Exploring the consequences of brand credibility in services

Tae Hyun Baek and Karen Whitehill King
Department of Advertising and Public Relations, The University of Georgia, Athens, Georgia, USA

Abstract

Purpose – The purpose of this study is to investigate whether the framework of brand credibility effects is applicable to service categories and to examine if brand credibility's impact differs according to service type and involvement level.

Design/methodology/approach – Using a self-administered survey ($n = 385$), this study tests the proposed model, including six latent constructs: brand credibility, perceived quality, perceived risk, information costs saved, perceived value for money, and purchase intention.

Findings – The results indicate that brand credibility exerts a strong effect on purchase intention by increasing perceived quality, perceived value for money, and information costs saved, and by decreasing perceived risk across multiple service categories. The results also indicate that the magnitude of brand credibility's impact on purchase intention varies under different conditions with regard to utilitarian and hedonic services.

Research limitations/implications – This study is based on student samples with a limited number of service categories. Future research is needed to examine the generalizability of the proposed model by using non-student samples with different service classifications.

Practical implications – Establishing brand credibility seems to be especially effective in utilitarian services when marketing communication campaigns have the consistency of brand attributes that invoke either value for money or lower service brand-related information efforts.

Originality/value – This study offers an initial attempt to explain how brand credibility influences its key outcomes under different service classes. Perceived value for money could be considered a new mediator of a causal relationship between brand credibility and purchase intention in service sectors.

Keywords Brand credibility, Perceived value for money, Perceived quality, Information costs saved, Perceived risk, Service branding, Brand image, Service industries

Paper type Research paper

An executive summary for managers and executive readers can be found at the end of this article.

Introduction

Understanding the nature of the mechanism through which a brand influences consumer decision making is a long-standing area of inquiry among marketing scholars and practitioners. Guided by an information economics perspective, consumers tend to be reluctant to make purchases when they are uncertain about product or service attributes. According to Erdem *et al.* (2006), the uncertainty emerges from the condition of information asymmetry between firms and consumers (i.e. firms are more informed about their own products or services than are consumers). To solve this problem of consumer uncertainty, firms may use brands as signals to convey information about product or service quality to consumers effectively (Spence, 1974; Erdem and Swait, 1998, Rao *et al.*, 1999). Given the potential utility of brands as signals, the credibility of a brand signal is the key contributor to brand choice within a market environment where consumer uncertainty occurs as it may improve consumer perceptions about brand attribute levels and may increase confidence in brand claims (Erdem and Swait, 1998). In light of current knowledge, brand credibility can be defined as the perceived believability of whether a brand has the ability and willingness to continuously deliver what has been promised (Erdem and Swait, 2004).

Although the importance of brand credibility has been given a considerable amount of attention in the marketing and consumer psychology literature, most previous research has been conducted with physical products rather than services. Despite the practical impetus and growing theoretical interest in brand credibility, relatively little is known about how brand credibility influences consumer purchase intention in the domain of services. According to Berry (2000), a brand is especially important in service companies because a strong service brand increases consumers' trust about the invisible aspect of services and helps consumers better understand the intangible aspects of services. With the remarkable growth of service sectors in the US economy (Krishnan and Harline, 2001), there is a pressing need to fill the gap in the literature regarding brand credibility effects focusing on services. Furthermore, there is not enough guidance to know whether or not service types and involvement really matter to the effects of brand credibility on consumer intention to purchase.

The current issue and full text archive of this journal is available at
www.emeraldinsight.com/0887-6045.htm

Journal of Services Marketing
25/4 (2011) 260–272
© Emerald Group Publishing Limited [ISSN 0887-6045]
[DOI 10.1108/08876041111143096]

Received: November 2008
Revised: September 2009
Accepted: November 2009

The purpose of this study is twofold. First, it empirically investigates the impact of brand credibility on purchase intention in service settings. Specifically, it will assess the applicability of Erdem and Swait's (1998) framework of brand credibility effects across multiple service categories by incorporating a new construct that denotes perceived value for money into the existing model of brand credibility effects. Second, it will examine how the power of brand credibility's impact differs according to service types and involvement levels. An examination of the mechanisms through which brand credibility influences consumer purchase intention within the service category classification scheme (i.e. hedonic vs utilitarian service and high vs low involvement) may be of practical interest to marketing and advertising practitioners because it is very useful for developing marketing communication campaigns for service brand strategy differentiation. By knowing precisely how brand credibility works in the context of services, advertisers and marketers in service businesses will be able to refine their brand messages in advertising and other marketing executions.

Background

The nature of services and service brands

A service can be defined as "a holistic process which provides focus to the internal relationship between the service company and the employees, and comes alive in the external relationship between consumer and service provider" (Riley and Chernatony, 2000, p. 148). As compared with products, the inherent properties of services include intangibility, inseparability, heterogeneity, perishability, and ownership (Mortimer, 2002). In particular, intangibility, which refers to the degree to which a product or a service cannot provide a clear, concrete image (McDougall and Snetsinger, 1990), is positively associated with uncertainty (Mitchell and Greatorex, 1993, Murray and Schlacter, 1990, Zeithaml and Bitner, 2000, Laroche *et al.*, 2004). Thus, the intangibility dimension of services leads to the suggestion that branding may be more important for services because a brand can provide consumers with a symbolic meaning that assists in both the recognition of services and image creation.

The intense competition within the service marketplace and the inherent difficulty in differentiating services that lack tangible and physical attributes may encourage service companies to establish strong brands (O'Cass and Grace, 2003). According to Berry (2000), a service brand plays a critical role in reducing consumers' perceived monetary, social, or safety risk in buying services. In fact, a service brand is a specific company or organization (e.g. credit card company, hospital, or restaurant) that provides a service for consumers to buy. In other words, the company itself is the primary brand in services marketing such as Avis, H&R Block, and FedEx, whereas the product is the primary brand in packaged product marketing such as Prell, Comet, and Pampers marketed by Proctor & Gamble (Berry, 2000). O'Cass and Grace (2004) assert that a service brand is driven by the process of the core service (i.e. service-related attributes). For example, when consumers use bank services, they are paying for the process of their accounts being managed. The fee charged for the banking services is external to the process itself. Internal to the process is transferring money, securing personal information, and associating employee expertise with the banking services.

From an integrative perspective, the service brand functions both as an entity and a process (Brodie, 2009). According to Brodie *et al.* (2006, p. 373):

> Service brands facilitate and mediate the marketing processes used to realize the experiences that drive co-creation of value. They provide sign systems that symbolize meaning in the marketing network, and hence are a fundamental asset or resource that a marketing organization uses in developing service-based competency and hence competitive advantage.

In this sense, the service brand is an integrative concept where "service" is super-ordinate to the branding of "goods" and/or "services" (Brodie *et al.*, 2006; Brodie, 2009).

Signaling theory

Signaling theory provides theoretical insights into understanding the nature of the mechanism through which a brand influences consumer purchase behavior when consumers are uncertain about product attributes and/or benefits. From an information economics perspective, signaling theory is based on the assumption that the different level of product information flows between consumers and firms causes a problem of information asymmetry (Kirmani and Rao, 2000, Martin and Camarero, 2005). Information asymmetry implies consumer uncertainty about the quality of the product or service provided by firms. One possible solution is the use of signals. A signal is defined as "an action that the seller can take to convey information credibly about unobservable product quality to the buyer" (Rao *et al.*, 1999, p. 259).

Advertising may serve as a signal of a firm's commitment to its product or service quality (Nelson, 1974). Consumers sometimes use their perceptions of advertising expenditures of firms as cues to infer quality when lacking information about product quality (Kirmani, 1990). Some consumers believe that since high advertising costs are incurred only by high-quality firms that can recover their advertising expenditures from future sales (Rao *et al.*, 1999), such firms use advertising as a signal to ensure that their product or service claims are credible.

