

Decomposing Brand Loyalty: Exploring the Effect of Teenage Status and Gender on Brand Loyalty

ABSTRACT

This article focuses on the impact of demographic variables, namely as teenage status and gender, on brand loyalty. Other variables studied include taste, quality, image, and the utility of the soft drink. Via an empirical application utilizing marketing modeling techniques, we examine brand loyalty in the soft drink category. To do this, we use a logit model. Survey data among South American soft drink consumers (n=6000) are collected and used to estimate a loyalty model. After interpretation, we discuss the findings, implications, and recommendations. Our main findings indicate that teenagers and males are the most likely to be brand loyal in the soft drink category, and that there is no interaction effect between gender and age. We discuss the findings with their potential impact on marketing communications decisions relevant to gender and the teenage market on an international level.

INTRODUCTION

One consideration of interest to marketers is the demographic description of brand loyalists. There is considerable empirical research on brand loyalty in general in the marketing literature (e.g., Guest 1964; Day 1969; Howard and Sheth 1969; Jacoby 1971; Sheth 1974; Jeuland 1980; Andrews and Srinivasan 1995; Yim 1999). Furthermore, there is an understanding among researchers and practitioners that the brand loyalty construct is of importance in understanding consumer behavior (Howard and Sheth 1969; Jacoby 1971; Sheth 1974). Yet, due to: a) lack of complete understanding of brand loyalty in an international setting, b) differing conceptual definitions of brand loyalty, and c) over-simplified measures, the marketing literature does lack a focus on demographic considerations of brand loyalty in international markets. Specifically, we investigate how brand loyalty to a non-diet soft drink differs according to demographic subgroups a South American market.

Study Objectives and Research Questions

In light of increasing attention among marketers focusing on the teenage market as a potentially loyal segment, as well as a need for a demographic focus, our objective in the current study is to examine brand loyalty across demographic subgroups in an international setting. *This paper, as an introductory study, seeks to investigate how brand loyalty varies across gender and age groups (specifically, the teenage versus adult age group).* Other variables studied include taste, quality, image, and the utility of the soft drink.

The following three research questions address brand loyalty among different subgroups:

RQ1- Does brand loyalty differ among teenagers vs. adults?

RQ2- Does brand loyalty differ according to gender?

RQ3- Is there any interaction effect between the *Gender* and *Age* (teenage vs. adult) variables?

To address the three research questions above, we utilize survey data (n=6000) collected in South America. This approach may provide a framework in different regions in which global, international, or multinational marketing efforts are in place.

In this paper, we offer a brief introduction to our conceptual framework on brand loyalty. We then discuss brand loyalty as related to each age status and gender, and develop relevant hypotheses. Next, we discuss our empirical work—including the data used to estimate the findings, a sample description, the estimation technique, and the logit model. We then discuss the findings and implications from a marketing communications standpoint.

CONCEPTUAL FRAMEWORK

Brand Loyalty

We begin our demographic analysis of brand loyalty by examining the construct brand loyalty, or a consumer's attachment and or devotion to a brand (Aaker 1991). We present a brief investigation of the key variable, brand loyalty—specifically how the term has emerged in the marketing literature. Brand loyalty is often considered in conjunction with creating long-term relationships with customers, or the acquisition of regular customers, in lieu of the traditional goal of short-term sales. Our assessment of brand loyalty, although richly explored in the marketing literature, indicates that the defined boundaries of brand loyalty have evolved over time.

Brand loyalty emerged in the marketing literature as a consistent preference for a given brand. Yet, this basic definition did not satisfy Brown (1952), who included past purchase behavior as an important indicator of brand loyalty. Ten years later, stochastic modeling (largely based on purchase history) was used to determine brand loyalty (Feuhner 1962). Such stochastic

model analyses (e.g., Jeuland 1980) often consider brand loyalty as a long-term choice probability within a product class. Since then, brand loyalty has been consistently recognized in the marketing literature as a function of conditional probability.

