

Adopting the Brisoux-Larouche Model of Brand Categorization to Correlate Brand Social Responsibility in National and In-house Coffee shops

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Abstract

In-house food service brands operating on college campuses struggle to build brand image with limited consumer awareness. Corporate social responsibility (CSR) activities may enhance brand image for the customers, employees and stakeholders. The purpose of this paper is to determine if a non-branded social-responsible retail food offering will be accepted (evoked) by the campus consumer. The quantitative methodology used here involves three different survey instruments designed to be interpreted using structured equation modeling (SEM) and regression analysis. This study confirms that an in-house coffee brand offering a high-quality product, deploying a brand social responsible strategy can be coveted by the college campus customer with little or no previous experience of the brand.

Key Words: brand social responsibility, loyalty, customer engagement, food quality,

Introduction

The Generation Y, also known as the Millennial Generation is the generation born in the late 1970s through 1990. This group represents a major change in consumer behavior (Howe & Strauss, 2003). Phillips (2007) indicated the millennial generation is a robust group of 80-million-plus consumers. The coffee industry, specifically Starbucks and Dunkin' Donuts, is the major part of the millennial generation's parents' brand and social network. Starbucks was one of the first major brands to build brand awareness without the use of mass marketing, one cup at a time (Joachimsthaler & Aaker, 1997). The millennial generation was introduced to coffee brands through their parents (Howe & Strauss, 2003). These branded cups of coffee were seen in the hands of their parents as they shuffled their offspring to their highly regimented list of activities. Now that the offspring are themselves active consumers, the coffee and the café experience is a major part of their culture and daily routine (Thompson & Zeynep, 2004).

We see two very interesting market dynamics in the college food service industry. To begin with, the integration of national branded-food venues on college campuses is still very vibrant (Ko & Chiu, 2008; Parker, Schaefer, & Hermans, 2007), although the integration may not be as important to millennial customers who strive to be socially responsible (Norton, 2003). Moreover, the deployment of national brands in the food service industry is no longer a perfect fit. The investment required a reduced brand-product lifecycle, complexity in operational requirements and the loss of purchasing incentives. These two factors mandate that the food service industry needs to determine how to successfully implement an in-house brand strategy. Such a strategy, if developed and implemented correctly, will build customer satisfaction and increase sales. A brand social responsibility image (BSRI) initiative includes the following approaches: recycling and reduction of resources, purchasing products from known – local, if possible -- sources, wellness promotion (nutrition, health and fitness), emphasis on nutrition and exhibiting organizational citizenship behavior (OCB) (Reich, 2002). The focus on BSRI in the food service business is being demanded by university administrators and customers.

In the university food service industry, in-house brands have not performed as well as national brands. The in-house brands suffer from low brand awareness, lack of marketing strategy, decreased engagement by employees and customers and have lower rating on quality, service, cleanliness and value (QSCV) (Kim, Moreo & Yeh, 2006). Pettijohn, Pettijohn, & Luke (1997) found that low-quality service has negative effects on quick-service restaurants. There has been very little research focused on the in-house brand topic to determine the outcome in market acceptance, especially brand awareness. Brand awareness is critical because consumers choose from brand sets they have some level of awareness or familiarity with (Howard, 1963). The first objective of this research is to determine if a non-branded, social responsible retail food offering will be accepted (evoke set) by the campus customer. Therefore the second objective of the study are captured in the proposed hypotheses are to test the influences of the social responsibility on evoke set, hold set, and reject set.

Literature Review

Brand Social Responsibility

Brown & Dacin's (1997) seminal work on corporate attitude (CA) and corporate social responsibility (CSR) found that positive CSR associations can enhance product evaluations while negative CSR associations can have a negative affect on product evaluations. The researchers went on to determine that positive CSR associations significantly influenced consumer's response to new products (Brown & Dacin, 1997). Reich (2002) showed that BSRI has an overall impact on the customer's view of product quality, service quality and brand loyalty. There is a moderating effect of inclination to reward brand social responsibility image (RBSRI), meaning that the customer rewards the company by either paying a premium for goods and services or increasing patronage (Becker, Cudmore, & Hill (2006). Reich's (2002) work in BSRI introduced the hospitality industry to a new method of building brand awareness and market share.

Fleming, Coffman & Harter (2005) applied the human sigma approach to investigate employee and customer engagement. Their research found that 29% of the employees were engaged in their work, 54% of the employees were neutral, and 17% were disengaged and damaging to the firm. On the customer side, a fully engaged customer delivered a 23% premium over the average customer in share of wallet, profitability and revenue. The actively disengaged customer represented a 43% reduction in share of wallet, profitability and revenue. The research indicated that the engaged customer contributed 23% more sales.