Several scholars have argued that brands are the most widely used signal when considering unobservable qualities (Park and Lessing, 1981, Rao and Monroe, 1989, Morrin, 1999, Erdem *et al.*, 2006). In general, consumers tend to perceive branded products as higher in quality than unbranded products. If consumers believe this logic, they will accept a branded product's quality claim as true. Therefore, brands can be effective signals of unobservable quality (Rao *et al.*, 1999). According to Erdem and Swait (1998), a brand signal consists of "a firm's past and present marketing mix strategies and activities associated with that brand. In other words, a brand becomes a signal because it embodies (or symbolizes) a firm's past and present marketing strategies" (p. 135). Signaling theory suggests that credibility is a key determinant of a brand signal to convey information effectively (Tirole, 1988). This implies that brands may serve as credible signals because they may embody the cumulative efforts of prior marketing communication strategies.

Conceptual framework

Brand credibility and its consequences

The notion of brand credibility was inspired by Erdem and Swait (1998), who examined consumer-based brand equity based on signaling theory. As briefly mentioned before, brand

Journal of Services Marketing
Volume 25 · Number 4 · 2011 · 260–272

credibility is the believability of the product position information embedded in a brand depending on consumers' perceptions of whether the brand has the ability and willingness to continuously deliver what has been promised (Erdem and Swait, 2004). Brand credibility is thought to consist of two main components: trustworthiness and expertise (Erdem and Swait, 1998, 2004, Erdem *et al.*, 2002, 2006). Trustworthiness refers to the willingness of firms to deliver what they have promised. Expertise refers to the ability of firms to deliver what they have promised. Since the trustworthiness and expertise of a brand are based on the cumulative impact of all previous marketing strategies and actions taken by a brand (Erdem and Swait, 1998), it is not surprising that brand credibility reflects the consistency of the marketing mix through brand investments such as advertising.

The constructs of consistency, brand investments, and clarity are antecedents to brand credibility. Consistency represents the degree of harmony and convergence among the marketing actions and the stability of marketing mix strategies over time (Erdem *et al.*, 2006). Roberts and Urban (1998) suggest that consistency in product quality leads to a low level of inherent product variability. Brand investments represent a firm's spending on brands in order to demonstrate long-term brand commitment and to assure consumers that brand promises will be kept (Erdem and Swait, 2004). Furthermore, clarity represents the lack of ambiguity of the product information contained in a brand (Erdem *et al.*, 2002). In this sense, brand credibility can be created and shaped by higher consistency, higher clarity, and higher brand investments over time through all practices and aspects of marketing communications such as brand image advertising, sponsorship, and sales promotion.

Erdem and Swait (1998) suggest that brand credibility increases perceived quality, decreases perceived risk, decreases information costs, and thus increases consumer expected utility, which is characterized by brand purchase intention. To the best of our knowledge, perceived quality refers to "the consumer's judgment about the superiority or excellence" of a product or service (Zeithaml, 1988, p. 5). According to Wernerfelt (1988), higher signal credibility leads to consumer perceptions of quality because consumers may infer that more credible brands are higher in quality than less credible brands. On the other hand, information costs saved can be conceptualized by lowering information gathering and processing costs, which include expenditure of time, money, and psychological costs (Erdem and Swait, 1998). Under uncertainty, consumers tend to search for more information about product or service quality before making a decision (Money *et al.*, 1998) and may view credible brands as a source of knowledge to save information gathering and processing efforts. On the basis of prior research, the concept of information costs is positively related to perceived risk that refers to the extent to which consumers feel uncertain when they cannot foresee the consequences of their purchase decisions (Shiffman and Kanuk, 2003). Clearly, high perceived risk encourages consumers to gather and process a large amount of information since the level of information acquisition depends on perceived risk (Erdem and Swait, 1998). That is, perceived risk is considered to increase information search since there is a need to obtain more information in order to reduce uncertainty and risk. Along this line, Aaker (1991) asserts that higher perceived quality, lower information costs, and lower risks associated with credible brands can increase consumer evaluations of brands. Taken together, we propose the following hypotheses to ascertain whether Erdem and Swait's (1998) framework of brand credibility effects is applied to various service categories.

H1. Brand credibility will be positively related to the perceived quality.
H2. Perceived quality will be positively related to the brand purchase intention.
H3. Brand credibility will be negatively related to the perceived risk.
H4. Perceived risk will be negatively related to the brand purchase intention.
H5. Perceived risk will be negatively related to the information costs saved.
H6. Brand credibility will be positively related to the information costs saved.
H7. Information costs saved will be positively related to the brand purchase intention.

Perceived value for money

The most common definition of perceived value is the ratio or trade-off between quality and price (Zeithaml, 1988; Carvens *et al.*, 1988; Sweeney *et al.*, 1997), which is a value-for-money conceptualization. While some scholars argue that quality and price is an antecedent of value (e.g. Dodds *et al.*, 1991), others point out that viewing perceived value as a trade-off between only quality and price is too simplistic and narrow (e.g. Bolton and Drew, 1991). In the context of services, perceived value may be linked to not only price and quality, but also to service friendliness and service customizations (Ostrom and Iacobucci, 1995). It is important to note that perceived value differs from perceived quality in some ways because perceived value is a higher level abstraction than perceived quality and involves a tradeoff of "give" and "get" components, whereas perceived quality is considered as only the "get" component (Zeithaml, 1988). Hence, the focus is on perceived value for money in this research.

Extensive efforts have been made to examine how a brand is related to perceived value. Given that perceived value is the consumer's perception of brand utility on the basis of simultaneous considerations of what is received and what is given up to receive it, it can be included in the determinants of brand equity because consumer brand choice relies heavily on a perceived balance between the price of a product or service and all its brand utilities (Lassar *et al.*, 1995). To illustrate, Martin and Brown (1990) suggest that five dimensions of brand equity include perceived quality, perceived value, image, trustworthiness, and commitment. Richardson *et al.*(1996) found that perceived value for money of private brands is related to private brand proneness. Most importantly, perceived value plays a special role in determining the relationship between brand trustworthiness and purchase intention. For instance, Chong *et al.* (2003) found that there is an interrelationship among trust, perceived value, and purchase intention, suggesting that perceived value partially mediates the relationship between brand trust and purchase intention. With the construct of perceived value for money as a new mediator in the linkage between brand credibility and purchase intention, the following hypotheses are generated:

Journal of Services Marketing
Volume 25 · Number 4 · 2011 · 260–272

H8. Brand credibility will be positively related to the perceived value for money.

H9. Perceived value for money will be positively related to the brand purchase intention.

The moderating roles of service type and involvement level

To precisely examine under what conditions brand credibility works differently in consumer purchase intention, the current research compares the effects of brand credibility across various service categories. This investigation can provide more generalizable and rigorous results from this study. Taking into consideration the nature of services, the power of brand credibility's impact may vary according to service types and involvement levels.

One of the most general types of service classification schemes is illustrated by hedonic services versus utilitarian services. Hedonic services represent the "feeling," "emotional," and "experiential" features, while utilitarian services reflect the "thinking," "rational," and "functional" features (Vaughan, 1980, Stafford *et al.*, 2002). As hedonic services are driven exclusively by affective and sensory preferences, they are likely to generate emotional arousal (Mano and Oliver, 1993). On the other hand, utilitarian services provide more cognitively oriented benefits and achieve a functional or practical task with tangible characteristics (Strahilevitz and Myers, 1998; Dhar and Wertenbroch, 2000).

Most importantly, involvement has been studied as a key indicator of personal motivational states toward an object, situation, or action. As defined by Zaichkowsky (1985, p. 342), involvement is "a person's perceived relevance of the object based on inherent needs, values and interests". Celsi and Olson (1988) have argued that a level of involvement can be determined by the extent to which consumers perceive that concept to be personally relevant. In this research, the focus is on purchasing decision involvement to determine the level of consumer involvement. This approach is justified because the nature of brand formation would be more influenced by a specific situation of the service purchase than the service itself. On the other hand, involvement can be theoretically linked to brand credibility because both involvement and brand credibility center on consumer uncertainty. Chaffee and McLeod (1973) suggest that uncertainty is generally viewed as an antecedent of involvement. According to Erdem *et al.* (2006), brand credibility is considered as an important cue of decreasing consumer uncertainty in the brand signaling effects. Given the preceding discussion, the following research questions are proposed:

RQ1. How would brand credibility's impact on purchase intention differ according to service types?