A psychological component was introduced to the definition of brand loyalty by Jacoby and Chestnut (1978). Jacoby and Chestnut defined brand loyalty as “the behavioral response expressed over time by some decision-making unit, with respect to one or more alternative brands out of a set of such brands, and is a function of psychological processes” (1978, p. 11).

One may question the difference between one who states loyalty or feels loyal to a given brand, versus one who purchases that brand. Extant literature on *behavioral* (as opposed to attitudinal) brand loyalty has generally considered loyalty as a notion of consumers being exclusively loyal to one single alternative in their purchase behavior. It is important for marketers to consider that a consumer who does purchase a given brand may also purchase a competing brand’s products. Many consumers embrace more than one alternative--exhibiting divided loyalties among a handful of brands (Yim 1999). This divided loyalty may be a result of the increases in the number of product alternatives, including brand and line extensions. The more realistic appraisal of brand loyalty assumes that buyers circulate among a set of acceptable brands, functioning similar to the choice made with a menu.

Brand loyalty can be expressed via behavior (consistent purchase) (e.g., Andrews and Srinivasan 1995), responses to advertising (e.g., Deighton and Neslin 1994), and/or attitudes (preference). Brand loyalty can be determined and measured in terms of degree or intensity, or as a mere brand preference. The combination of psychological (e.g., this brand fits my image) with behavioral (e.g., I purchase this brand most) congruencies gives the most robust measure of

brand loyalty. Thus, in the current study, the consumer's loyalty for a given brand is a function of *both* behavior and attitudinal measures.

Having defined brand loyalty in general, we now consider brand loyalty in relation to age status (i.e., teenage or adult).

Brand Loyalty and Teenagers

Teenagers are thought to be a brand loyal segment for a number of reasons. Teenagers are involved in purchase decisions, they are targeted frequently by marketing communications efforts, and they use brands to become influencers and trendsetters. We address each of these reasons in the following paragraphs.

Purchasing Decisions and Teens. One consideration linking teenagers to brand loyalty is their purchasing ability and role in purchasing decisions. Teenagers increasingly actively participate in consumer decision-making and purchase involvement on the branded goods which they choose. The contribution to purchasing decisions may be primarily due to their increasing knowledge of the marketplace (e.g., what brands are cool) and product alternatives (e.g., “uncool” generics). Thus, it is the “cool” brands that teenagers tend to demonstrate loyalty towards.

Teenagers often evolve into a more dominant role in purchasing. The inclusion of factors (e.g., credit/debit card; drivers license) aiding their ability to purchase branded goods, as well as an increased responsibility (e.g., grocery shopping) may lead teenagers to become more active in consumer decision-making (Derbaix and Bree 1997). Furthermore, when teenagers begin to earn money, they establish an increased sense of independence, and are more likely to purchase the (branded) products they desire, without reverting to consultation of parents (Derbaix and Bree 1997).

Teenage consumers spend a considerable amount on image-based brands, as opposed to typically lower-priced generics. Such may go against intuition, as teenagers generally do not have as much money to spend compared to adults. Teenagers, while generally without a high income, earn or receive enough money for relatively small purchases, such as on branded soft drinks (in lieu of generics). In addition to (often part-time) jobs, many teenagers across the globe earn an allowance. The average 15-17 year-old's weekly allowance in the U.S., for example, is \$19.30, and over half (57%) of teens receive an allowance (Clements 2003 ctd. 2003 Yankelovich Youth Monitor). Similarly, Belgian children and teenagers (9-18 years old) dispose of a weekly allowance of 7.9 Euro (De Pelsmacker et al. 1998), and in Germany, children and teens spend about 4 billion DM on a yearly basis (Villwock 1997). Most importantly, such expenditures by teenagers are increasing annually (Stoneman 1998). Globally, teenagers constitute a primary market, as well as a secondary market for branded disposable goods, such as soft drinks. Such spending capacity and purchase influence leads the teenage market prone to targeting by advertisers and marketers in an image-oriented category such as branded soft drinks.

