, 2003). This shows certain expertise and trustworthiness which relate to brand credibility (Keller et al., 2011; Niedrich & Swain, 2003). When customers believe companies' products and services can be delivered within satisfaction, then this likely leads to brand preference (Chinomona, Mahlangu, & Pooe, 2013). Therefore, this study expects to find that there is a positive relationship between 'credibility' and 'brand preference' of Red Bull.

### **Hypothesis 9:**

## **There is a positive relationship between ‘superiority’ and ‘brand preference’ of Red Bull.**

According to Ngo and O’Cass (2012), integrate resources and capabilities associated with innovation and marketing will gain performance superiority that will lead to customer satisfaction, customer attraction, and customer retention. Consumers are likely to seek direct evidence of performance superiority when they want to make a good purchase decision among a set of brands, it is highly engaged with brand responses and involvement (Baker & Lutz, 2000). Regarding the product packing, a study by Morris (1996), aluminum cans contributes its advantages of lightweight, easy to open, “superiority in the preservation of beverage flavor”, and recyclability. In Fuller (1975) study, alcohol can provide a temporary sense of superiority feelings and confidence, while forgetting the unpleasantness. With ingredients superiority, a study found there were superior nutrition value and low cost compared to other natural proteins that likely add to sports food and beverage (Jain et al., 2013). Once consumers perceive quality or gain a favorable impression from the product or service, this can lead to greater differentiation and brand superiority (Buil et al., 2013; Yoo et al., 2000). Whilst a favorable impression of a brand can enhance brand differentiation and superiority (Buil et al., 2013). Higher perceived quality leads to higher brand equity (Kim & Hyun, 2011; Yoo et al., 2000). Beliefs of superiority may lead consumers to buy/repurchase a product or service (Kapferer, 2012). Superiority skills and sources can be treated as a company’s advantage sources that shows a certain ability to do better than other competitors (Day & Wensley, 1988). Superior skills and resources in a firm can lead to superior consumer value and this will lead to customer satisfaction and loyalty (Day & Wensley, 1988). Additionally, customer satisfaction leads to brand preference (Chinomona et al., 2013).

According to Alpert and Kamins (1995), when consumers associate with superior attributes of products, they may find the more exciting, unique and high price in pioneering brands in comparison with non-pioneering brands. According to Atilgan, Aksoy, and Akinci (2005), the superiority of a product or service can be part of a consumer’s quality perception. Meanwhile, perceived quality created when consistently meeting customers’ needs and quality preferences, which in turn creates satisfaction (Atilgan, Aksoy, & Akinci, 2005). Satisfaction leads to brand preference (Alamro & Rowley, 2011a). Loyalty and customer’s satisfaction surveys are the measures of superiority in customer-focused (Day & Wensley, 1988). Whereas profits and market shares are the measures of superiority in company

competitors centered (Day & Wensley, 1988). Additionally, perceived quality is significantly and positively affect brand equity (Aaker, 1996). Hence, superiority can be considered as an important factor to build brand equity (Kapferer, 2012). Beliefs of superiority may lead consumers to buy a product, service or repurchase (Kapferer, 2012). Quality perception leads to customer's satisfaction and valued by meet customers' preferences of quality (Atilgan, Aksoy, & Akinci, 2005).

The superiority of valued benefits can be part of brand equity (Kapferer, 2012). Additionally, when considering brand equity as “repeat purchases caused by brand-use satisfaction, perceived superior value (for the price paid), and preference or loyalty felt for the brand” (Prasad & Dev, 2000, p.4). There is an alignment between superiority and brand preference. Therefore, this study expects to find that there is a positive relationship between ‘superiority’ and ‘brand preference’ of Red Bull.

#### **Hypothesis 10:**

**There is a positive relationship between ‘brand preference’ and ‘price premium’ of Red Bull.**

There are studies present customer willing to pay price premium in relation to organic food products (Batte, Hooker, Haab, & Beaverson, 2007), pesticide-free fresh fruit and vegetables (Boccaletti & Nardella, 2000), eco-labeling products (Sedjo & Swallow, 1999), national brands compared to private brands (Steenkamp, Van Heerde, & Geyskens, 2010), and so on. This shows customers' preferences in relation to their purchases decision making.

A price premium can be viewed as over and beyond the fair price (Rao & Bergen, 1992). The price premium is more focused on the willingness of purchase than if it really reflects the real prices or not (Sethuraman, 2001). Product quality is becoming less important as a competitive factor (Gerzema & Lebar, 2008). With goods quality alone can only contribute a small percentage of the price that customers are willing to purchase for different packaged food or beverage brands (Sethuraman, 2001). According to Steenkamp, Van Heerde, and Geyskens, (2010), consumers are willing to pay in price premium because of the perceived quality in product innovation, distinctive packaging, and advertising.

Moreover, non-quality attributes are becoming more important to gain competitive advantages (Anselmsson et al., 2007). According to Anselmsson et al., (2007), to focus on the

brand building can help companies to better understand the reasons behind the willingness of paying a price premium for goods from some grocery brands, and the factors lead to customer preferences. Additionally, uniqueness, social image, home country origin, corporate social responsibility may all lead to the willingness to pay price premium (Anselmsson et al., 2014). A study finds that consumers are willing to pay more for a normal table wine if the wine shows the place of the origin (Skuras & Vakrou, 2002). Those factors as mentioned above show a certain relation to each customer's brand preferences, and those non-quality factors are becoming a competitive advantage for a company to charge a premium price.

Brand profitability is determined by brand loyalty (Chaudhuri & Holbrook, 2001). Loyalty customers are willing to pay more for a specific product or service because of special values perceived by a brand that other alternatives cannot be able to provide (Jacoby & Kyner, 1973; Pessemier, 1959). This uniqueness and specialness obtained by using the brand to generate favorable impressions and trusts after consumption (Chaudhuri & Holbrook, 2001). Brand loyalty also relates to making share when loyalty customer repeatedly purchase without any "situational constraints" (Assael, 1984). There are four levels of brand preference. The highest level is a strong brand preference, which is loyal to a particular brand (Ebrahim, 2013).

Customers purchase of a product can be in relation to the individual's traditions or habits (Anselmsson et al., 2007). Brand awareness, brand loyalty, brand uniqueness, brand quality, and brand association are the important five dimensions to build stronger brand equity that can be competitive compared to others (Anselmsson et al., 2007). According to Aaker (1996) price premium can be one of a good measure of brand equity. Moreover, attitudes of loyalty and behavioral loyalty are the two dimensions under loyalty. Attitudes loyalty is in relation to customers' preferences and attitudes (Aaker, 1991). Additionally, loyalty is part of brand equity (Keller, 2013) and is a primary dimension (Anselmsson et al., 2007).

According to the consumers' behavioral hierarchy model in Park, MacInnis, and Priester (2007), when a customer has built a strong relationship with a brand, repeat purchase will lead to paying a price premium. Moreover, in Keller (2001), the greater price premium is one of the benefits when it achieves consumer brand equity. Building brand equity is very important in relation to business success. Can helps companies differentiate with other competitors, charge a high price of the products or services, and develop customer loyalty (Prasad & Dev, 2000). Brand preference is part of brand equity, as based on the brand equity

definition as “ by repeat purchases caused by brand use satisfaction, perceived superior value (for the price paid), and preference or loyalty felt for the brand” (Prasad & Dev, 2000, p.4). Buil, Martínez, and De Chernatony (2013) found that brand loyalty is positively affected by overall brand equity and this leads to consumers willing to pay price premiums (Lassar et al., 1995a; Netemeyer et al., 2004). Consumers who are loyal to high-quality brands are less sensitive to the price (Erdem et al., 2002). High equity is associated with high satisfaction, brand preference, loyalty, price premium, high profits (Prasad & Dev, 2000). Brand equity is one of many important measures to brand success and brand preference is part of the brand equity. Brand equity makes consumers feel less sensitive to the price, as they perceive unique value from the brand that others cannot provide (Hoeffler & Keller, 2003; Keller & Lehmann, 2003). Therefore, this study expects to find that there is a positive relationship between ‘brand preference’ and ‘price premium’ of Red Bull.

### **4.3 CONCLUSION**

Chapter 4 hypotheses development built up with past researches and theories. The ten hypotheses have shown potential positive relationships. Chapter 5 will be discussing research design and methodology in details with specific research methods, data collection, and analysis.

## CHAPTER FIVE: RESEARCH DESIGN AND METHODOLOGY

### 5.1 INTRODUCTION

Chapter five will be discussing research design and methodology in details with specific research methods, data collection, and analysis.

### 5.2 RESEARCH PARADIGM

Research is presented as a systematic investigation that to be able to see, explain, foresee or control an educational or psychological phenomenon or to empower individuals in such contexts through a collection of data and analysis (Mertens, 1998). It can be presented as a paradigm that can influence the way of studying and interpreting knowledge (Mackenzie & Knipe, 2006). Depending on the paradigm the researcher has chosen, it can help the researcher to gain the motivations, expectations, the intent for the study (Mackenzie & Knipe, 2006). Without the first step of choosing a paradigm, it can be difficult for the researcher to make a decision in relation to methodology, research design on the late stage (Mackenzie & Knipe, 2006). According to Bogdan and Biklen (1998), paradigm is defined as “a loose collection of logically related assumptions, concepts, or propositions that orient thinking and research” (Mackenzie & Knipe, 2006, p.2) or the philosophical intent or motivation for undertaking a study (Cohen, Manion, & Morrison, 2002). Additionally, according to Mackenzie and Knipe (2006, p.2), it contains three main facts about paradigm, namely: “a belief about the nature of knowledge”; a methodology and validity criteria. Some studies would talk about epistemology, ontology, research methodologies rather than indicating to paradigm (Creswell & Creswell, 2017; Newman, 1991).

Based from *The Structure of Scientific Revolutions* wrote by Thomas Kuhn that has pointed out when people gain knowledge certainly creates a suite of methodological, philosophical, and social constructs that guide scientists and their investigations (Kuhn, 1962). Kuhn (1962) uses the word ‘paradigm’ to describe these constructs. The paradigm concept from Kuhn that is been used for studying processes to achieve scientific progress by providing a tangible system for checking how scientific theories are accepted or rejected (Graham & Dayton, 2002). Meanwhile, according to Graham and Dayton (2002, p.2), the paradigm can be described as “any individual or set of concepts, standards, or ideas that are used to guide the accumulation of scientific knowledge at any of a variety of scales.”

There are eight types of theoretical paradigms, namely: postpositivist, emancipatory, deconstructivist, transformative, constructivist, interpretive, critical and pragmatism (Mackenzie & Knipe, 2006). This research use the postpositivist (and positivist) paradigm. Positivism is a scientific method or research, reflects a deterministic philosophy in which causes probably determine effects or outcomes (Creswell & Creswell, 2017). Positivism applicable to the social world with the presumption of the social world and natural world can be studied at the same way, there is a method for studying the social world that is value-free, and that explanations of a causal nature can be provided (Mertens, 1998). To able to gain predictions and control the forces surround us, the researcher may use positivism to test a philosophy or knowledge via observations and measurements (O’leary, 2004). After World War II, postpositivism replaced positivism (Mertens, 1998). Postpositivists start to work from a research assumption that impacted from tested theories, well-developed theories, and newly developed theory subverted the universal laws or absolutes (Cook & Campbell, 1979; Letourneau & Allen, 1999; Mackenzie & Knipe, 2006). According to O’leary (2004), postpositivists believe the world is variable, multiple and ambiguous in its realities. Postpositivism advocates critical multiplism (Letourneau & Allen, 1999). What is true for a person or a specific cultural group might not be true for other people or other cultural groups. Postpositivists and positivism are normally associated with quantitative research methods with data collection and data analysis (Mackenzie & Knipe, 2006). Moreover, data collection tools can be experiments, tests, scales and quasi-experiments for the positivist or postpositivist paradigm (Mackenzie & Knipe, 2006).

### **5.3 QUANTITATIVE RESEARCH**

Quantitative and qualitative are the two research methods that researchers use in their studies. There are two levels of differences. One is in relation to the research methods and the one is in relation to the “distinctions about the nature of knowledge” (Mackenzie & Knipe, 2006). How data collected, analyzed, and the way represented are quite in the comparison between qualitative and quantitative (Mackenzie & Knipe, 2006). Moreover, how one understands the world and the ultimate purpose of the research can also be different between qualitative and quantitative (McMillan & Schumacher, 1984). There is a different way of describing qualitative and quantitative methods in the form of data and its corresponding analysis modes, according to O’leary (2004). Qualitative data represented in pictures, words or icons that analyzed by thematic exploration (O’leary, 2004). Whereas, quantitative data represented in numbers and analyzed by statistic (O’leary, 2004).

The following are a summary of the comparison between qualitative and quantitative (Bavelas, 1995; Bryman & Bell, 2014).

FIGURE 5: QUALITATIVE VS QUANTITATIVE

Quantitative Research	Qualitative Research
Parametric	Nonparametric
Research's viewpoint	Participants' viewpoint
Testing theory and concepts	Theory and concepts emergent from data
Numbers and measurement	Words and description
Static image of social reality	Interconnected process between actors
Natural science model	Interpretivist
Objectivism	Constructionist
Structured data collection	Flexible investigation
Deductive	Inductive
Hypothesis testing	Exploratory
Generalisation to the population	Understanding of the context
Macro- large scale patterns	Micro –small scale explanations
Hard, reliable data	Rich, deep, thick data
Behavioural of people	Meaning of action

This study use a quantitative method. According to Malhotra (2008, p.171), the objective of quantitative is “to quantify the data and generalize the results from sample to the population of interest”. Additionally, the size of the sample is big, the questionnaire needs to be structured with data collection and the result will create a final course of action (Malhotra, 1993). According to Punch (2013, p.206), “ conceptualizes reality in terms of variables”, “measure these variables” and “ relationships between these variables” are the three main things that what quantitative research does. According to Mackenzie and Knipe (2006), collecting a large amount of data in numbers then carry it into its statistical analysis is how quantitative research is represented. Quantitative research is a deductive approach and with a form of positive hypotheses testing (Bavelas, 1995). The deductive research processes are contained four main steps, which are: the first start with theory grounding, then develop hypotheses, afterward is data collection and findings, followed by confirming hypotheses and

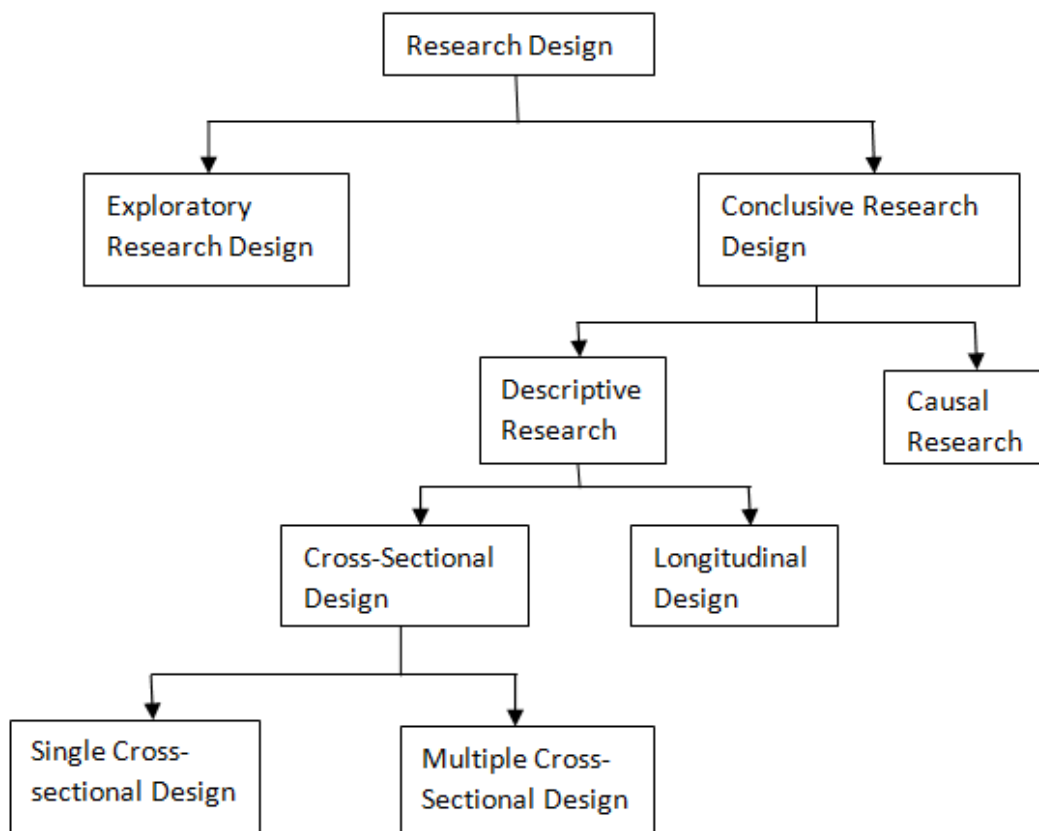
link back to the theoretical grounding to revise (Bryman & Bell, 2014). Observation, survey and experimental are the data collection methods used in quantitative research (Bavelas, 1995; Malhotra, 2015).

## 5.4 RESEARCH DESIGN

According to Malhotra (2010, p.102), research design defined as “a framework or blueprint for conducting the marketing research project. It specifies the details of the procedures necessary for obtaining the information needed to structure and/or solve marketing research problems”.

FIGURE 6: RESEARCH DESIGN

Research design can be as following (Malhotra, 2010):



This research use conclusive research design, descriptive research and with a cross-sectional design approach.

