

Consumers' confidence in competitive positions of products: Antecedents and effect on purchase intention

A thesis examined and passed for the degree of Doctor of Philosophy (Marketing)

by

Anne-Maree O'Rourke

Primary supervisor: Associate Professor Francois Carrillat

Alternate supervisor: Dr Paul Wang

University of Technology Sydney

UTS Business School

Marketing Discipline Group

September 2017

Certificate of Original Authorship

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as part of the collaborative doctoral degree and/or fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

Signature: Anne-Maree O'Rourke

Date: 30th of September 2017

This research is supported by an Australian Government Research Training Program Scholarship.

Use of Professional Editing

I would like to acknowledge The Expert Editor for providing English editing of this thesis. Please note that there was no actual writing included as part of this service.

Acknowledgments

It has certainly been a non-typical road to completing this thesis. From starting part-time while balancing a full-time industry position to creating two beautiful babies and thus the hardest task of all presented itself - balancing the roles of mother and PhD student. Completing this doctoral thesis, whilst trying to be the best mum I can be, has been the most challenging pursuit I have embarked on in my life so far. They do say dreams don't come easy. They were right.

In saying that, the completion of this PhD is dedicated to a few people who made it possible. First and foremost, to my supervisor Associate Professor Francois Carrillat, who took me on as a student mid-way through my candidature when I was desperate for supervision. For that, I am truly eternally grateful. You have simply been a wonderful supervisor and mentor to me in so many ways and I count myself very lucky to have been under your wing. To my secondary supervisor Dr Paul Wang, I thank you for being my analysis 'go to' person and for your never-ending patience.

Now, to my girls, Sienna and Emilie. You may have delayed my PhD completion, but I wouldn't change anything for the world. I hope one day you will finally understand what doing a doctoral thesis actually means and that you will be proud of me. Making you proud means everything. Dr Mummy loves you both so very much.

To my husband, Brendan, thank you for all the support you have given me over many years. Before I even started this crazy journey, you were so very supportive of me following my academic dream. Without you, this would not have been possible. I hope that your 'investment' pays off one day.

To my parents, Mario and Lourdes, thank you for taking on the role of 'mum' on the many days (well, years) that I was at university working on my PhD. Completion of this thesis wouldn't have been possible without your generous help.

I must also mention several academics at UTS that acted as my sounding board over the years: Dr Graham Massey, Professor Grahame Dowling and Associate Professor Paul Burke. I thank you for always making time for me and the advice you gave. Last but certainly not least, my UTS family – Alex Belli, Tia Fallahi, Dr Ingo Bentrrott, Ljubomir Pupovac, Atya Zeb, Ekaterina Napolova, and Dr Ryan Tang – the friendship, encouragement, counseling and many, many laughs will never be forgotten.

Abstract

A product's competitive position signals to the consumer the product's salient value amongst its competitors. It is one of the cornerstones of marketing success, yet there has been little focus in the literature on the consumer side of the positioning equation – the consumers' *perception* of the product's position. This thesis concentrates on the latter by examining the antecedents and effects of consumers' *confidence* in their positioning perception. With support from other areas of marketing, it is proposed that better insight into consumer behaviour can be gained by measuring positioning confidence, compared to the common measurement practice of using perceptual mapping in isolation. The relevance of positioning confidence is enhanced by the wavering consumer reliance on information derived from outside the company, thus inherently increasing the risk of fuzzy or mismatched positioning signals that the consumer needs to untangle. Furthermore, research suggests weak consumer perceptions of product differentiation in many categories, which isn't surprising given how crowded many categories have become.

This thesis primarily proposes that consumers' confidence in their perception of the product's position acts as a moderator between the well-established relationship of perceived differentiation and purchase intention in cases where there is a poorer match between the consumers' perception of the product and their purchase goal. A weaker match between what the consumer believes the product stands for and what the consumer ultimately seeks from the product presents a riskier purchasing decision. Thus, it is here where metacognition, in the form of confidence, is more likely to play a role.

This thesis also offers antecedents of positioning confidence, with the first being the alignment between the initial and post (information search) perceived positions. This antecedent refers to the cognitive uniformity between the passively-held positioning perception with which the consumer may enter the information search phase and the more active positioning judgment the consumer makes after consulting various information sources. Secondly, it suggests that perceived clarity acts as a positive moderator between perceived consistency and confidence. Perceived clarity and consistency of positioning messages takes into account how consumers currently conduct their information search, encompassing both the organisation's positioning signals (actual position) and that from consumers and opinion leaders (external position). Perceived clarity relates to how obviously the product's position is portrayed, whereas perceived consistency relates to the level of similarity in the positioning depiction between the two information source types. Lastly, the thesis hypothesises how various combinations of the actual and external position impacts perceived clarity and consistency.

