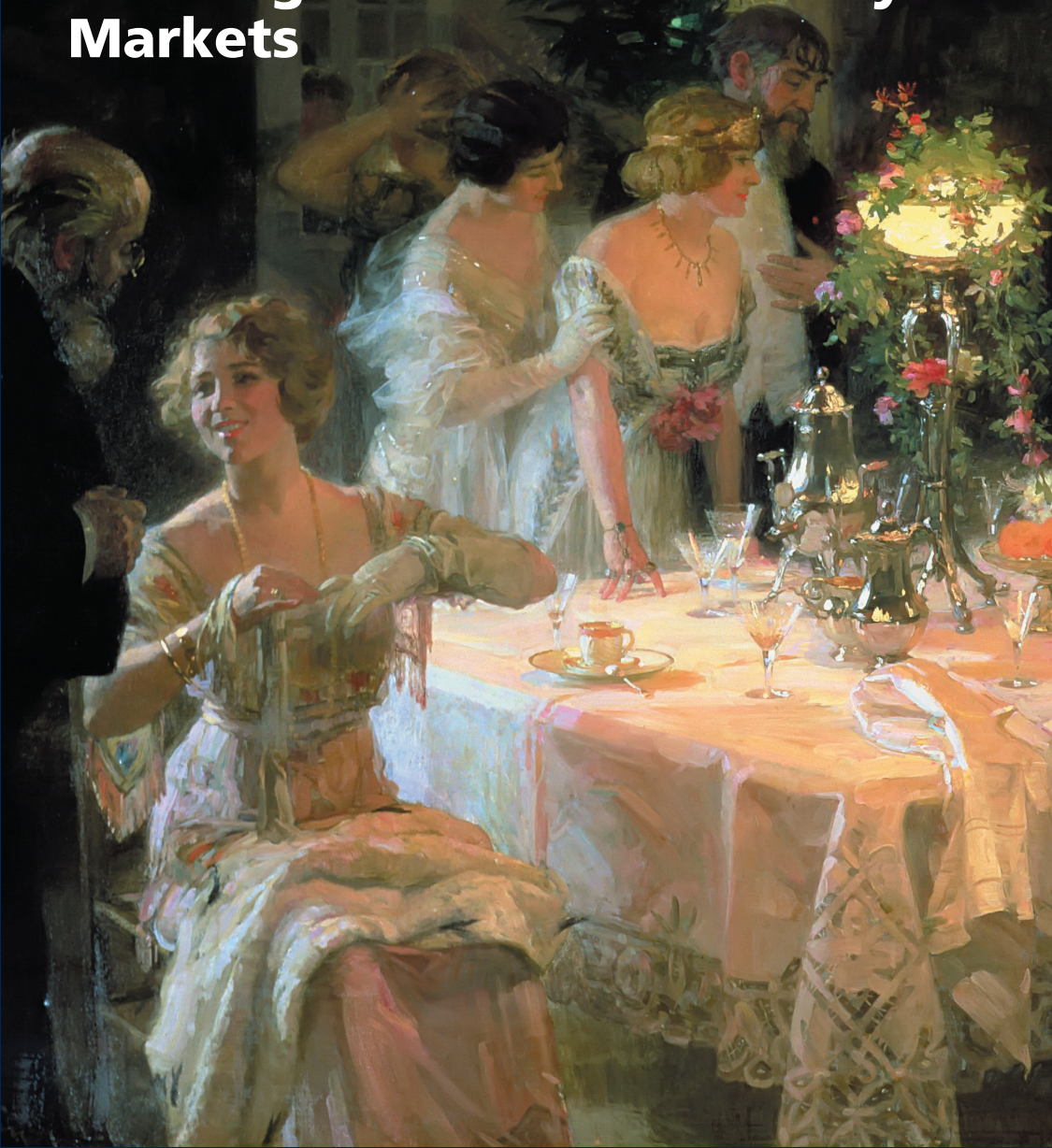


MIRIAM POCOCK

Status Inequalities in Business Exchange Relations in Luxury Markets



**Status Inequalities in Business
Exchange Relations in Luxury Markets**

**Status Inequalities in Business
Exchange Relations in Luxury Markets**

Status ongelijkheden in zakelijke transacties
in markten voor luxegoederen

Thesis

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*To my mother Mary née Seychell
and father, Charles Seychell.*

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AUTHOR'S NOTE

This study shares similarities to the behavior of individuals in different classes of society, highlighting the upper social class strata, with its general lack of class mobility and acceptability of lower status individuals. A notable example may be witnessed in the highly acclaimed English literature novel - Vanity Fair, by William Makepeace Tackery, in which the main protagonist, Becky Sharpe, appears as an avid social climber. Despite her low birth right, as daughter of a painter, she attracts the attention of the noble and powerful, Marquis of Stein, who in exchange for with her beauty, charm and wit, gives her access to the periphery of the upper class circle boundaries. She soon learns however that in spite of her singing talents, entertaining character and social skills, her acceptance is limited. The novel is set in the early 19th century, in an era where social class distinctions were perhaps more pronounced. Yet, still to this day, literature in business and sociology reflects the very same need to preserve status affiliations, within the tight social networks of high status actors.

SUMMARY

This thesis examines the status differences which emerge in business buying transactions involving high status actors purchasing inputs for production and assembly from suppliers of lower status. We present 3 empirical studies. The first study focuses on business buyers in the high status luxury motor yacht sector. The second and third studies analyse end-consumers, purchasing high status luxury cars.

Extant literature on status exchanges has predominantly advocated affiliations between partners of similar high status. By refraining from unequal status transactions, high status actors avoid potential loss or flow of status to the lower status partner. In practice unequal status affiliations do however exist. Although more recent works provide evidence of “heterophilous” exchanges, status inequalities have nonetheless been treated as an objective distinction in status rank, with hardly any reference to its perception. In the first Study we put forward a more dynamic perspective to status inequalities and which is based on buyer perceptions and status salience. We argue that given situational variables: (i) purchase visibility (ii) buyer status position (iii) market uncertainty), at an impending exchange, the buyer’s need to preserve status in affiliations is not always of equal importance. By investigating the purchasing behaviour of boat builders in 3 major motor yacht producing countries we demonstrate this by measuring the buyer’s willingness to trade-off incumbent supplier status for a more advantageous product offer from a lower status supplier.

In Studies 2 and 3, we address the domestic buyer . We measure consumer attitudes and preferences towards a high status end product equipped with ingredients from a lower status supplier. As part of the over-arching topic of this thesis, we examine the role of ingredient visibility and the varying influence of different components of high and low visibility in the final product. We also introduce two “types” of lower status supplier: (i) the new entrant supplier of unknown reputation (ii) the established supplier of known reputation. In this setting we propose that ingredient visibility heightens status judgments and enables us to draw finer perceptual distinctions between affiliations involving an

unknown supplier, whose lower status is still undetermined and those involving an established lower status supplier. As proposed, study results for high visibility ingredients, in general reflect more favourable consumer evaluations towards the unknown than the known lower status supplier. Contrary to predictions, consumers in general demonstrated a marked preference towards the acquisition of superior components at the expense of high supplier status in both high and low ingredient visibility conditions.

From a consumer evaluations perspective, the study also demonstrates the relationship between status and reputation. Results show the effect of perceived supplier status on perceived supplier reputation in unequal status affiliations. In spite of their unknown reputation, new entrant suppliers of high visibility ingredients were found to enjoy a higher perceived reputation than similar suppliers of low visibility ingredients. Controlling for effects of perceived supplier status resulted in no significant differences between the two suppliers. We conclude from our findings that when newcomer ingredient suppliers become more exposed in the affiliation, socially constructed status adds value to the supplier's perceived quality and trust and positions the unknown supplier at a higher perceived reputation level.

SAMENVATTING

Dit proefschrift onderzoekt verschillen in status, die ontstaan in zakelijke kooptransacties waarin een partij met een hoge status productiemiddelen koopt van leveranciers met een lagere status. We presenteren 3 empirische studies. De eerste studie richt zich op zakelijke kopers in de sector van luxe motorjachten met een hoge status. De tweede en derde studies analyseren eindegebruikers van luxe auto's van hoge status.

Bestaande literatuur over de uitwisseling van status heeft voornamelijk gepleit voor samenwerking tussen partners met een soortgelijke hoge status. Door af te zien van transacties met partners van ongelijke status, voorkomen spelers met een hoge status een mogelijk verlies van status, of het 'wegstromen' van status naar de partner met een lagere status. In de praktijk bestaat samenwerking tussen partners van ongelijke status echter wel degelijk. Hoewel meer recent onderzoek bewijs laat zien voor dergelijke 'heterofiele' transacties, wordt ongelijkheid in status hierin behandeld als een objectief onderscheid in rang, met nauwelijks enige verwijzing naar percepties. In de eerste studie brengen we een meer dynamisch perspectief naar voren op status-ongelijkheid dat gebaseerd is op de perceptie van kopers en de saillantie van status. We beargumenteren dat gegeven de volgende situationele variabelen: (i) de zichtbaarheid van de aankoop, (ii) de statuspositie van de koper en (iii) onzekerheid op de markt, de behoefte van de koper om status te bewaren tijdens een op handen zijnde transactie niet altijd van even groot belang is. Door onderzoek naar het koopgedrag van scheepsbouwers in 3 belangrijke motorjacht-producerende landen tonen we dit aan door het meten van de bereidheid van de koper om de status van de huidige leverancier uit te ruilen voor een voordeliger productaanbod van een leverancier met een lagere status.

In Studies 2 en 3 richten we ons op binnenlandse kopers. We meten de houding en voorkeuren van de consument ten opzichte van een eindproduct met een hoge status uitgerust met onderdelen afkomstig van een leverancier met een lagere status. Als onderdeel van het overkoepelende thema van dit proefschrift onderzoeken we de rol van de zichtbaarheid van het onderdeel en de wisselende invloed van verschillende componenten

met hoge en lage zichtbaarheid in het eindproduct. We introduceren ook twee 'soorten' van lagere-status leverancier: (i) de nieuwkomer van onbekende reputatie (ii) de gevestigde leverancier van bekende reputatie. In deze context stellen we dat de zichtbaarheid van het onderdeel status-oordelen verhoogt, wat ons in staat stelt om nauwkeuriger onderscheid te maken tussen samenwerkingsverbanden met een onbekende leverancier waarvan de lagere status nog niet is bepaald, en samenwerkingsverbanden met een gevestigde leverancier van lagere status. Zoals verwacht, weerspiegelen de resultaten van de studie voor onderdelen met een hoge zichtbaarheid in het algemeen gunstiger consumentenevaluaties voor de onbekende leverancier dan voor de bekende leverancier van lagere status. Tegengesteld aan onze voorspellingen, blijken consumenten in het algemeen een duidelijke voorkeur te hebben voor het verkrijgen van superieure onderdelen, ten koste van een hoge status van de leverancier, voor zowel zichtbare als minder zichtbare onderdelen.

Op het gebied van consumentenevaluaties toont de studie ook de relatie aan tussen status en reputatie. De resultaten tonen het effect van de waargenomen status van de leverancier op de waargenomen reputatie van de leverancier in samenwerkingsverbanden met ongelijke status. Ondanks hun onbekende reputatie bleken nieuwkomers die ingrediënten met een hoge zichtbaarheid leveren een hogere waargenomen reputatie te hebben dan vergelijkbare leveranciers van minder zichtbare ingrediënten. Wanneer de status van de leverancier constant werd gehouden, waren er geen significante verschillen tussen de twee leveranciers. We concluderen uit onze bevindingen dat wanneer nieuwkomers die onderdelen leveren zichtbaarder zijn tijdens de samenwerking, sociaal geconstrueerde status de waargenomen kwaliteit van de leverancier en het vertrouwen in de leverancier verhoogt en de onbekende leverancier op een hoger waargenomen reputatieniveau positioneert.

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Chapter 1

INTRODUCTION

It is generally acknowledged that businesses including those of high status are approached by alternative suppliers. In seeking to enter the boardroom of high status buyers, these suppliers offer advantageous products and services in the hope of sufficiently encouraging supplier switching. While these initiatives seldom detract purchasing agents from efforts to actively source new suppliers, the highly competitive supplier landscape often dictates that suppliers must also engage into more direct targeting of potential buyers.

In this thesis we examine low status suppliers who aspire to engage into purchase exchanges with higher status buyers. Extant literature has predominantly featured affiliations between partners of similar high status. In practice unequal status affiliations do exist. In these circumstances, high status buyers may well face a dilemma of whether to accept better purchase conditions from a lower status supplier or refuse instead the impending offer to preserve incumbent status affiliations. Against this background we set forth to analyse the status inequalities which emerge in business purchase transactions between high status buyers and suppliers of lower status. We consider new entrant suppliers and established suppliers of low status. We present three empirical studies:

Study 1 addresses the luxury motor yacht sector. It focuses on the organisational buyer who purchases materials and services required for boat building. We examine the buyer's perception of status inequalities at an impending exchange with a lower status supplier. Given situational variables we measure the buyer's willingness to trade-off incumbent supplier status for more advantageous product attributes, such as improved boat design and engine warranty from a lower status supplier.

Studies 2 and 3 focus on the end consumer and are set in the luxury car market. We consider high status luxury cars equipped with ingredients such as: leather material for seats, rubber trimmings around windscreen, windows, bonnet, etc., purchased from suppliers of lower status.

Study 2 measures consumer attitudes towards the final product purchased. Study 3 compares consumer preferences towards: (i) cars which include components with improved product specifications from lower status suppliers (ii) cars with standard components from high status suppliers.

1.1 THESIS OBJECTIVE

Several studies in B2B have generally reflected a marked tendency for higher status actors to affiliate with partners of similar status. By refraining from relations with those of lower status, higher status actors avoid potential flow or loss of status. Instead they enjoy the advantages of affiliating with others of similar status, such as: increased returns on quality (Benjamin & Podolny, 1999) and positive evaluation transfer from one partner to another (Cialdini, Borden, Thorne, Walker, Freeman & Sloan, 1976). This behaviour reflects the social character of status and underpins its very definition as a position of rank in the hierarchical social order, with associated privileges, rewards, deference, expectations and obligations. While more recent works provide evidence of status “heterophily” (e.g. Castellucci & Ertug, 2010; Baum, Rowley, Shapilov & Chuang, 2005), these studies treat status inequalities as an objective attribute with hardly any reference to its perception. From a business buyer perspective, little attention has been given in extant literature to consider the perceptual salience of supplier status at the exchange. The first research gap which the study therefore sets forth to examine, is the conceptualisation of status inequalities at the business transaction.

1.1.1 Research Gap 1: The Conceptualization of Status Inequalities at the Exchange – Study 1

In their study on the relations of higher status actors with lower status suppliers in the Formula 1 Racing sector, Castellucci and Ertug (2010), note that the greater the difference in status between exchange partners, the greater is the additional value required to make up for any loss in the status of the higher status actor. While demonstrating that lower status

partners tend to expend more effort than higher status counterpart affiliates, expended effort has been qualified as being proportional to the difference in status between the exchange partners. Results of the study however, reflected only weak or partial mediation. Although these statements compare effort from lower status suppliers with that of suppliers of status similar to that of the buyer's, such observations may also shed light on the possibility of further analysing the relevance of status inequalities at the exchange.

1.1.1.1 Status Inequalities and Supplier Status Salience

In Study 1 we examine an impending business exchange between a higher status buyer and a new upcoming lower status supplier and present a more dynamic conceptualisation of status inequalities on the basis of status salience. We consider this viewpoint important in understanding further the relevance of status in situating a given supplier in a lower class position. Our model factors in three contingent variables: (i) purchase visibility (ii) buyer status position (iii) type of market uncertainty. We argue that given specific conditions, a buyer's relative need to preserve status in affiliations varies, and a supplier's lower status is not equally important for the buyer in different situations. Through a choice experiment among purchasers at luxury yacht manufacturers in three countries, we measure status salience by assessing the buyer's willingness to trade-off incumbent supplier status for advantageous product attributes.

Study 1 addresses the following two main research questions at an impending purchase transaction with a lower status supplier:

- (i) *How salient is supplier status during an impending exchange?*
- (ii) *Does supplier status salience vary in different buying exchange situations, for a given business purchaser?*

1.1.2 Research Gap 2: Lower Status Suppliers of Known and Unknown reputation- Studies 2 and 3

Following Study 1 on business purchase preferences in the luxury boat sector, Studies 2 and 3 focus on the end consumer. These two studies are based on a sample of luxury car owners. As an addition to Study 1, we introduce two levels of lower status supplier. We compare car components purchased from (i) new upcoming lower status suppliers of unknown reputation (ii) established lower status suppliers of known reputation.

1.1.2.1 Supplier Status and Supplier Reputation

In analysing the supplier's reputation and lower status, our study endorses the theoretical understanding that status and reputation are two distinct constructs. For the purposes of this thesis we follow an economic perspective towards building a reputation. Reputation is based on specific qualities (Jensen & Roy, 2008) and a proven track record over time (Rindova, Petkova, Sever 2005). Status on the other hand, reflects a position of rank in the hierarchical social order (Podolny, 1993). Higher status levels are also associated with higher levels of socially constructed status-quality (Lyn, Podolny & Tao, 2009).

In this setting, Studies 2 and 3 examine the following main aspects:

(i) Lower status suppliers of known and unknown reputation

In his paper, Bitektine (2011) argues that actors who are new and upcoming are unknown to the world. Their reputation is considered neutral until proven otherwise. Some may argue that an organisation's reputation cannot be neutral. For instance, a company name, even though unknown, may still conjure some mental imagery or association, as to whether the company is big, small, creative, etc. By taking an economic perspective to reputation, we may however draw distinctions between the status position of those actors who possess a track record or history and those who do not. A new sailing boat race team, or a new chef provide typical examples. Although supplier status is not yet determined

(Bitektine,2011), their uncertainty and general lack of information typically reflects that the supplier's current status is low.

In having made their choices, the status position of established lower status suppliers has on the other hand been fashioned and acknowledged outside the high status circles. We argue that the experience of a lower status supplier of known reputation could translate into a less risky alternative than that provided by an upcoming supplier of unknown reputation. In this light, authors such as Bitektine (2011) have proposed that an unknown lower status supplier is more likely to be selected when the known supplier has a bad reputation. Transposing these two types of lower status supplier in the context of a high status affiliation could result in different evaluation outcomes. We argue that suppliers with established qualifications but low status relations, could well be regarded less favourably by customers than suppliers having no reputation and no connections. *Is it possible therefore to distinguish between ingredient suppliers of lower status with a determined versus an undetermined status?* Hence, Studies 2 and 3 address the following research questions:

- (iii) *Do customers rate lower status ingredient suppliers of known reputation, more or less favourably than lower status ingredient suppliers of unknown reputation?*
- (iv) *Do consumers prefer lower status ingredient suppliers of unknown reputation to lower status ingredient suppliers of known reputation?*
- (v) *How do customers rate the status of a lower status ingredient suppliers of: (a) an unknown reputation (b) a known reputation?*
- (vi) *How do customers rate the reputation of a lower status ingredient supplier of: (a) an unknown reputation (b) a known reputation?*

(ii) Ingredient visibility

Another aspect which we analyse in Studies 2 and 3, is the effect of ingredient visibility on consumer evaluations and preferences.

The starting point to our argument is that purchase inputs which are more traceable in the final product, are more likely to expose the lower status supplier. Visible ingredients or components are likely to draw more attention to the resulting flow or loss of status from the high status buyer in the exchange. Ingredients from lower status suppliers of high visibility could therefore result in less favourable consumer evaluations than ingredients of low visibility. Following also our earlier observations on potential differences between lower status suppliers of known and unknown reputation, Study 2 analyses the following research question:

- (vii) *How do (a) high visibility ingredients (b) low visibility ingredients, from a lower status supplier of unknown versus known reputation, influence consumer attitudes towards the final product?*

(iii) Advantageous product attributes

In Study 3, we compare consumer preferences towards standard components from a high status supplier versus improved components from lower status suppliers. Importantly we analyse potential differences between known versus unknown lower status suppliers in high and low ingredient visibility conditions:

- viii) *Do consumers prefer ingredients with standard product specifications from high status suppliers or ingredients with advantageous product specifications from lower status suppliers? Does this preference differ between high visibility ingredients and low visibility ingredients?*

- (ix) *Do consumers prefer ingredients with standard specifications from unknown lower status suppliers or advantageous product attributes from known lower status suppliers? Does this preference differ between high visibility ingredients and low visibility ingredients?*

1.2 THESIS CONTRIBUTION

This thesis contributes to two main theoretical aspects as follows:

1.2.1 The Conceptualisation of Status Inequalities

Our study contributes to theory by presenting a more dynamic perspective of status inequalities in purchase transactions. Extant literature has treated status inequalities as an objective difference in status rank between the partners in the affiliation. Although several studies have addressed the associated benefits of affiliating with high status suppliers, fewer studies in B2B have examined the weighting of supplier status at the purchase evaluation stage or its relevance in switching behavior, i.e. giving up an existing affiliation with a high status supplier for a more advantageous offer from a lower status partner. Studies such as those by Jensen and Roy (2008), which analyse supplier status in the organisational buying process, have identified the relevance of supplier status as a potential filter at the evaluation stage but have not measured its salience.