The main objective of the conclusive research design is to investigate specific research hypotheses and analyze the relationships (Malhotra, 1993). Research need to use the findings

or the results as important information into decision making (Malhotra, 1993). The information with the conclusive research design needs to be clearly defined, the research process needs to be structured, and the sample has to be large and representative (Malhotra, 1993). Hence, this research data analysis is quantitative.

According to Malhotra (2015, p.104), descriptive research defined as “ a type of conclusive research that has as its major objective the description of something - usually market characteristics or functions”. Therefore, the descriptive research main objective is to “describe market characteristics or function” (Malhotra, 2008, p.104).

Descriptive research is characterized by the prior formulation of specific hypotheses, which is preplanned and structured based on the large journal samples (Malhotra, 1993). Surveys, observation, secondary data with quantitative analysis, and panels are the methods that use in descriptive research design (Malhotra, 2008). This research needs to gain insights regarding the factors that influence brand preference and price premium of Red Bull among Generation ‘Y’ consumers in Johannesburg, South Africa using Keller’s brand resonance model.

Cross-sectional design approach will be used in this research. According to Malhotra, cross-sectional design is “involving the collection of information from any given sample of population elements only once”(2008, p108). The research data collected by structured questionnaires from 1<sup>st</sup> August 2018 until 8<sup>th</sup> August 2018.

## **5.5 SAMPLING DESIGN**

The following image is the sampling design process (Malhotra, 2008)

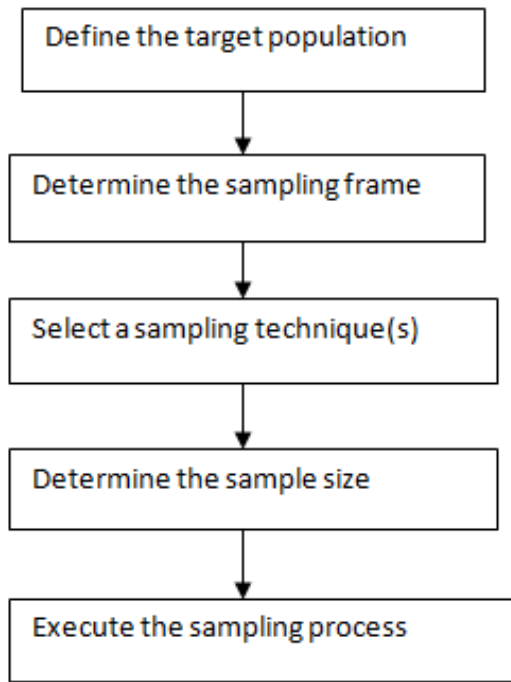


FIGURE7: SAMPLING DESIGN PROCESS

### 5.5.1 POPULATION

The target population definition from *Marketing Research: An Applied Orientation* wrote by Malhotra (2010, p.372) as “the collection of elements or objects that possess the information sought by the researcher and about which inferences are not be made”.

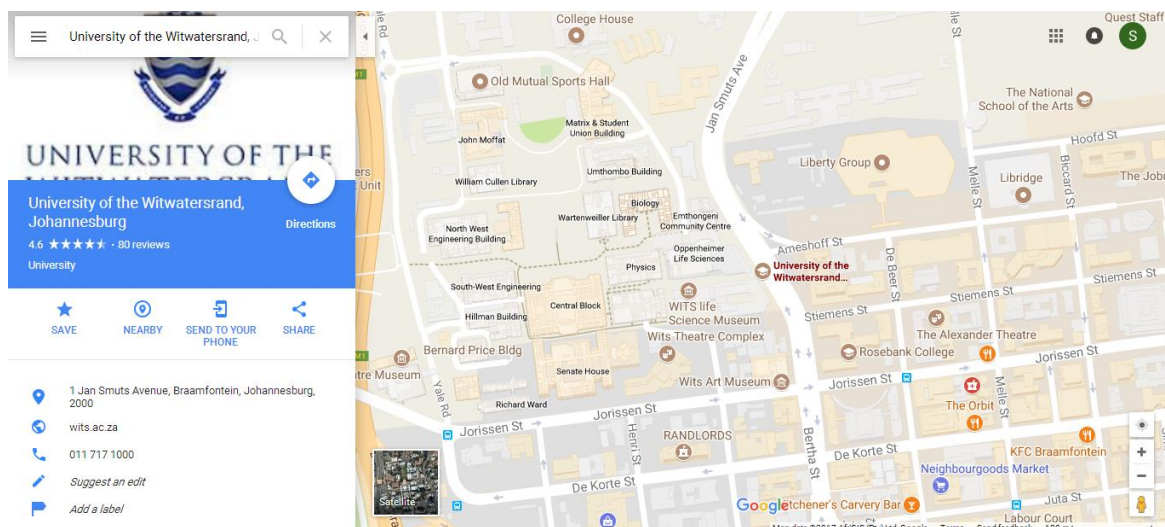
The elements, extent, time and sampling units in relation to the target population should be defined (Malhotra, 1993). Therefore, in this research, Generation ‘Y’s who live in Johannesburg, South Africa are the targeted population. All the undergrad or post-grad students who are studying at the University of the Witwatersrand in 2018, aged between 18 and 42, males and females. The reason behind targeting the University of the Witwatersrand students as target population is students can bring more accurate resource, and accessible for the researcher. It is more easily and less costly for the researcher. The University of the Witwatersrand is a culturally and socio-economically diverse university. The data collected from students because in addition of being easy and less costly to reach them, students are more likely to consume or tried various brands of energy drinks for energy boosting and to keep them awake. Students are also more likely to comprehend and respond to questionnaires in the specialized field of study, such as brand management.

### 5.5.2 SAMPLING FRAME

According to Malhotra, the sample frame defined is “a representation of the elements of the target population. It consists of a list or set of directions for identifying the target population” (2010, p.223).

Generation ‘Y’s who live in Johannesburg, South Africa are selected from the University of the Witwatersrand. Therefore, would be more specific, Generation ‘Y’ students who are currently studying an undergrad or post-grad program from any faculty. The total number of student headcount enrolments at the University of the Witwatersrand is around 38343. Postgraduate students are 34.51% of the 38343 and international students are 9.78%. This information was received from the University of the Witwatersrand Fact and Figures 2017/2018 Report.

FIGURE8: MAP



Above figure 8 is the location of the University of the Witwatersrand (“Google Maps,” n.d.)

### 5.5.3 SAMPLE SIZE

Malhotra (2010) defines sample size as the number of elements from whom data will be gathered, drawn from the population, in a research study. Meanwhile, “it is widely understood that the use of larger samples in applications of factor analysis tends to provide results such that sample factor loadings are more precise estimates of population loadings and are also more stable, or less variable, across repeated sampling” (MacCallum, Widaman, Zhang, & Hong, 1999, p.1). According to Hair, Celsi, Ortinau, and Bush (2008), the

minimum sample size can be calculated depending on the number of the variables or parameter, and the sample can be added up by each of the variable multiple 10. Additionally, according to Nasser and Wisenbaker (2003, p.11), “with sample sizes of at least 200 observations, the likelihood of converged solutions was 100%.” Moreover, Guilford (1954) claimed the minimum necessary sample size should be 200. Whereas, Cattell (2012) argued desirable minimum sample size should be 250. Comrey and Lee (2013) claimed a rough rating scale for adequate sample size in factor analysis: 100 is poor, 200 is fair, 300 is good, 500 is very good, and 1000 or more is excellent.

Therefore, this research acquires data from 300 respondents. A total of 300 responded surveys is used for the research analysis due to the consideration of the effort and limitation of the time to spend on data collection.

#### **5.5.4 SAMPLING METHOD**

Probability sampling and non-probability sampling are the two categories under sampling techniques (Malhotra, 1993). There are four main methods are under the probability, namely: stratified sampling, simple random sampling, cluster sampling and systematic sampling (Malhotra, 1993). Probability sampling defined as “a sampling procedure in which each element of the population has” an equal opportunity of being chosen for the sample (Malhotra, 2008, p.376).

Whereas, non-probability sampling is defined as “rely[ing] on the personal judgment of the researcher” (Malhotra, 2008, p.376). Non-probability sampling may generate a good evaluation of the participants’ characteristics, but the sample results won’t be precisely in objective evaluation (Malhotra, 2010). Judgment sampling, convenience sampling, snowball sampling, and quota sampling are the main methods under the non-probability sampling.

Non-probability sampling is used in this research and with a convenience sampling approach more specifically. Hence, this research, any undergrad or post-graduate students who are studying at the University of the Witwatersrand in 2018 is randomly approached until reach to the number of 300 questionnaires that are fully completed by respondents. The researcher asked respondents to fill the questionnaire before or after a class or any time at Wits computer labs and libraries.

#### **5.5.5 ETHICAL CONSIDERATION WHEN COLLECTING DATA**

This research questionnaire participation is voluntary. The data was collected in a free open environment. Respondents may choose to discontinue answering the survey if they feel

uncomfortable about any of the questions. Respondents are not forced to participate in filling the survey, it was done by their own decision making. There was no adverse consequences if respondents withdraw participation. Collected data in this research is treated confidentially and no personal or sensitive information are collected. Participants' name, specific income, a specific age or other sensitive and private questions are not in the survey. The permission of this data collection is from the University of the Witwatersrand. The researcher needs to gain ethical clearance certification from the University ethics Committee order to carry out research data collection. The ethical clearance certification can refer to the appendix a the end of the research. The researcher has the responsibility to keep participants' personal details in a safe and locked place and will be used for this research only. After this research, all the questionnaires will be kept for 5 years.

This research is referenced correctly with citation by the side of the sentence and all the used journals are listed under the bibliography. There is no plagiarism.

#### **5.5.6 LIMITATIONS OF THE STUDY**

There are few limitations and constraints that can effect in this research study.

Firstly, there are research constraints in financial and time. 300 questionnaires were printed out on paper and need to be collected within a week time as according to the schedule. In addition, the researcher only hand out a questionnaire to students who are at the University of the Witwatersrand west campuses. Hence, students who are at Wits east campuses, medical school, and education campuses may not be well presented in this study. This study is also reliant on vulnerary participants and therefore potential participants may choose to not part of this study.

This research purpose is to gather data from Generation 'Y' who are living in Johannesburg, South Africa. However, due to the ethics, financial and time limitations and constraints, this research is biased as the participants will only contain the University of the Witwatersrand students.

#### **5.6 DATA COLLECTIONS AND ANALYSIS**

The questionnaire is structured around the eleven variables based on the conceptual model. Questionnaire types are open to format questions and bipolar questions. Data collection is done by the researcher, won't involve in fieldwork agency. Hence, there won't have any data collection process or fieldwork in relation to select, train, supervise, validate and evaluate

fieldworkers. After the data has been collected, it is based on a paper format to enter all the data into a computer format. Therefore, in analyzing the overall data gathered from the questionnaires, the first thing to do is to input all the data from paper format questionnaires into an Excel spreadsheet, the second step is to import all the data from Excel to SPSS to do data cleaning, also break down the data analysis based on the relevant groups with pie chart and bar chart format.

## **5.7 MEASUREMENTS INSTRUMENT DESIGN**

The questionnaire contains twelve sections. The questionnaire uses a five-point Likert scale for section B to L, where 1 stands for strongly disagree, 2 stands for disagreeing, 3 stands for moderately agree, 4 stands for agreeing and 5 stands for strongly agree.

Section A is structured by demographic questions in relation to a participant's profile. Questions would be related to age, level of study, and financially well-off. Section B is composed of questions that focus on brand awareness of Red Bull. Section C is composed of questions that focus on product primary characteristics and secondary features in relation to Red Bull. This will help to measure Red Bull's primary characteristics and secondary features and their impact on the young generation's brand preference. Section D is composed of questions that focus on style and design of Red Bull. Section E to H is composed of questions that focus on sincerity, excitement, competence, sophistication that are under the brand personality in relation to Red Bull. This can help to measure brand personality and it is the impact on Generation 'Y's brand preference in leading to the price premium. Section I to J are composed of questions that focus on the credibility, superiority that are under the brand judgment in relation to Red Bull. Section K is composed of questions that focus on the brand preference of Red Bull, i.e. are energy drink consumers like Red Bull better than other energy drink brands. Section L is composed of questions that focus on the price premium of Red Bull. These are 4 to 5 items under each scale, used in five-point Likert scale formate. Scales were adopted from multiple researches (Chen & Tseng, 2010; Yoo & Donthu, 2001; Keller et al., 2011; Ebrahim, 2013; Sierra, Heiser, & McQuitty, 2009).

## **5.8 DATA ANALYSIS APPROACH**

### **5.8.1 DATA PROCESSING AND ANALYSIS PROCEDURE**

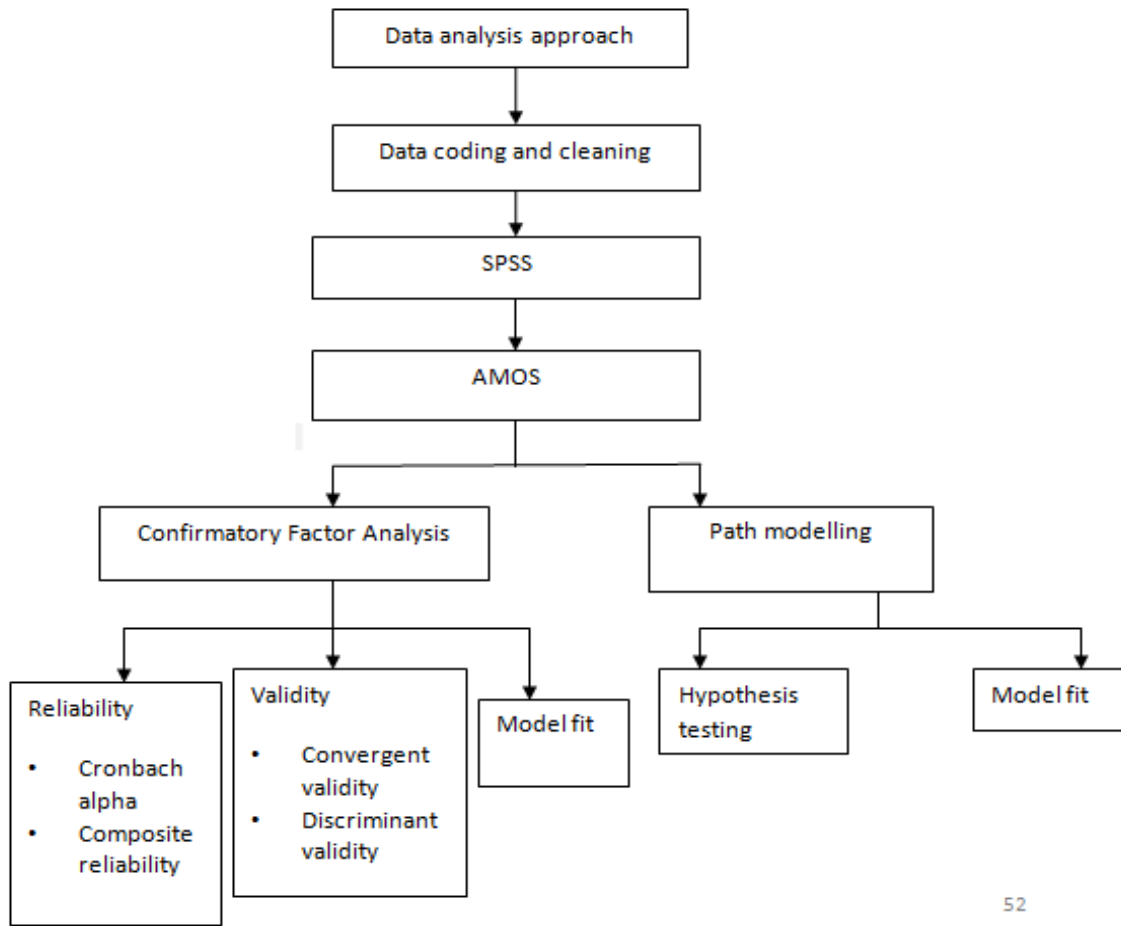
Regarding the statistical techniques, this research will use the multivariate technique. According to Malhotra (2010, p.466), the multivariate technique is defined as a “statistical

techniques suitable for analyzing data when there are two or more measurements on each element and the variables are analyzed simultaneously, multivariate techniques are concerned with the simultaneous relationships among two or more phenomena.” Because there are more than one variables that can be identified as dependent variables and the remaining as independent variables, dependence technique will be used which is under the multivariate techniques. Therefore, structural equation modeling (SEM) and path analysis techniques are more appropriate.

In analyzing the overall data gathered from the questionnaires, the first thing to do is to input all the data from paper format questionnaires into an Excel spreadsheet, the second step is to import all the data from Excel to SPSS to do data cleaning and coding. By using the SPSS to break down the data analysis based on the relevant groups with pie chart and bar chart format. Additionally, using SPSS to do statistical analysis in Cronbach’s Alpha, item-to-total correlation values, and inter-construct correlation. Further, input all the data to AMOS from SPSS to do model fit, path coefficient, standardized regression weights, and p-value analysis.

This research is followed by the following chart as data analysis procedures (Phiri, 2016):

#### FIGURE9: DATA ANALYSIS PROCEDURES



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### 5.8.2 DATA CODING AND CLEANSING

Malhotra (2010, p.454), defines coding as the “means to represent a specific response to a specific question along with the data record and column position that code will occupy”. Moreover, to confirm if all the data are inputted into Excel spreadsheet consistently and completely, to do a data cleaning step is needed (Malhotra, 2008). Consistency checking is “a process to identifies data that are out of range, logically inconsistent or created extreme values” (Malhotra, 2008, p.461). Incomplete data refers to a case when the respondent answers are not clear (select more than one option, circle the answer between two options...) or didn’t answer the questionnaire (Malhotra, 2008).

