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**If you think about it more, do you want it more? The
impact of heuristic and deliberative information
processing on consumer preferences for ethically endorsed
products**

A thesis presented in partial fulfilment of
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Roman Maciej Konopka

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Abstract

Over the last few decades, the use of endorsing logos on fast moving consumer goods packaging has been on the rise. Logos, such as the Fairtrade, the Heart Foundation Tick, or the Dolphin-Safe have been a common sight on the products found in supermarkets. Although there has been a growing research interest in the role and utility of endorsing logos, there are several fundamental questions that have yet to be addressed.

First, there are two competing views on how endorsing logos may play a role in consumer choice. They may work as distinctive assets that help a brand to be salient in purchasing situations of consumers, who primarily rely on their heuristics in shopping decision making. Conversely, endorsing logos and the claims they convey may be thoughtfully considered by shoppers that in turn leads to a greater loyalty for the endorsed products. Second, there are question marks over how brands are retrieved from memory and these questions are important in understanding the role of endorsing logos. Whilst the prevailing view is that more thoughtful consideration of a well-known brand should further encourage consumer preference (see e.g. J. R. Anderson & Bower, 1973; Keller, 1993), recent research suggests that recollecting more information about a familiar brand has the opposite outcome (Stocchi, Wright, & Driesener, 2016). Further, and most directly pertinent for brand managers, it is not certain that endorsing logos positively influence consumer preferences at all. In particular, there is a body of literature suggesting that the credibility of ethical claims by organisations are increasingly questioned by consumers. These fundamental questions leave the research literature with significant gaps, both from a theoretical and managerial perspective.

The theory and research presented in this thesis seek to close the gaps in the literature by using experimental methods to examine the role of endorsing logos. More specifically, the present research employs a variety of manipulations from the dual-process theory of human cognition to Conjoint Analysis and Best-Worst Scaling experiments. Using the Fairtrade logo as the focal stimulus, the research manipulates deliberation versus heuristics, whilst controlling for factors such as mere familiarity. The research comprises two stages with five ranking-based Conjoint Analysis experiments in stage one (n=379) and a Best-Worst Scaling experiment with Balanced Incomplete Block Design in stage two (n=1,628).

This study's findings contribute to the branding literature and aid managers in several respects. Despite concerns over the credibility of ethical claims, endorsing logos, both familiar and unfamiliar, remain as a useful marketing tool as they have a substantively positive effect on consumer preferences. This effect is detected under both heuristic and deliberative thinking. Furthermore, the positive effect of logos on consumer preferences largely operates through mere exposure to a familiar brand, but the preference can also be substantially increased by encouraging deliberative thinking. However, counter-intuitively, the present research findings imply that less familiar logos benefit more from such deliberation compared to their more familiar counterparts. It is worth noting that encouraging deliberation was achieved in the context of this research and future research is needed to examine how such encouragement can be achieved outside a laboratory environment.

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List of Abbreviations

ACT	Adaptive Control of Thought
ACT-R	Adaptive Control of Thought - Rational
ANT	Associative Network Theory
ATOs	Alternative Trade Organisations
BIBD	Balanced Incomplete Block Design
BWS	Best-Worst Scaling
CA	Conjoint Analysis
CBBE	Customer-Based Brand Equity
DCEs	Discrete Choice Experiments
FLO	Fairtrade Labelling Organizations International
FMCGs	Fast Moving Consumer Goods
HAM	Human Associative Memory
OMEF	Orthogonal Main Effects Plan
RP	Revealed Preference
RUT	Random Utility Theory
SAC	Source of Activation Confusion
SP	Stated Preference
TASS	The Autonomous Set of Systems
WFTO	World Fair Trade Organization

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Chapter 1: Introduction

This thesis originated with my Master's degree at the University of Reading. One of the Qualitative Research Methods assignments was to conduct a focus group to examine consumer motivations for purchasing ethically produced goods. The results of my research implied that consumers' motivation behind purchasing ethical products seemed to be relatively straightforward, i.e. consumers in developed countries buy such products to help producers in developing countries by paying premium for their produce. Furthermore, my observations of the marketplace suggested that fair trade labelling may be a very powerful tool to influence consumer behaviour. Therefore, the initial idea of this Ph.D. thesis was to explore how to further enhance demand for ethically labelled products that would result in greater benefits for disadvantaged producers in poor countries. However, when I began studying the subject more thoroughly, I soon realised that consumer behaviour concerning purchasing ethically labelled products was likely to be much more complex, as there were some question marks about the role of endorsing ethical logos in consumer behaviour and branding.

First, there are some managerial concerns about the choice of logos. It is well established that consumers generally prefer well recognised and familiar logos rather than their less known and unfamiliar counterparts (De Pelsmacker, Janssens, Sterckx, & Mielants, 2006; Zajonc, 1968). However such endorsement usually comes at a higher cost of certification from providers. Therefore, marketers are often unsure whether to endorse their brands with (i) more popular third party certifications, (ii) less popular third party certifications or (iii) their own, relatively unfamiliar endorsing logos. This dilemma is perhaps best visible on the example of the UK marketplace, where Nestlé, Ferrero and Waitrose use the well-known ethical Fairtrade logo on their products, while Tesco considers replacing this logo with the less known Rainforest Certification ("The big change coming to Cadbury," 2017; Burrows, 2017). Yet others, for example Sainsbury's and Cadbury recently introduced their own in-house endorsing logos, namely 'Fairly Traded RED LABEL' and 'Cocoa Life' respectively, with which consumers are not yet familiar ("The big change coming to Cadbury," 2017).

Second, there are further scientific questions apparent in consumer behaviour and branding literature as it is not clear how ethical endorsing logos influence consumer decisions. One

stream of research (for the purpose of this thesis called the Ehrenbergian school of thought¹) proposes that, in co-branding practices, endorsing logos are used to make a brand distinctive and salient (Ehrenberg et al., 1997; B. Sharp, 2010). In line with this premise is the notion of logos as distinctive brand assets that make a brand stand out from a crowd of similar brands (Romaniuk & Hartnett, 2010), and thus help a brand to be selected in purchasing situations (B. Sharp, 2010). The concept of brand distinctiveness is founded on the premise that brand associations play a great role in a brand choice and that consumers are associative, heuristic thinkers who have repertoires of brands in product categories and routinely purchase branded products from within these repertoires (B. Sharp, 2010). According to this stance, consumers buying ethically endorsed products do not necessarily scrutinise ethical logos and their meanings, but rather make decisions heuristically as they are primarily driven by associations with ethical logos that are stored in memory structures.

However, another stream of research proposes a different perspective on how endorsing ethical logos may operate. Rather than being simply an element that helps a brand to be salient, an endorsing ethical logo may facilitate brand differentiation that, according to some theorists (e.g. D. Aaker, 1991; Keller & Lehmann, 2006), underpins brand success. According to this stance, an ethical logo is likely to be treated as a means to differentiate one brand from another and ethical claims carried by the logo are deliberately considered by purchasers. This implies that consumers are perceived as thoughtful decision makers, who consciously consider their choices. Moreover, marketers may hope that a greater deliberation of the ethical logo will increase consumer preferences for the focal brand and consequently, more thought about a brand would result in developing a greater loyalty towards it (see e.g. Jacoby & Chestnut, 1978).

Interestingly, the two different perspectives present in consumer behaviour and branding literature have parallels in cognitive psychology research. The well-established concept of the dual-process theory of human cognition proposes that people often process information/make decisions in a more intuitive and associative way relying on their heuristics but they sometimes do so in a more deliberative and conscious way in which they rely on rules (e.g. J. Evans, 2008; Kahneman, 2011). These two processing types are commonly known as System 1 or Type 1

¹ Named after Andrew Ehrenberg, a marketing scientist who was one of the first researchers to propose the theory of consumers being uninvolved decision makers and began formulating some of the marketing laws, for more see Ehrenberg (1974), Ehrenberg, Barnard, and Scriven (1997), and B. Sharp (2010).

and System 2 or Type 2 processing (J. Evans & Stanovich, 2013; Stanovich, 1999). In most cases, people process information heuristically as it requires less cognitive effort compared with deliberative thinking, yet such processing is inherently associated with several biases and therefore often leads to less optimal outcomes (Tversky & Kahneman, 1973, Kahneman, 2011). The parallels between branding/consumer behaviour and the dual-process theory are apparent. Some theorists, for example D. Aaker and Shansby (1982), Keller (2001) and Renard (2003), imply that consumers may engage in ethical purchasing due to their underlying motivations of altruism and therefore they may give more thought to their decision making (Type 2 thinkers), while other theorists, such as B. Sharp (2010), A. Sharp, Nenycz-Thiel, Wheeler, and Vennard (2015) and Winchester, Arding, and Nenycz-Thiel (2015), would propose that consumers make decisions with little or no thinking about the subject (Type 1 thinkers).

The context of ethical logos is very important in advancing an understanding of consumer behaviour and in arbitrating between the two competing theories noted above. Ethical logos convey the claims of supporting the poor and thus appeal to consumer altruistic motivations (De Pelsmacker, Janssens, Sterckx, & Mielants, 2005; Marston, 2013). Consequently, consumers should give more thought to the ethical logos and ethical claims than to other types of endorsing logo and such deliberation should lead to greater consumer preferences for the endorsed products. Therefore, the Ehrenbergian view of consumers as heuristic processors who do not think much about the ethical logos and the claims they convey but are primarily driven by simple brand associations should be questioned. However, ethical logos provide a context in which the Ehrenbergian view might be refuted. In other words, using a metaphorical expression, the ethical logo raises a high bar for the Ehrenbergian view of branding and consumer behaviour to cross. Thus the findings of this thesis might contribute to a wider debate on brand choice.

Although ethical endorsing logos seem to be the most appropriate to examine consumer behaviour and branding in respect to endorsing logos (particularly to arbitrate between the competing theories in the branding literature noted above), the discussion about consumer behaviour, branding and dual-processing can be broadened to other types of endorsing logo. While ethical logos, for example Fairtrade or World Fair Trade Organisation's certification, are intended to encourage greater consideration of the focal brands through an appeal to consumer ethics and altruism (De Pelsmacker, Janssens, et al., 2005; Marston, 2013), logos such as the Healthy Eating symbol or the Heart Foundation Tick address consumer concerns

about their health (Rayner, Boaz, & Higginson, 2001; Williams & Mummery, 2013). Yet other logos, for example the Nordic Swan and the Dolphin-Safe, appeal to consumer environmental concerns (Bjørner, Hansen, & Russell, 2004; J. Brown, 2005) and ‘medal awards’ on wine labels signal high quality of products (Lockshin, Jarvis, d’Hauteville, & Perrouty, 2006). The commonality for these logos is that they may be more or less thought through by consumers in purchasing situations and therefore they may be treated by marketers as points of differentiation and reasons to buy the endorsed products or as means to distinguish the brand that simply evoke positive associations. One may thus ask the following question: Do people buy labelled products because of deliberative thinking about environmental/ethical/health/quality assurance claims they convey or rather simply because people have positive associations and familiarity with them?

Furthermore, some interesting questions, both empirical and theoretical, arise with regards to the moderating effects of familiarity and recognition of the logos/brands retrieval. An established theory of associative network of memory suggests that more deliberative thinking about endorsing logos would have a greater effect on a more familiar logo than a less familiar logo as the former has a larger pre-existing network of associations that can be activated by an additional thought (J. R. Anderson & Bower, 1973; Keller, 1993). However, Stocchi et al. (2016) draw on a dual-process theory of memory recognition (not to be confused with the dual-process theory of human cognition; see Reder et al., 2000) and suggest that familiarity of stimuli may cause activation confusion and that in some situations familiar stimuli are more difficult to remember. It is therefore not clear which of the two theories of memory retrieval current in branding literature better captures actual consumer decision making.

To add more to the question marks regarding the role of endorsing logos, although most researchers agree on the positive effects of such logos on consumer preferences (Bjørner et al., 2004; J. Brown, 2005; De Pelsmacker, Janssens, et al., 2005; Teisl, Roe, & Hicks, 2002), some academics question this premise. For example, research found that some consumers are sceptical or even cynical about ethical or organic claims as they question whether these claims are credible and suspect manufacturers to engage in ‘greenwashing’ (Burke, Eckert, & Davis, 2014; Peattie, 1995; Yiridoe, Bonti-Ankomah, & Martin, 2005). Others, despite believing in ethical claims, are unmoved by them (Milkman, 2004; Prasad, Kimeldorf, Meyer, & Robinson, 2004). Moreover, some research found that ‘placebo’ labels (i.e. with no substantial meaning to consumers) may negatively affect consumer preferences (Hainmueller, Hiscox, & Sequeira,

2015) and that logos may have a positive impact on consumer preferences only if consumers believe in the message they convey (Hansen & Kull, 1994; Thøgersen, 2000). Therefore, it is possible that consumers do not positively respond to endorsing logos and thus this prompts for a re-evaluation of the rationale for co-branding of endorsing logos and manufacturer's brand.

As the above discussion shows, the initial idea of the Ph.D. research evolved from exploring how to enhance demand for ethical products to more fundamental questions revolving around cognitive thinking about endorsing logos and their effects on consumer preferences. During the process of this evolution, it became apparent that there are several unresolved scientific questions that need to be addressed first in order to tackle the more practical issues of fair trade. As such, the present research seeks to answer the scientific questions in the context of fair trade. The first overarching research question (RQ) concerns the effects of deliberation on consumer preferences and is as follows:

RQ 1: Does deliberative thinking enhance consumer preferences?

The present research focuses on ethical logos as, out of all types of endorsing logos, ethical logos seem to be the most appropriate to answer the research questions because they provide a setting in which the effects of deliberation are likely to be greater, and thus more easily detected. This setting concerns an ethical/altruistic dimension of logos that is more likely to trigger deliberative thinking as opposed to, for example organic logos or those conveying health claims or quality assurance. Specifically, the two ethical logos used in this research are the well-known and highly recognised Fairtrade certification mark and an unknown Exchange Ethics logo that was purposely developed for this study. Consequently, there are two further research questions that revolve around the effects of deliberation on consumer preferences for ethical logos that vary in respect to the levels of familiarity. Note that RQ 1 is not addressed directly, but it is rather operationalised through RQ 2 with a supporting RQ 3 to examine the postulated effect of familiarity. The two further RQ 2 and RQ 3 are as follows:

RQ 2: Does deliberative thinking enhance consumer preferences for ethical logos?

RQ 3: If deliberative thinking enhances consumer preferences for ethical logos, does it benefit more familiar or unfamiliar logos?

Finally, three secondary research questions need to be answered to help examine RQ 1, RQ 2 and RQ 3:

RQ 4: Do endorsing logos affect consumer preferences at all?

RQ 5: If endorsing logos affect consumer preferences, is this effect greater for more meaningful ethical logos compared with generic, less meaningful logos?

RQ 6: If the effect of endorsing logos is greater for more meaningful ethical logos compared with generic, less meaningful logos, is this effect greater for familiar ethical endorsing logos than for their unfamiliar counterparts?

To assist in answering RQ 4 and RQ 5 two other, more generic logos were developed that did not convey any ethical claims.

In order to explain the phenomena of brand retrieval and the influence of deliberation on brand choice, the present research undertakes a scientific experimental approach. Brand choice will be examined by conducting choice experiments, using ranking-based Conjoint Analysis and Best-Worst Scaling preference elicitation techniques that, apart from having several advantages over other marketing research methods (see e.g. Adamsen, Rundle-Thiele, & Whitty, 2013; Auger, Devinney, & Louviere, 2007; S. Cohen & Neira, 2003; Green & Srinivasan, 1990), have the inherent flexibility to allow for manipulation checks and comparison of experimental effects against control conditions. Furthermore, concerning manipulations of information processing types, the study will draw on methods developed by cognitive psychologists, for example Alter, Oppenheimer, Epley, and Eyre (2007), J. Evans and Curtis-Holmes (2005), Kahneman (2011), and Stanovich and West (1997). To encourage heuristic Type 1 processing, the research will use visual ethical logos that are easily (and thus heuristically) processed and timely constrained decision making, whereas to trigger deliberative Type 2 processing, the study will apply cognitive strain operationalised as exposing participants to the lexical form of the ethical logos using small fonts and varied emphasis and mental, unrestricted by time multi-tasking. Furthermore, this research will also determine the processing types utilised by participants by examining response time, as recommended by, for example Kahneman (2011).

As can be inferred from the above discussion, the overarching strategy of the research is to manipulate the logo conditions and processing types. More specifically, this research applies

within-study experimental designs to infer utilities of the logo conditions and between-studies experimental design that manipulates Type 1 and Type 2 information processing. In respect to the conceptual framework, this research examines the effects of the logo attribute (the focal independent variable) on consumer preferences (expressed as consumers' rankings of profiles, treated as a dependent variable) moderated by the familiarity of logos. Apart from manipulating the logo conditions, the research also manipulates price and coffee brand attributes (independent variables) to more precisely estimate the effects of logos on consumer preference. To ensure the rigour of scientific research, the study considers the range of validity types (e.g. the ecological validity; see Brewer & Crano, 2000; Hammond, 1998), i.e. uses 200-g packs of coffee that have variations in brands, prices and Fairtrade/non-Fairtrade options and eliminates several confounding variables that could potentially threaten the robustness of the research. With regards to the structure of the research, it comprises two stages with five experiments (including the Pilot study) in Stage One and one experiment in Stage Two.

The findings of this research broadly demonstrate that an inclusion of a logo into product packaging positively influences consumer preferences and that these preferences may be further enhanced if the endorsing logo carries an ethical claim and if it is familiar rather than unfamiliar. Furthermore, deliberative thinking influences consumer preferences for products endorsed by familiar and unfamiliar ethical logos. Finally, more thoughtful information processing seems to have a greater positive effect on less familiar logos than on more familiar logos. However, it is important to emphasise that although deliberation is likely to increase consumer preferences, question marks remain with respect to if and how such deliberation can be encouraged under marketplace conditions. Future research is needed to examine this.

The present thesis offers contributions to the branding and consumer behaviour theories as well as providing a methodological contribution and empirical/managerial implications. First, this research adds to the debate on whether ethical claims or brand associations primarily influence consumers' decisions and thus helps arbitrate between divergent theories present in the literature on how consumers choose brands, suggesting that ethical claims that underpin ethical brands are relatively powerful yet they can be magnified by associating them with familiar logos. Second, this research further examines the moderating effect of familiarity on the relationship between deliberation and preferences and therefore arbitrates between the competing theories of memory retrieval present in branding literature by lending support to the dual-process theory of memory retrieval. From the methodological perspective, the novelty of

the current research rests in introducing manipulations from the dual-process theory of human cognition to branding choice modelling experiments. Finally, the empirical contributions of this research lie in examining the effects of endorsing logos on consumer preferences and whether an increase in deliberation has a positive effect on these preferences. Consequently, the present research offers several recommendations for brand managers on the use of endorsing logos in respect to their familiarity, ethical content and whether they should encourage consumers to think about their products endorsed by ethical logos.

The thesis is organised as follows. First, it reviews relevant literature on (i) dual-process theory of human cognition, (ii) branding and consumer behaviour, and (iii) endorsing logos and ethical consumption. These are discussed in Chapters 2, 3, and 4 respectively. Second, the thesis examines potential marketing methods that could be used to answer the research questions and discusses in detail the most appropriate of them. Chapter 5 contains discussion on methodological approach. Third, the thesis details the studies from Stages One and Two, including design, data collection, analysis, results, discussions and limitations. These are examined in Chapters 6 and 7. Finally, Chapter 8 provides general discussion on findings, theoretical contributions and managerial implications of this research.

Important note: To avoid confusion, throughout this thesis the use of the term ‘fair trade’ without capitalisation refers to the movement, while a capitalised ‘Fairtrade’ denotes the Fairtrade logo. Also, the terms ‘logo’ and ‘label’ are used interchangeably due to their very similar meanings in the context of endorsements.

Chapter 2: Dual-process theory of human cognition

2.1 Introduction

Sometimes, people's judgements look intuitive. Judgements appear to pop in to the mind effortlessly and rapidly, coming out of 'nowhere' with very little conscious awareness of where they come from or the manner of their formation. Sometimes, however, judgements seem intentional and thoughtful. They arise from an effortful and deliberative process of reasoning that is transparent. The occurrence of this dichotomy is clear. This concept of cognition operating through two processes has implications for the social sciences, including marketing, and, in particular, is an important framework that can provide insights into the subject of ethical consumption and ethical endorsing labelling.

2.2 Overview of Dual-Process Theory

2.2.1 General overview

Influential dual-process theorists claim that decision making depends on two information processing systems (J. Evans, 2008; Kahneman, 2011; Stanovich & Toplak, 2012). A great deal of human functioning comes from processes, which do not require conscious control (e.g. Bargh, Gollwitzer, Lee-Chai, Barndollar, & Trötschel, 2001; Kahneman, 2011). This reasoning is said to be rapid, effortless, characterized by associationistic connections (Sloman, 1996), and is commonly referred to as Type 1 processing. It is experienced passively and pre-consciously as people are 'seized by their emotions' (Epstein, 1994). In such processing, judgements subjectively appeal because they 'feel' intuitively correct (Klaczynski, 2000). On the other hand, there is an effortful, deliberative, and consciously controlled analytic reasoning (Klaczynski, 2000), commonly referred to as Type 2 processing. This processing necessitates effort to maintain several ideas simultaneously in memory, which require separate actions (Kahneman, 2011). Further, the analytic processing is based on logical connections and is experienced actively and consciously as people can 'control their thoughts' (Epstein, 1994). Type 2 processing is believed to produce superior results (Kahneman, 2011; Moxley, Ericsson, Charness, & Krampe, 2012), though with some exceptions (see further discussion).

It is proposed that the existence of two types of processing has several advantages for people. Possessing both types of processing allows individuals efficient use of limited Type 2 processing capacity. Shiffrin and Schneider (1977) argue that, although slow, Type 2 processing can be used for novel situations requiring deliberative thought, for which automatic responses have not yet been learnt. Once a situation becomes familiar, attention demand is reduced, and automatic Type 1 processing may take control, thus releasing the effortful Type 2 processing and directing it to another task. Additionally, the existence of both types of processing allows an individual to adjust to changes in the environment that make previously learnt activity patterns impractical or risky (Shiffrin & Schneider, 1977).

2.2.2 Historical overview

Dual-process theory has a long history. K. Armstrong (1993) speculates that the distinction between two types of reasoning can be traced back to Plato and Aristotle who proposed the distinction between the two types of knowledge with the ability to be scientifically proved as the determinant of distinguishing between them. Even though the idea of the two distinct types of reasoning has been around for as long as philosophers have investigated human thought, it is only recently that cognitive psychologists have proposed an explicit and research-based claim of two separate cognitive systems underlying human reasoning (J. Evans, 2008).

Over 100 years ago, two prominent psychologists, William James and Sigmund Freud, wrote works that can be perceived as the first modern attempts to explain the phenomenon of dual-process theory of human cognition. James (1890) believed that there were two kinds of thinking: association by similarity and true reasoning. He argued that associative knowledge was only from past experiences and he considered it 'reproductive'. True reasoning, on the other hand, was 'productive' and useful for unprecedented situations, i.e. situations for which all people's common associative wisdom, all the 'education' which they shared in common with the beasts, left them without resource (James, 1890).

Similarly, Freud offered an explanation of the dichotomy of human processing. In his most prominent work on interpretation of dreams, Freud (1900) proposed two mental processes that he described as primary and secondary, with the former the operation of the irrational unconscious and the latter as a more logical and realistic consciousness. Freud's primary

process comprises elements, such as wish fulfilment, displacement, symbolic representation, and association, which he believed undermined people's attempts at conscious, rational thinking. Further, Freud proposed that the only solution for thinking rationally is to make the unconscious conscious. Rational thinking, according to Freud, is only the tip of the iceberg as the base for all mental processing consists of the unconscious, which operates by the primary process. The concept of unconscious mind has been subject to considerable criticism (e.g. see Epstein, 1994). Nonetheless, Freud's theory became a foundation for modern cognitive psychologists to develop a new idea of the unconscious. Referred to as the cognitive unconscious, this new view of unconscious is said to be a "system that automatically, effortlessly, and intuitively organizes experience and directs behavior" (Epstein, 1994; p. 710) outside the awareness. Epstein (1994) further adds that cognitive unconscious is more efficient than conscious processing because it is a natural mode of operation.

2.2.3 Terminology: System 1/System 2 vs Type 1/Type 2

Since James and Freud introduced their concepts of dichotomy of human processing, these views of mental activity have been discussed by Piaget (1959) and Neisser (1963), among many others. From these foundations, cognitive psychologists extended and formalised these early considerations. Initially, the two modes of thought were characterised as Systems 1 and 2, with System 1 seen to represent unconscious thought, and System 2 as more deliberative and conscious thought (e.g. Kahneman & Frederick, 2002; Stanovich, 1999). However, although the delineation as Systems 1 and 2 has persisted, others have described the processes as Type 1 and Type 2 respectively (e.g. J. Evans & Stanovich, 2013; Stanovich & Toplak, 2012; V. A. Thompson, Prowse Turner, & Pennycook, 2011). Although this terminology is very similar, underlying the difference in terminology are some substantive differences in theoretical positions.

The fundamental differences between Type 1/Type 2 and System 1/System 2 relate to the underlying theory applied in the System 1/System 2 theory that processes map to two distinct brain systems. However, Stanovich and Toplak (2012) consider that the idea of mapping to distinct systems is, of itself, an unsupported assumption. Additionally, the System 1 term implies that there is one singular intuitive, fast system. In actuality, there is a set of sub-systems (TASS, explained in more detail later) within System 1. Therefore, according to Stanovich and

Toplak (2012), the terminology Type 1 and Type 2 processing more appropriately captures the dual-process theory as it is not necessarily a two-system theory. As such, the terms Type 1 processing and Type 2 processing will be used throughout this thesis.

2.2.4 Evolutionally ‘old’ Type 1 vs evolutionary recent Type 2

Type 1 processing is believed to evolve earlier than Type 2 thinking (Epstein & Pacini, 1999; J. Evans & Over, 1996; Stanovich, 1999). Type 1 processing is often nonverbal, and it is thought to be shared with animals (J. Evans, 2008). It is, however, unreasonable to think that there has been only one type of implicit system in evolutionary history of humanity. Stanovich (2004) proposes that there is a set of autonomous sub-systems (including both innate input modules and domain-specific knowledge) rather than one single implicit type of cognition. This collection of sub-systems comprise different kinds of cognition collectively referred to as the autonomous set of systems (TASS), constituting Type 1 processing (J. Evans & Stanovich, 2013).

J. Evans (2008) argues that several kinds of Type 1 processing evolved in different stages of evolutionary history. Vision and attention are much older than language processing. Habitual and automated behaviour patterns, which in the past required engaging Type 2 processing, with practice and experience become Type 1 processing (J. Evans, 2008). Therefore, there is no evidence to support the standpoint that all automatic processes belong to one single system. Fodor (1983) shares this view, stating that the human mind consists of several domain-specific cognitive modules that are innate, for example language and visual perception. The common characteristic of these modules is their operation without conscious awareness and voluntary control.

As opposed to Type 1 cognition, Type 2 processing refers to the use of language, reflective consciousness, and hypothetical thinking. Additionally, only a mind capable of undertaking meta-representations and higher level intentionality is considered to be able to utilize Type 2 processing (J. Evans, 2008). Therefore, such processing is claimed to be distinctively human. Worth noting is that there is an evidence of some primates having the ability for higher order mental representations (Mithen, 1996; Whiten, 2000), but this ability is very limited in

comparison to the abilities of the human mind (J. Evans, 2008). Thus, Type 2 is considered as uniquely human.

2.2.5 How does Type 1/Type 2 processing operate?

There are divergent views on how the two modes of processing operate. Some social scientists propose that they operate in parallel and interact one with another (Kahneman & Frederick, 2002; Strack & Deutsch, 2004). According to this view, there is an asymmetry in their operation as Type 1 processing is always engaged whereas Type 2 processing can be disengaged (Strack & Deutsch, 2004). Both types of processing may occur simultaneously (Chaiken, 1980; Chen & Chaiken, 1999; Epstein, 1994; Petty & Cacioppo, 1986; Sloman, 1996) and their effects may be additive (both lead to the same conclusions), associative, i.e. based on similarity of associations processing may bias ongoing rule-based (operating on symbolic structures) processing, or both types may work in opposition (Chen & Chaiken, 1999). When working in opposition, rule-based Type 2 processing is likely to override the biased associative Type 1 processing and provide a more accurate response to the cognitive problem. Other researchers, such as Devine (1989), Gilbert (1989), and Wegener and Petty (1995), see the two types of processing operating sequentially, where Type 1 processing appears first and is, optionally, followed by Type 2 processing (see Smith & DeCoster, 2000).

As seen above, cognitive scientists tend to disagree about how both types of processing operate. Moreover, some social cognitive theorists (e.g. Keren & Schul, 2009; Kruglanski & Gigerenzer, 2011; Osman, 2004) are questioning the concept of dual-process theory (see further discussion). Due to these confusions surrounding human processing, the following section examines the varied perspectives in more detail.

2.3 Features of Dual-Processing

2.3.1 Ambiguity of consciousness

Bisiach (1988) proposes that consciousness can be thought of as (i) a concept of soul distinguishing humans from beasts, (ii) phenomena referred to people's sensory experience of the world, i.e. transformation of physical events into mental events, and (iii) a mental state that can be reasoned about, reported on, recollected or voluntarily acted on. Thus, consciousness

can be clearly distinguished from unconsciousness. Such an apparent discrepancy seems to be based on works of early psychologists, such as James (1890) and Freud (1900). It is then plausible to treat unconsciousness and consciousness as features to distinguish between both types of processing, with the former being attributed to Type 1 and the latter being ascribed to Type 2 processing.

The divergence between conscious and unconscious reasoning is, however, problematic. Nisbett and Wilson (1977), Stanovitch (2004), and Wilson and Dunn (2004) argue that unconscious processes may control people's behaviour without them being aware of those processes doing so. Other researchers (Kihlstrom, 1987; Reber, 1989) propose the concept of a cognitive unconscious in the form of information processing that occurs without people's conscious awareness. J. Evans (2010) concludes that both Type 1 and Type 2 processing can have conscious and unconscious aspects. Therefore, the ambiguity related to consciousness of processing is one of the reasons why J. Evans and Stanovich (2013) redefine the necessary features distinguishing both types of processing and do not regard consciousness as one of them. Instead, they propose to focus on working memory that, alongside the ability to think hypothetically (discussed further), is a necessary characteristic of Type 2 processing. The importance of working memory in human cognition is also emphasised by Baddeley and Logie (1999), who conclude that working memory plays a crucial role in complex cognitive activities such as language comprehension, mental arithmetic and, what is most important in respect to the purpose of this research, reasoning.

2.3.2 Working memory – a defining feature of Type 2 processing?

An extensive literature on working memory (see in Baddeley, 2007) has recognised the existence of general purpose system that is used in higher cognitive functions. According to Baddeley (1992) and Baddeley and Logie (1999), working memory comprises multiple specialized modules of cognition allowing people to understand their immediate environment and to remember information about their immediate past. Furthermore, working memory is believed to have limited capacity (J. Evans, 2008; Reyna, 2004), i.e. that the amount of information processed in any given time is limited and it is faded if it is not rehearsed (Baddeley & Hitch, 1974). Additionally, the limited capacity of working memory differs between individuals (J. Evans, 2008) and due to possessing working memory, humans are able to think

hypothetically, undertake mental simulations and make decisions sequentially (J. Evans, 2007; 2010b). Therefore, using working memory can be portrayed as thinking that flows in a sequential manner that makes it slow and of a lower capacity (J. Evans, 2008).

J. Evans (2008) and J. Evans and Stanovich (2013) argue that while Type 2 processing necessitates working memory, Type 1 processing does not. They further claim that working memory is a defining feature of Type 2 processing. However, Smith and DeCoster's (2000) considerations of associative reasoning (associative vs rule-based processing, further discussed in more detail) question the claim that working memory is attributed to Type 2 processing only. Smith and DeCoster (2000) propose that Type 1 processing relies on a long accrual of associative memories ('slow learning memory'), while Type 2 processing allows for a process which will quickly develop a new cognitive structure ('fast learning memory', not to be confused with the rapid Type 1 processing). In slow learning memory, associations are made between the characteristics that co-occur, for example the visual appearance of an object, its name, actions people perform with it, and so on. Later, the entire configuration of these characteristics can be retrieved when only a fraction of them (e.g. appearance of an object) is encountered again. Therefore, associative processing occurs as a pattern-completion and similarity-based retrieval from memory that is triggered by salient features of the input. It uses currently available cues to retrieve representations that were stored on past occasions in similar situations (Smith & DeCoster, 2000).

As seen from the above, information stored in memory comes from perceptions and associations. Such information retrieval, which occurs through associative processing in the form of, e.g. pattern completion, requires processing. However, it is unclear to what extent working memory is engaged in such retrieval. It may be the case that in Type 1 processing, working memory is employed to retrieve a piece of information and further there is only a cascading response match to complete the task. Thus, working memory may be attributed to both Type 1 and Type 2 processing. As such, what might define Type 2 processing is not that information goes into working memory, but that it is held in there while another cognitive task takes place. This would explain, why Kahneman (2011) implies that cognitive multi-tasking can be used as a means of encouraging Type 2 processing.

It is important to discuss the concept of working memory and its attributions to (primarily) deliberative Type 2 processing when considering the methods of encouraging deliberation. As

will be shown in Chapter 6, the present research draws on findings from, e.g. Kahneman (2011), suggesting that when people are cognitively burdened, i.e. their working memory is busy, they tend to think in a more thoughtful way.

2.3.3 Hypothetical thinking with cognitive decoupling skills – a defining feature of Type 2 processing

J. Evans (2003) proposes that people might (and frequently do) decide their actions on the basis of past experience, i.e. on what has or has not worked well in the past. Such decision making usually requires little consideration. However, people can also make decisions that are an effect of constructing mental models or simulations of future possibilities, which J. Evans (2003) define as *hypothetical thinking*.

Most cognitive psychologists believe that Type 2 processing must override Type 1 processing and provide a better response to the task in order to produce a better outcome of reasoning (e.g. J. Evans, 2008; Kahneman, 2011; Stanovich, Toplak, & West, 2010; Tversky & Kahneman, 1983). This can come from processes of hypothetical thinking and cognitive simulation (J. Evans, 2007, 2010). While thinking hypothetically, humans create temporary models of situations encountered and test out the solutions. In order to hypothesise, it is necessary to possess a cognitive capability that allows for not confusing representations of imaginary situations with representations of the real world. This cognitive decoupling skill, as an element of hypothetical thinking, is a central feature of Type 2 processing (J. Evans & Stanovich, 2013; Stanovich & Toplak, 2012).

2.3.4 Automatic vs controlled

Type 1 and Type 2 thinking are often considered as automatic and controlled processing types respectively (J. Evans, 2008; Stanovich & Toplak, 2012). Cognitive psychologists believe that Type 1 processing is implicit, automatic, and autonomous because its execution is rapid, and it does not require conscious attention (see, e.g. J. Evans, 2008; Stanovich & Toplak, 2012; Stanovich et al., 2010). As different systems within Type 1 processing are autonomous (see TASS; Stanovitch, 2004), they may operate simultaneously without any interference between them or with Type 2 processing (Stanovich et al., 2010). Shiffrin and Schneider (1977) further

claim that some of them may be initiated under a person's control, but once initiated, they run to completion automatically. The autonomy of Type 1 processing is mandatory when its triggering stimuli are encountered (Stanovich & Toplak, 2012). Such processing requires training and practice to develop (slow learning, see earlier discussion), but once developed, it is difficult to modify (Shiffrin & Schneider, 1977). Of a particular importance is Stanovich & Toplak's, (2012) conclusion that the autonomy of Type 1 processing is its defining feature that distinguishes it from Type 2 processing.

Contrary to Type 1, cognitively conscious Type 2 processing is explicit, controlled, slow, and sequential (J. Evans, 2008). Shiffrin and Schneider (1977) claim that controlled processes can be adopted quickly (fast learning, see earlier discussion) without any extensive practice, can be easily modified, and can be used to control the flow of information. Therefore, as Kahneman (2011) concludes, Type 2 processing is able to control thoughts and behaviours. It is ultimately in charge, capable of resisting suggestions of Type 1 processing and enforcing rational analysis. It acts more like an endorser rather than enforcer (J. Evans, 2006) and 'apologizes' for the emotions resulting from Type 1 processing rather than 'critically evaluates' them (Kahneman, 2011).

2.3.5 Associative vs rule-based processing, contextualization, and the ambiguity surrounding them

Furthermore, Type 2 processing is ruled-based because it operates on symbolic structures. Its computations have the properties that are normally assigned to rules, which Sloman (1996) describes as abstractions that apply to any problem that has a certain well-specified symbolic structure. Kruglanski and Gigerenzer (2011) explain that the rule concept indicates an *if-then* relationship of *if* (cue) and *then* (judgement). Rule-based reasoning tries to describe the world by utilizing logical, hierarchical, and causal-mechanical structures (Sloman, 1996) and therefore can compare objects on several attributes, and make deliberate choices between options (J. Evans, 2008). Sloman (1996) further claims that apart from their logical structures, rules possess a set of variables, which can be instantiated in more than one way. As these variables assume a class of possible values, they are necessarily abstract. In other words, rules are often content independent (Sloman, 1996) and therefore rule-based reasoning possesses

abstract characteristics and operates in an impersonal and decontextualized way, obeying logic (Verschuere, Schaeken, & d'Ydewalle, 2005).

Unlike Type 2, Type 1 processing is believed to be contextualized and domain-specific. Klaczynski and Lavalley (2005) and Stanovich (1999) observe that people tend to rapidly contextualize problems with their prior knowledge and beliefs. Verschuere et al. (2005) draw similar conclusions, stating that heuristic processing operates on contextualised representations. Therefore, Type 1 is rather personal as it takes individual goals into account. Belief-based heuristic reasoning is used as a default and, in order to overcome it, abstract (decontextualized) and domain general Type 2 processing needs to be activated. Stanovich (1999) shares this view and claims that the ability to decontextualize information is a good predictor of using Type 2 processing. People with higher ability to decontextualize are able to go beyond the context and think abstractly. They are less likely to be lured by heuristics or syllogistic thinking. People with lower ability to decontextualize information tend primarily to use cues derived from the content itself, such as believability of conclusions.

However, more contemporary works have revised this initial view on the abstractedness of Type 2 processing. In a more recent debate on the dual-process cognition, J. Evans and Stanovich (2013) argue that Type 2 thinking is not context-free and abstract, as the literature on the topic provides examples where both Type 1 and Type 2 processing are content dependent (e.g. see J. Evans, Handley, & Harper, 2001; Verschuere et al., 2005; Weidenfeld, Oberauer, & Hörnig, 2005), but the latter in a different way (prior knowledge affects both types of processing in qualitatively different ways; J. Evans & Stanovich, 2013). Therefore, J. Evans and Stanovich (2013) argue that decontextualisation is not a defining feature of the Type 2 processing but only a correlate.

Sloman (1996, 2002) speculates that one of the most salient features of Type 1 processing is its associative character, which distinguishes it from the rule-based Type 2 processing. Smith and DeCoster (2000) explain the term *associative* as “a learned connection between two items or concepts” (p. 113). In associative processing, objects are treated in a similar manner, so they are perceived as similar (J. A. Anderson, Gately, Penz, & Collins, 1990). Such processing operates reflexively and draws inferences from its environment by using similarities between problem elements (Sloman, 1996). It interprets cognition problems using aspects of general

knowledge, such as images and stereotypes and is able to divide perceptions into reasonable clusters on the basis of (quasi)statistical consistencies.

Theorists and practitioners investigating consumer behaviour are familiar with the existence of rules and associations in people's shopping behaviour. Inconsistency between rules and associations is believed to be one of the primary sources of conflicts within and between individuals and these conflicts dominate much of consumers' choice behaviour (Sloman, 1996). Consumers often have to choose between products that are brought to mind as an effect of strong associations (due to, e.g. vivid advertising or a brand's market longevity) and products whose value can be rationally justified. Likewise, consumers often choose between brand names they are familiar with and more generic products, which sometimes have identical or better-quality ingredients and lower price (Sloman, 1996). The importance of associations in consumer decision making will be discussed in Chapter 3. Concerning the present research, it is likely to be the case that consumers purchase products endorsed by ethical logos due to their positive associations with the concepts represented by the logos, without much consideration of these logos. However, it would be interesting to see whether consumer preferences for the endorsed products can be enhanced if they are encouraged to consider the logos in a more thoughtful way that goes beyond simple associationistic connections.

Not all dual-process theorists agree on the clear distinction between associative characteristics of Type 1 processing as opposed to rule-based Type 2 processing. Kruglanski and Gigerenzer (2011) argue that both intuitive and deliberative judgments are rule-based and that the very same rules can underlie both types of judgments (see further discussion). Also, the ambiguity of Type 1 reasoning and the concept of multiple systems of implicit processes (discussed earlier) cause much doubt. This may be the reason why Chen and Chaiken (1999) and J. Evans (2006) prefer to talk about heuristic (rather than associative) vs analytic or systematic (rather than rule-based) processing. Similarly, Tversky and Kahneman seem to prefer this terminology as they devoted most of their academic lives to examining how heuristics affect people's judgements and decision making (e.g. see Kahneman, Slovic, & Tversky, 1982; Kahneman & Tversky, 1974, 1984).

2.4 Consequences of Dual-Processing

2.4.1 Heuristic vs analytic processing

Seminal works of Tversky and Kahneman (1973, 1983), Kahneman and Tversky (1984) and Kahneman (2011) provide a detailed insight into people's heuristic decision making and judgment. These authors claim that Type 2 processing is rarely activated due to human laziness. Therefore, if a satisfactory answer cannot be found quickly through Type 2 processing, the human mind tries to answer those questions by substituting them with related, easier questions that can be answered through Type 1 processing. Kahneman (2011) calls this procedure *heuristics* and argues that it helps find adequate, however often imperfect, answers to difficult questions. Put simply, Type 1 processing is believed to quickly propose intuitive answers to questions as they arise (Kahneman & Frederick, 2002).

In human reasoning, both types of processing can be concurrently active and to provide a more accurate answer to a question, analytic Type 2 processing needs to endorse heuristic Type 1 processing. Type 2 processing has the opportunity to reject the intuitive answer evoked by Type 1 processing or to modify it by including other information. However, Type 2 processing often supports intuitive answers, without much examination of whether they are appropriate or not (Kahneman, 2011). Similarly, J. Evans (2006) concludes that heuristic responses lead to biases and they can control behaviour directly unless analytic reasoning interrupts and improves them. Heuristics can be perceived as providing default responses that may or may not be constrained and reformed by analytic reasoning. Therefore, Type 1 processing can produce responses that are non-optimal in a particular context, unless they are overridden by Type 2 processing.

Kahneman (2011) further claims that while Type 1 reasoning derives conclusions about individual cases from properties of categories, it is only Type 2 processing that is capable of statistical analysis. De Neys (2006) adds that human beings are prone to various errors in logical reasoning and judgements. This point is particularly clearly expressed by Gigerenzer (2004a) who observes that even though the probability of being killed in a car accident is much higher than a chance of dying in a flight catastrophe, people often perceive travelling by car as a safer option. In such situation, heuristic processing predominates, and people's reasoning is influenced by stereotypes and vivid or salient recollections (Kahneman & Tversky, 1974; Klaczynski, 2000).

Given that heuristic processing tends to lead to inferior results of decision making, brand managers of ethically endorsed products would like to see consumers thinking analytically rather than heuristically. Analytical and slow information processing of claims concerning fair prices paid for the produce and decent labour standards of Third World producers is likely to lead to greater preferences for the endorsed products compared with hasty heuristic decision making. As mentioned earlier, the inferiority of heuristic decision making is believed to be associated with several types of bias, among which cognitive psychologists recognise halo effect, availability bias, jumping to conclusions, focusing illusion, framing effect, anchoring effect, belief bias, pattern seeking, and causal explanations (Epley & Gilovich, 2006; J. Evans, 2008; J. Evans & Curtis-Holmes, 2005; Gigerenzer, 2004a, 2004b; Gigerenzer & Brighton, 2009; Kahneman, 2011; Kahneman & Tversky, 1982, 1984; Klaczynski, 2000; Schwarz et al., 1991; Strack & Mussweiler, 1997; Torrens, 1999; Tversky & Kahneman, 1973; Vis, 2018). Although being important concepts that help understand human heuristic processing, all the aforementioned types of bias are of little relevance in respect to the research questions of this thesis and therefore they are not discussed in detail. However, another type of bias, namely mere exposure, is directly relevant to the present research and as such, requires a detailed explanation.

2.4.1.1 Mere exposure effect

One of the types of bias that affects correct judgements and optimal responses is exposure to familiar stimuli. Robert Zajonc conducted several experiments demonstrating that when people are exposed to a familiar stimulus, they are likely to rate it more positively than another stimulus, which was not previously shown to them. Zajonc (1968) called this link between repetition of a stimulus and the positive attitude people have for it a *mere exposure* effect.