The methodology comprises two studies with a total of 574 Australian consumers obtained via a commissioned panel. The research design is in the form of experiments, with thorough pre-testing determining the product categories and focal brands chosen. The findings show strong statistical support for the proposed role of confidence on the relationship between perceived differentiation and purchase as a function of consumers' purchase goal match, across both studies. There was moderate support shown for the suggested antecedents of positioning confidence, and convincing overall support for the joint impact of the interaction between the actual and external position on perceived clarity and consistency.

There are several implications that have emerged from this dissertation. Firstly, it further develops the theory of positioning perception by introducing a moderator to the well-established relationship between differentiation and purchase and, thus, offering an additional measure of positioning implementation success. It also presents further theoretical support for the role of metacognition when a decision is categorised by higher risk. From a management perspective, this thesis offers brand managers direction on how to increase the confidence of consumers' perception of their product's position, which can increase the likelihood of purchase from consumers who are typically hard to attain (those who identify a weaker match between what the product offers and what they want). Lastly, the limitations associated with the studies are outlined and future research avenues are suggested.

Table of Contents

List of Tables	x
List of Figures	xii
Glossary	xiii
Chapter 1: Introduction	1
1.1 Research background	1
1.2 Research purpose	4
1.3 Research motivation	5
1.4 Researcher stance on competitive positioning concepts.....	7
1.5 Research design	8
1.6 Overview of research contribution	9
1.7 Structure of chapters.....	11
Chapter 2: Conceptualising a Product’s Competitive Position:	
<i>Defining, forming & implementing this important business phenomena.....</i>	13
2.1 Introduction	13
2.2 Definition & conceptualisation.....	13
2.3 Historic Foundations.....	16
2.3.1 Economics.....	16
2.3.2 Strategic management.....	16
2.3.3 Marketing.....	18
2.4 The four levels of competitive product positioning.....	19
2.5 Performance outcomes of competitive product positioning.....	22
2.6 Measuring a product’s position & complementary tools	24
2.6.1 Methods for positioning evaluation.....	24
2.6.2 Complementary positioning measurement tools.....	27
2.7 Organisational process to derive a product’s position—the <i>intended</i> position	
.....	28
2.7.1 Internal resources and capabilities.....	29
2.7.2 Competitive factors.....	30
2.7.3 Environmental scanning.....	31
2.7.4 Consumer segments and needs	32
2.7.5 Analysis of fit of position requirements and capabilities.....	32

2.7.6 Alternative position attractiveness	33
2.8 Implementing a product's intended position – the <i>actual</i> position	33
2.8.1 Signalling a cost leadership competitive position.....	35
2.8.2 Signalling a differentiation competitive position.....	36
2.9 Summary.....	38
Chapter 3: The Role of Consumer Behaviour Theory in Product Positioning: <i>The perceived position, and introducing the construct of belief confidence to positioning</i>	39
3.1 Introduction	39
3.2 The perceived product position and perceived differentiation	39
3.3 The consumer decision-making process.....	40
3.4 Perception and encoding of positioning signals	42
3.4.1 Judgment revision—from the passive to active perceptions of positioning.....	43
3.4.2 Information distortion.....	45
3.4.3 Consumer hypothesis testing	46
3.4.4 Prior knowledge effects	46
3.4.5 Learning models.....	48
3.5 The construct of belief-confidence.....	49
3.5.1 Role of confidence in consumer behaviour.....	50
3.5.2 Metacognition and reasoning systems	50
3.5.3 Antecedents to general construct of confidence.....	52
3.6 Summary.....	52
Chapter 4: The Proposed Framework and Hypotheses.....	54
4.1 Introduction	54
4.2 Development of antecedents to positioning confidence	54
4.3 The theoretical model.....	55
4.3.1 Consumers' confidence in the post perceived position	56
4.3.2 Antecedents to consumers' confidence in the post perceived position.....	57
4.3.3 Interaction between actual and external positions— <i>level of positioning definition and similarity</i>	61
4.4 Summary.....	65
5. Methodology.....	66
5.1 Introduction	66
5.2 Research design summary	66
5.3 Detailed research design	67