Targeting Teenagers. A further reason teenagers are likely more brand loyal in the soft drink category, is because of the heightened targeting to teenagers. Popular press and researchers (e.g., Boush et al. 1994, John 1999) alike have recognized that marketing and advertising efforts disproportionately target adolescents, tween-agers, and teenagers. Such targeting efforts attempt to establish brand loyalty at a young age. Much of these efforts revolve around image-based advertising and marketing, as young consumers tend to be more image-conscious than the adult consumer (McNeal 1988).

Marketers do recognize that teenagers are the adult consumers of the future, and that their early-rooted brand preference years often remains instilled in adulthood (McNeal 1992). Soft

drink marketers are well aware of the fads and trends of the teenage culture: “As goes pop culture, so goes pop.” (Chura 2001, p.1). By catering to teenage-oriented fads, soft drink marketers seek both trial and repeat consumption in order to establish loyalty.

Influencers and Trendsetters. A final important consideration is that teenagers, with their brands of choice, are strong influencers; teenagers may use brands to become trendsetters and opinion leaders for several groups in society. Teenagers not only co-decide on products for themselves and join in on family-oriented decisions, yet they often highly influence their peers with their brand selections.

The reasons above lead us to hypothesis 1:

H1A- There is a significant difference in brand loyalty between teenagers and adults.

Brand Loyalty and Gender

In addition to age considerations, it is important to examine gender considerations with brand loyalty. When it comes to repurchasing behavior, a likely indicator of brand loyalty, females are more brand loyal than males (Mittal and Kamakura 2001). Specifically, Mittal and Kamakura (2001) found that the probability of repurchasing a specific brand is uniformly higher among women than among men, with the same level of satisfaction. This leads us to the second hypothesis:

H2A- There is a significant difference in brand loyalty between males and females.

Interaction between Gender and Teenage

The considerations of both gender and age, now, must be jointly considered. The past studies on loyalty in the marketing literature (e.g., Guest 1964; Day 1969; Howard and Sheth 1969; Jacoby 1971; Sheth 1974; Jeuland 1980; Andrews and Srinivasan 1995; Yim 1999)

either have not tested for an interaction effect, or do not indicate that an interaction effect has been found. Thus, our final hypothesis:

H3- There is no interaction effect between the *Gender* and *Teenage* variables.

EMPIRICAL ANALYSIS

Data

Data Description. Data collected from the soft drink market is used for our empirical analysis. A survey was conducted in 2002, and amassed a dataset containing about 6000 respondents from South America. The age distribution of respondents completing the survey is as follows: 1584 (26.4%) teenagers (ages 12-19), 1711 (28.5%) young adults (twenties), 1349 (22.5%) thirtysomethings, and 1356 (22.6%). Overall, approximately half of the respondents (2999) are women, and gender was evenly distributed across the age groups.

In order to determine the brand loyalty of a respondent, both behavioral (e.g., consumption habit) and attitudinal (e.g., soft drink preference) measures were collected. Specifically, each respondent stated 1) brand purchase intent, 2) the brand consumed most often, and 3) the brand preferred over other soft drinks. Informants were classified as loyalists with respect to a given brand 'A', if they were among the top box of brand 'A' purchase intent, consumed brand 'A' most often, and preferred 'A' over other brands. Finally, the loyalty construct was indicated by a dummy variable with '1' of brand-loyalty and '0' of none brand-loyalty.

The survey data addressed specific attributes, which were collected as dummy variables, where a '1' or '0' was recorder according to whether the respondent 'agreed' with a certain statement about the soft drink. The authors suggest a coding procedure to group dummy

variables and construct new continuous scores for each group of variables, for a richer analysis of the data. This coding procedure is discussed next.

Coding Procedure. The dataset contained many variables, some of which could be grouped to collectively indicate a latent construct (e.g., ‘great taste’, ‘clean taste’, ‘rich taste’, and ‘distinct taste’ together measure the taste construct) with regard to the brand ‘A’. Predictor variables were grouped into four categories and each category was labeled. The classification was validated through discussions with both academicians and practitioners. The outcomes of the classification schema include four brand attributes: *Taste*, *Quality*, *Image*, and *Utility*.