Kahneman (2011) and Zajonc (1980) argue that the mere exposure effect operates outside of conscious processing as it does not depend on consciousness at all. It happens even when repeated stimuli are presented to respondents very quickly, so they are not aware of having seen them (Zajonc, 1968). Hence, it is logical to conclude that in such a situation, Type 1 reasoning processes all information without activating Type 2 processing at all. Zajonc (1968) further argues that the mere exposure effect is not distinctively attributed to humans but is also shared with animals. To survive, organisms react with fear and withdrawal to novel stimulus

in a frequently dangerous world (Kahneman, 2011). Furthermore, repeated exposure to stimuli is followed by nothing bad, hence it eventually becomes a safety signal. Since safety is good, humans (and animals) develop a more favourable attitude towards such stimuli (Zajonc, 1968).

The effect of familiarity with the stimuli is also discussed by Gigerenzer (2004b) and Gigerenzer and Brighton (2009). Called the recognition heuristic, such familiarity assumes that if there are two alternatives where one is recognised and the other is not, then the recognised alternative has a higher value in respect to a given criterion (Goldstein & Gigerenzer, 2002). The recognition heuristic is a well-known phenomenon in consumer behaviour. Coates, Butler, and Berry (2004) found that previous exposure to brand name increased the chance that such brand would enter the consumer's consideration set. Sometimes, brand recognition may even be more important than some attributes, e.g. quality. Hoyer and Brown (1990) discovered that, in a blind test, an unbranded container of high quality peanut butter was preferred to unbranded containers of low quality peanut butter. However, when researchers attached a familiar brand label to one of the containers of low quality peanut butter, consumer preferences were shifted in favour of the low quality product with the brand label.

Relating the concept of the mere exposure bias to the present research, consumers are likely to have higher preferences for the endorsing logos with which they are familiar. Consequently, brand managers may be better off associating their brands with well-known endorsing logos compared with less known/unfamiliar logos. However, this premise requires an investigation as, as will be discussed in Chapter 3, consumers are often sceptical of ethical endorsing logos and may not necessarily prefer them over other less familiar logos, for example those that do not carry any ethical claims.

2.4.2 Different approach to heuristics

Gigerenzer (2004b) raises doubts whether heuristics should be associated with one type of processing only as he questions the existence of dual-process theory in principle (see further discussion). His concept of heuristics proposes that humans make decisions relying on a repertoire of heuristic strategies by selecting from an adaptive toolbox of heuristics and this selection is believed to be a function of environment (see also Gigerenzer & Brighton, 2009; Marewski, 2010). Furthermore, Gigerenzer and Gaissmaier (2011) agree with Kahneman

(2011) that heuristics ignore part of information in order to make quicker and easier decisions than more complex methods but, contrary to Kahneman's (2011) view, they argue that heuristics also do this to make more accurate decisions. Furthermore, Gigerenzer and Gaissmaier (2011) propose that several types of heuristic can be used (e.g. recognition heuristics, discussed earlier). The authors conclude that there is no simple dichotomy between heuristics and non-heuristics and that various heuristic strategies can ignore more or less information. Depending on circumstances, a chosen heuristic would help a person to make the best decision.

2.4.3 Heuristics in dual-process models of persuasion and attitude change

Within the social psychology discipline, dual-process models have been mostly applied to examine phenomena in the area of persuasion and attitude change (Smith & DeCoster, 2000). Among the best-known models of persuasion are the heuristic-systematic and elaboration likelihood models proposed by Chen and Chaiken (1999) and Petty and Cacioppo (1986), respectively. It is important to elaborate briefly on the two aforementioned models in this study as these possess several similarities with the dual-process theory of human cognition and are often used to explain how consumers make decisions and how they are persuaded by marketing communications (Cho, 1999; Kerr, Schultz, Kitchen, Mulhern, & Beede, 2015; Zhang, Zhao, Cheung, & Lee, 2014).

Chen and Chaiken (1999) consider heuristics as one of the two core elements of their heuristic-systematic model (HSM) of persuasion. This model coincides with works of other dual-process theorists and proposes that if a message is well-reasoned, logical, and supported with data, it will persuade and, if it is not, it will fail to convince. In this situation, when a message recipient is unable and/or unmotivated to process, they use heuristic supporting features (e.g. Dad is usually right) in order to process the message without more effortful elaboration (Crano & Prislin, 2006). Therefore, heuristic Type 1 processing activates and applies judgemental rules and requires minimal cognitive resources from the processor. Unlike heuristic reasoning, systematic Type 2 processing involves a relatively analytic and comprehensive thinking and requires cognitive ability, capacity and motivation (Chen & Chaiken, 1999). The heuristic-systematic model assumes that attitudes caused by heuristic features are less resistant to counter

pressures, less stable and less likely to drive behaviour than those caused by more thorough processing (Crano & Prislin, 2006).

Petty and Cacioppo (1986) presented a similar model of dual-processing called the Elaboration Likelihood Model (ELM), which emphasized two major routes of persuasion and attitude change. The first is the central route and assumes that a person carefully and thoughtfully considers the true merit of the information presented. This high elaboration route requires extensive issue-relevant thinking (Type 2) and appears when both motivation and ability to engage with the message are high (Petty & Wegener, 1999). Two types of processing may occur in the high elaboration route. Objective elaboration appears when an individual is motivated and is able to examine the true merit of the message. Biased processing occurs when an individual possesses a strong, prior opinion about a message topic (e.g. brand loyal) and responds consistently with his attitude instead of scrutinizing the message (Lien, 2001). The second route, called peripheral, assumes that persuasion is more likely to occur as a result of some simple cue (e.g. an attractive source) without necessitating examination of the true merits of the information presented (hence, heuristic Type 1 processing occurs; Petty & Cacioppo, 1986). In this case, motivation and/or ability to engage with the message is low. The assumption of ELM is that if the scrutiny argument increases, central cues become more important determinants of persuasion (Lien, 2001).

There are yet two more theories of how people process information that share many similarities with the dual-process model of heuristic vs deliberative thinking. These are the fuzzy-traced theory proposed by Reyna and Brainerd (1995; see also in Reyna, Lloyd, & Brainerd, 2003) and Epstein's (1994) cognitive experimental self-theory (CEST; see also Epstein & Pacini, 1999). Broadly speaking, gist (fuzzy-trace theory) and experimental (CEST) representations match the heuristic Type 1 processing while verbatim (fuzzy-trace theory) and rational (CEST) accounts represent deliberative Type 2 processing. The range of similar theories of human cognition imply that the dualism in human judgement and decision making in fact exists and therefore such theories can serve as a useful framework to investigate consumer behaviour.

2.5 Moving Between Type 1 and Type 2 Processing

2.5.1 Skill learning – when Type 2 processing becomes Type 1 processing

Kahneman and Frederick (2002) state that even though the Type 1 processing is more primitive, it is not necessarily less capable. They argue that more complex cognitive operations eventually migrate from Type 2 processing to Type 1 processing when people become more skilled. This is clearly visible in chess playing. Chess masters are able to observe the strength or weakness of chess positions immediately. Thus, they utilise Type 1 processing in the form of pattern matching that has replaced effortful Type 2 processing used before they became experts.

A high level of an expertise explains the often correct decision making in some groups, for example fire officers or paramedics (Klein, 1998). Experts recognise a situation as of a kind encountered in the past and instantly retrieve a plan that provides a solution. Therefore, they have routinised and automated behaviour patterns. These automated patterns required conscious and analytic Type 2 processing in the past, but with practice and experience became Type 1 processing. This intuitive decision making is called recognition-primed, which is a learned skill (Kahneman, 2011; Klein, 1998). Reyna (2004) adds that experts possess knowledge that allows them to make intuitive automatic and rapid responses, while beginners must utilise analytic processing to solve the same problem.

Sometimes, information that supports intuition is acquired very quickly. People inherited from their ancestors an ability to learn when to be afraid. They can establish a long-lasting fear or aversion after experiencing an unpleasant situation. This type of emotional learning is closely related to Pavlov's famous conditional experiments (Pavlov, 1960), in which dogs learnt to associate the sound of the bell with food. Learnt fear of danger and learnt hope of food coming are both emotional responses that are easily acquired. Emotional learning may also take much time to be developed. The acquisition of expertise, in chess for example, requires a lot of time as it is not a single skill, but rather a complex task composed of a large collection of skills (Kahneman, 2011).

2.5.2 Superior Type II processing?

Social cognitive scientists tend to disagree about which type of processing is superior. The majority claim that Type 2 thinking produces better outcomes. Numerous studies (see in Kahneman, 2011) suggested that decision making that results from deliberative processing leads to optimal outcomes. Conversely, unconscious associative processing is often imprecise and therefore is believed to lead to choices of lower quality (Dijksterhuis, Bos, Nordgren, & Van Baaren, 2006). Being a default processing, Type 1 processing is strongly based on beliefs, to which conscious effortful analytic Type 2 thinking may be applied to overcome Type 1. Type 2 processing is logical, statistical, and contextual, can calculate, deliberately compare objects, choose, make decisions, control, and correct Type 1 processing (Kahneman, 2011). It is therefore considered a superior type of processing.

Other researchers also lean towards the conclusion that Type 2 processing leads to better outcomes. Moxley et al. (2012) found that in chess playing, both experts and beginners can benefit from additional thinking, irrespective to the complexity of the task. Verschueren et al. (2005) claim that although Type 1 processing has a major influence on everyday decision making, abstract and hypothetical Type 2 processing may override it and lead towards normative answers. Similarly, Epstein (1994) argues that while Type 1 processing is believed to be self-evidently valid (experiencing is believing), Type 2 processing requires justification through logic and evidence and, therefore, leads to a better outcome. Likewise, Smolensky (1988) concludes that Type 2 processing has a greater perceived validity as it rests on socially learnt and culturally shared rules and that when people logically reason, they are more likely to trust a statement compared with when they utilise simple intuition and associations. Kahneman and Tversky (1982) add that framing effects, which occur in Type 1 processing, affect people's regret, frustration, and self-satisfaction. Finally, Kahneman (2011) concludes that in the complex world, thoughtful evaluation of information would usually result in a better outcome.

Mata, Ferreira, and Sherman (2013) support the claim of the superiority of Type 2 processing as deliberative thinkers have metacognitive advantage over intuitive Type 1 counterparts. The authors state that in a conflict situation of deliberative thinking versus intuition, Type 1 processors are unskilled and unaware as they do not know the correct answer and do not know that they do not know. Being skilled and aware, Type 2 processors are privileged because "they

know, they know that they know, and they know that others might not know” (Mata et al., 2013; p. 369). As a consequence, Type 2 processors realize that many others respond differently and incorrectly and, in comparison with Type 1 processors, they are more accurate in the assessment of how well they performed.

Given the above findings, it is clear that Type 2 processing is desired as it is likely to lead to a superior decision making. However, a number of studies challenge the concept that analytic Type 2 processing leads to superior decision making. Dijksterhuis et al. (2006) found that although conscious, precise Type 2 processing leads to good decisions in simple matters, more complex problems should be resolved through unconscious Type 1 processing. The author further explains that when a problem is complex, a lot of information needs to be considered, and conscious thought is not good at it. Consciousness has a low capacity that causes people to consider only a subset of the relevant information when they make decisions (Nørretranders, 1998) and conscious thinking biases the weights people attach to various pieces of information (Wilson, Dunn, Kraft, & Lisle, 1989). Humans tend to inflate the significance of some attributes at the cost of others, which leads to suboptimal weighting of the importance of attributes and wrong choices (Dijksterhuis et al., 2006; G. Levine, Halberstadt, & Goldstone, 1996). Therefore, Dijksterhuis (2004) suggests that, when making complex decisions, people should not think too much consciously but instead use their unconscious.

Other researchers support the concept of Type 1 superiority. Wilson et al. (1993) found that participants who thoroughly considered their choices of the favourite poster, showed less post-choice satisfaction compared with those participants who only briefly analysed their choices. In another study, Wilson and Schooler (1991) compared participants’ preferences for different jams with experts’ ratings of those jams. The authors found that participants who scrupulously analysed why they felt the way they did agreed less with experts compared with those participants who did not analyse their choices. Therefore, thoughtful consideration of a product or a service may lead to an inferior post-purchase satisfaction level.

Finally, Gigerenzer (2004b), Gigerenzer and Brighton (2009) and Gigerenzer and Gaissmaier (2011) agree on the superiority of heuristic Type 1 processing. They provide empirical evidence (see e.g. Wübben & Wangenheim, 2008) of the *less-is-more effect*, which assumes that less information and computation can actually result in greater accuracy. Therefore, a simple heuristic can be more accurate than complex analytical processing (see also Czerlinski,

Gigerenzer, & Goldstein, 1999). Further, Gigerenzer and Brighton (2009) explain that this is an effect of successful exploitation of evolved mental abilities and environmental structures as well as the inherent characteristic of uncertainty of the world. A biased mind that uses heuristics is able to deal with uncertainty more efficiently and robustly than an unbiased mind relying on thorough rational evaluations (Gigerenzer & Brighton, 2009). Therefore, in order to make a better decision, Gigerenzer and Gaissmaier (2011) advise ignoring part of the information, rather than weighing all the options.

As can be seen above, there are divergent views on which type of processing leads to a better result, but the purpose of this study is to examine how different modes of cognition determine choice. As such, it is important to delineate between both types of processing and ensure that the two experimental groups of the research participants will utilise two different processing types in their decision making. Therefore, it is important to elaborate on methods of encouraging processing types, in particular Type 2 processing, given that Type 1 is a default type of processing and that it dominates everyday decision making (J. Evans & Stanovich, 2013; Kahneman, 2011; Stanovich et al., 2010). The following examines in detail in what situations heuristic Type 1 processing is likely to take place and how deliberative Type 2 processing can be encouraged.

2.5.3 Encouraging Type 2 processing

Consciously or not, the human brain conducts many computations at any time. The assessments are carried out automatically through Type 1 processing which, when such a need occurs, activates Type 2 processing (Kahneman, 2011). When people are not exposed to major news or threats, no need to redirect attention or mobilize extra effort is required. Kahneman (2011) calls this state a *cognitive ease*. As oppose to this, *cognitive strain* indicates that a problem exists and Type 2 processing is activated. Experiments (see in Kahneman, 2011) suggest that a sentence that is printed in bold and clear font or has been primed or repeated is likely to be handled with cognitive ease. Once the task of reading the sentence becomes more difficult (e.g. blurry appearance, small font), the greater effort required to handle the problem activates Type 2 processing. Similarly, Alter et al. (2007) came to the same conclusion and demonstrated that people activate Type 2 processing when they experience difficulty and disfluency during solving a cognitive task.

Furthermore, people can be also cognitively strained when they are engaged in mental multi-tasking, i.e. conduct tasks that require control of attention (Barrett, Tugade, & Engle, 2004). Kahneman (2011) argues that “effort is required to maintain simultaneously in memory several ideas that require separate actions, or that need to be combined” (p. 36) and that it is only Type 2 processing that is capable to conduct separate cognitive actions at the same time. This implies that when people concurrently conduct two or more tasks in memory, i.e. their working memory is busy, they utilize Type 2 processing. However, too much cognitive strain can result with the opposite move between both types of processing. De Neys (2006) found that simultaneous working memory load prompts people to shift from logical Type 2 processing to belief-based Type 1 processing. Therefore, it is not certain whether burdening people with cognitive load results with them thinking deliberatively or heuristically.

There are more aspects that affect the type of processing utilised by people. Stanovich and West (1997) found that time given to respond to a cognitive task may play an important role in whether people respond in a belief-based or rather logical way. Klaczynski (2001) shares this view and postulates that contextual variables (e.g. time constraints) determine which mode of processing will be predominant in a given situation. Therefore, responses are likely to differ if people are forced to rapidly respond to a cognitive task in comparison with free time responses. J. Evans and Curtis-Holmes (2005) and J. Evans (2008) support this claim as they found that rapid response resulted in an increased level of belief-bias and reduced level of logical responding. Similarly, Logan (1988) concluded that rule-based processing usually takes longer than its associative counterpart. Hence, when a person is forced to make a quick decision, he is likely to utilize the associative type of reasoning. Conversely, if given more time to solve a cognitive problem, a person is likely to adopt the rule-based processing (Chaiken, Liberman, & Eagly, 1989).

Other elements that affect type of processing are motivation and mood. If people are not motivated to use rules that are effortful and require constant attention, they are likely to utilize relatively effortless associative type of thinking (Smith & DeCoster, 2000). Positive mood prompts people to utilize associative Type I processing, while negative mood tends to encourage rule-based Type 2 processing (Kahneman, 2011; Smith & DeCoster, 2000). Moreover, different types of judgements may affect the type of reasoning employed by a person. More intuitive judgements that stem from people’s subjective feelings about an object are driven by associations rather than rules (Smith & DeCoster, 2000). Finally, Stanovich

(1999) found correlations between Type 2 thinking and (i) individual differences in general intelligence and (ii) working memory capacity; and therefore these two aspects have an impact on the level of Type 2 processing involved in reasoning. Stanovich and West (1997) concluded that highly intelligent participants are more likely to resist belief biases and utilise Type 2 processing.

The nature of the study, its subject, the type of stimuli used, and the goals that are aimed to be achieved determine the ways of encouraging Type 2 processing. In this research some methods of encouraging Type 2 processing are certainly more appropriate than others. Chapters 6 and 7 will explain this issue in more detail.

2.6 Debates about dual-processing

2.6.1 Critiques of dual-process theory

As mentioned earlier, dual-processing theory is not without criticism. Since the dual-process theory is used in the present thesis as a theoretical framework to investigate consumer preferences for ethical logos, it is necessary to discuss the critique of this theory and its contests. The primary foci of the critiques are: (i) the multitude of dual-processing accounts; (ii) the lack of clarity of definition; and (iii) the lack of coherence and consistency in respect to the attributes of each of the two types of processing.

Keren and Schul (2009) claim that different two-system theories lack conceptual clarity and are insufficiently supported by often inadequate empirical evidence. Keren and Schul (2009) argue that the main reason for this is lack of consideration of what a mental system is, which leads to the absence of criteria to examine whether a mind comprises one or more systems. They make a particularly strong argument claiming that dimensions, such as speed of judgment, ease, and resource-dependence, which are assumed to distinguish the two reasoning systems are (i) continuous rather than dichotomous, (ii) unaligned rather than aligned, i.e. hybrid combinations of characteristics from each of the binary set of characteristics defining each type of processing, and (iii) that there is an absence of empirical support for the theory that the two systems operate independently of each other (see also Kruglanski & Gigerenzer, 2011).

To illustrate the continuousness (rather than dichotomy) of human processing, Keren and Schul (2009) discuss the findings of J. Evans and Curtis-Holmes (2005) who found that under time constraints, the amount of belief bias significantly increased. J. Evans and Curtis-Holmes (2005) attributed the belief bias responses and logically correct answers to two distinctive, operating independently types of processing. However, as Keren and Schul (2009) point out, while those experiments prove that time pressure increases the amount of belief bias in reasoning, they are not evidence that supports the existence of dual-process theory. Therefore, it may be the case that the amount of belief bias gradually increases on a continuum, within a single mental processing. This makes it impossible to delineate and distinguish different types of processing and treat them as two distinctive types.

The alignment of dimensions assumed to distinguish two types of processing also raises some doubts. Keren and Schul (2009) claim that to establish the existence of two systems one should find that the characteristics from each binary set of characteristics are combined, without mixing with characteristics from the other set. In other words, an automatic and affective processing must not be conscious, but necessarily unconscious. However, such hybrid combinations of characteristics do occur (e.g. see Eitam, Hassin, & Schul, 2008), suggesting that, according to Keren and Schul (2009), one should reject the concept of dual-process theory.

As a consequence of their consideration, Keren and Schul (2009) question the existence of dual-processes. They propose that instead of thinking of human reasoning as two qualitatively different systems in human mind capable of carrying the higher order functions, humans possess a single mental device that is capable of shifting between many different mental states solving different tasks. The concept of a single mental apparatus is, however, only a speculation as Keren and Schul (2009) conclude that it is probably not possible to prove (or disprove) that there is one, two, or perhaps more types of processing.

Similarly, Osman (2004) questions the existence of two separate types of processing and proposes that evidence used to support dual-process theory is consistent with a single-system account which, instead of dichotomy of processing, incorporates a continuum between implicit and explicit processes (see also dynamic graded continuum, Cleeremans & Jiménez, 2002). As an example to illustrate this, Osman (2004) proposes the process of learning how to cross the road. At the first attempt, one is given explicit instructions to look right and left in order to check the ongoing traffic. This requires a conscious processing that controls behaviour. With

time, the steps to crossing the roads become trained and habitual and the learnt behaviour becomes automatic and unconscious (see the skill learning in earlier discussion). While critically appraising the existence of the two different and separate types of processing, Osman (2004) supports the concept of consciously controlled behaviour that, with time and practice, becomes automatic and routinised. In this respect, Osman's (2004) conclusions align with those of the supporters of dual-process theory (e.g. Kahneman, 2011). In some sense, her consideration also supports the existence of two extreme ends of processing (not separated) with several other stages in between.

Likewise Osman (2004), Kruglanski and Gigerenzer (2011) agree on the routinisation of rules, when deliberation becomes intuitive. They claim that many skills are deliberately learnt and with practice, become routinised or turn into gut feelings. Kruglanski and Gigerenzer (2011) also propose a unified approach to explain human processing and argue that both intuitive and deliberative judgements have a common background as both are rule-based. They claim that rules constitute both explicit algorithms that are consciously applied and implicit, unconsciously applied associations. Their visual illusion experiment (dots perceived as convex or concave, depending on the shading) shows that participants' fast, unconscious, and effortless processing follows rules. They further add that researchers of conditional reasoning based on associations (see Pavlov, 1960) agree on the concept that rules underlie associative processes. Therefore, according to Kruglanski and Gigerenzer (2011), there is a strong premise to believe that intuitive judgements are also rule-based.

2.6.2 Response to the critique

J. Evans and Stanovich (2013) refute Kruglanski and Gigerenzer's (2011) argument by saying that evidence of intuition and deliberation being both rule-based is only a 'straw man' argument against dual-process theory. J. Evans and Stanovich (2013) agree that associative processing can be modelled by neural networks that are applied using rules, but these 'rules' are not what people consider when they talk about rule-based processing. The authors further conclude that Kruglanski and Gigerenzer (2011) use the term 'rules' as a semantic device to support their view on both Type 1 and Type 2 processing being elements of a unified, single system of human processing.

Likewise, some ambiguity surrounds Gigerenzer and Gaissmaier's (2011) concept of heuristics that may be aligned with a unified model proposed by Kruglanski and Gigerenzer (2011). Gigerenzer and Gaissmaier (2011) define heuristics as "a strategy that ignores part of the information, with the goal of making decisions more quickly, frugally, and/or accurately than more complex methods" (p. 454) and at the same time explain that heuristics are a subset of strategies that also include complex regression. Therefore, it is not clear whether 'complex methods' are or are not types of heuristic.

Furthermore, J. Evans (2012a) considers that the critiques of the dual-process theory result from the evolution and revision of the theory over time. He concludes that the critiques of dual-process theories come from fallacies in the interpretation of dual-processing theory. These fallacies relate to (i) perceiving Type 1 processing as contextualised and responsible for bias while Type 2 processing as necessarily slow, abstract and normatively correct, (ii) believing that there are only two systems underlying Type 1 and Type 2 processing, and (iii) viewing all dual-process theories as indifferent.

Except for the last fallacy, the remaining misconceptions have already been addressed earlier in this chapter. The belief that all dual-process theories are the same has been discussed by J. Evans and Stanovich (2013), who defend the concept of dual-process theory and argue that those who criticise it do not attack any particular theory, but rather a class of theories assuming that all of them are the same (for more details, see J. Evans, 2012a). This is an essential misunderstanding because, as J. Evans and Stanovich (2013) strongly emphasise, the dual-process theories are not the same. They agree that many of the problems discussed by the critics (e.g. Keren & Schul, 2009; Kruglanski & Gigerenzer, 2011; Osman, 2004) indeed, can be applied to dual-process theories and these problems are gifts to those critics who like to point to weaknesses or ambiguities in some accounts as a reason to discredit all dual-process theory (J. Evans, 2012b). However, as J. Evans and Stanovich (2013) further add, there is a very strong evidence for dual-process distinction in reasoning and decision making and that this evidence can withstand the arguments against it.

Of a particular importance are two features distinguishing Type 2 from Type 1 processing that are discussed earlier. These are the ability to think hypothetically and the requirement of working memory (J. Evans & Stanovich, 2013) with the underlying feature of the ability to sustain the decoupling of secondary representations (Stanovich & Toplak, 2012). Their

presence or absence defines the two different modes of processing. Other characteristics, which are of a significant concern for the critics, are neither defining features nor necessary for a certain mode of thinking to be called Type 1 or Type 2. However, as discussed earlier, some ambiguity surrounds the concept of working memory being attributed to Type 2 processing only and therefore, such concept should be treated with caution.

Furthermore, the heterogeneity of labels related to Type 1 and Type 2 processing is also not helpful in comprehensive understanding of dual-process theory. Carrying different semantic baggage, terminology, such as heuristic/analytic, associative/rule-based, implicit/explicit, nonconscious/conscious, experiential/rational, automatic/controlled, reflexive/reflective, intuitive/reflective, impulsive/reflective (see J. Evans, 2008) causes much confusion. Additionally, as mentioned earlier, classification of the System 1/System 2 and the use of the word 'systems' seem to be unfortunate, which further contributes to confusion about the existence of two distinct processing types.

The examination of the human brain may support claims about the existence of the dual-process theory. Lieberman, Jarcho, and Satpute (2004) conducted a neuroscience study and identified a reflexive (X) system (Type I processing) that is different from reflective (C) system (Type II processing). Their fMRI (functional Magnetic Resonance Imaging, a technique measuring brain processes through changes in blood flow) study found that X-system is composed of amygdala, basal ganglia, ventromedial prefrontal cortex, lateral temporal cortex, and dorsal anterior cingulate cortex (Lieberman, 2007; Lieberman et al., 2004). These areas of the brain are involved in conditioning and associative learning and Lieberman et al. (2004) linked them to automatic and implicit social cognitive processes. The C-system comprises the anterior cingulate cortex, prefrontal cortex, and the medial-temporal lobe, which are the areas of the brain that are involved in explicit learning and inhibitory, executive control (Lieberman, 2007; Lieberman et al., 2004). Thus, the distinction between the two types of processing is apparent.

Similarly, Goel, Buchel, Frith, and Dolan (2000) provided evidence that two different kinds of reasoning occur in anatomically distinct parts of the brain. The authors concluded that content-based reasoning (Type 1 processing) activated the left temporal hemisphere, while abstract formal problem reasoning (Type 2 processing) activated the parietal system. Furthermore, they found that various mental processes compete for control of the reaction to the problems given in the belief-bias test (Goel & Dolan, 2003). The prefrontal cortex, responsible for detecting

and resolving conflicts (see Lieberman et al.'s (2004) C-system), competed with the ventral medial prefrontal cortex (see Lieberman et al.'s (2004) X-system), known to be associated with the more intuitive or heuristic responses of Type 1 processing. J. Evans (2008) concludes that even though it is in its early stage, the fMRI study examining human brain provides, perhaps, the strongest evidence of the existence of the dual-process reasoning. The early stage of this study is, however, one of its weaknesses. As any other new technology, results obtained from such studies need to be repeated to prove their robustness. Additionally, such studies are usually conducted on small samples, e.g. 11 and 22 participants in the studies of Goel et al. (2000) and Lieberman et al. (2004) respectively. Therefore, results obtained from the fMRI study need to be treated with caution.

2.7 Summary

To summarise the above discussion, the subject of human processing is relatively complex and there are some controversies surrounding it. The underlying mechanisms of human processing are not clear. Cognitive scientists tend to agree on some concepts and disagree on others. Both advocates and critics of the dual-process theory of human cognition have strong arguments. Voices for and against the existence of Type 1 and Type 2 processing seem to be legitimate, implying that the dispute over it will be continued. However, there is common ground between the supporters and opponents of the dual-process theory. The critics of this theory do not, in principle, question that human reasoning may take a more deliberative and controlled form or it can be more intuitive, automatic, and associative. Advocates and critics of two types of processing theory agree on the concept of deliberative and analytic processing that can become automated and routinised behaviour. Such routinised behaviour can be an outcome of rather separate Type 1 processing (Kahneman, 2011; Klein, 1998; Reyna, 2004) or an extreme end of the unified model of human processing assuming a continuum between deliberation and intuition (Kruglanski & Gigerenzer, 2011; Osman, 2004). Given the common view on human reasoning (regardless of the existence of a dual or unified model), it is reasonable to assume that there are different ways of how people process information. Consequently, it seems sensible to label them as Type 1 processing, with more intuitive processes occurring and Type 2 processing with more deliberative processes going on.

Lieberman (2007) argues that although social cognition has come to incorporate a broad range of mental processes, in the strictest sense it is about understanding other people. Given this, as well as the strong empirical support of the existence of different ways of information processing, it is justifiable and desirable to apply the theory of human reasoning to investigate consumer behaviour in respect to purchasing ethically endorsed products. Moreover, the concept of deliberative/analytic vs routinised/associative processing has its reflection in marketing, particularly in consumer behaviour and branding. As discussed earlier, two contrary views on consumer behaviour propose that, on the one hand, consumers are likely to process information thoughtfully and analytically while choosing between brands and products and, on the other hand, they are also likely to rely on simple cues and associations as their behaviour is largely habitual and routinised. The following chapter addresses the two divergent views on consumer behaviour in respect to brand and product choice.

Chapter 3: Branding and consumer behaviour

3.1 Introduction

Brands play an essential role in consumer culture as they have a considerable impact on structuring marketplace interactions (Askegaard, 2006; Lury, 2004). They are believed to provide a point of differentiation between producers' offerings (L. Wood, 2000), protecting consumers and producers from competitors who could provide a product or service that is identical (D. Aaker, 1991). Brands often help consumers make a quick and relatively effortless purchasing decision (B. Sharp, 2010). They are also believed to add meaning and feelings to the product (D. Aaker, 1995) as an effect of consumer-brand interactions (Fournier, 1998). Given the widespread benefits that brands can offer producers and consumers, it is necessary to discuss the brand concept in detail. This chapter investigates the key frameworks of the brand concept, different perspectives on what a brand actually is, what it does for firms, as well as the role of brands in consumer decision making. It does not examine corporate branding, which will be considered in Chapter 4.

To better understand the brand concept and the benefits of branding for companies, it is necessary to discuss a historical perspective on brands and show how the brand concept has evolved over the last 5000 years.

3.2 Historical overview

Brands have a very long history. Roper and Parker (2006) argue the word 'brand' most likely evolved from the Norse word *brandr* referring to the branding of cattle. However, the origin of brands can be traced back to as early as 3000 BC (Egypt) and 2700 BC (China), where branding practices took forms of commodity labelling (e.g. marks of origin on pottery; Eckhardt & Bengtsson, 2009; Greenberg, 1951; Wengrow, 2008). Furthermore, in 2250 BC, craftsmen from the Indus Valley civilisation (located in modern day India) started using pictorial symbols for logistics purposes emphasising the 'who' and 'what' components of products (K. Moore & Reid, 2008). It is argued that these early or 'proto' brands were used to inform about origin, quality, power, and value by producers in the Middle Bronze Age (2000–1500 BC) in China,

the Late Bronze Age (1500–1000 BC) in Cyprus, the Iron Age Revolution (1000–500 BC) in the Phoenician city of Tyre, and the Iron Age (825–336 BC) in Greece (K. Moore & Reid, 2008).

Other researchers also identify a linear timeline of brand evolution. D. Aaker (1991) proposes that early in ancient times, names were put on some goods such as bricks to inform consumers about producers' identity. Later, in medieval Europe, trademarks started being used by guilds. In Shakespearian times in Britain, symbolic branding was commonly used in pub signs (Roper & Parker, 2006), and this was meant both to protect producers and to reassure consumers about the product quality. Brands flourished in China during the Ming Dynasty, between 1426 and 1566 (Eckhardt & Bengtsson, 2009).

Despite the very long history of brands, dating back to 3000 BC, the real proliferation of brands began with the outbreak of the industrial revolution (Roper & Parker, 2006). Macroeconomic factors, such as improvements in transportation, communications and production processes, development of stores and mail order, and the rise of middle classes, had a significant impact on the importance of branding (G. Low & Fullerton, 1994). Additionally, legal aspects, such as recognition of trademarks, helped form modern brands (Roper & Parker, 2006). However, even though brands have been used for a very long time, branding became an essential element of competition between companies only in the 20th century (D. Aaker, 1991).

The utility and perception of brands for both producers and consumers have been changing since the beginning of 20th century. Merz, He, and Vargo (2009) propose four brand eras that have evolved over the last 115 years. First, in the Individual Goods-Focus Era (1900s–1930s), brands served as identifiers that helped consumers recognise a product or group of products on the spot (G. Low & Fullerton, 1994). Second, in the Value-Focus Era (1930s–1990s), creating unique brand image became an essential in the highly competitive environment, where products were very similar in terms of their functional characteristics (Gardner & Levy, 1955). Third, in the Relationship-Focus Era (1990s–2000), brands were seen as consumers' knowledge about a firm's offerings (Keller, 1993), relationship partner with which consumers interact (Fournier, 1998) and a promise, where employees were important elements creating a brand value (De Chernatony, 1999). Finally, in the fourth brand era, called Stakeholder-Focus Era (2000 and forward), all stakeholders (e.g. not only individual customers, but whole brand communities) contribute to the brand value creation (Ind & Bjerke, 2007; Muniz Jr & O'Guinn, 2001).

The above paragraph signifies that the concept of brand might be very complex. As intangible constructs, brands are difficult to examine or even precisely define. This has resulted in a proliferation of brand definitions and views on what a brand actually is.

3.3 What a brand is? Problems with brand definition and different views on brands

3.3.1 Brand definition

There are several definitions of a brand. The American Marketing Association defines a brand as “a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller.” (AMA, 1995). Similarly, Kotler (1991) describes a brand as “a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors” (p. 442). Therefore, both definitions focus on a brand as a means of differentiating products and services, and thus are product-oriented. Ambler (1992) offers a brand definition that significantly differs from the two proposed by AMA and Kotler. Ambler (1992) calls a brand “a promise of the bundles of attributes that someone buys and provide satisfaction... The attributes that make up a brand may be real or illusory, rational or emotional, tangible or invisible” (Ambler, 1992 as cited in L. Wood, 2000; p. 664). Therefore, this definition is more consumer-oriented. Yet another, very broad and vague definition is provided by G. Brown (1992) who claims that a brand is “nothing more or less than the sum of all the mental connections people have around it” (Brown, 1992 as cited in De Chernatony & Dall'Olmo Riley, 1998; p. 419). The above four definitions illustrate the ambiguity in respect to what a brand actually is. Brodie and De Chernatony (2009) conclude that the evolving contexts through which a brand is seen will make it impossible for academics and practitioners to agree on one definition of the brand.

3.3.2 What a brand actually is?

As there is no consensus in respect to brand definition, there are also divergent approaches to investigate brands. Some researchers focus on brands as added value to the product (De Chernatony, McDonald, & Wallace, 2010; Levitt & Leymarie, 1962; Murphy, 1987). Sheth,

Newman, and Gross (1991) have a very broad view on brands and perceive them as value systems. Yet other marketing theorists propose focusing on a more customer-oriented approach to investigate brands. For example, Goodyear (1993) and J. Aaker (1997) discuss the personality of a brand, whereas Keller (1993) also discusses brand personality but seems to put more emphasis on brand knowledge that comprises brand awareness (brand recognition and recall) and brand image (associations). Similarly, Boulding (1956) and Martineau (1958) focus on a brand as an image in consumers' minds. D. Aaker (1991, 1996a) discusses brand awareness, brand associations, brand loyalty, and perceived quality. Romaniuk and Sharp (2004) and B. Sharp (2010) also pay much attention to the importance of brand associations, but in their view, such associations do not impact on brand loyalty, but rather underpin brand salience.

This chapter largely focuses on brand associations (and their impact on various constructs, for example brand salience and brand loyalty) as they are a common aspect of the consumer-oriented approaches to consider brands. In Chapter 4, when examining ethical consumption and the Fairtrade brand, the emphasis will be put on tangible aspects of the Fairtrade brand, such as the name, design, symbol and trademark.

3.4 Brand image and brand associations

3.4.1 Brand image

One of the key, longstanding brand concepts (see e.g. Schwarzkopf, 2009), which also shares problems of brand definition, is brand image. Keller (1993) defines *brand image* as “perceptions about a brand as reflected by the brand associations held in consumer memory” (p. 3). Despite extensive and lengthy research drawing marketing scholars' attention since 1950s (Gardner & Levy, 1955; Newman, 1957), brand image has been a subject of criticism (Dobni & Zinkhan, 1990). In particular, the brand image definition raises considerable concerns. Bullmore (1984) and Dobni and Zinkhan (1990) argue that the proliferation of brand image research over the years has resulted in the misuse or overuse of the term brand image. For example, Gardner and Levy (1955) describe the brand image as the set of feelings and ideas about the brand that consumers have (a definition relatively similar to that of Keller), while Hendon and Williams (1985) define it as brand personality or brand character, i.e. products possessing human traits (see later discussion of brand personality). To illustrate the ambiguity

surrounding the definition of a brand image, Dobni and Zinkhan (1990) summarise the works of brand image theorists, who tend to focus on different constructs such as symbolism, meaning and messages, personification, and cognitive and psychological elements. Yet other theorists provide more general, blanket definitions. Reynolds and Gutman (1984) see a serious problem with the lack of agreement in respect to the brand image definition among researchers as such definition determines the nature of questions and research methods used in examining the brand image concept.

Moreover, there is a problem with measuring brand image. B. Sharp (2010) argues that researchers tend to disregard brand size (i.e. brand's market share) when measuring brand image. For example, bigger brands have more customers and therefore are likely to have more people responding to image surveys. Moreover, such respondents are more loyal (see the Double Jeopardy law discussed further), resulting in larger brands scoring higher in surveys. Customers of large brands usually think and say more about the brands they use compared with customers of smaller brands (B. Sharp, 2010).

Brand image is often used interchangeably with brand associations. In Keller's (1993) definition of brand image, brand associations are a key element. Others, for example Stocchi et al. (2016), combine both terms and use the expression of brand image associations. Considering the issues with brand image and to avoid the ambiguity related to this concept, the brand associations term will be used throughout this thesis.

3.4.2 Brand associations

Key theoretical frameworks for brand associations have been imported from psychology, in particular J. R. Anderson and Bower's (1973) Associative Network Theory (ANT) and Human Associative Memory (HAM) and J. R. Anderson's (1976) Adaptive Control of Thought (ACT and ACT-R). These conceptualisations of memory structures propose that semantic memory is composed of nodes and links (associations). Nodes are described as stored information connected by links that vary in strength. The use of associative memory formulation theory was used by Keller (1993) in his influential work on Customer-Based Brand Equity, where the author proposed that *brand associations* are informational nodes connected to the brand node in the memory containing the meaning of a brand for customers. In other words, the brand node

is connected by links (associations) with more or less specific concepts, for example beliefs or perceptions. Like Keller (1993), D. Aaker (1991, 1996a) emphasises the ‘linkage’ characteristic of brand associations and defines them as anything that is linked in a customer’s memory to a brand.

The usefulness of brand associations can be assessed from a consumer or managerial perspective. While considering consumer perspective, D. Aaker (1991) argues that consumers apply brand associations to process, organize, and retrieve information from memory. Hence, brand associations can aid consumers in their shopping decision making. Considering managerial perspective, marketers need brand associations to distinguish brands and position them (D. Aaker, 1991; Washburn, Till, & Priluck, 2000). Marketers also seek to use brand associations in creating positive attitudes and feelings towards a brand and in suggesting to consumers the benefits of using a particular brand (D. Aaker, 1991; Washburn et al., 2000). Additionally, positive brand associations are believed to support the introduction of brand extensions (D. Aaker & Keller, 1990).

Other researchers see the usefulness of brand associations in a different way. Romaniuk (2003) argues that associations make the brand more likely to be thought of in a choice situation (brand salience, explained later) through giving the brand links to potential retrieval cues. Examples of brand associations include representations of purchase, consumption situations, functional qualities, and benefits gained from consuming products of a certain brand (Romaniuk & Nenycz-Thiel, 2011). Furthermore, brands are more likely to be thought of (i.e. retrieved from memory) if the size, strength, and recency of activation of brand associations held in consumer memory increases (Stocchi et al., 2016). In particular, growing numbers of associations offer multiple paths to the same brand node, resulting in easier access to this brand node (Krishnan, 1996). Consequently, large numbers of strong and recently activated brand associations impact on increased brand’s mental availability, defined as the likelihood of a brand being noticed and thought of in a purchasing situation (B. Sharp, 2010). Therefore, from a brand equity perspective (discussed later), it is important for a brand to have a large number of associations (Krishnan, 1996; B. Sharp, 2010).

3.4.2.1 Ambiguity of unique brand associations

Some brand theorists, for example Broniarczyk and Alba (1994) and Keller (1993), often emphasise the importance of unique brand associations as positively affecting brand strength. Other researchers, however, argue that the presence of unique associations is not positively related to a stronger brand preference (Romaniuk & Gaillard, 2007). This is not to say that unique brand associations are not desirable in building strong brands. Simply, they may not be the major factor affecting this. As Romaniuk and Gaillard (2007) conclude, unique brand associations do not make a brand larger, but large brands have more associations, including the unique ones. Instead of focusing on the unique brand associations, building the richness and accessibility of the total brand associative network in consumers' memory is a key in creating customers' preference for a brand (Romaniuk & Gaillard, 2007; B. Sharp, 2010).

To summarise, there is no argument between researchers on what brands associations are, and that they help consumers in their purchasing decisions. Brand associations simplify consumers' judgement and decision making (D. Aaker, 1991). There is some ambiguity surrounding the importance of possessing unique associations by a brand and evidence suggests that indeed such associations do not have to be unique, but they do need to be large in number, strong, and recently activated (Romaniuk & Gaillard, 2007). If these conditions are met, a brand is mentally available, and it has a higher chance of being chosen in a purchasing situation (B. Sharp, 2010). The relevance of the concept of brand associations in respect to this research is twofold. First, consumers' overall positive associations with the ethical brands/logos are likely to be transferred to the focal endorsed brands, for example coffee brands. Consequently, brand associations can facilitate greater consumer preferences for the endorsed products. Second, given that the concept of brand associations is based on the ANT, HAM, and ACT theories of memory retrieval, these theories have the potential to help explain how brands are retrieved from the memory of consumers, who engage in a more deliberative thinking. In particular, the ANT, HAM, and ACT theories would suggest that more thoughtful information processing benefits familiar brands more compared with unfamiliar brands as the former have a larger, pre-existing network of associations that can be activated by additional thinking. The findings from the current research will thus contribute to an understating of the effects of deliberation on brand retrieval that are moderated by brand familiarity.

As brand associations are inevitably related to brand equity (Customer-Based Brand Equity in particular), this concept also needs to be discussed.

3.5 Brand equity

Several approaches have been undertaken to discuss brand equity. Some researchers, for example Simon and Sullivan (1993) and Wentz (1989), attempt to measure brand equity by precisely evaluating brands for accounting purposes (company-oriented approach). Others, e.g. Keller (1993) and Winters (1991), focus on what consumers know about brands and how such knowledge can contribute to the brand growth. Similarly, D. Aaker (1991; 1996a) perceives brand equity as possessing dimensions, such as brand awareness, perceived brand quality, brand loyalty, and brand associations. Feldwick (1996) summarises the variety of approaches, stating that brand equity can be defined as (i) the value of a brand as an asset when it is sold or included in a balanced sheet, (ii) a measure of loyalty (attachment to the brand), and (iii) a description of beliefs and associations consumers have with the brand. Of particular interest for this thesis is the conceptualisation of brand equity in relation to how consumers perceive brands and how much the brand can benefit from positive and strong associations held in consumer memory.

Research on associative links to the brand name caused the emerging the concept of *Customer-Based Brand Equity* (CBBE; Christodoulides & De Chernatony, 2010; Romaniuk & Nenycz-Thiel, 2011). Developed by Keller (1993), CBBE is defined as “the differential effect of brand knowledge on consumer response to the marketing of the brand” (p. 2). The key element of the CBBE, therefore, is brand knowledge. Researchers’ views on brand knowledge differ. Alba and Hutchinson (1987) propose that consumers’ knowledge about brands has two key components – familiarity and expertise, whereas Keller (1993) argues that brand knowledge comprises elements such as brand awareness and brand image (discussed earlier). Brand awareness can be perceived as the strength of the brand node that depends on the two constructs (Keller, 1993). The first is consumers’ ability to correctly discriminate the brand as seeing or hearing about it previously (brand recognition) and the second construct is consumers’ ability to retrieve the brand from the memory when exposed to a cue, for example product category (brand recall; Keller, 1993).

The common aspect of Keller's (1993) and Alba and Hutchinson's (1987) concepts of brand knowledge is brand familiarity. Defined as the number of experiences related to product that have been accumulated by the consumer (Alba & Hutchinson, 1987), greater brand familiarity leads to the increased brand recognition and brand recall (Keller, 1993) and, as a consequence, to leveraging CBBE. Put simply, brand equity is a condition in which consumers are familiar with a brand and are likely to recall favourable, strong, and unique brand associations. Therefore, the CBBE concept is underpinned by brand associations. Large numbers of positive, strong, and unique associations contribute to brand growth. This position, particularly in respect to the uniqueness of associations has been further revised by other researchers (see the earlier discussion on unique brand associations) and more credit has been given to the recency of brand associations' activation. Regardless of the importance of the unique brand associations, more popular brands/logos such as the Fairtrade should possess greater brand equity that would be expressed in the form of greater consumer preferences compared with less familiar brands/logos.