RQ2. How would brand credibility's impact on purchase intention differ according to involvement conditions?

Method

Overall research design

Prior to the experimental study, a pretest was conducted in a classroom setting to select appropriate service categories relevant to the main study population, and to determine whether participants' perceptions toward the given service categories differed significantly with respect to the level of involvement and the type of service. Details about the specific product selections and the service type and involvement manipulations are discussed later. Participants for the pretest and the main study were undergraduate college students, so it was important to pick service products that were relevant to them. Past scholars have relied extensively on student samples for their service purchase studies (Ostrom and Iacobucci, 1995; Mitra *et al.*, 1999). Erdem and Swait (1998) have confirmed the validity of their brand credibility model using undergraduate student samples.

In the main study, subjects were randomly assigned to each experimental condition according to involvement level (high versus low) and service type (hedonic versus utilitarian). The data were collected through an online survey-based procedure, using the Random Link Generator (Kim *et al.*, 2008) to randomize questionnaire distribution. Preceding this, analysis of the main study consisted of two steps. First, the pooled data of all manipulation conditions were analyzed to test the proposed model using structural equation modeling (SEM) via the use of LISREL 8.72 (Jöreskog and Sörbom, 1996). Second, multi-group analyses were conducted to test the moderating roles of service type and involvement.

Pretest

In an attempt to identify services of relevance to college students, 11 service categories were selected from Mintel (2006): auto insurance, credit card, checking account, fast food restaurant, steak and seafood restaurant, mobile phone service, internet access service, online travel service, hotel, airline, and movie rental store. Two major criteria were applied to select appropriate service categories for the main study:

1. the possibility that the selected service class is reasonably relevant to college students; and
2. the possibility that a lot of college students tend to have prior experience using the service category.

A total of 33 college students (39.4 percent male, 60.6 percent female; ages 18-26) were asked to indicate whether or not they had purchased or used each of the services and if yes how often they use (seven-point scale where $1 =$ rarely and $7 =$ frequently), as the desire was to find service categories that respondents use. For the manipulation of the service type and involvement conditions, they were also asked the service category classification question items adopted from Ratchford's (1987) FCB-grid. As a result, the following services were selected: checking account (HI-U cell), fast food restaurant (LI-H cell), steak and seafood restaurant (HI-H cell), and movie rental store (LI-U cell) (i.e. HI-U, LI-H, HI-H, and LI-U, where HI = high involvement, LI = low involvement, U = utilitarian service, H = hedonic service). These service categories were the most commonly used or purchased services and generated successful manipulations. Specifically, the mean differences between the pairs of different service types (e.g. checking account [U] and fast food restaurant [H] ($t = -14.28$, $p \leq 0.001$)) and between the pairs of involvement levels (e.g. checking account [HI] and movie rental store [LI] ($t = 8.57$, $p \leq 0.001$)) were statistically significant.

Measurement instruments

Brand credibility, perceived quality, perceived risk, information costs saved, and purchase intention were measured using nine-point scales as developed by Erdem and Swait (1998). Nine-point scales have been validated for measuring brand credibility (six items), perceived quality (two items), perceived risk (two items), information costs saved (four items), and purchase intention (three items) (Erdem and Swait, 1998, 2004; Erdem *et al.*, 2002, 2006). The nine-point scale allows for more differentiation between consumers' perceptions on these scale items. While the scales used were based on previous research on products, the items in this study were slightly modified so that the scales were relevant to the context of services. Perceived value for money was measured with a four-item scale derived from Dodds *et al.* (1991). The four items of perceived value for money were adopted with modifications to better fit within the context of services and were also framed as nine-point Likert scales.

Assuming that brand credibility is a long-term effort and is hard to create in a short-term experimental setting, the term "favorite brand" was applied to all items (Montgomery, 1971, Kim *et al.*, 2008). In other words, all participants were asked to select their favorite brand name (one that they have used/purchased or would be most likely to use/purchase in the near future) from a list of service brands for each experimental condition. For example, the following list of brand names for the checking account (HI-U cell) was included: Bank of America, SunTrust Bank, Wachovia Bank, Wells Fargo, and Other. After choosing their favorite service brand, participants proceeded to the survey questions about their selected brand (e.g. "My favorite brand of checking account delivers what it promises"). Kim *et al.* (2008) have argued that brand credibility embraces the personal history of brand experience. Therefore, a favorite brand can be seen as an individual's own credibility or loyalty to a brand. It is expected that the use of a favorite brand ensured response variability.

Sample

The initial sample consisted of 404 undergraduate college students (26.6 percent male and 73.4 percent female) enrolled in large introductory courses at a major US university. All participants who completed the online survey were given extra course credit as an incentive and were given a chance to win a $50 gift certificate through a drawing. The average age for participants was 20.6 years and ranged from 18 to 30 years. After missing data ($n = 19$) were treated with listwise deletion, a total of 385 observations (HI-U cell = 100, HI-H cell = 93, LI-U cell = 94, and LI-H cell = 98) were used to analyze the pooled data.

Results

Assumption check

Prior to the main analysis, several underlying assumptions for structural equation modeling (SEM) were checked. The fundamental statistical assumptions for the SEM analysis were similar to those for factor analysis: sampling adequacy, no extreme multicollinearity, and normality (Hair *et al.*, 1998). Kaiser-Meyer-Olkin's measure of sampling adequacy was 0.93, and Bartlett's Test of Sphericity index was significant ($p \leq 0.001$). Therefore, there was substantial evidence for the planned factoring of the 17 items used in the study (Kaiser, 1974). Since extracted communalities were 0.517 to 0.832 across all measurement items, there was no extreme multicollinearity among the 17 measurement items. The normality assumption was satisfied because all skewness and kurtosis values associated with each item were within the range of ± 1.96 ($-1.16 \leq$ all skewness values ≤ 0.51; $-0.63 \leq$ all kurtosis values ≤ 1.86), except the kurtosis value for the item "In terms of overall quality, I would rate my favorite brand of ___ as" (kurtosis coefficient = 2.11). Since it was just slightly over this criterion and met other recommended criteria, it was considered to be acceptable. The value for multivariate normality was 1.35, which is well below the maximum cut-off of the absolute value of 2.0 for multivariate normality (Kline, 2005).

Measurement model

To better understand the hypothesized relationships, structural equation modeling was tested with LISREL (Jöreskog and Sörbom, 1996) by using a two-step procedure. For a two-step approach to structural equation modeling, the measurement model is estimated before the hypothesized structural linkages are examined, and then the structural model is estimated (Anderson and Gerbing, 1988). In assessing the measurement model through a confirmatory factor analysis (CFA), the maximum likelihood estimation method was employed because all measurement items showed a relatively small level of skewness and kurtosis and the multivariate normality assumption was met.

The reliability of the measurement items was evaluated using the combined data from all four survey cells. Each construct had a Cronbach's alpha coefficient from 0.64 to 0.95, which is acceptable for basic research (Nunnally, 1978). In the next step, convergent and discriminant validity were assessed for all constructs and indicators in the measurement model. Convergent validity was assessed by examining the factor loading for statistical significance (Sujan *et al.*, 1994). As shown in Table I, all factor loadings ranged from 0.47 to 0.95 and were statistically significant ($p \leq 0.05$). In addition, the average variance extracted (AVE) was calculated for rigorous testing of measurement validity. According to Fornell and Larcker (1981), convergent validity is achieved if the AVE values exceed 0.50 for all constructs. The result indicated that the AVE values were greater than 0.50 for all constructs ($0.62 \leq$ all AVE values ≤ 0.89), thus providing strong evidence of convergent validity.

Discriminant validity is achieved if the correlation between constructs is not equal to 1.0 (Bollen, 1989) and the AVE value for each construct exceeds the square of the standardized correlations between constructs (Fornell and Larcker, 1981). As indicated in Table II, discriminant validity was established because the inter-construct correlations were significantly different from 1.0 and the AVE values associated with all constructs (e.g. 0.77 and 0.89 for brand credibility and perceived quality, respectively) were greater than the square of the correlation between constructs (e.g. $0.85^2 = 0.72$). Therefore, all constructs had both convergent and discriminant validity.