From an end-consumer perspective, the study seeks to contribute towards the conceptualisation of status inequalities by distinguishing between consumer perceptions of lower status suppliers of known and (unknown) reputation in high status affiliations across varying conditions of ingredient visibility. We argue that if consumers make finer distinctions, such that they express more or (less) favourable attitudes towards products with ingredients from lower status suppliers of known and unknown reputation, then we may also conclude that consumer perceptions of status inequalities in affiliations also vary

depending upon whether the lower status supplier is established or is a new entrant supplier. Likewise we argue that consumer perceptions of status inequalities vary if consumer attitudes towards the end-product are more or (less) favourable when these include either low or (high) visibility ingredients from lower status suppliers.

1.2.2 The Role of Ingredient Visibility

Ingredient visibility in business exchanges offers a potential area of investigation. As noted earlier, ingredient visibility is likely to become more relevant if it forms part of actions or decisions which are more likely to invite some form of social judgment. In his paper on social judgment forms, Bitektine (2011) remarks about the possible heightening of status judgments in situations when an actor's choices becomes visible. In our study we empirically measure this relationship. We compare low and high ingredient visibility within the setting of unequal status exchanges in luxury markets.

To date the study of visibility has mainly featured in the fields of sociology and economics. Thorstein Veblen (1899) pioneered the relevance of conspicuous consumption, in his notable work: 'The Theory of the Leisure Class'. Authors, Hirsch (1976) and Frank (1985) have addressed so called 'positional' and 'non-positional' products respectively. 'Positional' products refer to those products which invite comparison by others. From an economics perspective, Heffetz, (2011) has more recently devised a 'Visibility Index' to better ascertain the level of visibility for a range of consumer products. In this thesis, we draw upon these works and apply insights on visibility into a different context of business purchasing and unequal status exchanges.

1.2.3 Practical Contribution

From a practical perspective, this thesis provides a better understanding of buyer perceptions towards lower status suppliers. By unravelling the organisational buyer's

trade-off preferences between supplier status and more advantageous product attributes, the study provides valuable insight for potential lower status suppliers seeking to enter the boardroom of higher status buyers in varying purchase situations. We also measure end-customer evaluations of high status luxury products which incorporate ingredients from a lower status supplier. We identify whether end-consumers have more or (less) favourable attitudes towards products with ingredients from unknown or (known) lower status suppliers in conditions of high or (low) ingredient visibility. We moreover examine whether end-consumers prefer improved ingredients from a lower status supplier versus a standard ingredient from a high status supplier, across varying ingredient visibility. Results obtained assist lower status suppliers in appraising sales prospects and high status buyers in their supplier selection process.

1.3 STUDY CONTEXT & MAIN PARAMETERS

1.3.1 Derived Demand Purchases

This thesis specifically examines status affiliations in organisational buying transactions involving ‘derived demand’ purchases of ingredients in the final product. Other purchases, such as ancillary or support services such as audit or legal services, which do not contribute directly to the production of the product purchased by the end customer, or other forms of collaborations, such sponsorships etc., which in principal do not involve the exchange of goods or services, do not fall within the scope of this study. Neither is it the aim of this research to analyse motives for maintaining a relationship with an existing high status supplier. We acknowledge that social and economic advantages of high status affiliations, associated power and privileges which potentially accrue from the affiliation, may well constitute in reality a sufficient barrier for the new lower status supplier.

1.3.2 Positional and Non-Positional Products

The study also takes into account that not all products purchased by the end consumer are equally significant in terms of status. Likewise, we consider that not all purchase ingredient inputs are equal from a status perspective. In analysing the impending buying situation and bringing the status construct to the fore, particular attention was given to distinguish between sectors whose purchase inputs may bear some ‘status’ relevance in the final product purchased by the end client. i.e. possess ‘positional’ (Hirsch, 1976) properties and which therefore help the end product by augmenting or endorsing its status. Given also the choice, that no study has investigated supplier status salience at the exchange, we considered it more meaningful to examine market sectors where status could play a more direct contributory role, also where potential status losses may have a more direct influence on purchase input decisions. Products sold mainly for status motives, such as luxury boats and cars provide a clear example. While we focus on products in which status is important, we also consider purchase inputs which do not contribute in any way to the status of the final product.

1.3.3 Suppliers of lower status

Study 1 in the luxury boat sector focuses on new upcoming suppliers offering advantageous product attributes. In this setting, we recall that their lower status to that of the incumbent is not attributed to any product inferiority. Rather, these new suppliers do not possess the reputation or heritage to be accepted in the high status circles (Bitektine, 2011). In their quest to establish a reputation, on the basis of proven performance (Rindova, Petkova, Sever, 2005), our study also acknowledges that these suppliers possess specific reputational qualities (Jensen, Roy, 2008, Petkova 2011), but lack the status quality which is socially constructed (Lynn, Podolny, Tao, 2009) and which accrues solely to those of high status.

Additionally, Studies 2 and 3 analyse both new entrant suppliers of unknown reputation and established lower status suppliers of known reputation. To ensure a more neutral ground in the assessment of consumer evaluations, established lower status suppliers considered in the study are also set to have good reputational attributes, backed by ISO quality standards and a positive track record.

1.3.4 The time influence

Our study does not take into account the fact that potential status losses from transacting with a lower status supplier may take effect over time (Podolny 1993; Washington, Zajac, 2005; Castellucci, Ertug, 2013). Product related advantages on the other hand, such as a more efficient engine may provide a more immediate gain to the buyer. While we acknowledge that this time element may have some bearing on the buyer's final choice, we also argue that more visible products and their related advantages may also expose the affiliation, such that potential status losses become more easily recognised.

1.3.5 The International Context

Although we examine different countries, our research makes no attempt to analyse cross-cultural factors. We base our rationale on two main factors: Firstly, the luxury niche sectors considered share similar customer characteristics across countries. In addition to the consumer's propensity to purchase expensive goods, Dubois & Duquesne (1993) also indicate common socio-cultural factors, such as the consumer's need to express values via the luxury brand's symbolic meaning. We note that our research is mainly concerned with luxury motor yacht builders and luxury car manufacturers, which target different countries with a global brand. As international players, high status luxury car manufacturers and a number of boat builders therefore compete against each other with their brands and models for the same prospective clients worldwide, whether Russian, Chinese, Swiss, Italian or Dutch.

1.4 THESIS LAYOUT

Chapter 1, the introduction to this thesis, outlines the main objectives, research gaps and context of the 3 empirical studies.

Chapter 2 presents the theoretical framework and hypotheses of Study 1. In Chapter 3 we describe the research method employed and discuss results.

Chapters 4, 5, 6, focus on the consumer Studies 2 and 3. The literature and hypotheses for Studies 2 and 3 are discussed in Chapter 4. Chapters 5 and 6 present the research methods and findings.

Chapter 7 puts forwards the main conclusions and contributions of the thesis.

Chapter 2

STATUS INEQUALITIES IN BUSINESS EXCHANGE RELATIONS

2.1 INTRODUCTION

Status reflects a hierarchical position in the social structure with associated rewards, obligations, expectations, prestige, (Gould, 2002; Podolny,1993) and signals a perceived level of quality of the firm and its products, compared to that of competitors (Podolny,1993; Rindova, Pollack & Hayward, 2006). In spite of an element of stability over time (Benjamin & Podolny, 1999), status tends to flow between exchange partners of unequal status, such that higher status actors experience a ‘status leak’ and flow of status (Podolny, 1993) to lower status partners, from the resulting linkage (Blau,1964). This perspective to status inequalities suggests the importance of status “homophily” in business exchanges (e.g. Benjamin & Podolny, 1999). It also endorses the definition of status as an objective classification reflecting differences in rank between higher status actors and those positioned lower in the hierarchical ‘social order’.

Recently, a few scholars have also began to analyse more specifically the presence of status “heterophily” (Castellucci & Ertug, 2010; Baum, Rowley, Shapilov & Chuang, 2005; Stuart, Hoang & Hybels, 1999) Yet, even in this line of work, status inequalities have been regarded as an objective difference between partners in the affiliation. Studies such as those by Castellucci and Ertug (2010) on high status Formula 1 Racing teams have equated status differences between exchange partners to the additional value or input provided by lower status suppliers in making up for any loss of status from the resulting affiliation. In this study we draw upon these observations and propose a different viewpoint towards conceptualising status inequalities which is based on buyer perceptions and status salience at the exchange.

2.2 STUDY MODEL

Within this setting, our study reflects on the context of an actual purchase and depicts an impending transaction between a higher status buyer and a lower status supplier. We then focus specifically on the choice decisions of the higher status actor. While acknowledging the benefits of status affiliations, we clearly recognize that companies entering a purchase transaction also seek some form of economic gain (e.g., by way of advantageous product attributes). The starting point to our argument is that status inequalities at the exchange should have more bearing on the choice of supplier, if the higher status buyer considers status affiliations important in preserving his/her own status. Although extant literature demonstrates that high status buyers are willing to sacrifice status affiliations in the exchange, fewer studies in business buying have examined the weighting of supplier status at the purchase evaluation stage. Failing to measure the relative importance of status at the exchange, implicitly situates every unequal status partner in a lower status position and equates status differences at the exchange to objective distinctions in rank.

In this study, we present a more dynamic perspective to status inequalities in purchase transactions. We argue that a supplier's lower status is not always equally important, also for the same buyer in different purchasing situations. The main premise of the study is that given contingent variables at the exchange, perceived status differences between a buyer and a supplier, may in certain situations appear to be less relevant and may have a reduced bearing on the buyer's supplier decision. Higher status buyers may perceive a supplier's position in a lower status rank as having a lesser or greater influence on his/her own status regard. Possible reasons could be several. Status inequalities or status per se, are or become less important for the buyer, so that the status affiliation with the incumbent supplier is given less weight during the exchange. Moreover, some buyers may feel emboldened and secure enough in their status position (Phillips & Zuckerman, 2001) and therefore feel that their status is not undermined by transacting business with a lower status supplier. Economic purchase considerations may also provide a sufficient enticement to consider a lower status supplier, as these are likely to positively influence performance and bottom line figures with some immediacy. The very need for businesses to operate as an economic entity (Washington & Zajac, 2005) and secure beneficial offers may also be seen

by some to outweigh the social aspects of status affiliation advantages, at least in the near future. Indeed, the ‘loose linkage’ between status as a signal and its corresponding actual quality (Podolny, 1993) may well prescribe that any status advantage is perceived as having some measure of permanence, in spite of any decline in quality (Castellucci & Ertug, 2013; Washington & Zajac, 2005). Conversely, in other buying situations, status affiliations may become more salient, as potential risks associated with the forthcoming affiliation are accentuated and perceived status differences between the buyer and lower status supplier exert an increased influence on supplier choice.

We manifest the different weighting of supplier status at the exchange, from the buyer’s willingness to trade-off incumbent supplier status for advantageous product attributes from a lower status supplier, or conversely, the buyer’s preference to preserve the company’s status at the expense of some economic gain. The greater the buyer’s importance weight attached to securing his/her status at the exchange, the greater is the buyer’s unwillingness to trade-off the status of the incumbent supplier for improved product attributes from a new supplier of lower status. The point we make here, is that buyers who exhibit an unwillingness to trade-off supplier status, and hence manifest a preference towards status affiliations, reflect the need to preserve the security of their company’s current status (Washington & Zajac, 2005). We also argue that some companies do not always value status affiliations as much as they prefer economic considerations.

Given therefore, situational variables which may potentially amplify or attenuate the perceived need to secure one’s own status, the study addresses how status salience in affiliations, may exert different influences on how status inequalities are evaluated at the exchange. The fact that a supplier is situated in a different status position in the ‘social order’, gives rise to unequal status levels between actors occupying different positions in the status hierarchy. With this study we aim to contribute to literature, by providing a new conceptual understanding of status inequalities at the buying exchange, on the basis of supplier status salience. By applying contingent variables and a specific set of advantageous product attributes, we measure supplier status salience and provide insight on the varying relevance of status in ‘situating’ (Washington & Zajac, 2005) a lower status supplier in a ‘class position’. Indeed, we believe that in a given situation, perceived status

differences are not only governed by the supplier’s position by way of status rank, but how relevant the supplier’s position is to the buyer, in the forthcoming exchange.

In the light of these considerations, this study addresses the following overall research question: *How do specific aspects of a buying exchange influence, if at all, the salience of supplier status?* We examine two aspects of the buying exchange: (i) the purchase visibility of the exchanged goods, and (ii) the type of market uncertainty (vide Figure 2.1). We measure supplier status salience through the buyer’s willingness to trade-off incumbent supplier status for advantageous product attributes, namely improved product specifications, improved warranty and a cheaper price.

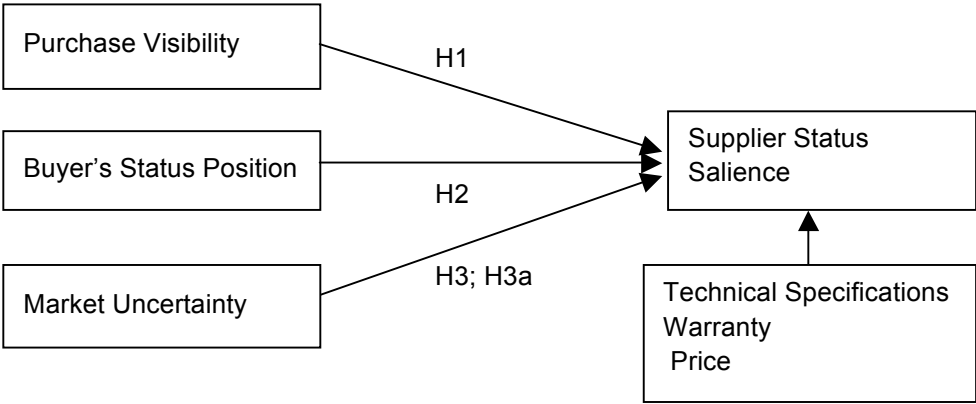


Figure 2.1: Buyer’s Perceived Status Inequalities

The second aspect which the study treats, is whether high status buyers exhibit different affiliation preferences from buyers of lower status and aspiring companies of middle-status, given an impending exchange with a lower status supplier. Literature on buying exchange makes very little distinction between the actions of high status buyers and those in the so called ‘middle-status’ segment (Phillips &, Zuckerman, 2001). The study therefore also analyzes status trade-off preferences on the basis of the buyer’s status position, i.e.: high, middle and low status.

The last component in our model is supplier status. This research focuses on new upcoming suppliers, seeking to enter into relations with higher status actors. In this context, their lower status, compared to that of the incumbent, is not attributed to any inferiority in product attributes on offer. Rather, these suppliers are unknown and do not possess the credentials to be accepted in higher status circles (Bitektine,2011). We particularly chose to address new entrant suppliers, as they tend to provide a more neutral ground for assessing exchange transaction judgments. We moreover adopt an economic orientation to their reputation building over time. In their quest to establish a reputation, new upcoming suppliers possess actual quality, on the basis of specific reputational qualities (Jensen & Roy, 2008, Petkova 2011), but lack the status quality element which is socially constructed (Lynn, Podolny & Tao, 2009) and which accrues solely to companies occupying a high status position.

2.3 THEORY AND HYPOTHESES

Several empirical studies and anecdotal references have demonstrated, that in an effort to sustain their relative advantage, high status actors exhibit an inclination for affiliations with partners of similar status (e.g., Benjamin & Podolny, 1999). Reasons explaining such a preference are several. The choice of an actor's affiliates influences how the actor is perceived (Baum & Oliver, 1991), in terms of quality. Due to their capabilities, higher status actors are usually in a better position to evaluate quality and can afford to be more selective in their choice (Stuart, Hoang & Hybels, 1999). Affiliations with high status partners increase returns to an actor's past demonstrations of quality and positively influence an actor's market rewards and choice to produce high quality products (Benjamin & Podolny, 1999).

Regardless of the various viewpoints and perspectives, a growing number of studies demonstrate the presence of exchanges between partners of unequal status (Castellucci & Ertug, 2010; Baum, Rowley, Shapilov & Chuang, 2005; Li & Rowley, 2002; Stuart, 2000). Our study therefore recognizes as point of departure that high status actors do engage into

exchange transactions with lower status partners. Lower status partners acquire affiliation benefits as a result of the exchange from the resulting ‘status flow’. Higher status partners, conversely, experience a decline in their status and expect compensation, by way of advantageous product attributes, such as improved product specifications, improved warranty, and improved supplier flexibility, and a lower price, as part of the status trade-off. This logic underpins the economic aspects of social exchange (Blau,1964) and associated profit calculus (Burns, 1973). Invariably, time elements also come into play. While the exchange of product attributes is immediate, the effect of status flow between the exchange partners may have longer term implications, which often are hard to quantify concretely. Moreover, situational variables, such as those we examine in this study, may also influence the relevance of supplier status at the exchange, such that affiliations become more or less important than the acquisition of product gain.

2.3.1 Purchase Visibility

Status affiliations are universally acknowledged as being relevant in any business exchange. Yet, given that no study has directly investigated the influence of status inequalities on the willingness to trade-off supplier status at the exchange, it is more meaningful perhaps to analyse these relationships in buying situations where any status loss may have a manifest bearing on supplier choice. First, the study treats manifest visibility, or the extent to which the purchase input and supplier remain identifiable in the final product purchased by the end customer. We consider this aspect important in business buying, as in practice not all purchases forming part of a finished product remain externally visible or traceable. Raw materials such as flour, or components such as semi-conductors, are not physically manifest to the end-customer. Car tires or a car stereo, on the other hand, provide examples where the products and their suppliers are exposed in the final product. Second, the study factors in so called “positional” (Hirsch, 1976) properties. This refers to the capacity of the product to invite comparison by others, for status motives. The study thus acknowledges that not all purchases, whether end-products or inputs are equally significant from a status perspective. In effect, the relevance of a supplier’s status

could potentially be more consequential in the case of products reflecting a measure of “conspicuous consumption” (Veblen, 1899). In part this may explain why a status seeking individual, desirous of making a statement of his success, is more likely to buy a yacht or a sports car. Purchasing ‘non-positional’ (Frank, 1985) products, such as home insulation, regardless of expenditure size, do not reflect status. In so doing, the research model addresses the ‘conspicuousness potential’ (Heffetz, 2004:4), or the: “sociocultural visibility” (Heffetz, 2011:1104), of purchase inputs in the end-product, from the customer’s perspective. Purchase ‘visibility’, the term we use in this research, draws from the cultural and social environment of the market segment being addressed and from the physical properties of the product (Heffetz,2004:4).

The relevance of visibility of the exchanged goods may be seen within the context of a product’s capacity to act as a medium in accentuating ‘status-quality’ associations. The choice of goods and exchange partners, are known to reflect the firm’s strategic orientation, in its capability to produce quality products (Barney, 1991; Moran & Goshal, 1999). Visible purchase inputs are thus more likely to expose the buyer’s decisions (Bitektine,2011). Exchanged products or services of high visibility are likely to have a greater effect on the buyer’s status salience and perception of status inequalities at the exchange, than those exhibiting less visibility. Thus we predict the following:

Hypothesis 1: The higher the visibility of a purchase is, the more importance buyers attach to supplier status, and the less willing they are to trade-off supplier status for better product attributes.

2.3.2 Buyer’s Status Position

A second variable that we address is the status position of the buyer. From a strategic perspective, the status of an actor may be viewed from the position that the actor occupies by way of status hierarchy (Podolny, 1993; Podolny & Phillips 1996) and associated rewards (Simmel, 1950). Such rewards may be several and include: less effort to give ‘quality-proof’, cost-related benefits which provide insulation for higher status partners

against competition; lower advertising costs, lowering of financial costs and the ability to pay lower wages (Podolny, 1993). In addition to affording these documented advantages, sufficient rewards, also act as a switching barrier and create a feeling of inertia or reluctance amongst high status buyers to consider alternative suppliers. In practice however, not all players in the market enjoy good status positions. Even if they do, not all players are securely entrenched in that position.