Each respondent was assigned a score for each construct- the fraction of “I agree” responses. For example, a respondent reporting ‘No’ for all four taste-related items is assigned a score of 0 for taste. *Age* and *Gender* are our two indicator variables for demographic information. Specifically, for age, we focused on teenage status (i.e., teenage vs. adult); the other age groups were lumped together. In this study, a ‘1’ in each *Age* and *Gender* indicates, for example, that the respondent is a male teenager.

As the first step to address our research questions, we investigate the relationship between *Loyalty*, *Age* (i.e., teenage vs. adult) and *Gender*. Given that each of these variables are indicator variables, we use both chi-square analyses to examine their dependence. All values in the Chi-square statistics (see Table 1, below) are significant at 1% level. This significance suggests that both *Loyalty* and *Age*, as well as *Loyalty* and *Gender* are dependent. Table 1, below summarizes the chi-square tests.

Table 1. Tabulation of *Loyalty* by *Teenage* and *Gender*

<i>Loyalty</i>	<i>Teenager</i>			<i>Gender</i>		
	0	1	Total	0	1	Total
0	2495 (41.5%)	709 (11.8%)	3204 (53.4%)	1748 (29.1%)	1456 (24.3%)	3204 (53.4%)
1	1921 (32%)	875 (14.6%)	2796 (46.6%)	1251 (20.8%)	1545 (25.7%)	2796 (46.6%)
Total	4416 (73.6%)	1584 (26.4%)	6000	2999 (49.9%)	3001 (50.0%)	6000
	Chi-square: 64.51 (1)***			Chi-square: 57.52 (1)***		

Note: *** significant at 1% level

Logistic Regression

In the following section, we use logistic regression to further investigate the relationships between these variables. The logistic regression models the likelihood of occurrence of an event (e.g., the likelihood of a customer being brand loyal). In our case, it assumes the probability of a customer being a brand loyalist is determined by a set of predictor variables. Our goal, however, is to investigate the impact of two specific factors (i.e., gender and teenage status) on loyalty, while having other covariates accounted for. The proposed model is specified as follows:

$$\ln\left(\frac{P(LOYAL)}{P(NON-LOYAL)}\right) = \beta_0 + \beta_1 GENDER + \beta_2 TEENAGE + \beta_3 TASTE + \beta_4 QUALITY + \beta_5 IMAGE + \beta_6 UTILITY + \beta_7 INTERACTION$$

where:

P(LOYAL) and P(NON-LOYAL): probability for a given customer to be brand loyal/non-loyal

LOYAL: loyalty to the soft drink (0=no; 1=yes)

GENDER: male (1) and female (0)

TEENAGE: teenagers (1) and non-teenagers (0)

TASTE: average of scores for taste-related items

QUALITY: average of scores for quality-related items
 IMAGE: average of scores for image-related items
 UTILITY: average of scores for utility-related items
 INTERACTION: the interaction effect of GENDER and AGE
 $\beta_0 - \beta_7$: parameters to be estimated

Recall that the *Taste, Quality, Image, and Utility* constructs were previously described, and are shown in Appendix 1. The parameters in the logistic regression are estimated using SAS by the Maximum Likelihood Method (ML). Table 2, below, summarizes the model estimates.

Table 2: The Parameters Estimated in the Logistic Regression

Parameter	DF	Coefficient	Error	Chi-Square	Pr > ChiSq	Odds Ratio
INTERCEPT	1	-3.0062	0.0946	1010.611	<.0001	-
GENDER	1	0.5262	0.0764	47.4166	<.0001	1.66 (1.69)
TEENAGE	1	0.3329	0.11	9.1631	0.0025	1.35 (1.39)
TASTE	1	2.3846	0.1412	285.002	<.0001	10.9 (10.8)
QUALITY	1	1.0196	0.101	101.8271	<.0001	2.77
IMAGE	1	0.7455	0.1542	23.3712	<.0001	2.11
UTILITY	1	1.2595	0.1274	97.7843	<.0001	3.52
*INTERACTION	1	-0.0569	0.1457	0.1527	0.6959	0.88 (0.94)