In the Excel spreadsheet, column 1 shows the number of respondents (start from 1 onwards). In reading order, column 2 to 3 is the respondent’s responses to section A which are related to the demographic questions that are in relation to the level of study, age, level of financial well-off. Column 4 to 44 is the respondent’s responses to section B to section L. For example, Brand Awareness: BA1, BA2, BA3, and BA4... The data captured under each title (BA1, BA2, BA3, and BA4...) can be according to respondent’s selection where 1 stands for

strongly disagree, 2 stands for disagreeing, 3 stands for moderately agree, 4 stands for agreeing and 5 stands for strongly agree.

### **5.8.3 DESCRIPTIVE ANALYSIS USING SPSS**

By description, we mean the unique labels or descriptors that are used to designate each value of the scale. All scales possess description. For an example, descriptors are as follows: 1=Undergraduate, 2=Postgraduate; 1=strongly disagree, 2=disagree, 3=moderately agree, 4=agree and 5=strongly agree. Undergraduate and postgraduate are unique descriptors used to describe values 1 and 2 of the level of the study. All scales have unique labels or descriptors that are used to define the scale values or response options.

By using SPSS to analysis descriptive statistics can be very effective. With large data, summarize the basic features to describe each measurement instrument or demographic question represented in a pie chart or bar graph can immediately give the researcher a clear view of. Measurement instruments and demographics are the important sections in descriptive statistics analysis. The researcher can able to view the percentage of the responses to each of the statement presented in the questionnaire.

SPSS stands for Statistical Product and Service Solutions. The researcher needs to use SPSS for descriptive statistical analysis. To import all the data from Excel to SPSS to generate pie charts for the demographic data by looking at respondents' profile in age, level of study, level of financial well-off. Additionally, SPSS also generate bar graphs, to calculate frequency and percentage for each measurement instrument.

### **5.8.4 INFERENCE ANALYSIS USING AMOS FOR SEM**

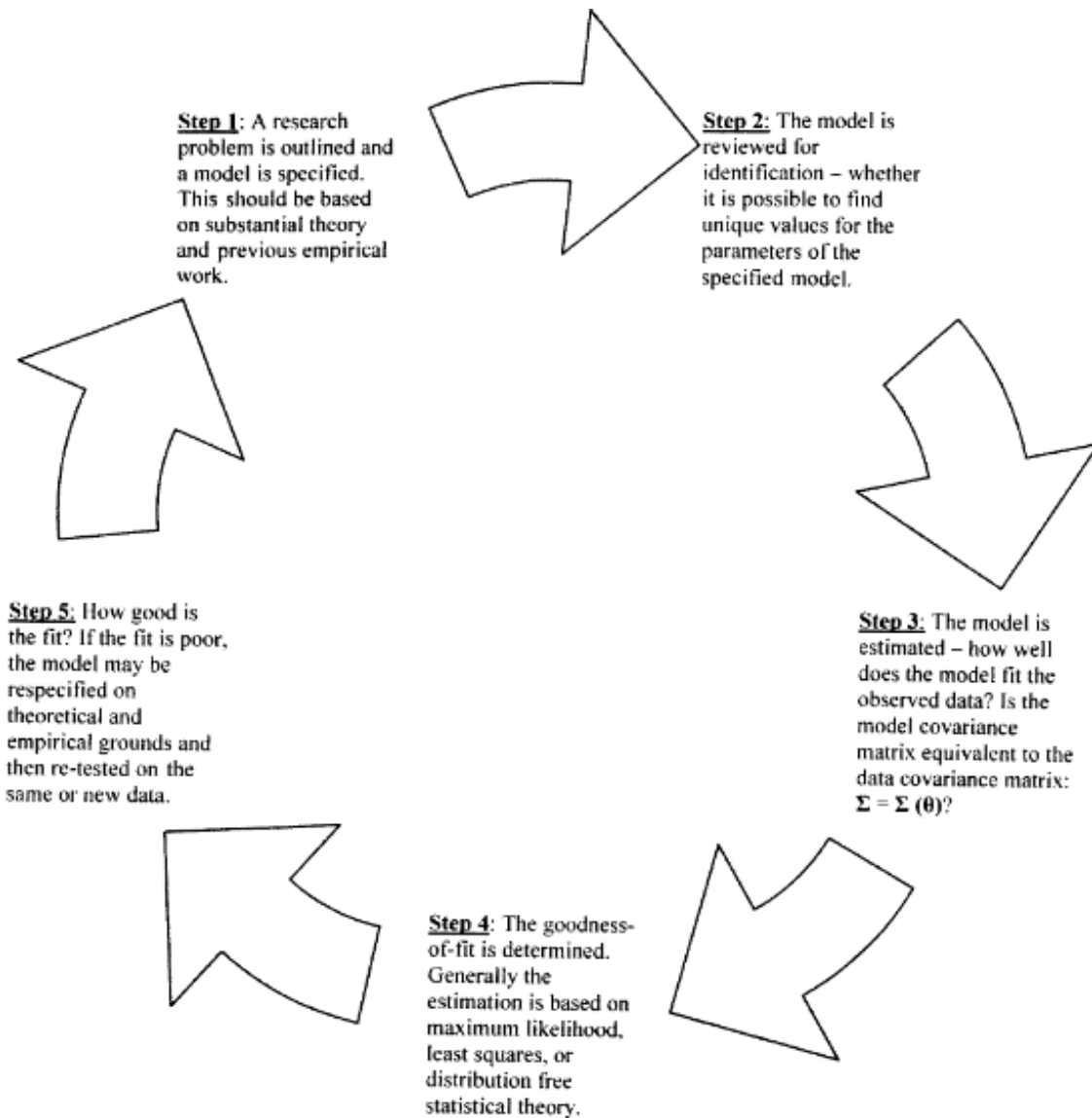
AMOS stands for Analysis of moment structures. It is a software system which is used to perform the confirmatory factor analysis (CFA) and path modeling. This involves structural equation modeling (SEM).

In this research, based on the conceptual model, the interrelated questions cannot be examined in a unified analysis by any single statistical technique. Therefore, to answer such a question in a unified and integrated manner, the researcher must make use of SEM. SEM can help the researcher assess the measurement properties and test the proposed theoretical relationships by using a single technique (Malhotra, 1993). In this research, latent variables are not able to directly observed or measured. However, latent variables in this research can be represented by dimensions that have used in other journals to observe and measure. SEM

can determine the contribution of each dimension in each unobservable variables and evaluate how well a set of observed variables measuring these dimension represents unobservable variables (Malhotra, 1993). For an example, how reliable is the construct? The researcher can then incorporate this information into the estimation of the relationship between latent variables (Malhotra, 1993).

According to Malhotra (2010, p.724), structural equation modeling is defined as “a procedure for estimating a series of dependence relationship among a set of concepts or constructs represented by multiple measured variables and incorporated into an integrated model”. Meanwhile, according to Bowen and Guo (2011, p.5), “SEM can be viewed as an ‘umbrella’ encompassing a set of multivariate statistical approaches to empirical data, both conventional and recently developed approaches”. The purpose of an SEM analysis is to assess the hypotheses along with “observed means, variances and covariances of a set of variables” (Bowen & Guo, 2011, p104). According to Malhotra (1993, p.725), SEM is a “confirmatory approach that provides a mechanism to study hypothesized underlying structural relationships between latent variables or constructs”. Path analysis, factor analysis, and model fit are the three main key components of developing SEM. Based on Violato and Hecker (2007) study, the following image shows five processes involved in to develop and test SEM. The researcher needs to outline a research problem firstly, then to find a unique value for the parameters based on the specified model (Violato & Hecker, 2007). Afterward, to estimate the model by checking the covariance matrix, goodness-of-fit and others (Violato & Hecker, 2007). However, the researcher needs to retest the data or recollect data if the fit is poor (Violato & Hecker, 2007).

FIGURE10: FIVE PROCESSES OF DEVELOPING AND TESTING SEM(Violato & Hecker, 2007)



### 5.8.5 CONFIRMATORY FACTOR ANALYSIS

CFA stands for Confirmatory Factor Analysis. To test model fit, validity, and reliability in relation to the measurement model is based on the CFA.

According to Malhotra (2008, p.725), CFA defined as “seeks to confirm if the number of factors and the loadings of observed variables on them confirms to what is expected on the basis of theory. Indicator variables are selected on the basis of theory, and CFA is used to see if they load as predicted on the expected number of factors”

#### 5.8.5.1 Reliability tests of measurement scales

The researcher needs to use reliability tests to check the stability and consistency of the

observed variables (Bryman & Bell, 2014; Malhotra, 2008). Cronbach's alpha and composite reliability are the two measures to check the reliability of the scale items. Reliability defined as "the extent to which a scale produces consistent results if repeated measurements are made" (Malhotra, 2010, p.318). If there is an inconsistency with some random errors, then it leads to low reliability. Random errors can be measurement error that increases "from random changes or differences in respondents or measurement situations" (Malhotra, 2010, p.318). Hence, if there is perfect reliability, then it means that measures are free from random error. To put it another way, there is reliable when the scale generates consistent results and the association between scores gained from different administrations of the scale is high (Malhotra, 2008). According to Bryman and Bell (2014), reliability measures whether the results of a research instrument that is repeatable or not in the study.

### Cronbach's Alpha

Internal consistency method is one of the approaches of reliability test (Brown, 2002). Cronbach's alpha is one of the measures that are part of the internal consistency method (Malhotra, 2008). Approaching to Cronbach's alpha, the other name is coefficient alpha (Cortina, 1993). According to Malhotra (2008, p.319), Cronbach's alpha is defined as "a measure of internal consistency reliability that is the average of all possible split-half coefficients resulting from different splitting of the scale items". From 0 to 1 is the coefficient varies, if the coefficient alpha is below 0.6, it indicates unsatisfactory internal consistency reliability (Chinomona, 2017; Malhotra, 2008).

### Composite Reliability

According to Malhotra (2008, p.318), composite reliability is defined as "the total amount of true score variance in relation to the total score variance". Composite reliability = " $CR_{\eta} = (\sum \lambda_{yi})^2 / [(\sum \lambda_{yi})^2 + (\sum \epsilon_i)] = (\text{square of the summation of the factor loadings}) / \{(\text{square of the summation of the factor loadings}) + (\text{summation of error variances})\}$ " (Chinomona & Mofokeng, 2016, p.8; Chinomona, 2013). If composite reliability is 0.7 or above, it means measurements are reliable (Chinomona, 2017).

#### **5.8.5.2 Validity tests of measurement scales**

The validity is defined as "the extent to which differences in observed scale scores reflect true differences among object on the characteristic being measured, rather than systematic or random errors" (Malhotra, 2008, p.320). Therefore, perfect validity is when there is no

measurement error. There are 3 approaches for accessing validity, namely: content validity, criterion validity, construct validity (Malhotra, 2008). validity is to solve the question of whether or not a measure really reflect the concept that is supposed to capture (Bryman & Bell, 2014). When validity is unstable, then it also means measurement instruments are not reliable (Bryman & Bell, 2014). Validity is to measure whether the instruments accurately reflect the concepts of theory or not (Wood & Haber, 2014).

### Convergent Validity

According to Malhotra (2008, p.321), convergent validity is defined as “ a measurement of construct validity that measures the extent to which the scale correlates positively with other measures of the same construct”. With convergent validity, the researcher needs to do analysis based on the correlate with item-to-total correlation values and factor loadings. The value of the item-to-total correlation and factor loadings to each instrument should be above 0.5, which indicates convergent validity (Wang, 2003; Wu & Liang, 2009). Whereas, if the factor loadings value is below to 0.5, then that specific instrument need to be deleted (Wu & Liang, 2009). The value above 0.5 means that more than 50 percent of specific observed variables were supposed to measure (Malhotra, 1993).

### Discriminate Validity

According to Malhotra (2008, p.321), has defined discriminate validity as “a type of construct validity that assesses the extent to which a measure does not correlate with other constructs from which it is supposed to differ.” Discriminate validity is to measure the uniqueness and differences between constructs. In order to measure discriminate validity, the researcher needs to analysis with Inter-Construct Correlation Matrix and the Average Variance Extracted (AVE). With Inter-Construct Correlation Matrix, it is acceptable when all paired latent variables have to below 0.8 (Chinomona, 2017). The lower the value, the more unique or different it is. With AVE, it is acceptable when the AVE value in each variable equal or above 0.5 (Maziriri & Mokoena, 2016a; Raymond, 2007). The calculation formula of AVE is “summation of the squared of factor loadings/{(summation of the squared of factor loadings)+(summation of error variances)}” (Phiri, 2016, p.94).

#### 5.8.5.3 Model fit

Researcher used Root mean square error of approximation (RMSEA), Goodness of Fit Index (GFI), Chi-square ( $\chi^2$  /DF), Incremental Fit Index (IFI), Normed Fit Index (NFI),

Comparative Fit Index (CFI) for the model fit analysis, which under both confirmatory factor analysis and path modeling. Absolute fit indices include GFI, Chi-square, and RMSEA. There is the goodness of fit and badness of fit under absolute fit indices. The values are smaller the better fits in the badness of fit, which includes Chi-square and RMSEA (Malhotra, 2008). Whereas, the goodness of fit is when the values are larger the better fits. Except absolute fit induces, incremental fit indices are also part of the fit measures. Incremental fit indices defined as “ these measures assess how well a model specified by the researcher fits relative to some alternative baseline model.” (Malhotra, 2008, p.725) CFI and NFI are under incremental fit indices.

#### Chi-square ( $\chi^2$ /DF)

Chi-square difference statistic defined as “A statistic used to compare two competing, nested SEM models. It is calculated as the difference between the model’s chi-square values. Its degrees of freedom equal the difference in the model’s degrees of freedom” (Malhotra, 2008, p.725). It’s a good model fit when the value of chi-square is lower than 3 (Kuo et al., 2009; Maziriri & Mokoena, 2016). Moreover, the range of the chi-square can be recommended from 5 (Wheaton, Muthen, Alwin, & Summers, 1977) to 2 (Tabachnick & Fidell, 2007). It’s an acceptable model fit when the value of chi-square is lower than 5 (Fu & Deshpande, 2014). Chi-square evaluates overall model fit (Hooper, Coughlan, & Mullen, 2008).

#### Comparative Fit Index (CFI)

Comparative Fit Index is an altered form of the Normed Fit Index (Hooper et al., 2008). Sample size would not effect the CFI measurement (Fan, Thompson, & Wang, 1999; Tabachnick & Fidell, 2007). Similar to NFI, CFI assumes all unobserved variables are not correlated (Hooper et al., 2008). CFI varies from 0 to 1, the value higher than 0.9 is considered acceptable for CFI (Fu & Deshpande, 2014). In Hooper, Coughlan, and Mullen (2008) value greater than 0.95 is considered as the acceptable threshold level.

#### Normed Fit Index (NFI)

When the value of Normed Fit Index is 0.95 or greater which indicates a good model fit (Hooper et al., 2008). Moreover, the NFI is recommended to be above 0.9 (Fu & Deshpande, 2014), which means the model displays an acceptable fit. NFI is sensitive to sample size, can be underestimated when the sample size is small (Bentler, 1990; Mulaik et al., 1989).

### The goodness of Fit Index (GFI)

GFI is an alternative way of Chi-square test which is developed by Jöreskog and Sorbom (Hooper, Coughlan, & Mullen, 2008). The calculation formula equation of GFI is  $GFI = 1 - Fk/F0$  when  $Fk$  represent “the minimum fit function of the estimated model”,  $F0$  represents “the fit function of the baseline model with no free parameters” (Malhotra, 2008, p.731). The value of GFI is ranged from 0 to 1, higher than 0.8 is considered to be acceptable for GFI (Hooper et al., 2008; Mishra & Datta, 2011). Moreover, in Hooper et al. (2008), recommended the value of GFI should be above 0.95 which is more appropriate when sample sizes and factor loadings are low.

### Incremental Fit Index (IFI)

Incremental fit indices also named comparative fit indices or relative fit indices (Hooper et al., 2008). IFI defined as “ these measures assess how well a model specified by the researcher fits relative to some alternative baseline model” (Malhotra, 2008, p.725). Additionally, “the baseline model is a null model in which all observed variables are unrelated to each other” (Hooper et al., 2008; Malhotra, 2010). The value of IFI should be above 0.9 to be able to accept the model (Fu & Deshpande, 2014; Lin et al., 2012).

### Root mean square error of approximation (RMSEA)

RMSEA is developed by Steiger and Lind (Hooper et al., 2008). It is to test the difference between the predicted and actual covariance. The formula equation for RMSEA is equal to  $\sqrt{[(X^2/df-1)/(n-1)]}$  (Malhotra, 2008). With a well-fitting model, the upper limit should be below than 0.8 and a lower limit should be close to 0 (Hooper et al., 2008). The RMSE is recommended to be below 0.08, which means the model is acceptable (Fu & Deshpande, 2014; Kuo et al., 2009). If the RMSE is below 0.05, which means the model is a good fit (Fu & Deshpande, 2014).

## **5.8.6 PATH MODELLING**

Path analysis can be viewed as a special case of structural equation modeling. Casual modeling, latent variable models, analysis of covariance structures are the other terms used to refer to path analysis (Bentler & Bonett, 1980; Coffman & MacCallum, 2005; Rogosa, 1987). Path analysis is defined as “a special case of SEM with only single indicators for each of the variables in the causal model” (Malhotra, 2008, p.726). With path analysis, the researcher

needs to check path coefficients and p-value to test the positive or negative relationship as well as the significance level amongst constructs (Malhotra, 2008).

