Idea 3: People’s relative rank and their brand loyalty

Introduction

This research was conducted in order to find out to what extend people’s relative rank affects their brand loyalty and to what extend this effect depends on their need for uniqueness. It is expected that the need for uniqueness is negatively related to people’s perceived relative rank.

Diagram

Description automatically generated

Figure 1. Conceptual framework.

Note: The variables are displayed within the rectangles of the model. The arrows indicate in which direction the variables influence each other.

Method

2. The data collection has been done with a survey via Prolific. The survey had 400 respondents who were all UK resident, fluent in English. The respondents got paid the (from prolific) suggested wage of 0.15 pounds per minute, their answers were anonymous and their participation was completely voluntarily. The survey took approximately 3 minutes. First, the participants were asked which product (choice between coffee, cola and tea) they buy the most frequently. Second, they were asked which brand they buy the most of that product. Third, to determine whether the participants think they are above or below average, they are then asked to indicate how often they buy the brand they had mentioned in the earlier question compared to other people who buy that brand, where 0 = “I’m at the very bottom”, 50 = “I’m exactly average”, and 100 = “I’m at the very top”. After this question half of the participants receive a message which shows them the following message: “Our research finds that people typically underestimate this: Their actual position is on average some 20 points higher. So someone who thought they are somewhere at the bottom 35%, are actually in 55th percentile. Someone who thinks they are in the top 40%, are actually likely in the top 20%”. The goal of this message is manipulating people’s perceived relative rank such that they think their relative rank is higher than they did before. Fourth, the participants are asked how loyal they feel to the before named brand and if they are likely to switch brands in the near future. Lastly, to determine whether a respondent has a high or low need for uniqueness, the participants are asked to answer statements that would indicate need for uniqueness. They can indicate to what extend they agree or disagree with a statement on a 7-point Likert-scale (where -3 = “Strongly disagree”, 0 = “Neutral” and 3 = “strongly agree”). Also the gender and age of the participants were collected with the survey which allows us to also make distinctions between gender and age in more advanced conceptual models.

The questions allow us to test the effect of people’s perceived relative rank on brand loyalty, and to test whether the need for uniqueness influences the relationship between People’s perceived rank and brand loyalty. Furthermore, we distinguish two groups (treatment group and control) to test whether the manipulation affects brand loyalty. We used both ANOVA and regressions to analyze and interpret the data. The data has been cleaned in advance.

3. Results

Before interpreting the results of the regression analysis, the model assumptions were checked. All assumptions were checked using a visual inspection. It is assumed that the observations are independent because the respondents are randomly assigned to one of the treatment groups. Furthermore the respondents could only participate once and the observations are not in any way linked to each other. Another assumption is that the variance across observations should be equal, if not this could affect the standard errors. The plot of the standardized residuals for all fitted values shows that the assumption of homoskedasticity is not met because there is a clear pattern in the error values. (PROBLEM? YES/NO?  We can add covariates or take the natural logarithm). Also the assumption of linearity is not met, which affects the estimates and the standard errors(PROBLEM? YES/NO?  We can include a non-linear relationship or take the natural logarithm). The residuals vs. fitted plot shows that the residuals do not randomly bounce around the zero line. Due to the sample size the assumption considering normal distribution of the residuals, does not necessarily have to be met.

The aim of this study is to find out whether there is an significant effect of people’s perceived relative rank on brand loyalty. In addition, the aim is also to find out whether this effect of the IV on the DV is moderated by the need for uniqueness. First a regression has drawn up. The regression was prepared to analyze the effect of relative rank and NFU on the outcome variable (brand loyalty). This showed that there is a significant effect of someone’s perceived relative rank on their brand loyalty (0.006967, p = 0.00836). That could mean that seeing a message stating that his or her relative rank is actually greater has an effect on the loyalty someone has to a brand. Furthermore, the regression shows that there is no significant effect for the moderator (0.001267, p = 0.34483). So, the direct effect is not being moderated by need for uniqueness.

Graphical user interface, text, application, email

Description automatically generated Table 1: Estimated effect of people’s perceived relative rank on brand loyalty, moderated by NFU