High equity brands are believed to be successful in brand extensions (Dacin & Smith, 1994; Keller & D. Aaker, 1992) and to provide greater margins and easier access to distribution channels (D. Aaker, 1991). Additionally, brand equity has been found to have a positive effect on market share (Agarwal & Rao, 1996), consumer preferences (Cobb-Walgreen, Ruble, & Donthu, 1995), consumer perceptions about the quality of products (Dodds, Monroe, & Grewal, 1991), and consumer price insensitivity (Erdem, Swait, & Louviere, 2002). However, an ambiguity concerns some of these claims. It is likely that consumer preferences for a brand positively affect the equity of this brand (consumers choose a brand and this results with an increased consumers' knowledge about this brand). Given that brand equity has a positive effect on consumer preferences, this would result in the perpetual phenomenon – brand equity positively affects consumer preferences that in turn positively affect brand equity. This shows that the CBBE and its relationship with consumer perceptions and preferences should be treated with care.

3.6 Brand differentiation vs brand distinctiveness and brand salience

3.6.1 Brand differentiation

As mentioned earlier, one of the first purposes of brands was to differentiate products of a firm from other products offered by competitors. Brand differentiation is also believed to be one of the most important concepts in branding that may determine the success of a firm (Trout & Rivkin, 2010). Therefore, it is important to explain the concept of and contradictory views on brand differentiation.

3.6.1.1 Historical perspective on brand differentiation

Roper and Parker (2006) argue that, while before the industrial revolution brands were mainly used to identify products and producers, from the 19th century the major role of brands has been to differentiate offerings. Manufacturers assigned labels to their offerings to differentiate their produce from the growing power of wholesalers and retailers (De Chernatony & McWilliam, 1989). Furthermore, due to the increasing similarity of products, distinctive packaging and unique brand names became a common sight to differentiate between products offered by different manufacturers (Copeland, 1923). The differentiating function of brands has persisted into modernity and this aspect is a focal point in brand definitions of AMA and Kotler.

3.6.1.2 Modern view on brand differentiation

For several years, marketers have emphasised the importance of brand differentiation. For example, D. Aaker (1991) Keller and Lehmann (2006), Kotler (1991) and Porter (1985) view brand differentiation as one of the key factors contributing to the success of the brand. Defined as a marketing strategy that seeks unique values important to consumers in different segments (Porter, 1985), *brand differentiation* enables marketers to serve different market segments better (Lancaster, 1979). D. Aaker (2004) argues that if competing brands within a certain category do not have unique selling points (and therefore are indifferent), they will not give purchasers a reason to buy them. Endorsing brands/logos can be perceived as unique selling points that can be seen by consumers as reasons to buy the endorsed products.

Further, brand differentiation serves brand positioning. D. Aaker and Shansby (1982) propose that positioning a brand in consumer minds occurs through selecting and emphasizing those brand associations that are to be built upon and removing or de-emphasizing other associations. This often happens through brand intangibles such as user experience, user imagery (actual and aspirational), purchase and consumption imagery, history, and heritage (Keller, 2001). Marketers and advertisers need to provide consumers with unique selling points in order to differentiate and position the brand and, as a consequence, to persuade consumers to buy the brand (Reeves, 1961). Therefore, through positioning, consumers are believed to be able to recognise, differentiate and make a purchase decision faster and more efficiently.

Brand differentiation is believed to provide several benefits, particularly for marketers. Guiltinan and Paul (1991) believe that differentiation helps a brand avoid head-to-head competition by providing unique benefits to customers. Similarly, Saunders (1995) claims that a brand that differentiates itself wins through offering a unique or more superior product than competitor brands. D. Aaker (1991) and Kotler (1994) propose a similar position on brand differentiation and claim that meaningful differences between brands motivate consumers to buy highly differentiated brands. Moreover, brand and product differentiation is believed to reduce price sensitivity among consumers (Bradley, 1991), allowing companies to charge higher margins. Finally, Porter (1980) believes that differentiation helps a brand keep its customers and therefore enhances brand loyalty.

As the above discussion shows, there are several potential benefits for a brand resulting from differentiation. Considering endorsing ethical brands/logos such as the Fairtrade could be used as a point of differentiation and could give thoughtful consumers a reason to purchase the endorsed product. Moreover, such endorsements could also help position the focal brand (e.g. coffee brand) in consumers' minds so shoppers perceive them as not only taking into account profitability, but also addressing the social pillar of sustainability.

3.6.1.3 Brand differentiation challenged

The concept of brand differentiation matches many models of information processing, where purchasers are believed to weigh up brands based on their attributes (Alpert, 1971; Fishbein & Ajzen, 1975). Shoppers are believed to consider their choices thoughtfully. However, empirical

evidence from a number of studies shows that consumers perceive brands as rather similar (Romaniuk, Sharp, & Ehrenberg, 2007; B. Sharp, 2010). Differentiation does exist, but at the category rather than the brand level (B. Sharp, 2010); for example, coffee is perceived as more masculine, whereas tea is seen as more feminine (Levy, 1986). Within each coffee and tea categories, brands are perceived as rather indifferent, which questions the importance of brand differentiation and positioning in modern marketing.

In fact, most category leaders have a large number of very similar rivals. If a difference between brands exists, it is usually a result of the functional characteristics of products. For example, cheap brands are perceived as cheap and American brands are perceived as American (B. Sharp, 2010). Within each sub-category, however, brands do not significantly differ. Additionally, marketers often struggle to maintain differentiation of their highly innovative brands due to the ease of copying caused by high technology (Ehrenberg et al., 1997). Even Apple computers, which might be thought of as highly differentiated and unique products due to a different operating system and appearance, are not fully perceived as such. Only 23% of Apple users consider Apple computers unique or different (B. Sharp, 2010). In comparison, 18% of IBM and Compaq computers users perceive these brands as different or unique (B. Sharp, 2010). Therefore, Apple is perceived as not much different from other brands. These results suggest that the importance of brand differentiation may be overstated.

Kennedy, Ehrenberg, and Long (2000) explain that consumers' perception of brands as not being sufficiently different stems from the fact that competing brands have similar customers in respect to their media usage, demographic characteristics, and attitudes. Results from a recent study examining 50 brands over 25 years suggest that user profiles for directly competing brands rarely differ (Uncles, Kennedy, Nenycz-Thiel, Singh, & Kwok, 2012). Consumers of similar habits and preferences are rather unlikely to perceive brands differently. Therefore, competing brands sell their products to very similar customer bases (B. Sharp, 2010). Also, consumers seldom spend much time comparing brands in a category and thus brand differentiation is not given much attention (Romaniuk, Sharp, & Ehrenberg, 2007). Findings from the research on advertising support this position. More than half the TV, print, and outdoor advertising is seen as not differentiating the brand from its competitors (Ehrenberg, Barnard, Kennedy, & Bloom, 2002).

Given the empirical evidence challenging the importance of brand differentiation, it is likely to be the case that brands are rather not clearly different. This is not to say that brand differentiation is utterly unimportant and that marketers should entirely abandon efforts towards making their brands dissimilar. Simply, brand managers may be better off focusing on making their brands distinct, salient, and able to stand out from the competition rather than different.

3.6.2 Brand distinctiveness and brand salience

Brand distinctiveness plays a critical role in the consumer behaviour model, suggesting that consumers choose undifferentiated, similar brands and that such choice is based on brand associations rather than thoughtful information elaboration. Therefore, the concept of brand distinctiveness (and brand salience) requires considerable attention.

As mentioned earlier, consumers do not perceive brands as differentiated. Romaniuk and Gaillard (2007) found that only about 3% of people see a single brand as being solely associated with a certain image. Therefore, the network of brand associations helps to build distinctive brand qualities rather than differentiate a brand. Successful brands stand out on the marketplace not because they are differentiated (*unique* brand that differs from other brands; Porter, 1985), but because they are distinctive (possess *distinctive elements* that can substitute for the brand name; Romaniuk et al., 2007).

Brand distinctiveness is often considered synonymous with *brand salience* that is defined by Romaniuk and B. Sharp (2004) as a propensity of the brand to be thought of by buyers in a purchasing situation. Furthermore, brand salience is often considered the same as the brand being 'top of mind', i.e. mentioned first when consumers think of a product category (Romaniuk & Sharp, 2004). Brands do not need to provide unique selling propositions to persuade shoppers; if they are large and popular enough, they will be thought of in a buying situation (Ehrenberg et al., 2002).

Brand distinctiveness can be achieved through consistent communication of distinctive features of brands. In their work on distinctive brand assets, Romaniuk and Hartnett (2010) propose that continuously communicating elements, such as slogans, colours, music, sound, pack shapes or

celebrities, help the brand being noticed, recalled, and recognised by consumers in a purchasing situation and when they are exposed to an advertisement (see also Romaniuk et al., 2007). Distinctive elements that are well associated with the brand can, eventually, replace the brand name. In such situations, consumers are able to identify the brand by seeing, for example, a particular colour or the shape of the package (Ehrenberg et al., 2002).

Brand distinctiveness provides several benefits for marketers and consumers. Distinctive or salient brands are easily identified and, compared with brands that are not salient, have a higher chance of being kept in consumers' consideration sets (Ehrenberg et al., 2002). Distinctive elements of brands help consumers to remember the brand in the future, thus increasing its chance of being purchased (Romaniuk et al., 2007). Moreover, as consumers have been found cognitive misers, who do not thoroughly consider their purchasing decisions (B. Sharp, 2010), brand distinctiveness helps consumers identify brands, thus easily reducing their cognitive effort. Finally, distinctive elements of brands allow marketers to easily communicate messages and they reduce the chance of the advertisement being attributed to the wrong brand (Romaniuk et al., 2007). Consequently, endorsing brands/logos such as the Fairtrade would simply facilitate a recognition and would help the focal brand to be distinct and salient. They would also help heuristic shoppers by easing their decision-making processes.

Brand distinctiveness is a very important concept in a consumer behaviour model, where people are seen as low involved, habitual purchasers, i.e. Type 1 thinkers who demonstrate split loyalty to several brands. Contrary to this view, a complex buying behaviour model proposes that people are relatively highly involved in purchasing and are often highly loyal to one brand. Therefore, it is necessary to elaborate on both high vs low involvement purchase decision and the brand loyalty concept.

3.7 High vs low involvement decision making and brand loyalty

3.7.1 High vs low involvement decision making

Krugman (1965) and Zaichkowsky (1985, 1994) describe *involvement* with purchasing as a personal relevance of a product that is underpinned by an individual's values, needs, and interests. Furthermore, involvement may be situational (varying within the timeframe of purchasing decision) or enduring (a person's stable interest in a product over time; Celsi &

Olson, 1988). Some researchers, for example Zaichkowsky (1994), tend to give more credit to the situational perspective of involvement, while others, such as Richins, Bloch, and McQuarrie (1992), claim that involvement is rather enduring. Moreover, some researchers, for example Mittal (1995), delineate between product involvement and purchase decision involvement. To illustrate this, a person may be highly involved in the process of purchasing a car but may have little interest in cars as a product category (Brennan & Mavondo, 2000). Despite this delineation, a person's higher involvement in a product class often results in higher involvement in a purchase decision (Bloch, 1981; Kapferer & Laurent, 1985, 1993). Consequently, product class involvement and purchase decision involvement are often associated.

Purchase decision involvement may stem from the nature of the product (Zaichkowsky, 1994). However, D. H. Park, Lee, and Han (2007) claim that the nature of a product itself cannot be deterministic. For example, a shampoo, depending on situation and personal circumstances, can be a low or high involvement product. In most cases, the decision about purchasing a bottle of shampoo is not a result of thoughtful consideration. However, for a person who purchases a bottle of shampoo for the first time or is concerned about social issues (e.g. the product not tested on animals), this may be a high involvement decision (Brennan & Mavondo, 2000). On the other hand, a person purchasing a car (typically perceived as high involvement product) may be solely focused on the outcome of his decision (having a car) but may not significantly engage in the decision-making process (D. H. Park et al., 2007).

As can be seen above, the concepts of product involvement and purchase decision involvement are relatively complex. Clear delineation between high and low involvement products and high and low purchase decisions seems to be impossible. Consumers attach different values to the same products and have different needs, resulting in higher or lower engagement in decision making. For this thesis, more emphasis is put on purchase decision making rather than product involvement. In order to examine whether consumer preferences for endorsing logos increase if they deliberately think about them, this research uses logos with an ethical dimension that is likely to increase consumer involvement in their decision making. Thus, as mentioned in Chapter 1, ethical logos provide a setting in which the effects of additional thinking are likely to be more easily detected.

3.7.2 Brand loyalty

Researchers have been examining brand loyalty for long time, as studies on this concept can be traced back to the early 1950s (G. Brown, 1952; Cunningham, 1956). Jacoby and Kyner (1973) define *brand loyalty* as a non-random (hence biased) purchase made by decision-making units (e.g. individual buyers) regarding one or more brands out of a set of brands that lasts over time. Such purchasing is a consequence of psychological (i.e. evaluative) processes (Jacoby & Kyner, 1973). However, these psychological processes may raise some concerns as, according to Jacoby and Kyner (1973), they distinguish brand loyalty from simple repeat purchasing. Jacoby and Kyner (1973) claim that the lack of psychological processes in evaluating brand options does not allow repeat purchasing to be treated as brand loyalty. In other words, consumers are loyal to a brand only when they actively evaluate their choices of one brand over others. This position challenged the view on brand loyalty espoused by Tucker (1964), who claimed that an individual's market behaviour (choice of one brand over the others) should be the only indicator of brand loyalty, regardless of what and how consumers think (psychological processes).

This dualism in the approach to the concept of brand loyalty is also visible in more contemporary studies and underlies the two opposite views on consumer behaviour. For example, J. Aaker (1997), Fournier (1998) and Muniz Jr and O'Guinn (2001) tend to put much emphasis on the emotional aspect of brand loyalty. Others, for example Romaniuk and Nenycz-Thiel (2011) and B. Sharp (2010), despite addressing the psychological processes that go on in consumers' minds during making purchasing decisions, seem rather to focus on overt consumer behaviour (brand loyalty as patterns of repeat purchasing). The subsequent sections of this chapter discuss these two opposite views of consumer behaviour, portraying consumers as dedicated loyalists in respect to one brand vs consumers, who rather exhibit split loyalty to several brands in a category.

3.8 Complex buying behaviour – pursuing 100% loyalty

The 'complex buying behaviour' concept, explicitly discussed in marketing textbooks (e.g. Babin & Harris, 2012; Iacobucci, 2013; Lamb, Hair Jr., & McDaniel, 2010) and implicitly supported by several marketing researchers (e.g. J. Aaker, 1997; Aggarwal, 2004; Fournier, 1998; Muniz Jr & O'Guinn, 2001), proposes that consumers spend a great deal of time

comparing brands in a category as they weigh up brands on the merits of their attributes. This is consistent with many models of information processing (see e.g. Fishbein & Ajzen, 1975; Green, Goldberg, & Montemayor, 1981). The central assumption of complex buying behaviour is that consumers are highly involved in purchases and they see considerable differences between brands. They often 'form' relationships with brands (Fournier, 1998), create brand communities (Muniz Jr & O'Guinn, 2001), and 'fall in love' with brands (Bauer, Albrecht, & Heinrich, 2009; Fournier, 1998). However, before brand relationship and brand love are discussed, it is necessary to elaborate on the concept of brand personality as it allows for better understanding of why and how consumers may deeply engage in relationships with brands.

3.8.1 Brand personality and its critique

Brand personality research is an extension of over 50 years of studies on consumer perceptions of and associations with brands (Levy, 1959; Martineau, 1958). In her seminal work, J. Aaker (1997) defines *brand personality* as "the set of human characteristics associated with a brand" (p. 347). The brand personality concept assumes that people often attach human characteristics to brands (see animism and anthropomorphism, e.g. Gilmore, 1919; Guthrie, 1993). For example, it is believed that Absolut vodka is perceived as a cool and contemporary 25-year-old man while Stolichnaya vodka tends to be described as a conservative, intellectual, and older man (J. Aaker, 1997).

Researchers have been measuring brand personality for over three decades (J. Aaker, 1997; Geuens, Weijters, & De Wulf, 2009; Plummer, 1984). There are several instruments measuring brand personality with a five-factor brand personality scale developed by J. Aaker (1997) being most commonly used. J. Aaker (1997) proposes that each brand personality falls into one of the five dimensions, such as sincerity (e.g. the 'honest' trait), excitement (e.g. the 'daring' trait), competence (e.g. the 'reliable' trait), sophistication (e.g. the 'upper-class' trait), and ruggedness (e.g. the 'tough' trait). J. Aaker (1997) proposes that the concept of brands perceived as if they were humans allows for greater brand differentiation and is a basis for targeting specific market segments and brand positioning.

Brand personalities may have several potential benefits for marketers. De Chernatony (2001) argues that brand personality is a very promising option for brand differentiation. Brand

personalities can also be used as tools in exploring the meaning of brand for consumers (King, 1989), as information in creating advertisements (Lannon & Cooper, 1983), or even as a key determinant of brand equity (D. Aaker, 1991; A. L. Biel, 1993). Yet other researchers, for example Batra, Lenk, and Wedel (2010) highlight the usefulness of brand personality (and category personality, discussed further) for co-branding, licensing and brand extensions into new categories. The concepts of licensing and co-branding are examined further in this chapter due to their importance in respect to Fairtrade International licensing and the Fairtrade brand co-branding with brands from various categories, e.g. coffee.

Given the abundance of research suggesting the existence of brand personality, this concept is not without criticism. The work of F. Evans (1959) can be perceived as one of the first studies questioning the validity of brand personality, although the author focused on examining personalities of customers rather than brands. He found no difference in personality traits between Ford and Chevrolet users. Consequently, it is unlikely that different brands possess different personalities. More contemporary studies that focused on investigating brand personalities came to similar conclusions. The empirical evidence provided by Romaniuk and Ehrenberg (2012) suggests that people are reluctant to perceive brands as humans (approximately only 10% of brand users and 5% of non-users attribute personality traits to a brand).

Additionally, repeated studies on the same participants found that out of 5% of people who view a brand as rugged, only 1% maintained their opinion when re-interviewed (B. Sharp, 2010). Moreover, personality traits do not differ much from brand to brand. For example, Romaniuk and Ehrenberg (2012) found that 4% of Coca Cola users view this brand as charming and 5% of Sunkist's users perceive Sunkist as charming. Finally, Yoon, Gutchess, Feinberg, and Polk (2006) doubt that people process characteristics of persons and brands in a similar way. Their fMRI study of consumers' brains found that different parts of the brain modulate judgements about persons versus judgements about brands. This implies that brand personality may not be processed in the same way as human personality.

Similarly, much doubt surrounds the usefulness of the brand personality scale of J. Aaker (1997). Avis (2012) critically examined this scale, arguing that J. Aaker confuses category perceptions with brand perceptions and that the factor model descriptor items change meaning depending on the category to which they are applied. As Batra et al. (2010) noticed, "a 'reliable'

magazine may have a different connotation than a ‘reliable’ car” (p. 345). Avis, Forbes, and Ferguson (2013) went further, claiming that the scale is likely to ‘create’ the brand personality that it measures. Azoulay and Kapferer (2003) doubted that the traits chosen by J. Aaker (1997) represent personality, and Bosnjak, Bochmann, and Hufschmidt (2007) raised the problem of lack of negative traits in the scale. Finally, Romaniuk (2008) argued that other methods, such as the free choice technique, allow for better discrimination between brands and generate greater variety of traits. Therefore, both brand personality concept and the scale of J. Aaker (1997) that is widely used to measure this concept are questionable.

3.8.2 Product category personality

It might be then more likely that product categories rather than brands possess personalities. Levy (1986) found that within a beverage category, wine represents snobbism, beer signifies sociability and democracy, juice is associated with virtue, whereas soup with tradition. Durgee and Stuart (1987) discovered that people associate the entire ice cream category with ‘fun’, and Batra and Homer (2004) found that expensive cookies are viewed as ‘classy and sophisticated’. The finding that product categories are perceived to be more differentiated compare with brands within given category (B. Sharp, 2010) may also imply that the former are more likely to be associated with human traits.

Despite the critiques related to brand personality, it may be worthwhile not to disregard this concept completely. As Durgee and Stuart (1987) and Domzal and Kernan (1992) found, brand personality traits are inevitably influenced by product category, implying that brands may possess some degree of personality. Product categories possessing a greater degree of personality may have an impact on brands within these categories and as a consequence, may influence these brands’ personalities. This would explain the low (though still present) rate of people viewing brands as possessing human traits (Romaniuk & Ehrenberg, 2012). It would then be reasonable to conclude that brands that are category leaders (or are more prominent) may be associated with human characteristics to a greater extent compared with less salient brands.

3.8.3 Brand relationship

Attributing brands with human traits became a key foundation for establishing the concept of *brand relationship* (Fournier, 1998). Fournier (1998) argues that brands can be humans' relationship partners. To facilitate such relationships, brands must be anthropomorphised, i.e. human characteristics, behaviours, and motives must be assigned to non-human forms. Fournier (1998) believes that consumers develop close relationships with brands (for example Pastene tomatoes, Dove soap or Reebok shoes) that have very emotional and affective grounding. These relationships are very close, even intimate, often running for years. Consumers claim that they love certain brands and they can hardly imagine their lives without such brands (Fournier, 1998). Brands are treated as friends, who can be relied on. They provide good memories of past events and, therefore, are abandoned reluctantly.

3.8.4 Brand love

Aggarwal (2004) agrees that consumers use standards of interpersonal relationships as a guide in assessing brands, and concludes that the relationship metaphor allows for a better understanding of consumer-brand interactions. It would be ideal if such interactions were underpinned by passion and love (Fournier, 1998). *Brand love* is characterized as an interplay of intimacy, passion, and commitment to a brand (Bauer et al., 2009). Babin, Darden, and Griffin (1994) argue that consumers buy because they like purchasing (intrinsic rewards) and/or getting something (extrinsic rewards). To be loved, extrinsic rewards are not sufficient, and purchasing a brand must provide intrinsic rewards (e.g. state of happiness).

3.8.5 Brand community

Furthermore, an admired and loved brand is likely to be a hub for a community gathered around it. Muniz Jr and O'Guinn (2001) describe *brand community* as a "specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand" (p. 412). Members of such communities are believed to share stories about the beloved brand, traditions, and rituals (McAlexander, Schouten, & Koenig, 2002; Muniz Jr & O'Guinn, 2001) contributing to strengthening the engagement with the brand. A great exposure of brand communities in media can further affect the product adoption behavior (S. Thompson & Sinha, 2008). The marketers' role is to nurture such communities, and encourage

communities' gatherings and online discussions (Fournier & Lee, 2009). As a consequence of these activities, brand community directly contributes to brand loyalty and brand commitment (Jacoby & Chestnut, 1978; Keller, 2003; McAlexander & Schouten, 1998). McAlexander et al. (2002) even consider brand community 'a path to Holy Grail of brand loyalty'.

In respect to brand communities, a product category may have a significant impact on the sense of directing marketing effort towards cultivating such communities. Car or computer brands are believed to have higher potential to attract consumers to love the brand and participate in brand community compared with, for example, laundry detergent or breakfast cereals brands (Bech-Larsen, Bergkvist, & Francis, 2006). Similarly, B. Sharp (2010) believes that the fact that Harley Davidson (often perceived as a prototypical of a brand community; Fournier, McAlexander, Schouten, & Sensiper, 2000; Schouten & McAlexander, 1995) has more emotion-based brand loyals compared with Kellogg's Cornflakes' enthusiasts says more about product categories than brand buying behaviour. However, brands from low involvement categories (e.g. Coca Cola) are also thought to be able to influence consumers to fall in love with them (Bech-Larsen et al., 2006).

Likewise, brands in product categories endorsing brands/logos are believed to possess personalities. For example, Venable, Rose, Bush, and Gilbert (2005) found that current and potential donors ascribe human characteristics to non-profit organisations, perceiving them as kind, caring, and compassionate and recognising differences in personalities between different non-profits. Therefore, a brand such as the Fairtrade may be perceived as a human-like entity, which would facilitate the establishing of a relationship with it and a greater loyalty towards it. Consequently, such a brand could be a hub for a community of highly involved purchasers gathered around it.

3.8.6 Critique of brand relationship, brand love and brand communities

Other researchers question these concepts of brand relationships and brand love. Bengtsson (2003) notices that lack of reciprocity in consumer interaction with the brand makes the brand relationship concept highly problematic. In respect to the brand love concept, the fundamental problem is with defining love. Love between people and love towards objects or concepts, such as brands are certainly different feelings (Ahuvia, 1993 as cited in Bengtsson, 2003). Fournier's

(1993) own work is perhaps the best example of ambiguity concerning the concept of brand love. One of her interviewees mentions "I don't want to bring the "L" word into things" (p. 364). This illustrates that consumers attach different meaning to love between humans and different meaning to love towards objects.

If consumers are deeply engaged in relationships with brands, their repertoires of brands in a category would be very narrow, often consisting of only one brand. Consequently, this would have significant implications for brand loyalty as marketers would be able relatively easily to convince consumers to choose their brands and turn them into 100% loyal. However, as it will be discussed further in this chapter, empirical evidence suggests that very few consumers are loyal to only one brand (B. Sharp, 2010). This suggestion questions the rationality of brand relationships and brand love concepts as well as the sense of spending marketing resources on creating and maintaining communities around brands.

For example, if a brand, such as Harley Davidson has a large group of dedicated brand lovers, this would certainly prevent it from losing market share to competitor brands (B. Sharp, 2010). Yet current data shows that Harley Davidson's market share dropped from 56% to 51% in 2014 (Stock, 2015) and its sales declined further by almost 7% in 2017 compared with the previous year (Tangel, 2018). Moreover, the biggest loss was noticed for custom bikes, which are usually purchased by dedicated 'die hard' loyalists. Stock (2015) further concludes that this is a big worry for Harley Davidson as these loyalists are likely to switch to other brands, for example Indian or BMW, implying that those customers are not as loyal as might be thought. It is reasonable to conclude, then, that some consumers are indeed enthusiastic loyalists (but they are likely to be outliers) who purchase one brand within a category only. However, it seems to be an exaggeration that, as Kahney (2006) claims, consumers of the Apple brand 'eat, sleep and breath' their Macs.

A contrast to these highly involved consumers who are loyal to one brand is the consumer behaviour model that portrays consumers as habitual purchasers whose behaviour is often routinised. Instead being highly loyal to one brand, such consumers demonstrate split or polygamous loyalty to several brands in a category.

3.9 Routinised consumer behaviour – polygamous loyalty

As discussed earlier, brand salience has a significant impact on buying behaviour (Romaniuk & Sharp, 2004). As a certain brand is continuously at the top of the mind (or at least within the set of brands being considered to buy), consumers develop purchasing habits. Their buying behaviour becomes routinised. Verplanken and Aarts (1999) explain that habits are “learned sequences of acts that have become automatic responses to specific cues, and are functional in obtaining certain goals or end states” (p. 104). Therefore, according to B. Sharp (2010), consumers’ positive attitudes towards brands are an effect of their habitual purchasing. This may be surprising as it has long been claimed that attitudes drive behaviour (e.g. see Allport, 1935). However, usually weak correlations (e.g. see Wicker, 1969; Wright & Klÿn, 1998) between attitudes and behaviour simply reflect that consumers have attitudes and are more knowledgeable about brands they buy. Therefore, the order of attitudes driving behaviour is reversed and behaviour is likely to drive attitudes.

Routinised behaviour is often considered particularly relevant to purchasing low involvement products. Consumers uncaringly purchase and consume ‘everyday use’ products and switch brands (Kassarjian, 1981). They develop their considerations sets of brands and usually choose brands from these sets. As a consequence, they are rarely loyal to one brand. Results from several studies on consumer behaviour suggest that consumers present split loyalty or polygamous loyalty (Barnard & Ehrenberg, 1997; B. Sharp, 2010) as they are loyal to several brands in a category at the same time.

Brand loyalty does not vary much between brands (B. Sharp, 2010); yet to increase brand loyalty, a brand needs to increase its market share. Correlation between brand loyalty and brand market share has been investigated in several product categories across several countries and the consistent findings obtained from these studies resulted in the formulation of the *Double Jeopardy* law. This law proposes that brands with less market share have fewer buyers, who are additionally slightly less loyal (Ehrenberg & Goodhardt, 2002; MacPhee, 1963; B. Sharp, 2010; Wright, Sharp, & Sharp, 1998). Purchase frequencies of brands have been found in line with these brands market shares, with the biggest brands enjoying higher purchase frequencies (Wright et al., 1998). A brand’s market share also has an impact on customer base shared with other brands. The *Duplication of Purchase* law proposes that within a category, all brands share their customer base with other brands in line with those other brands market shares (B. Sharp,

2010). This means that every brand shares many of their customers with big brands and little customers with small brands.

As mentioned earlier, it is a common view that low involvement or routinised behaviour is usually associated with purchasing low involvement products (e.g. Kotler & Armstrong, 2001), where consumers do not exhibit high level loyalty to one brand. However, B. Sharp (2010) challenges this position by saying that even in high involvement product categories, such as motorcycles and computers, consumers are seldom highly loyal to one brand. The share of category requirements metric used for measuring loyalty revealed that for Harley Davidson, this score was 33% (B. Sharp, 2010). This suggests that purchasers of Harley Davidsons buy other brands twice as often as they buy Harley Davidson. Likewise, Apple computer purchasers have been found only slightly more loyal than customers of other computer brands. In this case, the reason for higher loyalty might be caused by the necessity of changing an operating system when purchasing other computer brands rather than by the passionate dedication to the Apple brand (B. Sharp, 2010). This is not to say that, according to the polygamous loyalty concept, there are no 100% brand loyalists. Such customers certainly exist, yet they are 'outliers' and constitute only a small proportion of the entire customer base.

Low involvement consumers, who habitually act on the market are likely to use ethical endorsing logos to speed up their decision-making processes and treat the endorsing logos as means to distinguish the focal brands. Consumer routinised behaviour may lead to a greater loyalty towards the endorsed brands, yet such an increased loyalty would not be underpinned by a thoughtful processing of claims represented by the endorsing logos (that consequently leads to positive attitude formation towards the focal brand), but rather would be an effect of habitual buying.

3.10 Co-branding and Licensing

The concepts of co-branding and licensing are of significant interest of this study due to the nature of cooperation between the Fairtrade International and consumers goods' brands, for example coffee brands. Therefore, both co-branding and licensing concepts need to be examined in more details.

3.10.1 Co-branding

Co-branding is defined as combining two or more brands (constituent brands) to create a new product (composite brand; C. W. Park, Jun, & Shocker, 1996). Examples of co-branding include Harley Davidson and Ford trucks, iPod and Nike or McDonalds and Disney. Co-branding may take the form of joint promotion (Washburn et al., 2000), joint advertising (Grossman, 1997), promotion of complementary use of the products, and physical product integration (Rao & Ruekert, 1994). Since co-branded products are likely to be new to consumers and consumers have no knowledge about the new product, they use constituent brand names and associations with these brands to form judgements about and associations with the new co-branded product (Washburn et al., 2000).

Batra et al. (2010) believe that in successful co-branding, the degree to which associations with the particular brand are not typical is important for the associations of the parent product category. The less typical associations (thus the more abstract brand) are, the higher the chance for the brand to be successfully co-branded with another brand in the new category. Batra et al. (2010) also argue that successful co-branding is likely to occur when the constituent brands, often from different product categories, are perceived as similar in terms of personality traits. Brand personality impacts on whether consumers perceive the brand as being close (i.e. fits) to the new category. However, given the rational critique of the concept of brand personality, Batra et al.'s (2010) position on brand personality traits should be treated with care.

Co-branding may have several benefits for producers, who decide to engage in this process. Spethmann and Benezra (1994) claim that in consumer goods, co-branding is meant to increase market exposure, decrease advertising costs, and defend against the threat of private labels. It also serves as a mean of leveraging the equity of constituent brands and limits the risk of entering a new product category in which the firm's expertise may be questioned (D. Aaker, 1996b). However, some researchers (e.g. Rao & Ruekert, 1994) claim that co-branding is also associated with risk for a brand if it pairs with a partner that can harm the existing brand equity. Yet other academics, for example Washburn et al. (2000), do not think that co-branding can harm any of the constituent brands. They concluded that regardless of the strengths of constituent brands, in most circumstances co-branding is a winning situation for both brands. Even though low equity constituent brands usually benefit more from co-branding, the reputation of high equity constituent brands is not tarnished.

3.10.2 Licensing

Keller (1993) describes *brand licensing* as using the brand name by another firm on one of its products. The process of licensing occurs when a brand right owner (licensor) allows the brand user (licensee) to use the name of the brand on the licensee's product or service for a fee, for a specific territory, and for a specific period of time (Wiedmann & Ludewig, 2008). Keller (1993) believes that brand licensing is likely to be more beneficial for both licensor and licensee if the brands of both parties have strong personality traits and the brand associations have strong user imagery. Licensing is most commonly practised in the entertainment industry, yet it has also become popular in consumer goods categories (Bass, 2004).

Licensing strategy is believed to have several benefits for brands. It allows for a greater brand awareness, accessing expertise that is beyond the firm's knowledge, accessing new markets (Quelch, 1985), and providing significant revenue streams (Keller, 1993). Marketing practitioners also add that licensing helps a firm expand its product portfolio, encourage consumer loyalty, and stimulate promotional and retail partnerships (see in Wiedmann & Ludewig, 2008). However, under the licensing agreement, the licensor has less control over the brand name (Bass, 2004; Colucci, Montaguti, & Lago, 2008), which may cause brand name dilution and, as a consequence, may affect brand equity.

3.10.3 Co-branding and licensing in respect to the Fairtrade brand

The Fairtrade brand is atypical in the sense that it is not used to identify or differentiate a product or service (other than distinguishing fair-traded from non-fair-traded products), but rather serves as an assurance for consumers that their premium spent on a product certified as Fairtrade reaches disadvantaged producers in developing countries. Consequently, co-branding of the Fairtrade brand and, e.g. coffee brand, is atypical and the latter is likely to benefit more from the new co-branded product compared with the Fairtrade brand. This is due to the congruency of ethical associations and/or ethical claims and the coffee brand. Through co-branding and licensing, consumers are likely to perceive the Fairtrade certified coffee brands more positively compared with the non-Fairtrade certified brands, regardless of the type of information processing utilised by consumers (associative or deliberative) and the nature of the positive effect of the Fairtrade brand on the coffee brand (ethical associations with the logo or ethical claims). The Fairtrade brand is also likely to benefit from such co-branding and

licensing strategies: through a greater exposure, the Fairtrade brand increases its familiarity among consumers.

Coffee brands have a relatively high potential to be successfully co-branded with the Fairtrade brand because of the coffee product. Coffee is claimed to be the most commonly traded ethical product globally (De Pelsmacker, Janssens, et al., 2005; De Pelsmacker et al., 2006; W. Low & Davenport, 2005). Therefore, consumers are likely to have established strong associations between the coffee category and fair trade, resulting in congruency of coffee brands (e.g. Robert Harris or Caffè L'affare) and the Fairtrade brand. This 'natural' connection between the Fairtrade brand and the coffee category also justifies the use of the coffee brand packaging stimuli in this research to investigate how deliberation influences consumer preferences for ethically endorsed products.

3.11 Summary

As seen above, there are divergent views on branding and how consumers behave in respect to brands. Some researchers, for example D. Aaker (1991; 1996a), J. Aaker (1997), De Chernatony (2001), Fournier (1998), and Keller (2003), tend to perceive brands as tools to differentiate producers' offerings through a large network of unique brand associations. Consequently, consumers are likely to engage with highly differentiated brands that are believed to possess human traits. In such a model of consumer behaviour, it is not rare to see consumers who are 100% loyal to one brand within a category develop a form of relationship with brands and participate in a community gathered around the brand. Consumers are thus perceived as highly engaged purchasers possessing strong brand attitudes that drive their behaviour.

Other researchers, for example Ehrenberg et al. (1997), Kennedy et al. (2000), Romaniuk and Gaillard (2007), Romaniuk and B. Sharp (2003; 2004), B. Sharp (2010), B. Sharp et al. (2012) and Wright et al. (1998), emphasise the importance of the distinctiveness characteristic of brands that simply helps the brand stand out from the crowd of undifferentiated, similar brands. Through developing a large network of associations (both common and unique), consumers are likely to choose a brand due to its salience. According to this view, consumers do not see brands as possessing human characteristics and, consequently, they are unlikely to engage in a

relationship with brands that are all alike. People are perceived as uncaring and distracted shoppers, who do not spend much time evaluating choices and whose routinised behaviour drives their attitudes. Consumers are unlikely to be loyal to one brand; instead they develop polygamous loyalty to several brands within a category.

3.12 Alignment of consumer behaviour in respect to branding and dual information processing

Interestingly, the two different views on consumer behaviour regarding brand choice are aligned with the two types of information processing. Highly involved purchasers, who engage in a relationship with brands and express a high level of loyalty to one brand are likely to process information in a deliberative and thoughtful way. They may consciously and analytically make decisions about which brands to choose. They are likely to be Type 2 thinkers, whose judgements are a result of relatively slow and effortful information processing. Conversely, the concept of consumers being uninvolved, cognitive misers, who are seldom loyal to one brand is in line with the concept of people processing information heuristically, making decisions in an associative way. Such consumers are likely to make judgements in a fast and effortless manner and do not give much thought to their decision making. They are Type 1 processors, who rather unconsciously choose brands that are salient.

3.13 Fairtrade brand vs fair trade claim

Both views on brands as generating high consumer involvement vs low consumer involvement have their advocates. The concept of consumers as uncaring brand purchasers is supported by extensive research and, to the best knowledge of the author, has not received criticism. Conversely, the view of highly involved shoppers and other concepts associated with this view (e.g. brand personality, brand relationship, brand love, and brand communities) have received sensible critiques. It is therefore reasonable to conclude that brands are primarily used as vehicles to simply make producers' offerings salient, standing out of the crowd of similar products. Understood as a logo with which consumers have many strong associations, a brand is predominantly used to grab consumers' attention. The Fairtrade brand/logo is then simply used to attract consumers and to help them make hasty decisions.

However, the function of the Fairtrade brand may appear to be different. Due to the nature of fair trade (discussed in the next chapter), the ethical or socially conscious consumer is possibly somewhat different from the average consumer. Consumers of the Fairtrade branded products may appear to be highly involved in their purchasing decision making and may utilize more analytical information processing. If this is a case, marketers could emphasise ethical claims underlying fair trade purchasing in their marketing communications strategies. Consumers would be given a reason to buy a product that differs from the non-ethical products. As a consequence, they would become more loyal and dedicated purchasers. The Fairtrade brand would thus act to differentiate between the products.

The following chapter investigates the endorsing logos in general and ethical, endorsing logos, including the Fairtrade, in particular. It also examines intricacies that concern purchasing ethical products and ethical consumption.

Chapter 4: Endorsing logos and ethical consumption

4.1 Introduction

There is an increasing trend in marketing to use endorsing logos to attempt to enhance consumer preferences for the endorsed products (see e.g. Bjørner et al., 2004; J. Brown, 2005; Burrows, 2017; Rayner et al., 2001). Endorsing logos often appeal to consumers' altruistic attitudes (e.g. the Fairtrade), and concerns about their health (e.g. organic, the Healthy Eating certification or the Heart Foundation Tick) and the natural environment (e.g. Nordic Swan or Dolphin-safe tuna). They are among many labels acquired by producers in the hope that they will encourage greater consideration of the focal brands (Bjørner et al., 2004; J. Brown, 2005; De Pelsmacker, Driesen, & Rayp, 2005; Rayner et al., 2001; Williams & Mummery, 2013). Although the present research has wider implications for endorsing logos, it primarily focuses on ethical logos (the Fairtrade logo in particular) due to the nature of the ethical labels.

As noted in the introductory chapter, the interest of this thesis arose from fair trade and how to further increase demand for fair trade products that would benefit disadvantaged producers in the developing world, yet it soon became apparent that there are some scientific questions about consumer behaviour in the context of fair trade, without answering which it is not possible to address the practical issues of fair trade. Thus, to solve these scientific questions, this research uses ethical endorsing logos that are underlined by the ethical/altruistic appeal, i.e. they denote supporting disadvantaged producers in developing countries and, consequently, they provide a setting in which the effects of deliberation are likely to be greater and therefore more easily detected.

4.2 Ethical consumption

In line with utility theory, consumers usually buy the best quality products they can afford (Fishburn, 1970). They act in a self-interested way and select, for example, a coffee based on price and taste. Sometimes, however, people may boycott a brand or a company because of the negative information they have heard or read about it (Harrison, Newholm, & Shaw, 2005). They may also choose a Fairtrade or eco-labelled product due to concern either for people in developing countries or for environmental issues (Brecard, Lucas, Pichot, & Salladarre, 2012;

Littrell & Dickson, 1999; Loureiro & Lotade, 2005). Their purchasing behaviour may be driven by a sense of obligation to others and they may consider paying fair price to fair trade producers as a priority (Shaw, Grehan, Shiu, Hassan, & Thomson, 2005). This type of behaviour is described by Harrison et al. (2005) as *ethical consumption*. According to the UK's not-for-profit magazine Ethical Consumer, there is no one universal definition of ethical. Broadly speaking, however, ethical consumption refers to purchasing/consuming goods the production of which has not harmed or exploited people, animals, and environment (Ethical Consumer, n.d.).

Ethical consumerism can also be seen as representing a different perspective of people's disposable income. In such a perspective, money is not seen as a means to buy luxury products or improve quality of life, but rather as a *vote* that is used when ethical consumers go shopping (Ethical Consumer, n.d.). According to this account, even small, everyday purchases (e.g. bread, breakfast cereals or coffee) are a vote for something. Purchasing organic produce might be a vote for environmental sustainability, while purchasing Fairtrade certified products is a vote for human rights. When participating in ethical consumption, consumers often need to trade-off between higher individual costs, for example higher price for fair trade products and their lesser availability and more societal or 'other' oriented payoffs, such as higher wages and better working conditions for producers in developing countries (White, MacDonnell, & Ellard, 2012).

Auger and Devinney (2007) argue that, despite the relatively long history of fair trade and social labelling, the concept of ethical consumerism only became a significant part of consumption as late as the 1990s. It evolved from the concept of 'green' consumerism that has focused almost exclusively on environmental issues. The terms 'green' consumerism and ethical consumerism are sometimes used interchangeably; however, as Carrigan, Szmigin, and Wright (2004) postulate, the latter more broadly incorporates matters of conscience, such as human rights, animal welfare, labour standards, and health and environmental issues (see also Crane, 2001; Strong, 1996). Purchasing environmentally friendly and fairly traded products is believed to be the most prominent example of ethical buying behaviour (Shaw et al., 2005; Shaw & Newholm, 2002; Shaw & Shiu, 2002) and there is a strong evidence that consumers increasingly engage in a socially aware consumption (Harrison, Newholm, & Shaw, 2005), demand ethical options of products (Nicholls & Opal, 2005), and punish companies for their unethical corporate behaviour (Trudel & Cotte, 2009).

4.3 Fair trade concept

Fair trade is often claimed to be the most important issue of ethical concern to consumers (De Pelsmacker, Driesen, et al., 2005; Shaw & Clarke, 1999). In the academic literature fair trade products are defined as goods that are “purchased under equitable trading agreements, involving cooperative rather than competitive trading principles, ensuring a fair price and fair working conditions for the producers and suppliers” (Strong, 1996, p. 5). Fair trade is also described as “a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade” that “contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South” (World Fair Trade Organization, n.d.; para. 1).

Fair trade claims denote the role of cooperation rather than competition between partners and ensuring higher than free market prices and better than free market working conditions for producers in unindustrialized countries (Bird & Hughes, 1997; Littrell & Dickson, 1999). For example, fair trade certified coffee growers receive a guaranteed minimum price, plus a premium above the minimum or the current market price for their crops, whichever is higher (Hainmueller, Hiscox, & Sequeira, 2011). Companies importing fair trade products must commit to long-term cooperation with producers and partially credit the production, while producers are prohibited from forced and child labour, and any type of discrimination, and must limit the use of chemicals (Hainmueller et al., 2011).

It is believed that when purchasing fair trade products, consumers use their market power to confront social problems of global markets because they are disappointed with the financial return earned by producers relative to the final retail price (LeClair, 2003; Taylor, Murray, & Raynolds, 2005). Therefore, ethical principles are tied to the process of production. Hira and Ferrie (2006) summarise that, in fair trade purchasing, shoppers’ concerns about how goods are produced are taken into account alongside those attributes that are usually considered, for example price and quality.

4.4 Fair trade – movement, products, certification, and the fair trade debate

4.4.1 Two visions of fair trade

Initially, fair trade aimed to create its own supply chain that operates in parallel to and bypasses the existing mainstream supply chain. It assumes the exclusion of middlemen and the use of alternative shops to distribute fair trade products in order to provide greater benefits to producers (Hira & Ferrie, 2006). Advocates of this model see ethical purchasing not just as a part of consumerism, but as a political act that helps put pressure on traditional multinational corporations to change their business model (Waridel, 2002). They believe that fair trade products should not be available in supermarkets and criticise, for example, Max Havelaar France for its collaboration with multinational companies such as Nestlé (Özçağlar-Toulouse, Béji-Bécheur, Gateau, & Robert-Demontrond, 2010).