Path analysis uses diagrammatic to represented rather than equations forms. The formula of path analysis is  $X_2 = \beta_0 + \beta_1 X_1 + \epsilon_2$ ,  $X_1$  means exogenous variable and  $X_2$  means endogenous variable (Malhotra, 2008). Path diagram is a graphical representation of a model showing the complete set of relationships among the constructs. One side straight arrow represented the dependence relationship and two-sided curved arrows represented the correlation relationship.

Path coefficients indicate tested hypotheses are positive or negative which can be found under the standardized regression weights in Amos software. Additionally, P-values indicate tested hypotheses are significant or insignificant which can be found under the regression weights in Amos software.

#### **5.8.7 CONCLUSION**

This chapter reveals research philosophy in relation to data analysis, methods and research design. After knowing the methodology and the design of this study, chapter 6 discusses the results after assessing and confirming constructs reliability and validity and also confirming the model fit, to examine the elements of Keller's (2013) brand resonance model impact on Red Bull's brand preference and how the preference in turn drives willingness to pay a price premium.

## CHAPTER SIX: DATA GATHERING AND ANALYSIS

### 6.1 INTRODUCTION

This chapter reveals the results from the descriptive statistics, Confirmatory Factor Analysis (CFA), measurement model assessment and path modeling analysis gotten from data collected from 300 respondents.

### 6.2 DESCRIPTIVE STATISTICS

#### 6.2.1 DEMOGRAPHICS

Image 6.1: Age statistics

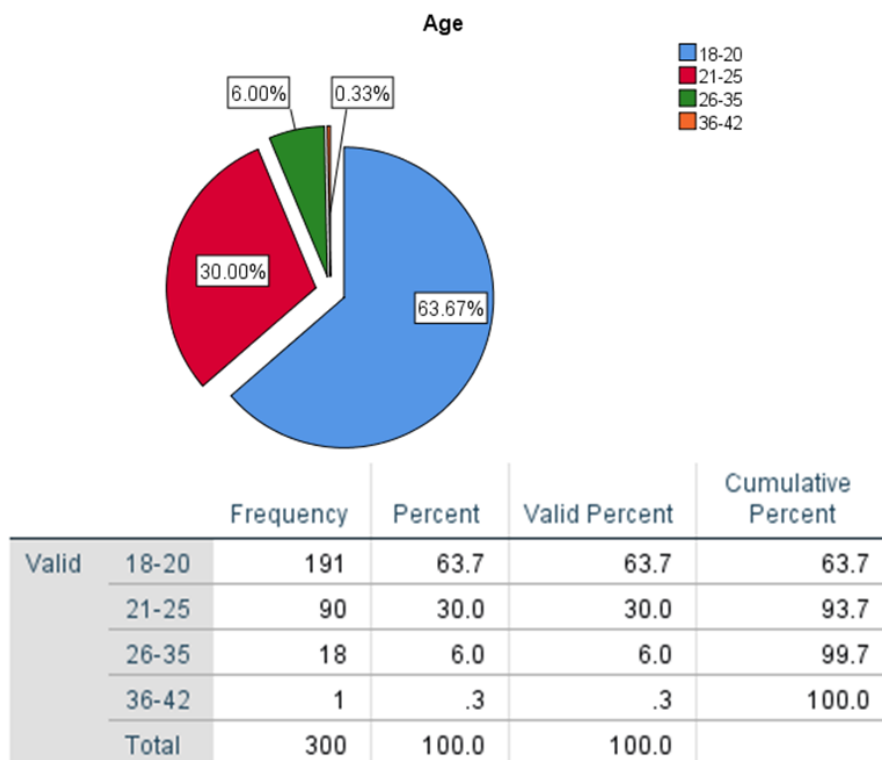


Image 6.1 shows that the majority (93.7) of respondents who participated in the study were between the ages from 18-25. These are the younger segment of Generation ‘Y’, which (Gutter & Copur, 2011) call young adults. The high percentage of young adults could be indicative of the fact that more of the respondents are undergraduates. Image 6.1 also indicates that 6.3% of the respondents were between the ages of 26-42. These are the older Generation ‘Y’, who are probably postgraduate students. The fact that up to 93.7% of the respondents were at the age of 18 to 25, this shows the age of majority Red Bull consumers who were studying at Wits.

Image 6.2: Level of study

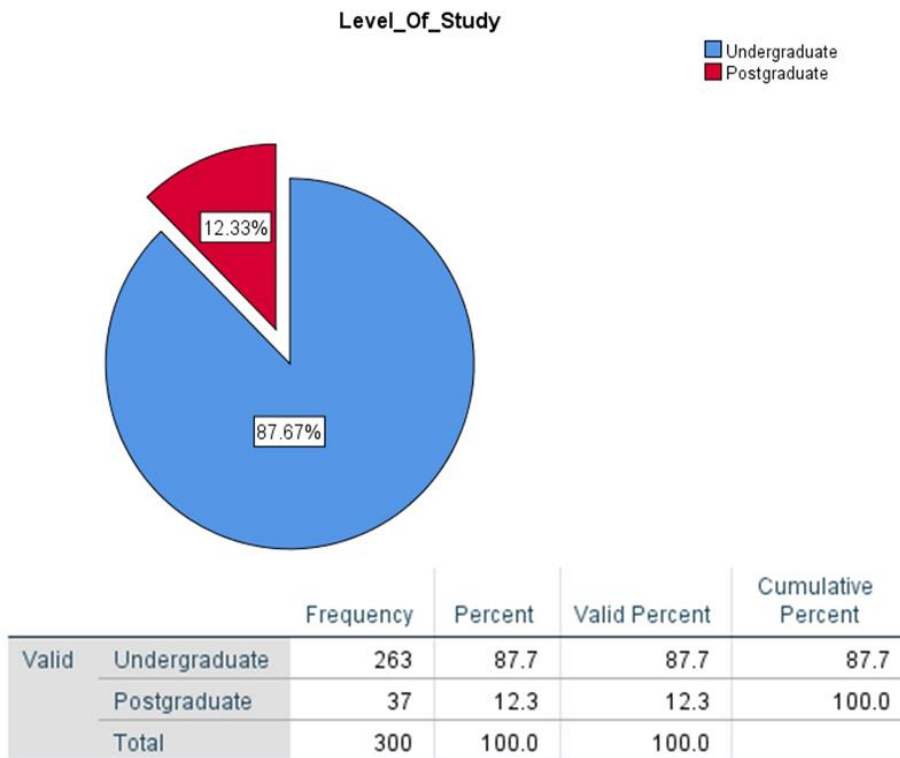
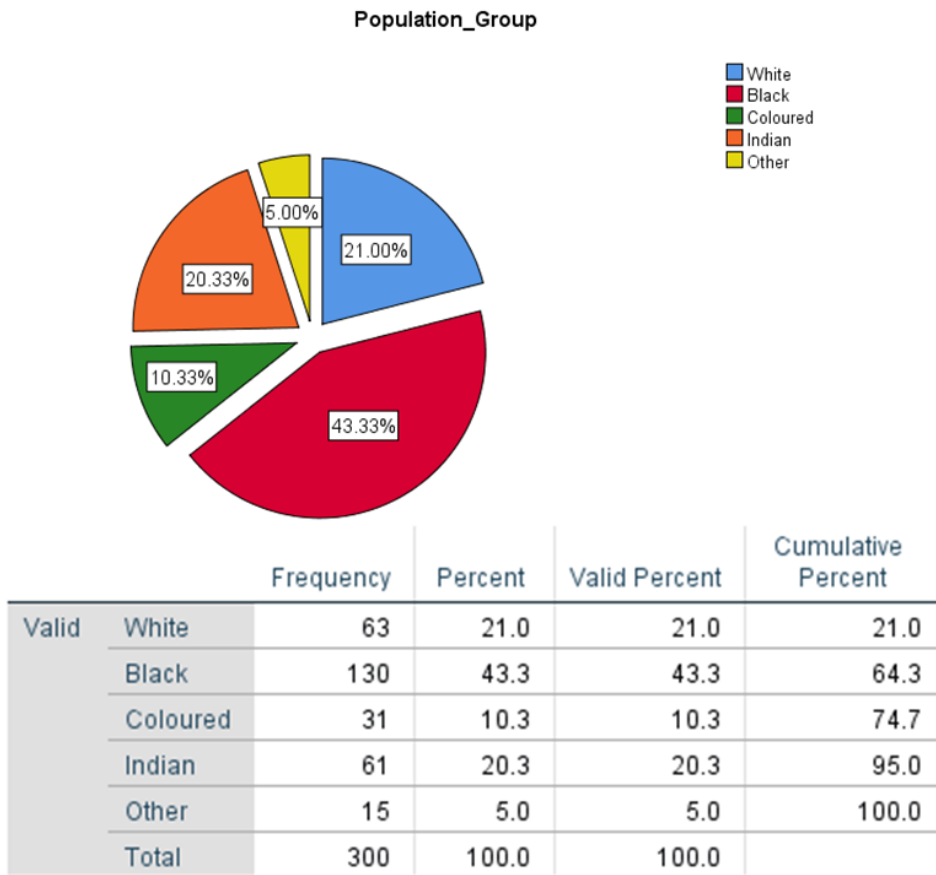


Image 6.2 shows that the majority of the respondents were undergraduates, which is represented by 87.8% of the total sample. Whereas the postgraduates were representing 12.3% of the total sample. This reflects the higher percentage of undergraduate students at Wits, where data was collected.

Image 6.3: Population group



According to Image 6.3, black Wits students were the major respondents, which represented 43.3% of the total respondents. This was followed by white students, representing 21% of the total respondents. Those Indian students who were a participant in this study represented by 20.3%. This was followed by colored students, representing 10.3% and finally, others are represented by 5% of the total sample. This data shows that all the racial groups in South Africa were represented in this study. The statistics also reflect the socio-cultural diversity of the population of students studying at Wits University.

Image 6.4: Financial well-being of the respondents' family

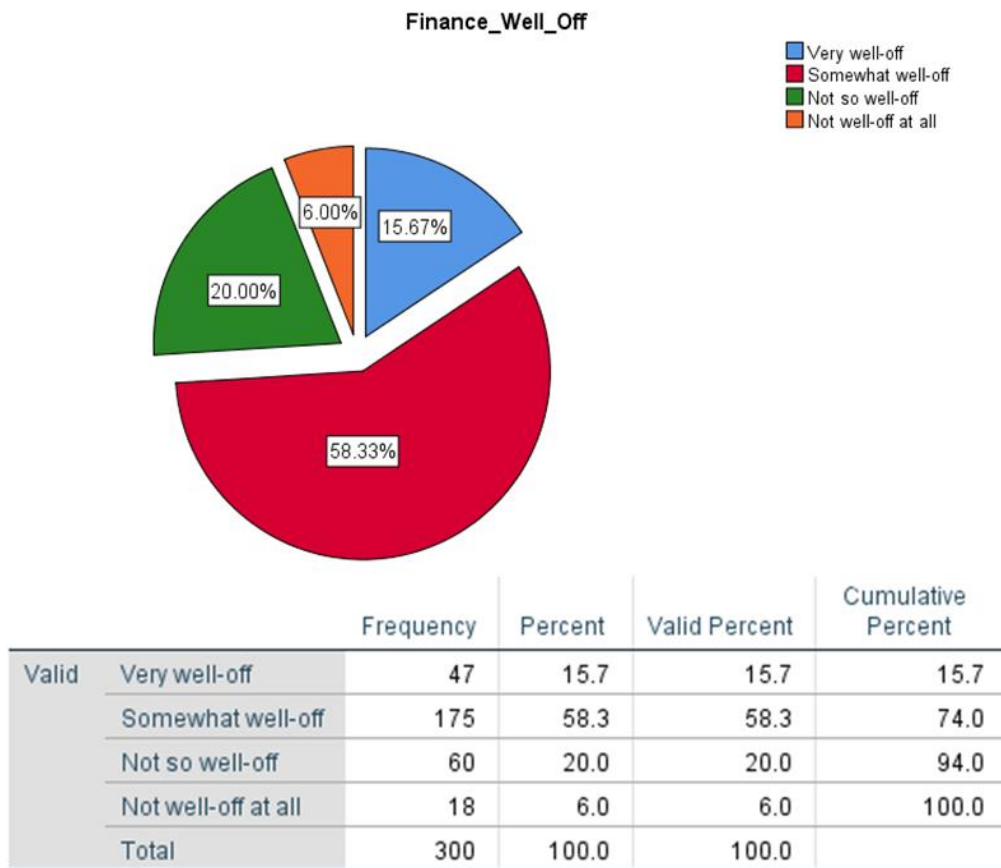


Image 6.4 shows that the majority of students think that his/her family is somewhat financially well-off, represented by 58.3%. This was followed by 20% of students who think their families are not so financially well-off. Those students who thought their families were very well-off financially represented 15.7% and finally, 6% of students thought their families were not well-off at all. The fact that up to 74% of the respondents were from families that were very financially well-off and somewhat well-off is indicative of the fact that they can afford to buy Red Bull.

## 6.2.2 MEASUREMENT INSTRUMENTS

This section presents the results of the degree to which respondents agreed or disagreed to the statements that measured the studied constructs.

**Table 6.1: Percentages of Agreement and Disagreement of the Statements Measuring the Studied Constructs**

Items		Strongly Disagree		Disagree		Moderately Agree		Agree		Strongly Agree	
		Frequency	Percent(%)	Frequency	Percent(%)	Frequency	Percent(%)	Frequency	Percent(%)	Frequency	Percent(%)
BA	BA1	4	1.3	2	0.7	15	5	47	15.7	232	77.3
	BA2	4	1.3	2	0.7	14	4.7	48	16	232	77.3
	BA3	3	1	1	0.3	9	3	39	13	248	82.7
	BA4	5	1.7	10	3.3	38	12.7	64	21.3	183	61
PS	PS1	9	3	19	6.3	125	41.7	86	28.7	61	20.3
	PS2	23	7.7	34	11.3	101	33.7	84	28	58	19.3
	PS3	21	7	32	10.7	100	33.3	82	27.3	65	21.7
	PS4	11	3.7	27	9	84	28	102	34	76	25.3
SD	SD1	6	2	17	5.7	74	24.7	115	38.3	88	29.3

	SD2	7	2.3	22	7.3	77	25.7	111	37	83	27.7
	SD3	4	1.3	28	9.3	78	26	94	31.3	96	32
	SD4	6	2	33	11	68	22.7	100	33.3	93	31
SI	SI1	67	22.3	86	28.7	97	32.3	23	7.7	27	9
	SI2	38	12.7	61	20.3	130	43.3	44	14.7	27	9
	SI3	45	15	53	17.7	126	42	43	14.3	33	11
	SI4	13	4.3	35	11.7	82	27.3	97	32.3	73	24.3
EX	EX1	28	9.3	46	15.3	120	40	59	19.7	47	15.7
	EX2	8	2.7	30	10	90	30	89	29.7	83	27.7
	EX3	7	2.3	25	8.3	60	20	107	35.7	101	33.7
	EX4	4	1.3	17	5.7	63	21	99	33	117	39
CO	CO1	9	3	25	8.3	117	39	91	30.3	58	19.3
	CO2	11	3.7	49	16.3	113	37.7	73	24.3	54	18
	CO3	5	1.7	15	5	48	16	113	37.7	119	39.7

	CO4	15	5	34	11.3	94	31.3	89	29.7	68	22.7
	CO5	29	9.7	62	20.7	123	41	53	17.7	33	11
SO	SO1	16	5.3	34	11.3	88	29.3	89	29.7	73	24.3
	SO2	20	6.7	51	17	114	38	70	23.3	45	15
	SO3	28	9.3	66	22	90	30	64	21.3	52	17.3
	SO4	5	1.7	23	7.7	76	25.3	110	36.7	86	28.7
	SO5	7	2.3	28	9.3	61	20.3	94	31.3	110	36.7
CR	CR1	32	10.7	41	13.7	94	31.3	70	23.3	63	21
	CR2	20	6.7	34	11.3	85	28.3	92	30.7	69	23
	CR3	24	8	63	21	81	27	79	26.3	53	17.7
	CR4	13	4.3	33	11	93	31	89	29.7	72	24
	CR5	13	4.3	16	5.3	66	22	100	33.3	105	35
SU	SU1	18	6	32	10.7	73	24.3	85	28.3	92	30.7
	SU2	26	8.7	61	20.3	107	35.7	54	18	52	17.3

	SU3	22	7.3	45	15	81	27	74	24.7	78	26
	SU4	17	5.7	49	16.3	90	30	73	24.3	71	23.7
BP	BP1	28	9.3	43	14.3	61	20.3	83	27.7	85	28.3
	BP2	31	10.3	41	13.7	62	20.7	75	25	91	30.3
	BP3	30	10	50	16.7	52	17.3	85	28.3	83	27.7
	BP4	42	14	52	17.3	78	26	56	18.7	72	24
	BP5	26	8.7	51	17	79	26.3	73	24.3	71	23.7
PP	PP1	81	27	75	25	66	22	48	16	30	10
	PP2	61	20.3	54	18	63	21	74	24.7	48	16
	PP3	59	19.7	58	19.3	77	25.7	57	19	49	16.3
	PP4	64	21.3	55	18.3	73	24.3	62	20.7	46	15.3

Note: BA = Brand Awareness; PS = Product Primary Characteristics and Secondary Features; SD = Style and Design; SI = Sincerity; EX = Excitement; CO = Competence; SO = Sophistication; CR = Credibility; SU = Superiority; BP = Brand Preference of Red Bull; PP = Price Premium of Red Bull

## **Brand Awareness**

Most of the participants **strongly agreed** with “I can recognize Red Bull among other competing brands”(BA1) statement, represented by 77.33% of the total sample. Most of the participants **strongly agreed** with “I am familiar with the Red Bull brand”(BA2) statement, represented by 77.33% of the total sample. Most of the participants **strongly agreed** with “I know what this Red Bull looks like”(BA3) statement, represented by 82.67% of the total sample. Most of the participants **strongly agreed** with the “Features of the Red Bull brand quickly comes up in my mind”(BA4) statement, represented by 61% of the total sample. Therefore, this shows the majority of the respondents were aware and familiar with the Red Bull brand.