To assess the CFA measurement model, we first examined whether or not offending estimates are encountering. According to Hair *et al.* (1998), offending estimates are any estimated coefficients in either the structural or measurement models that exceed acceptable limits, which may include

Table I Measurement model

Constructs	α	Measurement items	Factor loadings
Brand credibility	0.95	1. My favorite brand of ___ delivers what it promises	0.89*
		2. Service claims from my favorite brand of __ are believable	0.89*
		3. Over time, my experiences with my favorite brand of ___ have led me to expect it to keep its promises, no more and no less	0.87*
		4. My favorite brand of ___ is committed to delivering on its claim, no more and no less.	0.83*
		5. My favorite brand of ___ has a name I can trust	0.88*
		6. My favorite brand of ___ has the ability to deliver what it promises	0.90*
Perceived quality	0.94	7. The quality of my favorite brand of ___ is very high	0.95*
		8. In terms of overall quality, I would rate my favorite brand of ___ as:	0.94*
Perceived value for money	0.88	9. My favorite brand of ___ appears to be a good value for the money	0.89*
		10. The price shown for my favorite brand of ___ is very acceptable	0.93*
		11. My favorite brand of ___ is considered to be a good financial deal	0.86*
		12. How would you rate the competitiveness of the price of your favorite brand of ___?	0.58*
Information costs saved	0.89	13. Knowing what I am going to get from my favorite brand of ___ saves me time looking around	0.83*
		14. My favorite brand of ___ gives me what I want, which saves me time and effort trying to do better	0.93*
		15. I know I can count on my favorite brand of ___ being there in the future	0.80*
Perceived risk	0.64	16. I never know how good my favorite brand of ___ will be before I would choose it	0.88*
		17. To figure out what my favorite brand of ___ is like, I would have to try it several times	0.47*
Purchase intention	0.82	18. In general, I would never choose my favorite brand of ___ (R)	0.62*
		19. I would seriously consider choosing my favorite brand of ___	0.76*
		20 How likely would you be to choose your favorite brand of ___?	0.95*

Notes: We measured all items on nine-point "strongly disagree/strongly agree" scale, except items 8 (nine-point "low quality/high quality" scale), and 20 ("very unlikely/very likely" scale); (R) after an item indicates that we reversed it for inclusion in the model; Factor loading is based on standardized estimates; $^{*}p \leq 0.05$

Table II Correlation matrix of constructs

Constructs	AVE	1	2	3	4	5	6
1. Brand credibility	0.771	1					
2. Perceived quality	0.895	0.85	1				
3. Perceived value for money	0.684	0.66	0.51	1			
4. Information costs saved	0.733	0.78	0.69	0.64	1		
5. Perceived risk	0.610	−0.23	−0.21	−0.14	−0.23	1	
6. Purchase intention	0.623	0.55	0.53	0.47	0.54	0.24	1

negative error variances or very large standard errors. An initial inspection of offending estimates revealed that a negative error variance associated with the "perceived risk" construct occurred in item PR1. The undesirable result may occur due to having only two indicators for the "perceived risk" construct and the relatively low reliabilities of two scales (e.g. 0.64).

In an attempt to correct this offending estimate, the negative error variance was set to a very small positive value of 0.005 (Hair *et al.*, 1998). Setting the parameter with the negative error variance to zero is justified if it does not violate any assumptions or change the interpretation of the model (Leigh *et al.*, 2006). Although this approach has been criticized on the basis of statistical concerns, setting the negative error variance to a very small positive value of 0.005 is evaluated very favorably in both empirical and simulation settings (Dillon *et al.*, 1987). After the negative error variance was reset to 0.005 in the measurement model, there were no further instances of this problem.

In this study, several fit indices were examined to assess a CFA of the full measurement model: chi-square, χ^2/df ratio, goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI), root mean square error of approximation (RMSEA), non-normed fit index (NNFI), comparative fit index (CFI), and standardized root mean square residual (SRMR). Overall, the confirmatory factor analysis (CFA) of the full measurement model indicated a good fit: $\chi^2(156) = 363.26$ ($p \leq 0.001$), $\chi^2/\text{df} = 2.33$, GFI $= 0.91$, AGFI $= 0.88$, RMSEA $= 0.059$, NNFI $= 0.99$, CFI $= 0.99$, and SRMR $= 0.038$.

Structural model and hypotheses testing

To determine whether the hypotheses are supported, each structural path coefficient was examined with fit indices of the proposed model, using the maximum likelihood estimation method with the pooled data. The results of the structural model with all the path coefficients are shown in Table III. Overall, the fit indices showed a good fit for the model:

Journal of Services Marketing
Volume 25 · Number 4 · 2011 · 260–272

Table III Standardized path coefficients of structural model

Paths	Hypotheses	Path coefficients	t-value
Brand credibility → perceived quality	H1: supported	0.85*	18.82
Perceived quality → purchase intention	H2: supported	0.27*	3.81
Brand credibility → perceived risk	H3: supported	−0.24*	−4.57
Perceived risk → purchase intention	H4: supported	−0.11*	−2.33
Perceived risk → information costs saved	H5: not supported	−0.05	−1.42
Brand credibility → information costs saved	H6: supported	0.78*	14.65
Information costs saved → purchase intention	H7: supported	0.21*	3.06
Brand credibility → perceived value for money	H8: supported	0.67*	13.22
Perceived value for money → purchase intention	H9: supported	0.19*	3.17

Note: $^{*}p \leq 0.05$

$\chi^2(162) = 378.74$ ($p \leq 0.001$), $\chi^2/\mathrm{df} = 2.34$, GFI = 0.91, AGFI = 0.88, RMSEA = 0.061, NNFI = 0.99, CFI = 0.99, and SRM = 0.044). The results indicated that brand credibility positively influences perceived quality (*H1*), information costs saved (*H6*), and perceived value for money (*H8*), whereas brand credibility negatively influences perceived risk (*H3*) ($p \leq 0.05$). Thus, *H1*, *H3*, *H6*, and *H8* were supported.

Perceived risk was not found to significantly influence information costs saved (H5) even though there was a negative relationship between perceived risk and information costs saved (path coefficient = −0.05, *t*-value: −1.42; p = ns). Thus, *H5* was not supported. This finding was not in line with pervious studies that have shown that the path coefficient from perceived risk to information costs saved is negative and significant.

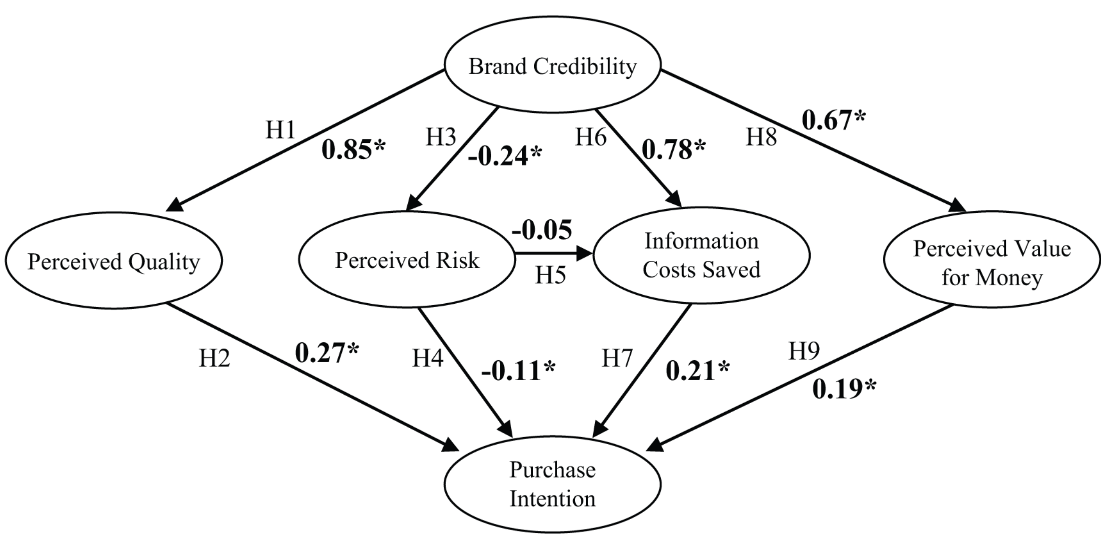
In addition, perceived quality (*H2*), perceived risk (*H4*), information costs saved (*H7*), and perceived value for money (*H9*) were found to influence purchase intention significantly. Therefore, *H2*, *H4*, *H7*, and *H9* were also supported in the predicted direction. As shown in Figure 1, the empirical evidence finds strong support for the proposed model, with the exception of a relationship between perceived risk and information costs saved.