* Not Significant

Model Goodness-of-Fit. We report the classification accuracy (i.e., the percentage classified correctly) with classification tables. In the classification tables below, we compare the actual event (loyal or not) against the predicted values indicated by our model. Any classification that is worse than by chance is unacceptable, thus it is desirable to see a high percentage of correct classifications, or a high hit ratio. The hit ratio is calculated as the percentage of correct classifications by the model, which we report to be 75.28% in the estimation dataset and 76.40% in the holdout dataset. The hit-ratio is high, and thus suggests a good model fit. To avoid inflation in the model fit, we test the estimated logistic function using a holdout sample. This holdout sample contains 1000 observations. The hit-ratio for this dataset is 76.4%, which is consistent with the results from the estimation dataset. Both hit-ratios suggest that our model fits

the data well in terms of correct predictions. Table 3 reports the hit-ratios for both the estimation dataset and the holdout dataset. Note that the hit-ratio weights the loyal and non-loyal group classification equally. We use the .50 decision rule to decide if the respondent is loyal.

Table 3: Model Goodness-of-fit

	True Observed Values					
	Estimation Dataset			Holdout Dataset		
	0	1	Total	0	1	Total
Predicted Values						
0	2458	737	3195	376	116	492
1	746	2059	2805	120	388	508
Total	3204	2796	6000	496	504	1000
Hit-Ratio	75.28%			76.40%		

Furthermore, table 4, below, shows the breakdown of brand loyalty by age (teenage vs. adult) and gender.

Table 4: Brand Loyalty

Brand Loyalty
(1=loyal;0=non-loyal)

Loyalty(Loyalty)	classif		
	0	1	Total
0	1227	415	1642
	40.90	13.83	54.73
	74.73	25.27	
	76.40	29.77	
1	379	979	1358
	12.63	32.63	45.27
	27.91	72.09	
	23.60	70.23	
Total	1606	1394	3000
	53.53	46.47	100.00

Model Interpretation. All the variables are significant at 1% level, except for the interaction term. With such a large sample size (n=6000) it is important to note that large samples tend to make for significant results. Thus, the finding that the interaction between age and gender is insignificant indicates consistency. Again, the results are consistent with the findings from the Chi-square test. *Teenage* and *Gender* effects are significant. Male teenagers are most likely to be brand loyal. There exists no interaction between *Teenage* and *Gender*. Specifically, being a male generates a 69% increase in the odd ratio, whereas being a teenager makes a 39.5% increase in the odd ratio.

Not surprisingly, all the brand-attribute predictors significantly influence the probability of a consumer being a brand loyalist. Among all the attributes, the model shows that *Taste* is the most dominant driver for loyalty. However, we are focusing on demographic considerations of interest to marketers.

FINDINGS

Each of our three hypotheses is supported. The findings of this study are reported below, in Table 4.

Table 4: Results of Hypothesis Testing

Hypothesis	Finding
H1A- There is a significant difference among brand loyalty between teenagers and non-teenagers.	Supported
H2A- There is a significant difference among brand loyalty between males and females.	Supported
H3- There is no interaction effect between the <i>Gender</i> and <i>Teenage</i> variables.	Supported

Each of the hypotheses based on past literature is supported by our model and analysis. We will discuss this finding, as well as the others, in the discussion and managerial implications section to follow.

DISCUSSION AND MANAGERIAL IMPLICATIONS

The soft drink category is one, which seeks loyalty due to the mere frequency in which many (especially teenagers) consume soft drinks. These findings, in addition to building to the marketing literature, have important implications for managers interested in adopting loyalty-building strategies to increase market shares of their products, and to encourage brand-switching from competitors. We will now discuss the findings along with some managerial implications, beginning with discussing the brand loyal teenager.