However, a drawback of the aforementioned model of fair trade is that relatively few consumers visit alternative shops and consequently, a very limited number of producers in developing countries can benefit from fair trade. In order to increase a demand for fair trade products, some organisations (e.g. Oxfam) therefore proposed a more reformist vision of fair trade and called for the promotion of more equitable trade through working within existing distribution channels, including mainstream retail chains (Hira & Ferrie, 2006). As fair trade products became available on the supermarkets' shelves alongside their non-fairly traded counterparts, it was necessary to distinguish these two types of products. This necessity was likely to trigger the inception of fair trade labels as means of differentiation.

4.4.2 Sales of fair trade products

4.4.2.1 Dynamic of sales growth

In 2009, Fairtrade certified sales reached approximately €3.4 billion (over NZ\$6 billion) worldwide and were produced by over 1.2 million producers (Mohan, 2010). Despite the current small share of Fairtrade certified commodities in the total food and beverage sales of only 0.01%, the annual growth of Fairtrade sales was impressive (Mohan, 2010). Between 1998 and 2007, the sales grew at 40% rate a year (Mohan, 2010). The pace of increasing sales of Fairtrade products is perhaps most visible through the example of the UK market: while in

2003 Fairtrade sales were worth less than US\$160 million, 8 years later they reached US\$2.1 billion (Doherty, Davies, & Tranchell, 2013).

4.4.2.2 Current figures of fair trade sales

In 2015, global sales of Fairtrade products reached €7.3 billion (almost NZ\$12 billion), a 16% increase compared with 2014 (Fairtrade International, 2016b). Europe and North America are the main destinations for fair trade goods (Mohan, 2010) with the UK leading the market (Fairtrade International, 2016c). Significant sales are also observed in other regions. Australians and New Zealanders spent almost €218 million (nearly NZ\$330 million) in 2015 on Fairtrade certified goods (Fairtrade International, 2016c). In New Zealand only, sales reached NZ\$89 million in 2014; a 28% growth compared with sales figures a year before (Fairtrade International, 2016c). Coffee and chocolate products dominated market share, growing by 16% and 22% respectively (Fairtrade Australia and New Zealand, 2016).

4.4.3 Major Fairtrade certified products

In the early days of its existence, fair trade aimed to find markets for handcrafts, coffee, and tea produced in the countries of the South (Renard, 2003). It further expanded to other product categories, such as cacao, honey, bananas, cane sugar, rice, fruit juice, chocolate, dried fruits, vegetables, nuts, seeds, wines, beers, flowers, sport balls, and cotton used in clothes and textiles (Doran, 2009; Mohan, 2010; G. Moore, 2004). Coffee is considered the most valuable product within the fair trade system and became the most commonly fairly traded product (Mohan, 2010). In 2007, coffee accounted for a quarter of fair trade sales, and despite the extension of Fairtrade certified product lines it remained the most important fair trade product (Mohan, 2010). Many multinational corporations, for example Nestlé, Kraft, Procter & Gamble, Chiquita, Del Monte, Dole, Cadbury, Starbucks, and Costa have launched fair trade lines of their products (Mohan, 2010). Fair trade certified products can be found in all major supermarket chains, with some retailers introducing their own brands under which they sell Fairtrade certified products (e.g. the Cooperative Group in the UK sells Fairtrade certified coffee and chocolate under its own Coop brand, while Sainsbury's sells only Fairtrade certified bananas; Mohan, 2010).

4.4.4 Issues with fair trade

Despite being a virtuous idea in principle, fair trade is not without criticism. A number of researchers raise several issues associated with fair trade. Perhaps the most criticised aspect of fair trade is that the premium paid by consumers does not reach producers. For example, Valkila, Haaparanta, and Niemi (2010) found that fair trade empowers coffee roasters and retailers in developed countries more than it does producers in developing countries. Similarly, Mendoza and Bastiaensen (2003) concluded that only up to 18% of the price paid by UK consumers for fair trade coffee reached the grower, while Sidwell (2008) claims that just 10% of the premium consumers pay for fair trade goods actually reach the producers.

Moreover, fair trade farmers can be disadvantaged due to the production methods they are encouraged or forced to employ. Sidwell (2008) argues that fair trade discourages diversification and mechanisation, keeps the poor in their place and sustains uncompetitive growers on their land. Valkila (2009) adds that fair trade farmers are often encouraged to grow their produce organically and as organic farming tends to be of a lower intensity, farmers are unable to benefit from economies of scale. Higher prices paid for fair trade commodities do not compensate for losses resulting from lower yields. Other issues with fair trade concern (i) an oversupply of fair trade products meaning that most of the produce grown as fair trade is sold as non-fair trade (De Janvry, McIntosh, & Sadoulet, 2015; Hira & Ferrie, 2006; Sidwell, 2008), (ii) corruption in the fair trade marketing system (Valkila, 2009; Weitzman, 2006a, 2006b), and (iii) the high cost and expanded bureaucracy of obtaining certification, which is a burden (Booth & Whetstone, 2007).

However, some economists contest these critiques. For example, Mohan (2010) concludes that fair trade is a part of the market economy and it is not in opposition to free trade as demand, supply, and competition for fair trade products are the same as for other, non-fair trade products. Moreover, fair trade works not because someone subsidises goods that no one wants, but because some well-informed consumers on a free market wish to support it. Therefore, as Mohan (2010) concludes, criticism of fair trade may be exaggerated.

4.5 Ethical labelling

4.5.1 Definitions and history of ethical labels

Hartlieb and Jones (2009) define *ethical labelling* as “a market-based tool which turns ethical qualities into a product characteristic: intrinsically practical arrangements aimed at making ‘ethical’ products widely available and visible” (p. 583). Therefore, the aim of the ethical labelling is to provide consumers with additional useful and credible information so they can make a decision whether or not to engage in ethical purchasing (Hartlieb & Jones, 2009). Ethical labels are also defined as “words and symbols associated with products or organisations which seek to influence the economic decisions of one set of stakeholders by describing the impact of a business process on another group of stakeholders” (Zadek, Lingayah, & Forstater, 1998; p. 1). Thus, ethical labelling helps improve social and environmental impact of production and trade. The group of ethical labels contains fair trade labels, but also sometimes includes ‘eco’ labels, for example Genetically Modified (GM) free, Dolphin-safe tuna, Nordic Swan, Forest Stewardship Council (FSC), and organic. In this thesis, therefore, the terms ‘eco labels’, ‘green labels’, and ‘ethical labels’ are used interchangeably.

The origin of ethical labelling (the term ‘social labelling’ was more commonly used in the past) can be traced back to 1899 when the American National Consumers League sponsored and monitored the ‘White Label’ initiative (Basu & Hicks, 2008). Among other issues, the league’s aim was to protect in-home workers, campaign for establishing minimum wages for women, and enforce child labour restrictions (National Consumers League, n. d.). The appearance of regulatory frameworks and certification bodies resulted in a proliferation of various ethical labels, for example GoodWeave (previously known as RUGMARK promoting carpets being made without child labour) and the Fairtrade logo (see Figure 1). Two categories of eco labels are commonly identified (see e.g. Hussain & Dae-Woong, 2012). They can be either ‘independent’ labels developed by third party certification bodies to acknowledge that a brand has met certain standards (e.g. Rainforest Alliance Certified logo) or labels that convey self-declared claims made by companies (e.g. Dole’s ‘ETHICAL CHOICE’ label).

4.5.2 Proliferation of fair trade labels

It is beyond the scope of this thesis to provide all fair trade labels available on international markets, therefore only selected certifications are presented.

The first fair trade label, Max Havelaar, was created in the Netherlands in 1988 by the Solidaridad organisation (Lyon, 2006) as a response to a request from a Mexican cooperative to help it market its coffee in Europe (Renard, 2003). The example of Solidaridad's Max Havelaar certification mark was followed by Alternative Trade Organisation's (ATO) members of the European network of fair trade organisations that created several fair trade labels, for example TransFair and FairTrade (Renard, 2003). In 1997, ATOs decided to stop competing for customers' attention with various labels and created an umbrella certification body called the Fairtrade Labelling Organizations International (FLO; currently Fairtrade International), launching a distinctive blue and green roundel fair trade certification mark (henceforth the Fairtrade logo).² The Fairtrade logo has become the most well-known and recognizable fair trade mark worldwide (Hainmueller et al., 2011; Loureiro & Lotade, 2005) and current figures show that it can be found on over 35,000 products in more than 120 countries all around the world (Fairtrade International, 2016a).

Other third party fair trade labels are the Fair Trade Certified mark used in the USA and the World Fair Trade Organization (WFTO). Figure 1 portrays the labels of Max Havelaar, Fairtrade (both with and without an accompanying lexical component), Fair Trade Certified, and WFTO.



Figure 1: Examples of some most common fair trade labels

² In 2003, the FLO's certification system was devolved to a subsidiary company FLOCERT in order to ensure that the international fair trade product certification system is viewed as being independent and impartial (FLOCERT, n.d.). Since then, FLOCERT audits and certifies companies that meet required conditions.

The prevalence of the Fairtrade logo is a critical factor that impacts on decisions regarding the choice of logos used in this research. The Fairtrade logo is the most popular, well-known, and recognisable ethical label worldwide (De Pelsmacker, Driesen, et al., 2005; Hainmueller et al., 2011; Loureiro & Lotade, 2005) and it appears on packaging of fast moving consumer goods (FMCGs) in New Zealand. Therefore, participants in this research are more likely to recognise this logo and consequently have associations with it compared with any other ethical endorsing label to which they would be exposed. Accordingly, the chance of encouraging associative Type 1 information processing among research participants is increased.

4.6 Endorsing labels and consumer preferences

Research has found that logos play an important role in influencing consumer decision making. Logos are believed to be important, particularly in stores, where they are used to speed recognition of products (Morrow, 1992). Managers are advised to seek means of distinguishing their brands and making their offerings stand out from the crowd of similar brands and products (Romaniuk, 2013; Romaniuk and B. Sharp, 2004). Endorsing logos can be used to help a product be conspicuous on a supermarket shelf and are likely to provide an opportunity to link a manufacturer's brand to the range of positive associations resulting from the endorsing logos.

Extensive research has considered the role of the meaning that is associated with the logo. For example, Dolphin-friendly and the Nordic Swan apply ethical and environmental-based endorsements, and research has found that consumers demand Dolphin-Safe tuna (Brown, 2005; Teisl, Roe & Hicks, 2002) and Nordic Swan certified products (Bjørner et al., 2004). The majority of consumers consider fair trade and organic labels as important or very important information tools (Annunziata, Ianuario, & Pascale, 2011). Nutrition and health logos provide an interesting point of comparison with ethical claims, as they propose a very different kind of deliberation, but with similar findings in respect to consumer preferences and expectations (Bushman, 1998; Hieke and Taylor, 2012; Wansink, 2003).

However, others argue that consumers use labels in their evaluation processes only if they believe in the message the labels convey (Hansen & Kull, 1994; Thøgersen, 2000). Moreover, Hainmueller et al. (2015) found that a 'placebo' label portraying a cup of coffee may actually lower sales, suggesting that a label with no substantial meaning may have a negative effect on

consumer preferences. Thus, endorsing logos, regardless their meanings, may not always lead to greater consumer considerations of the focal brands. It is thus important to examine the effects of any logos that do not necessarily convey meaningful health or ethical claims on consumer choices.

4.6.1 How do endorsing ethical labels may work? Story telling vs logo/brand salience

In their seminal work on human cognition, Tversky and Kahneman (1986) highlighted the importance of framing effect and demonstrated that the manner in which the decision problem is provided to people significantly influences their decisions. In conditions of uncertainty, providing varying information about the outcome changes respondents' judgements. Providing subjects with positive information about an issue is likely to lead to positive judgement about it as opposed to providing negative information that leads to negative judgement about the same issue (Slovic, Finucane, Peters, & MacGregor, 2004). Fair trade certified, eco-labelled, organic or health claim-endorsed products are a type of credence goods (see further discussion) and consumers often express lack of trust in the logos (see e.g. Nicholls & Lee, 2006), meaning that purchasing such products is underpinned by uncertainty. Additional information about a product and the way it is produced or sourced is likely to alleviate consumers' uncertainty about buying credence goods (Caswell & Mojduszka, 1996). Therefore, additional information about fair trade should lead to higher consumer preferences for products certified as Fairtrade.

The claim that more information about ethical issues positively influences consumer preferences for ethically endorsed products is supported by an extensive body of literature. For example, De Pelsmacker, Janssens, Sterckx, and Mielants (2006) found that consumers demand more information about fair trade and claim that they would buy more Fairtrade products if they were provided with more and better information about fair trade. Similarly, De Pelsmacker and Janssens (2007) concluded that the perceived quality and quantity of information positively affects consumer choice, though the perception of quality of information is more important. In the study of Mielants, De Pelsmacker, and Janssens (2003), consumers raised an issue of limited knowledge about labels and their meanings. Likewise, consumers report that a shortage of information about companies' ethical production standards prevents them from purchasing or paying more for sweat-free apparel (Robinson, Meyer, & Kimeldorf, 2014). Similarly, field experiments on garment production found that information about fair

labour standards and environmentally friendly practices had substantially positive effects on sales (Hainmueller & Hiscox, 2012a, 2012b). The premise that more information leads to higher consumer preferences is not solely attributed to fair trade labelling. For example, while research on nutrition labelling found that more health claims on packaging influence consumers to more fully process and believe these claims, too much information can confuse shoppers (Wansink, 2003). In the research on eco-labelling, Bjørner et al. (2004) found that provision of information on environmental performance positively impacts on consumer preferences for detergents.

An extensive body of literature has found that the preference for ethical logos (and other endorsing logos) results from the meaning of the logo (Brecard et al., 2012; Littrell and Dickson, 1999; Loureiro and Lotade, 2005). Concerning ethical logos, the meaning of these logos suggests that consumers opting for products endorsed by these logos are motivated by altruism. For example, Loureiro and Lotade, (2005) found that consumers express concern about working conditions in developing countries and Reinstein and Song (2012) explicitly defined fair trade as a bundle of a donation and a base product. Littrell and Dickson (1999) compared two sources of consumer preference and concluded that altruism, peace, and equality were more important than self-respect or inner harmony (see also Loureiro and Lotade, 2005, Shaw and Clarke, 1999). Additionally, Hiscox and Smyth (2006) observed that sales of 'fair and square' dummy labelled candles and towels, described as being made under good labour standards, significantly increased compared with non-labelled candles and towels and that the demand for the labelled products was relatively inelastic. These findings suggest that generic ethical claims play an important role in consumer preferences.

Furthermore, Shaw (2000) concluded that fair trade labels are not only suppliers of information that allow consumers to choose between brands, but are also important signifiers providing the material symbolism that is needed in self and social identity communication. Renard (2003) added that the power of fair trade labelling derives from the two types of capital – social and symbolic – with the former representing social relationships and the latter resulting from the strength of the label. This might be a reason why some researchers, for example Reynolds (2002), believe that including the life stories of the producers of fair trade goods on labelling and promotion provides a means to create emotional links with customers. d'Astous and Mathieu (2008) expanded on this premise and concluded that abstract (rather than concrete) information about fair trade positively impacts on the amount of money spent on fair trade

goods. Therefore, they proposed not to provide ‘hard facts’ about the benefits of fair trade but rather provide ‘story telling’ about producers that is likely to incentivise consumers to purchase fair trade products.

While research often presents the above findings in an individual fashion, they can also be linked under a single, overarching theoretical framework. Consumers’ need for more (abstract) information about fair trade, their underlying motivation of altruism, the importance of ethical claims in forming consumer preferences, and, finally, the importance of symbolism of ethical labels can be explained by reference to deliberative Type 2 processing (see Chapter 2).

However, there is some evidence that consumers do not necessarily choose ethically endorsed products due to their altruistic motivations and ethical claims conveyed by logos. For example, Andorfer and Liebe (2015), testing whether price discount, additional information regarding fair trade, and moral appeal impacted on sales, found that only price reduction had an expected and statistically significant effect on fair trade purchasing. Therefore, the authors found that neither the following additional information *Coffee obtained from Fair Trade – fair payment, improved living conditions for small-scale farmers, no illegal child labour* nor the following moral appeal *Many small-scale farmers and their families do not have enough to make a living. Buy fairly traded coffee and fight poverty in developing countries!*, which can also be considered additional fair trade information, had an impact on sales (Andorfer & Liebe, 2015). Similarly, Devinney, Auger, and Eckhardt (2010) argued that providing consumers with additional information about social issues did not impact on consumer choice.

This different perspective on how ethical labels operate links with the finding of Zadek et al. (1998), who concluded that it is more important to attract attention than to provide more information. As discussed in Annunziata et al.’s (2011) paper, consumers often make hasty decisions, they do not thoroughly scrutinize labels, and they may disregard the label completely if they are exposed to too much information (see also Ippolito & Mathios, 1991; Moorman, 1996). They propose that labels should therefore be simple and easily understood, without overloading consumers with unnecessary information. This premise is in line with the contemporary branding and consumer behaviour theory espoused by, for example B. Sharp (2010), who sees consumers as uncaring cognitive misers who process data peripherally and act habitually when making purchase decisions (see Chapter 3). According to this view, logos, alongside other packaging elements, such as colours, shapes and designs are regarded as brand

assets that play a role in forming consumer preferences (Romaniuk, 2013; Romaniuk and Hartnett, 2010, see more in Chapter 3). It is therefore quite possible that a mere familiarity with an endorsing logo may be the source of consumer preferences.

If consumer preferences arise through mere familiarity with an endorsing logo, it is reasonable to assume that consumers utilise a recognition heuristic in their decision making, whereby a recognised stimulus has higher value for people compared with a non-recognised stimulus (see more in Goldstein and Gigerenzer, 2002). Therefore, their purchasing of ethically endorsed products might be explained by heuristic Type 1 processing.

4.7 Attitude-behaviour gap and major reasons against fair trade purchasing

4.7.1 The concept of attitude-behaviour gap

Notwithstanding the alternative routes for endorsing logos to affect preference, other questions are raised by the relative lack of market success of the ethically endorsed products. Fair trade certified products often have a market share of less than 1% (Howard and Allen, 2010; MacGillivray, 2000), which sits in contrast to stated purchasing intentions for Fairtrade (Cowe and Williams, 2000; De Pelsmacker et al., 2005b; Hainmueller et al., 2015). One explanation for this lack of market success may be the attitude-behaviour gap (an inconsistency between people's attitudes and their overt behaviour), a well-known phenomenon studied for over the last 80 years in social research in general (e.g. East, 1993; Foxall, 1983; LaPiere, 1934; Wicker, 1969) and ethical consumption in particular (e.g. Boulstridge & Carrigan, 2000; Carrigan & Attalla, 2001; Nicholls & Lee, 2006; Papaioikonomou, Ryan, & Ginieis, 2011; Wright & Klÿn, 1998). To illustrate this gap, Cowe and Williams (2000) provide findings from their research, where over 30% of UK consumers thought of themselves as ethical shoppers, while only up to 3% of them actually purchased fair trade products. A similar pattern is observed in organic consumption, where between 46% and 67% of people hold favourable attitudes towards organic purchasing, while only between 4% and 10% follow their attitudes (Hughner, McDonagh, Prothero, Shultz Ii, & Stanton, 2007).

Several reasons have been identified as responsible for the attitude-behaviour gap phenomenon. One of them is social desirability bias (Auger & Devinney, 2007; Carrigan & Attalla, 2001), which is discussed in more detail in Chapter 5 due to its importance in the choice

of methodology. The section below examines some other major reasons affecting the ethical purchasing gap.

4.7.2 Credibility issue

4.7.2.1 Issues with fair trade claims

A proliferation of ethical labelling schemes carrying a number of ethical claims has the capacity to mislead and confuse consumers. Davis (1992) found that the number of misleading, confusing, and even illegal ‘green’ marketing claims have increased. Research has found that customers are cynical about claims made for ‘green’ (including fair trade) products (see e.g. Giannakas, 2002; Peattie, 1995; Yiridoe et al., 2005) and suspect companies use ‘green’ labels as an excuse to charge higher prices. Stakeholders suspect that multinational corporations are not serious about practising ethical trade, but rather use ethical logos as a public relations tool in their social responsibility reporting and develop the strategy of ‘greenwashing’ to benefit from higher consumer willingness to pay for ethical products (Brecard et al., 2012). Incidents of ‘greenwashing’ may impact on consumers perceiving positive labels as less credible than negative labels. For example, in Hicks’s (2012) study, consumers considered the ‘Contains GMO’ label more credible than its ‘GMO Free’ counterpart. Dole bananas provide an example, where consumers have expressed scepticism towards fair trade labelling due to concerns about unethical practices (Oxfam, 2013). Dole New Zealand labelled its bananas ‘ETHICAL CHOICE’, while Oxfam New Zealand found that these bananas were grown on plantations, where underage workers were paid less than a minimum wage and were forced to work 12 hours a day. To enable consumers to distinguish between deceptive claims and those in accordance with high standards, companies often opt for a third party certification, such as the Fairtrade International’s certification mark (Upham, Dendler, & Bleda, 2011).

4.7.2.2 Credence goods – are certification organisations’ assurances enough?

In making purchasing decisions about food products, consumers evaluate characteristics such as taste, quality, appearance, packaging or country of origin. If products are endorsed by a label, consumers may also consider qualities such as fair trade, organic, healthy, GM free or Dolphin-safe catch (see e.g. Renard, 2003). Certification organisations, for example FLOCERT, BioGro, Heart Foundation or National Oceanic and Atmospheric Administration,

set the boundaries to define what is or is not a certified product to help measure these qualities. However, despite the assurances from certification organisations, consumers are unable to evaluate these qualities, even after consumption (Balineau & Dufeu, 2010). Therefore, products certified as Fairtrade, organic, Heart Foundation Tick, GM free or Dolphin-safe tuna are considered credence goods (Bonroy & Constantatos, 2008; Didier & Lucie, 2008; Poelman, Mojet, Lyon, & Sefa-Dedeh, 2008).

As mentioned earlier, the 'credence' characteristic of endorsed products causes uncertainty in decision making, resulting from the problem of information asymmetry between producers/sellers and consumers concerning the qualities signified by endorsing logos (Annunziata et al., 2011; Balineau & Dufeu, 2010). Third party certifications aim to alleviate the credibility issue. However, the efficacy of third party certification is questionable as the credibility issue is frequently cited as one of the main reasons against purchasing of ethical and other 'green' products.

For example, consumers often indicate lack of trust, lack of credible information, confusion, and scepticism as reasons against their ethical purchasing (Burke et al., 2014; Carrigan & Attalla, 2001; Castaldo, Perrini, Misani, & Tencati, 2009; Maignan & Ferrell, 2004; Nicholls & Lee, 2006; Nilsson, Tunçer, & Thidell, 2004; Roberts, 1996). A survey conducted among British consumers found that 14% of them indicated lack of trust as a reason preventing them from purchasing ethical products ("The rise and stall", 2008). Nilsson et al. (2004) and Gribben and Gitsham (2007) concluded that lack of accurate and credible information negatively influences consumer choices regarding 'green' products. Burke et al. (2014) identified confusion about what makes a product ethical as the major reason for consumers to reject ethical products. Finally, lack of evidence that the Fairtrade premium paid by consumers actually reaches producers in developing countries impacts on consumers' scepticism towards fair trade (Griffiths, 2012). The credibility problem and uncertainty of decision making are serious threats to the future of ethical consumption and may be reasons why some consumers are completely unmoved by ethical claims (Prasad et al., 2004; Milkman, 2004).

4.7.2.3 Genuineness of logos

As mentioned earlier, there is a wealth of ethical labels on the market. According to the Ecolabel Index, there are 464 eco labels in 199 countries that include several ethical (fair trade) logos ("Ecolabel Index," n. d.). Apart from the Fairtrade, other major eco labels include Rainforest Alliance Certification, Marine Stewardship Council, Energy Star label, Green Seal logo, the Soil Association certification, and EcoCert (Golden et al., 2010). Often, several logos addressing the same issue, e.g. labour exploitation or environmental degradation exist in the same country. For example, there are two types of third party fair trade certification in New Zealand, such as Fairtrade and WFTO certification mark ("Undressing the various", 2015), while consumers in the Netherlands may choose products endorsed by five different eco labels that certify sustainably produced agricultural goods (Van Amstel, Driessen, & Glasbergen, 2008).

It is well established that endorsing logos differ in respect to the level of familiarity. For example, Hanss and Böhm (2012) examined 19 different labels, including six eco labels, and found that they greatly varied with regard to how familiar consumers were with them. In New Zealand, the Fairtrade logo is more widely recognised than the WFTO mark (in the fair trade domain, see earlier discussion) and consumers' recognition of the BioGro logo exceeds that of AsureQuality (in the organic certification domain; BioGro, n. d.). Based on the findings of Zajonc (1968) and Janiszewski (1993), the familiarity of the logo may impact on consumer preferences (see discussion of the mere exposure concept in Chapter 2). Therefore, it is understandable that brand managers opt for a well-known and highly familiar logo, such as the Fairtrade, the Heart Foundation Tick or the Dolphin-Safe Certification endorsing logos. However, such endorsement usually comes at a higher cost of certification from the endorsing logo providers. For instance, the Heart Foundation charged McDonalds \$300,000 a year to allow it to use a Tick on its products (Dunlevy, 2015). Additionally, it is sometimes risky for companies to associate their products with a well-known endorsing logo. For example, the Heart Foundation Tick endorsed food products containing high amounts of sugar (Gillespie, 2015), which created negative publicity (Shorte, 2014) that in turn could have potentially affected consumers' perception of other, healthier foods that bear the Tick mark.

Therefore, should brand managers consider using less familiar but also less expensive endorsing logos (that may also be less prone to potential controversies surrounding them) that

provide similar ethical or health meanings? Or should they rather develop their own endorsing logos that may affect consumer preferences in a similar way to well-established and highly recognizable endorsements? Regarding fair trade, current marketplace observations suggest that some brand managers favour first party or 'in-house' ethical certifications over the well-established marks. For example, Sainsbury's (the world's largest retailer offering Fairtrade products) and Cadbury are moving away from the Fairtrade certification (Burrows, 2017). In 2017, Sainsbury's launched its own 'Fairly Traded RED LABEL' logo. Similarly, Cadbury's owner, Mondelez International, introduced its in-house 'Cocoa Life' certification that replaced the Fairtrade label ("The big change coming to Cadbury", 2017). Likewise, the UK's largest retailer, Tesco, considers replacing the Fairtrade logo that endorses its private branded coffee with the less recognisable Rainforest Certification (Burrows, 2017).

However, such first party endorsing label may convey false claims and may be used as a means of 'greenwashing' that can further enhance consumer doubt and scepticism. This may be a reason why other large multinationals, for example Nestlé and Ferrero, expanded the Fairtrade certification across more of their products ("The big change coming to Cadbury", 2017). Likewise, Waitrose, a UK grocery retailer, plans to offer 100% of its private labelled tea as Fairtrade certified (Burrows, 2017). The above examples show that brand managers are uncertain and have divergent views on whether to endorse their brands with more, less or unfamiliar endorsing logos. This research aims to help resolve this conundrum.

4.7.3 Willingness to pay for fair trade products and effect of fair trade labelling on sales

Research findings suggest that consumers demand ethically produced goods and are willing to pay extra for such goods (Bird & Hughes, 1997; Trudel & Cotte, 2009). For example, Hainmueller et al. (2015) found that attaching the Fair Trade Certified label to a pack of coffee increases its sales by 10% and therefore has a substantial positive effect on sales. Likewise, Hiscox, Broukhim, and Litwin (2011) found that, on average, consumers paid 23% premium for coffee labelled Fair Trade Certified on eBay auctions. A poll study conducted in 2006 in France revealed that 60% of consumers would be willing to pay 10% more for fairly traded goods (Balineau & Dufeu, 2010). Belgian consumers are also prepared to pay 10% more for Fairtrade certified goods (De Pelsmacker, Driesen, et al., 2005), while Italian shoppers would

spend 9% more on such products (Maietta, 2003). Similar results are found for products endorsed by other green labels (see the review of eco labels in Galarraga, 2002).

However, although consumers often claim they would pay more for ethical products, higher price has been found a significant obstacle preventing consumers from ethical shopping. For example, a survey conducted by The Grocer found that over a half of consumers indicated price as a barrier for buying ethical goods ("The rise and stall", 2008). Similarly, Browne, Harris, Hofny-Collins, Pasiecznik, and Wallace (2000) and Roberts (1996) concluded that ethical products were too expensive for consumers or that shoppers did not consider the justification for the price premium. Additionally, Browne et al. (2000) found that 80% of consumers would have chosen an ethical option of a product if no price premium and no extra shopping effort were required. Similarly, Pharr (2011) and Winchester et al. (2015) concluded that shoppers do not buy ethical products more often due to the higher prices. Finally, Burke et al. (2014) found a higher cost of purchasing 'green' products as one of the most important reasons for rejecting them. As some consumers say, they do not consider ethical products in supermarkets because doing shopping is like paying a weekly bill – it must be as small as possible (Bray, Johns, & Kilburn, 2011).

4.7.4 Other issues related to purchasing ethical products

Several other issues prevent consumers from greater engagement in ethical purchasing. In the past, the limited availability of green products was considered a major issue (Nicholls & Lee, 2006; "The rise and stall", 2008), but more recent research shows that it is becoming less of a consumer concern (Burke et al., 2014). Lack of time for research and decision making (A. Biel & Dahlstrand, 2005; Young, Hwang, McDonald, & Oates, 2010) and additional effort required to buy 'green' products (Browne et al., 2000; Burke et al., 2014) are also indicated as barriers for ethical purchasing. Perceived indifference between ethically produced goods and non-ethical products or their perceived worse quality tend to impact negatively on an uptake of ethical goods (Burke et al., 2014). Limited ranges of ethical products (Nicholls & Lee, 2006; "The rise and stall", 2008), unattractive packaging (Burke et al., 2014), and the monetary risk associated with trialability (Burke et al., 2014) are also mentioned as motives that impact on rejecting ethical products.

It is important to mention both the reasons for and against ethical purchasing in respect to the research questions and manipulation of processing types. In particular, the need for more credible information about fair trade and more time given to make decisions may affect consumer choices. Preferences for stimuli may differ in case of respondents, who are given more time to evaluate choices as opposed to those who are encouraged to think quickly, in an intuitive manner. For example, the Fairtrade logo that includes descriptive information about fair trade may influence consumers' decisions more if they think more about ethical issues as compared with the Fairtrade logo which is visual (Chapter 6 examines the types of logo used in this research).

4.8 Profiles of ethical consumer

Some research suggests that in respect to ethical purchasing, consumer segments can be identified. For example, Brecard, Hlaimi, Lucas, Perraudeau, and Salladarre (2009), Loureiro (2003) and Loureiro and Lotade (2005) report that female consumers are generally more willing to pay a premium for green products. In particular, women with higher incomes who are more sensitive towards environmental issues are more likely to buy ethical products compared with other demographic groups (Loureiro & Lotade, 2005). Older consumers are less likely to pay premium prices for green products including fair trade goods (Brecard et al., 2009; Loureiro & Lotade, 2005; Srinivasan & Blomquist, 2009), but they trust the label information more (Teisl, Rubin, & Noblet, 2008). Yet another study reports that compared with other socio-demographic groups, older and higher educated consumers with higher incomes are more likely to choose fair trade products (De Pelsmacker et al., 2006). Moreover, level of education is believed to have an effect on purchasing ethical products. For example, studies by De Pelsmacker et al. (2006), Herpen, Nierop, and Sloot (2012), Loureiro and Lotade (2005), and Teisl et al. (2008) found that highly educated consumers tend to buy eco-labelled products more compared with their less educated counterparts.

However, other studies found that demographic characteristics are rather poor predictors of ethical consumerism. Wilkinson (2007) concluded that apart from education, no other demographic characteristics are apparent between fair trade and non-fair trade buyers, and other academics, for example Antil (1984) and Doran (2009), argue that characteristics such as age, education, gender, marital status, occupation, income, and household size do not explain

variance in ethical consumption. Roberts (1996) explains that this is because the market for ethical products has widened to all consumer segments and companies offering fair trade goods to only older customers, females or upper-class members are missing a significant portion of the market. More contemporary studies suggest that there is very little variation between consumers of ethical and non-ethical products. For example, A. Sharp et al. (2015) found that purchasers of green brands differ only marginally (0.7%) from all category buyers. This may be due to the fact that only a few consumers are strongly attracted by unique features of a brand (such as the 'fair trade' or 'eco-friendly' characteristics) and the vast majority of consumers are ordinary category buyers (Uncles et al., 2012). However, Pharr (2011) paints a somewhat different picture of ethical consumers and claims that they actually differ from buyers of non-ethical products in relation to personal values, moral worldviews, political affiliation, and religiosity.

4.8.1 Ethical consumers – conscious loyal buyers or uncaring purchasers?

The dichotomy of views on whether ethical consumers can be differentiated in any way has an extension in the debate on whether such consumers can be seen as loyal buyers of ethical products or rather uncaring purchasers, who happen to buy them, but often do not bother looking for ethical options. For example, Wilkinson (2007) argues that since fair trade is primarily focused on redistribution of justice and empowering traditional, small cooperatives and trade unions, people possessing certain personal characteristics (e.g. altruism), political orientations (e.g. supporting Green or Democratic parties), and religious and moral worldviews support the movement through purchasing ethical products. This implies that people, who shop for fair trade products, do so consciously, put effort into searching for such goods, and therefore are more loyal towards the Fairtrade brand compared with buyers of non-ethical goods.

By analogy, consumers, who buy organic products, do so mainly due to their concerns about their health (Grundey, 2009) and therefore they develop loyalty towards such products. Chang and Fong (2010) found that 'green' product characteristics are positively associated with customer satisfaction and loyalty, and Kjeldsen, Wied, Lange, Tofteng, and Lindgaard (2014) argue that an expected increase in sales through targeting existing customers (enhancing loyalty) is one of the main reasons that motivates brand managers to acquire endorsing labels, such as the Nordic Swan. Other research (e.g. Pivato, Misani, & Tencati, 2008; Shaw & Clarke,

1999; Shaw & Shiu, 2003; Strong, 1996) found that consumers with strong ethical attitudes would purchase ethical products more often than other ‘non-ethical’ consumers, thus exhibiting higher levels of loyalty. Therefore, as Bonini and Oppenheim (2008) conclude, eco-friendliness of products can inspire more loyalty among consumers.

However, despite consumers generally willing to buy ethical products, they rarely compromise their support for social and environmental issues with higher price, convenience, and inferior quality (Carrigan & Attalla, 2001). In other words, they are not likely to trade-off price, quality, and value for ethical aspects of products and therefore behave on the market in the same as consumers of non-ethical products. This view is supported by recent research, where A. Sharp et al. (2015) found that ‘green’ brands do not differ from other, ‘non-green’ brands in respect to how consumers buy them. The authors argue that brands that emphasise social and environmental issues are subject to the same marketing laws, for example Double Jeopardy and Duplication of Purchase, and that ethical brands ‘behave’ on the market in exactly the same way as other brands. As a consequence, ethical brands, which usually have smaller market shares, have even less loyal customers compared with non-ethical brands (see the Double Jeopardy marketing law, Chapter 3). Therefore, managers of ‘green’ brands do not need to put too much emphasis on their ‘greenness’, but instead should ensure that they do not neglect those important product category attributes, e.g. quality, that influence consumers to buy (A. Sharp et al., 2015). This viewpoint is supported by some practitioners, for example the new product development manager of the largest UK fair trade brand Cafedirect, who stated that Cafedirect “want people to buy because it (coffee) is good quality and once people start buying it because it is a very good product then people will start getting the (fair trade) message” (Nicholls, 2002, p. 14).

The viewpoint of ethical consumers being indifferent from their ‘non-ethical’ counterparts regarding their loyalty levels is endorsed by Winchester et al. (2015) whose study found that consumers expressing strong ethical attitudes are no more likely to purchase ethical brands than non-ethical brands and that they are no more loyal to ethically produced goods than would be predicted by the Duplication of Purchase law (see Chapter 3). A. Sharp et al. (2015) further argue that social and environmental issues may be a point of discussion with customers, but they should not be the focal argument used to encourage shoppers to buy (see also Winchester et al., 2015). Ethical brands are usually small not because of their ‘green’ and ethical characteristics that appeal to a small number of customers, but simply because they are

unfamiliar and less recognisable. Therefore, it matters little whether ‘green’ attributes are added to or removed from brands; instead, building mental and physical availability of brands (see Chapter 3) increases their market shares.

4.9 Summary

To summarise, the role endorsing ethical labels play in influencing consumer behaviour is not as straightforward as one might think. It is apparent that, for some consumers, ethical claims may not be an issue of consideration and therefore, there are question marks whether ethical logos can positively influence consumer behaviour at all. Alternatively, where endorsing logos do play a role, there are divergent views on how these logos can influence consumer preferences. One stream of research proposes that the influence is the result of deliberative thinking, in which consumers process the claims conveyed by endorsing logos. In line with this view, ethical consumers are seen as loyal buyers who can be identified using sociodemographic variables. Yet another stream of research offers different explanations, i.e. that the endorsing logos may simply draw attention, or that the preference may derive from familiarity. Consumers are perceived as rather uncaring purchasers, who buy ethically endorsed products due to their familiarity with brands offering such products and due to the presence of these brands on supermarket shelves. Such consumers are indistinguishable from buyers of brands that do not offer ethical products and they are not willing to actively and deliberately search for ethical options.

Given the lack of agreement regarding the impact of ethical endorsing logos on consumer preferences, it is important to investigate whether endorsing logos have an effect at all, and if so whether this effect operates through mere exposure or through the processing of an altruistic claim, whether this effect can be increased by encouraging more deliberative thinking about the underlying ethical claims, and finally, whether this effect is greater for familiar or unfamiliar logos. These scientific questions must be addressed first before any effective research on the practical issues of fair trade can be conducted. In order to address the scientific questions, it is important to choose research methods that most appropriately assist in it. The following chapter discusses the methodological approach undertaken to answer the research questions.

Chapter 5: Methodological approach

5.1 Overview of market research methods and the justification of the methods used in this research

The three types of methods commonly used in marketing research are Qualitative, Quantitative and Mixed methods (Creswell & Clark, 2011). The difference between qualitative and quantitative research can be broadly framed in terms of using words (qualitative) rather than numbers (quantitative) or open-ended questions, i.e. qualitative questions and close-ended questions, i.e. quantitative hypotheses (Creswell, 2014; Denzin & Lincoln, 2005). Mixed methods incorporate elements of both qualitative and quantitative approaches, integrating the two forms of data (Tashakkori & Teddlie, 2003).

Qualitative research involves collecting and/or working with text, images or sounds (Guest, Namey, & Mitchell, 2012) and is usually used to explore and understand the meanings people ascribe to social or human problems (Creswell, 2014). Therefore, qualitative methods are almost always about *how* and *why*, helping researchers understand respondents' views of processes, norms, beliefs, interpretations, motivations, and expectations (Guest et al., 2012). Qualitative methods comprise three main techniques, such as interviews, participant observations and focus groups, but also include additional methods, called projective techniques, for example free association and sentence completions (Belk, 2007). Although one may question whether qualitative methods are scientific ways to understand and explain a phenomenon in marketing as the researcher analyses and interprets subjective experiences of consumers, Dennett (1991; 2005) postulates that it is possible to analyse people's subjective experiences without abandoning the methodological principles of science by examining human consciousness at the level of third-person analysis (for more, see the concepts of heterophenomenology in Dennett, 1991, and consumer heterophenomenology in Foxall, 2016).

Unlike qualitative techniques, which focus on words and observations to express reality, quantitative methods place considerable trust in numbers that represent opinions or concepts (Amaratunga, Baldry, Sarshar, & Newton, 2002). They tend to measure *how much* or *how often* (Nau, 1995). Quantitative methods comprise surveys/questionnaires, experiments, observation

checklists and reports with numbers, and serve testing objective theories by investigating relationships between variables using statistical procedures (Creswell, 2014).

The most appropriate methods to use in this study are quantitative techniques, for four reasons. First, this research investigates consumer preferences for various settings of coffee attributes with the key manipulation of encouragement of processing type. It therefore examines the *relationship between variables* and, as noted earlier, only quantitative techniques assist in examining such relationship. Second, this research seeks to measure *how much* value consumers place on ethical logos under various types of information processing. As mentioned earlier, quantitative methods are the appropriate way to measure such constructs. Third, a common disadvantage of qualitative research is that data derived these methods cannot be *generalised to a population* (Lincoln & Guba, 1985). As this research seeks to answer the question on whether deliberative information processing increases consumer preferences for endorsing ethical logos, data need to be derived from a larger sample to be generalised to a population. Consequently, qualitative (and mixed) methods are not suitable for this research. Finally, qualitative techniques, particularly focus groups, are often *susceptible to social desirability bias* (Guest et al., 2012). As this research investigates consumer preferences for logos that are underlined by ethical claims, desire to respond in a socially responsible manner may affect research participants' responses (see also further discussion on social desirability bias).

Note that interviews and/or focus groups could be potentially used in eliciting attributes used in the experimental design (see further discussion). However, it is a common practice for choice modellers to conduct extensive literature review to make a decision on the selection of attributes (see e.g. E. Cohen, 2009; Jaeger, Hedderley, & MacFie, 2001; Lockshin et al., 2006).

The subsequent section focuses on discussing quantitative methods and identifies the most appropriate techniques that can be used to answer the research questions. However, before examining the quantitative methods, it is necessary to elaborate briefly on the concept of preference as the research questions revolve around consumer preferences.

5.2 Preference definition

There are several ways of explaining the construct of *preference*. In psychology, preferences are described as “relatively stable evaluative judgments in the sense of liking or disliking a stimulus, or preferring it or not over other objects or stimuli” (Scherer, 2005, p. 703). Mantel and Kardes (1999) provide a similar explanation of the preference term, claiming that a person has a preference when he/she chooses one item over another. Preference is also defined as an option that has the greatest anticipated value among a number of options (Lancaster, 1979). Thus, the commonality in these definitions of the preference is choosing one option over other options.

5.3 Quantitative Methods

As noted earlier, quantitative methods consist of observation checklists, reports with numbers surveys/questionnaires, and experiments. Therefore, to examine the relationship between variables, they can use two types of data: revealed preference data (derived from observation checklists and reports with numbers) and stated preference data (derived from surveys/questionnaires and experiments).

5.3.1 Revealed preference data

Louviere, Hensher, and Swait (2000) examined two types of data that dominate market research, concluding that each of them has its pros and cons. *Revealed preference* (RP) data (e.g. purchasing) are superior to *stated preference* (SP) data as they are based on observation, which is inherently reliable and valid, but with the limitation that the data can only depict a position in the here and now (Louviere et al., 2000). As such, the data cannot be used in examining contingent events or views that might take place, or intentions to behaviour, e.g. consumers’ perceptions about products that have not yet reached the market (Ben-Akiva et al., 1994; Whitehead, Pattanayak, Van Houtven, & Gelso, 2008). Additionally, to be meaningful, RP data requires large sample size and controls for potentially confounding variables, for example priming effects. Due to the research problem of this study, the use of RP data is not possible as it neither allows the investigation of consumer preferences for unfamiliar (hypothetical) endorsing logos nor it does assist in examining whether these preferences increase if consumers think more about the endorsing logos. To overcome these RP drawbacks,

researchers have developed the concept of SP data that, as mentioned earlier, can be obtained from surveys/questionnaires or experiments.

5.3.2 Stated preference data

5.3.2.1 Surveys using rating-based and Likert scales

In revealing consumers' attitudes, opinions or preferences, rating-based scales and surveys based on Likert scales (Likert, 1932) continue to dominate market research practice (Adamsen et al., 2013; Dawes, 2008). These scales are used to establish the extent to which a respondent agrees or disagrees with a statement or likes or dislikes an object (Adamsen et al., 2013), as well as other constructs such as degree of commitment to a behaviour (Bock, Zmud, Kim, & Lee, 2005). Rating-based scales and Likert scales are relatively easy to construct and administer and thus are suitable for mail, telephone, personal or electronic modes of data collection. Although these scales are well-established instruments, they need to be used with care. For example, statements or questions should be brief and related to the near term (Fink, 2003; Lietz, 2010). Further, there are divergent opinions on questions such as the range of numbers of response options and whether numbers as anchors on increments are better or worse than words (Loken, Pirie, Virnig, Hinkle, & Salmon, 1987; Malhotra & Peterson, 2006).