Multiple-group analyses

Two research questions involved testing to determine whether brand credibility's impact works differently under experimental conditions that differentiate the service types (i.e. utilitarian and hedonic) and the level of involvement (i.e. high and low conditions). The pooled data were divided into separate covariance matrices for utilitarian services ($n = 194$), hedonic services ($n = 191$), high involvement services ($n = 193$), and low involvement services ($n = 192$) and was used as input data for the multiple-group analyses.

Unconstrained models for the experiment conditions were generated to be used as a basis of comparison. After the unconstrained models (i.e. one for each set of split data) were run simultaneously, without invariance of path coefficients, each gamma (i.e. all paths from exogenous variables to endogenous variables) and beta path (i.e. all paths among endogenous variables) was tested individually for equivalency by fixing each path coefficient in one group to be equal to the other one by one. Next, a chi-square difference test was performed to examine the path coefficient differences across groups (i.e. utilitarian vs hedonic; high vs low involvement). Given that the chi-square difference test provides significant results, the path coefficients were significantly different across groups. Therefore, it is concluded that there was a moderating

Figure 1 Hypothesized path values



Note: * $p \leq 0.05$

Journal of Services Marketing
Volume 25 · Number 4 · 2011 · 260–272

role affecting the relationship between independent and dependent variables (Kline, 2005).

As shown in Table IV, there were significant chi-square differences $\Delta\chi^2 df = 1 > 3.84$ at $p \leq 0.05$) in path coefficients of brand credibility → perceived quality, brand credibility → perceived value for money, brand credibility → information costs saved, perceived value for money → purchase intention, and information costs saved → purchase intention between utilitarian and hedonic services. The results revealed that the magnitude of brand credibility's impact on purchase intention through perceived value for money and information costs saved is stronger for utilitarian services than for hedonic services. However, there was no significant difference in path coefficients between high and low involvement although the power of brand credibility's impact on purchase intention via perceived quality, perceived risk, information costs, and perceived value for money was slightly greater under high involvement conditions than low involvement conditions.

Discussion

The objective of this study was to examine whether the framework of brand credibility effects is applicable to service categories and to investigate how the power of brand credibility's impact is moderated by service type and involvement. The results provide strong support for the application of the framework of brand credibility effects to the context of service brands. The proposed model supports the notion that brand credibility exerts a strong effect on purchase intention toward a service brand by increasing perceived quality, perceived value for money, information costs saved, and by decreasing perceived risk across service categories.

With the exception of perceived value for money, the results were consistent with Erdem and Swait (1998). It was found that brand credibility positively influences perceived quality and information costs saved, whereas brand credibility negatively influences perceived risk. These results suggest that brand credibility is an important antecedent of perceived quality, perceived risk, and information costs saved in service settings. Brand credibility was also found to have a significant and positive impact on perceived value for money, which in turn exerts a positive impact on purchase intention. Several scholars have argued that perceived value for money serves as a meaningful construct to explain consumer choice behavior in service environments (Swait and Sweeney, 2000, Sweeney *et al.*, 1999, Groth and Dye, 1999). Consistent with previous empirical evidence (Sweeney *et al.*, 1999), the present research suggests that perceived value for money has a significant and positive effect on purchase intention. The results of this study indicate that perceived value for money plays a mediating role in explaining how a causal relationship between brand credibility and purchase intention occurs in the service domain.

However, the path from perceived risk to information costs saved failed to achieve statistical significance. This finding is not consistent with previous research, which found that perceived risk and information costs saved are significantly and negatively correlated (Murray, 1991; Newman, 1977; Erdem and Swait, 1998). Past research has suggested that rational information search behaviors tend to reduce risk and enable consumers to be confident in uncertain situations. A potential explanation for the absence of perceived risk's impact on information costs saved may pertain to brand knowledge. Although consumers may have high levels of perceived risk toward a service brand, their perceptions of risk do not necessarily translate into information search behavior because they have already purchased or used their favored service brand with knowledge attached to the brand in memory. Chen and He (2003) assert that brand knowledge plays a pivotal role in reducing perceived risk.

Another possible explanation may be due to consumers' past service experience. In this study, the checking account, movie rental store, fast food restaurant, and steak and seafood restaurant that were employed as service categories may be classified as experience-based services. Experience characteristics of services refer to the attributes that can be

Table IV Comparison of path coefficients under service types and involvement conditions

	Standardized coefficients					
Paths	$\Delta\chi^2$ (Δdf = 1) between utilitarian and hedonic	Utilitarian	Hedonic	$\Delta\chi^2$ (Δdf = 1) between high and low involvement	High involvement	Low involvement
Brand credibility → perceived quality	4.37*	0.79*	0.92*	0.61	0.87*	0.82*
Perceived quality → purchase intention	0.03	0.24*	0.26*	1.18	0.38*	0.22*
Brand credibility → perceived risk	0.71	−0.19*	−0.28*	0.63	−0.29*	−0.21*
Perceived risk → purchase intention	0.46	−0.09	−0.15*	0.92	−0.14*	−0.05
Perceived risk → information costs saved	0.13	−0.06	−0.04	3.67	−0.13*	−0.01
Brand credibility → information costs saved	6.74*	0.88*	0.68*	1.67	0.82*	0.72*
Information costs saved → purchase intention	5.47*	0.31*	0.09	0.39	0.17*	0.26*
Brand credibility → perceived value for money	12.99*	0.81*	0.51*	2.8	0.73*	0.60*
Perceived value for money → purchase intention	8.64*	0.37*	0.01	0.79	0.11*	0.22*

Notes: Unconstrained models for service types ($\chi^2(363) = 738.7$) and for involvement condition ($\chi^2(363) = 827.9$); If $\Delta\chi^2(df = 1) > 3.84$, the path coefficient difference between two groups is significant ($p \leq 0.05$); $^*p \leq 0.05$

evaluated only after the service has been performed or consumed (Mitra *et al.*, 1999). According to Moorthy *et al.* (1997), consumers who have more product or service experience tend to need less new information; this past experience may lead consumers to save on information costs. Familiarity associated with prior experience implies less information search effort regardless of a consumer's risk perception. Perceived risk may be the critical factor in increasing information costs when consumers' past experiences tend to be low.

With respect to the moderating roles of service types, the results suggest that utilitarian services, unlike hedonic services, increase brand credibility's impact on purchase intention through perceived value for money. It is important to note that cognitive or rational models of decision making are driven by perceived value for the money (Sweeney *et al.*, 1999) and brand credibility is considered as a cognitive construct (Kim *et al.*, 2008). For utilitarian services, consumer decision making may be formed via cognitive evaluations associated with a consumer's perception of value. This implies that the perceived value for money construct plays different roles in the causal relationships between brand credibility and purchase intention in hedonic and utilitarian conditions. Consumers are likely to rely heavily on the aspects of brand credibility and perceived value for money when purchasing services based on utilitarian features. Regardless of service type, brand credibility had a negative effect on perceived risk in service settings. This result was consistent with previous studies, which indicate that a high level of brand credibility decreases perceived risk. Overall, the findings suggest that utilitarianism moderates brand credibility's impact on purchase intention by increasing perceived value for money and decreasing information costs, whereas hedonism affects brand credibility's impact on purchase intention by increasing perceived quality.

Interestingly, it was found that all paths were not significantly different between high and low involvement. One possible explanation for this result may be related to statistical significance testing in the difference between high and low involvement. Although there were statistically significant differences between high and low involvement services in the manipulation check, the actual difference may not have been large enough to be practically meaningful. In other words, the service categories, while statistically different from each other, may not represent truly high and low involvement categories. Therefore, it may be difficult to detect significance and may affect the results that showed that brand credibility's impact on purchase intention was not significantly different under high and low involvement conditions.