Of particular relevance to our study is the relationship between status position and extent to which buyers feel secure about their status position (Phillips & Zuckerman, 2001). Research in different fields points to varying conclusions as to whether different status levels do, or do not lead to higher or lower levels of conformity within the social subsystem. Empirically tested in two markets, the Middle-status-Conformity, theoretical framework of Phillips & Zuckerman (2001), outlines three main status positions: high status actors who are within the boundary, those of low status who are outside the boundary and those who are 'straddling' in the middle (Phillips & Zuckerman, 2001). Following this rationale, well entrenched high status actors are less likely to feel the need to secure their status position or exhibit conformity. In being confident of their social acceptance, high status actors may thus feel emboldened (Hollander, 1958, 1960; Philips & Zuckerman, 2001), to act differently and affiliate with lower status partners. Low status actors are spurred by the freedom of not risking anything (Phillips & Zuckerman, 2001). In contrast, middle-status actors are insecurely caught up in between. In being fearful of potential disenfranchisement (Phillips & Zuckerman, 2001) they express little desire to compromise their status regard. Their need to signal status via their actions and aspire for a higher status position, also tends to be of priority. More recently, studies such as those by Durand and Kremp (2016) on late 19th to mid- 20th century US orchestras, have also demonstrated that middle-status orchestras and their directors were more conservative in their choice of symphonies and exhibited higher levels of conformity than high and low status counterparts. Thus we, propose:

Hypothesis 2: *Compared to buyers of middle-level status, buyers of high and low status attach a lower importance to supplier status, and are more willing to trade-off supplier status for advantageous product attributes.*

2.3.3 Type of Market Uncertainty

The treatment of uncertainty in literature is not uncommon. In studies addressing status affiliations, uncertainty is often discussed within the context of quality and the preference of higher status actors towards status “homophily” (e.g. Castelluci & Ertug, 2010). The underlying rationale is that since there exists a measure of uncertainty in the quality of a product prior to its consumption, higher status buyers are more likely to secure quality assurance by affiliating with high status counterparts. In this research we examine two markets characterized by a different *type* of uncertainty. The type of uncertainty we analyse here does not imply that one market is more uncertain than the other. Resulting differences are instead linked to the type of uncertainty surrounding the purchased products, such that one market has higher levels of ‘altercentric’ market uncertainty compared to ‘egocentric’ market uncertainty and vice versa (Podolny,2001). In markets featuring higher levels of ‘altercentric uncertainty’, the quality of the product is generally well understood and possibly also standardized between suppliers. Any uncertainty stems not from the product, i.e., what it is or how it is made, but more from the lack of distinction between its producers. In these markets, status becomes more relevant and may well have a more contributory role in preserving product differentiation. Status-quality signals are also heightened, particularly as affiliations at the exchange act as informational cues and prisms, enabling third parties to draw distinctions and form quality perceptions about the actors (Podolny,2001). Altercentric market uncertainty thereby increases the buyer’s status salience and hence risk associated with transactions involving partners of lower status. In markets characterized by egocentric uncertainty (Podolny,2001), such as those typical of new technologies, the actor is typically concerned with his or her own uncertainty surrounding the manufacturing processes and quality of the product. In such cases one would expect that the acquisition of more advanced technology and advantageous product

attributes to be more important than maintaining status affiliations. Hence, supplier status salience is likely to be lower. In addition, there are potential differences between buyers of different status positions. In Hypothesis 2, we put forward that middle-status buyers are likely to exhibit higher levels of conformity than high or low status buyers in seeking to maintain status affiliations, at the expense of advantageous product attributes. Indeed, new upcoming technologies present an added competitive dimension and burden for most buyers in their endeavors to keep up. From a relative status position, continuous efforts are often required in maintaining one's status position (Hopkins & Kornienko, 2004). We argue therefore, that markets high in ego-centric uncertainty could well imply a pressure, even for aspiring middle-status buyers, to adopt new technologies in order to stay in line, possibly even at the expense of status affiliations. This would imply that middle-status buyers are also likely to express an increased willingness to transact business with a lower status buyer in markets with high egocentric market uncertainty compared to markets high in altercentric uncertainty. Thus we propose:

Hypothesis 3: Middle-status buyers attach lower importance to supplier status, and are more willing to trade-off supplier status, in markets high in egocentric uncertainty than in markets high in altercentric uncertainty.

Furthermore, in both types of markets, high status companies typically display a greater need to anticipate competitors' actions and decisions than low status companies, more so, if they are to remain on the forefront. To some extent, high status companies are expected to be innovative, even if this implies a legitimate deviation from conformity (Ridgeway, 1981). One may propose that high status buyers would demonstrate an even greater willingness to trade-off supplier status in markets high in egocentric uncertainty compared to markets high in altercentric market uncertainty. High status buyers are however likely to exhibit less variability than middle-status buyers in supplier status salience across these two market uncertainty types. Low status companies on the contrary need to search less actively for innovative options, given their less discerning clients. However, achieving some form of edge over other low status companies may yet provide sufficient motivation to consider the latest alternatives, once these are on offer. Low status buyers are more

inclined to trade-off supplier status and obtain a better deal by way of advantageous product attributes, regardless of type of market uncertainty. Therefore we propose the following:

Hypothesis 3a: When comparing markets high in egocentric uncertainty with markets high in altercentric uncertainty, middle-status buyers exhibit greater variability than high- and low- status buyers in the importance they attach to supplier status and willingness to trade-off supplier status.

Chapter 3

METHOD & EMPIRICAL FINDINGS –STUDY 1

3.1 CONTEXT: LUXURY SERIES MOTOR YACHTS

Study 1 is based on the analysis of buying situation involving top purchasing decision makers, founders and owners, of luxury series motor yacht companies. Boat builders were selected from 3 major producing countries, renowned for their heritage and presence in the sector worldwide – Italy, the U.K. and the Netherlands. Within this setting, the boat builder's choice of supplier, in contributing to the status of the final product and to the underlying 'status dynamics' of the affiliation, are key factors for investigation. The purchase of a luxury motor yacht, reflects status for its owner. As an entertainment haven for guests and relevant peers, a luxury boat provides an ideal socializing platform for showcasing status. In addition to the boat's brand name (such as Princess, Moonen and Mangusta), materials and refinements, which form part of the boat, further complement its prestige. Considering that the luxury motor yacht constitutes a 'floating residence', and that most boat companies are 'boat assemblers', they need to make numerous purchases. Examples vary from -exterior design and interior layout of the boat, to the hull (designed by naval architects) and engines. Of relevance in this context, is the exposure given to some of the purchased items by way of supplier brand names in the boat's brochure. At times, these are either listed as part of the product's specifications, or emphasized, by way of description. Architects and designers such as Rene Van der Velden and Andrea Vallicelli and engine brands such as MTU and Volvo Penta provide typical examples. The study also addresses series motor yachts, since custom-built yachts are produced to the client's requests, such that every boat is totally unique. We also focus in particular on flybridge, explorer cruisers, performance cruisers, coupé and cabin cruisers, as these provide a more internationally recognized manifestation of status, compared to boats with a more regional appeal, such as sport fishing and lobster boats, which are more popular in the U.S. The growing recognition of improved efficiency and emerging hybrid technologies, in the industry also provides a good setting to test for the effects of egocentric market uncertainty.

3.2 SURVEY MANAGEMENT & RESEARCH DESIGN

We selected a population of 200 boat builders in the three chosen markets. As no complete official list of boat builders exists, we consulted two internationally recognized directories for the category - the Power and Motor Yacht (2013) and RBBI (2013). We further supplemented the data with information from regional directories. Face-to-face interviews were carried out with the top official responsible for sourcing the materials and directly involved in making the final supplier choice decision i.e. the Purchasing Director/Manager or Owner, in the case of smaller boat builders. As boat builders in this sector typically do not have large company structures, large buying centers are not expected in these companies. To improve data collection and to reduce the logistical burden posed by the geographical dispersion of companies across the different countries, we appointed three established research agencies in Milan, London and Zwolle, in the Netherlands. Zwolle is in the Northern region of the Netherlands that is home to the highest concentration of Dutch boat builders. The agencies assisted in recruiting respondents and carrying out the interviews in the native language. Meetings with respondents took on average 50 minutes. Prior to carrying out the fieldwork, we held personal briefing meetings with the respective research companies. Respondents were also presented with a gift as a token for their participation in the study. In spite of such efforts, we experienced a high refusal rate of 84.5%, leading to a sample size of 31. A comparison of interviewed respondents with boat builders who refused to participate revealed no differences in relevant study characteristics, such as boat materials used and boat prices available on their websites and other purchasing sites. Surveys were carried out in 2014 and had to be spread out over several months to reach the sample size. Returned interview questionnaires were then carefully vetted. One respondent producing small boats, was reluctant to continue filling in the rating exercises which followed the ranking of the conjoint scenarios. Given our sample, we took a decision to retain this respondent and base the analysis of all respondent responses on the ranking exercises only. Another respondent who was found to have declared his inseparable ties with the incumbent designer for his novel concept for their brand was disqualified. Therefore our final sample consisted of 30 respondents.

3.3 TRADING-OFF SUPPLIER STATUS

Because the research objective involved the need for respondents to specifically consider their willingness to trade-off supplier status for advantageous product attributes, we decided to apply an experimental design. We therefore set up realistic purchase scenarios to enable respondents to visualize the buying decision at hand, while factoring in contingent variables at the exchange (vide Appendix 1: Main Study Questionnaire). Although status is a relevant purchase consideration, the non-explicitness of its nature may often lead supplier status to be over-looked. At the beginning of the interview, participants were briefed about the objective of the study (but not the hypotheses), the use of hypothetical purchase scenarios and reminded about the confidential nature of its execution format. As part of the supplier status versus product attribute trade-off, respondents were presented with clear product improvement descriptions such as: ‘Improved paint with a wide range of paint colours; luxurious hues and long lasting and durable – highly resistant to cracks’. These were made available on exhibit cards (vide Appendix 1: Main Study Questionnaire). Respondents were also presented with a short definition of status. We considered this to be important in ensuring a common interpretation of the status construct. We recall that the experimental design implied that subjects would be made aware of the need to trade-off incumbent supplier status in order to benefit from a more advantageous product offer. In defining status, we decided to adopt a generalized social perspective, which is more easily understood by the layperson (Benoit-Smullyan, 1944) and which draws upon the idea of “status value” (Thye, 2000:407). We therefore used elements associated with status, such as: prestige, esteem and honor, (Jasso, 2001), which were further explained, by way of examples, reflecting admiration towards particular qualities of the company (Benoit-Smullyan, 1944), in this case: fine workmanship; a leader in innovation, creativity and heritage.

The study follows the application of conjoint analysis and similar experimental tasks in organizational buying research (e.g. Bendixen, Bukasa, Abratt, 2004; Wathne, Biong, Heide, 2001), business market research (e.g., Murry & Heide, 1998) and studies which particularly address the trade-off setting (e.g., Ostrom & Iacobucci, 1995). Conjoint analysis allows respondents to consider important variables conjointly rather than

separately (Wathne et al., 2001). It therefore enables the relative weights of the attributes to be calculated retrospectively from the part-worth utilities associated with different attribute levels, with the most preferred option being related to the highest utility score and the least preferred option to the lowest (Bendixen et al., 2004; Scott & Keiser, 1984). As an experimental approach, it also allows multiple measurements per respondent, thereby increasing control for respondent preference heterogeneity and power of the study (Wuyts et al., 2004). Respondents are also not expected to report on any particular past buying incidences, but asked to apply their experience to likely situations. A fractional-factorial, full profile orthogonal design (Huber & Zwerina, 1996), was applied, with 8 choice options and 4 holdout cases, per scenario. Holdout cases were not utilized in the part-worth estimation, but applied instead to test for validity and reliability of the results (Hair, Black, Babin & Anderson, 2010). The effect of the first contingent variable – purchase visibility, was tested through three product scenarios, namely designer services, the engine and paint (vide Table 3.1). These three product purchases were selected following a pre-test study on 8 boat builders in the Netherlands.

Table 3.1:
Purchase Scenarios - Purchase Visibility

Purchase Scenario 1: Conventional Engine
Purchase Scenario 2: Designer Services
Purchase Scenario 3: Paint

To test for the effect of egocentric versus altercentric market uncertainty, we utilised three scenarios (vide Table 3.2). Altercentric market uncertainty was represented by the conventional engine which is the most common type of engine on the market. Egocentric market uncertainty was represented by hybrid engines, being the more recent technological

development in the sector. We applied two types of hybrid engines, one with lower carbon emissions and the other with lower noise. Part-worth utility scores generated for the conventional engine scenario to test for ingredient visibility, were also used when examining altercentric market uncertainty.







Table 3.2:
Purchase Scenarios - Market Uncertainty Type

Altercentric Market Uncertainty Purchase Scenario 1: Conventional Engine
Egocentric Market Uncertainty Purchase Scenario 4: Hybrid Engine – Lower Carbon Emissions
Egocentric Market Uncertainty Purchase Scenario 5: Hybrid Engine – Lower Engine Noise

All purchase scenarios (conventional engine; hybrid engine; paint), with the exception of the purchase of designer services, had four attributes as part of the trade-off exercise: (improved technical specifications, improved warranty, lower price versus lower supplier status than that of the incumbent supplier), at three levels each (+10%; +20% and + 30%,) (vide Table 3.3). The product attributes were selected following meetings held with exhibitors (boat builders and suppliers) which were carried out at the London Boat Fair in January 2013.

Table 3.3:
The Trade-off Scenario: Supplier Status Versus Improved Product Attributes

Purchase Attribute Levels Purchase Attribute Levels

							
Lower Supplier Status	- 10%	-20%	-30%	Product Technical Specifications	10%	+20%	+30%
				Product Warranty	+10%	+20%	+30%
				Lower Price	+10%	+20%	+30%

The purchase of designer services scenario did not include warranty but included instead three purchase attributes: (improved product specifications or design aesthetics, lower price and a lower supplier status than the incumbent supplier), at the three levels noted earlier. The order of the scenario options was also randomized to reduce potential bias (Homburg, Koschate, Hoyer, 2004) Both pre-test and main study included an additional number of tasks which were not utilized as part of the analysis¹.

3.4 PRE-TEST STUDY

Prior to the main study, a qualitative pre-test was carried out between end 2013 and the beginning of 2014, on a random sample of 8 luxury series motor boat builders in the Netherlands. The small population of boat builders, limited the possibility of executing similar pre-tests in the other markets. An important aspect of the pre-test exercise was that of identifying three important purchase inputs with: high, medium and low ‘purchase

visibility' scores, for inclusion in the main study. As adapted from Heffetz (2011), boat building purchases were tested on their potential for conspicuousness. Pre-test respondents were presented with a list of 13 typical purchases, compiled from boat supplier information available from the main trade directories. Respondents rated how noticeable the purchase input is in the final assembled boat and the extent to which these items reflect prestige. We then multiplied these two ratings to arrive at an overall visibility score. Based on the combined average ratings of two 10-point rating scales, the selected purchases for high, medium and low visibility, were: exterior boat design (M=65.99); engine (M= 42.00) and paint (M=29.09). Individual ratings for product purchase importance were also taken into account, with exterior boat design, engine and paint, all scoring above the median at: (8.67, 7 and 7.25, respectively). The pre-test also confirmed the importance of the selected advantageous product attributes: (improved product specifications; improved warranty and lower price), applied in the trading-off of supplier status in the main study. Following the pre-test, improved product specifications in the trade-off exercise, scenarios, were further described on the basis of abundant intrinsic product attributes (Miyazaki, Grewal & Goodstein, 2005), such as engine with faster speeds and improved cruising distance. This

¹ At the introduction of the survey, respondents were asked to indicate their main competitors and rate them on how they perceived them in terms of relative status i.e.: whether they consider the competing boat builder to be of a higher or of a lower status than their company. To measure perceived relative status, we drew upon the general logic and the concept of prestige differences in Dawson's (1988) study. Given the extensive list of potential competitors and laborious nature of sorting by using cards, a rating scale was instead applied. (vide Appendix 1: Main Study Questionnaire –Section A). Respondents also rated the status of their incumbent supplier for each purchase on a scale adapted from O'Cass & Choy (2008). The questionnaire also included a number of other scenarios. Three scenarios tested whether respondent trade-off decisions in purchase scenario 1 (conventional engine); purchase scenario 2 (designer services) and purchase scenario 3 (paint), would vary if relevant peers became aware of their purchase decision. Another three scenarios tested whether respondent trade-off decisions in purchase scenario 1 (altercentric market uncertainty -conventional engine); purchase scenario 4 (egocentric market uncertainty – hybrid engine –lower carbon emissions) and purchase scenario 5 (egocentric market uncertainty – hybrid engine –lower engine noise), would vary if their decision had some influence on their perceived quality. In other words we examined whether buyers would exhibit different trade-off preferences if their decision to select a lower status conventional or hybrid engine supplier had some bearing on how relevant peers evaluate their perceived level of quality.

adjustment helped minimize possible interaction effects arising from conflicting cues (Miyazaki et al., 2005), in the trade-off –for instance, a lower status supplier providing a superior quality product and a superior warranty. Exhibit cards were employed to facilitate the task. A series of manipulation check measures were also introduced to test for product relevance, product knowledge (adapted from Jain and Maheswaran [2000]) and the perceived functional risk of hybrid engine technology (adapted from Jacoby and Kaplan [1972]).

3.5 BOAT BUILDER STATUS CATEGORISATION

Currently there exists no official list which ranks or classifies boat builders into status categories. We therefore based boat builder status classification on a set of industry parameters for luxury series motor yachts, after taking into account previous research involving status categorization (vide Table 3.4). Several studies addressing brands or companies at varying status levels, have applied different methods in classifying respondents on the basis of: price comparisons (Han, Nunes & Drezé, 2010; Vigneron & Johnson, 1999); product features or superior materials associated with status (Han et al., 2010). In their study on engine suppliers for F1 teams, Castellucci & Ertug (2010), measured the status of the suppliers for the current racing season, on the basis of status affiliation, by taking the average status of all the teams supplied in the previous season. To differentiate between the status of the F1 teams, press mentions and expert ratings were applied.

Because our study is specifically concerned with the exchange of purchase inputs which may enhance the luxury of yachts manufactured, e.g. exterior design, engines, type of wood, sound systems etc., we applied status signaling criteria (Han et al. 2010) on boats built, to categorize builders into three status classifications: high; middle and low. Boat builder status categories were vetted on industry criteria associated with high status. Our study therefore endorses the idea of Veblen (1899), that the display of luxury and wealth, by way of conspicuous consumption, is what confers status.

Table 3.4**Boat Builder Status Categorisation: Series Motor Luxury Yachts****High Status Boat Builders:**

Prices of €4M and over. Prices 70% higher than average price for 'mid-sized' boats.	Average boat length from 70ft/ (21m) and over.	Range includes super yachts of 80ft/ (24m). Average boat length bigger than median length by boat type.	Use of lavish, natural/expensive Materials e.g. teak. Use of superior technology e.g. speed, low engine noise.	Use of top designers.
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Middle-status Boat Builders:

Prices of €1M and over and less than € 4M. Prices of 30% higher than average price for 'lower' status boats and 50% less than price of similar sized boat in high status category.	Average boat length from 40ft/ (12m) and less than 70ft/(21m).	Range includes predominance of 'mid-sized 'and small sized boats. Average boat length close to median by boat type.	Use of natural, expensive materials e..g. teak / handcrafted workmanship on some models.	Use of designers. Limited customisation.
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Low Status Boat Builders:

Boat prices in the region of €250,000 and 30% lower than average price for a similar boat in the middle-status category.	Average boat length less than 40ft/ (12m).	Average boat length is lower than median by type of boat.	Use of synthetic /imitation materials.	Limited use of designers. Limited customisation.
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3.5.1 Price by Boat Brand

Particular attention was given to relative boat brand prices. Taking the following car example as an analogy, we ensured that a Porsche 911 coupe and a Nissan GTR coupe do not fall in the same status category. Although they are both relatively expensive sports cars and both of similar engine at 500bhp and 550bhp respectively, it is common knowledge that Porsche has relatively higher prices across its range and a higher status than the Nissan

brand. The Porsche 911 Coupe is priced at 137,000 Stg. while the Nissan GTR is priced at 78,000Stg (What Car?, August, 2016). In vetting boat builder status we therefore compared prices across similar models and sizes. Available prices were accessed from various websites. Boats in the region of 82ft of high status builders were found to be as much as 50% more expensive at €6m compared to a similar sized boat of middle-status at €4m. Boat brands classified in the high status category also had a clustering of boats above the 80ft with similar prices in the respective length categories of: €26m -150ft-; €21m - 140ft ; € 17m -130ft. A price comparison exercise based on available prices over the internet, for a sample of 45 newly built series motor yacht models, across 25 different brand boat names, also confirmed these average prices. Studies on the signaling of status such as those by Han et al (2010), have adopted similar rationale, in making price comparisons, between a Coach hobo bag as an example of ‘accessible luxury’ at \$268, compared with the higher prestige of a Gucci hobo bag at \$695 and a Bottega Veneta, at a much less accessible price of \$2450, for the more discerning classes. Boat builders classified in the low status category had on the contrary average prices of €250,000 for boats in range of 34ft - 38ft, compared to approximately €330,000 (i.e. 30 percent more) for a similar boat in the middle-status category. Builders classified as high status in our study, had no boats under 40ft, other than the production of tenders for their larger yachts. In addition one may note a clear exponential rise in prices as length increases in the high status category. A boat of 82ft would cost approximately €73,000 per foot or €240,000 per metre length. At 130ft, a boat would typically cost approximately €130,000 per foot or €430,000 per metre length (conversion: 1ft = 0.3048m).

3.5.2 Other status signals

In addition to the vetting of prices, we applied other status signals, relevant in this sector, such as the use of lavish materials, the engagement of top boat designers and customization options. Given also the limited B2B literature and references for the sector, a conjunctive decision rule was used for vetting purposes. This means that builders had to satisfy all status signal criteria for the respective categories in order to qualify. Boat builders in the high status category must produce boats in the prestige luxury price

segment, accessible only to the elite (Han et al., 2010), display extravagance in the use of expensive and exotic materials, employ the services of top boat designers, offer customization options and must be brands which build large boats in the super yacht category.

Following consultation with three boat experts, attention was therefore given also to the typical boat lengths produced by the builder. For instance, the definition of the ‘mid-sized’ boat sector refers to boats of length between 40ft/(12m) and 70ft/(21m) (International Boat Industry, 2013). Even larger boats at 80ft/(24m) and above, are referred to as super yachts. This is the established standard term used by marine/ shipping classification societies, such as the International Italian Society RINA (2015). In other words there is a difference between a builder with a predominant range of large super yachts versus a builder with a large number of small to medium sized boats and one or two larger yachts. The majority of boat builder brands typically have a high concentration of boats sizes, within a specified range, such that their brand is associated with building e.g. larger or smaller motor yachts targeting different market segments. For instance, the Italian boat brand, Cantiere delle Marche, predominantly builds large boats between (26.1m-40m; mean length of 106ft/32.4m), while the Dutch boat brand Da Vinci, in the smaller boats segment, builds boats in the range of (8.9m-12.24m; mean length of 34ft/10.29m). The study moreover acknowledges the common practice in this sector that status seeking individuals would rather purchase a big boat. To some extent, one may witness a similar analogy in the case of larger houses in the same neighborhood. In the case of motor yachts, this results partly from the wide disparity in the range of boat sizes on offer. Larger boats are also more expensively equipped. To ensure a strict measure, boat builders having similar prices by size ;series motor super yachts over 80ft/(24m) and a boat length average above the mid-sized category, at 70ft/ (21m) were classified as high status builders. Luxury motor boats of up to 40ft/(12m) in length, are in general referred to as cabin cruisers and may be considered as having a much lower status. As a minimum condition, only respondent builders having boats with cabin and prices of €100,000 and over were considered in the study.