More importantly, there are some serious issues with using traditional rating-based scales and Likert scales and several researchers question their validity and reliability. Louviere et al. (2000) argue that they fail to analyse nominal differences between different attributes, for example, if researchers want to measure a construct applying the 10-points scale, they do not know what the respondent's answer '3' means. Also, the distance between a score of '1' to '2' may be unequal to the distance between '3' and '4'. Researchers often assume equal distances between scale points (Crask & Fox, 1987), but research has found this assumption violated (see in e.g. Ben-Akiva, Morikawa, & Shiroishi, 1992; Bleichrodt & Johannesson, 1997). Likewise, if preferences for two features are measured, it cannot be said that, for example, feature A rated '4' is preferred 50% less than a feature B rated '8'. Measurement is therefore uninterpretable or meaningless without a theory (Louviere et al., 2000). Goodman, Lockshin, and Cohen (2005) add that attributes measured on traditional scales are usually not examined relative one to other attributes or even products. Additionally, respondents of different cultures may

interpret numbers on scales differently (Finn & Louviere, 1992) or avoid choosing certain numbers (e.g. number '4' is considered unlucky in China; Flynn, 2010).

Rating-based scales and Likert scales are also susceptible to a number of biases, for example social desirability, acquiescence (that can be further inflated if a labelled scale format is used) or extreme response style biases (Adamsen et al., 2013; S. Cohen & Neira, 2003). Positioning the 'Strongly Agree' option on a Likert scale also bias respondents' choices. Friedman, Herskovitz, and Pollack (1994), for example, found that people tend to choose this option more if it is placed on the left-hand side of the scale. Therefore, the application of these scales may result with under- or over-reporting, depending on the context and positioning of extreme response points (Adamsen et al., 2013). Of particular concern to this research is social desirability bias due to the ethical component of purchasing fair trade, which raises questions about the usefulness of the traditional rating-scales and Likert scales for this research.

5.3.2.2 Experiments

In general, experiments are formed when the researcher provides a specific treatment to one group of respondents and withholds it or provides different treatment to another group of respondents to observe how these different conditions affect the outcome (Creswell, 2014; Tull & Hawkins, 1994). Experiments are thus conducted to examine the cause-and-effect relationship between independent and dependent variables. In experiments, the researcher manipulates the presumed cause to see a subsequent outcome, observes whether variation in the cause is related to the variation in the effect, and applies various methods to minimise the plausibility of other explanations for the effect (Ryals & Wilson, 2005; Shadish, Cook, & Campbell, 2002). Shadish et al. (2002) distinguishes between randomized, quasi- and natural experiments. In *randomized experiments*, treatments being contrasted are randomly (i.e. by chance) assigned to participants, while *quasi-experiments* lack this randomisation. *Natural experiments* describe naturally occurring contrasts between comparable conditions and therefore are often not able to be manipulated (Shadish et al., 2002). This study uses randomised experiments manipulating independent variables to observe their effects on a dependent variable, i.e. consumer preference (or choice). Therefore, this specific kind of experiments is called choice experiment. As this research aims to examine consumer preferences (choices) for coffee packs, a choice experiment is an appropriate technique to use.

Before discussing choice experiments, it is important to introduce the two theoretical underpinnings of choice experiments: Random Utility Theory (RUT, see e.g. in McFadden, 1986) and Lancaster's (1996) characteristics demand theory.

5.3.2.2.1 Random Utility Theory and Lancaster's theory

Random Utility Theory (RUT) of human behaviour, hypothesised by Thurstone (1927) and further extended by McFadden (1973; 1986), proposes the existence of a latent construct called 'utility' in consumers' minds that rational consumers want to maximise, yet this construct cannot be observed by researchers (Louviere et al., 2000). According to RUT, people make errors in their decision making, but since they choose repeatedly, the chance of their non-optimal choices is diminished (Louviere, Flynn, & Marley, 2015). Consequently, their choice frequencies indicate how much utility they find in a considered construct. Thus, if the researcher wants to examine how much people like item A over item B, they need to observe how often item A is chosen over item B (Louviere et al., 2015; Louviere, Lings, Islam, Gudergan, & Flynn, 2013).

In a seminal paper, Lancaster (1966) challenged the long-standing theory that consumers derive utilities from goods per se. He proposed instead that consumers derive utilities from characteristics or attributes of goods. In his view, researchers of consumer behaviour should focus on examining people's choices of a set of attributes of a product rather than their choices of a product itself. Lancaster (1966) further concluded that consumer preferences for a certain product may change if this product's characteristics are altered. The concept of products that comprise several characteristics was a point of departure for researchers working on experiments to examine consumer choices.

5.3.2.2.2 Choice experiments (Conjoint Analysis, Discrete Choice Experiments and Best-Worst Scaling)

In respect to choice experiments, Louviere et al. (2000) define a design experiment as "a way of manipulating attributes and their levels to permit rigorous testing of certain hypotheses of interest" (p. 84). There are divergent views of how to categorize choice experiments. In

academic literature, it is common to see the entire group of experiments named Conjoint Analyses (CA), divided between rating- and ranking-based conjoint analyses, choice-based conjoint analyses (also known as Discrete Choice Experiments (DCEs)) and their extensions called Best-Worst Scaling (BWS; see e.g. Adamsen et al., 2013). However, Louviere, Flynn, and Carson (2010) advocate to stop calling DCEs choice-based conjoint analyses as CA are based on Conjoint Measurement theory, which is a purely mathematical concept related to the behaviour of numbers, while DCEs are grounded on the Thurstone's (1927) RUT of choice behaviour of people.

Despite the debate on the categorisation and origin of the CA, DCE and BWS, in practical terms these techniques are founded on the same assumption that humans' decisions are not made on a single factor but are based on several factors and these factors are evaluated conjointly (Walley, Parsons, & Bland, 1999). Therefore, the experiments are considered underpinned by Lancaster's (1966) theory. Furthermore, these techniques force respondents to make trade-offs between different options (hereafter alternatives or profiles in BWS Case 3, see further discussion) comprising combinations of attribute levels³ rather than simply asking which attributes (or attribute levels) are important for participants or which attributes (or attribute levels) they prefer (Adamsen et al., 2013). As respondents are asked to do repeated trade-offs, the experiments are also underpinned by RUT (with the exception for CA, see further discussion). To summarise, CA, DCEs, and BWS can be described as techniques for eliciting preferences for attributes through forcing respondents to make repeated trade-offs between those attributes.

5.3.2.2.1 Conjoint Analysis

The origin of CA can be traced back to the 1920s, but the modern understanding commenced in 1960s (Luce & Tukey, 1964; Walley et al., 1999). Initially, this technique was applied to the fields of mathematics, psychology and psychometrics (Walley et al., 1999), but since the seminal paper of Green and Srinivasan (1978) on the application of CA to consumer research, CA has been widely used to investigate consumer behaviour (Walley et al., 1999). Its popularity largely results from the 'decompositional' characteristic of CA, i.e. consumers'

³ In CA, DCEs, and BWS attribute levels are two or more 'values' typically chosen to span the entire domain of the class, e.g. if the price is an attribute, the chosen levels should span the range of recent prices or prices expected to occur in a future period of interest (Louviere et al., 2015).

preferences for products can be decomposed into their preferences for each attribute level (called part-worth utilities; Adamsen et al., 2013; Cattin & Wittink, 1982). Thus, the two underlying assumptions of CA are: (i) any product or service is a bundle of attributes that possess value for customers, and (ii) consumer choice results from utility maximisation (Jaeger et al., 2001). The steps of conducting CA comprise establishing attributes and their levels (choice based on literature review or attribute elicitation techniques), selecting an appropriate data collection method (presenting respondents with ‘full profile’⁴ or ‘paired comparisons’), and making decision on how to present stimuli to consumers (e.g. paragraph descriptions or pictorial presentations; Walley et al., 1999). In data collection, respondents are typically asked to rank the alternatives or rate them on a scale (Bernabéu, Díaz, Olivas, & Olmeda, 2012; Green & Rao, 1971). The ‘decompositional’ characteristic of CA makes it suitable for this research as it allows for eliciting consumer preferences for each attribute’s level of the product tested. As CA was used in this research, the application of the ranking-based CA is discussed in more detail in Chapter 6.

5.3.2.2.2.1.1 Advantages and disadvantages of CA

CA is believed to be superior to rating-based scales and Likert scales as it overcomes several issues of the traditional scales discussed earlier; for example, traditional scales do not analyse nominal differences between different attributes and they usually do not compare attributes relative one to another (S. Cohen & Neira, 2003; Goodman et al., 2005). Additionally, CA replicates real world trade-offs, which also generates discriminating results that provide better predictions or forecasting of consumer behaviour (Green & Srinivasan, 1990). Finally, in respect to this study, CA is particularly appropriate as it has the inherent flexibility to allow for different variables to be examined using manipulation checks.

However, CA also has disadvantages. As discussed earlier, choice modelling theorists see CA as inferior compared with DCEs due to its underlying mathematical model of behaviour of numbers rather than the RUT of behaviour of humans (Louviere et al., 2010). Additionally, Zikmund, Ward, Lowe, Winzar, and Babin (2011) argue that in evaluations of products a high score, in itself does not assure that this product will be chosen. From a practical side, data

⁴ ‘Profile’ is a term commonly used in conjoint analysis (Louviere, 1988) describing a combination of attribute levels. This can be a description of a product, person, place, etc.

collection based on CA design can sometimes be difficult to administrate as the number of all possible combinations of attribute levels, that need to be evaluated by respondents, grows exponentially with the increase in the number of attributes and/or their levels. Thus, more complex CA designs are impractical to manage. The use of software packages, for example SAS or SPSS, can help researchers generate fractional factorial designs (see further discussion). However, the resulting number of generated combinations may still be relatively large, and the burden placed on research participants in a ranking-based CA can be substantial. Another potential problem might be that administering the ranking task online may cause issues as respondents may be unable to see all generated alternatives on one screen (if pictorial stimuli are used) and will be forced to scroll up and down to make the ranking decisions, affecting the reliability of the method.

5.3.2.2.2 Discrete Choice Experiments

As mentioned earlier, DCEs are based on the well-tested RUT of choice behaviour. As with CA, DCEs are generated through modelling that allows the measurement of utility of attributes in various combinations (Louviere et al., 2000; Louviere & Woodworth, 1983). As these utilities are calculated from the choices made, DCEs are an indirect method of measuring utility or preference (Louviere & Islam, 2008). To reveal this utility, the researcher asks a respondent to select one alternative from a set of alternatives and repeats this task for a limited number of choice sets to observe trade-offs (Jaeger et al., 2001). An example of one set of DCE, adapted from Thiene, Swait, and Scarpa (2017) is presented in Table 1.

Table 1: An example of a set in DCE, adapted from Thiene et al. (2017)

Choose one of the three sites. Assume those are the only available sites.

Look at the map of the sites	Val di Lamén	Partenza Bianchet	Val del Mis
Bivouacs availability	Always open	Open on request	no
Access to Val Canzoi and Val del Mis	Always open	Always open	Closed on Sunday
Picnic areas (n)	3	no	4
Number of visitors encountered	Between 21 & 40	Between 10 & 20	Less than 10
Climbing itineraries (n)	no	30	20
Mountain biking trials	3	no	2
Thematic itineraries	no	2	no
Wildlife sites	no	available	no
Entrance fee (€)	€2	€0	€2

5.3.2.2.2.1 Advantages and disadvantages of DCEs

Louviere et al. (2010) argue that since DCEs are founded on the RUT of choice behaviour, they are superior to CA. Moreover, in DCEs respondents are forced to make a choice between alternatives rather than rate or rank them, which more accurately replicates actual marketplace behaviour (Adamsen et al., 2013). Additionally, DCEs can produce useful information with a relatively small sample sizes of between 100 to 300 participants, depending on the number of attributes/levels examined (Goodman et al., 2005). This is a significant advantage over panel data that, to be meaningful, need to be collected from a much larger sample size (Louviere et al., 2000). The reason why DCEs are not widely used in marketing research is their complexity in terms of design and data analysis, often requiring expert consultants to do the work (Adamsen et al., 2013) and thus generating high costs (E. Cohen, 2009; Goodman et al., 2005). Finally, researchers obtain less information from DCEs (respondents choose only one alternative from a set of alternatives) compared with BWS, as will be discussed in BWS Case 3 below (Flynn, 2010).

5.3.2.2.2.3 Best-Worst Scaling

Originally, BWS was derived from DCEs by Louviere and Woodworth (1991) and introduced by Finn and Louviere (1992) to elicit more information from DCEs (Flynn, 2010). BWS is founded on the same RUT and, similarly to DCEs, it assumes that there is some underlying dimension, such as ‘degree of interest’ or ‘extent of preference’ and the researcher wants to measure the location of some set of objects along this dimension (Auger et al., 2007). Using BWS, consumers are asked to look at sets of these objects (e.g. attributes, products or other factors to be compared) and choose the most preferred (BEST) alternative and the least preferred (WORST) alternative from each set of three or more alternatives (Casini, Corsi, & Goodman, 2009; Goodman et al., 2005). Therefore, both best and worst options represent two items farthest apart on the latent scale. Hence, BWS is sometimes called ‘Maximum Difference Scaling’ or ‘MaxDiff’; yet some consider these terms inappropriate to be used to describe BWS experiments (see more in Louviere et al., 2015; Marley & Louviere, 2005). BWS is considered to be (i) a theory of how people make multiple comparison choices and (ii) a method of data collection consistent with this theory (Flynn & Marley, 2014).

There are three types (commonly called ‘cases’) of BWS that differ in terms of the complexity of the options to be evaluated. Case 1 BWS (the ‘Object’ case) is applied when the researcher wants to establish preferences for a list of objects, for example brands or public policy goals (Flynn & Marley, 2014) and is largely used in marketing and public policy fields. In Case 2 (the ‘Profile’ case), a set looks like a single alternative from DCE or CA, but respondents do not evaluate entirely different profiles, but rather different attribute levels comprising one ‘profile’ (Flynn, 2010; Flynn & Marley, 2014; McIntosh & Louviere, 2002). In other words, BWS Case 2 requires a respondent to consider one profile at a time and choose alternatives *within* this profile. Case 2 is predominantly used in the field of health economics (Flynn & Marley, 2014). Finally, Case 3 (‘Multi-profile’ case) is the most similar to DCEs, as respondents see sets of alternatives (profiles) comprising attribute levels; however, they are asked to choose the best and the worst alternatives (as opposed to choosing only the best alternative in DCEs; Flynn & Marley, 2014). Therefore, research participants do not make choices within a profile, but *between* profiles (Louviere et al., 2015). Case 3 BWS is extensively used in marketing, environmental economics, and psychology. Case 3 BWS is an appropriate technique to be used in this study as respondents are asked to express their preferences for bundles of attributes of the product and are required to choose between alternatives (bundles of attributes) rather than within an alternative (between single attributes). As a BWS technique was used in this research, an example of it is provided in Chapter 7.

5.3.2.2.3.1 Advantages and disadvantages of BWS

BWS shares the advantages with CA and DCEs and is considered a positive evolution of the principles of DCEs (Auger et al., 2007). As BWS (and DCEs and CA) requires respondents to make trade-offs, it overcomes the issue of respondents behaving differently from their stated intentions (see discussion on attitude-behaviour gap in Chapter 4) and therefore provides results that are more reliable and of a higher validity (Adamsen et al., 2013; Walley et al., 1999). BWS’s main strength is the simplicity of interpreting results in comparison with standard DCEs (e.g. Adamsen et al., 2013). As BWS forces respondents to choose the best and the worst option, it always generates discriminating results, unlike rating scales that often fail to do so (S. Cohen, 2003). BWS also helps avoid participant fatigue due to the limited number of items, thus reducing the cognitive burden, which is a significant advantage over ranking-based CA and other ranking tasks (Flynn, 2010). Asking respondents to choose the best *and*

the worst alternatives allows researchers to obtain more information than the traditional ‘pick-one’ tasks required in DCEs (Adamsen et al., 2013; Flynn, 2010; Potoglou et al., 2011). Finally, BWS techniques appear to be very successful in examining consumer preferences across different cultures and countries (Auger et al., 2007; Casini et al., 2009). This is likely to be a particular benefit in respect to this study, given the multicultural structure of the population studied.

Given the advantages of BWS, this method has also some weaknesses. One of the drawbacks not only of BWS but of all DCEs is the lack of understanding of cognition processes underlying decisions (Hawkins et al., 2014), i.e. it is not clear how people make choices. For example, people while may choose the best alternative through conducting trade-offs between possible options, they may choose the worst option through elimination by aspect, i.e. a certain alternative may simply be unacceptable due to one or more attribute levels (in BWS Case 3). Therefore, it may happen that the choice of the best alternative may result from a more deliberative trading-off decision, while the choice of the worst alternative may be an effect of fast, emotional response.

Another potential disadvantage common for all techniques of obtaining SP data is that such data may be inconsistent with RP data, i.e. choices made in the real world. However, Louviere et al. (2000) refute these allegations arguing that SP data have been found consistent with economic theory, and econometric models based on SP data are indistinguishable from their RP data counterparts (see also a more recent work of Hawkins et al., 2014). Finally, research has shown that data obtained from experiments are reliable when respondents understand the task, are able to respond to it, and are committed to do it (Louviere et al., 2000). It is therefore critical to clearly explain the task, and ensure that respondents have the means necessary to respond to the task and are willing to conduct it.

5.3.3 Summary of marketing research methods

The above discussion presents an overview of potential marketing methods that could be used to answer the research questions. As established already, quantitative research methods better suit the purpose of this study. Experimental design is particularly recommended regarding the research questions as it allows for manipulating types of information processing (the

independent variables), with the additional manipulation of logo, brand and price attributes, to observe the effects of information processing types on consumer preferences (the dependent variable). CA, DCEs, and BWS experiments are most appropriate for this study as they are flexible, describe hypothetical or virtual decision contexts and can include existing or proposed choice alternatives (Louviere et al., 2000), and therefore allow for using existing and hypothetical logos to examine consumer preferences.

Additionally, several studies have successfully used CA, DCEs, and BWS to examine consumer preferences for various constructs. For example, E. Cohen (2009) examined which wine attributes most influence consumers' perception of wine quality, while Goodman et al. (2005) designed an experiment to determine drinks and wine style preferences. Similarly, Casini et al. (2009) investigated attributes influencing the wine choice of Italian consumers, and Lockshin et al. (2006) showed how the relative purchase rate of wine changes as brand, region, price, and medal award are changed. In the meat-purchasing domain, Walley et al. (1999) examined attributes of mince beef that influence consumer purchases, and Scozzafava, Corsi, Casini, Contini, and Loose (2016) studied consumer preferences for specific meat cuts. In the context of ethical purchasing, BWS was applied to examine similarities and differences regarding the attitudes of consumers to social and ethical issues across different countries (Auger et al., 2007) and the reasons for and against ethical purchasing (Burke et al., 2014; see more in Chapter 4). Similarly, Auger, Burke, Devinney, and Louviere (2003) employed a choice experiment to investigate the relative value consumers place on the social features of products. Given the wealth of studies applying experimental designs in examining consumer preferences, it is appropriate to employ choice experiments to investigate consumer preferences for endorsing logos in this study.

5.4 Designing the experiment

Given that this research applies experiments to answer the research questions, it is important to discuss intricacies related to how to appropriately design choice experiments.

5.4.1 Selection of attributes and their levels

The first step in designing choice experiments is to select attributes and their associated levels (Cattin & Wittink, 1982; Louviere et al., 2000). There are several ways of developing a list of suitable attributes and associated levels. Cattin and Wittink (1982) propose that in generating attributes for CA (the same approach can be applied to DCEs and BWS), the choice should be based on consumer input. Therefore, the attributes should include those most relevant to consumers. To generate the list of attributes, the researcher may conduct qualitative work applying techniques such as depth interviews, focus groups, and triadic sorting (repertory grids) or more quantitative methods, for example free sorting and picking from a list of attributes (Bech-Larsen & Nielsen, 1999; Walley et al., 1999). Other researchers, for example Jaeger et al. (2001), Hall and Lockshin (2000), Lockshin et al. (2006) and E. Cohen (2009), propose conducting an extensive literature review to determine the list of attributes. Additionally, the choice of attributes may depend on the specific purpose of the research, i.e. a certain attribute must be included in the design as the research aims to examine consumer preferences for this attribute and its associated levels.

5.4.2 Factorial designs

Once the attributes and their levels are chosen, the next stage is to generate factorial designs. Factorial designs are combinations of attributes' levels in which each level of each attribute is combined with every level of all other attributes (Louviere et al., 2000). Factorial designs can be full factorials or fractional factorial designs (see e.g. Ryan & Morgan, 2007).

5.4.2.1 Full factorials

Full factorials are the factorial enumerations of all possible levels of all attributes (Louviere et al., 2000). A significant advantage of full factorial designs is that they guarantee that all effects of interest, for example means, variances, and regression parameters, are independent (Louviere et al., 2000). Therefore, if any interaction effects⁵ between attribute levels are to be tested, full factorials should be applied (Louviere et al., 2015).

⁵ Interactions occur when consumer preferences for one attribute's level depend on the levels of another attribute (Louviere et al., 2015).

However, the usefulness of full factorials is often limited. Full factorial designs can be used if the number of all possible combinations of attributes levels is relatively low. The researcher must remember that this number increases exponentially with the increase in the number of attributes and/or levels, thus it is often difficult to apply full factorial (Louviere et al., 2015). For example, in ranking-based CA it is impractical to present more than 20 profiles to respondents for rank ordering as respondents are likely to pay less attention to the ranking task due to the cognitive burden. In DCEs and BWS, a large number of profiles may result in the problem of how to present these profiles to respondents for evaluation. For example, in BWS responders choose the best and worst alternatives out of a few alternatives, but it is impractical to use more than five or six alternatives in each set, particularly if stimuli are visual and data collected online (see further discussion in Chapter 7).

One way to tackle this problem might be blocking profiles into versions of scenarios and assigning participants to each block (see e.g. Johnson et al., 2013). For example, in the $2 \times 4 \times 4 \times 5 \times 8$ design with five attributes of two, four, four, five and eight levels of the first, second, third, fourth and fifth attribute, there are 1280 possible unique profiles. The researcher may create, for example 80 versions of 16 scenarios and, if they wish to have three profiles in each set, they make three copies of each version. Then they randomly assign profiles from each copy without replacement to make 16 choice sets of size three. Finally, the researcher randomly assigns participants to each block (e.g. 20 participants to each of 80 blocks if the sample size is 1,600).

5.4.2.2 Fractional factorials – Orthogonal Main Effects Plans (OMEPS)

An alternative to the full factorial designs are *fractional factorial designs* called *orthogonal main effects plans* or *OMEPS*, which comprise a subset of a full factorial (D. Street & Burgess, 2004). However, it is important to remember that OMEPS can be applied only if the researcher wants to examine the main effects of independent variables (Louviere, 1988), as orthogonality assumes no collinearity between attribute levels. Moreover, OMEPS should not be used if there are any interactions between levels of one attribute and levels of another attribute (see e.g. Johnson et al., 2013). Applying OMEPS in experiments, in which interactions may occur, is likely to bias the parameter estimates (Louviere, 1988). OMEPS can be generated using

statistical packages, for example SPSS and SAS (Mühlbacher, Kaczynski, Zweifel, & Johnson, 2016).

5.4.2.3 Problems of duplicates and dominance

In designing BWS applying full factorial and OMEPs, it is important to ensure that there are no duplicates per set and no dominance in sets (Huber & Zwerina, 1996; Louviere et al., 2000). Duplicating refers to two or more identical profiles occurring in a given set, while dominance occurs if one profile dominates other profiles in a given set. For example, profiles are the same in respect to all attributes levels except for the price level, and the profile with the lowest price level may dominate other profiles in the set. This would result in overstated preferences for these levels of attributes that are bundled with the lowest price. To deal with the issues of duplicates and dominance, Louviere et al. (2000) propose to fold over the original OMEP and/or transposition (shift) columns in it. Folding over means mirror imaging the original design, i.e. replacing each 'dummy' coded attribute level 1 with 4, 2 with 3, 3 with 2 and 4 with 1 (in the four-level attribute), while shifting columns occurs through column 1 becoming column 3, column 2 becoming column 1 and column 3 becoming column 2 (in the three options per set design; Louviere et al., 2000). This results in, for example the lowest price becoming highest (fold over) or a certain price level becoming a certain level of other attribute (shifting columns).

5.4.2.4 Balanced Incomplete Block Designs

As previously noted, one way of creating choice sets in DCEs and BWS is the application of full factorials and a random assignment of profiles to sets. An alternative to this is the use of OMEPs and so called *Balanced Incomplete Block Designs (BIBDs)*, or their certain types, e.g. Youden designs (see in Gupta, 2005; Raghavarao, 1988). BIBD is a design where all pairs of profiles occur together within a block an equal number of times (Louviere et al., 2015). BIBDs can be found in various sources, for example A. Street and Street (1987). Catalogues of BIBDs comprise designs with no duplicates per set issue, which makes it easier for researchers to design a flawless experiment.

5.4.3 Final steps in designing experiments

The remaining steps in conducting experiments comprise laying out choice sets and formatting a response task, recruiting a suitable sample of participants, and administering experiments to obtain rank order of profiles (CA) and best and worst choices (BWS). The final step is to analyse the choices using a valid method (Louviere et al., 2015).

5.5 Bias in survey research – Common method bias and method bias

5.5.1 Overview of common method bias and method bias

Most researchers agree that common method biases in survey research are a potential problem in behavioural research and they are one of the main sources of measurement error (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Measurement error comprises systematic and random components and these can threaten the validity of the research (Bagozzi & Yi, 1991). Podsakoff et al. (2003) further explain that systematic error is particularly problematic as “it provides an alternative explanation for the observed relationships between measures of different constructs that is independent of the one hypothesized” (p. 879) and thus it may have a confounding influence on results. One of the main sources of systematic error is method variance, explained by Bagozzi and Yi (1991) as a variance attributed to the measurement method, rather than to the construct measured. Thus, the method variance may refer to the scale type, response format, content of specific items on a scale or to the general context (Fiske, 1982).

Common method bias is a serious problem because it can bias estimates of the effects of independent variables on dependent variables inflating or deflating these estimates (Baumgartner & Steenkamp, 2001; Siemsen, Roth, & Oliveira, 2010). Krosnick (1999) and Podsakoff et al. (2003) list several potential sources of common method biases, for example consistency motif, acquiescence bias, scale items’ complexity and/or ambiguity, and scale format and scale anchors, among others. These are, however, largely associated with rating-based scales and Likert scales and therefore are not a subject of concern in this study.

Apart from common method bias, other types of method bias may include sampling bias, non-response bias, response styles, question order bias or leading questions (D. A. Aaker, Kumar, & Day, 2013; Blankenship, 1942; Zikmund et al., 2011), which are considered to be serious

threats to construct reliability and validity and can bias parameter estimates of the relationship between constructs (Podsakoff, MacKenzie, & Podsakoff, 2012). The biases should not, however, pose a threat to this study due to the application of ranking-based CA and BWS techniques in data collection and the use of large sample sizes and randomly selected research participants.

5.5.2 Bias in this research

There is one more source of potential bias, that is particularly relevant to this study, and thus it will be discussed in more detail. Social desirability bias, according to Crowne and Marlowe (1964), results from “the need for social approval and acceptance and the belief that it can be attained by means of culturally acceptable and appropriate behaviors” (p. 109). In other words, social desirability bias refers to over reporting of these attitudes and behaviours that are perceived to be socially respected and under reporting of those that most people would see as not socially respected (Krosnick, 1999). Put simply, people tend to present themselves in a more favourable light. It is important to control for social desirability issue in this study because fair trade is closely associated with altruism and ethics. Thus, there is a risk that respondents prefer the ethically labelled coffee packs over non-ethical options as they would like to be perceived as socially responsible individuals, who care about disadvantaged producers and workers from developing countries.

5.5.3 Controlling for biases

5.5.3.1 Controlling for potential biases in general

The above list of potential biases is not exhaustive, yet it shows how important is to thoroughly design the instrument and process of data collection. Fortunately, there are some well-established methods that can be applied to minimise the occurrence of the method bias. Podsakoff et al. (2012) distinguish two groups of remedies to control for method bias: procedural and statistical remedies. In procedural remedies, Podsakoff and Organ (1986) and Podsakoff et al. (2012) advise researchers to, for example, obtain measures of independent and dependent variables from different sources and try to separate them (temporal, i.e. time lag; proximal, i.e. physical distance; or psychological, i.e. using a cover story to reduce the salience of the connection between the variables). Other procedural remedies, for example improving

scale items, relate to the properties of rating-based scales and therefore are not relevant to this study. If the procedural remedies cannot be implemented beforehand, Podsakoff and Organ (1986) and Podsakoff et al. (2012) recommend using one of the statistical remedies, for example Harman's one-factor test (for more information, see Bagozzi, 1984; Lindell & Whitney, 2001; Siemsen et al., 2010). However, the statistical remedies have many disadvantages (see in Podsakoff et al., 2012) and therefore their usefulness is limited.

5.5.3.2 Controlling for potential bias associated with ethical meaning of the logos

As mentioned earlier, social desirability bias is of a particular concern for this study. First, this type of bias can be dealt with by using experiments rather than Likert scales and other rating-based scales (Adamsen et al., 2013; S. Cohen & Neira, 2003). Eliciting preferences for the ethical logos through forcing respondents to trade-off between multi-attribute, multi-level profiles is likely to better combat the issue of social desirability responding compared with other methods, including qualitative interviews and focus groups or quantitative measures, such as rating preferences for the salient ethical logos on a scale. Another measure to prevent research participants from responding in a socially desirable manner is to reassure them that their responses will be kept confidential and their identity will remain anonymous (Grimm, 2010; Joinson, 1999). For example, Joinson (1999) found that respondents expressed lower social desirability and social anxiety and higher self-esteem when they were ensured of their anonymity compared with those who were not.

5.6 Research validity

5.6.1 Overview of research validity

As noted earlier, method biases can be a threat to research validity. Validity, described as the approximate truth of an inference (Shadish et al., 2002), is commonly categorised as *internal* and *external validity* (see e.g. Malhotra, 2008; Shadish et al., 2002). The former refers to whether manipulations in independent variables actually cause the effects on dependent variables and if the results are not confounded by any extraneous variables, while the latter relate to whether the relationship between independent and dependent variables observed in the experiment can be generalised. Furthermore, some researchers, for example Brewer and Crano (2000) distinguish *ecological validity*, which, broadly speaking, refers to how well a

research mimics the real world. The validity typology also often includes *construct validity* showing, how well the researcher transformed a concept or an idea (a construct) into a functioning reality, i.e. operationalization (Cook, Campbell, & Day, 1979). Finally, Shadish et al. (2002) argues that there are possible threats to *statistical conclusion validity*, explaining that these may arise when the researcher draws inappropriate conclusions from the data due to inadequate statistical power or the violation of statistical assumptions.

As seen above, research validity is a serious issue and failing to validate experiments does not allow the inference of valid conclusions on cause-and-effect relationship between variables and to generalise about them (Creswell, 2014). Several extraneous variables can threaten validity of experiments (Malhotra, 2008; Shadish et al., 2002) and examining all of them is beyond the scope of this thesis. Therefore, the following section discusses only the major threats that are of particular concern for this study.

5.6.2 Threats to internal validity

One of the threats to internal validity is selection bias, which may occur when selected participants possess characteristics predisposing them to have certain outcomes (Creswell, 2014). For example, the researcher may ascribe participants to a treatment based on his own judgement or participants may self-select their own groups (Malhotra, 2008). To tackle this issue, the researcher can randomly assign participants to experimental groups so the specific characteristics that may confound results are equally distributed among all respondents (Creswell, 2014; Malhotra, 2008). Internal validity of this research may also be threatened by confounds on coffee packaging. As will be discussed further, attributes used in this research comprise brand, price and logo. Therefore, any additional information that can be found on coffee packs concerning, e.g. coffee flavour, organic produce, country of origin or strength of coffee, may impact on consumer preferences. Design control (see in Malhotra, 2008), i.e. appropriate design of stimuli through removing any additional information from coffee packs will minimise the occurrence of this validity threat. Last, but not least confound concerns a design and placement of the focal attribute used in the research, i.e. the ethical logo. The hypothetical ethical logo must match its genuine counterparts on the dimensions, colour palette and contrast, complexity, and ethical content. Failing to do so may also threaten the validity of this research and confound results, for example by being more or less attention grabbing.

5.6.3 Threats to external and ecological validity

External validity can be threatened (i) if participants of the experiment possess narrow characteristics not attributed to general population, (ii) because of some specific settings of participants in an experiment, and (iii) if the results of research are time-bound (Creswell, 2014). Random sampling of the entire population studied, a large sample size, and appropriate assignment of participants to experimental conditions help overcome the threats to external validity. Concerns about ecological validity may arise when methods, materials and the setting of the experiment do not approximate the real world that is going to be examined (Brewer & Crano, 2000). Hammond (1998) proposes to systematically arrange conditions in the experiment to minimise the threat of ecological validity.

5.6.4 Threats to construct validity

Threats to construct validity may relate to the explication of constructs or sampling and measurement design (Shadish et al., 2002). To deal with threats to the construct validity, the researcher may ensure that they use adequate definitions and measures of variables (Calder, Phillips, & Tybout, 1982). Construct validity can be assessed through a subjective judgement of the researcher on the operationalization of the construct (face validity) and on whether the experiment comprehensively covers the subject being studied (content validity).

5.6.5 Threats to statistical conclusion validity

The potential threat to statistical validity is low statistical power that may result from effect size estimates being less precise and that statistical tests may incorrectly conclude lack of cause-and-effect relationship (Mentzer & Flint, 1997). To increase the likelihood of the cause-and-effect being detected, Shadish et al. (2002), for example, recommend that to ensure that variables used for blocking are correlated with the outcome, use larger sample sizes, use equal cell sample sizes, and add and measure covariates correlated with outcome.

5.7 Variables, treatments and confounding factors

5.7.1 Definition of and types of variables

Creswell (2014) describes a variable as “a characteristic or attribute of an individual or an organisation that can be measured or observed and that varies among the people or organisation being studied.” (p. 52). He further distinguishes between several types of variables. Independent variables are those influencing or affecting outcomes, while dependent variables are those depending on independent variables, thus being a result of their influences (Creswell, 2014). Mediating variables stand between and mediate the effects of independent variable on dependent variable, while moderating variables are a group of independent variables affecting the direction or the strengths of the relationship between independent and dependent variables (Thompson, 2006). Finally, control variables are independent variables measured due to their potential influence on dependent variables, whereas confounding variables are not measured or observed in a study but need to be commented on because of their potential influence on the relationship between independent and dependent variables (Salkind, 2010).

5.7.2 Variables used in this research

5.7.2.1 Independent and dependent variables

The research questions are investigated by (i) manipulating the logo condition to examine its impact on consumer preferences within subjects, and (ii) manipulating Type 1 and Type 2 processing between subjects. As such, CA and BWS experiments (within-subjects treatments) are used within another experiment (between-subjects treatments). In the within-subjects treatments setting, the independent variables are logo (the focal independent variable), brand and price (other independent variables considered as covariates), while the dependent variable is consumer utilities expressed as rankings of profiles in CA and choices in BWS. Furthermore, the familiarity of the logo is treated as a moderating factor of the impact of the focal independent variable on the dependent variable. Further discussion in this chapter provides more details on the research approach and the within and between-subjects manipulations.

5.7.2.2 Confounding factors

Confounding variables may have a negative impact on research as they may imply that a relationship between variables exists, when in fact it does not. In other words, confounding factors may mean that the observed association between variables is not a causal relationship (Bowling, 2007). Several possible confounding variables may threaten the validity of this research, and detailed information on these confounds is provided in the subsequent chapters as they vary in each stage of the research. To deal with these possible confounding factors, the research includes covariates and randomly assigns respondents to the experimental treatments in Stage One. Furthermore, it uses consistent coffee packs for information they contain, collects data from an online panel rather than through a mall intercept, applies BWS technique rather than ranking-based CA to collect data, and uses more advanced methods present in the cognitive psychology literature to manipulate Type 1 and Type 2 processing (response time, time constraints and cognitive load) in Stage Two.

5.8 Approach to the present research

Data collection and data analysis of the present research consisted of two stages: Stage One with five ranking-based CA studies and a psychometric scale (in Study One), and Stage Two with BWS and CA. The overarching goal of the two stages was to examine consumer preferences for different logo conditions and to investigate the effects of information processing types on these preferences through manipulations. As mentioned earlier, to achieve the overarching research goal, the present research manipulated Type 1 and Type 2 information processing using a between-subjects experimental design. Within each experimental treatment, CA and BWS studies were used to obtain the relevant utilities. Validity threats were addressed through random assignment of respondents to treatments, the use of OMEP and BIBD designs within treatments, inclusion of key covariates in the CA and BWS studies, and careful design of choice profiles to exclude uncontrolled variations between profiles. Research questions were addressed by comparisons of utilities within and between studies, while controlling for scale factor differences using effect size comparisons between options. The overall experimental protocol can be summarised in the following paragraphs (description below excludes the Pilot study that was exploratory in nature, see further discussion).

As noted earlier, the present research comprised two stages. The two stages aimed to achieve the same goal yet applied different methods of (i) processing types manipulations, (ii) data collection (participants' recruitment and task), and (iii) data analysis. An application of different methods intended to enhance generalisability of the research, as recommended by, for example Meredith (1998). Intricacies related to the methods used in both stages are detailed below.

In respect to Stage One of the present research, a manipulation of Type 1 and Type 2 thinking was operationalised through exposing participants to visual (Type 1) and lexical (Type 2) logo conditions. Respondents were asked to rank in order 16 profiles portraying coffee packs with the focal logo condition of varying familiarity and two covariates included to enhance ecological validity of the research. The research used OMEP design to reduce the number of all possible combinations of attributes (see earlier discussion). Participants were randomly recruited through a mall intercept and randomly assigned to either visual or lexical logo condition. The analysis comprised (i) generating individual conjoint models to obtain part-worth utilities, (ii) computing z -scores treated as effect sizes to overcome the problem of scale factor differences, and (iii) comparing the effect sizes within each visual and lexical logo treatment to examine the effects of logos on consumer preferences and comparing the effect sizes between the two treatments to investigate the effects of information processing types on preferences for logos that varied with respect to familiarity.

In Stage Two, the present research applied time constraints and cognitive load to manipulate Type 1 and Type 2 thinking respectively and furthermore, determined processing types based on time response to a task (short response time and long response time as proxies for Type 1 and Type 2 thinking respectively). Likewise, in Stage One, research participants were asked to evaluate 16 profiles, yet in Stage Two the profiles were presented to respondents in the form of choice sets and respondents were asked to choose the best and the worst profile in each set. Furthermore, the research generated OMEP to reduce the number of all possible profiles to be presented to respondents and used BIBD to construct choice sets. Data were collected using an online survey, while research participants were recruited and supplied by a panel provider. Respondents were randomly assigned to Type 1 and Type 2 thinking treatments. With regards to data analysis in Stage Two, the research (i) computed Best minus Worst scores for each profile, (ii) rank ordered the profiles, (iii) generated an aggregate model for each treatment to obtain part-worth utilities, (iv) computed z -scores treated as effect sizes, and (v) compared the

effect sizes within each treatment and between treatments to examine the effects of logos of varied familiarity and the effects of processing types on consumer preferences.

It is important to emphasise that the present research aimed to control potential method bias. It did so by making several changes between Stages One and Two. First, it moved from visual and lexical logo conditions as experimental manipulations of Type 1 and Type 2 thinking in Stage One to more advanced methods present in the psychology literature, namely response time, time constraints, and cognitive load in Stage Two. Second, in respect to data collection, it moved from randomly intercepted participants in a mall in Stage One to an online panel of participants in Stage Two. Third, regarding respondents' tasks, the research moved from ranking profiles in Stage One to the application of BWS (i.e. choice tasks) with BIBD in Stage Two. Details of experimental protocol are summarised in Table 2.

Table 2: Experimental design with within and between studies treatments

		Between studies treatments					
		Stage One			Stage Two		
		Studies 2&4 (Visual)	Studies 3&5 (Lexical)	Short Response Time	Time Constraints	Cognitive Load	Long Response Time
		n=180	n=180	n=399	n=421	n=409	n=399
Within studies treatments	<i>Focal variable</i>						
	Familiar logo	FT	FT	FT	FT	FT	FT
	Unfamiliar logo	EE	EE	EE,25YoE	EE,25YoE	EE,25YoE	EE,25YoE
	<i>Covariates</i>						
	Brand	RH,Lf,SF,M	RH,Lf,SF,M	RH,Lf,Hv,Kj	RH,Lf,Hv,Kj	RH,Lf,Hv,Kj	RH,Lf,Hv,Kj
	Price (\$)	6.99,7.99,8.59	6.99,7.99,8.59	5.99,6.79,7.49,8.39	5.99,6.79,7.49,8.39	5.99,6.79,7.49,8.39	5.99,6.79,7.49,8.39
	<i>Data collection method</i>	Mall intercept	Mall intercept	Online panel	Online panel	Online panel	Online panel
	<i>Experimental design</i>	Orthogonal	Orthogonal	OMEF,BIBD	OMEF,BIBD	OMEF,BIBD	OMEF,BIBD
	<i>Respondents' task</i>	Ranking profiles	Ranking profiles	BWS	BWS	BWS	BWS
	<i>Method of analysis</i>	Ranking-based CA	Ranking-based CA	Average BWS CA	Average BWS CA	Average BWS CA	Average BWS CA
<i>Comparator</i>	FT vs No Logo	FT vs No Logo	FT vs 25YoE	FT vs 25YoE	FT vs 25YoE	FT vs 25YoE	

Note. FT – Fairtrade, EE – Exchange Ethics, 25YoE – 25 Years of Experience, RH – Robert Harris, Lf – L'affare, SF – Scarborough Fair, M – Macro, Hv – Havana, Kj – Karajoz

5.9 Product and attributes used in the research

5.9.1 Coffee

As noted earlier, this research uses coffee packs as a product to test consumer preferences. The choice of coffee was based on its popularity as a fair trade product. Coffee is one of the most common fair traded products in the world (Fairtrade International, 2014). It is also the most frequently purchased fair trade product in several markets, e.g. the USA (van Loo et al., 2015) and has the largest market share compared with other fair trade goods (De Pelsmacker, Janssens, et al., 2005; Dragusanu, Giovannucci, & Nunn, 2014). In New Zealand, coffee is the second most popular Fairtrade certified product after chocolate (Fairtrade Australia and New Zealand, 2015). In terms of a pack size, an observation of the marketplace revealed that 200-g packs of coffee have the largest presence on supermarket shelves and that packs of this size are offered by the majority of brands.

5.9.2 Logo attribute

Logo is the primary attribute used to examine consumer preferences under varying levels of deliberation. As the logo attribute is the focal point in this research and the levels of the logo attribute vary between particular studies of this research, the choice of the logo's levels is thoroughly explained in the next two chapters.

5.9.3 Covariates

The selection of brand and price covariates was based on their importance in consumer evaluations of fair trade products. For example, De Pelsmacker, Driesen, et al. (2005) found that brand was the most important attribute influencing coffee purchasing decisions out of a set of attributes including ethical labels. Similarly, price is often mentioned as one of the major attributes that affect consumer decisions on purchasing ethical products (e.g. Andorfer & Liebe, 2015; Burke et al., 2014; "The rise and stall", 2008; Rousseau, 2015). No other covariates were considered, given the use of covariates in this research; as noted earlier, covariates were primarily used to better estimate the logo effects and were not a focal point of investigation.

5.9.3.1 Brand

There are several brands offering coffees on New Zealand market with varying market shares. The final choice of brands used in the experiments was based on several factors, such as a market share (larger to smaller brands), whether a brand offers coffee in ground and beans forms, whether a brand offers the Fairtrade certified option and whether a brand is available across the major New Zealand retailers (see Table 22 in Appendix 1). Additionally, packaging shape and design impacted on the choice of coffee brands used in this research. For example, some brands (e.g. Hummingbird) were not considered due to a distinctive pack shape that differs from other 200-g packs of coffee beans, which would impact on the consistency of stimuli or due to containing distinctive information about coffee strength that might confound the results (e.g. the Jed's brand). Changing the shape of packaging or removing the very distinctive message about coffee strength could raise respondents' suspicions about manipulations of stimuli. Further discussion provides exact brand names used in this research.

5.9.3.2 Price

The levels of price were determined by the range of actual retail prices in the three major New Zealand supermarket chains: PakNSave, New World, and Countdown. Inspection of local supermarkets revealed that the coffee category is anchored around \$7 to \$7.50 per pack and the most common endings are .99, .49, .79, and .39. Price points used in this research vary between studies, and the exact prices used in each study are provided in subsequent sections. The ultimate choice of price points used in Stage Two addressed the reference prices, and most common price endings with an approximate 20% variation.

5.10 Summary

Discussion in this chapter provided insights into possible marketing research methods. It concluded that out of all possible qualitative and quantitative research methods, CA and BWS techniques are most adequate for answering the research questions. Furthermore, this chapter discussed a range of potential biases that might affect this research and explained how these biases could be tackled. This chapter also examined possible threats to the validity of the

research and informed on the variables used in the current research. Finally, this chapter explained the research approach and the manipulations, both within and between subjects.

As concluding remarks in this chapter, it is the best intent of the researcher to conduct this research reliably and accurately to find a causal relationship between information processing and consumer preferences for ethically endorsing logos. To do this, a range of methods, techniques, biases and threats were considered. However, as Hunt (1991) argues, researchers should never let themselves believe with absolute certainty that a causal relationship occurs. Such relationships are more or less probable, but researchers need to realise that they may in fact be spurious.

The methodological approach chapter ends the review of the literature on which this research is founded. It may therefore be helpful to reiterate the research questions at this point. These are:

RQ 1: Does deliberative thinking enhance consumer preferences?