5.3.1 Product category & focus products pre-test questionnaires.....	68
5.3.2 Main research study	70
5.4 Sampling and data collection	77
5.5 Construct measures and operationalisation	78
5.5.1 Perceived position (initial and post)	78
5.5.2 Level of perceived differentiation.....	81
5.5.3 Confidence in post perceived position.....	82
5.5.4 Purchase intention	86
5.5.5 Perceived clarity and consistency.....	86
5.5.6 Controls.....	88
5.6 Operationalisation of hypotheses tests.....	93
5.7 Summary.....	95
6. Results	96
6.1 Product category pre-test.....	96
6.2 Focal product pre-test.....	99
6.3 Main study - Experiment 1 pre-testing	105
6.3.1 Experiment 1 stimuli validity checks	105
6.3.2 Experiment 1 pilot test.....	107
6.4 Main findings – Experiment 1 descriptives.....	110
6.5 Main study – Experiment 1 hypotheses testing	113
6.6 Summary of findings from experiment 1	128
6.7 Main study—Experiment 2 pre-testing	131
6.7.1. Experiment 2 stimuli validity checks	131
6.7.2 Experiment 2 pilot test.....	134
6.8 Main study—Experiment 2 descriptives.....	136
6.9 Main study—Experiment 2 hypotheses testing.....	139
6.10 Summary of findings from experiment 2	154
6.11 Summary of hypotheses testing from experiments 1 and 2.....	157
7. Discussion	158
7.1 Summary of results.....	158
7.2 Theoretical implications.....	165
7.3 Managerial implications	167
7.4 Limitations.....	169
7.5 Future research.....	171
7.6 Conclusion	172

References	174
Appendices	184
Appendix 1: Examples of ill-defined and/or dissimilar positioning.....	185
Appendix 2: The internal resource based review of positioning	188
Appendix 3: Key positioning typologies.....	190
Appendix 4: Strategic management versus marketing lens.....	192
Appendix 5: Current complementary tools in positioning perception measurement	194
Appendix 6: Pre-test questionnaire for product category.....	195
Appendix 7: Pre-test questionnaire for focal product.....	199
Appendix 8: Selected stimuli for experiment 1	217
Appendix 9: Main study data collection instrument for experiment 1	235
Appendix 10: Expert panel stimuli pre-test for experiment 2	267
Expert panel members:	267
Sample questionnaire:.....	267
Appendix 11: Selected stimuli for experiment 2.....	273
Appendix 12: Main study data collection instrument for experiment 2.....	291

List of Tables

<i>Table 1: PBIBD for product category pre-test.....</i>	<i>68</i>
<i>Table 2: Basic experimental design.....</i>	<i>74</i>
<i>Table 3: Blankson and Kalafatis (2004) positioning typology items.....</i>	<i>80</i>
<i>Table 4: Factor loadings for constructs tested in product category pre-test.....</i>	<i>97</i>
<i>Table 5: Cronbach's alpha for constructs in product category pre-test.....</i>	<i>97</i>
<i>Table 6: Mean of items for constructs in product category pre-test.....</i>	<i>97</i>
<i>Table 7: Correlation analysis of condensed positioning typology scale.....</i>	<i>100</i>
<i>Table 8: Mean of items of positioning typology for focal product pre-test.....</i>	<i>101</i>
<i>Table 9: Validity, reliability and mean of items analysis for firm trust construct.....</i>	<i>102</i>
<i>Table 10: Correlation analysis of positioning typology for additional categories in focal product pre-test.....</i>	<i>104</i>
<i>Table 11: Mean of items of positioning typology for additions to focal product pre-test.....</i>	<i>104</i>
<i>Table 12: Validity, reliability and mean of items analysis for additions to focal product pre-test....</i>	<i>105</i>
<i>Table 13: Consumer pre-test result for selected stimuli in exp. 1.....</i>	<i>107</i>
<i>Table 14: Validity and reliability analysis for full positioning typology in exp. 1.....</i>	<i>109</i>
<i>Table 15: Validity and reliability analysis for constructs used in main study.....</i>	<i>110</i>
<i>Table 16: Correlation analysis for constructs used in main study.....</i>	<i>110</i>
<i>Table 17: Regression results for H1; exp. 1.....</i>	<i>115</i>
<i>Table 18: Spotlight analysis for H1, exp. 1.....</i>	<i>116</i>
<i>Table 19: Conditional effect of perceived differentiation * confidence interaction at values of purchase goal match.....</i>	<i>117</i>
<i>Table 20: Johnson-Neyman analysis for H1; exp. 1.....</i>	<i>119</i>
<i>Table 21: Regression analysis for H2 and H3; exp. 1.....</i>	<i>120</i>
<i>Table 22: Conditional effect of perceived consistency * confidence interaction at values of perceived clarity; exp. 1.....</i>	<i>121</i>
<i>Table 23: Contrast analysis for perceived clarity; exp. 1.....</i>	<i>123</i>
<i>Table 24: Contrast analysis for perceived consistency; exp. 1.....</i>	<i>125</i>
<i>Table 25: Consumer pre-test results for selected stimuli; exp. 2.....</i>	<i>133</i>
<i>Table 26: Validity and reliability analysis for full positioning scale as applied to exp. 2.....</i>	<i>135</i>
<i>Table 27: Item correlation for perceived clarity and consistency; exp. 2.....</i>	<i>136</i>
<i>Table 28: Regression results for H1; exp. 2.....</i>	<i>140</i>
<i>Table 29: Spotlight analysis for H1; exp. 2.....</i>	<i>142</i>
<i>Table 30: Conditional effect of perceived differentiation * confidence interaction at values of purchase goal match.....</i>	<i>142</i>
<i>Table 31: Johnson-Neyman analysis for H1; exp.2.....</i>	<i>145</i>
<i>Table 32: Regression output for H2 and H3; exp. 2.....</i>	<i>146</i>