To further assist in the classification, the experts were also asked to indicate relevant product attributes, typically present in high status series motorboats. These factors were also confirmed during a visit which we carried out at the International Boat Show in London, in January 2013. It is established in the sector that larger boats such as super yachts, are typically equipped with more sophisticated technology and superior, expensive materials. It is not surprising that in spite of their lengths of 100-115ft/ (30-35m), some boats in the high performance, hardtop coupé category, may well reach speeds in excess of 50 knots and without compromising on boat stability. Collaborations with renowned top class yacht designers is also an item on the agenda for most boats in the high status category. Very common is the application of luxurious features such as solid teak flooring. Boat exhibitors at the London Boat show, confirmed that solid teak has a prestigious high class appeal and is a popular feature demanded by higher status individuals. Other materials include different types of marble. At times, top class quality leather is visibly branded. Such is the case of Poltona Frau®, the iconic, Italian leather brand, commonly found also on high status car brands such as Ferrari and Maserati. Likewise, as in high status cars, sound systems on the higher class boat categories are typically renowned high status brands, such as Bang & Olufsen, Bowers & Wilkins, or Bose. Offering elements of semi-customization in internal design, also serve to elevate the brand's distinctive offer, particularly when compared to other series brands with standard model versions.

3.6 ANALYSIS AND RESULTS

To test the two hypotheses relating purchase visibility and the buyer's status position (H1 and H2), we assess the following variables: (i) the importance of supplier status for choosing a boat's paint, (ii) the importance of supplier status for choosing a boat's engine, (iii) the importance of supplier status for choosing a boat's designer, and (iv) the boat builder status (1= Low, 2= Middle, 3 = High). Descriptive statistics for the original scores exhibited in Table 3.5 clearly show that across the three visibility levels – paint (low visibility), engine (medium visibility) and designer (high visibility) - middle-status buyers generated a higher mean for supplier status importance than high or low status buyers.

Table 3.5

Descriptive Statistics of Supplier Status Importance by Visibility and Boat Builder Status

Visibility	Boat Builder Status	Original	Transformed	N
		<i>Supplier Status Importance</i>		
		M (SD)	M (SD)	
Paint (Low)	Low	10.62 (10.78)	2.44 (2.27)	10
	Middle	27.83 (28.08)	4.40 (3.05)	11
	High	7.71 (7.34)	2.34 (1.59)	9
	Total	16.06 (20.18)	3.13 (2.55)	30
Engine (Medium)	Low	14.76 (13.75)	3.55 (1.55)	10
	Middle	48.86 (26.51)	6.62 (2.34)	11
	High	5.56 (3.94)	2.05 (1.25)	9
	Total	24.50 (25.97)	4.23 (2.62)	30
Design (High)	Low	22.29 (27.42)	3.78 (2.99)	10
	Middle	39.83 (32.31)	5.63 (3.00)	11
	High	23.32 (21.22)	4.35 (2.23)	9
	Total	29.03 (28.06)	4.63 (2.81)	30

Additionally, the scores of the former were more variable and the Levene test statistics indicated that the variances were not homogeneous across the repeated measures variables. Since this would compromise the F-test accuracy for boat builder status, the data was transformed (using the square root function) to stabilize the variances between the groups (Field, 2011). This transformation produced the desired effect. Additionally, the Box M test confirmed that the observed covariance matrices of the dependent variables were equal across groups ($M = 22.599$, $F_{[12, 3289.772]} = 1.571$, $p = 0.093$) while the Kolmogorov Smirnov test revealed that the transformed variables did not exhibit any significant departures from normality - (paint: $Z = 0.859$, $p = 0.452$; engine: $Z = 1.070$, $p = 0.201$ and designer: $Z = 0.737$, $p = 0.650$).

3.6.1 The main analysis

A mixed ANOVA was conducted using the transformed data with ‘visibility’ as the within-subject factor with three levels (level 1 = paint; level 2 = engine; level 3 = designer) and ‘boat builder status’ as the between subject variable (1 = low, 2 = middle, 3 = high). There were 10 low status buyers, 11 middle-status buyers and 9 high status buyers. Before proceeding with the interpretation of the within-subjects and between-subjects effects, the assumption of sphericity were examined. Mauchly’s Test of Sphericity indicated that the assumption of equality of variances of the differences between treatment levels was not violated [$W = 0.942$, $\chi^2(2) = 1.561$, $p = 0.458$] and therefore the condition of sphericity was met.

Tests of within-subjects effects revealed that there was a significant main effect of visibility ($F_{(2, 54)} = 4.095$, $p = 0.022$, $\eta^2 = 0.132$) but no significant interaction effect between visibility and boat builder status ($F_{(4, 54)} = 1.699$, $p = 0.164$, $\eta^2 = 0.112$).

Simple contrasts with Bonferroni adjusted confidence intervals revealed that, on average:

- a) supplier status was significantly more important for the boat’s designer than for the boat’s paint [$F(1, 27) = 7.333$, $p = 0.012$, $r = 0.462$];
- b) supplier status was significantly more important for the boat’s engine than for the boat’s paint [$F(1, 27) = 4.585$, $p = 0.041$, $r = 0.381$];
- c) no significant difference emerged in supplier status importance for the boat’s engine and designer [$F(1, 27) = 0.763$, $p = 0.390$, $r = 0.167$].

Tests of between-subjects effects revealed that there was a significant main effect of boat builder status [$F(2, 27) = 7.745$, $p = 0.002$, $\eta^2 = 0.365$].

Simple contrasts with Bonferroni confidence intervals confirmed that, on average:

- a) the middle-status buyers gave more importance to supplier status than the low status buyers [$F(1, 27) = 10.01, p = 0.004, r = 0.520$];
- b) the middle-status buyers gave more importance to supplier status than high status buyers [$F(1, 27) = 12.534, p = 0.001, r = 0.563$];
- c) there was no significant difference in means between low status and high status buyers for the importance of supplier status [$F(1, 27) = 0.207, p = 0.653, r = 0.087$].

The results obtained demonstrate that in a buying exchange relation, the preference to trade-off supplier status for improved product attributes, from a new upcoming supplier of lower status, is greater for ingredients with low visibility (i.e. paint), than for highly visible ingredients (i.e. the designer and the engine), providing support for Hypothesis 1. With respect to buyer status, findings also show that the buyer's preference to trade-off supplier status, for improved economic variables, from a new upcoming supplier of lower status is greater for high and low status buyers than for middle status buyers, thus providing support for Hypothesis 2.

3.6.2 Market Uncertainty

The second section addresses the effect of market uncertainty on the buyer's preference to trade-off supplier status for improved economic variables, from a new upcoming supplier of lower status, i.e. Hypotheses 3 and 3a. To investigate the hypotheses, the following variables were utilized: (i) the importance of supplier status for a normal engine (%), (ii) the importance of supplier status for a hybrid engine with lower carbon emissions (%), (iii) the importance of supplier status for a hybrid engine with lower noise levels (%), and (iv) the boat builder status (1 = low, 2 = middle, 3 = high). Altercentric market uncertainty, is represented by the purchase of a normal or conventional boat engine, while egocentric market uncertainty is represented by the purchase of a hybrid

engine with lower carbon emissions or lower noise levels. Results of respondent product knowledge also confirmed the innovative aspects associated with marine hybrid engine technology. Results of manipulation checks amongst respondents, on a 9-point scale, related the purchase of marine hybrid engine technology as being: ‘the way forward’, (M = 5.59, SD = 2.87); ‘will not function properly/ will function properly in meeting expectations’, (M = 5.33, SD = 2.5); ‘contributes to lower carbon emissions’, (M = 5.57, SD = 2.99); ‘contributes to lower noise’, (M = 6.47, SD = 2.36); ‘is associated with slow/increasing demand’ (M = 4.43, SD = 2.51); ‘will not help/ will help to distinguish the product from competitors’: (M = 5.63, SD = 2.53) and respondent knowledge as follows: ‘I consider myself to be knowledgeable/ not to be knowledgeable’: (M = 4.33, SD = 2.45); ‘I know less/more than most competitors’: (M = 5.33, SD = 2.15); ‘I am a complete beginner/expert’: (M = 5.1; SD = 2.47).

Descriptive statistics for the original scores exhibited in Table 3.6 clearly show that across the three engine types – a normal engine (type 1), a hybrid engine with lower carbon emissions (type 2) and a hybrid engine with lower noise (type 3) - once again, middle-status buyers generated a higher mean for supplier status importance than high or low status buyers, but the difference was more pronounced for the normal engine than for the hybrid engines. Since the Levene test statistics indicated that the variances were not homogeneous ($p > 0.050$) across the repeated measures variables, the data was once again transformed using the square root function to stabilize the variances between the groups. This transformation produced the desired effect. Overall statistics for average importance scores, reflect the relative importance of product specifications in the case of hybrid engines with lower emissions (M=46.32) and with lower noise levels (M=46.13).

Table 3.6

Descriptive Statistics of Supplier Status Importance by Engine Type and Boat Builder Status

Engine Type	Boat Builder Status	Original	Transformed	N
		<i>Supplier Status Importance</i>		
		M (SD)	M (SD)	
Normal Engine (Type 1)	Low	14.77 (13.75)	3.55 (1.55)	10
	Middle	48.87 (26.52)	6.62 (2.34)	11
	High	5.56 (3.95)	2.05 (1.25)	9
	Total	24.5 (25.98)	4.23 (2.62)	30
Hybrid Engine Lower CO ₂ (Type 2)	Low	12.50 (9.82)	3.29 (1.37)	10
	Middle	25.42 (27.77)	4.00 (3.22)	11
	High	6.55 (5.52)	2.18 (1.40)	9
	Total	15.45 (19.23)	3.22 (2.30)	30
Hybrid Engine Lower noise (Type 3)	Low	16.89 (21.57)	3.57 (2.15)	10
	Middle	24.92 (29.72)	3.95 (3.20)	11
	High	7.34 (5.87)	2.32 (1.49)	9
	Total	16.97 (22.61)	3.33 (2.46)	30

Additionally, the Box M test confirmed that the observed covariance matrices of the dependent variables were equal across groups ($M = 24.715$, $F_{(2, 3289.772)} = 1.718$, $p = 0.057$) while the Kolmogorov-Smirnov test revealed that the transformed variables did not exhibit any significant departures from normality (normal engine: $Z = 1.071$, $p = 0.201$; hybrid engine with lower emissions: $Z = 0.620$, $p = 0.837$ and hybrid engine with lower noise levels: $Z = 1.094$, $p = 0.182$).

3.6.2.1 The main analysis

In the mixed ANOVA with engine type as the within-subject factor with three levels (level 1 = normal engine; level 2 = hybrid engine with lower carbon emissions; level 3 = hybrid engine with lower noise) and boat builder status as the between subject factor (1 = low, 2 = medium, 3 = high), the Mauchly's test indicated that the assumption of sphericity was met ($W = 0.737$, $\chi^2(2) = 7.920$, $p = 0.019$).

The tests of within-subjects effects revealed no significant main effect of engine type ($F_{2,54} = 2.047$, $p = 0.139$) as well as no interaction effect between engine type and boat builder status ($F_{4,54} = 2.356$, $p = 0.065$). Tests of between-subjects effects did reveal a significant main effect of boat builder status [$F(1, 27) = 7.496$, $p = 0.003$].

Simple contrast analysis with Bonferroni adjusted confidence intervals revealed that on average:

- a) middle-status buyers gave more importance to supplier status than low status buyers ($F_{1,27} = 4.244$, $p = 0.006$, $r = 0.369$) across the engine types;
- b) middle-status buyers gave more importance to supplier status than high status buyers ($F_{1,27} = 14.889$, $p = 0.001$, $r = 0.596$) across the engine types;
- c) there was no difference in means between low status and high status buyers for supplier status importance across the engine types ($F_{1,27} = 3.298$, $p = 0.081$).

Within-subject results reflect significant effects of engine type for middle-status boat builders, but no significant effects for high and low status boat builders (vide Table 3.7).

Table 3.7
Tests of Within-Subject Effects Summary

BBS1 - LOW	BBS2 - MIDDLE	BBS3- HIGH
W(2) =0.937, $\chi^2(2)= 0.522$, p= 0.770	W(2)= 0.852, $\chi^2(2)=1.445$, p= 0.486	W(2 =0.338, $\chi^2(2) =7.588$, p =0.023
F(2, 18) = 0.079, p =0.925*	F(2,20) = 4.536 p =0.024*	F(1.299, 10.396) = 0.103, p =0.817*
1 vs 2,3 F(1,9) = 0.032, p = 0.863	1 vs 2,3 F(1, 10) = 6.642, p = 0.028	1 vs 2,3 F(1,8) = 0.086, p = 0.776
2 vs 3 F(1,9) = 0.131, p = 0.726	2 vs 3 F(1, 10) = 0.003, p = 0.955	2 vs 3 F(1,8) = 0.267, p = 0.620
1 vs 2 F(1,9) = 0.000 p = 0.987	1 vs 2 F(1, 10) = 6.199 p = 0.032	1 vs 2 F(1,8) = 0.039 p = 0.849
1 vs 3 F(1,9) = 0.137 p = 0.719	1 vs 3 F(1, 10) = 5.377 p = 0.043	1 vs 3 F(1,8) = 0.143 p = 0.715

*sphericity assumed (p=0.770) *sphericity assumed (p=0.486) *sphericity not assumed (p=0.023)

1= normal engine, 2 = hybrid engine with lower carbon emissions, 3=hybrid engine with lower noise

As proposed and in line with Hypothesis 3, high and low status buyers reflect a similar preference towards trading-off supplier status, also in markets, high in egocentric uncertainty. Within-subject results of engine type, also demonstrate that middle-status buyers reflect a greater preference to trade-off supplier status for improved economic variables, from a new upcoming supplier of lower status, when purchasing a hybrid engine with lower carbon emissions or lower noise, than when purchasing a normal engine, thus

providing support for Hypothesis 3. Given, however that the tests of within-subjects effects revealed no interaction effect between engine type and boat builder status, Hypothesis 3a is not supported.

3.7 GENERAL CONCLUSION AND DISCUSSION

Of particular relevance to the study is the qualification of perceived status inequalities at the buying exchange. Our study examines the viewpoint that varying situations involving unequal status partners, result in different purchase outcomes. Study findings demonstrate, that impending exchange transactions involving a lower status buyer are influenced by the visibility of the purchase input. Tested on purchases of high, medium and low visibility, aggregate results for high, middle and low status boat builders, showed a greater preference to trade-off incumbent supplier status, for improved product attributes, in the case of low visibility products (paint), compared to products whose origin is more visible in the final product (designer services and the engine). Compared to the purchase of a conventional engine, middle-status buyers also expressed an increased preference to trade-off supplier status for more advantageous product attributes in both scenarios involving the purchase of a hybrid engine, one with lower carbon emissions and one with lower noise. Results for egocentric and altercentric market uncertainty products do not support the hypothesis that the difference in the preference to trade-off supplier status, between these two types of products, is smaller for high and low status buyers than for buyers of middle-status. This could have resulted from the already high preference of high and low status buyers towards economic attributes in both market uncertainty type situations.

The second aspect which the study examines is whether high status buyers act differently from middle-status companies. While providing further support to the growing body of literature manifesting status heterophily (Baum et al., 2005; Castellucci & Ertug, 2010; Li & Rowley, 2002; Stuart, 2000), our study findings compliment recently published works such as those by Durand and Kremp (2016) on status and conformity. By analysing the changing concert programmes for major U.S. symphony orchestras and their directors, between 1879 and 1969, the authors demonstrate that middle-status actors exhibited higher

levels of conformity than high or low status counterparts. Middle-status orchestras had a higher preference for alignment and selected similar works to those performed by peers. Middle-status orchestra directors also expressed higher conventionality and performed more recognized symphonies. Results of our study similarly portray differences in the purchasing behavior of boat builders, on the basis of status position. Significant differences emerged between high and middle-status buyers and between low and middle-status buyers, across aggregate results for the purchase of designer services, paint, and engine, while controlling for purchase visibility. As proposed in our hypothesis, no significant differences resulted between high and low status buyers. Low status buyers do not compete or sell products, on the basis of status. The stakes are high however for aspiring middle-status companies. Purchase transactions are seen to potentially influence and compromise status more directly. High status actors alternatively, seem to reflect a measure of autonomy in their preference towards giving up supplier status. Whether buyers prefer certain product attributes in the value bundle over others, is certainly another aspect for investigation. Moreover, although one cannot exclude that high status buyers qualify suppliers on a prescribed status level and then evaluate eligible suppliers on product attributes (Jensen & Roy, 2008), our study findings show that high status buyers, are in any case more willing than middle-status buyers to compromise on supplier status as a purchase criterion at the exchange.

3.8 STUDY LIMITATIONS

The size of the population and the low response rate, were contributory factors in constraining the sample size in our study. Clearly this was a limiting factor which might have had some bearing on our results. We also sought to gather data relating to different purchase situations. Although one cannot assume that all those responsible for purchasing decisions are typically handling several purchase transactions over a short duration period, purchases in boat building cover a wide spectrum of products, and are often centralized. Results obtained also clearly manifested that respondents distinguished between the different purchasing tasks and reflected varying buying preferences across the scenarios. Moreover, because we used a conjoint design, we introduced a laboratory setting, which

although controlled, does not necessarily reflect the complexities of purchase decisions in practice, such as the cost of relationships etc. However we consider this experimental approach to be appropriate for preserving the much needed respondent confidentiality; for capturing the trade-off exercise and for introducing the status element as part of the purchase bundle, in a way which could easily be understood by participants. Results obtained from the trade-off exercise also specifically relate to a chosen set of economic attributes, in the value bundle and results might have been different for other economic attributes. The study focuses also on ‘derived demand’ purchases, in a market where conspicuous consumption is a key factor. The study moreover analyzes a market of different boat building nations. In spite of cultural differences at a country level, a large number of boat builders target the same customers, across international boundaries. In addressing status position and conformity, we also limit the reasons for the ‘conservatism’ (Phillips & Zuckerman, 2001) of middle-status buyers to the buyer’s supplier status salience at the exchange. We also do not account for the extent to which buyers may be entrenched in their status position. We have attempted to control for important scope conditions and potential stratifying factors, other than status position, which may have an effect on resulting outcomes. Particularly, we control for the effects of product visibility. Also, any lack of resources which may hinder middle and low status buyers in gaining access to alternative decision options in the trade-off, is controlled for through the experimental nature of the design.

3.9 CONTRIBUTION

A major theme of the study is the perceptual conceptualisation of status inequalities. In this study we present a new perspective towards addressing status differences, on the basis of supplier status salience and the buyer’s willingness to trade-off supplier status for advantageous product attributes. While recognizing the benefits of status affiliation at the exchange, we demonstrate that varying situations may well result in different exchange partner preferences. This rationale presents a more dynamic viewpoint to status inequalities in affiliations.

On a practical note, the study presents some valuable insights to new supplier entrants of lower status, seeking to expand their business affiliations. In general, across all buyer status categories, a greater preference to transact business with a newcomer of lower status was demonstrated in the purchase of products of lower visibility. In the case of newer emerging technologies, all buyers, including those of middle-status, were willing to consider a new alternative supplier of lower status than the incumbent. Staying in the game seems indeed to be an overriding factor for business survival. High status buyers, moreover, demonstrated a greater preference to consider the ‘new kid on the block’ than buyers of middle-status. In effect, the inclination to aspire for what may seem to be less distant in terms of status position seems to be a more plausible option for a new upcoming supplier. Yet, given an enticing economic value bundle, results show that efforts to enter the boardroom of the high status buyer may be more promising than efforts directed towards the more conformist buyers of middle-status.

Chapter 4

STATUS INEQUALITIES & SUPPLIER REPUTATION IN CONSUMER LUXURY MARKETS: THE ROLE OF INGREDIENT VISIBILITY

4.1 STUDY CONTEXT

Influences of B2B affiliations on end customer evaluations.