RQ 2: Does deliberative thinking enhance consumer preferences for ethical logos?

RQ 3: If deliberative thinking enhances consumer preferences for ethical logos, does it benefit more familiar or unfamiliar logos?

RQ 4: Do endorsing logos affect consumer preferences at all?

RQ 5: If endorsing logos affect consumer preferences, is this effect greater for more meaningful ethical logos compared with generic, less meaningful logos?

RQ 6: If the effect of endorsing logos is greater for more meaningful ethical logos compared with generic, less meaningful logos, is this effect greater for familiar ethical endorsing logos than for their unfamiliar counterparts?

The subsequent chapters provide detailed information on the design of the specific studies used to answer the research questions, methods of data collection and analysis, findings, discussions of findings, and implications and limitations of the studies.

Chapter 6: Studies in Stage One – design, data collection, analysis, findings, discussion, implications, and limitations

As mentioned in the previous chapter, the first stage of the research comprised five CA studies and a psychometric scale. The scale was used in Study One only.

6.1 Study One (Pilot study) – Fairtrade effect and consumer altruism

6.1.1 Objectives

Study One was exploratory in nature and aimed to determine:

1. whether the Fairtrade logo leads to greater consumer preferences (RQ 4 addressed).
2. if the Fairtrade logo leads to greater consumer preferences, whether this effect is greater compared with the effect of any logo that does not mention fair trade (RQ 5 addressed).
3. whether the incremental effect of the Fairtrade logo can be explained by consumer altruism (exploratory question specific to the pilot study).

6.1.2 Method

6.1.2.1 Research strategy and method of analysis

To address the above objectives, this research applied two instruments: a ranking-based CA to elicit consumer preferences for various levels of logo, brand and price attributes; and an established psychometric scale (Rushton, Chrisjohn, & Fekken, 1981) to measure consumer altruism (see Table 3). First, incremental utilities of the Fairtrade logo (i.e. the difference in utilities between the Fairtrade logo and an invented, ‘dummy’ logo) were calculated, then they were further correlated with the levels of consumers’ altruism.

6.1.2.2 Experimental approach and data collection

The CA experiment manipulated brand, price and logo, each with three different levels. The packaged ground coffee brands used were Lavazza, Civo, and Vittoria. The levels for price were \$6.99, \$7.69, and \$8.39, which were placed in the bottom left corner of the packs. The

three brands had either No Logo, a logo that said New Pack! or the Fairtrade logo (see Figure 2) displayed in the top right-hand corner. Figure 3 depicts the examples of the conjoint cards used. Logo and brand levels were treated as categorical variables, while price was estimated using a linear model. The 3×3×3 design yielded 27 combinations of attribute levels in total. To reduce the number of profiles to be evaluated by respondents, OMEP was applied, generating 11 profiles. Therefore, any interactions between levels of one attribute with levels of another attribute are assumed to be negligible. This is a reasonable assumption, given that in most cases, over 80% of preferences are explained by main effects (Emery & Barron, 1979; Pearmain & Kroes, 1990) and there is no particular reason to think that interaction effects may play a significant role in this study. Moreover, the application of OMEP allowed for obtaining individual conjoint models and calculating part-worth utilities for each respondent rather than relying on a single model for the entire sample. To generate the orthogonal fractional design and to estimate consumer part-worth utilities, SPSS Statistics (Version 22) was used.



Figure 2: Levels of the logo attribute used in Study One.



Figure 3: Examples of the conjoint cards used in Study one.

The psychometric scale used to examine respondents' altruism was a self-reported questionnaire consisting of 10 items adapted from the Self-Report Altruism Scale of Rushton, Chrisjohn and Fekken (1981). The questionnaire is presented in Table 3.

Table 3: Altruism scale used in Study One, adapted from Rushton et al. (1981)

	Never	Once	More than once	Often	Very often
1. I have given money to a charity.					
2. I have given money to a stranger who needed it (or asked me for it).					
3. I have donated goods or clothes to a charity.					
4. I have done volunteer work for a charity.					
5. I have donated blood.					
6. I have helped carry a stranger's belongings (books, parcels, etc.).					
7. I have held the door open for a stranger.					
8. I have allowed someone to go ahead of me in a lineup (e.g. in the supermarket, during registration).					
9. I have pointed out an error (in a bank, at the supermarket) in undercharging me for an item.					
10. I have bought 'charity' Christmas cards deliberately because I knew it was a good cause.					

Data collection took place from a convenience sample of employees and students of Massey University as well as some members of the general population in Palmerston North. Three participants disclosed that their knowledge about fair trade was either none or poor and therefore these respondents were removed from the analysis. After a brief delay of 10–14 days, the respondents were asked to complete the psychometric survey. The time gap was introduced to minimise common method bias (see discussion in Chapter 5). Out of 23 respondents, four did not complete the psychometric survey and this resulted in the final sample of 19 participants.

6.1.3 Results

The aggregate results of the Study One's CA, i.e. the mean utilities of each attribute level together with corresponding standard errors, are presented in Table 4.

Table 4: Attribute levels and utilities (standard errors in parentheses) – Study One

Attribute	Attribute's level	Utility (SE)
Logo	Fairtrade	1.33 (.07)
	New Pack!	-0.56 (.07)
	No Logo	-0.77 (.07)
Brand	Vittoria	0.37 (.07)
	Lavazza	-0.05 (.07)
	Civo	-0.32 (.07)
Price (\$)	6.99	-1.61 (.06)
	7.69	-3.21 (.13)
	8.39	-4.82 (.19)

6.1.3.1 Face validity and manipulation checks

Before considering the results, it is important to check face validity of the results and the effectiveness of the manipulations. As can be seen in Table 4, the order of price part-worth utilities is consistent with prior expectations as lower prices have higher utilities than higher prices, and the more popular brand, such as Vittoria, has higher utility than less popular brands, such as Civo and Lavazza. Regarding manipulation checks, the Fairtrade logo is associated with a significantly higher utility than other options. The primary manipulations are thus successful.

6.1.3.2 Logo utilities

As Table 4 shows, the inclusion of the Fairtrade logo in coffee packaging leads to greater consumer preferences as the difference between the Fairtrade logo and the No Logo conditions was 2.1. Statistical testing confirmed the significance of this result with the *t*-score of 5.40 ($p < .01$). Therefore, inclusion of the Fairtrade labelling into coffee packaging leads to higher consumer preferences for the certified product. More important, however, the Fairtrade logo has an incremental effect over the effect of the ‘dummy’ New Pack! logo as the difference between these two logo conditions was 1.89. This incremental effect of the Fairtrade logo is confirmed by statistical testing with the *t*-score of 4.24 ($p < .01$). This suggests that the Fairtrade logo effect is not simply due to the salience of an additional pack element, but may result from, for example, the familiarity of the Fairtrade logo or its meaning to consumers (i.e. consumer may have altruistic motivations that affect their preferences). A notable point is that the

comparison of utilities suggests that the inclusion of the New Pack! logo in packaging positively impacts on consumer preferences, given the difference in utilities between the New Pack! logo and the No Logo condition of .21. However, the *t*-score of .65 ($p < .05$) for the New Pack! logo vs No Logo condition suggests that the result is non-significant. Therefore, Study One did not detect a mere attention effect of any logo on consumer preferences.

6.1.3.3 Importance of attributes

Findings from this study appeared to be consistent with results from other research, where price was found to be among the most important reasons that impact on purchasing ethical products (Burke et al., 2014; "The rise and stall", 2008). In this study, price attribute was of the highest relative importance for respondents (37), followed by logo (36), and then brand (27).

6.1.3.4 Preferences for the Fairtrade and consumers' altruism

To examine whether consumer preferences for the Fairtrade logo can be explained by consumer altruism, the incremental effects of the Fairtrade logo were correlated with respondents' scores on the altruism scale. The correlations were conducted at individual levels that allowed for more statistical power of the analysis.

The altruism scale yielded a Cronbach Alpha of .71, which is considered good. Furthermore, the principal component analysis revealed three eigenvalues greater than one, with the first explaining almost 40% of the variance. The principal component analysis suggests that the first component extracted is the best measure available of the latent variable of altruism.

To investigate the relationship between the preference for Fairtrade and altruism, Study One examined the correlations between the incremental utility of the Fairtrade and (i) the summed psychometric scale items and (ii) the first eigenvector of the principal component analysis. For both the summed scale items and the first eigenvector, the correlations are non-significant: .025 ($p = .919$) and .137 ($p = .576$) respectively. Therefore, this research did not detect any relationship between the preference for the Fairtrade logo and consumer altruism.

6.1.4 Conclusions

Study One found that the Fairtrade logo has a considerable impact on consumers' preferences and that this impact is not simply an effect of the Fairtrade logo as an element of packaging, given a large incremental utility of the Fairtrade logo over the New Pack! logo. Furthermore, the consumers' preferences for the Fairtrade logo do not result from consumers' altruistic attitudes as Study One found no correlation between the preferences for the Fairtrade logo and consumer altruism.

6.1.5 Limitations

The convenience sample used in Study One is small and is likely not to be representative of the New Zealand population. This may impact on, for example, the substantial importance of the Fairtrade attribute due to over representation of respondents with a higher education. A larger and more heterogeneous sample would enable the robustness of the conclusions from Study One to be more thoroughly assessed. Additionally, the respondents' knowledge about fair trade was measured using a self-reported scale and therefore the results are susceptible to respondents' subjective judgements and social desirability bias.

6.2 Studies Two, Three, Four, and Five – the Fairtrade logo effect, ethical claims' effect, and the impact of deliberation on consumer preferences for familiar and unfamiliar ethical logos

6.2.1 Objectives

The objectives of Studies Two, Three, Four, and Five were to:

1. confirm findings from Study One on whether the Fairtrade logo leads to greater consumer preferences using a larger and more heterogeneous sample (RQ 4 addressed).
2. examine whether the effect of fair trade is likely to be due to ethical claims represented by the Fairtrade logo or to mere exposure to the familiar stimulus of the Fairtrade logo (RQ 4 addressed).
3. examine how deliberation about fair trade impacts on consumer preferences for the ethically labelled products (RQ 1 and RQ 2 addressed).

4. examine whether deliberation about fair trade has a greater effect for familiar ethical endorsing logos or unfamiliar ethical endorsing logos (RQ 3 addressed).

6.2.2 Method

6.2.2.1 Research strategy and method of analysis

The approach to examine the objectives of Studies Two, Three, Four, and Five was to manipulate deliberative processing to investigate (i) whether additional thinking increased consumer preferences for the Fairtrade logo and a ‘dummy’ ethical logo and if so, (ii) whether deliberation benefits more the familiar Fairtrade logo or an unfamiliar ‘dummy’ ethical logo. Deliberative thinking was manipulated by varying the logos between visual (Type 1 thinking) and lexical (Type 2 thinking) treatments. Furthermore, the research used a series of ranking-based CA first to check for the presence of the Fairtrade effect and then to split this effect into (i) the effect of heuristic processing of an ethical claim, and (ii) the additional effect of familiarity of the Fairtrade logo.

6.2.2.1.1 Hypotheses

In order to examine the objectives of Studies Two, Three, Four, and Five, a series of eight hypotheses was developed.

Given the contradictory findings on the impact of ethical claims on consumer preferences (see Chapter 4), the first part of this research stage was to confirm the effect of the Fairtrade logo compared with having no cobranded logo and therefore to endorse findings from Study One. The relevant test, contributing to RQ 4, is as follows:

H₁: The Fairtrade visual logo has a greater positive effect on consumer preference than no cobranded logo.

Following the results from Study One, the non-ethical New Pack! logo was replaced by a ‘dummy’ logo with an ethical meaning, Exchange Ethics (see Figure 4). The Exchange Ethics logo closely replicated the ethical and visual content of the genuine Fairtrade logo, matching it on the dimensions, colour palette and contrast, complexity and ethical content of the visual

logo. This allowed for the effect of ethical claims to be examined separately from the effect of mere exposure to the familiar Fairtrade logo. Consequently, this enabled examination whether the fair-trade effect operated through processing of ethical claims or rather through an exposure to the familiar stimulus of the Fairtrade. The following hypotheses addressed RQ 4 and RQ 6:

H₂: An ethical ‘dummy’ logo has a greater positive effect on consumer preference than no cobranded logo.

H₃: The Fairtrade logo has a greater positive effect on consumer preference than an ethical ‘dummy’ logo.

As discussed in Chapter 4, consumers are believed to be driven by altruistic motivations when shopping for fair trade (Brecard et al., 2012), seek for more information about fair trade (De Pelsmacker et al., 2006), and express concerns about working conditions in developing countries (Shaw & Clarke, 1999). These findings suggest that consumer preferences for Fairtrade cobranded products can be reinforced by deliberative thinking about fair trade. In other words, more effortful and thoughtful processing of fair trade information should result in higher consumer preferences compared with a simpler, heuristic thinking at the point of decision making.

Cognitive psychologists have developed several methods to encourage deliberation in human information processing, for example, ensuring that people are cognitively strained and not time constrained when making judgements (see discussion in Chapter 2). Stage One of this research applied the method of cognitive strain by using lexical (text-based) Fairtrade and Exchange Ethics logos, written in small fonts and with varied emphasis. Application of lexical logos that are more difficult to read aimed to encourage respondents to think more about the content of the logos as the respondents had to carefully examine and read to understand, rather than simply glance at the logos and thus heuristically process them.

As noted in Chapter 4, the Fairtrade logo exists in two forms: with or without its accompanying lexical component (see Figure 4). To further examine the effect of ethical claims on consumer choice, a ‘dummy’ Exchange Ethics ethical logo was developed to closely replicate the ethical, visual and lexical content of the Fairtrade mark (i.e. match on the dimensions, colour palette and contrast, complexity and ethical content; see Figure 4). The Fairtrade and ‘dummy’ ethical

lexical logos are more difficult to process by respondents due to the text-based content, small font size and varied emphasis used. Therefore, these logos were used as means of encouraging deliberative processing, which aligns with the findings of Kahneman (2011) and Alter et al. (2007). Conversely, as the ease of processing of the Fairtrade and 'dummy' ethical visual logos was likely to encourage heuristic thinking, this stage of the research used visual and lexical Fairtrade and Exchange Ethics logos to manipulate types of processing and it assumed that visual and lexical information processing map to Type 1 and Type 2 processing respectively. In other words, Studies Two to Five treated consumers' information processing of the visual form of the Fairtrade and Exchange Ethics logos as a proxy for heuristic processing and consumers' information processing of the lexical form of the Fairtrade and the Exchange Ethics logos as a proxy for deliberative processing.

The following hypotheses examined the impact of deliberation on consumer preferences for familiar and unfamiliar ethical logos and addressed RQ 1 and RQ 2.

H₄: The Fairtrade lexical logo has a greater positive effect on consumer preference than no cobranded logo.

H₅: An ethical 'dummy' lexical logo has a greater positive effect on consumer preference than no cobranded logo.

H₆: The Fairtrade lexical logo has a greater positive incremental effect on consumer preference than the Fairtrade visual logo.

H₇: An ethical dummy lexical logo has a greater positive incremental effect on consumer preference than the ethical 'dummy' visual logo.

Furthermore, deliberative information processing should benefit the familiar Fairtrade logo more compared with an unfamiliar logo of similar ethical meaning, given that the Fairtrade logo is the most widely recognised and highly trusted ethical mark (Fairtrade International, 2015). This assumption is based on the fact that familiar brands have wider networks of knowledge and associations (e.g. Romaniuk & Sharp, 2004; B. Sharp, 2010) that may be activated by additional thought compared with less familiar or unknown brands. An increase in consumers' preferences for ethical logos that results from a more deliberative information processing should therefore be greater for the familiar Fairtrade logo compared with the

unfamiliar Exchange Ethics logo. Consequently, the relevant hypothesis, contributing to RQ 3, was as follows:

H₈: The positive incremental effect of the lexical logo over the visual logo is greater for the familiar Fairtrade compared to the unfamiliar ethical ‘dummy’ visual logo.

H₁–H₅ can be examined using within-study comparisons of the effects of the logos. However, determining the incremental effect of deliberative processing over heuristic processing (Type 2 vs Type 1 processing examined in H₆–H₈) requires between-study comparisons of the relative preferences for the visual and lexical versions of the logos.



Figure 4: Levels of the logo attribute used in Studies Two, Three, Four and Five in Stage One.

The method of analysis was (i) to compare test versus control conditions within studies, and further (ii) to compare the relative effect sizes for this difference between studies. The comparisons were made using z -scores that enabled statistical testing as well as providing effect sizes for comparisons between studies. The use of z -scores for comparison against a common control condition helped overcome the problem of scale factor differences. These scale factor problems commonly arise as part-worth utilities cannot be directly compared between studies due to the interval rather than ratio measures and, therefore, a lack of a fixed zero point. The use of comparison against a common control condition overcomes this limitation. The use of z -scores is also common practice when comparing means in meta-analysis (see e.g. J. S. Armstrong & Lusk, 1987; Janiszewski, Noel, & Sawyer, 2003; Witte & Allen, 2000).

Furthermore, two additional procedures were applied. First, in order to capture the effects of (i) the heuristic processing of ethical claims versus (ii) a mere exposure to the familiar stimulus of the Fairtrade logo, the Fairtrade effect was partitioned using results from Studies Two and Four (visual logo condition), i.e. results from the tests used to examine H₂ and H₃. Second, to examine whether deliberative Type 2 processing has a greater impact on familiar or unfamiliar

stimuli, a z -score was calculated for the incremental utility of each of the Fairtrade and Exchange Ethics logos (i.e. the difference between (i) the Fairtrade visual and No Logo, (ii) the Exchange Ethics visual and No Logo, (iii) the Fairtrade lexical and No Logo, and (iv) the Exchange Ethics lexical and No Logo). The magnitude of this z -score was compared between visual and lexical conditions for both Fairtrade and Exchange Ethics logos, addressing H_6 to H_8 .

6.2.2.1.2 Experimental approach and data collection

As mentioned earlier, the research approach in Studies Two to Five was similar to that in Study One, i.e. to use a series of ranking-based CA to elicit consumer preferences for 200-g packs of bean coffee. As in to Study One, the experiment in Studies Two to Five manipulated three attributes: brand (categorical variable), price (linear), and logo (categorical), but the levels of covariates were altered compared with Study One to check whether this affects the relative importance of brand and price attributes. Respondents viewed four coffee brands, Scarborough Fair, Macro, Caffè L'affare, and Robert Harris, and three price levels, \$6.99, \$7.99, \$8.59 placed below the packs in the position typical of the location of on-shelf price displays. The three levels of the logo attribute were No Logo, the Fairtrade, and the Exchange Ethics placed in the top right-hand corner of the packs. The $4 \times 3 \times 3$ design yielded 36 combinations and OMEP generated 16 profiles that were evaluated by respondents, which allowed for individual conjoint models to be estimated and part-worth utilities calculated for each respondent. SPSS Statistics (Version 22) was used to generate the orthogonal design and to calculate part-worth utilities. Examples of the conjoint cards used in Studies Two and Four (visual logo condition) and in Studies Three and Five (lexical logo condition) are shown in Figures 5 and 6 respectively.



Figure 5: Examples of the conjoint cards used in Studies Two and Four in Stage One.



Figure 6: Examples of the conjoint cards used in Studies Three and Five in Stage One.

Studies Two ($n=50$), Three ($n=49$), Four ($n=130$) and Five ($n=131$) used convenience samples of participants recruited through a mall intercept. Sample demographics represented the local population of a university town well with a slight skew towards males (60%), 26–55-year-olds (55%), students (22%), and highly educated respondents (50% of Bachelor degree or higher). As coffee is widely bought for personal use and for guests, all shoppers, i.e. both coffee drinkers

and non-drinkers, were included in the sample. The inclusion of non-drinkers in the sample can be also justified by findings from a recent study demonstrating that an increase in sales in response to advertising largely results from current non-buyers of the brand (L. A. Wood & Poltrack, 2015). Studies Two and Three were conducted simultaneously in July 2014 in The Plaza Centre, Palmerston North. Respondents were randomly assigned to either Study Two (Type 1 visual logo condition) or Study Three (Type 2 lexical logo condition). To confirm the results of Studies Two and Three and to generate a larger and more robust sample size, Studies Four and Five replicated Studies Two and Three respectively. Data collection for Studies Four and Five took place in June 2016 in The Plaza Centre, Palmerston North.

6.2.3 Results

The aggregate results of the CA, i.e. the mean utilities of each attribute level together with corresponding standard errors from Studies Two, Three, Four and Five, are presented in Table 5.

Table 5: Attribute levels and utilities (standard errors in parentheses) - Studies Two to Five in Stage One

Attribute	Attribute's level	Utility (SE)			
		Study 2 (Visual)	Study 4 (Visual)	Study 3 (Lexical)	Study 5 (Lexical)
Logo	Fairtrade	1.07 (.08)	1.34 (.10)	1.32 (.15)	1.33 (.15)
	Exchange Ethics	-0.14 (.09)	0.14 (.12)	0.15 (.18)	0.37 (.17)
	No Logo	-0.93 (.09)	-1.49 (.12)	-1.47 (.18)	-1.70 (.17)
Brand	Robert Harris	0.63 (.10)	0.29 (.13)	0.55 (.20)	0.25 (.19)
	Caffe L'affare	0.32 (.10)	1.05 (.13)	-0.30 (.20)	0.32 (.19)
	Macro	0.09 (.10)	-0.73 (.13)	0.25 (.20)	-0.35 (.19)
	Scarborough Fair	-1.03 (.10)	-0.60 (.13)	-0.50 (.20)	-0.23 (.19)
Price (\$)	6.99	-12.93 (.57)	-13.77 (.76)	-18.03 (1.17)	-14.72 (1.11)
	7.99	-14.78 (.66)	-15.74 (.87)	-20.61 (1.33)	-16.82 (1.27)
	8.59	-15.89 (.70)	-16.92 (.94)	-22.15 (1.43)	-18.09 (1.37)

6.2.3.1 Face validity and manipulation checks

Table 5 shows that, similarly to results in Study One, part-worth utilities in Studies Two to Five are in an expected order for price (higher utilities of lower price) and logo (higher utilities of cobranded options). The results are less steady for brands, yet Studies Two to Five manipulated more brands and some effects, e.g. increase in advertising or change in brand

reputation may have occurred between the first and second round of data collection that have affected consumer preferences for the brands. Overall, it can be concluded that Studies Two to Five have face validity. Manipulation checks were also successful as the Fairtrade logos (both visual and lexical) were associated with higher utilities than Exchange Ethics logos, while Exchange Ethics logos had higher utilities compared with No Logo conditions.

6.2.3.2 Importance of attributes

Concerning the importance of attributes, brand appeared to have the highest relative importance, followed by price and then logo. The results are consistent for both visual and lexical conditions. For the visual condition, the relative importance of brand, price, and logo is 47, 27, and 26 respectively, while for the lexical condition, the relative importance of brand, price, and logo is 43, 30, and 27 respectively. These findings are in line with the results from other research (De Pelsmacker, Driesen, et al., 2005; De Pelsmacker, Janssens, et al., 2005), which concluded that in the coffee category, brand was the most important attribute influencing purchasing decisions out of a set of attributes including ethical labels.

6.2.3.3 Combining results

As can be seen in Table 5, there are no significant differences in mean utilities for logo conditions between Studies Two and Four (visual logos) and between Studies Three and Five (lexical logos). To simplify the analysis and presentation, the results from the earlier and later studies were therefore pooled. Skewness and kurtosis of the test statistic for the pooled data ranged from .40 to .68 and from $-.11$ to .68 respectively, and despite being slightly platykurtic, data can be considered normally distributed that allowed for applying standard statistical testing. To simplify presentation, the results from Studies Two and Four are presented as Study A, while the results from Studies Three and Five are presented as Study B.

6.2.3.4 Hypothesis tests

Table 6 shows the map of hypothesis tests.

Table 6: Map of hypotheses tests - Studies A and B

	Within Study A (Visual)	Within Study B (Lexical)	Between Studies (Lexical vs Visual)
H ₁	✓		
H ₂	✓		
H ₃	✓		
H ₄		✓	
H ₅		✓	
H ₆			✓
H ₇			✓
H ₈			✓

Table 7 presents results from within study comparisons for H₁ to H₅.

Table 7: Results for within study comparisons - Studies A and B

		Study A (z-score, n=180)	Study B (z-score, n=180)
H ₁	FT Visual vs No Logo	12.22**	
H ₂	EE Visual vs No Logo	7.51**	
H ₃	FT Visual vs EE Visual	6.72**	
H ₄	FT Lexical vs No Logo		14.56**
H ₅	EE Lexical vs No Logo		10.16**

Note. FT – Fairtrade, EE – Exchange Ethics. **Significant at <0.01 level.

Table 7 provides effect sizes represented by z-scores that show significant differences between the test and control conditions at $p < .01$. The large effect sizes are due the high statistical power of the experiment resulting from all respondents evaluating full sets of profiles that in turn allowed to obtain individual conjoint models in subsequent analysis. As can be seen in Table 7:

- H₁ is supported as the Fairtrade visual logo has a significantly higher utility than No Logo condition (z-score of 12.22)
- H₂ is supported as the Exchange Ethics visual logo has a significantly higher utility than No Logo condition (z-score of 7.51)
- H₃ is supported as the Fairtrade visual logo has a significantly higher utility than the Exchange Ethics visual logo (z-score of 6.72)

- H₄ is supported as the Fairtrade lexical logo has a significantly higher utility than No Logo condition (z -score of 14.56)
- H₅ is supported as the Exchange Ethics lexical logo has a significantly higher utility than No Logo condition (z -score of 10.16)

Of a particular interest is the assumption tested in H₃, where the comparison is made between the Fairtrade and the Exchange Ethics, both visual logos. The z -score of 6.72 shows the effect of the Fairtrade logo resulting from the familiarity of this mark rather than heuristic processing of an altruistic claim, given that both the Fairtrade and the Exchange Ethics carry similar ethical claims. The effect of processing of an altruistic claim is captured by testing H₂, where the unfamiliar Exchange Ethics logo was presented to respondents instead of the Fairtrade logo. The z -scores in H₂ and H₃ are similar, 7.51 and 6.72 respectively. This suggests that around half the Fairtrade effect arises from a mere exposure to the familiar Fairtrade mark and around half the Fairtrade effect is due to heuristic processing of an altruistic claim. Therefore, the fair trade effect is roughly evenly split between the effect of Fairtrade branding and the effect of the altruistic claim carried by the Fairtrade logo.

The z -scores figures presented in Table 7 are supported by statistical tests and relate to the within study comparisons, addressing the H₁ to H₅. As noted earlier, in the between study comparisons z -scores are treated as effect sizes only. Table 8 presents absolute and percentage increases in effect sizes between lexical and visual settings, for the Fairtrade vs No Logo and Exchange Ethics vs No Logo conditions. These results address H₆ to H₈.

Table 8: Results for between study comparisons - Study B vs Study A

		Absolute increase in z -score	Percentage increase in z -score
H ₆	FT Lexical vs Visual	2.34	19%
H ₇	EE Lexical vs Visual	2.65	35%
H ₈	H ₆ vs H ₇	-0.31	N/A

Note. FT – Fairtrade, EE – Exchange Ethics.

As can be seen in Table 8, both H₆ and H₇ are supported, suggesting that increase in deliberation leads to higher consumer preferences for cobranded options. For the Fairtrade logo, the increase in effect sizes is 2.34, while for the Exchange Ethics, this increase is 2.65. Thus, the results are

as expected: when consumers think more about the ethical endorsing logos, both familiar and unfamiliar, they prefer the endorsed products more. However, the result in H₈ suggests that the increase for the Fairtrade logo is *less* than the increase for the Exchange Ethics. Given the magnitude of the z-score, this difference is not statistically significant; however, it is in the opposite direction from the expected outcome and thus it can be concluded that H₈ is unsupported. The higher percentage increase for H₇ compared with H₆ also implies that unfamiliar logos, such as the Exchange Ethics, benefit from consumer deliberation *more* compared to familiar brands, such as the Fairtrade.

6.2.4 Discussion

The findings from Studies Two to Five imply that the Fairtrade logo leads to higher consumers' preferences that are considerably higher compared with preferences for an unfamiliar Exchange Ethics logo. Moreover, the Fairtrade effect can be split in halves between the effect arising from the familiarity of the logo and exposure to an ethical claim carried by this logo. Additionally, the increase in consumer deliberation about fair trade positively impacts on consumer preferences for both familiar and unfamiliar ethical types of logo. However, deliberative thinking about ethics benefits the familiar logo less compared with its unfamiliar counterpart. The latter finding is rather surprising and unexpected.

6.2.4.1 Consumers prefer familiar logos

Higher consumer preferences for the Fairtrade visual and lexical logos compared with their Exchange Ethics counterparts are likely to be caused by the mere exposure effect (Kahneman, 2011; Zajonc, 1968). As the Fairtrade is a well-recognised mark around the world (e.g. 84% of Austrians, 81% of the UK population and 78% New Zealanders recognise the logo; Fairtrade Australia and New Zealand, 2015; Fairtrade International, 2015), consumers are likely to rate it higher compared with the unknown logo, despite the very similar ethical meanings of both logos. Additionally, positive associations with and trustworthiness of the Fairtrade mark may play an important role in consumer preferences. Despite of the credibility issue of social and environmental labels in general (see e.g. Burke et al., 2014; Nicholls and Lee, 2006), the Fairtrade logo is associated with relatively high levels of trust among consumers (De

Pelsmacker et al., 2006; Fairtrade International, 2015). Consequently, consumers prefer it over the unknown logo, which is likely due to credibility concerns.

Although generating lower consumers' preferences compared with the Fairtrade, the Exchange Ethics still has a positive effect on consumers' choice. This is likely to be caused by ethical claims that are communicated by the logo. Interestingly, the comparison of the effect sizes of the Fairtrade and Exchange Ethics suggests that consumers prefer the Fairtrade certified products due to the Fairtrade branding and ethical claims underlying the Fairtrade logo, and that these two sources roughly evenly contribute to the Fairtrade effect. This finding implies that the low market share of the Fairtrade products (see e.g. Howard & Allen, 2010; MacGillivray, 2000) results from factors other than the Fairtrade branding or communicating ethical claims. Therefore, price, promotion or distribution may be largely responsible for the low incidence of purchasing the Fairtrade certified products (A. Sharp et al., 2015; B. Sharp, 2010).

6.2.4.2 Deliberation positively affects consumer preferences

The finding of deliberative information processing that benefits familiar and unfamiliar logos more compared with heuristic thinking sits in contrast with B. Sharp's (2010) view on the predominant importance of mere familiarity (of generic or less meaningful) logos in consumers' choice. Moreover, it is also contrary to findings from other research on endorsing logos in the context of ethical trade (e.g. Andorfer & Liebe, 2015; Milkman, 2004; Prasad et al., 2004).

One explanation for these differences may be that while deliberative processing leads to higher preferences in an experimental condition, consumers seldom use such deliberation in a retail environment due to, e.g. time-constrained shopping trips. Laboratory conditions make experimental treatments more striking and this may make respondents paying more attention to these treatments. In real purchasing behaviour, consumers may not engage in trading-offs between coffee attributes and this may impact on the effect sizes of the preferences for the Fairtrade and Exchange Ethics logos. This explanation would be in line with the findings of Reber et al. (2004), who concluded that people have higher preferences for targets that are easily processed. Similarly, Winkielman and Cacioppo (2001) found that fluent processing is

experienced as a positive affective response and therefore stimuli that are processed more fluently seem to be more appealing. The visual familiar and unfamiliar stimuli should therefore enjoy higher consumer preferences (easy to process) compared with their lexical counterparts (more difficult to process). The reversed preferences imply that meaningful claims conveyed by logos are relatively powerful. It can be then concluded that, due to the large effects of deliberation, the results of this research are likely to stand; however, the effect sizes might be much less in a cluttered shopping environment with time-pressured consumers.

It is worth noting that although the present research found a large effect of deliberation about familiar and unfamiliar endorsing logos on consumer choice, it has also confirmed a similarly large underlying effect that arises from heuristic thinking. This is good news for brand managers, as research has found that consumers rarely spend much time comparing brand choices (Romaniuk et al., 2007). Consequently, endorsing logos are likely to have a substantial positive impact on heuristic consumer decision making.

6.2.4.3 Unfamiliar logos benefit more from deliberative thinking

As mentioned earlier, the impact of deliberative thinking on consumer preferences appeared to be greater for less familiar logos than for more familiar logos. This is surprising, as deliberation of logos would be expected to benefit stronger brands that are more credible and have a broader network of associations that can be activated by additional deliberation.

A dual-process model of memory recognition of Reder et al. (2000) sheds some lights on this unexpected finding. The Source of Activation Confusion (SAC) model proposes that familiarity and recollection are the two bases for recognition (information retrieval), where for familiar stimuli, contextual competition negatively affects recollection-based judgements (Reder et al., 2002). Applying the SAC model to this research, more information embedded in the Fairtrade lexical stimulus may compete with information already stored in a consumer's memory about the Fairtrade concept and this creates activation confusion. As a consequence, the effect of deliberation is reduced. In the case of the Exchange Ethics, the consumer has no information stored in their memory and therefore no activation confusion occurs. In other words, contextual competition affects unfamiliar logos less compared with familiar logos. This finding aligns with the recent findings of Stocchi et al. (2016), where the authors found that for a highly familiar brand, recollecting more information about product category decreases the

chance of this brand to be retrieved from memory. Therefore, as Stocchi et al. (2016) point out, dual-process memory theories better explain the range of phenomena occurring in branding. Single process theories, which assume that spreading activation is the major driver behind a recall, are insufficient to explain why additional thought benefits less a well-known brand with a wide network of associations compared with an unknown brand about which consumers have no knowledge.

6.2.5 Implications for brand managers

Findings from Stage One offer several important managerial implications. The first is the relatively obvious point that endorsing a focal brand by a well-known logo positively impacts on consumer preferences for the cobranded product. The second is that although ethical claims can be effective on their own, they can be magnified by associating them with familiar logos. This finding is of a particular interest for ethical marketers, who should engage in developing and using brand assets so they will become familiar to consumers, which in turn will increase the benefits of underlying ethical claims.

Third, the encouragement of deliberative thinking, in particular with a less well-known logo, can significantly increase consumer preference. This is a very important point that is of particular interest to organisations seeking to establish a new endorsing logo and/or to organisations using endorsing logos. The use of lexical stimuli appears to encourage deliberative thinking, which in turn influences consumer preferences. This also applies to the well-known Fairtrade logo, and managers of the endorsed brand will need to consider this benefit in relation to other elements of pack design, i.e. there may be space and design trade-offs to consider.

Finally, the findings from this research have wider implications. Although the research focuses on a specific kind of ethical logo, it is apparent that encouragement of deliberative thinking about endorsing logos significantly increases preference. As such, marketing communications support for endorsing logos, both by the endorser and endorsed, should consider using methods that will encourage deliberative thinking about the meaning of the endorsing logo. Thus, the finding that deliberation positively affects consumer preference for endorsing logos opens an

avenue for future research into the most efficient ways of encouraging deliberative processing and means of marketing communication that can effectively foster such processing.

6.2.6 Limitations

This research aimed at replicating real choices of coffee and thus it can suffer from potentially confounding factors related to coffee packaging. For example, additional information about coffee flavour or country of origin on coffee packs may have influenced consumer choice. Therefore, it would be interesting to examine the robustness of the findings from this research using stimuli where packaging design is held constant.

In addition, the findings from this research rely on the assumption that visual and lexical processing map to heuristic Type 1 and deliberative Type 2 processing respectively. One may argue that lexical processing is merely a different form of sensory processing rather than genuine deliberative processing. This is unlikely, given the success of manipulation of Type 2 processing. Nonetheless, the next stage of this research applies other methods of encouraging Type 1 and Type 2 (derived from psychology literature; see Kahnemann, 2011) and examines if, e.g. the time-constrained processing of visual logos has any differential effect from processing of visual logos that is not restricted by time.

Chapter 7: Study in Stage Two – design, data collection, analysis, discussion, implications, and limitations

As noted earlier, the second stage of this research comprised a BWS experiment that aimed to examine the effects of mere attention, the Fairtrade logo, ethical claims, and deliberation on consumer preferences for familiar and unfamiliar logos.

7.1 Objectives

The overall objective of the final stage of this research was to confirm several findings from the earlier stage using more robust methods of encouraging heuristic Type 1 and deliberative Type 2 processing, larger samples, different methods of data collection and analysis, and applying stimuli that contain no confounding factors related to, for example coffee flavour, coffee type, and coffee strength. More specifically, the objectives of Stage Two were to:

1. examine whether inclusion of a ‘dummy’ endorsing logo as an element of coffee packaging increases consumer preferences for the endorsed product (RQ 4 addressed).
2. examine if there is any effect of an ethical logo that results from ethical claims conveyed by this logo (RQ 5 addressed).
3. examine whether a familiar logo leads to higher consumer preferences compared with an unfamiliar logo of similar meaning (RQ 6 addressed).
4. examine whether deliberation increases consumer preferences for ethical logos (RQ 1 and RQ 2 addressed).
5. if deliberation positively impacts on consumer preferences for endorsing logos, examine whether deliberation benefits more unfamiliar or familiar logos (RQ 3 addressed).

7.2 Method

7.2.1 Research strategy

To address the objectives in Stage Two, the overall strategy was to apply the BWS and CA techniques to determine consumers’ preferences for 200-g of bean coffees with varying

cobranded logos and varying amounts of deliberation. Apart from different methods of data collection (ranking profiles in Stage One vs BWS in Stage Two), there were several other significant differences in research designs between both stages. In Stage Two, the experiment was conducted online using an altered selection of brands and price points (discussed further). More important, the design of experiment in Stage Two comprised four treatments (scenarios) with the major point of difference between them being an encouragement or a *post hoc* determination of Type 1 and Type 2 processing. Approximately half of the total sample was encouraged to utilise Type 1 processing or the utilised Type 1 processing was determined *post hoc* (see treatments 1 and 2 below), while another half of the total sample was encouraged to utilise Type 2 processing or the utilised Type 2 processing was determined *post hoc* (see treatments 3 and 4 below).

7.2.1.1 Treatments used in Stage Two

Compared with Stage One, the lexical logos were dropped in Stage Two for two reasons. First, as mentioned in the limitations in Stage One, one may question the effectiveness of encouraging deliberative Type 2 processing via the use of lexical logos. Second, an inspection of supermarket shelves revealed that the Fairtrade logo comprising both visual and lexical components is uncommon in New Zealand. As such, research participants may perceive stimuli containing lexical ethical logos as unrealistic. Given the lack of lexical ethical logos, one may argue that it should not be assumed that exposure to visual logos will activate Type 1 processing.

7.2.1.1.1 Treatments 1 and 4 – Short Response Time and Long Response Time respectively

As noted earlier, cognitive psychologists recommend measuring time taken to respond to a task as a proxy for determining whether people utilise heuristic Type 1 or rather deliberative Type 2 information processing. Following the premise that quick decision makers think heuristically (Type 1), while people, who take more time to make decisions think deliberately (Type 2, see e.g. J. Evans, 2008; Kahneman, 2011; Logan, 1988), the sample in the first treatment was split into two even subgroups based on time taken to conduct the 20 BWS choice tasks. It is worth emphasizing that splitting the sample based on time taken is a *post hoc determination* of

processing types rather than their manipulation. This research therefore applied both prior to data collection (manipulation) and *post hoc* (determination) methods of encouraging/determining information processing types. This approach is likely to strengthen the robustness of findings. Splitting the sample thus resulted with two treatments: Short Response Time (treatment 1) and Long Response Time (treatment 4).

7.2.1.1.2 Treatment 2 – Time Constraints

Recall that time given to respond to a cognitive task impacts on whether respondents process information in a heuristic or deliberative way (see Chapter 2). Responses are likely to be different for people who are forced to respond quickly as opposed to those who are not restricted by time (see e.g. J. Evans, 2008; J. Evans & Curtis-Holmes, 2005; Klaczynski, 2001; Rand, 2016). Therefore, in treatment 2 research participants were exposed to ethical logos that they evaluated *under time constraints*, which was assumed to activate intuitive Type 1 processing. Encouragement of Type 1 processing was operationalised by informing participants that it is very important to conduct the BWS tasks quickly. The following information provided to respondents emphasised the importance of fast evaluations of the BWS tasks:

*‘We are going to show you a series of choices of 20 sets of coffee packs. In each set you will be asked to choose your **most preferred pack** and **least preferred pack** from a choice of four packs in total.*

***It is important to make your decisions quickly.** Thus please do not spend much time on evaluating choices.’*

Additionally, the following reminder was provided just before the respondents evaluated the first BWS set:

*‘Once again I would like to remind you **to make your decisions quickly.**’*

Furthermore, research participants were exposed to time counting down from 20 seconds (30 seconds in Set 1 as it contained instructions on how to conduct the task) to 0. If respondents

had run out of time, they were nevertheless able to submit their responses, yet the running time was likely to additionally pressurise respondents to complete the tasks quickly.

7.2.1.1.3 Treatment 3 – Cognitive Load

As discussed in Chapter 2, people tend to engage in a more deliberative thinking when they encounter *cognitive strain*. One method to influence such strain is to use the aforementioned text-based stimulus and manipulate font size that is difficult to read. Another way to affect cognitive load is to ensure that people are engaged in mental multi-tasking and then assess the percentage of correct responses or time taken to complete a task (Kahneman, 2011; Mata et al., 2013). Therefore, in treatment 3 it was assumed that when respondents had their short-term memory busy by experiencing *cognitive multi-tasking*, they were likely to think deliberatively. It is worth noting that some controversy surrounds the notion of mental multi-tasking encouraging deliberation, as recent research, published after the experiment in the present study was designed, suggests cognitive load may encourage heuristic rather than deliberative thinking (Bago & De Neys, 2017). This will be further assessed in the analysis and discussion of results.

To initiate cognitive multi-tasking, respondents were asked to *remember* three numbers when they were conducting the BWS tasks. These numbers were 7, 2, and 4; yet the actual choice of the numbers was of little importance. The critical point was to reassure that respondents remembered the numbers while they were making the BWS choices. The following phrase from the BWS survey commends respondents to remember the numbers:

*‘We are going to show you a series of choices of 20 sets of coffee packs. In each set you will be asked to choose your **most** preferred pack and **least** preferred pack from a choice of four packs in total.*

As you do the task, I would like you to remember the following three numbers: 7, 2, 4. Please do not write them down but you will need to remember them as you will be asked to provide the numbers at the end of the survey. It is very important that you remember these numbers.’

Similarly to treatment 2, an additional reminder about remembering the numbers was provided just before respondents attempted the BWS evaluations.

‘Once again I would like to remind you to remember the following three numbers when you do the task: 7, 2, 4.’

In each of the treatments, time taken to conduct the BWS task was measured. The analysis of timing data will shed more light on whether there are any differences in time taken to conduct the BWS tasks between those respondents who were encouraged to engage in Type 1 and Type 2 information processing, and those who were not encouraged to think in any particular way at all.

7.2.1.2 Other methods of encouraging deliberative Type 2 processing

It is worth noting that, apart from ensuring that respondents are cognitively strained, other methods of encouraging deliberative Type 2 processing comprise influencing respondents’ bad mood, giving respondents a type of task that requires more rational judgements, and motivating them to make a judgement in a deliberative manner (see discussion in Chapter 2). However, manipulating respondents’ mood, particularly in an online experiment, is not likely to be successful. Likewise, the BWS experiment in this study comprises only one type of judgement (it can be debatable whether it is more intuitive or more rational) and therefore it cannot be manipulated. Finally, although it would be possible to encourage Type 2 processing through motivating respondents to conduct the BWS task online in a more deliberative way (e.g. by asking them to justify their choices that would encourage them to think more about their choice decisions), trade-offs needed to be made between the breadth of the research (i.e. number of treatments) and its depth (i.e. number of participants in each treatment). As it was important to obtain results from a sufficient number of participants in each treatment for the purpose of a high statistical power of results, only one method of encouraging Type 2 processing was applied in this research. Yet, as discussed earlier, Type 2 processing was also determined by assessing response time.

7.2.1.3 Hypotheses

In order to examine the objectives of Stage Two, a combination of new hypotheses and repetition of the hypotheses from Stage One was applied.

First, recall that the exploratory Study One in Stage One did not detect a mere attention effect of any logo on consumer preferences as the result of the New Pack! logo appeared to be non-significant. Therefore, it is important to first detect if the inclusion in packaging of a ‘dummy’ logo, which does not convey any ethical claim, results in higher consumer preferences for the endorsed product. Consequently, addressing RQ 4, this research hypothesised that:

H₉: A non-ethical ‘dummy’ logo has a greater positive effect on consumer preference than no cobranded logo.

Furthermore, Stage Two of this research sought to examine the effects of ethical claims and ethical logos on consumer preferences. It is important to confirm results from Stage One on the effects of the familiar and unfamiliar ethical logos on consumer preferences using larger sample and more robust methods of data collection and manipulating Type 1 and Type 2 processing. First, to examine the effects of the Fairtrade logo on consumer preferences that arise from the effects of mere attention to an element of packaging, ethical claims and a mere exposure to a familiar stimulus, H₁ was repeated from Stage One. Recall that H₁ addressed RQ4 and stated that:

H₁: The Fairtrade logo has a greater positive effect on consumer preference than no cobranded logo.