## **Product Primary Characteristics and Secondary Features**

Most of the participants **moderately agreed** with “Compared with other brands in the energy drink category, the Red Bull brand provides its basic functions better”(PS1) statement, represented by 41.67% of the total sample. Most of the participants **moderately agreed** with “Compared with other brands in the energy drink category, the Red Bull brand satisfies my basic needs”(PS2) statement, represented by 33.67% of the total sample. Most of the participants **moderately agreed** with “The Red Bull brand has special and attractive features I like”(PS3) statement, represented by 33.33% of the total sample. Most participants **agreed** with the “Red Bull brand stands out among other brands and excellently performs its functions”(PS4) statement, represented by 34% of the total sample. Therefore, this shows the majority of the respondents satisfied the functions that provide from Red Bull and meet customers’ needs and wants. However, the primary characteristics and secondary features of Red Bull is not really outstanding compared to the competitors.

## **Style and Design**

Most of the participants **agreed** with “The features of the Red Bull brand are stylish”(SD1) statement, represented by 38.33% of the total sample. Most participants **agreed** with “I like the look, feel, and other design aspects of the Red Bull brand”(SD2) statement, represented by 37% of the total sample. Most of the participants **strongly agreed** with “The colors, shape, and design of the Red Bull container are beautiful”(SD3) statement, represented by 32% of the total sample. Most of the participants **agreed** with “The overall look and style of the Red Bull brand is captivating”(SD4) statement, represented by 33.33% of the total sample. Hence,

the above results show a majority of the respondents pay attention to the Red Bull packaging design and they like the packing design.

### **Sincerity**

Most of the participants **moderately agreed** with “The word, down- to- earth very well describes the Red Bull brand”(SI1) statement, represented by 32.33% of the total sample. Most of the participants **moderately agreed** with “Honesty very well describes the Red Bull brand”(SI2). the statement, represented by 43.33% of the total sample. Most of the participants **moderately agreed** with “The word, wholesome very well describes the Red Bull brand”(SI3) statement, represented by 42% of the total sample. Most of the participants **agreed** with “The Red Bull brand can be described as cheerful”(SI4) statement, represented by 32.33% of the total sample. Hence, the above results show the majority of the respondents moderately agreed or agreed with Red Bull shows sincerity brand personality. However, Red Bull do need to improve sincerity brand personality. Further study needs to do in relation to how to improve sincerity brand personality with Red Bull in South Africa.

### **Excitement**

Most of the participants **moderately agreed** with “Red Bull is a darling brand”(EX1) statement, represented by 40% of the total sample. Most of the participants **moderately agreed** with “Spirited very well describes the Red Bull brand”(EX2) statement, represented by 30% of the total sample. Most of the participants **agreed** with “The word, imaginative very well describes the Red Bull brand”(EX3) statement, represented by 35.67% of the total sample. Most of the participants **strongly agreed** with “The Red Bull brand can be described as up-to-date”(EX4) statement, represented by 39% of the total sample. Hence, the above results show a majority of the respondents do find Red Bull shows excitement brand personality.

### **Competence**

Most of the participants **moderately agreed** with “The word, reliable very well describes the Red Bull brand”(CO1) statement, represented by 39% of the total sample. Most of the participants **moderately agreed** with “Intelligent very well describes the Red Bull brand”(CO2) statement, represented by 37.67% of the total sample. Most of the participants **strongly agreed** with “The word, successful very well describes the Red Bull brand”(CO3)

statement, represented by 39.67% of the total sample. Most of the participants **moderately agreed** with “Dependable describes the Red Bull brand”(CO4) statement, represented by 31.33% of the total sample. Most of the participants **moderately agreed** with “The word responsible describes the Red Bull brand”(CO5) statement, represented by 41% of the total sample. Hence, the above results show the majority of the respondents moderately agreed with Red Bull shows competence brand personality. Further study needs to do in relation to how to improve competence brand personality with Red Bull in South Africa, to become more outstanding amongst competitors and reach more customers who have similar personalities.

### **Sophistication**

Most of the participants **agreed** with “The word, upper-class very well describes the Red Bull brand”(SO1) statement, represented by 29.67% of the total sample. Most of the participants **moderately agreed** with “Charming very well describes the Red Bull brand”(SO2) statement, represented by 38% of the total sample. Most of the participants **moderately agreed** with “Glamorous describes the Red Bull Brand”(SO3) statement, represented by 30% of the total sample. Most of the participants **agreed** with “The Red Bull Brand is good looking”(SO4) statement, represented by 36.67% of the total sample. Most of the participants **strongly agreed** with “Trendy is one of the ways to describe the Red Bull Brand”(SO5) statement, represented by 36.67% of the total sample. Hence, the above results show a majority of the respondents do find Red Bull shows sophistication brand personality.

### **Credibility**

Most of the participants **moderately agreed** with “I trust the makers of this brand”(CR1) statement, represented by 31.33% of the total sample. Most of the participants **agreed** with “I like this brand”(CR2) statement, represented by 30.67% of the total sample. Most of the participants **moderately agreed** with “I admire this brand”(CR3) statement, represented by 27% of the total sample. Most of the participants **moderately agreed** with “I respect this brand”(CR4) statement, represented by 31% of the total sample. Most of the participants **strongly agreed** with “The makers of this brand are innovative”(CR5) statement, represented by 35% of the total sample. Therefore, the above results show a majority of the respondents do find Red Bull is credible.

### **Superiority**

Most of the participants **strongly agreed** with “This brand is unique”(SU1) statement, represented by 30.67% of the total sample. Most of the participants **moderately agreed** with “This brand offer advantages that other brands cannot”(SU2) statement, represented by 35.67% of the total sample. Most of the participants **moderately agreed** with “This brand is superior to others in the category”(SU3) statement, represented by 27% of the total sample. Most of the participants **moderately agreed** with “This brand is special to others in the category”(SU4) statement, represented by 30% of the total sample. Therefore, the above results show a majority of the respondents do find Red Bull is superior.

### **Brand Preference of Red Bull**

Most of the participants **strongly agreed** with “I like Red Bull better than other energy drink brands”(BP1) statement, represented by 28.33% of the total sample. Most of the participants **strongly agreed** with “I would purchase Red Bull more than other energy drink brands”(BP2) statement, represented by 30.33% of the total sample. Most of the participants **agreed** with “In South Africa, Red Bull is my preferred energy drink brand”(BP3) statement, represented by 28.33% of the total sample. Most of the participants **moderately agreed** with “Other energy drink brands cannot persuade me to leave Red Bull and purchase them”(BP4) statement, represented by 26% of the total sample. Most of the participants **moderately agreed** with “I am happy with my choice of Red Bull”(BP5) statement, represented by 26.33% of the total sample. Hence, the above results show a majority of the respondents were preferring Red Bull.

### **Price Premium of Red Bull**

Most of the participants **strongly disagreed** with “Compared to other energy drinks, I do not mind to pay 10 percent more to drink Red Bull because of my love of the Red Bull brand”(PP1) statement, represented by 27% of the total sample. Most of the participants **agreed** with “Because of the brand value I receive from Red Bull, I do not mind to pay extra for Red Bull compared to other energy drinks”(PP2) statement, represented by 24.67% of the total sample. Most of the participants **moderately agreed** with “Because of my likeness of the Red Bull brand, I would rather spend more money to drink it than spend less money to drink other energy brands”(PP3) statement, represented by 25.67% of the total sample. Most of the participants **moderately agreed** with “Compared to other energy drinks, I am willing to pay a higher price to drink Red Bull because of my likeness of the brand”(PP4) statement,

represented by 24.33% of the total sample. Hence, the above results show the majority of the respondents willing to pay a high price to purchase Red Bull. However, there is a boundary with a price premium. Purchasing might decrease with exaggerating price. Further study needs to do in relation to pricing with Red Bull in South Africa. This can helps Red Bull to maximize the profit.

### 6.3 MEASUREMENT MODEL ASSESSMENT – MEASUREMENT RELIABILITY, VALIDITY, AND MODEL FIT

**Table 6.2: Results of the Mean and Measurement Model Assessment**

Research constructs and their items		Scale item		Cronbach's test		CR	AVE	Factor Loadings
		Mean	SD	Item-total	$\alpha$ value			
BA	BA1	4.67	0.723	0.555	0.78	0.80	0.50	0.64
	BA2	4.67	0.718	0.601				0.69
	BA3	4.76	0.619	0.684				0.81
	BA4	4.37	0.943	0.573				0.66
PS	PS1	3.57	0.981	0.663	0.83	0.83	0.55	0.68
	PS2	3.4	1.148	0.618				0.68
	PS3	3.46	1.149	0.649				0.78
	PS4	3.68	1.062	0.728				0.81
SD	SD1	3.87	0.966	0.682	0.86	0.84	0.56	0.70
	SD2	3.8	1.001	0.744				0.77
	SD3	3.83	1.024	0.723				0.79
	SD4	3.8	1.059	0.703				0.73
SI	SI1	2.52	1.181	0.46	0.76	0.73	0.41	0.51

	SI2	2.87	1.097	0.679				0.67
	SI3	2.89	1.163	0.656				0.71
	SI4	3.61	1.106	0.434				0.65
EX	EX1	3.17	1.151	0.47	0.74	0.74	0.42	0.72
	EX2	3.7	1.062	0.603				0.64
	EX3	3.9	1.036	0.522				0.51
	EX4	4.03	0.974	0.519				0.69
CO	CO1	3.55	0.992	0.604	0.75	0.73	0.41	0.66
	CO2	3.37	1.069	0.507				0.71
	CO4	3.54	1.11	0.536				0.54
	CO5	3	1.102	0.517				0.63
SO	SO1	3.56	1.133	0.601	0.81	0.77	0.4	0.60
	SO2	3.23	1.105	0.642				0.61
	SO3	3.15	1.217	0.674				0.61
	SO4	3.83	0.985	0.540				0.72
	SO5	3.91	1.072	0.50				0.62
CR	CR1	3.3	1.245	0.627	0.85	0.84	0.51	0.69
	CR2	3.52	1.158	0.712				0.75
	CR3	3.25	1.202	0.669				0.78
	CR4	3.58	1.099	0.698				0.73
	CR5	3.89	1.080	0.561				0.60
SU	SU1	3.67	1.188	0.532	0.82	0.84	0.57	0.71

	SU2	3.15	1.186	0.65				0.69
	SU3	3.47	1.231	0.681				0.78
	SU4	3.44	1.179	0.707				0.82
BP	BP1	3.51	1.292	0.795	0.93	0.93	0.72	0.86
	BP2	3.51	1.325	0.858				0.92
	BP3	3.47	1.32	0.85				0.90
	BP4	3.21	1.357	0.724				0.73
	BP5	3.37	1.254	0.8				0.81
PP	PP1	2.57	1.308	0.778	0.94	0.95	0.83	0.91
	PP2	2.98	1.373	0.89				0.89
	PP3	2.93	1.351	0.874				0.94
	PP4	2.9	1.361	0.851				0.90

Note: BA = Brand Awareness; PS = Product Primary Characteristics and Secondary Features; SD = Style and Design; SI = Sincerity; EX = Excitement; CO = Competence; SO = Sophistication; CR = Credibility; SU = Superiority; BP = Brand Preference of Red Bull; PP = Price Premium of Red Bull

### 6.3.1 CONSTRUCTS' MEANS

Considering that a five-point Likert scale was used to measure the constructs, whereby a score above 2.5 means that respondents agreed to statements measuring the constructs, Table 6.2 shows that there was an agreement to all the statements measuring the constructs.

### 6.3.2 RELIABILITY OF MEASUREMENT INSTRUMENTS

#### 6.3.2.1 Cronbach's Alpha

Cronbach's Alpha was one of the methods used to measure the reliability of the measurement instruments. The values of Cronbach's alpha can be from zero (which means no variance is consistent) to one (which means consistency to all variance) (Brown, 2002), the higher the

score the more reliable of the items in the scale (Santos, 1999). According to Nunnally and Bernstein (1978), Cronbach's alpha should be above 0.7, which means the reliability coefficient is acceptable. For an example, if the Cronbach's alpha score is 0.7, then it means that the test is 70% reliable and 30% of the test is unreliable (Brown, 2002). Additionally, according to George and Mallery (2003),  $\alpha > 0.9$  means excellent,  $\alpha > 0.8$  means good,  $\alpha > 0.7$  means acceptable,  $\alpha > 0.6$  means questionable,  $\alpha > 0.5$  means poor, and  $\alpha < 0.5$  means unacceptable.

Table 2 shows that each variable's Cronbach's alpha ranged from 0.735 to 0.936, With all the figures being above 0.7. they all fulfill the recommended requirements. Therefore, based on Cronbach's alpha scores, all the measurement instruments are reliable.

### **6.3.2.2 Composite Reliability(CR)**

Composite reliability = “(square of the summation of the factor loadings) / {(square of the summation of the factor loadings) + (summation of error variances)}” ( Chinomona & Mofokeng, 2016, p.8; Chinomona, 2013). According to Chinomona (2017), if composite reliability is 0.7 or above, it means measurements are reliable. Additionally, there is weak reliability if composite reliability is below 0.6 (Hair, Ringle, & Sarstedt, 2011; Kuo et al., 2009).

The results of composite reliability (CR) indexes in Table 2 yielded figures between 0.73 and 0.95, thus fulfilling the recommended requirements. CR indexes surpass the recommendation of the threshold of 0.7. Therefore, generated scales supported composite reliability.

## **6.3.3 VALIDITY OF MEASUREMENT INSTRUMENTS**

### **6.3.3.1 Convergent Validity**

#### *1. The item-to-total correlation value*

According to Wang (2003), it is acceptable when the item-to-total correlation coefficient is above 0.5 for each item. Nevertheless, it is also acceptable when the value is above 0.4 for the item-to-total correlation (Gliem & Gliem, 2003). Additionally, any item's item-to-total correlation coefficient below 0.4 should be deleted to enhance the total reliability of the questionnaire (Kuo et al., 2009). From Table 2, most of the instruments exceed 0.5, except CO3 (item-to-total correlation value is 0.311) which has been deleted. Moreover, SI1, EX1, and SO5's item-to-total correlation values are 0.458, 0.47, and 0.498 which are above 0.4 and close to 0.5 when roundup.

## 2. The standardized regression weights (Factor Loadings)

Gerbing and Anderson (1988) suggest that convergent validity for instruments should be considered when factor loadings are above 0.5. The 0.5 means there are 50% of specific observed variables which were supposed to be measured (Malhotra, 1993). Velicer and Fava (1998) consider a high item communalities when factor loadings are 0.8 or larger. When factor loadings range between 0.4 and 0.7, this means to Costello and Osborne (2005) that there are moderate commonalities. When an item's factor loading is lower than 0.4, it means that the item does not relate with others or there is a need to explore more factors. (Costello & Osborne, 2005). Table 2 results of factor loadings show figures ranging between 0.51 and 0.94, which are surpassing 0.5 thresholds. This means that there is a strong association, each item's variance was shared more than 50% in their respective construct. Hence, there is convergent validity based on each item's factor loading.

## 3. The Average Variance Extracted (AVE)

Average variance extracted (AVE) can be tested for convergent validity as well as for discriminate validity (Ladhari, 2010; Eugene Tafadzwa Maziriri, Lose, & Madinga, 2017; Sweeney & Soutar, 2001). The calculation formula of AVE is  $V_{\eta} = \frac{\sum \lambda_{yi}^2}{(\sum \lambda_{yi}^2 + \sum \epsilon_i)} = \frac{\text{summation of the squared of factor loadings}}{\{(\text{summation of the squared of factor loadings}) + (\text{summation of error variances})\}}$  (Malhotra, 1993). When AVE for each dimension exceeds 0.5, it means a good convergent validity is obtained (Kuo et al., 2009; Sweeney & Soutar, 2001). However, it is acceptable when the AVE value is above 0.4 (Maziriri & Mokoena, 2016; Eugene Tafadzwa Maziriri et al., 2017). From AVE figures in Table 2 which ranged between 0.4 and 0.83, convergent validity requirement was obtained.

### 6.3.3.2 Discriminant Validity

#### 1. The inter-construct correlation matrix

**Table 6.3: Correlation Matrix Measuring Discriminant Validity**

		BA	PS	SD	SI	EX	CO	SO	CR	SU	BP	PP
BA	Pearson Correlation	1										
PS	Pearson Correlation	.240**	1									
SD	Pearson Correlation	.267**	.596**	1								

SI	Pearson Correlation	.069	.499**	.447**	1							
EX	Pearson Correlation	.281**	.531**	.574**	.593**	1						
CO	Pearson Correlation	.132*	.476**	.398**	.642**	.618**	1					
SO	Pearson Correlation	.119*	.420**	.591**	.485**	.590**	.570**	1				
CR	Pearson Correlation	.148*	.602**	.500**	.561**	.595**	.613**	.598**	1			
SU	Pearson Correlation	.089	.532**	.448**	.381**	.495**	.461**	.474**	.533**	1		
BP	Pearson Correlation	.079	.436**	.362**	.305**	.373**	.370**	.330**	.448**	.576**	1	
PP	Pearson Correlation	.026	.353**	.293**	.334**	.318**	.358**	.256**	.368**	.485**	.614**	1

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

\* . Correlation is significant at the 0.05 level (2-tailed).