This study focuses on the domestic luxury car market. This sector affords ample scope to analyse status affiliations between car manufacturers and their suppliers. In their drive towards improving efficiency, competitiveness and growth, car producers have resorted to parts-sharing practices amongst car brands. Car component purchasing from suppliers of lower status, both established and upcoming, is also not uncommon. Several examples may be observed. An earlier version of the Lotus Exigy SV6 Coupe was noted to have a significantly modified Toyota Avalon engine (Cars Guide, 2013). Aston Martin's much awaited launch of the DB11 reveals selective parts-sharing of cabin electronics and systems from Mercedes (Car, 2016). Mercedes has also exercised parts-sharing with Chrysler, in spite of their de-merger (Motor Authority, 2007). The American company, Fisker Automotive, which later declared bankruptcy in 2013, entrusted the supply of car batteries for its luxury sports sedan hybrid vehicle, the Karma, to the newcomer A123 Systems, without success (Autoweek, 2013). Documented also are company localization efforts of BMW and Mercedes, targeting potential markets with increased cost-effectiveness. Trade information sources reveal that Force motors, the Indian based manufacturer of multi-utility vehicles, tractors, vans and car auto parts, is supplying engines to BMW and Mercedes in India (Forbes, 2015). From a theoretical aspect, a growing body of literature on status and exchange relations has similarly revealed affiliations between high status buyers and suppliers of lower status (Castellucci & Ertug, 2010; Baum, Rowley, Shapilov & Chuang, 2005; Stuart, Hoang & Hybels, 1999). The starting point to our argument is that an actor's high status position must reflect excellent quality. To some extent, the customer assumes that a high status car such as a Rolls Royce or a Lincoln is superior in its entirety. Detailed attention to craftsmanship, procurement of

the finest woods, or the finest stitching on leather seats, clearly positions high status cars at a superior quality level, and leaves very little questioning if at all, of the inputs that go into the final product. Very few people perhaps, would query Bentley's leather supplier. Bentley claims to use 100 per cent German bull leather, unmatched by any other car in the sector (Car, 2015). Prospective customers of prestigious brands, who become aware of component suppliers, are to some extent likely to evaluate the final product on the basis of the (in)/congruency between the component supplier and the brand, resulting from the status inequalities between the supplier brand and the host brand. Given a measure of supplier brand knowledge, the customer may evaluate component parts such as suspensions, sound or navigation systems on the basis of supplier 'status-fit' or match with the car, in this case, the extent to which the supplier is perceived to complement the rest of the car or not, in terms of status. Customers may differ in this respect, however. Some may not give so much importance to the influence of car component brands on the quality of the final product. The degree with which such evaluation occurs also depends on the customer's product knowledge. Component importance is also affected by the product's positional properties (Hirsch, 1976). This implies that some components, although not important by way of function, might be regarded as relevant in the manifest display of status.

In our first study on the luxury series motor yacht market, we examined conditional variables at the exchange which may increase or decrease the willingness of a high status buyer to transact business with a lower status supplier for the improved technical product specifications, a lower price, and improved warranty conditions. One of the contingent variables we considered and which we further address in this study, is purchase visibility, i.e., the traceability of the supplier in the final product. In our study we demonstrated that at lower levels of purchase visibility, i.e., paint, boat builders expressed an increased preference towards the trading-off of supplier status for advantageous product attributes, compared to more visible purchase inputs, i.e., exterior boat design and engines. The issue we raise here in the second and third studies, is whether such decisions do in fact influence the attitudes and perceptions of end-customers in the high status luxury segment and if so, whether end-customers significantly evaluate lower status ingredients differently in the case of high or low component visibility. High status car producers typically boast of

having nothing other than the very best stereo brands on board, from Bang & Olufsen, to Harman Kardon, Bowers & Wilkins and Bose. Logos of such brands are also displayed on the final product. At the same time, both theory and practice reflect the willingness of the high status buyer to engage in ‘heterophilous’ status exchanges. Within this context, we put forward three main research questions.

The first question draws upon Bitektine’s (2011) proposition relating to suppliers of unknown and known reputation. In his paper, Bitektine (2011) argues that actors who are new and upcoming are unknown to the world, such that their reputation is neutral.. Their lack of track record also allows us to differentiate new entrants from other companies who possess a performance history. Following this approach and in line with Bitektine (2011), companies of unknown reputation do not qualify on established required criteria to be accepted in a high status position and are regarded as lower status actors. Established lower status companies have, on the other hand, positioned themselves in the lower status ranks. Therefore, our first research question is: *To what extent do end-customers distinguish between new upcoming suppliers without credentials and established lower status suppliers?* Two dependent variables are measured: (i) end-consumer evaluations of the high status host product involving an ingredient supplied by a lower status supplier of unknown versus known reputation (ii) consumer perceptions of the supplier’s perceived reputation and status.

The second research question in the study concerns purchase visibility. We first examine the effect of ingredient visibility (high versus low) on consumer attitudes towards the high status host product. We pose the following research question: *To what extent does ingredient visibility, i.e., the traceability of a lower status supplier in the final product, influence customer evaluations of a high status luxury car? How would potential customers evaluate a new high status luxury car brand model, if they know that the car manufacturer has purchased (i) visible components, such as leather for car seats or (ii) less visible components, such as glass for a car windscreen, from a supplier of lower status?*

Within this context of unequal status affiliations, we then measure whether two lower status suppliers – one of known reputation and one of unknown reputation - are perceived differently in terms of status and reputation. Our third research question is: *How do consumers rate the status of a new upcoming supplier and that of a known lower status supplier? How do they rate the reputation of an established lower status supplier and that of a newcomer?* Once again, we examine potential differences in perceived reputation and perceived status between the supplier of unknown and known reputation, given conditions of high and low visibility ingredients. If indeed, such finer distinctions between the lower status of a supplier of unknown and known reputation do exist and if these differences are moreover influenced by ingredient visibility, then we may argue, as in the boat builder study, that a supplier's lower status position is dynamic, and that status inequalities are not bound by objective distinctions in status rank.

4.2 STUDY MODEL:

Against this context, the lower status of the ingredient supplier is being presented in two states: (i) the lower status associated with an unknown reputation (ii) the lower status associated with a known and established reputation. The effect of status inequalities between the high status host product and the ingredient supplier of lower status on consumer evaluations is depicted as being influenced by the supplier's visibility in the host product (vide Figure 4.1).

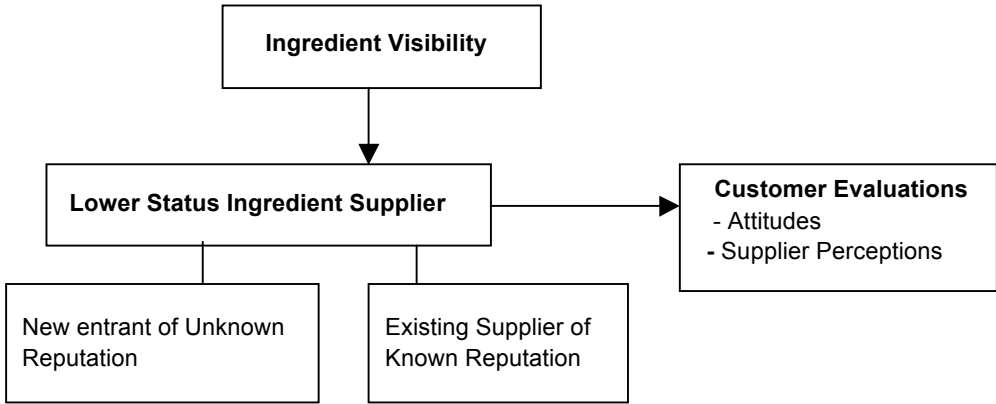


Figure 4.1: Status Inequalities and Ingredient Visibility

4.3 THEORETICAL FRAMEWORK

4.3.1 Status Inequalities and Ingredient Visibility

An essential feature for status inequalities to be noticed, is ingredient manifestation. From a status perspective, the study therefore acknowledges the need for an observable factor (Castellucci, Ertug 2013), or cue, which renders the purchase input physically noticeable in the final product and through which status, as an intangible asset (Gould, 2002), might also be perceived and interpreted. The status of an actor may be observed by others, for instance, from the presence of awards (Wade, Porac, Pollock, Graffin, 2006) or from their associated prestige (Rossman, Esparza and Bonacich, 2010). Branding literature on co-branding (Washburn et al., 2000; Abratt, Motlana, 2002; Baumgarth, 2004) has also studied the display of logos of both brands, in this case of the host brand and of the ingredient. As outlined earlier, this study is interested in status inequalities, such as those which emerge as a result of ingredient of lower status. In spite of inherent economic advantages which potentially accrue to the buyer, it is highly unlikely, given the choice, that a high status buyer would overtly expose a lower status supplier on the end product via logo or insignia. It is clearly not the scope of the study to analyse these forms of explicit

co-brand manifestation cues on the final product. Lower status companies enjoy the privileges of the affiliation with the high status actor, regardless. From a corporate identity perspective, high status companies may prefer to leave such purchase inputs in an unbranded state, e.g. braking systems or brand them “monolithically” (Olins, 1989), e.g. windscreen wipers. Importantly, the study seeks to analyse more realistic scenarios of supplier endorsement, as a form of co-branding.

4.3.2 Supplier Status and Reputation

Having outlined the potential emergence of status inequalities between buyer and supplier and the importance of visibility or manifestation of the alliance, we shall now move on to further analyse in more detail another important variable in this study – supplier reputation.

Following the first two studies in the boat building sector, on new upcoming suppliers of lower status, this third study examines consumer evaluations of lower status suppliers of established, known, good reputation and those of new upcoming suppliers of unknown or neutral reputation (cf. Bitektine, 2011). Research assessing the impact of unknown supplier reputation on consumer evaluations of the host brand is limited (Lienland, Baumgartner, Knubben, 2013).

Indeed, an important aspect analysed in the study is the relationship between supplier status and reputation on consumer evaluations of the host brand. Two levels of reputation are treated within the context of a low status supplier - a supplier having a known good reputation, but who lacks the superiority synonymous with top, highly reputable suppliers; and the newcomer having an unknown reputation. The latter, in spite of possessing reputational attributes, lack proven performance over time (Rindova, Petkova, Sever 2005, Petkova, 2011). High status car manufacturers could well seek to affiliate with a lower status supplier, whether established or upcoming, for superior product specifications, which may or may not necessarily materialise into tangible improvements in the end-product. Improved supplier effort (Castellucci & Ertug, 2010), a lower price from the supplier, or improved supplier flexibility provide notable examples. Interesting to examine,

is whether potential purchasers of high status cars do distinguish between newcomer and established suppliers of lower status, given similar distinct improvements in the final product. From a social judgment perspective, existing suppliers of lower status may well possess a reputation to their credit, which, albeit good, is clearly not sufficient to qualify the supplier in the high status ranks (Bitektine, 2011). Notwithstanding any distinct features or qualities, their status position outside the high status circles has been fashioned and acknowledged, such that their reputation is situated (Washington & Zajac 2005), below that of other suppliers occupying a higher position in the status order continuum. An unknown, upcoming supplier, on the other hand, has no performance record or credentials to be accepted in the high status circles, in spite perhaps of possessing superior product specifications. Although this general lack of information typically reflects that the supplier's current status is low, supplier status is not yet determined (Bitektine, 2011). In reality therefore the experience of a lower status supplier of known reputation could translate into the perception of a less risky alternative than that provided by a new upcoming supplier of unknown reputation. Yet, from a status affiliation perspective, having established qualifications and a 'situated' lower status position (Washington & Zajac 2005) may be regarded less favourably than having no reputation. Indeed, this relationship between perceived supplier status and reputation, as two distinct constructs, is a subject for further investigation and their underlying link is quality.

4.3.3 Quality as common denominator

In spite of the limited literature which jointly addresses status and reputation, the study draws upon the main theoretical findings which delineate the relationship between status and reputation, on the basis of role or function (Washington & Zajac, 2005; Jensen & Roy, 2008; Bitektine, 2011). Implicit in the model's theoretical underpinning is that status and reputation are different constructs. Both however, draw upon quality as indicator, in their final perceptual interpretation. Considering the varying viewpoints and definitions of status and reputation, status effects in the study are analysed in view of inferences about the quality of the exchange partners (Han 1994; Stuart, Hoang and Hybels 1999; Podolny, 2001) and potential 'status leaks' resulting from exchange relations with lower status

suppliers (Podolny, 1993). In distinguishing between existing and new upcoming suppliers, the study moreover adopts an economic perspective, such that reputation derives from proven performance (Rindova, Petkova, Sever 2005), on the basis of specific reputational qualities (Jensen & Roy, 2008). While purchase attributes may contribute to improved performance, their potential effects on reputation are typically realised and acknowledged over time.

A central point of the study is that both status and reputation relate to some form of assessment of quality and its perception (Washington & Zajac, 2005). Different perspectives associate reputation with performance and the perception of a proven track record (Rindova et al. 2005), with past quality (Shapiro 1983; Allen 1984), or with perceived quality (George, Dahlander, Graffin, Sim, 2016). Others relate reputation to specific product attributes, for which the company is renowned and which contribute to overall product quality (Jensen & Roy, 2008). Status on the other hand implies a more generalized notion of quality. Although it may or may not necessarily bear any reference to specific attributes (Jensen & Roy, 2008), it is often seen to not only signal a company's underlying quality and is visualised in relation to that of competing products (Podolny, 1993). Seemingly, status quality is also gauged in terms of one's position in the status order and moreover draws upon the company's affiliations (Benjamin & Podolny 1999). From a status quality perspective, scoring consistently high on quality must also contribute to a measure of hierarchical status distinction and which clearly is not sufficient if all or most companies have achieved that same level of quality (e.g. Barron & Rolfe, 2011). Reputational quality is different. Achieving a proven track record of high quality and scoring high marks, is a ticket for building and maintaining a good reputation, in its own right.

Another relevant aspect in assessing quality is the distinction between actual and perceived quality (Washington & Zajac, 2005). From an economic perspective, reputation necessitates proven, actual performance. Although quality is perceived as being superior at higher status levels, status also assumes the backing of actual quality (Podolny, 1993) and past performance (Podolny & Philips, 1996). In effect, status also carries an element or portion of quality which depends not so much on what the company has achieved, or

possibly may have even lost over time (Washington & Zajac, 2005), but which rather depends on the company's rank in the status-order (Podolny, 1993). Valued differences between individuals are not related to their attributes, but to their social position (Gould, 2002). In itself this gives rise to cognitive categories (Podolny, 2001), such that higher company status levels are associated with higher levels of socially constructed status-quality (Lyn, Podolny, Tao, 2009) and hence higher levels of perceived overall quality. The positioning role of status is evident. Important also are the potential effects of such positioning. Implicitly, the same level of reputational quality, such as that which derives from the same level of specific quality attributes (Jensen & Roy, 2008) may theoretically assume different overall quality levels, or a different generalised quality perception, as one transposes company status. Following this logic, we envision reputational quality as being influenced by its associated status-quality, which, more than earned, is socially attributed.

4.3.4 Supplier Reputation, Status, and Between-Partner Congruity

Drawing from these observations, existing lower status suppliers may be perceived as possessing a measure of actual, proven quality, but do not enjoy the benefits of the socially ascribed quality associated with higher status suppliers. Their quality does not reflect any form of superiority. In contrast, the actual quality of unknown suppliers is not based on any past record, but on the possession of reputational attributes (Jensen & Roy, 2008) which to some extent, may appear to be endorsed by the resulting affiliation with the high status host brand (Han 1994; Stuart et al., 1999; Benjamin & Podolny 1999; Podolny, 2001). Applying a reputation judgment perspective (Bitektine, 2011), it is perhaps logical to imagine, even at lower supplier status levels, that a proven good quality track record should be preferable to having no reputation and not being positively recognized for anything in particular. Exposing the purchase decision means that status judgments take a front seat (Bitektine, 2011). Once more, the issue of potential 'status-leaks' (Podolny, 1993) or loss of status, from the higher status host brand to the lower status supplier, and its effects on consumer evaluations, is a key factor in these circumstances. In spite of this, literature on status does not draw much distinction between lower status suppliers of known versus unknown reputation, on account of potential 'status-leaks' (Podolny 1993)

or their resulting magnitude. In other words, there is hardly any discussion whether greater status flow losses from the higher status buyer to the lower status supplier would be greater/smaller in the case of lower status suppliers of known or of unknown reputation. Similarly, untreated in past consumer studies on status inequalities, is the influence of ingredient visibility.

4.3.5 Ingredient Visibility

The study examines ingredient visibility as an important variable influencing consumer evaluations in unequal status affiliations. As proposed in the study, the purchase of a product from a supplier e.g. by a car manufacturer serves not only to enhance a company's quality and performance, but further contributes to its reputation building and perception, over time (Jensen & Roy, 2008). The choice of supplier and hence product also influence how the buying company's overall quality level is perceived in terms of status. These observations moreover depart from the acknowledgement that status and reputation are interdependent (Castellucci & Ertug 2013). This implies that both constructs are potentially present, be it in different or equal measures, in the ingredient brand's perceived quality. Implicitly, the capability of a product to act as a dual conveyor of reputation and status also rests on its capacity to provide some form of conspicuous or overt consumption, as a so called 'positional good' (Hirsch, 1976), i.e. a good which invites comparison by others. Seemingly 'silent' products, or 'non-positional goods' (Frank 1985), which merely perform a function, such as washing detergents, supposedly have no particular status attached to them. The same might not apply in the case of a hairdressing salon, or a construction site, where a hairdryer or a power tool brand respectively, might also be perceived as carrying some form of status, at least amongst 'knowledgeable others' in the profession or trade. A building services contractor using superior power tool brands such as Hilti or Dewalt, on site, is not only perceived by his business clients and associates (i.e. architects, engineers and consultants) as being professional in using the best quality tools, but is also perceived as buying the best in terms of status. Similarly, a highly prestigious and reputable host brand product is expected to ooze status on all counts. As demonstrated also in study 1, higher product visibility was found to influence the choice of supplier, as

expressed by the lower willingness to ‘trade-off’ supplier status of the incumbent for improved economic variables from a new upcoming supplier of lower status.

4.4 HYPOTHESES: PART 1 STUDY2

4.4.1 Consumer Attitudes towards the host product and Ingredient Visibility

Following these findings, and taking into consideration a high status manufacturing brand, one may propose that no significant differences in consumer evaluations of ingredient brands of known versus unknown reputation would indeed exist. In other words, it should not make much difference to the end customer whether the manufacturer as host brand selects a new upcoming supplier without a track record or an established supplier of good reputation. Factoring in the lower status of the supplier and a status judgment perspective presents an added dimension – that of exposing the host brand’s purchasing actions (Bitektine, 2011). From a ‘between-partner’ congruity standpoint, a new upcoming supplier is likely to be seen as resulting in lower incongruity and a better ‘status-fit’ than an existing supplier of lower status. The fact that the status situation of newcomers has not been established presents some doubt about their position in the status order, which neither sanctions nor censures their acceptance in the high status categories. Since no concrete position can be ascertained, it is unlikely in such circumstances, for any resulting incongruity to be high or low. In the case of the established lower status supplier, status position has been determined and any status incongruity is more evident. In terms of consumer evaluation, ingredient visibility also tends to heighten the status inequality or ‘between-partner incongruity’, more so for ‘positional goods’ (Hirsch, 1976). Thus:

Hypothesis 1: Consumer attitudes towards high-status host brands having ingredients of high visibility will be less favourable when purchased from a lower-status supplier of known reputation than from a lower-status supplier of unknown reputation.

Although ingredient purchases of low visibility are typically not exposed to relevant peers, any credible information is likely to be evaluated to some extent once it is imparted to the end-consumer. One must recall that established suppliers being considered in the study have a good reputation. Considering also component importance, it is perhaps logical to propose that past supplier experience should be preferred to no performance record. The inferior status however of established suppliers positions their reputation (Washington & Zajac, 2005) and associated quality at lower levels than that of higher status counterparts. Unless established suppliers of lower status offer superior attributes, which translate into perceived value to the end-customer, one may propose that their acknowledged reputation is more likely to present a larger between-partner status incongruity compared to the promise of quality offered by suppliers of unknown reputation. Thus:

Hypothesis 2: Consumer attitudes towards high-status host products that purchase ingredients of low visibility from a lower-status supplier will be less favourable when the supplier has a known reputation than when the supplier has an unknown reputation.

Applying the same logic to established suppliers of lower status, one may also propose that consumer attitudes towards the host product are likely to be less favourable if the affiliation exposes the supplier. Thus:

Hypothesis 3: Consumer evaluations of high -status host products purchasing ingredients from a lower- status supplier of known reputation, will be less favourable in the case of ingredients of high visibility than in the case of ingredients of low visibility.

In the case of a new upcoming supplier, the resulting status incongruity may be considered as being comparatively moderate to that of the established lower status supplier. In spite of its lower status, its unknown reputation presents us with very few associations, other than its lack of experience and its current affiliation with the high status host brand. Effects of ingredient visibility are therefore likely to have a lesser impact on resulting consumer evaluations of the unknown supplier. Thus we propose:

Hypothesis 4: *There will be no significant differences in consumer evaluations of high-status host products, purchasing ingredients of high or low visibility, from a lower status supplier of unknown reputation.*

4.4.2 Consumer Evaluations of Supplier Reputation and Status.

In addition to examining attitudes towards the host product the study also analyses consumer evaluations of the lower status supplier in the affiliation. Two areas are treated: (i) Perceived reputation of the unknown and known supplier (ii) Perceived Status of the unknown and known supplier.