Implications

This study has important theoretical and managerial implications for services marketing researchers and practitioners. From a theoretical perspective, the proposed model provides a more comprehensive assessment of how brand credibility influences its key outcomes across service categories. Drawing on signaling theory from an information economics perspective (Spence, 1974), this research extended Erdem and Swait's (1998) framework by including the role of perceived value for money within an existing model of brand credibility effects in service settings. It is important to note that perceived value for money has been rarely used for brand credibility studies despite its theoretical plausibility. Brand credibility was found to exert a strong and positive impact on perceived value for money. Consistent with Sweeney *et al.* (1999), a relationship between perceived value for money and purchase intention was found to be significant and positive. Therefore, perceived value for money's theoretical importance in the proposed model was supported by the findings. This implies that perceived value for money could be considered a significant mediator of a causal relationship between brand credibility and purchase intention in service sectors. Another theoretical implication is that the current research assures the generalizability and robustness of the proposed model through the use of multiple service categories reflecting hedonic/utilitarian characteristics and high/low involvement. Overall, the results provide more rigorous support for the proposed model by incorporating the service classification scheme that might have affected the magnitude of the impacts of brand credibility on purchase intention.

The findings of this study provide managerial contributions to advertisers and marketers, particularly in the field of services marketing. According to Reast (2005), brand credibility reflects the honesty and standing of a brand via product or service claims delivered in advertising or other forms of brand communication. The results suggest that advertisers and marketers in service categories need to be mindful of managing their brand's credibility levels over time by executing various marketing communication campaigns.

Grace and O'Cass (2005) suggest that services marketers should seriously consider their brand communication strategies that encompass controlled communications (e.g. advertising and promotions), uncontrolled communications (e.g. word-of-mouth and publicity), and brand name in order to increase consumer satisfaction as well as attitudes and re-use intentions toward the service brand. For example, service advertising can be used to represent the tangible information and meaning attached to the brand name in order to establish brand credibility that has been shown to reduce uncertainty and thus increase consumer-based brand equity. This is so because the brand name featured in service advertising can serve as a driving force for reinforcing consumer confidence, trust, and safety in its usage (Turley and Moore, 1995).

It is important to note that the success of service brand communications aimed at reinforcing brand credibility relies heavily on the consistency of brand management. Erdem and Swait (1998) point out that brand management should include all aspects of credibility, such as the consistency of a brand's marketing mix strategies over time. Therefore, the concept of brand credibility in the service sector provides a goal for marketing communication campaigns that highlight the importance of consistency.

In addition, advertisers and marketers should be cautious when creating their service brand messages across different service types. In the context of utilitarian services, it may be effective to convey a rational message approach that represents a brand's credibility as a cognitive construct along with ideas of invoking either value for money or lowering service-related information costs in order to increase consumer intention to purchase. On the other hand, establishing brand credibility may be accomplished by maximizing perceived quality because perceived quality seems to matter more in consumer choice processes for hedonic services. For example, consumers using a hedonic service such as a fast food restaurant may find it difficult to

Journal of Services Marketing
Volume 25 · Number 4 · 2011 · 260–272

differentiate service offerings (e.g. service speed, low food prices, and information about menu items) from other fast food restaurant providers (Bowen, 1990). However, other offerings (e.g. consistent quality in the food products and employee knowledge) related to the perceived quality can help enhance consumer credibility and confidence in the fast food services and minimize uncertainty about the fast food restaurant attributes.

Limitations and suggestions for future research

Although the findings of this study yield rich insights into the nature of brand credibility effects in service settings, the current study has several limitations. First, this research focused on a limited number of service categories (i.e. checking account, movie rental store, fast food restaurant, and steak and seafood restaurant) to test the moderating role of service type and involvement. Therefore, future research is needed to examine the generalizability and robustness of the proposed model with a larger set of service categories representing hedonic/utilitarian services and high/low involvement.

In addition, future research should build on the findings of this study and explore the propositions put forth by Mittal (2004). His suggested exploration of the tripartite classification of product attributes (i.e. search, experience and credence attributes) as they apply to service products could provide further insight into the brand credibility construct. For example, our study found that the magnitude of brand credibility's impact on purchase intention varies under different conditions with regard to utilitarian and hedonic services. It would be helpful to examine whether this same impact on brand credibility occurs when looking at search, experience and credence product attributes of service products.

Second, the empirical results of this study were based on a student sample. Although great care was taken to use service categories that students use, student samples may not represent the general population. Another avenue for further research is to replicate the proposed model on non-student samples in order to enhance the generalizability of these results. Third, the construct of perceived risk was measured with only two items, for reason of parsimony, even though there are various types of perceived risk (e.g. functional, social, physical, psychological, financial, and time risk) identified in the literature. The two items that were employed in this study may not have fully measured perceived risk. It became evident that a negative error variance associated with the perceived risk construct occurred in this research. According to Hair *et al.* (1998), using only two indicators in structural equation modeling increases the chances of reaching an improper and infeasible solution. Future research should be replicated with additional indicators associated with perceived risk.

Finally, previous research to explain brand credibility effects on purchase intention was tested only in the USA, with the exception of Erdem *et al.* (2006). Although their validation study found empirical evidence for the importance of brand credibility in consumer decision making in different cultures, it is not clear that the proposed model is valid and applicable in other countries. Brand credibility may play different roles in brand equity formation depending on consumers' cultural orientations. Thus, future research should examine how brand credibility in brand equity formation varies according to cultural differences in service settings.

References

Aaker, D.A. (1991), *Managing Brand Equity*, The Free Press, New York, NY.

Anderson, J.C. and Gerbing, D.W. (1988), "Structural equation modeling in practice: a review and recommended two-step approach", *Psychological Bulletin*, Vol. 103 No. 3, pp. 411-23.

Berry, L.L. (2000), "Cultivating service brand equity", *Journal of the Academy of Marketing Science*, Vol. 28 No. 1, pp. 128-37.

Bollen, K.A. (1989), *Structural Equations with Latent Variables*, Wiley, New York, NY.

Bolton, R.N. and Drew, J.H. (1991), "A multistage model of customers' assessments of service quality and value", *Journal of Consumer Research*, Vol. 17 No. 4, pp. 375-84.

Bowen, J. (1990), "Development of a taxonomy of services to gain strategic marketing insights", *Journal of the Academy of Marketing Science*, Vol. 18 No. 1, pp. 43-9.

Brodie, R.J. (2009), "From goods to service branding: an integrative perspective", *Marketing Theory*, Vol. 9 No. 1, pp. 107-11.

Brodie, R.J., Glynn, M.S. and Little, V. (2006), "The service brand and the service-dominant logic: missing fundamental premise or the need for stronger theory?", *Marketing Theory*, Vol. 6 No. 3, pp. 363-79.

Carvens, D.W., Holland, C.W., Lamb, C.W. Jr and Moncrief, W.C. III (1988), "Marketing's role in product and service quality", *Industrial Marketing Management*, Vol. 17 No. 4, pp. 285-304.

Celsi, R.L. and Olson, J.C. (1988), "The role of involvement in attention and comprehension process", *Journal of Consumer Research*, Vol. 15 No. 2, pp. 210-24.

Chaffee, S.H. and McLeod, J.M. (1973), "Consumer decisions and information use", in Ward, S. and Robertson, T.S. (Eds), *Consumer Behavior: Theoretical Sources*, Prentice-Hall, Englewood Cliffs, NJ, pp. 385-415.

Chen, R. and He, F. (2003), "Examination of brand knowledge, perceived risk and consumers' intention to adopt an online retailer", *Total Quality Management & Business Excellence*, Vol. 14 No. 6, pp. 677-93.

Chong, B., Yang, Z. and Wong, M. (2003), "Asymmetrical impact of trustworthiness attributes on trust, perceived value and purchase intention: a conceptual framework for cross-cultural study on consumer perception of online auction", *ACM International Conference Proceeding Series*, Vol. 50, pp. 213-9.

Dhar, R. and Wertenbroch, K. (2000), "Consumer choice between hedonic and utilitarian goods", *Journal of Marketing Research*, Vol. 37 No. 1, pp. 60-71.