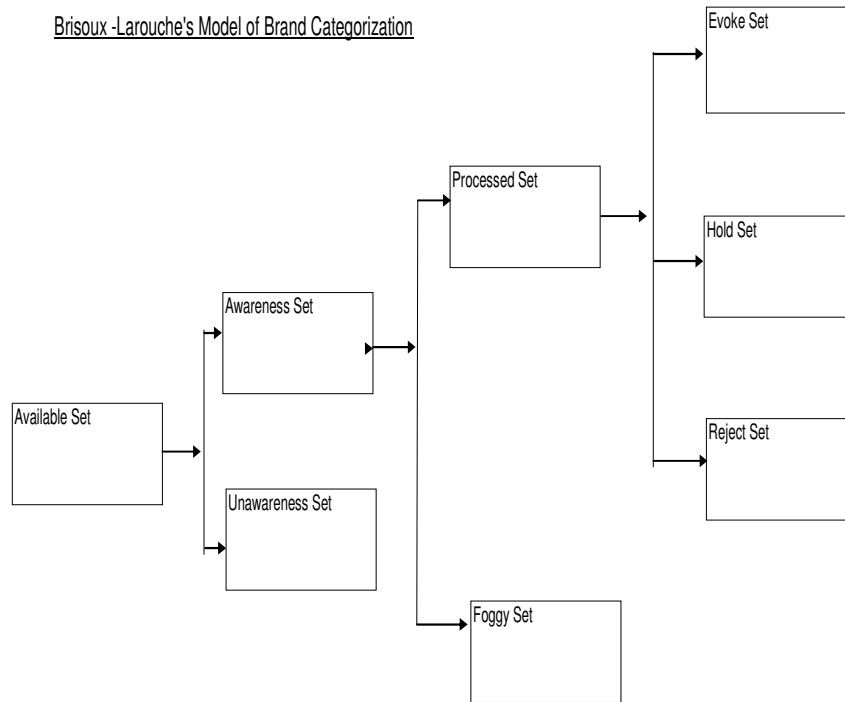
The research in BSRI and in customer engagement provides proof that not only is BSRI a valid strategy but that it can be positively correlated to increased revenues and profit.

Brand Categorization

Howard (1963) conceptualized the awareness and unawareness sets of brands from the universe of brands available in the marketplace. Howard's research was the cornerstone of the development of brand categorization. Howard noted that "Consumers choose from brand sets that they have some level of awareness of" and suggested that there are three important buying alternatives which can be part of the consumer's decision process. These alternatives do not have to be in the same class; for example, in one alternative, a lunch meal purchase could be a hamburger or a slice of pizza. In a second alternative, the consumer's choices can generally be a small number of options, called an "evoked set," an evoked set representing only a fraction of the number of brands available. In the third alternative, consumers will have a distinct perception of what brands should be included in the evoked set.

Brisoux & Larouche (1980) developed the Brisoux-Larouche brand categorization model (BLM) (figure 1) This model took the awareness set identified by Narayana & Markin (1975) and divided it into two sets: a processed set and an unprocessed set. The unprocessed set was labeled "foggy"—that is, brands consumers know exist but about which they lack enough information to recall or categorize them within other brand groups. Although consumers vaguely recognize these brands, the intent to purchase is not developed. Some specific reasons why a foggy set could exist include the fact that consumers "have not seen any advertisement about the brands or do not remember seeing any, or if they do, the advertisements were not informative enough to allow them to judge the brands; the fact that they have not tried some of these brands, or if they had personal experience with them, it was inconclusive; they do not remember whether anybody has mentioned them, consumed them, or ordered them" (Brisoux-Larouche 1980, pp. 112-114). To reach the processed set, the brand must satisfy the customer's initial knowledge of the brand. The processed set is the consumer's decision point and follows the thread identified by Howard (1963) and Narayana & Markin (1974). The BLM delineated the processed set into three subsets: evoke or consideration, hold and reject. Consumers processed all their attitudes, confidence levels and purchase intents toward brands reaching the processed level. The hold set directly correlated to the inert model, and a non-decision to accept or reject the brand took place. The reject set was consistent with the inept set. The BLM provided the brand manager a

clear, linear steppingstone to move an unknown brand to the point of consumer acceptance and purchase.