Following our earlier discussion, lower status suppliers of known reputation have an established track record of performance. Their existing affiliations with other manufacturers of lower status, presents us with a perception of quality which is clearly not superior. Lower status manufacturers typically produce less expensive products of a lower standard. From a status perspective, we argue therefore, that even if the level of quality of established lower status suppliers were acceptable, their reputation is likely to be tarnished by low connections. Unknown suppliers of lower status on the other hand, have no credentials. Given that their affiliations are still in progress, we propose that the promise of performance and quality, will result in a higher level of perceived supplier reputation than that for the established supplier of known reputation. High visibility ingredients are also more likely to expose the affiliation between buyer and supplier than low visibility ingredients. We therefore expect high visibility ingredients to accentuate perceptual differences between the reputation of the supplier of known and unknown reputation. Thus:

Hypothesis 5: *Perceived supplier reputation ratings for a known supplier of lower status, will be less favourable than perceived supplier reputation ratings for an unknown supplier.*

Hypothesis 5a: *Differences in perceived supplier reputation ratings between an unknown supplier and a known supplier of lower status, will be greater for high- than low- visibility ingredients.*

Similarly we predict that the perceived status of the known supplier will be rated lower than that of the supplier of unknown reputation. As outlined earlier, the lower status of the established supplier has been determined. The status of the new upcoming supplier is considered to be low until further qualification. Given this lack of surety surrounding the newcomer supplier, we propose that the perceived status of the supplier of known reputation to be lower than that of the supplier of unknown reputation. Likewise, as in our earlier predictions, high visibility ingredients are expected to draw attention to the perceived status differences between the supplier of known and unknown reputation. Thus:

Hypothesis 6: *Perceived supplier status ratings for a known supplier of lower status, will be less favourable than supplier status ratings for an unknown supplier .*

Hypothesis 6a: *Differences in perceived supplier status ratings between an unknown supplier and a known supplier of lower status, will be greater for high-than low-visibility ingredients.*

4.5 HYPOTHESES: PART 2 STUDY3

4.5.1 Advantageous Product Attributes

Up to this point, we have discussed consumer evaluations of lower status suppliers of known and unknown reputation, in the absence of advantageous product offers from either supplier. Both suppliers have thus presented products with standard specifications. We now move a step further and tests for effects if any, on consumer evaluations of lower status suppliers of known and unknown reputation providing superior product attributes to those offered by suppliers of high status. Following our earlier propositions, we also seek

to distinguish between consumer preferences towards lower status suppliers of known and unknown reputation. *Would prospective consumers of a high status luxury cars prefer standard warranty specifications, for instance on their leather car seats from a supplier of high status or would they prefer a superior warranty, of an additional 5 years from a lower status leather car seat supplier?* Following also our earlier propositions distinguishing lower status suppliers of unknown and of known reputation: *Could we say moreover that prospective customers would prefer a new upcoming lower status supplier of unknown reputation offering standard specifications to an established lower status supplier offering superior product attributes?*

This part of the study therefore examines the relevance of supplier status and superior product attributes as purchase criteria at the consumer purchase evaluation stage. More specifically we test for consumer preferences towards high status cars equipped with ingredients from: (a high status supplier; a lower status supplier of unknown reputation a lower status supplier of known reputation) against the presence or absence of superior product attributes.

Interesting to note at this stage is the audit firm study by Jensen and Roy (2008). In their paper, the authors identified that high status business buyers apply a two-staged process, by first filtering potential suppliers on status level and subsequently evaluating eligible candidates on the basis of reputational attributes. The authors moreover remark on the difficulty of pinning down these stages in some established sequence. Applying this approach to the consumer market setting and to lower status suppliers of known or unknown reputation, could imply several possible outcomes. Here we indicate four of these outcomes. One conclusion is that the status of both suppliers, regardless of reputation or superior product attributes, may be seen as being too low for potential qualification or consideration. In this case, a high supplier status position acts as a mandatory filtering criterion. Hence, no differences are drawn between the two levels of lower supplier status on account of known and unknown reputation. Of particular relevance to our study are the second and third possibilities. In the second option, a distinction is made between the lower status of a supplier of known and unknown reputation. A different cut-off point for status is applied in favour of the established supplier of known reputation with superior

attributes and an established lower status position. In the third option, the new entrant of unknown reputation and an undetermined status position is preferred, regardless of improved attributes from an established supplier. Although it is difficult to distinguish between potential joint effects of status position and reputational attributes on consumer evaluations, any significant differences in consumer evaluation results between lower status suppliers of known and unknown reputation with similar or superior attributes, may potentially shed light on the significance of reputational attributes within the context of status in its positioning role. A significant preference towards a lower status supplier of unknown reputation even in the absence of superior product attributes, would reinforce the proposition that the perception of a determined status position tends to ‘situate’ a lower status supplier’s reputation from a consumer’s perspective. An established lower status position, allows a lesser opportunity for the supplier of known reputation to be considered at purchase evaluation. Conversely a significant preference towards an established lower status supplier with advantageous product attributes, would question the relevance of perceived status position in further qualifying reputational attributes. Any comparative status disadvantage resulting from the ‘positioned’ reputation (Washington & Zajac, 2005) is potentially outweighed by the advantageous attributes on offer. The fourth possible outcome is that end-consumers prefer advantageous product attributes regardless of supplier.

4.5.2 The Role of Ingredient Visibility

(i) The Unknown and the Known Lower Status Supplier

Once again the study highlights the relevance of exposing an actor’s decisions in heightening status judgments (Bitektine, 2011) in conditions of high ingredient visibility. Following also our earlier observations, we put forward that consumers will prefer the lower status supplier of unknown reputation with standard conditions to a lower status supplier of known reputation with advantageous product attributes or, when both suppliers offer a similar product. Therefore, we propose:

Hypothesis 7: Consumer preferences towards high status host brands purchasing high visibility ingredients, will be higher for lower -status suppliers of unknown reputation with superior / or with standard product attributes than for lower status suppliers of known reputation with superior product attributes.

Since lower visibility exposes less the choices and decisions of actors (Bitektine, 2011), we argue that consumers will exhibit a higher preference for an improved product offer when the lower status ingredient supplier is less manifest in the end-product. Given also that the end-consumer is not responsible for the choice of component supplier, but purchases instead the end-product, we expect consumers to make less finer distinctions between lower status suppliers of known and of unknown reputation. As long as the ingredient is less visible in the final product, we contend that end-consumers will prefer improved ingredients from a known lower status supplier to standard components from an unknown supplier. For ingredients with low visibility in the end-product, we therefore propose that consumers will demonstrate a preference towards advantageous product attributes, even if these are provided by a lower status supplier of known reputation, Furthermore, consumers will make no distinction between the two lower status suppliers when both offer a similar improved product. Thus:

Hypothesis 8: Consumer preferences of high status host brands purchasing ingredients of low visibility, will be higher for lower- status suppliers of known reputation with superior product attributes than for suppliers of unknown reputation with standard product attributes.

Hypothesis 8a: There will be no significant differences in consumer preferences towards high status host brands purchasing ingredients of low visibility, with superior product attributes from lower- status suppliers of unknown and of known reputation.

(ii) The High and the Unknown Lower Status Supplier

Results of Study 1, have demonstrated that at higher levels of purchase visibility, business buyers reflected a significantly lower preference to ‘trade-off’ the higher status of the incumbent supplier for advantageous purchase attributes (improved product specifications, lower price, improved warranty conditions), from a new upcoming supplier of lower status. At lower levels of purchase visibility, business buyers manifested instead a greater preference towards the acquisition of superior product attributes at the expense of supplier status. We therefore propose that consumers will similarly exhibit a greater preference towards the unknown lower status supplier offering superior product attributes compared to a high status supplier with a standard product in the case of ingredients of low than of high visibility. Thus:

Hypothesis 9: Consumer preferences towards high status host brands purchasing ingredients of high visibility / (low visibility), will be lower/ (higher) / for lower status suppliers of unknown reputation with superior product attributes than for higher- status suppliers offering standard product attributes.

(iii) The High and the Known Lower Status Supplier

Comparing the high status supplier and the known lower status supplier we expect that consumer preferences towards the high status supplier will also be greater in the high ingredient visibility condition, such that consumers will prefer a standard product from high status supplier to a superior product offer from an established lower status supplier. We contend that consumers are less willing to expose the known supplier even this implies the forfeiture of advantageous product attributes. In the low visibility condition we expect however that consumers will be more willing to give up ingredient supplier status for an improved product. Thus we propose:

Hypothesis 10: *Consumer preferences towards high status host brands purchasing ingredients of low visibility will be higher for lower status suppliers of known reputation with superior product attributes than for higher status suppliers offering standard product attributes.*

Hypothesis 10a: *Consumer preferences towards high status host brands purchasing ingredients of high visibility will be higher for high status suppliers offering standard product attributes than for lower status suppliers of known reputation with superior product attributes.*

On the same lines, one would expect that in conditions of high ingredient visibility, consumers would exhibit a greater preference towards high supplier status. Thus:

Hypothesis 11: *Consumers will attach a higher/ (lower) preference towards high supplier status when ingredients are of high/ (low) visibility.*

Chapter 5

METHOD AND EMPIRICAL FINDINGS: STUDY 2

5.1 RESEARCH METHODOLOGY AND CONTEXT

The research adopted an experimental design. Section 1 of the study, treated two levels of ingredient visibility (High versus Low). The lower status of the supplier was also treated at two levels of supplier reputation (unknown reputation versus known reputation). The study applied a mixed design, with supplier reputation level (unknown versus known) as the within-subjects measure and ingredient visibility (high versus low), as the between-subjects measure. Although a within-subjects repeated measures design may be considered more realistic in testing for evaluations from the same consumer (Monroe & Dodds, 1988), the study also acknowledges the difficulties respondents may encounter in recognising finer distinctions between similar advert stimuli featuring minor variations in text. Respondent fatigue is a factor of concern when processing several advert stimuli repeatedly. Each respondent in each ingredient visibility condition therefore received two advert stimuli. In Section 2 of the study we measured the perceived reputation and perceived status of the unknown and known lower status suppliers; the perceived risk associated with the supplier; the consumer's functional and hedonic dimensions of an attitude towards the ingredient; respondent status consciousness and respondent knowledge.

5.2 STUDY SAMPLE

The main study made use of panel data. The sample consisted of 500 German speaking, Swiss respondents owning high status cars of a minimum price of €50,000, equivalent to 54,000 CHF. We chose the German speaking region of Switzerland since it has a high concentration of luxury car owners, which facilitated data collection. The sample distribution consisted of 50% male and 50% female respondents. All survey materials administered to the respondents were translated into German. Half of the sample

respondents received a questionnaire (vide Appendix 2: Car Study Main Questionnaire in English), which examined the high visibility ingredient (leather car seats), while the other 250 respondents were administered the questionnaire for the low ingredient visibility condition (rubber car trimmings).

5.3 PRE-TEST SURVEYS

Prior to the execution of the main survey, two pre-tests were carried out. The first pre-test was qualitative and was used to test the main study questionnaire. This was administered to 10 respondents. No amendments were required following the pre-test. The second pre-test (N=50), (vide Appendix 3, for sample pre-test questionnaire), was quantitative and was carried out to identify important component purchases of high and low visibility for inclusion in the main study. An extensive list of car component items was drawn from industry journals and sites (Lienland, Baumgartner, Knubben, 2013). Following a similar approach for brand names (Park et al 1991), component importance was measured on the basis of functional and prestige concepts. Pre-test respondents were thus asked to rate on 5-point scales, 1 being “not so important” to 5 being “very important”, the importance of “reliability” and “durability” of each component (functional aspect) and the importance of ‘luxury’ and ‘status’ of each component (prestige aspect). This distinction is of particular relevance in an end-consumer setting addressing high luxury status cars. Components which need not necessarily constitute an integral part of the car’s functionality may nonetheless be relevant in the display of status. In selecting the two car components attention was given to control for variables which were not status related – in this case the functional importance of the components on the basis of durability and reliability. The two car components selected for the main study were leather material for car seats for the high visibility condition and rubber car trimmings for the low visibility condition. These two components were found to be significantly different with respect to visibility and prestige importance (luxury and status). Significant differences between these two components for visibility were: leather material for seats, (M= 6.11, SD= 1.55); rubber trimmings (M= 4.29, SD=1.78)(t = 6.14; p= < 0.00001). Differences in prestige importance (status) were: leather material for seats: (M = 6.11, SD=1.32); rubber trimmings (M= 4.29, SD=1.77) (t =

6.67; $p < 0.00001$) and prestige importance (luxury): leather material for seats ($M = 6.43$, $SD=0.9$) ; rubber trimmings ($M= 4.43$, $SD=1.9$) ($t = -7.38$; $p < 0.00001$). These two components were not significantly different in the case of functional importance (durability) $t = -0.23$; $p = 0.82$ (leather material for seats: $M= 4.72$, $SD=2.02$) (rubber trimmings: $M = 4.8$, $SD=1.77$) and (reliability) $t = -0.06$; $p = 0.95$) (leather material for seats: $M=4.46$, $SD=1.96$) (rubber trimmings: $M=4.48$, $SD=1.91$) thus allowing for the control of functional importance. As noted above, both components (leather material for seats and rubber trimmings) were considered are being functionally important for a high status car. We therefore avoided examining ingredients such as: windscreen wipers, floor mats or door handles. As in the first study on boat builders, respondents were also asked to rate the visibility of component parts from a pre-determined list, on two 5-point scales adapted from (Heffetz, 2011) ranging from 1=“not so visible” to 5 = “very visible”. Pre-test respondents were also presented with a brief definition of status, which we adapted from Benoit-Smullyan, (1944).

5.4 CONSUMER EVALUATION MEASURES

Resulting consumer evaluations of the host brand, following the administration of the advert stimuli, were tested by measuring: Product Attitude; Perceived Product Quality and Purchase Intention. Consumer attitudes towards the host brand, were measured on the basis of three 7-point semantic differential scales ranging from 1 (unfavorable) to 7 (favourable); 1 (unlikeable) to 7 (likeable) and 1 (bad) to 7 (good) (Petty, Cacioppo, 1980). Following Purohit and Srivastava (2001), who analysed consumer judgments of product quality resulting from the influence of product warranty, manufacturer and retailer reputation, three 7-point items, were adapted to measure perceptions of product quality as follows: “My overall impressions of the new SK5 is” ranging from 1 (very bad) to 7 (very good); “The new SK5 is going to be of high quality”, ranging from 1 (strongly disagree) to 7 (strongly agree); “Compared to other top luxury cars, the quality of the SK5 is” 1 (much lower than average) to 7 (much higher than average). Purchase intention was measured on three, 7-point differential scales with bipolar adjectives of unlikely/likely; improbable/probable and impossible/possible (Lim, Darley, Summers, 1994). Scale

reliability for consumer evaluation measures varied from Cronbach $\alpha = 0.85$ to 0.92 and exceed the standard cut-off of 0.7 (vide Appendix 4 for Scale Reliability Measures).

5.5 OTHER VARIABLES

Other variables which were measured in the questionnaire included: Perceived Supplier Reputation and Perceived Supplier Status; Perceived functional risk; Functional and Hedonic Attitude Dimensions; Respondent Status Consciousness and Respondent knowledge. All scales produced a reliability of Cronbach $\alpha = 0.84$ to 0.93 (vide Appendix Note 4 for Scale Reliability Measures).

(i) **Perceived Supplier Reputation and Perceived Supplier Status:** The study measures the respondent's perceived reputation of the known and unknown supplier. Two scales were adapted from the study by Purohit and Srivastava (2001) on the influence of the reputation of the manufacturer and of the retailer and product warranty on consumer evaluations of product quality. In both conditions (unknown versus known) reputation, respondents were separately asked to rate, from the stimuli text provided, their agreement to the following statements on two 7-point Likert scales (1- strongly disagree to 7-strongly agree): 'The new upcoming engine supplier – CALIBRI, is a brand one can trust' and 'The established engine supplier of lower status – DACO, is a brand one can trust'. 'The new upcoming engine supplier –CALIBRI, manufactures high-quality engines' and 'The established engine supplier of lower status – DACO, manufactures high-quality cars'. Both sets of questions were adapted to test also the low component visibility condition. Although both suppliers considered (known versus unknown) are of lower status, it was important to ensure that any differences in within-subject respondent rating scale answers obtained, across the two advert stimuli provided, may be analysed within the context of perceived supplier reputation i.e. the recognition/ lack of recognition of supplier reputation level. Comparisons could also be drawn between emerging respondent groups. Perceived status for the unknown and the known suppliers, CALIBRI and DACO respectively, was

rated on a three 7-point scales measuring: 'status', 'prestige' and esteem', adapted from O'Cass & Choy, (2008).

(ii) Perceived functional risk: Measurement of the consumer's perceived functional risk associated with the purchased product from a new upcoming supplier/ established supplier of lower status, was adapted from the Perceived Risk scale, (Jacoby and Kaplan, 1972). Four, nine-point scales were applied to reflect the respondent's 'perceived chance that the product supplied by the new upcoming supplier / an established supplier of lower status will be associated with a risk of bad performance ' and the respondent's' perceived chance that an engine purchased from a new upcoming engine supplier / an established engine supplier of lower status, will not function properly and will not meet expectations'.

(iii) Functional and Hedonic Attitude Dimensions: We measured the functional and hedonic dimensions of attitudes towards the high and low visibility ingredients, by applying four 7-point scales adapted from Voss et al. (2003), as follows: 'Having leather seats in a luxury car/ Having rubber car trimmings is: 'Unnecessary'/ ' Necessary'; 'Not Functional'/ 'Functional'; 'Dull'/ 'Exciting'; 'Not Delightful'/ 'Delightful'. Scale reliability for Product Functional Utility.

(iv) Respondent Status Consciousness: Eastman et al.'s (1999) status consumption scale, was used to test for the relevance of status at an individual level, applying five self-report measures with 7-point scales anchored by 1 = 'Not at all' and 7 = 'Very Much': 'I would buy a product just because it has status'; 'I am interested in new products with status'; 'I would pay more for a product if it had status'; 'The status of a product is irrelevant to me'; 'A product is more valuable to me if it has some snob appeal'.

(v) Respondent knowledge: Following scale adaptations from (Jain, Maheswaran, 2000), respondent product knowledge was tested on three, self-report measures with nine-point scales: 'I consider myself to be very knowledgeable / 'I consider myself to be not at all knowledgeable; 'I know more than most people'/ 'I know less than most people'; 'I am an expert and know a lot about cars'/ I am a complete beginner and know little about cars.

(vi) **Respondent involvement:** To encourage respondent involvement, respondents were instructed at the beginning of the experiment that they will be asked to evaluate advert stimuli provided, after reading the text and information provided (Wright 1973, 1974).

5.6 STIMULI

Considering the resulting combinations across the variables of ingredient visibility and reputation, each respondent was presented with one of two conditions, as the between - subjects factor (high versus low component visibility), each having 2 advert stimuli, as the within-subjects factor (unknown versus known supplier reputation). The stimuli provided a fictitious magazine article with real but undisclosed car manufacturer and supplier brands. For purposes of the experimental task, these brands were given fictitious names. The magazine articles also presented re-phrased wording to reflect the different scenarios, while mimicking write-ups in top trade magazines in the sector. No car models were displayed in the exhibit article, as this could have introduced a measure of subjective bias. Design aesthetics and colour used also carry status properties. Each stimulus thus included an exhibit of the sample magazine article followed by an introductory paragraph and set of rating scales. Attention was also given to reduce as much as possible, repetition in wording, in ensuring distinct advert stimuli for the respective scenarios. It is likely in practice that respondents are neither in a position, nor motivated sufficiently to notice finer differences in text wording. In testing for potential consumer evaluation differences between the lower status supplier of unknown / known reputation two different advert stimuli wording were devised. To limit potential bias from text wording, a split ballot technique was applied, for the within-subjects measure alternating advert text between stimuli for suppliers of unknown and known reputation.

5.7 ANALYSIS AND RESULTS

The first part of the analysis will present consumer attitudes towards the high status end product. In hypotheses 1 and 2, consumer attitudes will be analysed separately on the basis of 3 independent measures of: (i) likeability (ii) quality (iii) behavioural intention . Hypotheses 3 and 4 will examine consumer attitudes as an aggregate measure across ingredient visibility.

5.7.1 Consumer Attitudes towards the High Status End Product

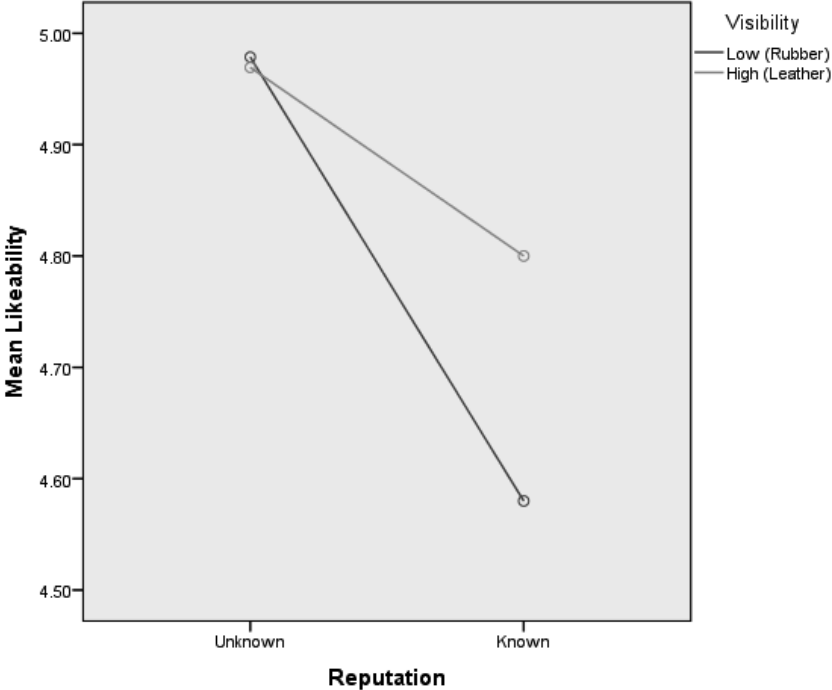
This section will examine Hypotheses 1 and 2.

a) Likeability

In the case of a high visibility component (leather car seats), the mean likeability score for a brand with unknown reputation ($M = 4.96$, $SD = 1.22$) was significantly higher than that for a known supplier of lower status ($M = 4.80$, $SD = 1.27$), ($t(249) = 2.961$, $p = 0.003$, $d = 0.19$). This effect size indicates that the results are of no practical relevance¹. In the case of a low visibility component (rubber car trimmings), the mean likeability score for a supplier with unknown reputation ($M = 4.98$, $SD = 1.22$) was also significantly higher than that for a known supplier of lower status ($M = 4.58$, $SD = 1.27$), ($t(249) = 5.385$, $p < 0.001$, $d = 0.34$). Cohen's d indicates that the difference in likeability scores between the known and unknown supplier was more pronounced (and hence more practically important) for the low visibility component than the high visibility component.