<i>Table 33: Conditional effect of perceived consistency * confidence interaction at values of perceived clarity; exp. 2.....</i>	<i>147</i>
<i>Table 34: Contrast analysis for perceived clarity; exp. 2.....</i>	<i>148</i>
<i>Table 35: Contrast analysis for perceived consistency; exp. 2.....</i>	<i>150</i>
<i>Table 36: Summary of hypotheses testing results.....</i>	<i>157</i>

List of Figures

<i>Figure 1: The four levels of positioning.....</i>	<i>20</i>
<i>Figure 2: Direct and indirect link of positioning to firm performance</i>	<i>24</i>
<i>Figure 3: Steps in deriving a successful intended competitive position.....</i>	<i>29</i>
<i>Figure 4: Theoretical framework incorporating the antecedents and effect of consumers' confidence in competitive positions of products.....</i>	<i>60</i>
<i>Figure 5: Proposed perceived clarity hierarchy.....</i>	<i>62</i>
<i>Figure 6: Proposed perceived consistency hierarchy.....</i>	<i>63</i>
<i>Figure 7: Multi-stage research plan</i>	<i>68</i>
<i>Figure 8: Experiment 1 sample demographics.....</i>	<i>111</i>
<i>Figure 9: Experiment 1 spotlight analysis graphs for H1</i>	<i>117</i>
<i>Figure 10: Experiment 2 sample demographics</i>	<i>137</i>
<i>Figure 11: Experiment 2 spotlight analysis graphs for H1.....</i>	<i>143</i>

Glossary

Product positioning (or competitive product positioning)

The value proposition that a product offers relative to its set of competitors within the product category.

Intended product position

The proposed position for a product as derived by the organisation. It should be the result of various internal and external analyses and be a strategic decision, one not seen by the marketplace.

Actual product position/source type

The position of a product that has been implemented by the organisation via all consumer touch points, such as the product itself and advertising. Essentially, it is a product information source type—one that is coming from *within* a product's organisation.

External product position/ source type

Positioning messages or signals sent from sources other than the organisation that owns a product, such as word-of-mouth and competitor advertising. Essentially, it is a product information source type—one that is coming from *outside* a product's organisation. This may support or go against the actual product position.

Perceived product position

The consumer judgment of a product's position, derived from the actual position and external positioning cues.

- **Initial perceived position** - pre information search phase.
- **Post perceived position** - post information search phase.

It is possible for a consumer to have a non-existent or weak perceived position.

Perceived differentiation

Refers to how unique, distinctive and/or different the consumer believes a product is in its category. Thus, is a product a “me too” product, or would it be fairly difficult to replace?

Confidence in post perceived position

A consumer's confidence level that their judgment of a product's position is correct i.e. the anticipated product experience will be delivered post purchase. This newly-developed construct stems from the idea of “belief confidence” that has been well applied in other contexts within the disciplines of marketing and psychology.

Position clarity (via information search)

The extent to which the stimuli experienced by the consumer in the information search phase (actual position and external cues) clearly communicates a product position. In this research, it is an independent variable linked to a consumer's confidence in their perceived product position.

Position consistency (via information search)

The extent to which the stimuli experienced by the consumer in the information search phase (actual position and external cues) consistently communicates the same product position. In this research, it is an independent variable linked to a consumer's confidence in their perceived product position.

Position definition level

The level of position definition is terminology derived by this research to describe the level of lucidity with which the position is portrayed across both the actual and external information source types. The types are: completely defined, partially defined, and completely undefined.

Purchase intention

How likely the consumer is to make a purchase or take a step closer to final purchase.

Purchase goal

Which position a consumer is seeking in order to meet their consumer needs.