Dillon, W.R., Kumar, A. and Mulani, N. (1987), "Offending estimates in covariance structure analysis: comments on the causes of and solutions to Heywood cases", *Psychological Bulletin*, Vol. 101 No. 1, pp. 126-35.

Dodds, W.B., Monroe, K.B. and Grewal, D. (1991), "Effects of price, brand, and store information on buyers' product evaluations", *Journal of Marketing Research*, Vol. 28 No. 3, pp. 307-19.

Erdem, T. and Swait, J. (1998), "Brand equity as a signaling phenomenon", *Journal of Consumer Psychology*, Vol. 7 No. 2, pp. 131-57.

Erdem, T. and Swait, J. (2004), "Brand credibility, brand consideration, and choice", *Journal of Consumer Research*, Vol. 31 No. 1, pp. 191-8.

Erdem, T., Swait, J. and Louviere, J. (2002), "The impact of brand credibility on consumer price sensitivity", *International Journal of Research in Marketing*, Vol. 19 No. 1, pp. 1-19.

Erdem, T., Swait, J. and Valenzuela, A. (2006), "Brands as signals: a cross-country validation study", *Journal of Marketing*, Vol. 70 No. 1, pp. 34-49.

Fornell, C. and Larcker, D.F. (1981), "Evaluating structural equation models with unobservable variables and measurement error", *Journal of Marketing Research*, Vol. 18 No. 1, pp. 39-50.

Grace, D. and O'Cass, A. (2005), "Examining the effects of service brand communications on brand evaluation", *Journal of Product & Brand Management*, Vol. 14 No. 2, pp. 106-16.

Groth, J.C. and Dye, R.T. (1999), "Service quality, perceived value, expectations, shortfalls, and bonuses", *Managing Service Quality*, Vol. 9 No. 4, pp. 274-85.

Hair, J.F., Anderson, R.E., Tatham, R.L. and Black, W.C. (1998), *Multivariate Data Analysis*, 5th ed., Prentice-Hall, Upper Saddle River, NJ.

Jöreskog, K.G. and Sörbom, D. (1996), *LISREL 8: User's Reference Guide*, Scientific Software International, Chicago, IL.

Kaiser, H.F. (1974), "An index of factorial simplicity", *Psychometrika*, Vol. 39 No. 1, pp. 31-6.

Kim, J.Y., Morris, J.D. and Swait, J. (2008), "Antecedents of true brand loyalty", *Journal of Advertising*, Vol. 37 No. 2, pp. 99-117.

Kirmani, A. (1990), "The effect of perceived advertising costs on brand perceptions", *Journal of Consumer Research*, Vol. 17 No. 2, pp. 160-71.

Kirmani, A. and Rao, A.R. (2000), "No pain, no gain: a critical review of the literature on signaling unobservable product quality", *Journal of Marketing*, Vol. 64 No. 2, pp. 66-79.

Kline, R.B. (2005), *Principles and Practice of Structural Equation Modeling*, Guilford Press, New York, NY.

Krishnan, B.C. and Harline, M.D. (2001), "Brand equity: is it more important in services?", *Journal of Services Marketing*, Vol. 15 No. 5, pp. 328-41.

Laroche, M., McDougall, G.H.G., Bergeron, J. and Yang, Z. (2004), "Exploring how intangibility affects perceived risk", *Journal of Service Research*, Vol. 6 No. 4, pp. 373-89.

Lassar, W., Mittal, B. and Sharma, A. (1995), "Measuring customer-based brand equity", *Journal of Consumer Marketing*, Vol. 12 No. 4, pp. 11-19.

Leigh, J.H., Zinkhan, G.M. and Swaminathan, V. (2006), "Dimensional relationships of recall and recognition measures with selected cognitive and affective aspects of print ads", *Journal of Advertising*, Vol. 35 No. 1, pp. 105-22.

McDougall, G.H.G. and Snetsinger, D.W. (1990), "The intangibility of services: measurement and competitive perspectives", *Journal of Services Marketing*, Vol. 4 No. 4, pp. 27-40.

Mano, H. and Oliver, R.L. (1993), "Assessing the dimensionality and structure of the consumption experience: evaluation, feeling, and satisfaction", *Journal of Consumer Research*, Vol. 20 No. 4, pp. 451-66.

Martin, G.S. and Brown, T.J. (1990), "In search of brand equity: the conceptualization and measurement of the brand impression construct", in Childers, T.L. (Ed.), *Marketing Theory and Applications*, American Marketing Association, Chicago, IL, pp. 431-8.

Martin, S.S. and Camarero, C. (2005), "Consumer reactions to firm signals in asymmetric relationships", *Journal of Service Research*, Vol. 8 No. 1, pp. 79-97.

Mintel (2006), *Mintel Reports: USA, 2006*, Mintel Group, London.

Mitchell, V.W. and Greatorex, M. (1993), "Risk perception and reduction in the purchase of consumer services", *Service Industries Journal*, Vol. 13 No. 4, pp. 179-200.

Mitra, K., Reiss, M.C. and Capella, L.M. (1999), "An examination of perceived risk, information search and behavioral intentions in search, experience and credence services", *Journal of Services Marketing*, Vol. 13 No. 3, pp. 208-28.

Mittal, B. (2004), "Lack of attribute searchability: some thoughts", *Psychology & Marketing*, Vol. 21 No. 6, pp. 443-62.

Money, R.B., Gilly, M.C. and Graham, J.L. (1998), "Explorations of national culture and word-of-mouth referral behavior in the purchase of industrial services in the United States and Japan", *Journal of Marketing*, Vol. 62 No. 4, pp. 76-87.

Montgomery, D.B. (1971), "Consumer characteristics associated with dealing: an empirical example", *Journal of Marketing Research*, Vol. 8 No. 1, pp. 118-20.

Moorthy, S., Ratchford, B.T. and Talukdar, D. (1997), "Consumer information search revisited: theory and empirical analysis", *Journal of Consumer Research*, Vol. 23 No. 4, pp. 263-77.

Morrin, M. (1999), "The impact of brand extensions on parent brand memory structures and retrieval processes", *Journal of Marketing Research*, Vol. 36 No. 4, pp. 517-26.

Mortimer, K. (2002), "Integrating advertising theories with conceptual models of services advertising", *Journal of Services Marketing*, Vol. 16 No. 5, pp. 460-8.

Murray, K.B. (1991), "A test of services marketing theory: consumer information acquisition activities", *Journal of Marketing*, Vol. 55 No. 1, pp. 10-25.

Murray, K.B. and Schlacter, J.L. (1990), "The impact of services versus goods on consumers' assessment of perceived risk and variability", *Journal of the Academy of Marketing Science*, Vol. 18 No. 1, pp. 51-65.

Nelson, P. (1974), "Advertising as information", *Journal of Political Economy*, Vol. 82 No. 4, pp. 729-54.

Newman, J.W. (1977), "Consumer external search: amount and determinants", in Woodside, A.G., Sheth, J.N. and Bennett, P.D. (Eds), *Consumer and Industrial Buyer Behavior*, North-Holland, New York, NY, pp. 79-94.

Nunnally, J.C. (1978), *Psychometric Theory*, McGraw-Hill, New York, NY.

O'Cass, A. and Grace, D. (2003), "An exploratory perspective of service brand associations", *Journal of Services Marketing*, Vol. 17 No. 5, pp. 452-75.

O'Cass, A. and Grace, D. (2004), "Exploring consumer experiences with a service brand", *Journal of Product & Brand Management*, Vol. 13 No. 4, pp. 257-68.

Ostrom, A. and Iacobucci, D. (1995), "Consumer trade-offs and the evaluation of services", *Journal of Marketing*, Vol. 59 No. 1, pp. 17-28.

Park, C.W. and Lessing, V.P. (1981), "Familiarity and its impact on consumer decision biases and heuristics", *Journal of Consumer Research*, Vol. 8 No. 2, pp. 223-31.

Rao, A.R. and Monroe, K.B. (1989), "The effect of price, brand name, and store name on buyers' perceptions of product quality: an integrative review", *Journal of Marketing Research*, Vol. 26 No. 3, pp. 351-7.