¹ where Cohen $d = 0.2$, 0.5 and 0.8 represent small, medium and large effect sizes respectively

Results for likeability, support Hypothesis 2. Results for Hypotheses 1 are statistically significant, but have no practical importance.

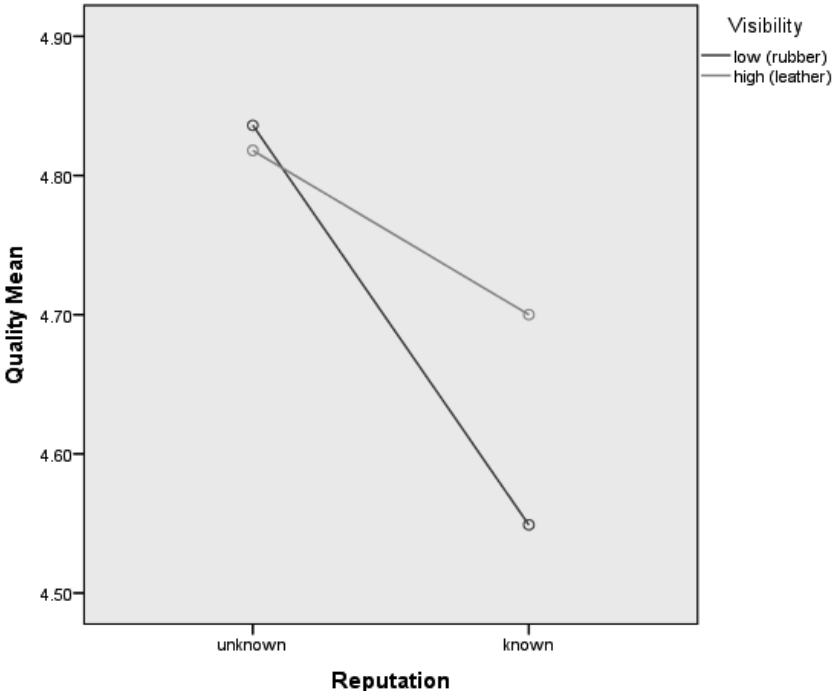


b) Quality

In the case of a high visibility component (leather car seats), the mean quality score for a supplier with unknown reputation ($M = 4.81$, $SD = 1.01$) was significantly higher than that for known supplier of lower status ($M = 4.70$, $SD = 1.13$), ($t(249) = 2.621$, $p = 0.009$, $d = 0.17$). The low effect size moreover indicates that results are of no practical relevance. In the case of a low visibility component (rubber car trimmings), the mean quality score for a supplier with unknown reputation ($M = 4.84$, $SD = 1.02$) was also significantly higher than that for known supplier ($M = 4.55$, $SD = 1.38$), ($t(249) = 4.367$, $p < 0.001$, $d = 0.28$). While Cohen's d indicates that the difference in quality scores between the known and unknown supplier was slightly more pronounced for the low visibility component than the high

visibility component, the effect size for the low visibility condition may be classified as small.

Results for quality, support Hypothesis 2. Results for Hypothesis 1 are statistically significant, but have no practical importance.

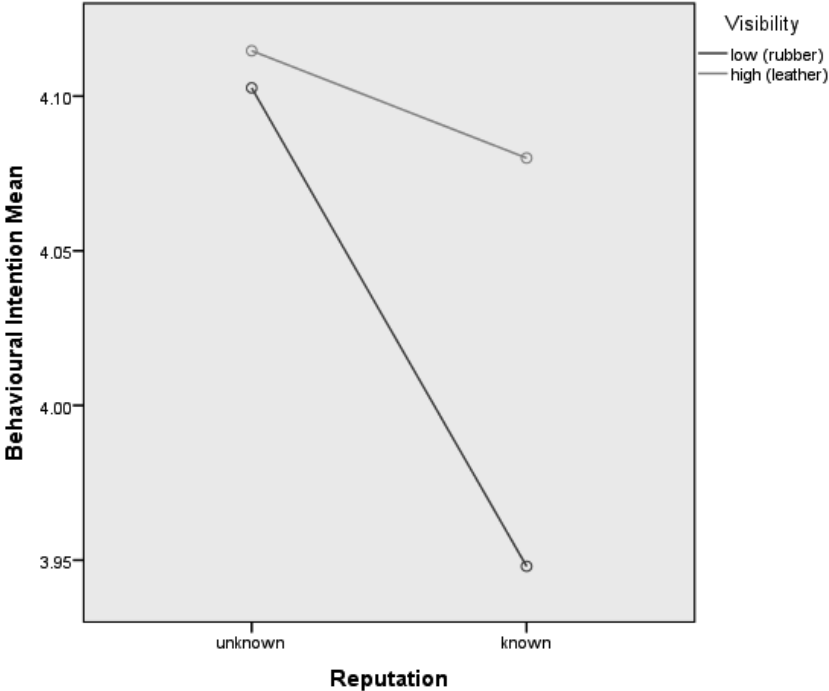


c) Behavioural Intention

For both the high visibility component (leather car seats): $t(249) = 0.555$, $p = 0.580$, $d = 0.03$) and the low visibility component (rubber car trimmings): $t(249) = 1.805$, $p = 0.072$, $d = 0.11$), the mean behavioural intention scores for a supplier with unknown reputation were not significantly different than those for a known supplier of lower status. In the case of the high visibility condition, the mean behavioural intention score for the supplier of

unknown reputation was ($M = 4.11$, $SD = 1.46$) and that of the known supplier of lower status was ($M = 4.08$, $SD = 1.56$). In the case of the low visibility condition, the mean behavioural intention score for the supplier of unknown reputation was ($M = 4.10$, $SD = 1.46$) and that of the known supplier of lower status was $M = 3.95$, $SD = 1.39$).

Results for behavioral intention do not support Hypotheses 1 and 2.



5.7.1.1 Consumer Attitudes and Ingredient Visibility

The two hypotheses which will be analysed are Hypotheses 3 and 4.

- i) Visibility effects on Likeability, Quality and Behavioural Intention towards a high status host product with an ingredient from a lower status supplier of known reputation, after controlling for product functional and hedonic utility and respondent status consciousness.

Table 5.1

Estimated Marginal Means:

	High Visibility – Leather	Low Visibility - Rubber
Likeability	M = 4.74, SD = 0.09	M = 4.63, SE = 0.09
Quality	M = 4.63, SE = 0.08	M = 4.62, SE = 0.08
Behavioural Intention	M = 3.93, SE = 0.10	M = 4.05, SE = 0.10

MANOVA output revealed that the assumption of equality of covariance matrices of the dependent variables was met (Box M = 9.262, $F(6, 1796859.17) = 1.534, p = 0.055$) while the Wilk's statistic ($\Lambda = 0.996, F(3,493) = 0.663, p = 0.575$) did not produce a significant effect of visibility on likeability, quality and behavioural intentions, after controlling for product functional utility, product hedonic utility and respondent status consciousness (vide Table 5.1, for Estimated Marginal Means). Hence, there was no need to generate tests of between-subjects effects.

Thus, Hypothesis 3 was not supported.

- ii) Visibility effects on Likeability, Quality and Behavioural Intention towards a high status host product with an ingredient from a lower status supplier of unknown reputation, after controlling for product functional and hedonic utility, and respondent status consciousness.

Table 5.2

Estimated Marginal Means:

	High Visibility – Leather	Low Visibility - Rubber
Likeability	M = 5.13, SD = 0.08	M = 5.11, SE = 0.08
Quality	M = 4.96, SE = 0.06	M = 4.87, SE = 0.06
Behavioural Intention	M = 4.09, SE = 0.09	M = 4.22, SE = 0.09

MANOVA output revealed that the assumption of equality of covariance matrices of the dependent variables was met (Box M = 12.432, $F(6, 1796859.17) = 2.058, p = 0.055$) while the Wilk’s statistic ($\Lambda = 0.992, F(3,493) = 1.244, p = 0.293$) did not produce a significant effect of visibility on likeability, quality and behavioural intentions, after controlling for product functional utility, product hedonic utility and respondent status consciousness (vide Table 5.2, for Estimated Marginal Means).

Thus, Hypothesis 4 was supported.

5.7.2 Consumer Evaluations of the Lower Status Supplier

This second part of the analysis addresses consumer perceptions of unknown and known lower status suppliers across ingredient visibility.

5.7.2.1 Perceived Supplier Reputation

This section will analyse Hypotheses 5 and 5a.

(i) Rubber (Low Visibility Condition)

The paired t-test revealed that the mean perceived supplier reputation of the unknown supplier (M = 4.57, SD = 1.14) was significantly higher than that of the known supplier (M = 4.40, SD = 1.15), ($t(249) = 2.364, p = 0.019, d = 0.15$).

(ii) Leather (High Visibility Condition)

The paired t-test revealed that the mean perceived supplier reputation of the unknown supplier ($M = 4.85$, $SD = 1.34$) was significantly higher than that of the known supplier ($M = 4.57$, $SD = 1.26$), ($t(249) = 4.112$, $p < 0.001$, $d = 0.26$). The effect sizes confirm that the difference is more pronounced for the ingredient supplier of high visibility.

(iii) Visibility effects on perceived supplier reputation

The Box M test confirmed the equality of covariance matrices ($M = 1.1.174$, $F(3, 44640720) = 0.390$, $p = 0.760$) while Manova revealed that perceived supplier reputation varied as a function of visibility across suppliers – known and unknown ($\Lambda = 0.983$, $F(2,494) = 4.407$, $p = 0.013$), after controlling for status consciousness. Tests of between subjects effects revealed that this overall difference was mainly owing to the unknown supplier, with leather generating a higher estimated marginal mean than rubber ($F(1,497) = 8.829$, $p = 0.003$, $g = 0.26^2$); with no significant difference in visibility emerging for perceived supplier status of the known supplier ($F(1,497) = 2.759$, $p = 0.097$, $g = 0.14$) (vide Table 5.3 for Estimated Marginal Means).

Therefore, Hypotheses 5 and 5a are supported.

² where hedge's $g = 0.2, 0.5$ and 0.8 represent small, medium and large effect sizes respectively.

Table 5.3

Estimated Marginal Means:

	High Visibility – Leather	Low Visibility - Rubber
Perceived supplier reputation Unknown supplier	M = 4.85, SE = 0.07	M = 4.57, SE = 0.07
Perceived supplier reputation Known supplier	M = 4.56, SE = 0.07	M = 4.40, SE = 0.07

5.7.2.2 Perceived Supplier Status

This section will analyse hypotheses 6 and 6a.

(i) Rubber (Low Visibility Condition)

The paired t-test revealed that the mean supplier status for the unknown supplier (M = 4.53, SD = 1.10) was significantly higher than that for the known supplier (M = 4.39, SD = 1.09), (t(249) = 1.995, p = 0.047, d = 0.13).

(ii) Leather (High Visibility Condition)

The paired t-test revealed that the mean supplier status was significantly higher for the unknown (M = 4.73, SD = 1.03) than the known (M = 4.56, SD = 1.05) supplier (t(249) = 2.017, p = 0.045, d = 0.13). The effect sizes for both conditions are equal and of no practical relevance. This means that we cannot draw any comparisons between the unknown and the known supplier in the two visibility conditions.

(iii) Visibility effects on supplier status

The Box M test confirmed the equality of covariance matrices ($M = 2.736$, $F(3, 44640720) = 0.908$, $p = 0.436$) while MANOVA revealed that the supplier status did not vary as a function of visibility across suppliers – known and unknown ($\Lambda = 0.988$, $F(2,496) = 3.024$, $p = 0.064$), after controlling for status consciousness. Tests of between subjects effects revealed that there was a significant difference in visibility for perceived supplier status of the unknown supplier, with leather generating a higher estimated marginal mean than rubber ($F(1,497) = 5.127$, $p = 0.024$). This difference however was not practically significant ($g = 0.19$). No significant difference in visibility emerged for perceived supplier status of the known supplier ($F(1,497) = 2.827$, $p = 0.093$) (vide Table 5.4 for Estimated Marginal Means).

Thus, results do not support Hypothesis 6 and Hypothesis 6a.

Table 5.4
Estimated Marginal Means:

	High Visibility – Leather	Low Visibility - Rubber
Perceived supplier status Unknown supplier	M = 4.73, SE = 0.06	M = 4.53, SE = 0.06
Perceived supplier status Known supplier	M = 4.56, SE = 0.07	M = 4.39, SE = 0.07

5.7.2.3 Relationship between Perceived Supplier Status and Perceived Supplier Reputation

ANCOVA was conducted to determine whether perceived reputation of the unknown supplier varied as a function of visibility after controlling for perceived supplier status of

the unknown supplier and respondent status consciousness. ANCOVA revealed that visibility had no significant effect on perceived reputation after perceived status of the unknown supplier was included as a covariate together with respondent status consciousness ($F(1,496) = 3.696, p = 0.055, d = 0.17$). In other words, when perceived supplier status was put into effect, the effect of visibility on perceived supplier reputation was neither statistically nor practically significant.

5.7.2.4 Perceived Product Risk and the Lower Status Supplier

Another variable which the study measures as a manipulation check is the perceived product risk which end consumers associate with an unknown and a known lower status ingredient supplier. We also compare consumer perceptions of risk across low and high visibility conditions.

Rubber (Low Visibility Condition)

The paired t-test revealed that the perceived risk for using a known supplier (on average) ($M = 3.82, SD = 1.26$) was higher but not significantly different from that for an unknown supplier ($M = 3.73, SD = 1.34$) ($t(299) = -1.137, p = 0.257, d = 0.07$).

Leather (High Visibility Condition)

The paired t-test revealed that the perceived risk for using a known supplier was rated (on average) ($M = 4.20, SD = 1.33$), significantly higher than that for using an unknown supplier ($M = 3.91, SD = 1.26$) ($t(249) = -3.599, p < 0.001, d = 0.23$).

Visibility effects on perceived risk

Estimated marginal means for the unknown supplier was ($M = 3.73, SE = 0.08$) in the low visibility condition and ($M = 3.91, SE = 0.08$) in the high visibility condition. The Levene test confirmed the homogeneity of error variances of the dependent variable across groups

($F(1,498) = 2.350$, $p = 0.126$). Results show that product perceived risk ratings did not differ by visibility after controlling for respondent status consciousness ($F(1,497) = 2.812$, $p = 0.094$, $g = 0.15$).

In the case of the known supplier, the estimated marginal means were ($M = 3.82$, $SE = 0.08$) in the low visibility condition and ($M = 4.20$, $SE = 0.08$) in the high visibility condition. The Levene test confirmed the homogeneity of error variances of the dependent variable across groups ($F(1,498) = 0.841$, $p = 0.359$). Results for the known supplier demonstrate that product perceived risk ratings differed by visibility after controlling for status consciousness ($F(1,497) = 11.989$, $p = 0.001$, $g = 0.29$).

5.8 GENERAL DISCUSSION AND CONCLUSION

Results obtained enable us to draw some distinction between the two lower status suppliers of unknown and of known reputation in the high and low ingredient visibility conditions on the basis of: (i) consumer attitudes towards the end product (ii) supplier perceived reputation (iii) perceived product risk associated with the supplier.

5.8.1 Ingredient Visibility and the Unknown Lower Status Supplier

At a consumer attitude level emerging differences between the two suppliers are limited to the low ingredient visibility condition. Study results reveal more favourable consumer attitudes (likeability and quality) towards a high status end product furnished with low visibility ingredients from a new upcoming supplier than from an established lower status supplier of known reputation. (vide Summary Table 5.5). In spite of the significantly more favourable attitude scores towards the unknown supplier in the high visibility condition, results were of no practical relevance. We also note that aggregate consumer attitude scores (likeability, quality, behavioural intention), towards a high status end product (car equipped with ingredients from a lower status supplier (of unknown or of known reputation) did not vary across ingredient visibility. Results for behavioural intention show

that the more favourable ratings towards end products equipped with a newcomer supplier of low visibility ingredients do not translate into a higher purchase intention.

**Summary Table 5.5
Consumer Attitudes Towards the End Product**

END PRODUCT	HIGH VISIBILITY (COND 1)	LOW VISIBILITY (COND 2)
UNKNOWN VS. KNOWN SUPPLIER		
(Likeability)	Unknown supplier significantly higher: (t(249) = 2.961, p = 0.003, d = 0.19). Result of no practical relevance.	Unknown supplier significantly higher: (t(249) = 5.385, p < 0.001, d = 0.34).
(Quality)	Unknown supplier significantly higher: (t(249) = 2.621, p = 0.009, d = 0.166). Result of no practical relevance.	Unknown supplier significantly higher: (t(249) = 4.367, p < 0.001, d = 0.276).
(Behavioural Intention)	No significant differences t(249) = 0.555, p = 0.580, d = 0.04)	No significant differences t(249) = 1.805, p = 0.072, d = 0.11)

5.8.2 Perceived Supplier Reputation

Results on consumer perceptions confirm our rationale that in the context of an unequal status affiliation between a high status host brand and a lower status supplier, the promise of a reputation of an unknown supplier will be rated higher than the reputation of an established known supplier. Results for Study 2 show that in the high visibility condition (car leather seats), the lower status supplier of unknown reputation scored a significantly higher perceived reputation rating than the known supplier. Contrary to our expectations,

the perceived reputation for the known supplier was not lower in the high versus low visibility condition, implying that the this difference was accounted for by higher ratings for the unknown supplier. In addition our suggestion that high visibility conditions would accentuate the established supplier's negative, low status connections was not confirmed.

5.8.3 Perceived Supplier Status

Contrary also to predictions, results for perceived supplier status produced no significant differences between lower status suppliers of known and unknown reputation. In other words consumers made no perceptual distinction between the status of the known and unknown supplier in the affiliation with a high status host product. Although the unknown supplier had a significantly higher perceived supplier status score than the known supplier in the high (car leather seats) and in the low visibility (car rubber trimmings) condition, results were of no practical relevance. Within the setting of our study, these findings therefore do not allow us to draw perceptual status differences between these two levels of supplier reputation.

5.8.4 The Effect of Perceived Supplier Status on Perceived Supplier Reputation

This study departs from the knowledge that status and reputation are different constructs. Status and reputation are nonetheless interconnected (Castellucci & Ertug, 2013). Results of Study 2 contribute to literature by measuring the effect of perceived supplier status on perceived supplier reputation. Study results demonstrate that in the context of unequal status affiliations, the unknown ingredient supplier scored a significantly higher perceived reputation rating in the high ingredient visibility condition (car leather seats) than in the low visibility condition (car rubber trimmings). Importantly our results established that when we controlled for perceived supplier status of the unknown supplier, no significant differences emerged between perceived reputation ratings for the unknown supplier across high and low visibility conditions. Our results therefore demonstrate that perceived supplier status accounted for this difference.

A plausible explanation for the significantly higher perceived reputation rating for the unknown supplier in the high visibility condition is potential status flow, from the high status car to the unknown lower status ingredient supplier. Regarding status as a signal, visibility enhances conditions for status signalling (Podolny,2005). Although separate study would be needed to account for potential status losses from the high status host product (car) to the unknown ingredient supplier, the significantly higher perceived status rating for the unknown supplier in the high versus low visibility conditions reflects this potential transfer. Our findings moreover suggest that the higher perceived supplier reputation rating of the unknown lower status supplier is the direct consequence of “the social construction of status “ (Lyn, Podolny, Tao, 2009:256). We also acknowledge that the new upcoming supplier has little or no experience to his/her credit. Any gain in perceived reputation therefore should not reflect actual performance but is instead socially ascribed.

5.8.5 Perceived Supplier Risk

Perceived product risk ratings associated with the known supplier differed by visibility after controlling for consumer status consciousness .The known lower status supplier was associated with a higher perceived product risk for ingredients of high than of low visibility. In spite of the established supplier’s experience in the trade, the known lower status supplier also had a significantly higher perceived product risk the the unknown lower status supplier in the high visibility condition . On the contrary, perceived product risk for the unknown lower status supplier did not vary across visibility.

5.9 CONTRIBUTION

From a theoretical perspective, this study demonstrates the relevance of ingredient visibility and in particular its effect on consumer evaluations of, in particular those concerning the unknown lower status supplier. The unknown supplier of high visibility ingredients was found to benefit from a higher perceived reputation than a similar supplier

of low visibility ingredients and a known lower status supplier. Ingredient visibility moreover accentuated any perceived product risk associated with the known lower status supplier. Importantly, this study provides valuable insight on the role of ingredient visibility as a vehicle in the potential transfer of status in unequal status affiliations involving a high status host product. We further contribute to literature by demonstrating the relationship between perceived supplier status and perceived supplier reputation in unequal status affiliations. The study also provides some distinction between the unknown and the known lower status supplier at a consumer attitude level in the low visibility condition.