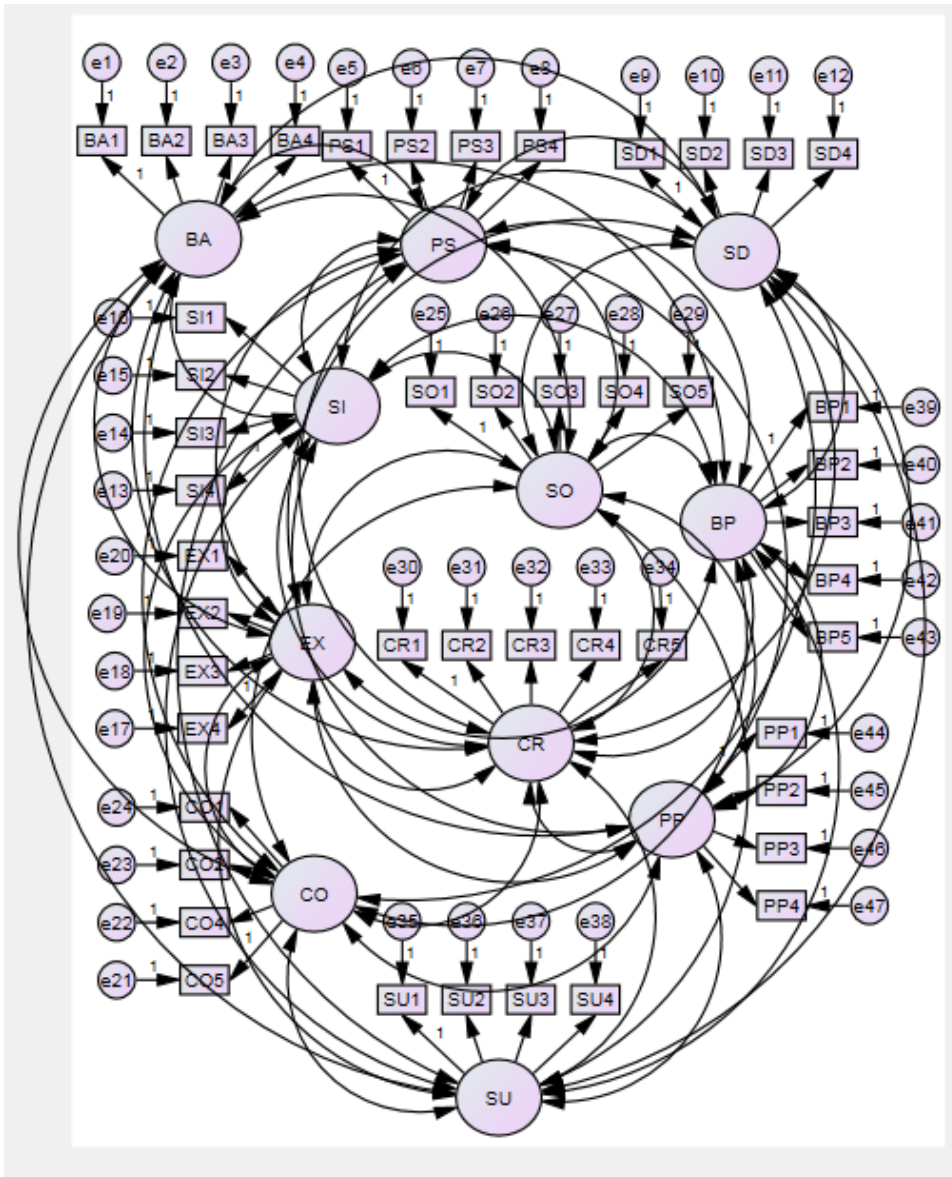
Note: BA = Brand Awareness; PS = Product Primary Characteristics and Secondary Features; SD = Style and Design; SI = Sincerity; EX = Excitement; CO = Competence; SO = Sophistication; CR = Credibility; SU = Superiority; BP = Brand Preference of Red Bull; PP = Price Premium of Red Bull

The inter-construct correlation matrix measures discriminate validity. Malhotra (2008, p.321) defines discriminate validity as “a type of construct validity that assesses the extent to which a measure does not correlate with other constructs from which it is supposed to differ.” Hence, Correlations amongst latent constructs should be smaller than 1. The smaller the correlation value, the more distinct it is.

According to Nunnally and Bernstein (1994), the values of the inter-construct correlation should be below 0.7 to be able to achieve discriminate validity. Table 6.3 shows that the inter-construct correlation values for all paired latent variables ranged from 0.026 to 0.618, which means there is discriminate validity.

#### 6.3.4 CONFIRMATORY FACTOR ANALYSIS MODEL

##### Image 6.5 Confirmatory Factor Analysis Model



Note: BA = Brand Awareness; PS = Product Primary Characteristics and Secondary Features; SD = Style and Design; SI = Sincerity; EX = Excitement; CO = Competence; SO = Sophistication; CR = Credibility; SU = Superiority; BP = Brand Preference of Red Bull; PP = Price Premium of Red Bull

In the CFA model in Image 6.5, factors are represented in a big circle pattern. To illustrate, CO (Competence). Observed variables are represented in a rectangular pattern. Such as, I can recognize Red Bull among other competing brands (BA1). Measurement error is represented in a small circle pattern. For instance, e18. Double arrows are showing the connected relationships between each factor.

### 6.3.4.1 Model Fit Indices

**Table 6.4: Model Fit Indices**

Table 6.4 presents the summary of model fit assessments for the Chi-square (CMIN/DF), the Comparative Fit Index (CFI), the Incremental Fit Index (IFI), the Normed Fit Index (NFI), the Goodness of Fit Index (GFI), the Tucker-Lewis Fit Index (TLI) and the Root Mean Square Error of Approximation (RMSEA). This confirmatory factor analysis used AMOS Version 25.0.

#### CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	284	857.288	844	0.368	1.016

#### RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	0.052	0.893	0.858	0.668

#### Baseline Comparisons

Model	NFI	RFI	IFI	TLI	CFI
	Delta1	rho1	Delta2	rho2	
Default model	0.906	0.88	0.998	0.998	0.998

#### RMSEA

Model	RMSEA	LO90	HI90	PCLOSE
Default model	0.007	0	0.018	1

The Chi-square value (CMIN/DF) is 1.016. This figure is below the required threshold of 3 (Kuo et al., 2009; Maziriri & Mokoena, 2016). Hence, there is a satisfactory fit when CMIN/DF below 3.

The Comparative Fit Index (CFI) is 0.998, the Normed Fit Index (NFI) is 0.906, the Incremental Fit Index (IFI) is 0.998 and the Tucker-Lewis Fit Index (TLI) is 0.998. These figures are all above the recommended threshold of 0.9. The CFI, NFI, IFI, and TLI are

recommended to be equal to or above 0.9 (Kuo et al., 2009; Maziriri & Mokoena, 2016; Tang, Shang, Naumann, & von Zedtwitz, 2014; Yusoff, 2012). Therefore, it means the model displays an acceptable fit.

The Goodness of Fit Index (GFI) is 0.893 is above the acceptable threshold of 0.8. The GFI is recommended to be equal to or above 0.8 (Mishra & Datta, 2011). Hence, it means the model displays an acceptable fit.

The value of the Root Mean Square Error of Approximation (RMSE) from Table 5 is 0.007 which was remarkably below the recommended threshold of 0.08. The RMSE is suggested to be less 0.08 (Kuo et al., 2009; Maziriri & Mokoena, 2016). Thus, it means the model displays a good fit.

According to the seven fit indices indicated in Table 5, all the figures meet the suggested thresholds and hence the data fits the model.

### 6.3.5 PATH MODELING

Table 6.5 is the summary of model fit indices, which were assessed from structural equation modeling with AMOS Version 25.0 software.

**Table 6.5: Model Fit Indices**

**CMIN**

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	262	1692.258	866	0	1.954

**RMR, GFI**

Model	RMR	GFI	AGFI	PGFI
Default model	0.305	0.737	0.658	0.566

**Baseline Comparisons**

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	0.815	0.769	0.9	0.872	0.897

**RMSEA**

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	0.056	0.052	0.06	0.004

The Chi-square value (CMIN/DF) is 1.954. This is below the required threshold of 3 (Kuo et al., 2009; Maziriri & Mokoena, 2016). Hence, there is a satisfactory fit when CMIN/DF below 3.

The Comparative Fit Index (CFI) is 0.897, the Normed Fit Index (NFI) is 0.815, the Incremental Fit Index (IFI) is 0.9 and the Tucker-Lewis Fit Index (TLI) is 0.872. When the CFI and NFI values are between 0.8 and 0.9, it means acceptable fit (Kim & Forsythe, 2008, 2009; Tasmin & Woods, 2008). The IFI is recommended to be above 0.9 (Fu & Deshpande, 2014; Lin et al., 2012); and TLI scores above 0.8 were acceptable (Jin, Park, & Li, 2015; Xu & Wang, 2016). Therefore, it means the model displays an acceptable fit.

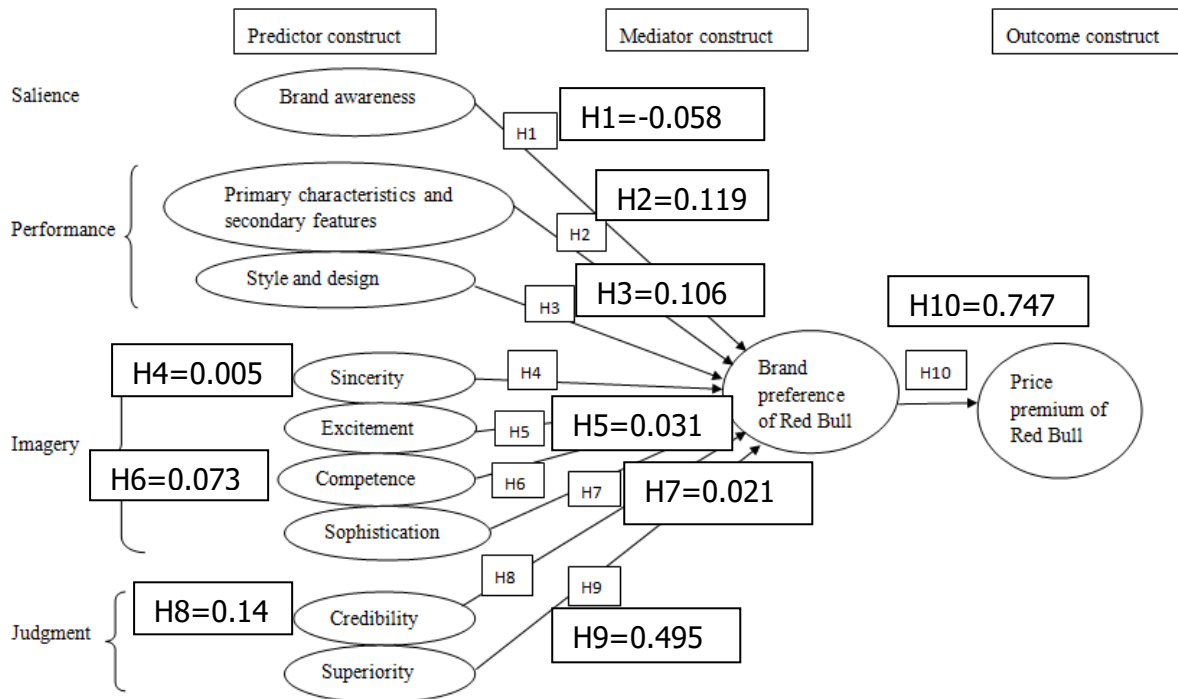
The Goodness of Fit Index (GFI) is 0.737 which was just above the minimum acceptable threshold of 0.7. The GFI is recommended to be equal to or above 0.8 (Mishra & Datta, 2011). However, in Hsu & Chen (2014) study, GIF above 0.7 is also acceptable (Fangqi & Tianlang, 2015; Zhao & Luo, 2015). Hence, it means the model displays an acceptable fit.

The value of the Root Mean Square Error of Approximation (RMSE) from the above model fit summary table is 0.056 which was remarkably below the recommended threshold of 0.08. The RMSE is suggested to be less 0.08 (Kuo et al., 2009; Maziriri & Mokoena, 2016). Thus, it means the model displays a good fit.

According to the seven fit indices indicated in Table 6.6, the figures all meet the suggested thresholds and hence the data fits the model.

## **6.4 THE STRUCTURAL MODEL PATH ANALYSIS**

### **Image 6.6: Path coefficients**



Note: BA = Brand Awareness; PS = Product Primary Characteristics and Secondary Features; SD = Style and Design; SI = Sincerity; EX = Excitement; CO = Competence; SO = Sophistication; CR = Credibility; SU = Superiority; BP = Brand Preference of Red Bull; PP = Price Premium of Red Bull

**Table 6.6: Structural Model Results**

Proposed hypothesis relationship	Hypothesis	Path Coefficients	P-Values	Rejected/Supported
Brand Awareness (BA) → Brand Preference of Red Bull (BP)	H1	-0.058	0.283	Unsupported
Product Primary Characteristics and Secondary Features (PS) → Brand Preference of Red Bull (BP)	H2	0.119	0.027	Supported and significant
Style and Design (SD) → Brand Preference of Red Bull (BP)	H3	0.106	0.041	Supported and significant
Sincerity (SI) → Brand Preference of	H4	0.005	0.908	Unsupported

Red Bull (BP)				
Excitement (EX) → Brand Preference of Red Bull (BP)	H5	0.031	0.572	Unsupported
Competence (CO) → Brand Preference of Red Bull (BP)	H6	0.073	0.19	Unsupported
Sophistication (SO) → Brand Preference of Red Bull (BP)	H7	0.021	0.69	Unsupported
Credibility (CR) → Brand Preference of Red Bull (BP)	H8	0.14	0.012	Supported and significant
Superiority (SU) → Brand Preference of Red Bull (BP)	H9	0.495	***	Supported and significant
Brand Preference of Red Bull (BP) → Price Premium of Red Bull (PP)	H10	0.747	***	Supported and significant

\* Significance level <0.05; \*\* significance level <0.01; \*\*\* significance level <0.001

Table 6.6 shows that out of the salience, performance, imagery and judgment elements of Keller's (2013) brand resonance model tested to examine their explanatory power of Red Bull's brand preference, it was the performance (product primary characteristics and secondary features and style and design) and judgment (credibility and superiority) elements that significantly explained brand preference. The details are provided below.

H1: Brand Awareness (BA) → Brand Preference of Red Bull (BP)

The first hypothesis stated that there would be a negative relationship between 'brand awareness' and 'brand preference' of Red Bull. The value of path coefficient obtained was indicated -0.058 and the p-value was 0.283, which means that brand awareness negatively and insignificantly influences brand preference. Therefore, hypothesis 1 was unsupported. Considering that previous studies (Alamro & Rowley, 2011; Mary, 2016; Nicholls, Roslow, & Dubliss, 1999) have showed a strong correlation between brand awareness and brand preference, the current study's finding of a negative and insignificant relationship between these two constructs was unexpected. This may mean that when the Red Bull is over advertised to create awareness, the preference for it dwindles.

H2: Product Primary Characteristics and Secondary Features (PS) → Brand Preference of Red Bull (BP)

The second hypothesis stated that there would be a positive and significant relationship between 'primary characteristics and secondary features' and 'brand preference' of Red Bull. The value of the path coefficient was 0.119 and the p-value was 0.027, which means that primary characteristics and secondary features positively and significantly influence brand preference. Therefore, hypothesis 2 was significantly supported.

H3: Style and Design (SD) → Brand Preference of Red Bull (BP)

The third hypothesis stated that there would be a positive and significant relationship between 'style and design' and 'brand preference' of Red Bull. The value of the path coefficient obtained was 0.106 and the p-value was 0.041 which means that style and design positively and significantly influence brand preference. Therefore, hypothesis 3 was significantly supported.

H4: Sincerity (SI) → Brand Preference of Red Bull (BP)

The fourth hypothesis stated that there would be a positive relationship between 'sincerity' and 'brand preference' of Red Bull. The value of path coefficient indicated 0.005 and the p-value was 0.908 which means that sincerity positively but insignificantly influences brand preference. Therefore, hypothesis 4 was unsupported.

H5: Excitement (EX) → Brand Preference of Red Bull (BP)

The fifth hypothesis stated that there would be a positive relationship between 'excitement' and 'brand preference' of Red Bull. The value of the path coefficient was 0.031 and the p-value was 0.572, which means that excitement positively but insignificantly influences brand preference. Therefore, hypothesis 5 was unsupported.

H6: Competence (CO) → Brand Preference of Red Bull (BP)

The sixth hypothesis stated that there would be a positive relationship between 'competence' and 'brand preference' of Red Bull. The value of the path coefficient was 0.073 and the p-value was 0.19, which means that competence positively but insignificantly influences brand preference. Therefore, hypothesis 6 was unsupported.

H7: Sophistication (SO) → Brand Preference of Red Bull (BP)

The seventh hypothesis stated that there would be a positive relationship between ‘sophistication’ and ‘brand preference’ of Red Bull. The value of the path coefficient was 0.021 and the p-value was 0.69, which means that sophistication positively but insignificantly influences brand preference. Therefore, hypothesis 7 was unsupported.

H8: Credibility (CR) → Brand Preference of Red Bull (BP)

The eighth hypothesis stated that there is a positive and significant relationship between ‘credibility’ and ‘brand preference’ of Red Bull. The value of the path coefficient was 0.14 and the p-value was 0.012, which means that credibility positively and significantly influences brand preference. Therefore, hypothesis 8 was significantly supported. Additionally, credibility has the second strongest effect on the brand preference of Red Bull in comparison to the other predictors.