Source: Brisoux-Larouche (1980)

Figure 1. Brisoux- Larouche model of brand categorization

The Brisoux-Larouche model has spanned thirty years of development in consumer brand research and development. The brilliance of Howard (1963) in hypothesizing consumers' ability to choose only a few brand sets led to the step method of brand categorization developed by Brisoux & Larouche (1980). The B-L model is a simple construct that is adaptable enough to allow bolt-on applications such as price-quality, product performance, consumer heuristics and competition comparison. The primary researchers of this model have been quite astute in continually reinventing the model with applications of new theories in brand-product management and food service. The integration of a model utilizing brand social responsibility image as a method of achieving a distinct advantage in conjunctive decision-making and rapidly moving to the evoked set is timely and applicable in today's market. Reich's (2002) work involving intent to reward the brand social responsible image fits directly into the Bliemel price-quality model as the explanation of why consumers will pay additional money for brands that fit in the frontier curve above the value-utility linear line. The review of this research has been exciting and stimulating; moreover, the basics of food service operations are empirically proven in the research reviewed. In QSR the brand must be executed with quick service, good taste, great quality

and convenient location to stay in the evoked set. The brand social responsibility strategy may be seen as a strategy to get to the evoked set with limited mass-media funds, but staying in the evoked set will require a solid focus on the basics of QSR. Further research in other food service segments such as the coffee/bakery restaurant (CBR) or the leisure service restaurant will show changes in consumer brand attributes and preference. This author believes that the model and processes outlined in this research will be applicable to building a base for future research in brand social responsibility. The second objective of the study are captured in the proposed hypotheses are to test the influences of the social responsibility on evoke set, hold set, and reject set.

Evoke set in the Brisoux-Larouche model

The first step of moving a potential customer to the evoke set is to develop awareness (figure 2). Awareness is achieved by creating a method to stimulate the customer to take notice of the brand or draw attention. The second step is for the customer to increase their interest in the brand and gather more information. This process moves the brand to the process set. In this set if the information gathered is enough to stimulate action or purchase intent the customer will purchase a product or service. If there is not enough information or the message is unclear the brand will sink to the foggy set. The evoke set means that the customer has made the decision to purchase the product or service. The customer has a small set of brands they will choose from gathered from the process set. The evoke set will be unique to each customer. Since the food service product is not a single purchase product it is a critical to stay in the evoke set and establish a relationship with the customer with the goal of building repeat business.

In this study, we proposal an effective brand social responsibility image can draw attention of the customers; stimulate enough interest to move the customer to the evoked set. As stated in hypothesis #1 stated below.

Hypothesis #1. There is a positive relationship between customers’ perception of in – house brand social responsibility image and their intent to purchase.

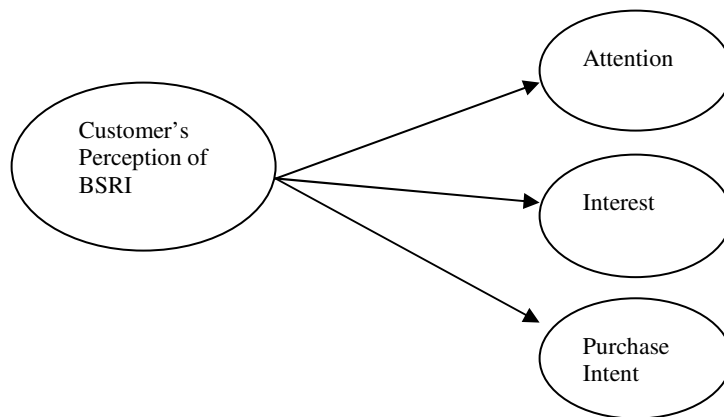


Figure 2. Conceptual Model in Evoke Set

Hold set and Reject Set in the Brisoux-Larouche model

If the customer's experience was not satisfactory, the brand could sink into the hold set. Products and services that sink into the hold set typically have minor issues with quality, service, or customer value relations (QSCV) or do not establish a differentiation image in the customer's mind. Slipping into the hold set can also happen when the consumer is unable to retrieve a positive cognitive memory of the product or experience. Brands that drop to the reject set typically have major QSCV issues and the customer can retrieve a very negative cognitive memory experience.

In this study, we are interested to determine if brands that engage in (BSRI) activities can influence customers in the hold set and reject set into giving the brand a second chance. Since the concept of QSCV depends highly on the customer's personal perception, we will isolate QSCV and focus on the construct that (BSRI) positively influences the customer's perceptions of the brand. Based on the discussions above, we propose the hypotheses as follows:

Hypothesis # 2. There is a positive relationship between BSRI and moving a current hold set coffee shop to the evoke set.

Hypothesis # 3. There is a positive relationship between BSRI and moving a current reject set coffee shop to the evoke set.

