

# Brand Transgression - Differential impact on purchase intention of Generation Y and Z

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**Abstract**— When a brand transgression happens, customers tend to move towards a different brand. This means that the purchase intention of the customer changes. Customers are heterogeneous and therefore segmenting them into smaller homogeneous segments will be the way to target for a transgressed brand to make a comeback. In this study, the customers are segmented based on generations and specifically Generation Y and Z are taken into consideration. This study involves identifying the purchase intention of Generation Y and Z customers before and after Brand transgression. Alongside, the factors guiding Generation Z during a purchase are also identified. A conceptual model was developed by reviewing literature in the following areas – Purchase intention, Brand Transgression, Perceived quality, Price, Brand image, Peer influence and Advertisement to identify how different generations react to brand transgression. Data was collected from 100 Gen Y and 100 Gen Z respondents. The study revealed that Quality, Price and Advertisement have a significant impact on the purchase intention of Gen Y consumers. It also identified that for Generation Z customers, Brand image had a great influence on their purchase intention.

**Index Terms**— Advertisement, Brand image, Brand Transgression, Generation Y, Generation Z, Perceived quality, Price, Purchase intention

## I. INTRODUCTION

Transgression refers to a violation of the implicit or explicit rules guiding relationship performance and evaluation. When these implicit or explicit rules are violated by a brand, it becomes brand transgression and it has a direct negative effect on the purchase decision of the customers [1]. The purchase intention of a customer depends on the perceived value of the brand and which in turn is directly proportional to the expected benefits to be obtained and the expected costs to be incurred. Identifying the purchase intention gives an idea about the willingness of a customer to purchase a certain brand [2] [3]. It is important for a brand to focus on its customers, but the interesting fact is that not all customers are same. It is therefore important for a brand to segment its customers based on certain variables to achieve smaller homogenous customer markets to target specifically.

Consumers usually develop certain positive or negative or sometimes neutral feelings against a brand based on their experience or instinct [4]. A regular customer may shift to a different brand in case of brand transgression by the earlier brand. This study will take us through the part of which generation consumers are likely to shift brands in such cases. The purchase intention may differ from the actual purchase decision, but it is used to identify the likely change in the purchase decision of the consumers [6].

The paper goes through the research gap identified through literature review continued by the conceptual model and hypotheses development. It then stresses on the methodology, data analysis and the implications.

## II. LITERATURE REVIEW

Transgression is considered as one of the most important factors that befall long term relationships between a consumer and brand. The purchase intention of the consumer changes for both implicit and explicit transgressions [1]. Analyzing the Purchase intention gives reasons for a consumer to buy a particular brand. The purchase decision of a consumer is considered to be a complex but the purchase intention is considered to be related to the perceptions and attitudes of the customer. Purchase intention can be used as an effective tool to evaluate the buying process of the consumer [4]. Generation Z is the demographic cohort following the Millennials. Gen Z consumers are very active in social media and they look very much comfortable with technology [5].

The studies so far on purchase intention has dealt with various cases that alter the consumer purchase decisions including Brand transgression. There is an underlying issue in taking the market as a whole. The effectiveness of every segment cannot be measured by treating the whole market as a single entity. There have also been various studies to identify the behavioral differences between generation Y and Generation Z. The missing link was that there were no relevant studies that related

the purchase intention of difference generations through a brand transgression phase. There are very few studies focusing on the booming generation Z customers.

### III. CONCEPTUAL MODEL AND HYPOTHESES DEVELOPMENT

The study takes into account a conceptual model to understand the factors that has an effect on the purchase intention of Gen Y and Z consumers. These factors include Brand image, price, perceived quality and advertisement.

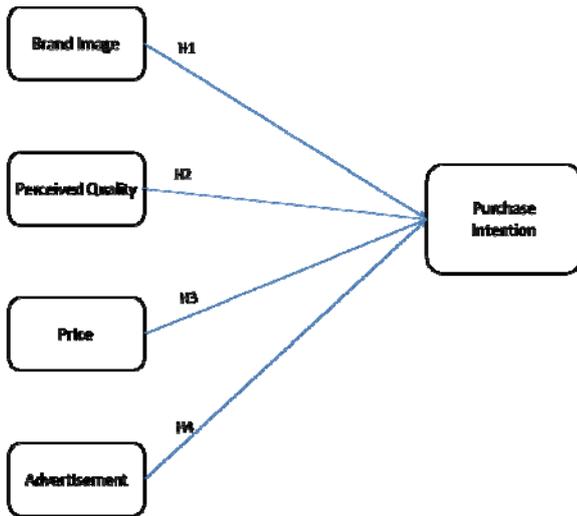


Fig I: CONCEPTUAL MODEL

#### A. Generation Y and Z

Generation Y is taken into consideration as a single entity despite their demographical or geographical variations. The same rule was applied for Gen Z too. This basic grouping was done to identify the generation that was more prone to brand transgression.

**H1: There is a significant change in the purchase intention of Gen Y before and after a brand transgression**

**H2: There is a significant change in the purchase intention of Gen Z before and after a brand transgression**

#### B. Brand Image

Consumer's perception towards a brand due to the brand associations held in memory is known as Brand image. The more positive the brand image, the more will be the sales [7]. A good brand image can automatically trigger word of mouth promotions by its consumers to other potential customers. The Generation Y is commonly known for shifting their focus on to branded products from the non-branded products. The

generation Z consumers are yet to be analyzed on their inclination towards the image of the brand they prefer.

**H3: Brand name has a significant impact in the purchase intention of Gen Z than Gen Y consumers**

#### C. Perceived Quality

Most of the consumers assume the quality will be the same among all the products of a particular brand. This may not be same every time. There have been stories of various brands which failed in with a particular product or in a particular sector. This parameter also plays a vital role in the purchase intention of the consumer. An experienced consumer will go for the same brand expecting the same quality and therefore it is important for a brand to maintain a standard quality across all its products [8]. The question here will be the perspective of Gen Y and Z with respect to perceived quality towards purchase intention.