H9: Superiority (SU) → Brand Preference of Red Bull (BP)

The ninth hypothesis stated that there would be a positive and significant relationship between ‘superiority’ and ‘brand preference’ of Red Bull. The value of the path coefficient was 0.495 and the p-value was 0.001 which means that superiority positively and significantly influences brand preference. Therefore, hypothesis 9 was significantly supported. Additionally, superiority was the strongest effect on the brand preference of Red Bull in comparison to the other predictors.

H10: Brand Preference of Red Bull (BP) → Price Premium of Red Bull (PP)

The tenth hypothesis stated that there is a positive and significant relationship between ‘brand preference’ and ‘willingness to pay a price premium’ of Red Bull. The value of the path coefficient was 0.747 and the p-value was 0.001 which means that brand preference positively and significantly influences price premium. Therefore, hypothesis 10 was significantly supported.

## **6.5 CONCLUSION**

Chapter six presented the results from the data analyzed to examine the extent to which four elements of Keller’s (2013) brand resonance model impact on Red Bull’s brand preference and how the preference in turn drives willingness to pay a price premium. After assessing and

confirming constructs reliability and validity and also confirming the model fit, it was found that two of the elements – brand performance and judgment drove Red Bull’s brand preference. It was also found that brand preference had a strong influence on the consumers’ willingness to pay a price premium. The next chapter, chapter 7 discusses the results.

## **CHAPTER 7: DISCUSSION, CONCLUSION, AND RECOMMENDATIONS**

### **7.1 INTRODUCTION**

This chapter shows discussion, conclusion, and recommendations based from chapter 6's analyses and assessments in relation to drivers of Red Bull's Brand Preference and Price Premium from 300 respondents at the University of the Witwatersrand, Johannesburg, South Africa.

### **7.2 RESULTS AND DISCUSSION OF FINDINGS:**

#### **7.2.1 RELATIONSHIP BETWEEN 'BRAND AWARENESS' AND 'BRAND PREFERENCE OF RED BULL'**

Based on chapter 6, the value of the path coefficient was indicated -0.058 as showed a negative relationship between 'brand awareness' and 'brand preference' of Red Bull. The p-value was 0.283 which means that brand awareness and brand preference of Red Bull relationship was weak or insignificant. Hence, the hypothesis is unsupported.

Even though studies have found that there is a strong correlation between brand awareness and brand preference (Alamro & Rowley, 2011; Mary, 2016; Nicholls, Roslow, & Dublish, 1999), the current study found a negative and insignificant relationship between these two constructs. Providing Lassar, Mittal, and Sharma's (1995) definition of brand equity as the strength of confidence that consumers a brand over competitors' brands, which can be viewed as brand preference, Sasmita and Mohd Suki (2015) found that brand awareness positively impacts on brand equity. Additionally, the majority of respondents have shown a strong awareness of Red Bull based on descriptive statistics. The negative and insignificant relationship between brand awareness and brand preference found in this study was surprising. Wang (2015) however found that it is a brand image that leads to brand preference and not brand awareness. Comes to repeat purchasing, customers might make decisions from previous trials and evaluations from different brands. Awareness can be decreased with a number of trials (Macdonald & Sharp, 2000). More so, Martin (2005) reports that Generation 'Y' are easily bored and hate monotony. The well-known and usual Red Bull's advertising slogan of 'Red Bull gives you wings' to create awareness could now be boring to Generation 'Y' consumers, until it impacts to brand preference negatively.

### **7.2.2 RELATIONSHIP BETWEEN ‘PRODUCT PRIMARY CHARACTERISTICS AND SECONDARY FEATURES’ AND ‘BRAND PREFERENCE OF RED BULL’**

The findings showed that there was a positive and significant relationship between ‘product primary characteristics and secondary features’ and ‘brand preference’ of Red Bull. Hence this hypothesis was therefore supported. The value of the path coefficient was indicated 0.119 and the p-value was 0.027\*. Therefore, ‘product primary characteristics and secondary features’ were more likely leads to brand preference. Additionally, the majority of the respondents moderately agreed in relation to Red Bull’s primary characteristics and secondary features, have shown satisfaction with the functions that provide from Red Bull and meet customers’ needs and wants, based from the descriptive statistics. However, ‘moderately agreed’ shows the primary characteristics and secondary features of Red Bull is not really outstanding compared to the competitors. Therefore, further research is needed to improve Red Bull’s primary characteristics and secondary features.

To create brand preference, the customer has to experience the functionality of the product or service at least (Allen et al., 2005; Bagozzi, 1982; Grimm, 2005). Companies use different ways to make the product or service meet a broad range of consumers’ needs and wants. This potentially can lead to brand preference (Allen et al., 2005; Bagozzi, 1982; Grimm, 2005). A study conducted by He, Harris, Wang and Haider (2016) regarding online self-customization have found customer can design a product by tailoring the product features to suit their preferences and expectations.

Another study by Ganesan and Sridhar (2014) show that about 75 percent of the respondents make purchasing decision on smartphone based on its specified features. Customers were willing to buy the smartphone with uniqueness features and continue a relationship with their brand because the smartphone features helped in the development of brand preference.

### **7.2.3 RELATIONSHIP BETWEEN ‘STYLE AND DESIGN’ AND ‘BRAND PREFERENCE OF RED BULL’**

The findings showed that there was a positive and significant relationship between ‘style and design’ and ‘brand preference’ of Red Bull. Hence this hypothesis was therefore supported. The value of the path coefficient was indicated 0.106 and the p-value was 0.041\*. Therefore, ‘style and design’ were more likely to leads to brand preference.

Brand experience can be the customers' internal responses to the various sensations, feelings and behavioral responses generated by the packaging and the brand's design (Brakus et al., 2009). Experiential marketing is important for the brand preference, especially as Ebrahim (2013) contends that in addition to rational brand attributes that lead to brand preference, irrational attributes from products design and style (such as sensory, emotional, aesthetics, symbolic, imagery) also drive brand preference. Packaging designs (Veryzer, 1999) and sensory perception of products styles (Ebrahim, 2013) have been also found to create a memorable brand experience, which leads to strong brand preference.

Comparing the path coefficients and significance levels in the relationship between 'style and design' and 'brand preference' with other supported and significant relationships. The outcomes shows 'style and design' of Red Bull variable is the weakest variable. In order to improve the variable with the brand preference of Red Bull. The researcher needs to do further research on packaging design of Red Bull, and Red Bull sports events impact with Generation 'Y' in South Africa.

#### **7.2.4 RELATIONSHIP BETWEEN 'BRAND IMAGERY (SINCERITY, EXCITEMENT, COMPETENCE, AND SOPHISTICATED)' AND 'BRAND PREFERENCE OF RED BULL'**

Despite there being positive relationships between imagery or brand personality dimensions studied here and brand preference, it was found that the relationships were not significant. Therefore, hypotheses 4, 5, 6, 7 were unsupported the relationship between brand personality and brand preference did not suggest brand personality was an important driver of brand preference in this study. The relationships between different dimensions of brand personality and brand preference of Red Bull showed that competence had a slightly strong relationship (0.073) with brand preference, while excitement showed a weaker relationship (0.031). This was followed by sophistication (0.021) and sincerity (0.005) with brand preference. Based on descriptive statistics, the majority of the respondents moderately agreed or agreed with that Red Bull shows sincerity, excitement, competence and sophistication brand personality. Further study needs to do in relation to how to improve brand personality with Red Bull in South Africa, to help customers find more common between personal traits and Red Bull brand personality.

Studies have found consistently found that a well-established personality of a brand has a strong correlation with brand preference (Aaker, 1997; Casidy Mulyanegara & Tsarenko,

2009; Fournier, 1998; Rajagopal, 2006; Siguaw, Mattila, & Austin, 1999). In this study surprisingly, none of the four dimensions of Red Bull brand personality was a significant driver of brand preference.

The insignificant relationships between different types of brand personality and brand preference could be because of the following reasons. Even though there may share some common between human and brand personality traits (Epstein, 1977), but it still differences in terms of how they are formed. Demographic, attitudes, beliefs, physical characteristics and individual's behaviors can all be influenced in each consumer's perceptions of human personality traits (Park, 1986). Whereas, the perception of brand personality traits can be influenced through customers directly (brand user imagery/ product endorsers) or indirectly (brand name, logo, price, distribution) contact with the brand (Plummer, 1985). Creating brand personalities on a brand in customers' minds can be in a variety of ways. However, customers will be different to look at a product's brand personalities since their human brand personalities are formed uniquely in each one of them. Each customers' ideal brand personalities are different. This can leads to an asymmetric relationship in the Red Bull brand personality and human personality. This could be the reason for an insignificant relationship between brand personality and brand preference. Hence, there was no guarantee to create brand preference with excitement, sincerity, sophistication and competence brand personality traits in Red Bull.

#### **7.2.5 RELATIONSHIP BETWEEN 'CREDIBILITY' AND 'BRAND PREFERENCE OF RED BULL'**

The findings showed that there was a positive and significant relationship between 'credibility' and 'brand preference' of Red Bull. Hence this hypothesis was therefore supported. The value of the path coefficient was indicated 0.14 and the p-value was 0.012. Therefore, 'credibility' was more likely to leads to brand preference.

According to Halkias, Davvetas, and Diamantopoulos (2016), global brands have created stronger brand preference than local brands due to enhancing customers' perceptions in relation to credibility, prestige, and quality. Moreover, according to Swait and Erdem (2007) credibility can affect preference discriminate depend on customer's choice amongst alternatives. In order to increase brand preference in advertising, a company needs to create good perceptions and increase the salient of characteristics and value of the brand (Wilkie &

Farris, 1975). Credibility is one of the important factors relating to positive perceptions and acceptance of the message sources (Wilkie & Farris, 1975).

A study by Sweeney and Swait (2008), found credibility positively affects satisfaction, loyalty commitment, and continuance commitment. This will enhance positive word of mouth and in order to reduce consumer's products switching behavior (Sweeney & Swait, 2008). An increase in brand credibility can lead to enhanced satisfaction when service providers are presumed to deliver on promises (Sweeney & Swait, 2008). This creates high satisfaction amongst consumers, which can then lead to brand preference (Chinomona et al., 2013), to brand attachment (Orth et al., 2010) and further lead to brand equity (Jahanzeb et al., 2013).

According to Niedrich and Swain (2003), company credibility can lead to brand preference. To gain knowledge about a first in the market brand, consumers will be based on inferences from the brand and the company (Niedrich & Swain, 2003). Customers will believe first in market brand's products are expert, innovative and capable than other competitors (Niedrich & Swain, 2003). Customers may also believe pioneering companies have more experiences and have spent a longer time in the industry compared to other companies (Niedrich & Swain, 2003). Therefore, customers may deduce pioneering companies supply lower risks products, better quality, more reliable compared to other competitors (Niedrich & Swain, 2003). This shows certain expertise and trustworthiness which relate to brand credibility (Keller et al., 2011; Niedrich & Swain, 2003). When customers believe companies' products and services can be delivered within satisfaction, then this likely leads to brand preference (Chinomona, Mahlangu, & Poee, 2013).

Therefore, 'credibility' was antecedent to 'brand preference'. This hypothesis was supported in this study.

#### **7.2.6 RELATIONSHIP BETWEEN 'SUPERIORITY' AND 'BRAND PREFERENCE OF RED BULL'**

The findings showed that there was a positive and significant relationship between 'superiority' and 'brand preference' of Red Bull. Hence this hypothesis was therefore supported. The value of the path coefficient was indicated 0.495 and the p-value was \*\*\*. Therefore, 'superiority' was more likely to leads to brand preference.

According to Ngo and O’Cass (2012), integrate resources and capabilities associated with innovation and marketing will gain performance superiority that will lead to customer satisfaction, customer attraction, and customer retention. Consumers are likely to seek direct evidence of performance superiority when they want to make a good purchase decision among a set of brands (Baker & Lutz, 2000).

Superiority can be formed in many ways. Regarding the product packing, a study by Morris (1996), aluminum cans contributes its advantages of lightweight, easy to open, “superiority in the preservation of beverage flavor”, and recyclability. With sensory, in Fuller (1975) study, alcohol can provide a temporary sense of superiority feelings and confidence, while forgetting the unpleasantness. With ingredients superiority, a study found there was superior nutrition value and low cost compared to other natural proteins that likely add to sports food and beverage (Jain et al., 2013). Once consumers perceive quality or gain a favorable impression from the product or service, this can lead to greater differentiation and brand superiority (Buil et al., 2013; Yoo et al., 2000). Whilst a favorable impression of a brand can enhance brand differentiation and superiority (Buil et al., 2013). Beliefs of superiority may lead consumers to buy/repurchase a product or service (Kapferer, 2012). Superiority skills and sources can be treated as a company’s advantage sources that shows a certain ability to do better than other competitors (Day & Wensley, 1988). Superior skills and resources in a firm can lead to superior consumer value and this will lead to customer satisfaction and loyalty (Day & Wensley, 1988). Additionally, customer satisfaction leads to brand preference (Chinomona et al., 2013).

According to Alpert and Kamins (1995), when consumers associate with superior attributes of products, they may find the more exciting, unique and high price in pioneering brands. According to Atilgan, Aksoy, and Akinci (2005), the superiority of a product or service can be part of a consumer’s quality perception. Meanwhile, perceived quality created when consistently meeting customers’ needs and quality preferences, which in turn creates satisfaction (Atilgan, Aksoy, & Akinci, 2005). Satisfaction leads to brand preference (Alamro & Rowley, 2011a). Loyalty and customer’s satisfaction surveys are the measures of superiority in customer-focused (Day & Wensley, 1988). Beliefs of superiority may lead consumers to buy a product, service or repurchase (Kapferer, 2012). Quality perception leads to customer’s satisfaction and valued by meet customers’ preferences of quality (Atilgan, Aksoy, & Akinci, 2005).

Therefore, 'superiority' was antecedent to 'brand preference'. This hypothesis was supported in this study.

### **7.2.7 RELATIONSHIP BETWEEN 'BRAND PREFERENCE OF RED BULL' AND 'PRICE PREMIUM OF RED BULL'**

The findings showed that there was a positive and significant relationship between 'brand preference' and 'price premium' of Red Bull. Hence this hypothesis was therefore supported. The value of the path coefficient was indicated 0.747 and the p-value was \*\*\*. Therefore, 'brand preference' were more likely leads to a price premium.

A study did by He, Harris, Wang, and Haider, (2016) regarding online self-customization have found customer can design a product by tailoring the product features to suit their preferences and expectations, and this likely leads to brand loyalty and high satisfaction. There are many companies in different industries offer online self-customization service. Such as shoes (e.g. NikeID, Levis), device (e.g. Samsung, Dell), toys (e.g. Lego). With online self-customization, companies can reduce their threats from competitors, able to charge a premium price and enhance customers relationship. This study showed customers are willing to pay a price premium when there is a preference.

According to Steenkamp, Van Heerde, and Geyskens, (2010), consumers are willing to pay in price premium because of the perceived quality in product innovation, distinctive packaging, and advertising. Moreover, non-quality attributes are becoming more important to gain competitive advantages (Anselmsson et al., 2007). According to Anselmsson et al., (2007), to focus on the brand building can help companies to better understand the reasons behind the willingness of paying a price premium for goods from some grocery brands, and the factors lead to customer preferences. Uniqueness, social image, home country origin, corporate social responsibility may all lead to the willingness to pay price premium (Anselmsson et al., 2014). A study finds that consumers are willing to pay more for a normal table wine if the wine shows the place of the origin (Skuras & Vakrou, 2002). Those factors as mentioned above show a certain relation to each customer's brand preferences, and those non-quality factors are becoming a competitive advantage for a company to charge a premium price.

According to the consumers' behavioral hierarchy model in Park, MacInnis, and Priester (2007), when a customer has built a strong relationship with a brand, repeat purchase will lead to paying a price premium. Moreover, in Keller (2001), the greater price premium is one

of the benefits when it achieves consumer brand equity. Brand preference is part of brand equity, as based on the brand equity definition as “ by repeat purchases caused by brand use satisfaction, perceived superior value (for the price paid), and preference or loyalty felt for the brand” (Prasad & Dev, 2000, p.4). Buil, Martínez, and De Chernatony (2013) found that brand loyalty is positively affected by overall brand equity and this leads to consumers willing to pay price premiums (Lassar et al., 1995a; Netemeyer et al., 2004). Consumers who are loyal to high-quality brands are less sensitive to the price (Erdem et al., 2002). High equity is associated with high satisfaction, brand preference, loyalty, price premium, high profits (Prasad & Dev, 2000). Brand equity is one of many important measures to brand success and brand preference is part of the brand equity. Brand equity makes consumers feel less sensitive to the price, as they perceive unique value from the brand that others cannot provide (Hoeffler & Keller, 2003; Keller & Lehmann, 2003).

Therefore, ‘brand preference’ was antecedent to ‘price premium’. This hypothesis was supported in this study.

### **7.3 CONCLUSIONS**

The competition in the energy drink industry is very strong. There are many brands that enter the energy drink market in South Africa to gain market shares. Despite the competition with other brands such as Monster, Score, Dokta, Lucozade, Power Play, Bioplus, Red Bull is performing well financially and has captured a greater share of the highly profitable energy drink market in South Africa. This research was to, therefore, employ Keller’s (2013) brand resonance model to explain Red Bull brand preference and willingness to pay a price premium among Generation ‘Y’ in South Africa.

Based on this study’s findings, most of the respondents were strongly aware of Red Bull. This awareness did not however significantly drive brand preference. Another important finding was the fact even though up to 74% of the respondents reported that they were from families that were very financially well-off and somewhat well-off, the percentage of respondents who had the willingness to pay a price premium to drink Red Bull was low. Hence, this shows that the level of financial well off does not translate the willingness to pay a price premium.