Methodology

To achieve the objectives of the study, the authors conducted three surveys. The purpose of the first and second surveys is to investigate customers' perceptions of in-house coffee and brand coffee. The third survey is to test the three hypotheses described above. The first step is a coffee-cupping survey. The cupping survey was designed to compare the quality and customers' perceptions among the in-house coffee, Starbucks, and Dunkin' Donuts. The survey was conducted on a private college campus in the northeast U.S. The cupping test utilized the affective test method and gauged preferences and ranking (Murano, 2003). The participants were also asked both a price-sensitive question and a general question regarding social responsibility. The campus coffee study consisted of seven sections which asked the respondents to indicate their coffee-drinking habits, purchase-decision process, understanding of brand social responsibility, perceptions of national brands' social responsibility status, willingness to pay a premium for a socially responsible brand, and a brief rating of social networking sites. The cupping surveys were conducted at the same campus with the assistance of an MBA project team and company resources. A total of 172 cupping surveys were completed. The second step is a campus coffee survey. The campus coffee survey was pretested with 36 MBA students attending the same college, then administered in an intercept form to 84 participants. The same survey was then administered online and pretested with a national student

advisory board (NSAB) with members on 35 university campuses. The members of the national student advisory board recruited other students from their campuses to participate. There were 163 responses from the online survey, 73 of whom were coffee drinkers. The online survey included the (NSAB) responses. The (NSAB) group then was asked to assist by deploying a snowball sampling method representing 25 university campuses. The third step is also a campus survey with the purpose of testing hypotheses 1-3. We plan to collect data in Dec, 2010.

Results

The results for the first and second surveys are reported. Among the respondents in the cupping survey, 54.34% were male and 45.66% were female. The student classification in the cupping survey was freshman (22.5%), sophomore (25.4%), junior (12.7%), senior (15.6%), MBA (24%) and other (15.40%). [Fred: more than 100%.] The overall cupping survey results based on a three-point Likert scale showed the in-house brand (1.93) trailing Dunkin' Donuts (1.98) and Starbucks (2.09). (table 1).

Table 1. Cupping survey coffee preference

	In-House	Dunkin' Donuts	Starbucks
Undergraduate	37%	29%	34%
Graduate	12%	35.5%	53.0%
Total	27.5%	31.2%	42.0%

The overall flavor ranking showed that Starbucks, with its distinctive taste, ranked first at 42%, followed by Dunkin' Donuts at 31% and the in-house brand at 27%. However, the in-house mild-tasting coffee ranked first among undergraduate-student survey participants, with 37% preferring the in-house coffee over Starbucks (34%) and Dunkin' Donuts (29%). The students were then asked if would be willing to pay above the price of their second choice (table 2). Ninety percent said they would pay a premium, with the average amount being \$.62. The last question asked the participants whether, if they were told their preferred coffee was not a social responsible brand, they would change their purchase decision. Fifty-two percent of the undergraduates and 44% of the graduates said they would change their coffee choice (table 3). Among the respondents in the online survey, 54.34% were male and 45.66% were female. The student classification in the cupping survey was freshman (14.1%), sophomore (16.9%), junior (29.6%), senior (29.6%), MBA (4.4%) and other (5.4%).

Table 2. Cupping Survey: Willing to pay a premium for top choice versus second choice

Amount	0	\$0.20	\$0.40	\$0.60	\$0.80	\$1.00	\$1.00 plus
N	17	21	28	47	10	22	28
Percentage	10%	12%	16%	27%	6%	13%	16%

Table 3. Cupping survey: If your coffee was not social responsible would that change your purchase decision?

Class	Yes	No	% Yes
Undergraduate	55	50	52%
Graduate	24	31	44%
Total Consumer that would change to a SR coffee	78	82	49%

The online survey question ranking the purchase decision of coffee (table 4) showed that on a 3-point Likert scale, taste (3.91) was the most highly ranked attribute, followed by accessibility (3.45), price (3.32), social responsibility (2.79), brand name (2.20) and origin of coffee (2.02).

Table 4. Results of online purchasing factors for campus coffee

Stats	Taste	Brand Name	Accessibility	Social Responsibility	Origin of coffee	Price
N	72	72	72	72	72	70
Mean	3.917	2.208	3.458	2.792	2.028	3.329
Sd	0.325	1.020	0.691	0.948	0.978	0.829
Variance	0.106	1.040	0.477	0.900	0.957	0.688

The results of hypotheses 1-3 will be reported in graduate conference.

Conclusion and Implications

The important areas of discussion in this research are the consumer's decision-making process in supporting social responsible brands, as evidenced in the 49% who said they would switch their coffee choice if the first brand was not social responsible. The willingness to pay a premium for their preferred cup of coffee and the fact that social responsibility was more important to the online coffee-survey participants.

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