**H4: Perceived quality has a significant impact in the purchase intention of Gen Z than Gen Y consumers**

#### D. Price

One of the most important parameter that aids a purchase intention is that whether the product is of good value for money. The value may change from consumer to consumer, but a brand must be in alignment with the need of its target customers. Price lowering is a strategy used by companies to counterattack a brand transgression. This strategy has been taken for a sweep as price lowering is considered to be associated with lower quality. It is therefore important to analyze how consumers process price information [9].

**H5: Price has a significant impact in the purchase intention of Gen Z than Gen Y consumers**

#### E. Advertisement

Brands are now more focused towards reaching the right customers through various forms of promotions. There have been various advertisements about brands emphasizing the features and attributes of the product. A brand conveys its message to its consumers through advertisements. When a brand transgression happens, brands mostly use advertisements to prove their innocence or to make a comeback [10] [11]. The effectiveness or impact of advertisements on each generation may change as each generation possesses particular traits.

**H6: Advertisement has a significant impact in the purchase intention of Gen Z than Gen Y consumers**

## IV. METHODOLOGY

#### A. Questionnaire Development and Measures

Online survey was conducted using a questionnaire to understand the parameter influence. The questions measured

various aspects of purchase intention like brand image, perceived quality, price and advertisement. The purchase intention scale was adopted from Reynolds et.al [12]. The variables were measured using a 5 point liker scale ranging from ‘Definitely will buy’ - ‘definitely will not buy’.

### B. Data Description

Data was collected from 202 (101 Gen Y and 101 Gen Z) respondents for this study, across various location across India. The following table describe the sample collected for this study.

TABLE I: DESCRIPTION OF SAMPLE

Generation	Female	Male
Gen Z	59	42
Gen Y	19	82
<b>Grand Total</b>	<b>78</b>	<b>124</b>

Data was collected across the cities of India from the month of December to March, 2017.

TABLE II: SAMPLE DESCRIPTION (ACROSS CITIES)

City	No of Respondents
Tier I	104
Tier II	83
Tier III	15

The purchase intention was measured on a 5 point Likert scale ranging from “Definitely will buy” to “Definitely will not buy” measured from 1 to 5 respectively. Linear regression was performed using SPSS. The results are expressed in table III, IV, V and VI.

### V. RESULTS, DISCUSSION AND FUTURE RESEARCH

There was a significant change in the purchase intention of Gen Y and Gen Z before and after a brand transgression. This implies that a customer cannot be taken for granted as his/her purchase intention completely depends on the performance of the brand. Keeping apart the loyal customers, the other percentage of customers constantly keeps an eye on several other alternatives available. There can be even chances of even the loyal customers moving away from the brand after transgression as there are hawk eyed competitors waiting to welcome these unsatisfied customers.

TABLE III: Paired Samples Test (For GenY)

	df	Sig. (2-tailed)
Purchase Intention-Before	100	.000
Purchase Intention-After		

TABLE IV: Paired Samples Test (For GenZ)

	df	Sig. (2-tailed)
Purchase Intention-Before	98	.000
Purchase Intention-After		

Further analysis showed that Quality, Price and Advertisement have a significant positive impact on the Purchase intention of Gen Y consumers. Millennials are considered to be more rational and this fact supports the result as the Gen Y consumers are more focused on the rational part rather than on the societal status during a purchase. Generation Y strongly believes in the concept of ‘Value for Money’. Advertisements have created a great impact in the minds of the Gen Y consumers about the brands.

TABLE V: Linear Regression (For GenY)

	t	Sig.
Constant	8.446	.000
Brand Image	.223	.824
Quality	-3.438	.001
Price	-3.948	.000
Advertisement	2.274	.025

TABLE VI: Linear Regression (For GenZ)

	t	Sig.
Constant	11.511	.000
Brand Image	-9.783	.000
Quality	-1.623	.108
Price	-.543	.588
Advertisement	.462	.645

It was also found that Brand image has a significant positive impact on the Purchase intention of Gen Z consumers. Gen Z consumer’s focus in not completely on the rationality part. Gen Z consumers want to be unique and they focus on the image that a particular brand have. The Gen Z consumers will be hard to regain once lost due to brand failure.

## VI. LIMITATIONS

This study completely focused on the differential impact in the purchase intention of two different generational groups, but it did not take into account the differential variables between the two generations. In an attempt to take the research further, the differential variables of each generation can be focussed to express the reasons for differential impact on the purchase intention.

## VII. CONCLUSION

Since there is a differential approach from Gen Y and Gen Z consumers in the purchase intention, the whole market cannot be taken as a single entity. The Gen Y consumers don't give much importance to the brand image rather they are more focused on the rationality of the product they purchase. In case of Gen Z consumers, they are very particular in the brand image. People prefer high valued brands to convey others that they are of a high standard and they feel these products serve their purpose well.

In case of few customers, loyalty is an important factor that keeps the brand alive even in case of some problems. But, the loyalty factor too has some limitations as constant failure from the brand can result in a situation of loyal customers shifting to other brands.

The study also expressed an important fact that it is very difficult to regain the trust of Gen Z consumers once it is lost. The Gen Z cannot be targeted efficiently through advertisements as this generation doesn't give great importance to advertisements. They indeed are ready to prefer brands that don't advertise if it has a good image in the society. Whatever the situation may be, it is indeed the duty of the brand to satisfy its customers. It is very evidently clear that it is difficult to bounce back and therefore maintain a good image throughout can increase the loyalty of Gen Z consumers.

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