Rao, A.R., Qu, L. and Ruekert, R.W. (1999), "Signaling unobservable product quality through a brand ally", *Journal of Marketing Research*, Vol. 36 No. 2, pp. 258-68.

Ratchford, B.T. (1987), "New insights about the FCB grid", *Journal of Advertising Research*, Vol. 27 No. 4, pp. 24-38.

Reast, J.D. (2005), "Brand trust and brand extension acceptance: the relationship", *Journal of Product & Brand Management*, Vol. 14 No. 1, pp. 4-13.

Richardson, P.S., Jain, A.K. and Dick, A. (1996), "Household store brand proneness: a framework", *Journal of Retailing*, Vol. 72 No. 2, pp. 159-85.

Riley, F.D. and Chernatony, L.D. (2000), "The service brand as relationships builder", *British Journal of Management*, Vol. 11 No. 2, pp. 137-50.

Roberts, J.H. and Urban, G.L. (1998), "Modeling multiattribute utility, risk and belief dynamics for new consumer durable brand choice", *Management Science*, Vol. 34 No. 2, pp. 167-85.

Shiffman, L. and Kanuk, L.L. (2003), *Consumer Behavior*, 8th ed., Prentice-Hall, Upper Saddle River, NJ.

Spence, M. (1974), *Market Signaling: Informational Transfer in Hiring and Related Screening Processes*, Harvard University Press, Cambridge, MA.

Stafford, M.R., Stafford, T.F. and Day, E. (2002), "A contingency approach: the effects of spokesperson type and service type on service advertising perceptions", *Journal of Advertising*, Vol. 31 No. 2, pp. 17-34.

Strahilevitz, M.A. and Myers, J.G. (1998), "Donations to charity as purchase incentives: how well they work may depend on what you are trying to sell", *Journal of Consumer Research*, Vol. 24 No. 4, pp. 434-46.

Sujan, H., Weitz, B.A. and Kumar, N. (1994), "Learning orientation, working smart, and effective selling", *Journal of Marketing*, Vol. 58, July, pp. 39-52.

Swait, J. and Sweeney, J.C. (2000), "Perceived value and its impact on choice behavior in a retail setting", *Journal of Retailing and Consumer Services*, Vol. 7 No. 2, pp. 77-88.

Sweeney, J.C., Soutar, G.N. and Johnson, L.W. (1997), "Retail service quality and perceived value: a comparison of two models", *Journal of Retailing and Consumer Services*, Vol. 4 No. 1, pp. 39-48.

Sweeney, J.C., Soutar, G.N. and Johnson, L.W. (1999), "The role of perceived risk in the quality-value relationship: a study in a retail environment", *Journal of Retailing*, Vol. 75 No. 1, pp. 77-105.

Tirole, J. (1988), *The Theory of Industrial Organization*, MIT Press, Cambridge, MA.

Turley, L.W. and Moore, P.A. (1995), "Brand name strategies in the service sector", *Journal of Consumer Marketing*, Vol. 12 No. 4, pp. 42-50.

Vaughan, R. (1980), "How advertising works", *Journal of Advertising Research*, Vol. 20 No. 5, pp. 27-33.

Wernerfelt, B. (1988), "Umbrella branding as a signal of new product quality: an example of signaling by posting a bond", *RAND Journal of Economics*, Vol. 19 No. 3, pp. 458-66.

Zaichkowsky, J.L. (1985), "Measuring the involvement construct", *Journal of Consumer Research*, Vol. 12 No. 3, pp. 341-53.

Zeithaml, V.A. (1988), "Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence", *Journal of Marketing*, Vol. 52 No. 3, pp. 2-22.

Zeithaml, V.A. and Bitner, M.J. (2000), *Services Marketing: Integrating Customer Focus across the Firm*, McGraw-Hill, New York, NY.

Corresponding author

Tae Hyun Baek can be contacted at: taehyun@uga.edu

Executive summary and implications for managers and executives

This summary has been provided to allow managers and executives a rapid appreciation of the content of the article. Those with a particular interest in the topic covered may then read the article in toto *to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present.*

Despite the practical impetus and growing theoretical interest in brand credibility, relatively little is known about how it influences consumer purchase intention in services. A strong service brand increases consumers' trust about the invisible aspects of services and helps them better understand the intangible ones.

Brand credibility has been identified as the believability of the product position information embedded in a brand depending on consumers' perceptions of whether the brand has the ability and willingness to continuously deliver what has been promised. It is thought to consist of two main components: trustworthiness and expertise. Trustworthiness refers to the willingness of firms to deliver what they have promised, while expertise refers to their ability to do so. Since trustworthiness and expertise are based on the cumulative impact of all previous marketing strategies and actions taken by a brand, it is not surprising that brand credibility reflects the consistency of the marketing mix through brand investments such as advertising.

In "Exploring the consequences of brand credibility in services" Tae Hyun Baek and Karen Whitehill King investigate the impact of brand credibility on purchase intention in service settings. Specifically, they assess the applicability of a framework of brand credibility effects across multiple service categories by incorporating a new construct that denotes perceived value for money into the existing model of brand credibility effects. They also examine how the power of brand credibility's impact differs according to service types and involvement levels. An examination of the mechanisms through which brand credibility influences consumer purchase intention within the service category classification scheme (i.e. hedonic vs utilitarian service and high vs low involvement) is of practical interest to marketing and advertising practitioners because it is useful for developing marketing communication campaigns for service

Journal of Services Marketing
Volume 25 · Number 4 · 2011 · 260–272

brand strategy differentiation. By knowing precisely how brand credibility works in the context of services, advertisers and marketers in service businesses can refine their brand messages in advertising and other marketing executions.

Brand credibility was found to exert a strong effect on purchase intention toward a service brand by increasing perceived quality, perceived value for money, information costs saved, and by decreasing perceived risk across service categories.

It was also found to exert a strong and positive impact on perceived value for money and a relationship between perceived value for money and purchase intention was found to be significant and positive. Brand credibility reflects the honesty and standing of a brand via product or service claims delivered in advertising or other forms of brand communication. Advertisers and marketers in service categories need to be mindful of managing their brand's credibility levels over time by executing various marketing communication campaigns.

Previous research has suggested that services marketers should seriously consider their brand communication strategies that encompass controlled communications (e.g. advertising and promotions), uncontrolled communications (e.g. word-of-mouth and publicity), and brand name in order to increase consumer satisfaction as well as attitudes and re-use intentions toward the service brand. For example, service advertising can be used to represent the tangible information and meaning attached to the brand name in order to establish brand credibility that has been shown to reduce uncertainty and thus increase consumer-based brand equity. The brand name featured in service advertising can serve as a driving force for reinforcing consumer confidence, trust, and safety in its usage.

The success of service brand communications aimed at reinforcing brand credibility relies heavily on the consistency of brand management. Brand management should include all aspects of credibility, such as the consistency of a brand's marketing mix strategies over time. Therefore, the concept of brand credibility in the service sector provides a goal for marketing communication campaigns that highlight the importance of consistency.

In addition, advertisers and marketers should be cautious when creating their service brand messages across different service types. In the context of utilitarian services, it may be effective to convey a rational message approach that represents a brand's credibility as a cognitive construct along with ideas of invoking either value for money or lowering service-related information costs in order to increase consumer intention to purchase. On the other hand, establishing brand credibility may be accomplished by maximizing perceived quality because perceived quality seems to matter more in consumer choice processes for hedonic services.

For example, consumers using a hedonic service such as a fast-food restaurant may find it difficult to differentiate service offerings (e.g. service speed, low food prices, and information about menu items) from other fast-food restaurant providers. However, other offerings (e.g. consistent quality in the food products and employee knowledge) related to the perceived quality can help enhance consumer credibility and confidence in the fast food services and minimize uncertainty about the fast food restaurant attributes.

(A précis of the article "Exploring the consequences of brand credibility in services". Supplied by Marketing Consultants for Emerald.)

To purchase reprints of this article please e-mail: **reprints@emeraldinsight.com**
Or visit our web site for further details: **www.emeraldinsight.com/reprints**