Brand Loyal Teenagers

As mentioned in the literature review, one reason why teenagers are generally brand loyal is because of marketing efforts geared towards teenagers. One area of importance is in studying advertisement likeability among teenagers. Advertisement likeability should not be underestimated, as the attitude towards the advertisement significantly impacts brand attitudes (Derbaix and Bree 1997), which may in turn, positively impact brand loyalty. For teenagers especially, advertisements and promotions are valued as a tool for social interaction and as a topic of conversations with peers (Ritson and Elliott 1999). Similarly, advertised brands are a tool for fitting in, popularity, and prestige. A good teenage-oriented advertisement recognizes pop culture fads and fashions, and shows these fads with models in their respective culture and peer group.

Brand Loyal Males

It is interesting that we find males to be significantly more loyal than females. Recall past research among American consumers (e.g., Mittal and Kamakura 2001) found females to repurchase the same brands most often, which is thought to be an indicator of brand loyalty. We find, by studying both behavioral and attitudinal brand loyalty, that males exhibit more brand

loyalty, which may be attributed to a number of concerns, such as the non-diet nature of the soft drink, and the use of attractive female spokespersons among leading soft drink marketers.

It is also interesting that the two leading soft drink companies currently employ female teenage/teenage looking pop culture celebrities as spokespersons. Such spokespersons, along with their revealing clothing styles, may attract males to their respective soft drinks.

Teenage Status and Gender

We find no interaction effect between the *Teenage* and *Gender* variables in the model. Yet, it is important to recognize the above individual brand loyal segments, the teenage male, as a potentially profitable segment.

Maintaining and Establishing Teenage Males and Females. One area in which the findings may be of interest to practitioners is maintaining the teenage male loyalty, and establishing more brand loyalty to teenage females. Because teenage males are found to show the most brand loyalty to this soft drink, a high frequency strategy may prove optimal as to “remind” the teenage male that they like the product. One up and coming marketing idea to teenage boys is through video games and other technologically related outlets that appeal to teenage males.

Recently, the soft drink market has attracted male attention globally with attractive female spokespersons. Perhaps such spokesperson selections rooted the male loyalty. Thus, marketers should work to establish a teenage female loyalty base, perhaps with a globally known teenage male celebrity spokesperson. A strategy could be incorporate such a male spokesperson into a campaign with a high reach strategy among targeted media outlets (e.g., teenage fashion magazines, product placement in teenage “girly” movies, public relations efforts to women’s high school and college sports).

CONCLUSIONS

One of our main findings is that teenage generation, specifically teenage males, are more likely to be brand loyal in the soft drink market. We found no interaction effect between the age effect and gender effect. Our findings may be due to the reasons discussed above.

Limitations and Further Study

As this data is based on consumers in just one South American country, external validity cannot be claimed without cross-cultural research. We encourage applications and adaptations of this model on similar data in other countries—stimulating cross-cultural research. A significant addition to the marketing literature on brand loyalty will compare the demographics of brand loyalists in a variety of countries, and establish any patterns, similarities, and differences with appropriate explanations of each.

Furthermore, this analysis is just on one brand—perhaps other soft drink categories (e.g., diet versions) show a higher brand loyalty among females. The diet culture is often linked with teenage females, and is prominent in many countries around the globe. It would be interesting to replicate this study with the diet version of this soft drink. We encourage further study on diet versions and “light versions” as well. In these suggested areas among others, we encourage researchers and practitioners to extend this exploratory study, in order to further study the demographic considerations of brand loyalty in a global setting.

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Appendix 1: Coding of Variables/ Classification of Survey Items

Constructs	Variables Included
Taste	“Is Great Tasting” “Has a Clean Taste” “Rich, Full-Bodied Taste” “For Palates Distinct”
Quality	“Worth the Cost” “High Quality” “Recognized as Most Admired Brand”
Image	“Cool” “Exclusive” “Natural” “Soft drinks’ Most Engaging Style”
Utility	“Gives Me Extra Energy” “Quenches My Thirst” “Gives Me Enjoyment Anytime” “Adds a Little Magic to My Life”

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