Note that investigation of the Fairtrade effects in H₁ did not control the effect of mere attention to a logo as an element of packaging. The following hypothesis, contributing to RQ 5, addressed this issue and examined the effects of the Fairtrade logo that result from ethical claims and a mere exposure to a familiar stimulus.

H₁₀: The Fairtrade logo has a greater positive effect on consumer preference than a non-ethical ‘dummy’ logo.

Furthermore, to capture the effects of ethical claims on consumer preferences (and consequently, to complete the assessment of RQ 5), this research hypothesised that:

H₁₁: An ethical ‘dummy’ logo has a greater positive effect on consumer preference than a non-ethical ‘dummy’ logo.

Note that H₁₁ contrasted an ethical ‘dummy’ logo with a non-ethical ‘dummy’ logo rather than with the No Logo condition. Likewise in H₁₀, this aimed to control for the effect of mere attention to a logo as an element of packaging.

Consequently, to examine the effect of mere exposure to the familiar stimulus of the Fairtrade brand, but excluding the effects of (i) mere attention to a logo as an element of packaging and (ii) ethical claims, H₃ was repeated from Stage One. Recall that H₃ contributed to RQ 4 and RQ 6 and stated that:

H₃: The Fairtrade logo has a greater positive effect on consumer preference than an ethical ‘dummy’ logo.

Finally, the research in Stage Two intended to confirm findings from Stage One on the effects of heuristic Type 1 and deliberative Type 2 processing on consumer preferences for ethically endorsed products. Recall, that research in Stage One found that deliberative thinking about ethical logos, both familiar and unfamiliar, increased consumer preferences for the endorsed products. To examine whether deliberation increases consumer preferences for ethical logos, the following hypotheses, contributing to RQ 1 and RQ2, were developed:

H_{12a}: The Fairtrade logo has a greater positive incremental effect on consumer preference under deliberative Type 2 thinking manipulated by Cognitive Strain than under heuristic Type 1 thinking manipulated by Time Constraints.

H_{12b}: The Fairtrade logo has a greater positive incremental effect on consumer preference for consumers with Long Response Time (Type 2 processing) than for consumers with Short Response Time (Type 1 processing).

H_{13a}: An ethical ‘dummy’ logo has a greater positive incremental effect on consumer preference under deliberative Type 2 thinking manipulated by Cognitive Strain than under heuristic Type 1 thinking manipulated by Time Constraints.

H_{13b}: An ethical ‘dummy’ logo has a greater positive incremental effect on consumer preference for consumers with Long Response Time (Type 2 processing) than for consumers with Short Response Time (Type 1 processing).

Furthermore, as hypothesised in Stage One, the effect of deliberation on consumer preferences for ethical endorsing logos should be greater for the familiar Fairtrade logo than for an unfamiliar logo of similar ethical meaning. However, the present research in Stage One found otherwise. Consequently, the research in Stage Two aims to confirm findings from Stage One by disconfirming the strength-based theory of brand retrieval from memory (see e.g. J. R. Anderson & Bower, 1973; Keller, 1993). As such, addressing RQ 3, this research hypothesised that:

H_{14a}: The positive incremental effect under deliberative Type 2 thinking manipulated by Cognitive Strain than under heuristic Type 1 thinking manipulated by Time Constraints is greater for the familiar Fairtrade logo compared with the unfamiliar ethical ‘dummy’ logo.

H_{14b}: The positive incremental effect of the logo for consumers with Long Time Response (Type 2 processing) over consumers with Short Time Response (Type 1 processing) is greater for the familiar Fairtrade logo compared with the unfamiliar ethical ‘dummy’ logo.

Note that H_{12a}, H_{13a} and H_{14a} contrast the impact of Type 2 and Type 1 processing on familiar and unfamiliar ethical logos applying manipulations of processing types, while H_{12b}, H_{13b} and H_{14b} do so by determining processing types based on time response.

7.2.2 Experimental approach and data collection

As previously noted, Stage Two applied BWS experiment and CA to collect and analyse data and used 200-g packs of bean coffee as stimuli. The design comprised the same attributes as in Stage One, namely brand, price, and logo, with four levels of each attribute. In Stage Two, data were collected online using the Qualtrics software.

7.2.2.1 Design of stimuli

7.2.2.1.1 Brands and confounds on coffee packaging

Brand names used in Stage Two were Robert Harris, Karajoz, Caffe L'affare, and Havana, and, as mentioned earlier, their selection was based on whether they had the same pack shape (consistency), whether they all offered coffee beans, and whether the packaging did not contain any salient confounding factors the removal of which would raise respondents' suspicions about stimuli manipulations. Additionally, market shares of these brands spanned from large to small (see Table 22 in Appendix 1).

Coffee packs contain several types of information that aim to influence consumer preferences. It is common to see information about coffee flavour (e.g. chocolate or cinnamon), type (Arabica or Robusta), freshness of product, its strength, and medal awards, among others on coffee packs. If included in the stimuli, this kind of information is likely to impact on respondents' choice decisions and may confound results of the study. Therefore, it was critical to eliminate any additional information from the packs or reassure that such information is presented consistently on each coffee pack to which respondents were exposed. In designing the stimuli used in Stage 2, several confounds were eliminated from the original coffee packaging using the Adobe Photoshop CC (version 14.2.1 × 32) software. The eliminated confounding information included, for example the wordings ARABICA GOLD (Robert Harris) and Organic (Havana) or the medal award (Karajoz). Figures 7 and 8 present original and altered coffee packs respectively.



Figure 7: Original coffee packs.



Figure 8: Altered coffee packs used in Stage Two.

7.2.2.1.2 Price

Price levels used in Stage Two were \$5.99, \$6.79, \$7.49, and \$8.39 and, compared with the price levels used in Stage One, more precisely reflected the actual range of market prices. As mentioned earlier, the choice of price points was based on the reference prices, and most common price endings with approximate 20% variation. Thorough consideration of price points and brand names aimed to replicate the real coffee offerings found in major New Zealand retailers.

7.2.2.1.3 Logo

The four levels of the logo attribute were No Logo, 25 Years of Experience, the Fairtrade and the Exchange Ethics (see Figure 9). The use of the 25 Years of Experience logo aimed to examine whether inclusion of a non-ethical logo into packaging increases consumer preferences for the endorsed product (recall that Study One did not detect this relationship) and to investigate the effects of the ethical logos arising from ethical claims and mere exposure to the familiar stimulus, while controlling for the effect of mere attention to a logo as an element of packaging. To ensure the consistency among logos, the 25 Years of Experience logo matched the ethical logos on the image size. Similarly to Studies Two to Five, price points were located below the packs, while logos were placed in the top right hand corner of the packs.



Figure 9: Levels of the logo attribute used in Stage Two.

7.2.2.2 Experimental design

As in Stage One, brand and logo attributes were treated as categorical variables while price was estimated using a linear model. The 4×4×4 design yielded 64 combinations. As discussed in Chapter 5, experimental designs in BWS can comprise full factorials with blocking profiles into versions or fractional factorials (OMEFs) with BIBDs. This research applied the latter

option. The ultimate decision about the choice of an OMEP with a BIBD was made after considering the four following aspects: (i) attributes and their associated levels used in the research, (ii) increased statistical power of the results, (iii) complexity of the research, and (iv) current trends in choice modelling.

First, as noted by Louviere (1988) and Louviere et al. (2015), if only main effects are required, a fractional factorial design can be used. This research seeks to examine the effects of various logo, brand and price conditions on consumer choice and does not aim to investigate any interaction effects. Moreover, as discussed in Stage One, this research assumes that interaction effects are equal to zero as there is no specific reason to believe that interaction effects may play a considerable role in the context of this research. Second, as in Stage One, the use of an OMEP allows for each respondent to evaluate the entire set of profiles generated, which in turn results in an increased statistical power of the results. The use of an OMEP has therefore a significant advantage over a full factorial design, in which each respondent would evaluate one block of profiles only and the results from several respondents would then need to be combined to create an aggregated model. Third, as this research comprises three treatments, the use of a full factorial design with blocking profiles into versions would result in several BWS setups. For example, if this research creates four versions of 16 profiles (64 possible different combinations of attributes' levels), it would need to administer 12 different BWS setups, four in each of the three treatments. The complexity of the design leaves room for human error, on both the part of the researcher and the panel provider. Finally, there is a growing trend to apply OMEPs and BIBDs in both academic and commercial research (e.g. Lee, Soutar, & Louviere, 2008; Louviere, Lings, et al., 2013; Louviere et al., 2008; Potoglou et al., 2011); the use of full factorials is less common.

7.2.2.2.1 OMEP and BIBD

Prior to generating an OMEP, attributes' levels were 'dummy' coded, as detailed in Table 9.

Table 9: Attributes' levels with corresponding 'dummy' codes

Attribute	Attribute level	'Dummy' code
Price	\$5.99	1
	\$6.79	2
	\$7.49	3
	\$8.39	4
Brand	Robert Harris	1
	Karajoz	2
	L'affare	3
	Havana	4
Logo	No Logo	1
	25 Years of Experience	2
	Fairtrade	3
	Exchange Ethics	4

An OMEP of 16 profiles in Stage Two was generated using SPSS Statistics (Version 22). Subsequently, a 'find and replace' procedure was applied to replace the attributes levels' 'dummy' codes with the attributes levels' labels. Tables 10 and 11 present 16-profile OMEPs with 'dummy' coded and labelled attributes' levels respectively.

Table 10: 16-profile OMEP with 'dummy' coded attributes' levels

Profile number	Price	Brand	Logo
1	2	2	4
2	2	1	2
3	4	1	4
4	3	2	1
5	3	1	3
6	1	3	4
7	1	1	1
8	1	4	2
9	3	4	4
10	1	2	3
11	4	2	2
12	4	4	3
13	2	4	1
14	3	3	2
15	4	3	1
16	2	3	3

Table 11: 16-profile OMEP with labelled attributes' levels

Profile number	Price	Brand	Logo
1	6.79	Karajoz	Exchange Ethics
2	6.79	Robert Harris	25 Years of Experience
3	8.39	Robert Harris	Exchange Ethics
4	7.49	Karajoz	No Logo
5	7.49	Robert Harris	Fairtrade
6	5.99	L'affare	Exchange Ethics
7	5.99	Robert Harris	No Logo
8	5.99	Havana	25 Years of Experience
9	7.49	Havana	Exchange Ethics
10	5.99	Karajoz	Fairtrade
11	8.39	Karajoz	25 Years of Experience
12	8.39	Havana	Fairtrade
13	6.79	Havana	No Logo
14	7.49	L'affare	25 Years of Experience
15	8.39	L'affare	No Logo
16	6.79	L'affare	Fairtrade

As can be seen in Tables 10 and 11, every level of each of the three coffee pack attributes occurs the same number of times (four) in the orthogonal design. For example, the Karajoz coffee brand occurs in profiles 1, 4, 10, and 11.

The next step in designing the choice experiment was to choose a statistical design to construct comparison sets. As noted earlier, this research used a BIBD, the significant advantage of which is that it ensures each of the attributes' levels occurs the same number of times across all sets and co-occurs the same number of times with the other attributes' levels (see e.g. Flynn & Marley, 2014). Often, there are several possible BIBDs for a given number of profiles. As this research applies OMEP of 16 profiles, Table 12 details possible BIBDs for 16 profiles.

Table 12: BIBDs for 16 profiles

Profiles	Sets	Repetitions per profile	Set size	Pair frequency	Type
16	20	5	4	1	BIB
16	16	6	6	2	Youden
16	24	9	6	3	BIB
16	16	10	10	6	Youden
16	80	15	3	2	BIB
16	48	15	5	4	BIB
16	30	15	8	7	BIB

Note. Adapted from Louviere, Flynn, Huynh, Fifer, and Frischknecht (2013)

In making a decision on the most appropriate BIBD, several aspects should be considered. Trade-offs need to be made between the number of sets (the fewer the better), repetitions per profile (the more the better), set size (not practical to have more than six profiles-per-set design), pair frequency (the higher the better), and the type of design (BIB or Youden). From a pragmatic point of view, a number of sets and set size are the two most important aspects that should be considered. Respondents may experience boredom and may not pay much attention to their choice evaluations if the number of sets is large. Likewise, too many profiles in a set may result in too much cognitive burden placed on respondents. Higher repetitions per profile and pair frequency are not critical in making decisions about the most appropriate design and can be traded-off for a smaller set of profiles and set size. Finally, the Youden type of design (see e.g. in Gupta, 2005; Raghavarao, 1988) is superior to the BIB type as it allows for controlling the order of profiles in sets and ensures that no profile appears in exactly the same position across all sets. However, Louviere, Lings, et al. (2013) argue that the order of profiles in sets does not substantially impact on outcomes and therefore it should not be a matter of concern for the researcher.

Given the above deliberations, the two following designs were initially considered: BIB 20.5.4.1 and Youden 16.6.6.2 (the first and second designs in Table 12 respectively). Youden design 16.6.6.2 has an advantage over the BIBD 20.5.4.1 as it allows for fewer sets (16) to be evaluated by respondents, higher repetitions per object (six), and higher pair frequency (two); however, it also has the significant disadvantage of a larger set size (six). This drawback is particularly important given the pictorial profiles used as stimuli in this research and the online mode of data collection. If BWS tasks are administrated online, the size of pictorial stimuli may not allow respondents to see all profiles on a computer screen or, alternatively, the pictorial profiles would need to be of small dimensions. This may significantly affect the ability of respondents to examine the stimuli. Therefore, the ultimate decision in Stage Two was to apply the BIBD 20.5.4.1 with 20 sets, five repetitions per profile, set size of four, and each pair appearing only once across all sets. The BIBD 20.5.4.1 for 16 profiles is presented in Table 13.

Table 13: BIBD 20.5.4.1 for 16 profiles

Set number	Profile number			
1	2	5	8	14
2	1	5	6	7
3	5	9	12	16
4	4	5	11	15

5	3	5	10	13
6	1	2	3	4
7	2	6	9	11
8	2	7	13	16
9	2	10	12	15
10	1	8	9	10
11	6	8	13	15
12	4	7	8	12
13	3	8	11	16
14	1	14	15	16
15	3	6	12	14
16	7	10	11	14
17	4	9	13	14
18	1	11	12	13
19	4	6	10	16
20	3	7	9	15

Note. Adapted from Louviere, Flynn, et al. (2013)

As can be seen in Table 13, each profile appears five times in the design, for example, profile number 2 appears in sets one, six, seven, eight, and nine. This allows research participants to evaluate each level of each attribute 20 times (each attribute level occurs five times in the OMEP and each profile occurs four times in the BIBD). Also, note that any two profiles are paired only once, for example, profiles 2 and 5 are paired in the first set only. Consequently, comparison sets were created using the OMEP and BIBD. Tables 14 and 15 detail the BIB 20.5.4.1 designs for 16-profiles OMEP with ‘dummy’ coded and labelled attributes’ levels respectively.

Table 14: BIBD 20.5.4.1 for 16-profiles OMEP – ‘dummy’ coded attributes’ levels

Profile no	Profiles	Profile 1			Profile 2			Profile 3			Profile 4		
		P	B	L	P	B	L	P	B	L	P	B	L
1	2,5,8,14	2	1	2	3	1	3	1	4	2	3	3	2
2	1,5,6,7	2	2	4	3	1	3	1	3	4	1	1	1
3	5,9,12,16	3	1	3	3	4	4	4	4	3	2	3	3
4	4,5,11,15	3	2	1	3	1	3	4	2	2	4	3	1
5	3,5,10,13	4	1	4	3	1	3	1	2	3	2	4	1
6	1,2,3,4	2	2	4	2	1	2	4	1	4	3	2	1
7	2,6,9,11	2	1	2	1	3	4	3	4	4	4	2	2
8	2,7,13,16	2	1	2	1	1	1	2	4	1	2	3	3
9	2,10,12,15	2	1	2	1	2	3	4	4	3	4	3	1
10	1,8,9,10	2	2	4	1	4	2	3	4	4	1	2	3
11	6,8,13,15	1	3	4	1	4	2	2	4	1	4	3	1
12	4,7,8,12	3	2	1	1	1	1	1	4	2	4	4	3
13	3,8,11,16	4	1	4	1	4	2	4	2	2	2	3	3
14	1,14,15,16	2	2	4	3	3	2	4	3	1	2	3	3
15	3,6,12,14	4	1	4	1	3	4	4	4	3	3	3	2
16	7,10,11,14	1	1	1	1	2	3	4	2	2	3	3	2
17	4,9,13,14	3	2	1	3	4	4	2	4	1	3	3	2
18	1,11,12,13	2	2	4	4	2	2	4	4	3	2	4	1
19	4,6,10,16	3	2	1	1	3	4	1	2	3	2	3	3
20	3,7,9,15	4	1	4	1	1	1	3	4	4	4	3	1

Note. P – Price, B – Brand, L – Logo

Table 15: BIBD 20.5.4.1 for 16-profiles OMEP – labelled attributes' levels

Profile no	Profiles	Profile 1			Profile 2			Profile 3			Profile 4		
		P	B	L	P	B	L	P	B	L	P	B	L
1	2,5,8,14	6.79	RH	25YoE	7.49	RH	FT	5.99	Hv	25YoE	7.49	Lf	25YoE
2	1,5,6,7	6.79	Kj	EE	7.49	RH	FT	5.99	Lf	EE	5.99	RH	NL
3	5,9,12,16	7.49	RH	FT	7.49	Hv	EE	8.39	Hv	FT	6.79	Lf	FT
4	4,5,11,15	7.49	Kj	NL	7.49	RH	FT	8.39	Kj	25YoE	8.39	Lf	NL
5	3,5,10,13	8.39	RH	EE	7.49	RH	FT	5.99	Kj	FT	6.79	Hv	NL
6	1,2,3,4	6.79	Kj	EE	6.79	RH	25YoE	8.39	RH	EE	7.49	Kj	NL
7	2,6,9,11	6.79	RH	25YoE	5.99	Lf	EE	7.49	Hv	EE	8.39	Kj	25YoE
8	2,7,13,16	6.79	RH	25YoE	5.99	RH	NL	6.79	Hv	NL	6.79	Lf	FT
9	2,10,12,15	6.79	RH	25YoE	5.99	Kj	FT	8.39	Hv	FT	8.39	Lf	NL
10	1,8,9,10	6.79	Kj	EE	5.99	Hv	25YoE	7.49	Hv	EE	5.99	Kj	FT
11	6,8,13,15	5.99	Lf	EE	5.99	Hv	25YoE	6.79	Hv	NL	8.39	Lf	NL
12	4,7,8,12	7.49	Kj	NL	5.99	RH	NL	5.99	Hv	25YoE	8.39	Hv	FT
13	3,8,11,16	8.39	RH	EE	5.99	Hv	25YoE	8.39	Kj	25YoE	6.79	Lf	FT
14	1,14,15,16	6.79	Kj	EE	7.49	Lf	25YoE	8.39	Lf	NL	6.79	Lf	FT
15	3,6,12,14	8.39	RH	EE	5.99	Lf	EE	8.39	Hv	FT	7.49	Lf	25YoE
16	7,10,11,14	5.99	RH	NL	5.99	Kj	FT	8.39	Kj	25YoE	7.49	Lf	25YoE
17	4,9,13,14	7.49	Kj	NL	7.49	Hv	EE	6.79	Hv	NL	7.49	Lf	25YoE
18	1,11,12,13	6.79	Kj	EE	8.39	Kj	25YoE	8.39	Hv	FT	6.79	Hv	NL
19	4,6,10,16	7.49	Kj	NL	5.99	Lf	EE	5.99	Kj	FT	6.79	Lf	FT
20	3,7,9,15	8.39	RH	EE	5.99	RH	NL	7.49	Hv	EE	8.39	Lf	NL

Note. P – Price, B – Brand, L – Logo, RH – Robert Harris, Kj – Karajoz, Lf – L'affaire, Hv – Havana, NL – No Logo, 25YoE – 25 Years of Experience, FT – Fairtrade, EE – Exchange Ethics

7.2.2.3 Dominance issue

As discussed earlier, BIBD reassures that there is no duplicate issue in the design, i.e. no profile appears multiple times in any given set. However, the problem of dominance may occur, particularly if one of the attributes is price or cost (Crabbe & Vandebroek, 2012). The problem of dominance in this research may arise if attribute levels in two or more profiles in a given set are equal, except for the price level. For example, if two profiles in a set comprise the same brand and the same logo condition, but vary in respect to price, respondents are likely to choose the profile with the lower price. As a result, consumer preferences for the brand and logo levels that comprise a profile with the lower price are likely to be inflated. Tables 14 and 15 show that such a situation *does not* take place. Therefore, it is reasonable to assume that the dominance problem does not exist in BWS design applied in this research.

Note that one might argue that the combination of the lowest price and the Fairtrade logo may potentially cause dominance issue, given the results from Stage One of highest respondents' preferences for these attribute levels. Therefore, profile number 10 in sets five, nine, 10, 16 and 19 (see Tables 14 and 15) could potentially dominate other profiles in their respective sets (recall that there are five repetitions per profile). This would result in overstated preferences for the brand, namely Karajoz, that form the profile with the \$5.99 price level and the Fairtrade logo. Application of the foldover and transposition techniques (see in Louviere et al., 2000) was not likely to improve the design, given the orthogonality of the design, i.e. each level of each attribute appears with every level of every other attribute in the OMEP and therefore mirror imaging the original design or shifting columns would always result with some profile comprising the lowest price and the Fairtrade logo. Simulation of both foldover and transpositioning confirmed this anticipation, therefore, the original OMEP was used to develop the BIBD.

The next step was to embed comparison sets into a survey. Figure 10 presents an example of the BWS task.

Set 2

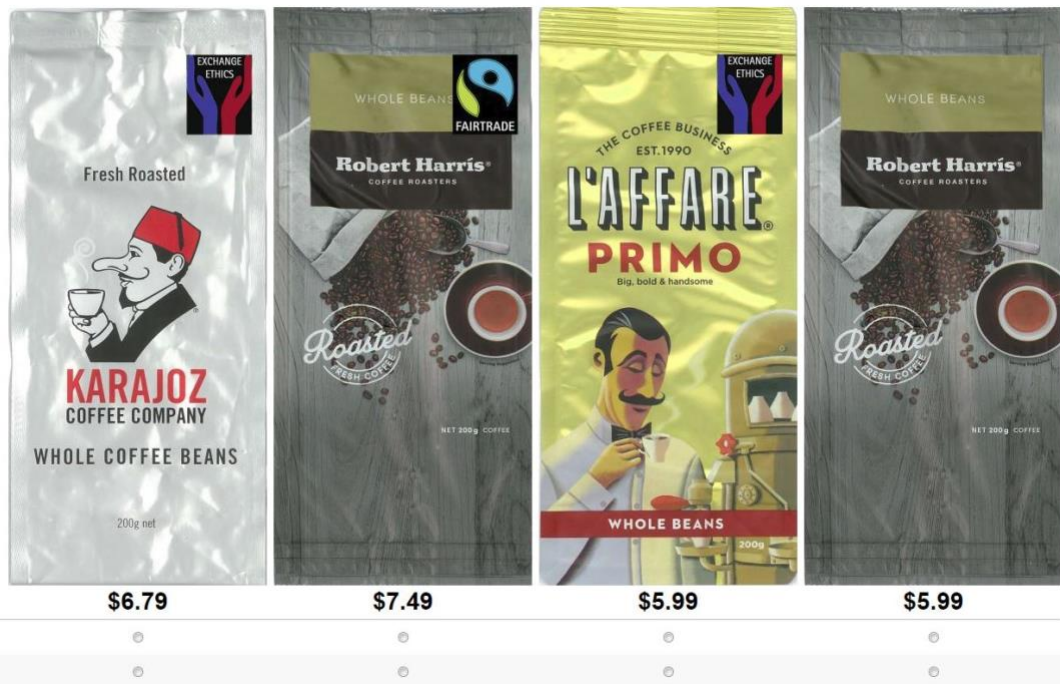


Figure 10: Example of a BWS task - a set of profiles used in Stage Two.

7.2.3 Survey

The survey comprised the main block of questions containing 20 BWS sets of profiles and an additional block with questions about demographic characteristics. The questions had the ‘force response’ option activated to ensure the completeness of data.

7.2.3.1 Time taken to conduct the BWS tasks and the number of clicks

Additionally, the survey measured time taken to conduct each BWS task and the number of clicks used to complete each task. Regarding the response time, the survey specifically gathered information on the first click time, the last click time, and the submit time in each BWS task, which was further used in data cleaning, assessing the effectiveness of manipulations in information processing, and in analysis of the results.

7.2.4 Method of analysis

Data analysis comprised a sequence of steps and was conducted using the SPSS Statistics (Version 24) software package and Excel spreadsheets. Specifically, these steps were to:

- (i) clean data to conduct consistency checks, i.e. remove extreme values (outliers) and to examine whether there were no data errors (Malhotra, 2010).
- (ii) split the sample in the control group based on response time to create treatment 1 (Type 1 – Short Response Time) and treatment 4 (Type 2 - Long Response Time).
- (iii) obtain Best and Worst frequencies for each participant.
- (iv) calculate the Best minus Worst values for each of the 16 profiles examined.
- (v) rank order the profiles from the most to the least preferred at the aggregate level.
- (vi) obtain part-worth utilities for each attribute's level via CA.
- (vii) compare test versus control conditions within each treatment.
- (viii) compare the relative effect sizes between treatments.

As discussed earlier, the use of z -scores, treated as effect sizes and expressed as standardised mean utilities, makes it possible to overcome the potential problem of scale differences between treatments. Researchers, for example Borenstein, Hedges, Higgins, and Rothstein (2009), Coe (2002) and J. Cohen (1988), recommend the use of effect sizes in situations where raw mean differences (or utilities) are not useful indexes derived from an application of latent scales (such as a 'preference' scale) with no fixed zero point or scales that are less known, e.g. proprietary scales with limited distribution. The use of effect sizes also allows statistical testing as t -ratios, i.e. effect sizes are often used in BWS data analysis for testing the statistical significance of results (see e.g. Beck, Rose, & Greaves, 2017; Flynn, Louviere, Peters, & Coast, 2007; Potoglou et al., 2011). Note that contrary to the data analysis in Stage One, it was not possible to compute z -scores in Excel in Stage Two. This is due to the application of BIBD and BWS rather than ranking-based CA and consequently, generating an aggregate model in each treatment rather than individual models. Therefore, in order to calculate z -scores, part-worth utility estimates were divided by their associated pooled standard errors, as recommended by, for example Borenstein et al. (2009).

Whereas repeated hypotheses H_1 to H_3 and newly developed hypotheses H_9 , H_{10} and H_{11} can be examined by comparing the effect sizes within each treatment, hypotheses H_{12a} to H_{14b} require comparisons of the effect sizes between the treatments.

7.3 Pilot study of Stage Two

7.3.1 Objectives

An objective for the Pilot study of Stage Two was to examine face validity of the study and to test the effectiveness of logos' and processing types' manipulations before collecting data for the main study from a large sample. Note that since it was not the aim of the Pilot study in Stage Two to examine consumer preferences for the logos under varying levels of deliberation, respondents in the first group (treatments 1 and 4) are considered jointly.

7.3.2 Sample size and data collection

The Pilot study used a convenience sample of 57 participants recruited from university environment (non-academic employees) with 20, 16, and 21 respondents randomly assigned to the control group, treatment 2, and treatment 3 respectively.

7.3.3 Results

7.3.3.1 Face validity of results

The aggregate results of the CA from Stage Two's Pilot study, i.e. the mean utilities of each attribute level together with corresponding standard errors, are presented in Table 23 in Appendix 1. The results show that part-worth utilities are in the expected order for price (highest utilities of lowest price) and logo (higher utilities of cobranded options) in the control group and the two treatments. Part-worth utilities of brand levels are less steady, i.e. the greatest utilities of a larger brand, Caffè L'affare, in the control group and the two treatments, yet it would be expected to see the second greatest utilities for Robert Harris, but this is not a case for the control group and treatment 3 as Havana appeared to be preferred over Robert Harris. However, this does not seem to be a sign of a lack of face validity and is likely to be an effect of a small sample size in the Pilot study. Overall, it can be concluded that the study has face validity.

7.3.3.2 Manipulation checks

7.3.3.2.1 Logo manipulations

The familiar Fairtrade logo had the greatest part-worth utilities across the control group and the two treatments (see Table 23 in Appendix 1). In the control group (no manipulation of information processing) and treatment 3 (encouragement of Type 2 processing), the unfamiliar Exchange Ethics logo had the second greatest utilities, followed by the non-ethical 25 Years of Experience logo and the No Logo condition. In treatment 2, the part-worth utilities of unfamiliar ethical and non-ethical logos were equal. This could suggest that when respondents were encouraged to think fast, they may have found the non-ethical endorsing logo relatively attractive and that this attractiveness compensated for the lack of ethical appeal. Overall, preferences for the logo conditions were as expected, with the greatest utilities for the familiar logo and the smallest utilities for the No Logo condition, suggesting that manipulation checks were successful.

7.3.3.2.2 Processing types' manipulations

There is no established method of assessing the effectiveness of manipulations of processing types, therefore this study primarily looked at time taken to evaluate 20 choice sets. It was reasonable to assume that the shortest time taken to evaluate 20 choice sets would be for respondents in treatment 2 (encouragement of Type 1 thinking via time constraints), followed by the control group (no manipulation of information processing), and then treatment 3 (encouragement of Type 2 thinking via cognitive multi-tasking). Analysis of time taken shows that this direction is as expected, i.e. the mean (a preferred metric for a study of small sample size, see e.g. Sauro, 2013) times taken to evaluate 20 BWS choices were 249 seconds, 446 seconds, and 517 seconds for the respondents in treatment 2, the control group, and treatment 3 respectively (see Table 24 in Appendix 1). Additionally, in treatment 3 respondents were asked to remember three numbers, and 19 out of 21 respondents provided correct answers, implying they were remembering these numbers while conducting the BWS tasks. Thus, they were likely to be cognitively strained during the evaluating choice sets. Overall, it can be concluded that processing types' manipulations were successful.

7.4 Main study

7.4.1 Sample size, data collection, data cleaning and sample structure

7.4.1.1 Sample size

In order to determine sample size, Orme (2010) recommends that researchers should look at several issues, such as a construct to be measured (e.g. a specific part-worth utility or a preference for a product), the number of conjoint questions, level of certainty (e.g. 95% confidence), size of population measured, whether subsets of population will be compared, how homogenous the market is, and the size of the budget allocated for the research. Considering CA and BWS, it is common to see sample sizes of 75 participants (McCullough, 2002) or between 200 to 300 participants ("How to use Conjoint", n. d.). The choice of sample size should also address a potential problem of low statistical power that may threaten statistical validity of results (see also Chapter 5). As sample size increases, statistical power increases and differences between groups are easier to detect (Hair, Anderson, Tatham, & Black, 1998). Therefore, in order to ensure the robustness of a study that aims to detect significant differences between groups, Orme (2010) suggests accommodating at least 200 respondents per group. However, as Hair et al. (1998) postulate, the researcher needs to be careful with determining sample size as increasing sample size can also result in 'too much' power, meaning that smaller and smaller effects can be found statistically significant (eventually, almost any effect can be found significant at a very large sample). The following list shows sample sizes and the corresponding smallest percentage differences between two groups that is detectable as statistically significant at $p=.05$

- 100 - approximately 14% difference
- 200 - approximately 10% difference
- 300 - approximately 8% difference
- 400 - approximately 7% difference
- 500 - approximately 6% difference

Given the above deliberations, this research initially used 1660 participants in total, split into three groups of 817, 427, and 416 randomly assigned to group 1 (which was split *post hoc* to provide treatments 1 and 4), treatment 2, and treatment 3 respectively. The sample size in the first group was approximately doubled compared with treatments 2 and 3 and this aimed to

further split the first group into two halves to create two treatments with short and long response times. Consequently, as noted earlier, the numbers of respondents in each of the four treatments were similar, which addresses the potential problem of statistical conclusion validity (see discussion in Chapter 5).

7.4.1.2 Data collection

Data were collected online in June/July 2017 from a sample of both coffee buyers and non-buyers provided by a commercial entity Research Now, an organisation that supplies panels of respondents for an academic and commercial research. Research Now offers census balance samples with over 75,000 panellists in New Zealand. This ensured that the recruitment bias was minimised. Similarly, coverage bias was not likely to be considerable as over 90% of New Zealand population have access to the internet (Gibson, Miller, Smith, Bell, & Crothers, 2013). Additionally, Research Now applied region, age, gender, and ethnicity quotas to ensure the sample was representative of the overall New Zealand population. Respondents were financially rewarded for their participation in the survey and while it may be a concern that online panel participants may complete the survey only for the associated reward, research has found that the provision of rewards for participation has no impact on the response quality (Goritz, 2004).

7.4.1.3 Data cleaning

As discussed earlier, it is necessary to ensure high quality data for analysis, i.e. to clean data before analysing them. The procedure of data cleaning comprised two steps, i.e. (i) removing participants for whom any data errors can be observed, and (ii) removing participants who may have not honestly responded to the survey.

7.4.1.3.1 Step 1 – Data errors

Due to data errors, eight participants were removed, including five, two, and one from the joint treatments 1 and 4, treatment 2, and treatment 3, respectively. Analysis of data revealed that in some cases, the submission page time equalled to zero, the difference between the submission page time and the last click time was negative or the number of clicks in a given BWS was less

than 2 (recall that in any BWS task, respondents must click at least twice to choose the most and least preferred options). Removing these data points resulted in the sample size being 812, 425, and 415 in the joint treatments 1 and 4, treatment 2, and treatment 3, respectively.

7.4.1.3.2 Step 2 – Honesty of responses

Furthermore, data were trimmed based on genuineness, or seriousness of respondents answering the survey. Here, the exploratory data analysis was undertaken using a variety of methods.

7.4.1.4 Data distribution

The basis for the analysis was to examine the time taken to conduct the 20 BWS tasks. In order to do this, a new variable called `sum_submit` was computed as a sum of 20 submit page times. Consequently, the `sum_submit` data were sorted from the smallest to the greatest point. Furthermore, two approaches to trim data points were undertaken.

The first approach was to apply statistical methods, such as to (i) conduct Shapiro-Wilk tests of normality, (ii) construct histograms (see e.g. Razali & Wah, 2011) and (iii) construct box and whisker plots (see e.g. McGill, Tukey, & Larsen, 1978). Shapiro-Wilk tests and histograms revealed that in each of the three conditions, time taken data were not normally distributed, but rather positively skewed (tail points to the right), i.e. some participants took longer time to conduct the BWS tasks. This is a common characteristic of time tasks, see e.g. Heathcote, Popiel, and Mewhort (1991) and Sauro (2010). To further examine the time taken data distribution, box and whisker plots were constructed. Box and whisker plots present distribution of population data split into four quartiles (McGill et al., 1978). Since quartiles are insensitive to outliers and present information about the centre point and spread, they are a preferred method of analysing asymmetric or irregularly shaped distributions over the mean and standard deviation (Krzywinski & Altman, 2014). To construct the plots, the median metric was used. This metric is a preferred (over the mean) indicator of the average time recommended for sample size greater than 25 as one long task time may considerably skew the mean and thus make it a poor measure of the middle point (Sauro, 2013). Analysis of the box and whisker plots confirmed observations from histograms, i.e. long ‘whisker’ of the 4th quartile (25 percent

of respondents who took longer time to conduct the BWS) meaning that data are positively skewed. Box and whisker plots that show the quartiles of time data distribution (lower and upper boxes and the two whiskers) for all three conditions before data cleaning in step 2 are presented in Figure 11 (left diagram).

As researchers often recommend applying multiple methods of data cleaning (see e.g. Rahm & Do, 2000), the second method of analysis was to use the researcher's heuristic. The experience of the researcher and the simulation of conducting the BWS tasks in this research suggest that the minimum time needed to honestly evaluate all 20 choice sets was around 60 seconds. To further assess data points to be trimmed out, the researcher observed whether there were any striking patterns in responses to BWS tasks. For example, if a research participant, who took little time to evaluate all 20 sets, chose the first profile as most preferred and the second profile as least preferred in most choice tasks, they were likely to be unserious in their approach to conduct the survey. Similarly, if for a respondent, the number of clicks in each BWS equalled 4, the respondent was not likely to be serious in undertaking the survey.

While observing data points at the lower end (shorter times), it was also important to examine data points at the upper end (longer times). As already discussed, time taken data are positively skewed, meaning that some respondents took an exceptionally long time to evaluate 20 choice sets. For example, in the joint treatments 1 and 4 condition, two respondents took over 13,000 seconds (over 3.6 hours) to answer the 20 BWS questions (see Figure 11, left diagram). An important point was to trim data symmetrically, i.e. to remove from further analysis the same number of respondents at both lower and upper end in order to maintain the same median time taken to evaluate choices.

Given the aforementioned deliberations on trimming time taken to answer the 20 BWS questions, 14 respondents (seven most extreme cases at both ends), four respondents (two most extreme cases at both ends), and six respondents (three most extreme cases at both ends) were removed from data sets in the joint treatments 1 and 4, treatment 2, and treatment 3 respectively. This resulted in a total sample of 1,628 respondents: 798 respondents in the joint treatments 1 and 4; 421 respondents in treatment 2; and 409 respondents in treatment 3 included in the final analysis. The box and whisker plots shown in Figure 11 (right diagram) present the data distribution of the final sample in each condition.

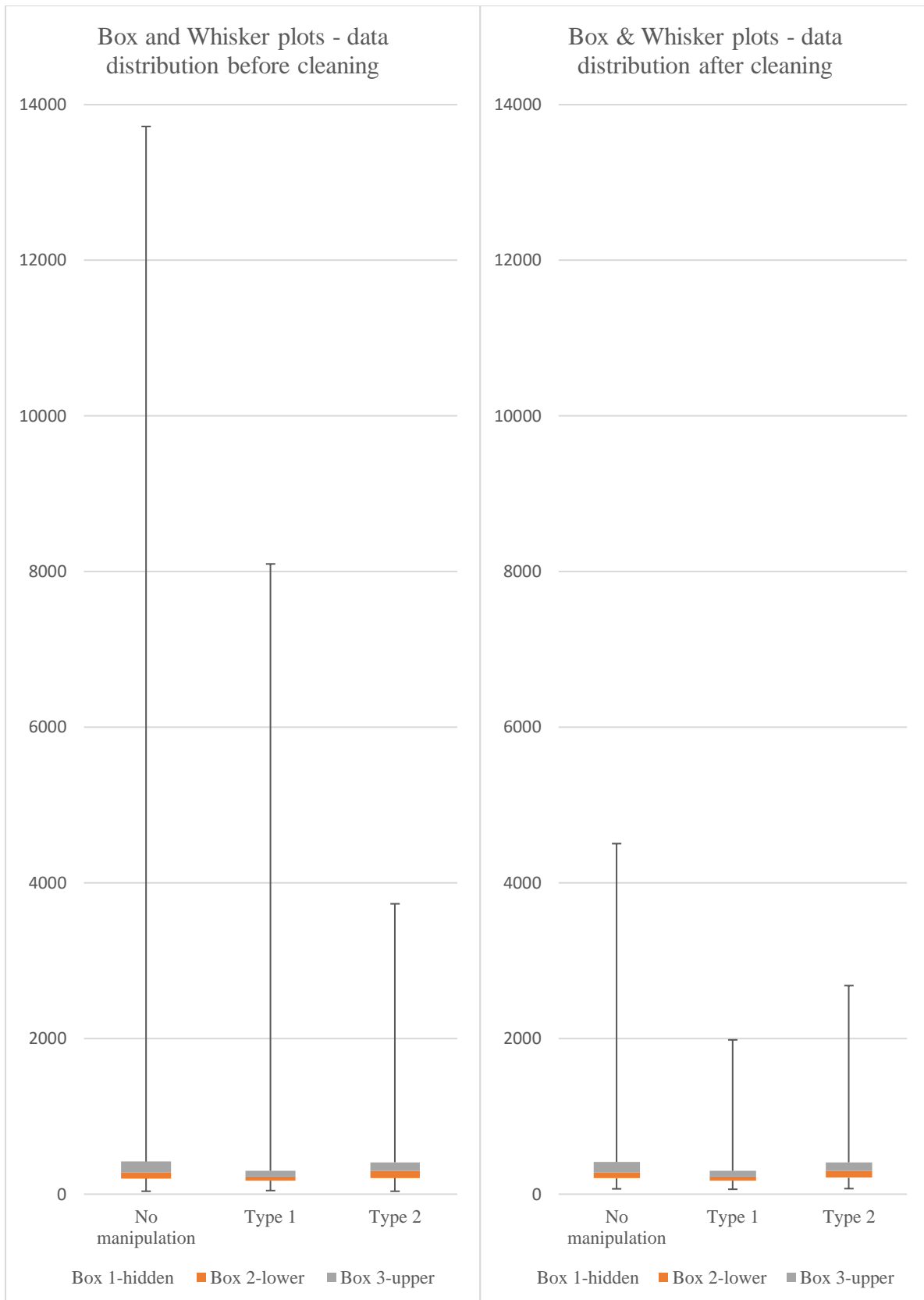


Figure 11: Box and whisker plots for the joint treatments 1 and 4 (no manipulation), treatment 2 (Type 1 manipulation), and treatment 3 (Type 2 manipulation) – data distributions before and after cleaning (left and right diagram respectively).

Finally, statistical testing was conducted to determine whether there were any statistically significant differences between the medians of time taken between the three conditions. The Kruskal-Wallis test, recommended for testing for differences between medians of non-normally distributed data (McKight & Najab, 2010), revealed that there was a statistically significant difference between the median times taken to conduct the BWS tasks by respondents assigned to the three conditions ($\chi^2 = 78.4, p = .000$) at $\alpha < .05$. The median times taken to conduct the 20 BWS tasks in treatments 1 through to 4 are presented in Table 16.

Table 16: Median time taken (in seconds) to conduct the 20 BWS tasks in Stage Two

Condition	n	Median time (seconds)
Treatment 1 – Short Response Time	399	204
Treatment 2 – Time Constraints	421	229
Treatment 3 – Cognitive Load	409	303
Treatment 4 – Long Response Time	399	415

7.4.1.5 Sample structure

As noted earlier, the survey also collected the respondents' demographic data, such as gender, age, highest education attained, household income, and the ethnic group with which respondents identified. The collection of demographic data aimed to confirm the representativeness of the sample by comparing the findings from the survey against the Statistics New Zealand data. Survey sample data and New Zealand population data are presented in Table 17.

Table 17: Demographic characteristics of the sample and New Zealand population

	<i>Sample</i>		<i>New Zealand</i>
	Frequency	Percentage	Percentage
<i>Gender</i>			
Females	964	59.2	51.3
Males	664	40.8	48.7
<i>Age</i>			
18 – 19	37	2.3	3.8*
20 – 29	335	20.6	17.8
30 – 39	324	19.9	17
40 – 49	288	17.7	19.7
50 – 59	263	16.2	18.2
60 or over	381	23.4	27.3
<i>Highest education attained</i>			
No formal qualification	146	9	20.9
School qualifications (e.g. School C, UE, Bursary)	407	25	40
Trade qualification (apprenticeship)	164	10.1	**-
Certificate or Diploma below Bachelor's Degree	344	21.1	19
Bachelor Degree	387	23.8	13.6
Post-graduate qualification	180	11.1	6.4
<i>Household yearly income (NZ\$)</i>			
10,000 or less	90	5.5	**-
10,001 – 20,000	84	5.2	-
20,001 – 40,000	292	17.9	-
40,001 – 60,000	308	18.9	-
60,001 – 80,000	229	14.1	-
80,001 – 100,000	211	13	-
100,001 – 120,000	175	10.7	-
120,001 – 140,000	95	5.8	-
Over 140,000	144	8.8	-
<i>Ethnicity</i>			
NZ of European descent	1140	70	69.9
Other European	136	8.4	**-
NZ Māori	126	7.7	14.1
Asian	228	14	11.1
Pacific Peoples	52	3.2	7
Middle Eastern/Latin American/African	29	1.8	1.1
Other	29	1.8	1.6

Note. Adapted from Statistics New Zealand ("Quickstats about national highlights," 2017)

*Statistics New Zealand groups people aged 15–19 years old together, while this research surveyed participants aged 18 and over. To calculate the approximate percentage of New Zealand population aged 18–19, the number of people aged 15–19 was divided by 5 (five years within this group) and multiplied by 2 (two groups of an interest 18 and 19 years old)

**No data on 'Trade qualification (apprenticeship)', 'Household yearly income' and 'Other European' categories available from Statistics New Zealand.

As can be seen in Table 17, the survey sample broadly represents the overall New Zealand population. The most striking differences between the sample data and the overall New Zealand population data relate to the gender split (59% 'Females' vs 41% 'Males') and skewness of education, i.e. an under-representation of low-educated people (34% 'School qualifications' or

‘No formal qualification’) and an over-representation of highly educated people (35% ‘Bachelor degree of higher’).

7.4.2 Results

Table 18 presents the aggregate results of the CA, i.e. the mean utilities of each attribute level and their corresponding standard errors from treatments 1, 2, 3, and 4.