According to Steenkamp, Van Heerde, and Geyskens (2010), consumers are willing to pay a price premium because of the perceived quality in product innovation, distinctive packaging,

and advertising. This was confirmed in this study from the fact that these factors in terms of product features, design, style, superiority, and credibility all significantly drove brand preference, which was a strong predictor of willingness to pay a price premium. Red Bull should, therefore, focus on these factors in their brand building efforts if they want the large and profitable Generation 'Y' consumer segment to prefer their brand and continuously pay a price premium.

For other companies as well, when considering to build brand preference using Keller's (2013) Consumer-Based Brand Equity Pyramid (CBBE) or resonance model therefore, this study revealed that the judgment ('superiority', 'credibility') and the performance ('product primary characteristics and secondary features' and 'style and design') dimensions are important.

#### **7.4 RECOMMENDATIONS**

This study revealed that 'superiority', 'credibility', 'product primary characteristics and secondary features', 'style and design' were the positive and significant drivers of Red Bull's brand preference. The preference in turn led the willingness to pay a price premium amongst Generation 'Y' in South Africa. These findings show that Red Bull managers need to put more effort and emphasize into their brand's 'superiority', 'credibility', 'product primary characteristics and secondary features', 'style and design' and to remain innovative in designing their products to sustain Generation 'Y' preference for their brand. This is where to enhance their greatest possibility to optimize the brand preference of Red Bull, especially amongst Generation 'Y' consumers, in South Africa.

From descriptive statistics, the majority of the respondents were aware of the Red Bull brand. This shows that Red Bull equally a popular brand among young adults in South Africa. However, in order to translate the awareness into brand preference, the company has to create new messages and innovative ways to communicate the benefits of their energy drink, so that the negative relationship between brand awareness and brand preference can be changed to positive. Build up particular brand reputation and clear value in Red Bull compares to competitors. The brand managers should also investigate mediate factors that can translate brand awareness into brand preference. Sponsor more campaigns that Generation 'Y' would attend and create more omni-channel engagement campaigns. To use social media to engage with consumers, create opportunity to send surprise and delight message to consumers via

social medias. With preference, Red Bull needs to do survey based on sugar content, flavouring and tasting to develop more suitable product for South Africa Generation 'Y'.

This research found that brand personality has a positive but insignificant relationship to the brand preference of Red Bull. Furthermore, by better understanding brand personality amongst South Africa Generation 'Y' consumers, marketers are better able to find more about consumers' ideal brand personality and their human personality traits. Red Bull 'knows' their Generation 'Y' by creating deep, data rich consumer profiles of behavior pattern, preference, lifestyle, and needs that more relate to South Africa culture. While, it shows that is an opportunity to further explore the personality congruence in the South Africa market, in order to enhance brand preference in Generation 'Y' consumers.

## 7.5 LIMITATION AND AREAS FOR FURTHER STUDY

This research only considered Generation 'Y' customers who live in Johannesburg, South Africa. Further research needs to be conducted with other generations, such as Generation 'X' and even Baby Boomers, who are not only older, but more of them work, want to stay fit and young. They also earn more income and may have a higher willingness to pay a price premium compared to Generation 'Y'. Additionally, for future research, marketers should re-test Keller's (2013) brand resonance model with other product categories and brands and in other geographical areas and population class. This may improve the generalizability of the model's explanatory power.

While the model has been used to explain brand preference generally, it should be noted that there are two types of brand preference: the liking preferences or *hedonic responses* with the brand and the revealed preferences which relate to the *behavior responses* with the brand (Hsee et al., 2008). Therefore, researchers need to replicate this study to explain these two types of brand preference. This will assist marketers to set different and appropriate marketing strategies. For customers who are in liking preferences, marketers may need to create more brand awareness and trial samples. Whereas, for customers who are in revealed preference level, marketers may need to do further research on how to lead customers to purchase the brand and become loyal.

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## APPENDIX

### ETHNICS CLEARANCE



Research Office

**HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)**  
R14/49 Wang

**CLEARANCE CERTIFICATE**

**PROTOCOL NUMBER: H18/07/30**

**PROJECT TITLE**

Drivers of Red Bull's brand preference and price premium using Keller's Resonance model among Generation 'Y' in Johannesburg

**INVESTIGATOR(S)**

Miss J Wang

**SCHOOL/DEPARTMENT**

School of Economic and Business Sciences/

**DATE CONSIDERED**

20 July 2018

**DECISION OF THE COMMITTEE**

Approved

**EXPIRY DATE**

12 August 2021

**DATE** 13 August 2018

**CHAIRPERSON**

A handwritten signature in purple ink, appearing to read 'J Knight', written over a horizontal line.

(Professor J Knight)

cc: Supervisor : Dr H Duh

## RESEARCH PERMISSION LETTER



OFFICE OF THE DEPUTY REGISTRAR

22 August 2018

**Jiahui Wang**  
Student number 546083

### TO WHOM IT MAY CONCERN

**"Drivers of red bull's brand preference and price premium using Keller's resonance model among generation 'Y' in Johannesburg"**

This letter serves to confirm that the above project has received permission to be conducted on University premises, and/or involving staff and/or students of the University as research participants. In undertaking this research, you agree to abide by all University regulations for conducting research on campus and to respect participants' rights to withdraw from participation at any time.

If you are conducting research on certain student cohorts, year groups, courses or with academic staff within specific Schools and within the teaching term, permission must be sought from Heads of School or individual academics.

**Ethical clearance has been obtained (Protocol number H18/07/30).**

Nicoleen Potgieter  
UNIVERSITY DEPUTY REGISTRAR

## QUESTIONNAIRE

### Participant Information Sheet



Dear student,

I am currently studying Master in Marketing at the University of the Witwatersrand. I would like to invite you to participate in this research study by filling this survey. Your provided information will be discussed with anonymity in my research study.

I would really appreciate your participation in this academic research, titled “Examining the drivers of Red Bull’s brand preference and price premium using Keller’s Resonance Model among Generation ‘Y’ in Johannesburg”. Specifically, the study examines the extent to which Red Bull’s brand awareness, performance, imagery, judgment and preference affect Generation ‘Y’s willingness to pay a price premium for Red Bull. Therefore, I need your assistance to complete the below questionnaire. This research is only for academic purposes to accomplish my Master Degree in Marketing.

Participation is voluntary. You may discontinue answering the survey if you feel uncomfortable about any of the questions. There will be no adverse consequences if you withdraw participation. Collected data in this research will be treated confidentially and no personal or sensitive information will be collected. By completing this questionnaire and submitting it, it is assumed that you are consenting to participate in this study.

This questionnaire contains twelve sections. It will take about 15 minutes to complete the questionnaire. Should you have any question, or may need a summary of the findings, please contact me or my supervisor with the details below. You are also welcome to contact the University Human Research Ethics Committee (non-medical), the contact number is + 27(0)11 717 1408, or email to [Shaun.Schoeman@wits.ac.za](mailto:Shaun.Schoeman@wits.ac.za).

A handwritten signature in black ink, appearing to read "Jiahui Wang", written over a horizontal line.

Kind regards

The Researcher: Jiahui Wang

Bcom Master Students: Division of Marketing

School of Economic and Business Sciences

Faculty of commerce, law and management

University of the Witwatersrand, Johannesburg

Contact details:

Researcher : Jiahui Wang

Email:546083@students.wits.ac.za

Supervisor: Helen Duh

Email:Helen.duh@wits.ac.za

## **SECTION A**

### **General Information**

Please indicate your answer by ticking (✓) on the appropriate box.

A1 Please indicate your age category

1	18-20	
2	21-25	
3	26-35	
4	36-42	

A2 Indicate your level of study

1	Undergraduate	
2	Postgraduate	

A3 Population group

1	White	
2	Black	
3	Coloured	
4	Indian	
5	Other	

A4 In your opinion, how financially well-off in your household or family?

1	Very well-off	
2	Somewhat well-off	
3	Not so well-off	
4	Not well-off at all	

**SECTION B**

Below are statements about measuring the constructs under study. Please indicate the extent to which you agree or disagree with the statements by ticking the corresponding number in the 5 point scale below:

**1=strongly disagree, 2= disagree, 3= moderately agree, 4= agree and 5= strongly agree**

*Please tick only one number for each statement*

**Brand Awareness (BA)**

BA1	I can recognize Red Bull among other competing brands	Strongly disagree	1	2	3	4	5	Strongly agree
BA2	I am familiar with the Red Bull brand	Strongly disagree	1	2	3	4	5	Strongly agree
BA3	I know what this Red Bull looks like	Strongly disagree	1	2	3	4	5	Strongly agree
BA4	Features of the Red Bull brand quickly comes up in my mind.	Strongly disagree	1	2	3	4	5	Strongly agree

**SECTION C**

**Product Primary Characteristics and Secondary Features (PS)**

PS1	Compared with other brands in the energy drink category, the Red Bull brand provides its basic functions better	Strongly disagree	1	2	3	4	5	Strongly agree
PS2	Compared with other brands in the energy drink category, the Red Bull brand satisfies my basic needs	Strongly disagree	1	2	3	4	5	Strongly agree

PS3	The Red Bull brand has special and attractive features I like	Strongly disagree	1	2	3	4	5	Strongly agree
PS4	Red Bull brand stands out among other brands and excellently performs its functions	Strongly disagree	1	2	3	4	5	Strongly agree

## **SECTION D**

### **Style and Design (SD)**

SD1	The features of the Red Bull brand are stylish	Strongly disagree	1	2	3	4	5	Strongly agree
SD2	I like the look, feel, and other design aspects of the Red Bull brand	Strongly disagree	1	2	3	4	5	Strongly agree
SD3	The colors, shape, and design of the Red Bull container is beautiful	Strongly disagree	1	2	3	4	5	Strongly agree
SD4	The overall look and style of the Red Bull brand is captivating	Strongly disagree	1	2	3	4	5	Strongly agree

## **SECTION E**

### **Sincerity (SI)**

SI1	The word, down- to- earth very well describes the Red Bull brand	Strongly disagree	1	2	3	4	5	Strongly agree
SI2	Honesty very well describes the Red Bull brand	Strongly disagree	1	2	3	4	5	Strongly agree
SI3	The word, wholesome very well describes the Red Bull brand.	Strongly disagree	1	2	3	4	5	Strongly agree
SI4	The Red Bull brand can be described as cheerful	Strongly disagree	1	2	3	4	5	Strongly agree

## **SECTION F**

### **Excitement (EX)**

EX1	Red Bull is a darling brand	Strongly disagree	1	2	3	4	5	Strongly agree
EX2	Spirited very well describes the Red Bull brand	Strongly disagree	1	2	3	4	5	Strongly agree
EX3	The word, imaginative very well describes the Red Bull brand.	Strongly disagree	1	2	3	4	5	Strongly agree
EX4	The Red Bull brand can be described as up-to-date.	Strongly disagree	1	2	3	4	5	Strongly agree

### **SECTION G**

#### **Competence (CO)**

CO1	The word, reliable very well describes the Red Bull brand	Strongly disagree	1	2	3	4	5	Strongly agree
CO2	Intelligent very well describes the Red Bull brand	Strongly disagree	1	2	3	4	5	Strongly agree
CO3	The word, successful very well describes the Red Bull brand	Strongly disagree	1	2	3	4	5	Strongly agree
CO 4	Dependable describes the Red Bull brand	Strongly disagree	1	2	3	4	5	Strongly agree
CO 5	The word responsible describes the Red Bull brand	Strongly disagree	1	2	3	4	5	Strongly agree

### **SECTION H**

#### **Sophistication (SO)**

SO1	The word, upper-class very well describes the Red Bull brand	Strongly disagree	1	2	3	4	5	Strongly agree
SO2	Charming very well describes the Red Bull brand	Strongly disagree	1	2	3	4	5	Strongly agree

SO3	Glamorous describes the Red Bull Brand	Strongly disagree	1	2	3	4	5	Strongly agree
SO4	The Red Bull Brand is good looking	Strongly disagree	1	2	3	4	5	Strongly agree
SO5	Trendy is one of the ways to describe the Red Bull Brand	Strongly disagree	1	2	3	4	5	Strongly agree

### **SECTION I**

#### **Credibility (CR)**

CR1	I trust the makers of this brand	Strongly disagree	1	2	3	4	5	Strongly agree
CR2	I like this brand	Strongly disagree	1	2	3	4	5	Strongly agree
CR3	I admire this brand	Strongly disagree	1	2	3	4	5	Strongly agree
CR4	I respect this brand	Strongly disagree	1	2	3	4	5	Strongly agree
CR5	The makers of this brand are innovative	Strongly disagree	1	2	3	4	5	Strongly agree

### **SECTION J**

#### **Superiority (SU)**

SU1	This brand is unique	Strongly disagree	1	2	3	4	5	Strongly agree
SU2	This brand offer advantages that other brands cannot	Strongly disagree	1	2	3	4	5	Strongly agree
SU3	This brand is superior to others in the category	Strongly disagree	1	2	3	4	5	Strongly agree
SU4	This brand is special to others in the category	Strongly disagree	1	2	3	4	5	Strongly agree

### **SECTION K**

**Brand Preference of Red Bull (BP)**

BP1	I like Red Bull better than other energy drink brands	Strongly disagree	1	2	3	4	5	Strongly agree
BP2	I would purchase Red Bull more than other energy drink brands	Strongly disagree	1	2	3	4	5	Strongly agree
BP3	In South Africa, Red Bull is my preferred energy drink brand	Strongly disagree	1	2	3	4	5	Strongly agree
BP4	Other energy drink brands cannot persuade me to leave Red Bull and purchase them	Strongly disagree	1	2	3	4	5	Strongly agree
BP5	I am happy with my choice of Red Bull	Strongly disagree	1	2	3	4	5	Strongly agree

**SECTION L**

**Price Premium of Red Bull (PP)**

PP1	Compared to other energy drinks, I do not mind to pay 10 percent more to drink Red Bull because of my love of the Red Bull brand	Strongly disagree	1	2	3	4	5	Strongly agree
PP2	Because of the brand value, I receive from Red Bull, I do not mind to pay extra for Red Bull compared to other energy drinks	Strongly disagree	1	2	3	4	5	Strongly agree
PP3	Because of my likeness of the Red Bull brand, I would rather spend more money to drink it than spend less money to drink other energy brands	Strongly disagree	1	2	3	4	5	Strongly agree
PP4	Compared to other energy drinks, I am willing to pay a higher price to drink Red Bull because of my likeness of the brand	Strongly disagree	1	2	3	4	5	Strongly agree

Thank you!

## **QUESTIONNAIRE REFERENCES**

### **Brand Awareness (BA)**

- I can recognize Red Bull among other competing brands
- I am familiar with the Red Bull brand
- I know what this Red Bull looks like
- Features of the Red Bull brand quickly comes up in my mind.

(Chen & Tseng, 2010; Yoo & Donthu, 2001)

### **Product Primary Characteristics and Secondary Features (PS)**

- Compared with other brands in the energy drink category, the Red Bull brand provides its basic functions better
- Compared with other brands in the energy drink category, the Red Bull brand satisfies my basic needs
- The Red Bull brand has special and attractive features I like
- Red Bull brand stands out among other brands and excellently performs its functions

(Keller et al., 2011)

### **Style and Design (SD)**

- The features of the Red Bull brand are stylish
- I like the look, feel, and other design aspects of the Red Bull brand
- The colors, shape, and design of the Red Bull container is beautiful
- The overall look and style of the Red Bull brand is captivating

(Keller et al., 2011)

### **Sincerity (SI)**

- The word, down- to- earth very well describes the Red Bull brand
- Honesty very well describes the Red Bull brand
- The word, wholesome very well describes the Red Bull brand
- The Red Bull brand can be described as cheerful

(Keller et al., 2011)

### **Excitement (EX)**

- Red Bull is a darling brand
- Spirited very well describes the Red Bull brand
- The word, imaginative very well describes the Red Bull brand.
- The Red Bull brand can be described as up-to-date.

(Keller et al., 2011)

### **Competence (CO)**

- The word, reliable very well describes the Red Bull brand
- Intelligent very well describes the Red Bull brand
- The word, successful very well describes the Red Bull brand
- Dependable describes the Red Bull brand
- The word responsible describes the Red Bull brand

(Keller et al., 2011)

### **Sophistication (SO)**

- The word, upper-class very well describes the Red Bull brand

- Charming very well describes the Red Bull brand
- Glamorous describes the Red Bull Brand
- The Red Bull Brand is good looking
- Trendy is one of the ways to describe the Red Bull Brand

(Keller et al., 2011)

### **Credibility (CR)**

- I trust the makers of this brand
- I like this brand
- I admire this brand
- I respect this brand
- The makers of this brand are innovative

(Keller et al., 2011)

### **Superiority (SU)**

- This brand is unique
- This brand offer advantages that other brands cannot
- This brand is superior to others in the category
- This brand is special to others in the category

(Keller et al., 2011)

### **Brand Preference of Red Bull (BP)**

- I like Red Bull better than other energy drink brands
- I would purchase Red Bull more than other energy drink brands
- In South Africa, Red Bull is my preferred energy drink brand
- Other energy drink brands cannot persuade me to leave Red Bull and purchase them
- I am happy with my choice of Red Bull

(Ebrahim, 2013)

### **Price Premium of Red Bull (PP)**

- Compared to other energy drinks, I do not mind to pay 10 percent more to drink Red Bull because of my love of the Red Bull brand
- Because of the brand value, I receive from Red Bull, I do not mind to pay extra for Red Bull compared to other energy drinks
- Because of my likeness of the Red Bull brand, I would rather spend more money to drink it than spend less money to drink other energy brands
- Compared to other energy drinks, I am willing to pay a higher price to drink Red Bull because of my likeness of the brand

(Sierra, Heiser, & McQuitty, 2009)