Table 18: Attribute levels and utilities (standard errors in parentheses) - treatments 1, 2, 3 and 4 in Stage Two

Attribute	Attribute's level	Utility (SE)			
		Type 1	Type 2		
		Treatment 1 Short Response Time <i>n</i> =399	Treatment 2 Time Constraints <i>n</i> =421	Treatment 3 Cognitive Load <i>n</i> =409	Treatment 4 Long Response Time <i>n</i> =399
Logo	Fairtrade	1.50 (.49)	0.75 (.50)	0.75 (.36)	2.25 (.60)
	Exchange Ethics	0.50 (.49)	0.25 (.50)	0.25 (.36)	1.00 (.60)
	25Years of Experience	-0.25 (.49)	0.50 (.50)	0.25 (.36)	-1.00 (.60)
	No Logo	-1.75 (.49)	-1.50 (.50)	-1.25 (.36)	-2.25 (.60)
Brand	Robert Harris	2.75 (.49)	3.25 (.50)	2.75 (.36)	2.50 (.60)
	Caffe L'affare	1.25 (.49)	0.50 (.50)	-0.25 (.36)	1.75 (.60)
	Havana	-1.75 (.49)	-1.00 (.50)	-0.75 (.36)	-1.50 (.60)
	Karajoz	-2.25 (.49)	-2.75 (.50)	-2.25 (.36)	-2.75 (.60)
Price (\$)	5.99	-26.14 (1.91)	-26.19 (1.97)	-27.96 (1.39)	-23.94 (2.33)
	6.79	-29.64 (2.17)	-29.69 (2.23)	-31.70 (1.57)	-27.14 (2.64)
	7.49	-32.69 (2.34)	-32.75 (2.46)	-34.97 (1.74)	-29.94 (2.92)
	8.39	-36.62 (2.68)	-36.69 (2.76)	-39.17 (1.94)	-33.53 (3.27)

7.4.2.1 Confirmation of face validity and the effectiveness of manipulation checks

Table 18 shows that that the results for logo, brand, and price are in an expected order in each of the treatments. Respondents preferred cobranded logo options, more popular brands, and lower prices. Recall that in Stage One and the Pilot study in Stage Two, the results for brands were less steady. As can be seen in Table 18, the steady results for each attribute in the main study in Stage Two imply that the study has face validity. Regarding the logo manipulation checks, the highest utilities were associated with the Fairtrade logo, while the lowest utilities were associated with the No Logo condition. Therefore, it can be concluded that the logo manipulations checks were successful. Note, that the results are less steady for the ‘dummy’ non-ethical and ethical logos. As can be observed in Table 18, the respondents preferred the 25

Years of Experience logo over the Exchange Ethics logo in treatment 2 and had equal preferences for these two logos in treatment 3. However, this does not mean that the manipulation checks were unsuccessful; simply the respondents found the 25 Years of Experience logo relatively highly appealing. Further discussion provides plausible explanations to this inconsistency in results for the ‘dummy’ non-ethical and ethical endorsing logos.

7.4.2.2 Importance of attributes

With regards to the importance of attributes, the research participants expressed the highest relative importance for price, followed by coffee brand, and then logo, and these results were consistent across all four treatments. For the Type 1 thinking conditions, in treatment 1, the relative importance of price, brand, and logo was 56, 27, and 17 respectively, while in treatment 2, the relative importance of price, brand, and logo was 56, 32, and 12 respectively. For Type 2 thinking conditions, in treatment 3 the respondents’ overall relative preference for price was 62, for brand was 28, and for logo was 11; while in treatment 4, the relative importance of price, brand, and logo was 56, 25, and 19 respectively. The results of this study are consistent with several previous research (e.g. Burke et al., 2014; "The rise and stall", 2008), where price was often considered one of the most important attributes of ethical products that affect consumer decision making.

7.4.2.3 Manipulations of processing types – time taken to conduct the 20 BWS tasks

As discussed in the Pilot study of Stage Two, measuring time taken was used to determine whether manipulations of processing types were successful. Recall that the respondents who were encouraged to think heuristically should conduct the BWS tasks quicker than those whose information processing was not manipulated, yet participants whose processing type was not manipulated should conduct the BWS choice tasks quicker than those encouraged to think deliberately. As noted earlier, due to the sample size considerations, median rather than mean times taken were used to compare the results across the three treatments. Analysis of time data revealed that the shortest median time was 229 seconds in treatment 2, followed by 280 seconds in the first group (combining treatment 1 and treatment 4), and 303 seconds in treatment 3 (see Table 16). Additionally, over 76% of respondents in treatment 3 provided correct answers to

the question that asked for the numbers respondents had been asked to remember before they had attempted the BWS exercise. This implies that respondents in treatment 3 were cognitively burdened during the choice evaluations. Overall, at this stage of the analysis it can be concluded that the research successfully manipulated information processing types.

7.4.2.4 Analytical approach

Concerning analysis of data, as noted earlier, calculating Best minus Worst values for each of the 16 profiles allowed for the obtaining of profile rankings. Consequently, this further enabled to obtain part-worth utilities at the aggregate level through an ordinal regression. Furthermore, as discussed earlier, part-worth utilities cannot be compared between treatments due to scale factor problems, and therefore they were converted into z -scores. In order to conclude statistical significance of the results, z -values for confidence intervals were examined. For the commonly used confidence levels of .95 and .99, the z critical values are 1.96 and 2.58 respectively. Therefore, z -scores greater than 1.96 and 2.58 can be considered statistically significant results at $p < .05$ and $p < .01$ respectively.

7.4.2.5 Hypotheses tests

Table 19 presents the map of hypotheses tested in Stage Two, where processing types were manipulated.

Table 19: Map of hypotheses tests in Stage Two

	Within Treatment 1	Within Treatment 2	Within Treatment 3	Within treatment 4	Between Treatments 2 and 3	Between Treatments 1 and 4
H ₉	✓	✓	✓	✓		
H ₁	✓	✓	✓	✓		
H ₁₀	✓	✓	✓	✓		
H ₁₁	✓	✓	✓	✓		
H ₃	✓	✓	✓	✓		
H _{12a}					✓	
H _{12b}						✓
H _{13a}					✓	
H _{13b}						✓
H _{14a}					✓	
H _{14b}						✓

Table 20 presents results from within treatments comparisons for repeated H₁ and H₃ and for newly developed H₉, H₁₀ and H₁₁.

Table 20: Results for within treatments comparisons - treatments 1, 2, 3 and 4 in Stage Two

		Type 1		Type 2	
		Treatment 1 Short Response Time (z-score, n=399)	Treatment 2 Time Constraints (z-score, n=421)	Treatment 3 Cognitive Load (z-score, n=409)	Treatment 4 Long Response Time (z-score, n=399)
H ₉	25YoE vs NL	2.16*	2.83**	2.95**	1.47 ^{ns}
H ₁	FT vs NL	4.69**	3.18**	3.93**	5.30**
H ₁₀	FT vs 25YoE	2.53*	0.35 ^{ns}	0.98 ^{ns}	3.83**
H ₁₁	EE vs 25YoE	1.08 ^{ns}	-0.35 ^{ns}	0 ^{ns}	2.36*
H ₃	FT vs EE	1.44 ^{ns}	0.71 ^{ns}	0.98 ^{ns}	1.47 ^{ns}

Note. NL – No Logo, 25YoE – 25 Years of Experience, FT – Fairtrade, EE – Exchange Ethics. *Significant at <0.05 level, **significant at <0.01 level.

Table 20 provides effect sizes represented by z-scores that show statistically significant (at $p < .05$ and $p < .01$) and statistically non-significant differences between the test and control conditions. As can be seen in Table 20:

- H₉ is supported in each of the four treatments as the 25 Years of Experience logo has a higher utility than the No Logo condition (z-scores of 2.16, 2.83, 2.95, and 1.47 in treatments 1, 2, 3 and 4 respectively)
- H₁ is supported in each of the four treatments as the Fairtrade logo has a considerably higher utility than the No Logo condition (z-scores of 4.69, 3.18, 3.93 and 5.30 in treatments 1, 2, 3 and 4 respectively)
- H₁₀ is supported in each of the four treatments as the Fairtrade logo has a higher utility than the 25 Years of Experience logo (z-scores of 2.53, 0.35, 0.98 and 3.83 in treatments 1, 2, 3 and 4 respectively)
- H₁₁ is supported in treatments 1 and 4 as the Exchange Ethics logo has a higher utility than the 25 Years of Experience logo (z-scores of 1.08 and 2.36 in treatments 1 and 4 respectively)
- H₁₁ is not supported in treatments 2 and 3 as the Exchange Ethics logo has lower (treatment 2) or the same (treatment 3) utility compared with the 25 Years of Experience logo (z-scores are -0.35 and 0 in treatments 2 and 3 respectively)
- H₃ is supported in each of the four treatments as the Fairtrade logo has a higher utility than the Exchange Ethics logo (z-scores of 1.44, 0.71, 0.98, and 1.47 in treatments 1, 2, 3, and 4 respectively).

As in Stage One, the comparison of the Fairtrade and Exchange Ethics logos examined in H₃ is interesting. The effect sizes of 1.44, 0.71, 0.98, and 1.47 show the impact of the Fairtrade logo that results from the familiarity of this mark rather than from processing an ethical claim, given that both the Fairtrade and Exchange Ethics logos carry similar meanings. The results in H₃ are positive and consistent across all four treatments, suggesting that consumers prefer familiar brands over their unfamiliar counterparts. Furthermore, the relatively similar *z*-scores between treatments 1 and 4 imply that deliberation may not enhance consumer preferences that arise from processing the familiar Fairtrade brand. Note that the results in H₃ did not reach statistical significance; however, given a consistent pattern of positive *z*-scores across all the treatments with large sample sizes of approximately 400 respondents in each treatment, it is highly feasible that mere exposure effect occurs.

The effect of processing an ethical claim is captured by testing H₁₁ (*z*-scores of 1.50, -0.35, 0, and 2.36), where no familiar Fairtrade logo was shown to respondents. The *z*-score for H₁₁ in treatment 4 is substantially greater compared with the *z*-scores in treatments 1, 2, and 3. This implies that deliberation may positively affect consumer preferences for unfamiliar logos. Consequently, the results for H₁₁ and H₃ indicate that, when people deliberately think about ethical logos, their preferences for these logos are likely to result from processing ethical claims rather than from the Fairtrade branding.

Note that, as mentioned earlier, some of the results in Table 20 did not reach statistical significance. This, however, does not mean that in such cases there are no effects of the logos and ethical claims on consumer preferences. As T. Levine (2013) implies, it is not uncommon to see non-significant results in social sciences research, and researchers should concentrate on discussing effect sizes, which are far more informative, rather than focus on statistical significance. Similarly, Lykken (1968) argued that statistical significance is likely to be the least important attribute in determining the quality of experiments and that in social sciences, effect sizes are not likely to be considerably large. Furthermore, the author added that

The value of any research can be determined, not from the statistical results, but only by skilled, subjective evaluation of the coherence and reasonableness of the theory, the degree of experimental control employed, the sophistication of the measuring techniques, the scientific or practical importance of the phenomena studied, and so on. (pp. 158–159).

In addition, Lykken (1968) concluded that with regards to publishing non-significant findings, “editors must be bold enough to take responsibility for deciding which studies are good and which are not, without resorting to letting the *p*-value of the significance tests determine this decision.” (p. 159). Consequently, although the present research does not neglect the value of statistical significance, it rather focuses on the effect sizes of ethical logos and claims.

Results in Table 20 relate to the within treatment comparisons, addressing H₉, H₁, H₁₀, H₁₁, and H₃. As noted earlier, the final analysis of data relates to the between treatments comparisons. Table 21 presents absolute and percentage increases in *z*-scores between Type 2 and Type 1 processing manipulated/determined by Long Response Time, Cognitive Load, Time Constraints, and Short Response Time, for the Fairtrade vs 25 Years of Experience and Exchange Ethics vs 25 Years of Experience logo conditions. As mentioned earlier, a comparison between the ethical logos and the non-ethical logo aimed to control for a mere attention effect and thus allowed for a more precise estimation of the ethical logos’ effects. The top panel in Table 21 presents the increases in *z*-scores between Type 1 and Type 2 thinking manipulated *prior* to data collection, while the bottom panel shows the increases in *z*-scores between these two modes of thinking that were determined *post hoc*. These results address H_{12a} to H_{14b}.

Table 21: Results for between treatments comparisons in Stage Two

		Absolute increase in <i>z</i> -score	Percentage increase in <i>z</i> -score
H _{12a}	FT Type 2 (Cognitive Load) vs FT Type 1 (Time Constraints)	0.63	180%
H _{13a}	EE Type 2 (Cognitive Load) vs EE Type 1 (Time Constraints)	0.35	0%
H _{14a}	H _{12a} vs H _{13a}	0.27	N/A
H _{12b}	FT Type 2 (Long Response Time) vs FT Type 1 (Short Response Time)	1.30	51%
H _{13b}	EE Type 2 (Long Response Time) vs EE Type 1 (Short Response Time)	1.27	118%
H _{14b}	H _{12b} vs H _{13b}	0.03	N/A

Note. FT – Fairtrade, EE – Exchange Ethics

As can be seen in Table 21, H_{12a}, H_{13a}, H_{12b}, and H_{13b} are supported suggesting that a more thoughtful processing of ethical claims and the Fairtrade logo increases consumer preferences for the Exchange Ethics and the Fairtrade brands. In the condition of processing types manipulations (Time Constraints vs Cognitive Load), the increase in *z*-scores is 0.63 (for the Fairtrade) and 0.35 (for the Exchange Ethics), while in the *post hoc* determination setting (Short

Response Time vs Long Response Time), the increase in z -scores is 1.30 (for the Fairtrade) and 1.27 (for the Exchange Ethics). Note that the differences in z -scores between Type 1 and Type 2 thinking manipulated by Time Constraints vs Cognitive Load are relatively considerably smaller than those detected for Type 1 and Type 2 thinking determined *post hoc*. Further discussion provides a plausible explanation of why this is the case.

Concerning H_{14a} and H_{14b} , the results suggest that the increase for the Fairtrade is greater than the increase for the Exchange Ethics. Given the magnitude of the z -score, this difference is not statistically significant; however, the direction is as expected and thus it could be concluded that H_{14a} and H_{14b} are supported. Consequently, this would indicate that familiar brands benefit more from additional thinking compared with unfamiliar brands. However, the absolute increases in z -scores, particularly for H_{14b} , are *very small*, implying that familiar brands are unlikely to benefit more from deliberation compared with their unfamiliar counterparts. Note that the percentage increases in z -scores are included in Table 21 for convenience of completed results; however, they are meaningless because of the small effects in general and, consequently, these percentage increases are not discussed.

7.4.3 Discussion of findings in Stage 2

The findings from Stage Two suggest that any logo, as an element of packaging, increases consumer preferences for the endorsed product. Furthermore, consumer preferences for an endorsed product can be considerably augmented if it carries the familiar Fairtrade logo. However, ethical claims carried by an endorsing logo may not necessarily be a driving force behind consumer preferences for the endorsed products in the situation when consumers make hasty decisions. Conversely, when consumers take more time to evaluate familiar and unfamiliar ethical logos, they are more likely to choose the endorsed products due to ethical claims underlying the logos. The findings from Stage Two also imply that deliberation about ethical logos increases consumer preferences for them, yet it is not clear whether familiar or unfamiliar ethical brands benefit more from such deliberation. A final, very interesting observation of the results concerns manipulation of processing types. The findings from Stage Two of the present research raise some doubts about the effectiveness of the cognitive load as a means of encouraging deliberative Type 2 processing.

7.4.3.1 Does Cognitive Load encourage Type 2 processing?

As discussed in Chapter 2, despite claims in the literature, it is not clear whether cognitive load encourages Type 2 processing. Kahneman (2011) implies that when people are cognitively strained (e.g. via mental multi-tasking), they utilise deliberative Type 2 processing. Yet, notwithstanding Kahneman's (2011) view, some cognitive psychologists think that such strain yields heuristic Type 1 thinking (De Neys, 2006). A recent research, subsequent to designing the experiment for this study, proposed a concurrent load task to encourage Type 1 rather than Type 2 processing among research participants (Bago & De Neys, 2017). Therefore, it is possible that burdening consumers' executive cognitive resources resulted in them thinking heuristically, and the findings from Stage Two of the present research imply that this was the case.

The above conclusion can be derived from observing the results for H₁₀ and H₁₁ in Table 20 and for H_{12a} through to H_{13b} in Table 21. In respect to H₁₀, the present research found a relatively small difference between the effect sizes in treatment 2 (Type 1 thinking – Time Constraints) and treatment 3 (supposed Type 2 thinking – Cognitive Load) and conversely, a relatively large difference between the effect sizes in treatment 3 and treatment 4 (Type 2 thinking – Long Response Time). Similar findings are observed for H₁₁, i.e. a relatively small difference between the effect sizes in treatment 2 and 3 and a relatively large difference between the effect sizes in treatments 3 and 4. Logic and findings from Stage One of the present research suggest that deliberative thinking about ethical logos and ethical claims increases consumer preferences for the logos. Thus, if Type 2 thinking is successfully manipulated by cognitive multi-tasking, then the differences in the effect sizes between treatment 2 and 3 should be substantial, while the differences between the effect sizes in treatments 3 and 4 should be rather minor. The opposite trend suggests that cognitive load in treatment 3 yielded Type 1 rather than Type 2 thinking.

Concerning H_{12a}, H_{12b}, H_{13a}, and H_{13b}, the absolute increases in effect sizes between Type 2 and Type 1 thinking that were manipulated and *post hoc* determined further imply that cognitive load yielded Type 1 rather than Type 2 processing. As shown in Table 21, compared with respondents with Short Response Time (Type 1 thinking), respondents with Long Response Time (Type 2 thinking) had considerably greater preferences for both the familiar Fairtrade and the unfamiliar Exchange Ethics logos. Conversely, the differences in increases

in effect sizes between respondents supposedly encouraged to think deliberately via Cognitive Load and those encouraged to think heuristically via Time Constraints are much smaller. A lack of substantial differences in effect sizes between supposed Type 2 thinking encouraged by cognitive load and Type 1 thinking indicates that manipulating deliberation via cognitive multi-tasking has been unsuccessful.

Note that the results from the Pilot study of Stage Two, the earlier considerations of the survey response time, and the analysis of the survey question concerning the numbers to be remembered by participants in treatment 3 implied that the manipulation of Type 2 information processing via cognitive load was successful. However, in light of the findings from Stage Two of this research and current findings in the cognitive psychology literature (Bago & De Neys, 2017), it is likely that while the present research succeeded in burdening respondents' cognitive resources, yet despite this, it failed to manipulate Type 2 thinking, and rather encouraged Type 1 thinking instead. Consequently, it can be concluded that in Stage Two of the present research, in one treatment only respondents utilised Type 2 thinking (treatment 4), while in three treatments respondents utilised Type 1 thinking (treatments 1, 2, and 3) and therefore the results in Tables 20 and 21 need to be reinterpreted.

7.4.3.2 Mere attention to an endorsing logo

Findings from Stage Two indicate that inclusion of any logo in packaging of FMCGs increases consumer preferences for the endorsed product. These findings align with the view on branding of, for example B. Sharp (2010), who proposes that in order to build brand equity, brand managers need to focus their resources on creating brand distinctiveness (see more in Chapter 3). Thus, an endorsing logo on packaging serves as an additional element of packaging that helps a focal brand be distinctive and easily noticeable on a supermarket shelf. Furthermore, findings from this study suggest that a more thoughtful processing of a logo that does not carry any meaningful messages, for example the 25 Years of Experience logo, has a decremental effect on consumer preferences, i.e. consumer preferences for such a logo decrease if consumers give more consideration to it. This is likely to be an effect of consumers being sceptical about claims carried by endorsing logos that are often unsupported. Put simply, when thinking about rather meaningless endorsing logos, consumers may feel that by employing

them, marketers exercise marketing gimmicks. Yet determining whether this is actually the case requires further investigation.

7.4.3.3 Ethical claims and consumer preferences

Furthermore, findings from Stage One implied that ethical claims conveyed by a logo are effective as they positively affect consumer preferences. However, findings from Stage Two indicate that it may not necessarily be the case if consumers make hasty decisions. In particular, the respondents exposed to time constraints preferred the non-ethical unfamiliar logo over the unfamiliar logo that carried ethical claims. This may indicate that the appearance of the logo and its aesthetic appeal or a message signalling experience in coffee roasting (see the 25 Years of Experience logo, Figure 9) outweigh the meaning of ethical claims in consumer hasty decision making. A visual appeal of the 25 Years of Experience logo or the straightforward message it communicates is likely to weigh heavier in fast consumer decision making compared with ethical claims. However, slower deliberative thinking tends to affect consumer preferences for ethical claims positively, as the results suggest that if people are encouraged to think more about the logos and spend more time doing so, their preferences for ethical claims considerably increase.

7.4.3.4 The Fairtrade brand and consumer preferences

Findings from Stage Two confirmed a positive effect of the Fairtrade brand on consumer preferences. As previously discussed, a greater utility of the Fairtrade logo compared with an unfamiliar logo is likely to result from a mere exposure effect to a familiar stimulus (Kahneman, 2011; Zajonc, 1968) and a relatively high credibility of the Fairtrade certification (De Pelsmacker et al., 2006; Fairtrade International, 2015). Thus, consumers prefer products endorsed by familiar, well-known logos over products endorsed by unfamiliar logos of a similar meaning, that are likely to be less credible. The effect of the Fairtrade brand on consumer preferences is detectable both for consumers who process logos fast in a heuristic way, and for consumers who process logos slower in a more deliberative way. Interestingly, slower and more deliberative thinking seems to have no incremental impact on the Fairtrade brand; the findings of the Stage Two of the present research suggest that there are no substantial differences in the effects of the Fairtrade brand across the four treatments. A considerably

greater effect of deliberation on the Fairtrade logo compared with a non-ethical unfamiliar logo results primarily from processing an altruistic claim conveyed by the Fairtrade mark.

7.4.3.5 Deliberation positively affect consumer preferences

Furthermore, findings from Stage Two confirmed those from Stage One on deliberation positively affecting consumer preferences for ethical endorsing logos. Both the familiar Fairtrade and unfamiliar Exchange Ethics logos benefit from consumers' slower and more conscious thinking. This, as mentioned earlier, contrasts with B. Sharp's (2010) standpoint on the primary importance of mere familiarity of generic logos but supports findings from other research on the meaning of ethics that has a positive impact on consumer preferences (see e.g. in Brecard et al., 2012; Littrell & Dickson, 1999). Therefore, although consumers are hasty decision makers, who are not willing to engage in more deliberative thinking when shopping (Sharp, 2010), they are likely to prefer ethically endorsed products if they are encouraged to engage in a slower and more reflective thinking. However, it is worth noting that along with finding a greater effect of deliberation on consumer preferences for endorsing logos, the present research in Stage Two also confirmed a mere familiarity effect.

7.4.3.6 Do familiar logos benefit more from deliberative thinking?

As regards the incremental impact of deliberation on consumer preferences for familiar vs unfamiliar logos, although findings in Stage Two of the present research do not decisively determine whether familiar or unfamiliar logos benefit more from additional thinking, they nevertheless suggest that the former do not benefit more from additional thinking. This finding supports the conclusion of Stocchi et al. (2016) of strength-based theories of memory being insufficient to explain the phenomenon of brand retrieval from memory. Interestingly, the two stages of the research offered different approaches to manipulation/determination of Type 1 and Type 2 thinking, yet the results seem to be consistent as to whether familiar brands benefit more from consumers' deliberation. As discussed in Stage One, high familiarity with the Fairtrade stimulus was likely to be a source of confusion for consumers that consequently resulted with a lesser (or at least not greater) incremental effect of deliberation on the familiar brand compared with its unfamiliar counterpart.

7.4.3.7 Explanation of the inconsistency between Stages One and Two

As can be seen above, there is an inconsistency between the findings from Stages One and Two with respect to the impact of ethical claims on consumer preferences for ethical logos in the condition of heuristic thinking. This inconsistency is likely to result from the experimental settings. Recall that in Stage One, the conclusion about the positive impact of ethical claims on consumer preferences was derived from the comparison of the effect sizes between an unfamiliar ethical logo and the No Logo condition. In Stage Two, an incremental effect of the unfamiliar ethical logo over the unfamiliar non-ethical logo was used to determine the effectiveness of ethical claims on consumer preferences. Thus, in Stage Two, the research controlled for the mere attention effect, while in Stage One it did not. This may explain a reduced effect of ethical claims on consumer preferences. Additionally, a design of the 25 Years of Experience logo and/or its meaning that signals an endorsed brand's expertise in coffee roasting may have impacted on consumer preferences, particularly under the manipulation of heuristic information processing.

7.4.4 Implications for brand managers

Stage Two of this research provides several implications for marketers. First, there is no doubt that including an endorsing logo in packaging of FMCGs increases consumer preferences for the endorsed product. Having an abundance of similar products and brands, consumers are likely to choose a product with packaging that carries an endorsing logo, even if this logo does not convey any appeal to their, for example, altruistic motivations. Brand managers should therefore address a mere attention effect of any endorsing logo in their marketing campaigns. This effect operates regardless of whether consumers are encouraged to think deliberately or heuristically about the endorsing logo. Yet, deliberation is likely to weaken the effect of mere attention and therefore marketers who employ the strategy of endorsing their products with logos that are not particularly meaningful should not attempt to encourage consumers to think more about such endorsing logos. Second, consumer preferences for the endorsed products can be further enhanced if consumers are familiar with the logos that endorse the products. It is therefore important for marketing practitioners to connect with certification organisations that offer well-known endorsing logos that consumers are likely to trust rather than with organisations offering logos with which consumers are less familiar and with questionable

credibility. Exposure to a familiar endorsing logo positively influences consumer preferences for the endorsed products, whether they think more or less about these products.

Third, questions remain about whether brand managers should appeal to consumer altruism in endorsing their products. When exposed to an unfamiliar ethical endorsing logo, consumer preferences do not necessarily result from ethical claims that underlie the logo if consumers make hasty decisions. In such situations, consumers are likely to be attracted by other elements of the logo (for example, the design) rather than an altruistic appeal. Conversely, consumers who spend more time and put more effort into processing unfamiliar ethical logos are more likely to pay attention to ethical claims, and their preferences for the logos largely result from processing these constructs. Finally, brand managers would be better off if they ensured consumers spent more time and gave more thought to processing ethical logos. Conversely, by overloading consumers with cognitive thinking and by time constraining their shopping decisions, brand managers would achieve a reverse effect, i.e. consumers preferences for ethical endorsing logos would be diminished.

7.4.5 Limitations

Due to budget restrictions, this research was unable to manipulate deliberative Type 2 processing using a wider range of methods, for example by motivating consumers to think about their decisions. This can be considered a limitation of this research, particularly in light of the finding that cognitive load yielded Type 1 rather than Type 2 thinking and that the only condition in which Type 2 processing was examined was that of Long Response Time. Consequently, it would be interesting to examine whether deliberation, encouraged by other methods, has any differential effect on consumer preferences for endorsing logos.

Chapter 8: Conclusions

8.1 Concluding remarks and the novelty of the research

As explained in the introductory section, this Ph.D. research originated from the idea of examining how demand for ethically labelled products could be further enhanced through, for example, marketing communication campaigns. However, in the early stage of working on this thesis it became apparent that some more fundamental questions need to be answered first as, although several studies have investigated consumer behaviour in respect to endorsing logos (Bjørner et al., 2004; J. Brown, 2005; Lockshin et al., 2006; Williams & Mummery, 2013) including ethical endorsing logos (De Pelsmacker, Janssens, et al., 2005), this area of consumer research is still largely under examined.

In particular, little is known about the effects of familiar and unfamiliar endorsing logos on consumer preferences and how these preferences change if consumers deliberately think about the logos. Consequently, it is uncertain whether the effects of the endorsing logos primarily arise from the familiarity or the ethical claims that underlie the logos. Moreover, there are mixed findings in respect to even more basic questions, i.e. whether the logos have any effects at all and if there are some effects, whether they are positive. In addition, there are more questions concerning the theories of brand retrieval and whether the long-standing strength-based theory of memory (see e.g. J. R. Anderson & Bower, 1973; Keller, 1993), in which spreading activation is believed to be the main driver of brand recall, can explain a range of phenomena observed in branding research.

Furthermore, it is not clear how endorsing logos impact on consumer decision making. Branding research proposes divergent views on how endorsing logos may operate, as one stream of research sees consumers as uninvolved and uncaring decision makers who are likely to purchase ethically endorsed products driven by positive associations with familiar logos (e.g. Ehrenberg et al., 1997; B. Sharp, 2010), while the other stream of research portrays consumers as rather highly involved thoughtful processors who actively process the endorsing logos and their meanings (e.g. D. Aaker, 1991; Keller & Lehmann, 2006). Interestingly, a similar dichotomy is proposed in cognitive psychology research (e.g. J. Evans, 2008) as it is believed that consumers tend to make choices based on their heuristics and intuition (Type 1 thinking),

but sometimes consumers' decisions result from more thoughtful information processing (Type 2 thinking).

Consequently, there are obvious parallels of Type 1 thinking with low involvement brand choice and of Type 2 thinking with high involvement brand choice. It is therefore surprising that, despite these obvious parallels, to the best knowledge of the author, the dual-process theory of human cognition has not yet been applied to investigate a brand choice behaviour. Previous research in marketing applied dual-process theories primarily to advertising, for example the dual-process theory of cognition to investigate the ethics of advertising to children (Nairn & Fine, 2008) or Petty and Cacioppo's (1986) ELM of persuasion to discuss the application of advertising to the digital world (Kerr et al., 2015).

Given several unresolved questions pertaining to consumer behaviour in respect to endorsing logos and the scarcity of application of the dual-process theories to branding research, the current study aimed to address these questions by applying the dual-process theory of human cognition to choice experiments. In particular, it sought to answer the RQs that are recapped below:

RQ 1: Does deliberative thinking enhance consumer preferences?

RQ 2: Does deliberative thinking enhance consumer preferences for ethical logos?

RQ 3: If deliberative thinking enhances consumer preferences for ethical logos, does it benefit more familiar or unfamiliar logos?

RQ 4: Do endorsing logos affect consumer preferences at all?

RQ 5: If endorsing logos affect consumer preferences, is this effect greater for more meaningful ethical logos compared with generic, less meaningful logos?

RQ 6: If the effect of endorsing logos is greater for more meaningful ethical logos compared with generic, less meaningful logos, is this effect greater for familiar ethical endorsing logos than for their unfamiliar counterparts?

8.1.1 Answering research questions

With regards to the overarching RQ 1, the present research produced mixed findings on whether deliberation increases consumer preferences. It does so, but only for ethical logos, both familiar and unfamiliar, and this increase is primarily attributed to processing ethical claims. Conversely, deliberation does not enhance consumer preferences for constructs other than ethics, i.e. a generic endorsing logo and the Fairtrade brand.

Concerning RQ 2 and RQ 3, deliberation positively influences consumer preferences for endorsing logos and under deliberation, these preferences are relatively greater for unfamiliar logos than for familiar logos. Therefore, although consumers rarely engage in a more thoughtful processing when making purchasing decisions (B. Sharp, 2010), their preferences for ethically endorsed products are likely to increase if they are encouraged to think more about them. Furthermore, considering whether familiar or unfamiliar logos benefit more from such deliberation, it is likely that the latter benefit more.

In respect to RQ 4, an inclusion of endorsing logos into packaging of products (i.e. co-branding) does positively influence consumer preferences for the endorsed products. Interestingly, a greater impact of a generic endorsing logo is observed for those consumers who think heuristically rather than deliberatively. Addressing RQ 5, consumer preferences are greater for more meaningful ethical logos compared with generic, less meaningful logos when consumers engage in a more thoughtful processing. Conversely, heuristic and hasty information processing tends to favour more generic logos. Therefore, it cannot be definitely concluded that endorsing logos should or should not carry ethical claims. Apart from the information-processing mode utilised by consumers, the appeal of both ethical and non-ethical endorsing logos and the meaning of the non-ethical logo may be critical to resolve this issue. Finally, with regards to RQ 6, consumers appear to have greater preferences for familiar endorsing logos than for unfamiliar endorsing logos. It is therefore surprising that some, for example Sainsbury's and Cadbury, choose to replace the highly recognised Fairtrade logo with unknown logos. It is likely to take some time before consumers familiarise themselves with the new endorsing logos if these logos are to have a substantial effect on consumer preferences.

8.2 Contributions of the thesis

This research makes a number of substantive contributions. These can be broadly divided between theoretical, methodological, and empirical/managerial contributions.

8.2.1 Theoretical contributions

The first theoretical contribution of this thesis rests on advancing an understanding of consumer behaviour and branding theories. As discussed several times throughout this thesis, the branding literature offers divergent perspectives on how consumers behave on the market in respect to brand choice. Although the Ehrenbergian view on consumer behaviour and branding that, in a nutshell, portrays consumers as cognitive misers (i.e. uninvolved decision makers, who use distinctive brands and logos as constructs that help them make marketplace decisions but do not thoroughly consider them) has been proved valid in several studies (Romaniuk & Ehrenberg, 2012; Romaniuk & Sharp, 2015; Romaniuk et al., 2007; B. Sharp, 2010), this view is likely to be challenged in the context of ethical labels. Consequently, the promotion of conscious thinking may not be a waste of time and effort, and brand managers, apart from making the brand distinctive and easily recognisable, may additionally benefit from encouraging consumers to think more about their endorsed products.

The Ehrenbergian theory, to the best knowledge of the author, has not yet been refuted in academic literature. Although it was not an intent of the current research to undertake Popper's (1962) approach to science by falsifying this theory, it has nevertheless done this through an application of ethical logos as stimuli in experiments. Popper (1982) proposed that a theory can be falsifiable (there is a possible scenario where the theory fails) and falsified (the possible scenario was applied, and the theory failed). The current research used the ethical logos that carry a baggage of ethical claims. Therefore, it provided a scenario in which consumers should have greater preferences for the endorsed products under deliberation and, consequently, offered a setting in which the Ehrenbergian theory was likely to fail – a boundary condition. As the findings from both stages of the present research suggest, encouraging consumers to think about ethics is likely to increase their preferences for the ethically endorsed products. This shows a boundary condition for Ehrenbergian theory in the context of ethical purchasing, at least insofar as laboratory experiments are concerned.

Another theoretical contribution of the current research relates to examining the moderating effect of familiarity on the impact of deliberation on consumer preferences. As noted earlier, marketing theorists often explain brand choice by a strength-based single-process theory of associative network memory (J. R. Anderson & Bower, 1973; Keller, 1993). This theory predicts that deliberation will have a greater effect on familiar stimuli as activation will cascade through a larger pre-existing knowledge network, leading to greater retrieval into the working memory. However, the results of this research show that such strength-based theory cannot be applied to explain the impact of deliberation on familiar and unfamiliar brands. The results are rather consistent with dual-process theory of memory (Reider et al., 2000), which acknowledges that familiarity can create interference and activation confusion, reducing retrieval of pre-existing knowledge networks into the working memory. Therefore, this research's theoretical contribution is to arbitrate between competing theories of memory retrieval that are present in the branding literature.

The final theoretical input of the present research concerns the methods of encouraging deliberative Type 2 thinking and, as a consequence, this research contributes to the cognitive psychology literature. As noted earlier, Kahneman (2011) speculates that effort is required to conduct two or more tasks simultaneously in memory and that only Type 2 thinking is capable of conducting multiple tasks. This implies that cognitive load yields Type 2 processing. However, other psychologists propose a concurrent load task to shift from Type 2 to Type 1 thinking (Bago & De Neys, 2017; De Neys, 2006). Therefore, it is unclear whether burdening people's cognitive resources results with them thinking deliberatively or heuristically. Although the results from the present research require further investigation to be confirmed, this research produced evidence that supported Bago and De Neys (2017) and De Neys (2006) rather than Kahneman (2011). Consequently, the present research adds to the debate on the psychological manipulations to encourage Type 1 and Type 2 thinking.

8.2.2 Methodological contribution

The methodological contribution of the current research concerns introducing manipulations from dual-process theory of human cognition to branding experiments and applying BWS technique and conjoint models to measure the resulting consumer behaviour effects. Dual-process theory of cognition has already been successfully applied in various domains

(including marketing); for example, it allowed for the examination of public response to climate engineering techniques (Wright, Teagle, & Feetham, 2014) and for obtaining new insights into the effects of advertising on children (Nairn & Fine, 2008). Other researchers manipulated processing types to investigate, for example the role of intuition and deliberation in social interactions (Capraro & Cococcioni, 2016), the impact of cognitive load on utilitarian judgements (Greene, Morelli, Lowenberg, Nystrom, & Cohen, 2008), and cognitive underpinnings on religious belief (Gervais & Norenzayan, 2012).

Concerning CA and BWS, these techniques have also been extensively used in a range of disciplines, including marketing, for example to value patient preferences in health (Flynn, 2010), to examine shoppers' drinks and wine style preferences (Goodman et al., 2005), and to study attributes of meat that influence consumer purchases (Walley et al., 1999; for more examples of the application of CA and BWS, see Chapter 5). However, the novelty of the present research rests in two areas. First, no research has yet manipulated Type 1 and Type 2 processing to examine phenomena in branding, and second, there is a lack of research that applies dual-process theory of human cognition in conjunction with BWS and CA to investigate the effects of information processing types on consumer preferences for brands.

The lack of a combined application of the dual-process theory of human cognition and choice modelling techniques in marketing research is particularly striking, given how consumers behave in the market. They tend primarily to rely on their heuristics yet sometimes engage in a more deliberative processing (Kahneman, 2011). Furthermore, they make choices from sets of brands within categories and 'mentally rank' brand options according to their preferences. Therefore, it is highly desirable to investigate consumer brand choice through the lens of the dual-processing theory by applying choice modelling techniques, and it is surprising that, to the best knowledge of the author, no research has yet combined these two approaches to better understand consumer behaviour. The aim of the present research is thus to fill this gap in the marketing methodology literature.

8.2.3 Empirical and managerial contributions

The empirical contributions lie in examining (i) whether a logo, as an element of packaging, increases consumer preferences, (ii) whether meaningful endorsing logos have greater effects on consumer preferences compared to more generic logos, (iii) whether consumers choose ethically endorsed products due to the familiarity of the logo or due to the underlying ethical claims, and (iv) whether an increase in deliberation does in fact have an effect on consumer preference. Consequently, these contributions have potential managerial implications.

First, brand managers are strongly advised to include a logo into product packaging as such an inclusion does make a difference for consumer preferences. An endorsing logo is likely to act as a distinctive element of product packaging that prompts consumers to choose the endorsed product. Second, if managers want to endorse their brands with unfamiliar logos, they do not necessarily have to choose a logo appealing to consumers' ethics, as they may be as well off focusing on attributes other than ethical claims. This recommendation is particularly valid given that overall, consumers tend to make hasty decisions and rarely engage in deliberative thinking. However, if brand managers choose an unfamiliar ethical logo to support their brands, they may benefit from encouraging consumers to think more about this logo. Moreover, they should also pay close attention to the meaning conveyed by the logo and its design, particularly if they choose a more generic logo.

Third, there is no doubt that familiarity of the logo positively influences consumer preferences, and if there is a choice between unfamiliar and familiar logos of similar meanings, brand managers should choose the latter. Finally, brand managers are likely to benefit from consumers thinking deliberatively about their ethically endorsed brands and therefore should aim to encourage such deliberation. This may be an advantageous strategy, particularly for unknown or less familiar ethical endorsing logos, and if brand managers decide to support their brands with less popular logos due, for example, to financial constraints, they should attempt to trigger more conscious thinking about their offerings among consumers. Yet, triggering deliberation through overloading consumers with cognitive thinking is unlikely to be an appropriate way of encouraging deliberation.

8.3 Recommendations for future research

There are several potential recommendations for future research. First, as the Pilot study in this research found no correlation between preferences for fair trade and altruism, future research could examine such relationship using a different set of psychometric scales. It would be interesting to re-examine this link as other research, for example Brecard et al. (2012), found that consumers chose labelled products according to their ethical and social values and that consumers of fair-trade-labelled fish were more altruistic than consumers of health-labelled fish. Therefore, in Brecard et al.'s (2012) study, consumers' purchasing of fair trade certified products can be explained by consumers' altruism.

Second, future research could modify the number of coffee attributes and examine the effect of deliberative thinking on consumer preferences for endorsing logos. It could, for example, extend the number of coffee attributes and investigate any potential interactions between the current findings and these attributes. Attributes such as country of origin labelling, coffee flavour or distribution could potentially have a differential effect, i.e. strengthen or weaken the impact of deliberation of ethically endorsed products. Conversely, future research could eliminate the coffee brand attribute by applying plain packaging. The effects of deliberation would be thus 'purified', i.e. free from a potential confound of the brand attribute. However, such setting would be less realistic and would not replicate real choices in the marketplace as coffee purchasers often regard coffee brand as the most important attribute that influences their purchasing decisions (De Pelsmacker, Driesen, et al., 2005; De Pelsmacker, Janssens, et al., 2005).

Third, it would be also interesting to see how heuristic and deliberative processing types affect consumer preferences for endorsing logos other than ethical and examine, for example, the effects of health/environmental endorsing logos and health/environmental claims on consumer preferences to see whether the results of this research generalise beyond ethical cobranding logos. Future research could also investigate the effects of ethical claims on consumer preferences by comparing utilities of ethical endorsing logos and non-ethical endorsing logos that vary in their appeal and meaning.

Finally, as mentioned in the limitations in Stage Two, future research could examine consumer preferences for endorsing logos under varying levels of deliberation applying other methods to

encourage Type 2 processing, for example by motivating consumers to think about their decisions. This would help clarify whether deliberation encouraged by this method has any differential effect on consumer preferences for endorsing logos. Consequently, future research could compare the methods of encouraging deliberation in respect to their effectiveness of influencing consumer preferences. Furthermore, future research on marketing communications could examine which types of communication, which media, and which context might encourage deliberative thinking that would subsequently increase consumer preferences for endorsing logos.

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Appendix 1

Table 22: Coffee brands available in New Zealand supermarkets with their market shares in 2016 (percentage of retail value), forms of coffee offered, and the Fairtrade option available

Brand	Market share in 2016	Beans	Ground	Instant	Pods/bags/capsules	Fairtrade
Nescafé	27.0			✓	✓	
Moccona	14.4			✓	✓	
Robert Harris	7.2	✓	✓	✓	✓	✓
Gregg's	6.0			✓		
Hummingbird	4.6	✓	✓			
Special Blend	3.8			✓		
Avalanche	3.6	✓	✓	✓	✓	
L'affare	3.4	✓	✓			✓
Jed's Coffee	3.1	✓	✓	✓	✓	
Jarrah	2.4			✓		
Pam's	2.2			✓	✓	
Nespresso	1.5			✓		
Aurora	1.4	✓	✓	✓		
International Roast	1.4			✓		
Budget	1.2			✓		
Nescafe Dolce	1.1				✓	
Gravity	1.1	✓	✓			
Homebrand	1.0			✓		
Bushells	.9			✓		
Karajoz	.8	✓	✓			
Nescafe Decaf	.7			✓	✓	
Caffe Civo	.7	✓	✓			
Signature Range	.6	✓	✓			
Select	.6				✓	
Robert Timms	.5	✓		✓	✓	
Screaming Turtle	.5			✓		
Vittoria	.3	✓	✓			
Jail Breaker	.3	✓	✓			
Lavazza	.3		✓			
Illy	.2		✓			
Havana	<.2	✓	✓			
Others	3.8					

Note. Brands used in Stage 2 of the research are in bold. From: Countdown (n. d.), Euromonitor International, (2017) and observations in supermarkets.

Note that there are more brands offering coffee products in New Zealand, but these are rather small, and do not sell their products through the main retailers.

Table 23: Attribute levels and utilities (standard errors in parentheses) in the Pilot study of Stage Two – control group, treatment 2, and treatment 3

Attribute	Attribute's level	Utility (SE)		
		Control group No manipulation of processing types n=20	Treatment 2 Time Constraints n=16	Treatment 3 Cognitive Load n=21
Logo	Fairtrade	5.25 (.59)	3.75 (.49)	4.25 (.81)
	Exchange Ethics	1.00 (.59)	0.00 (.49)	2.25 (.81)
	25 Years of Experience	-2.25 (.59)	0.00 (.49)	-1.75 (.81)
	No Logo	-4.00 (.59)	-3.75 (.49)	-4.75 (.81)
Brand	Caffe L'affare	2.50 (.59)	2.50 (.49)	2.50 (.81)
	Robert Harris	-1.25 (.59)	0.50 (.49)	-0.75 (.81)
	Havana	1.00 (.59)	-1.00 (.49)	-0.50 (.81)
	Karajoz	-2.25 (.59)	-2.00 (.49)	-1.25 (.81)
Price (\$)	5.99	-14.27 (2.32)	-22.17 (1.91)	-15.37 (3.18)
	6.79	-16.17 (2.63)	-25.13 (2.16)	-17.42 (3.60)
	7.49	-17.84 (2.90)	-27.72 (2.38)	-19.22 (3.98)
	8.39	-19.99 (3.25)	-31.06 (2.67)	-21.53 (4.49)

Table 24: Mean time taken (in seconds) to conduct the 20 BWS tasks – Pilot study of Stage Two

Condition	n	Mean time (seconds)
Control group - No manipulation	20	446
Treatment 2 - Type 1	16	249
Treatment 3 - Type 2	21	517