From a practical standpoint the study reveals the higher perceived reputation associated with an unknown supplier of high visibility ingredients in an affiliation with a high status host product. It also provides business buyers with positive information concerning how an unknown lower status ingredient supplier is evaluated by end consumers.

5.10 STUDY LIMITATIONS

Every effort was made to select a research design which simulated as much as possible, purchase scenarios. Although subjects in consumer Study 2 were asked to imagine the purchase of a fictitious car model with an undisclosed brand name, one cannot exclude the possibility of survey respondents to have visualised a particular brand of car they currently own, like or are more familiar with.

5.11 CONCLUSION

Study findings demonstrate differences in consumer attitudes towards a high status product equipped with ingredients of low or (high) visibility from a lower status supplier of known or (unknown) reputation. In low ingredient visibility conditions, study results reveal more favourable (likeability and quality) attitude scores towards a high status end-product equipped with an ingredient from an unknown than from a (known) supplier of lower

status. In the case of ingredients of high visibility, consumer attitudes (likeability and quality) towards end-products with ingredients from a lower status supplier of known or of (unknown) reputation, did not vary.

Results for the high ingredient visibility condition also present us with some interesting findings on perceived supplier risk and the relationship between a supplier's perceived reputation and status. We measure the higher perceived reputation of the unknown supplier in the affiliation. We also provide insights on the direct effect of perceived supplier status on enhancing an unknown supplier's perceived reputation. Notwithstanding the quality uncertainty which commonly surrounds new entrants, the unknown supplier of high visibility ingredients was also associated with a lower perceived risk than a similar lower status supplier of known reputation. The unknown supplier also experienced no differences in associated perceived risk across high and low visibility conditions. Conversely, results portray the known lower status supplier's higher perceived risk in the high versus low ingredient visibility condition. By exposing the supplier in the end-product, we argue that high visibility ingredients accentuate the poorer quality of the established lower status supplier, compared to that of the high status host product in the affiliation.

Chapter 6:

METHOD AND EMPIRICAL FINDINGS - STUDY 3

6.1 METHOD

Study 3 examined the addition of an advantageous product offer from the respective suppliers : (high status; lower status and of unknown reputation; lower status and of known reputation). Our main objective was that of assessing whether end consumers prefer one type of supplier over another, across ingredient visibility and whether the supplier is preferred at the expense of acquiring a superior product offer from an alternative supplier.

Study 3 is based on the analysis of results obtained from a separate section of the questionnaire employed in Study 2. This section included a full profile, factorial conjoint design. As in Study 2, the sample consisted of two groups each of 250 respondents and separately tested for (i) the high ingredient visibility condition – car leather seats (ii) low ingredient visibility condition – car rubber trimmings. Each respondent in the two groups was presented with 1 purchase situation of 6 profile options. Respondents were asked to rank these in order of preference (1, being the most preferred option to 6, being the least preferred option). (vide Appendix note 2: Car Study Questionnaire: Section 3). We selected the use of rankings as opposed to ratings, since rankings have a number of advantages in our study setting on consumer preferences. The ranking of purchase options represents choice scenarios which are faced by consumers in practice. Unlike ratings which may centre around a particular set of scale-points, rankings also ensure measure variability (Alwin & Krosnick, 1985). To ensure more effective application of the ranking technique we also restricted the task to 1 purchase scenario with a small number of 6 purchase options.

Prior to commencing the exercise, respondents were asked to read a small introductory paragraph which briefly explained the options available. Each purchase option profile had three levels of supplier status: (high supplier status x lower supplier status of unknown reputation x lower supplier status of known reputation) and two levels of product attribute

conditions: (product with standard attributes x product with advantageous attributes) (vide Table 6.1). Advantageous product attributes consisted of an additional 5 year warranty period on over and above the standard warranty of 2 years, on the leather car seats (high visibility condition) and rubber trimmings around the car windows, doors, bonnet and booth (low visibility condition). In both visibility cases the warranty was described to cover related product defects in the leather seats or cracks and resulting water leaks in the case of rubber trimmings. We selected product warranty because it is a low-scope cue (Purohit & Srivastava, 2001). This means that like price, its value can be changed instantly. We moreover note the purchase of extended warranties and comparison of manufacturer warranties also for luxury cars (Autotrader 2013). This reflects the importance of warranty as a purchase attribute for consumers in this sector. For instance luxury car brands such as Bentley, Rolls, Royce, Lamborghini and Ferrari, pride themselves of offering between 2- 4 years, bumper-to-bumper warranties on unlimited mileage. This type of warranty usually covers all the car but excludes parts such as tires, light bulbs etc which experience natural wear and tear (idem.)

Table 6.1
Ingredient Visibility, Supplier Status and Product Attribute Levels

Ingredient Visibility	Supplier Status	Product Attributes
High Visibility Low Visibility	High status ingredient supplier	Advantageous product attributes Standard product attributes
High Visibility Low Visibility	Lower status ingredient supplier of unknown reputation	Advantageous product attributes Standard product attributes
High Visibility Low Visibility	Lower status ingredient supplier of known reputation	Advantageous product attributes Standard product attributes

Rank order preferences were then utilised to assess consumer preferences towards the various choice options and to test for: (Hypotheses 7, 8, 8a, 9, 10, 10a). Part-worth utility scores obtained for the respective variables: (High status supplier; lower status supplier of unknown reputation; lower status supplier of known reputation; standard product attributes; advantageous product attributes) provided an assessment of consumer preferences towards supplier status levels versus advantageous product across ingredient visibility (Hypothesis 11).

6.2 RESULTS AND ANALYSIS

6.2.1 High Ingredient Visibility: The Unknown versus the Known Lower Status Supplier

This section will examine Hypothesis 7 comparing high visibility ingredients from lower status suppliers of unknown versus known reputation. Our results demonstrate (vide Summary Comparison Table 6.2), that when considering ingredients of high visibility, consumers preferred the lower status supplier of unknown reputation over the lower status supplier of known reputation, given that both suppliers offered similar superior product attributes. In the case of the high visibility component (leather car seats), the median preference ranking scores for a lower status supplier of unknown reputation with a superior warranty and a lower status supplier of known reputation with a superior warranty were 2.00 and 3.00 respectively (where a lower median score represents a higher preference ranking). A Wilcoxon Signed-rank test shows that the median preference score for the supplier of unknown reputation with a superior warranty was significantly lower than that for the supplier of known reputation with a superior warranty. The effect size can be categorized as ‘small’¹. Consumers preferred instead the known to the unknown lower status ingredient supplier when both suppliers offered a standard product. The median preference scores for the lower status suppliers of known and of unknown reputation were 2.00 and 5.00 respectively.

¹ where $r = 0.1, 0.3, 0.5$ represent small, medium and large effect size respectively.

**Summary Table 6.2:
The Unknown and the Known Lower Status Supplier**

	HIGH VISIBILITY (COND 1)	LOW VISIBILITY (COND 2)
BOTH SUPPLIERS OFFER A SUPERIOR WARRANTY	Prefer Unknown to Known (Z= 3.012, p= 0.03, r =0.13)	No difference between Unknown and Known (Z=-0.277, p=0.782, r=0.12)
BOTH SUPPLIERS OFFER A STANDARD WARRANTY	Prefer Known to Unknown (Z= -4.687, p= < 0.001, r= 0.21)	Prefer Known to Unknown (Z= -3.845, p= < 0.001, r= 0.2)
ONE SUPPLIER OFFERS A SUPERIOR WARRANTY	Prefer Unknown with superior warranty to Known with standard warranty (Z= -4.552, p= < 0.001, r=0.2) Prefer Known with superior warranty to Unknown with standard warranty (Z= -5.959, p= < 0.001, r=0.27)	Prefer Unknown with superior warranty to Known with standard warranty (Z= - 3.110, p= 0.000, r=0.14) Prefer Known with superior warranty to Unknown with standard warranty (Z= - 5.877, p= < 0.001, r= 0.26)

When either supplier offered a superior ingredient, consumers preferred advantageous product attributes regardless of whether these were provided by the lower status supplier of unknown or of known reputation. The median preference ranking score for a lower status supplier of known reputation with a superior warranty was 3.00, while the median preference ranking score for a lower status supplier of unknown reputation with a standard warranty was 5.00. The Wilcoxon Signed-rank test resulted in a significantly lower median preference score for the supplier of known reputation with a superior warranty than for the supplier of unknown reputation with a standard warranty. Similarly consumers preferred the unknown supplier with a superior warranty to a known lower status supplier with a standard warranty. The median preference ranking scores for the unknown and known supplier were 2.00 and 4.00 respectively.

Findings obtained for the high ingredient visibility condition therefore confirm our hypothesis that consumer preferences, will be higher for lower status suppliers of unknown reputation than for lower status suppliers of known reputation when both offer improved product attributes. Our hypothesis that consumers will prefer lower status ingredient suppliers of unknown reputation with standard product attributes over suppliers of known reputation with superior product attributes was not supported.

6.2.2 Low Ingredient Visibility: The Unknown versus the Known Lower Status Supplier

This section examines Hypotheses 8 and 8a. It compares low visibility ingredients from lower status suppliers of unknown versus known reputation.

Results for the low ingredient visibility condition (vide Summary Comparison Table 6.1), confirm our hypotheses that consumers will prefer superior product attributes from a lower status supplier of known reputation than a standard product from a supplier of unknown reputation, but will not distinguish between lower status suppliers of unknown and unknown reputation offering similar advantageous product attributes. The median preference ranking scores for a lower status supplier of unknown reputation with a standard warranty and a lower status supplier of known reputation with a superior warranty in the low visibility condition (rubber car trimmings), were 4.00 and 2.00 respectively. The Wilcoxon Signed-rank test shows that the median preference score for the supplier of known reputation with a superior warranty was significantly lower than that for the supplier of unknown reputation with a standard warranty. Therefore, Hypothesis 8 is supported.

Also in the low visibility component (rubber car trimmings), lower status suppliers of unknown reputation with a superior warranty and a lower status supplier of known reputation, with a superior warranty had an equal median preference ranking score of 2.00.

The mean scores for the two suppliers were 2.74 and 2.81, for the unknown and the known lower status supplier, respectively. The difference was not significant.

Therefore, Hypothesis 8a is supported.

6.2.3 High and Low Ingredient Visibility: The Unknown Lower Status Supplier versus the High Status Supplier

This section will examine Hypothesis 9, comparing high and low visibility ingredients from a lower status supplier of unknown reputation and a high status supplier.

Results (vide Summary Comparison Table 6.3), show that consumers preferred superior product attributes from a lower status supplier of unknown reputation to a standard product offer from a high status ingredient supplier, in both low and high ingredient visibility conditions. The median preference ranking scores in the low visibility condition (rubber car trimmings) were 2.00 and 4.00 for a lower status supplier of unknown reputation with a superior warranty and a higher status supplier with a standard warranty, respectively. A Wilcoxon Signed-rank test shows that the median preference score for the lower status supplier of unknown reputation with a superior warranty was significantly lower than that for the high status supplier with a standard warranty. The median preference ranking scores in the low visibility condition (rubber car trimmings) for an unknown lower status supplier with a standard warranty and a higher status supplier with a superior warranty were 3.00 and 4.00, respectively. A Wilcoxon Signed-rank test shows that the median preference score for the lower status supplier of unknown reputation with a standard warranty was significantly lower than that for the high status supplier with a superior warranty.

In the case of the high visibility condition (leather car seats) the median preference ranking scores for a lower status supplier of unknown reputation with a superior warranty and a high status supplier with a standard warranty were 2.00 and 4.00 respectively. The

Wilcoxon Signed-rank test once more shows that the median preference score for the lower status supplier of unknown reputation with a superior warranty was significantly lower than that for the high status supplier with a standard warranty. Findings therefore support our hypothesis for the low visibility condition. For high visibility ingredients consumers reflected a preference towards superior product attributes from a lower status unknown supplier. Our hypothesis that consumers prefer a high status ingredient supplier with standard product attributes over an unknown lower status supplier with advantageous product attributes, was not supported.

Summary Table 6.3

The High Status and the Unknown Lower Status Supplier

	HIGH VISIBILITY (COND 1)	LOW VISIBILITY (COND 2)
BOTH SUPPLIERS OFFER A SUPERIOR WARRANTY	No difference between Unknown and High Status (Z= -0.275, p= 0.783, r = 0.01)	Prefer Unknown to High Status (Z= -8.808, p=< 0.001, r=0.39)
BOTH SUPPLIERS OFFER A STANDARD WARRANTY	Prefer High Status to Unknown (Z= -6.866, p=< 0.001, r= 0.31)	Prefer Unknown to High Status (Z= -3.182, p=< 0.001, r= 0.14)
ONE SUPPLIER OFFERS A SUPERIOR WARRANTY	Prefer Unknown with superior warranty to High Status with standard warranty (Z= -3.179, p=0.001, =0.14) Prefer High with superior warranty to Unknown with standard warranty (Z= -7.389, p=< 0.001, r=0.33)	Prefer Unknown with superior warranty to High Status with standard warranty (Z= -7.593, p=< 0.001, r=0.34) Prefer Unknown with standard warranty to High Status with superior warranty (Z= - 4.831, p=< 0.001, r=0.22)

6.2.4 High and Low Ingredient Visibility: The Known Lower Status Supplier versus the High Status Supplier

This section will examine Hypotheses 10 and 10a, comparing low and high visibility ingredients from a lower status supplier of known reputation and a high status supplier.

Results (vide Summary Comparison Table 6.4), for the low visibility component (rubber car trimmings) show that the median preference ranking score for a lower status supplier of known reputation with a superior warranty was 2.00. The median preference ranking score for a high status supplier with a standard warranty was 4.00. A Wilcoxon Signed-rank test also shows that the median preference score for the lower status supplier of known reputation with a superior warranty was significantly lower than that for the high status supplier with a standard warranty. The median preference ranking scores in the low visibility condition (rubber car trimmings) for a known lower status supplier with a standard warranty and a higher status supplier with a superior warranty were 3.00 and 4.00, respectively. A Wilcoxon Signed-rank test shows that the median preference score for the lower status supplier of known reputation with a standard warranty was significantly lower than that for the high status supplier with a superior warranty.

Therefore, Hypothesis 10 is supported.

In the case of the high visibility component (leather car seats), there were no significant differences between the lower status supplier of known reputation with a superior warranty (median = 3.00) and a higher status supplier with a standard warranty (median = 4.00).

Hypothesis 10a is therefore not supported.

Summary Table 6.4

The High Status and the Known Lower Status Supplier

	HIGH VISIBILITY (COND 1)	LOW VISIBILITY (COND 2)
BOTH SUPPLIERS OFFER A SUPERIOR WARRANTY	Prefer High Status to Known (Z= -2. 457, p=0.014, r = 0.11)	Prefer Known to High Status (Z= -7.674, p=< 0.001, r=0.34)
BOTH SUPPLIERS OFFER A STANDARD WARRANTY	No differences between High Status and Known (Z= -1.774, p=0.076, r= 0.08)	Prefer Known to High Status (Z= -6.694, p=< 0.001, r= 0.29)
ONE SUPPLIER OFFERS A SUPERIOR WARRANTY	No differences between Known with superior warranty and High Status with standard warranty (Z= -0.661, p= 0.508, r=0.03) Prefer High with superior warranty to Known with standard warranty (Z= -4.058, p=< 0.001, r=0.18)	Prefer Known with superior warranty to High with standard warranty (z -=-6.398, p<0.001, r=0.29) Prefer Known with standard warranty to High Status with superior warranty (Z=- -6.837, p=< 0.001, r=0.31)

6.3 HIGH STATUS SUPPLIER: PART-WORTH UTILITY SCORES BY VISIBILITY

In this section we examine Hypothesis 11. We compare differences in part-worth utility scores for the various purchase attributes considered in the study: (High Status Supplier; Lower Status Supplier of Unknown Reputation; Lower Status Supplier of Known Reputation; Improved Warranty conditions), across ingredient visibility. In particular, we focus our attention on the relative importance of the high supplier status in the high versus low ingredient visibility conditions. Results of the part-worth utility scores varied as a

function of visibility (wilks $\Lambda = 0.802$, $F(3,495) = 40.849$, $p < 0.001$), after controlling for respondent status consciousness. As hypothesised, consumers (vide Table 6.5 for descriptive statistics) had a higher preference towards the high status supplier in the high ingredient visibility condition (leather car seats) than in the low ingredient visibility condition (rubber car trimmings) ($p < 0.001$, $g = 0.83$). This effect can be categorized as ‘large’².

Table 6.5
Part-worth utility Scores

Descriptive Statistics

	Visibility	Mean	Std. Deviation
High status	Rubber	-.772	1.150
	Leather	.250	1.094
	Total	-.261	1.233
Low status unknown	Rubber	.252	.866
	Leather	-.180	.858
	Total	.036	.888
Low status known	Rubber	.520	1.087
	Leather	-.070	.943
	Total	.225	1.059
Warranty	Rubber	.191	.683
	Leather	.399	.980
	Total	.295	.850

² where hedge’s $g = 0.2, 0.5$ and 0.8 represent small, medium and large effect sizes respectively.

6.4 CONCLUSION AND DISCUSSION

Notwithstanding the sizeable expenditure involved in purchasing a high status car, study results demonstrate that end-consumers in general prefer the acquisition of more advantageous ingredients, even if these are provided by lower status suppliers. Effects of ingredient visibility are also observed. In the high visibility condition (leather car seats), consumers overall reflected a higher preference towards the high status supplier than in the low ingredient visibility condition (rubber car trimmings).

In the case of low visibility ingredients (rubber car trimmings), consumers predominantly preferred a lower status ingredient supplier of unknown or of known reputation over a high status supplier, regardless of whether the lower status supplier offered a superior, a similar or a less advantageous product to the high status supplier. In the case of a standard offer from a lower status supplier, results portray the consumers preference towards the lower status supplier versus the high status supplier with an advantageous component. These findings could have reflected a lack of rationality in the respondents' thinking process. They could also imply that respondents preferred the lower status supplier after factoring other attributes which were not included in the study.

6.4.1 The High Status Supplier versus the Known and Unknown Lower Status Supplier

When comparing ingredients of high visibility (leather car seats) from a lower status supplier of unknown and of known reputation, results reflect a higher overall preference towards the unknown supplier. Consumers preferred the unknown lower status supplier with an advantageous offer to a standard ingredient from a high status supplier but made no distinction between the known lower status supplier offering a similar superior ingredient and a high status supplier offering a standard ingredient. In the low visibility condition (rubber car trimmings), consumers equally preferred both known and unknown lower status suppliers to the high status supplier (vide Comparison Tables 6.2 and 6.3).

One explanation for differences in consumer preferences towards known and unknown lower status suppliers for high visibility ingredients is that consumers are more willing to expose an unknown than an established lower status supplier. We argue that the lower status position of the unknown supplier has not yet been sanctioned. Negative connotations from a lower status are therefore more likely to be attached to a known than an unknown supplier. New upcoming suppliers desirous of market entry are also more often associated with innovative product offers than established lower status suppliers.

Our results for high visibility ingredients, have also demonstrated the higher consumer preference attached to a superior product from either a high status supplier or an unknown lower status supplier compared to that provided by the known lower status supplier. Similar product improvements from the known lower status supplier had lower consumer preference scores than those for high or unknown lower status suppliers. Because more noticeable ingredients in the final product call attention to the status mismatch or incongruity between the high status of the host product (car) and its lower status ingredient suppliers, we propose that end consumers consider ingredient improvements from an unknown lower status supplier as being more compensatory in making up for the supplier's manifest lower status than those provided by a known lower status supplier. While our study does not analyse consumer decision approaches or propositions put forward across ingredient visibility, our findings provide ample scope for further research into this area.

6.4.2 The Lower Status Supplier: Unknown versus Known Reputation

In this study we also aimed to distinguish between two levels of lower supplier status. *Is there a difference between the lower status of an ingredient supplier of known reputation and the lower status of a supplier of unknown reputation?* We argued that if consumers exhibit a higher preference towards one particular lower status ingredient supplier (of known or of unknown reputation) at the expense of obtaining improved product attributes from the other, then we may conclude that any resulting differences in consumer

preferences towards the supplier's status are material enough to act as a potential filter in restricting the consumer from securing a more advantageous product offer. This difference in consumer preferences between the two suppliers did not materialise. In general our findings reflect limited theoretical distinction between consumer preferences towards a lower status of a supplier of known or of unknown reputation. When both suppliers offer similar advantageous attributes, our results reveal however significant differences between the known and unknown lower status supplier. We observe that consumers prefer the lower status supplier of unknown than of known reputation when the visibility of the ingredient supplier becomes more exposed. Any distinctions drawn between these two suppliers are hardly meaningful however, when either supplier provides a superior ingredient. Advantageous product ingredients in our study clearly act as a primary filter in the purchase selection process in both high and low ingredient visibility conditions (vide Comparison Table 6.1). When a supplier offers a superior product, study results demonstrate that consumers attach a higher preference towards acquiring advantageous product attributes and make no distinction as to whether the improved attributes are provided by a supplier of known or of unknown reputation. We conclude that ingredient superiority is potentially a more enticing purchase consideration regardless of a supplier's established or undetermined status position. Although ingredients are purchased indirectly as part of the final high status product, improvements to these ingredients including those furnished by a lower status supplier provide a clear incentive to the end-customer in the purchase selection process.

6.5 CONTRIBUTION

Our study provides theoretical contribution within the setting of a high status host product and its ingredient suppliers.

(i) The Unknown versus the Known Supplier of Good Reputation

The first theoretical contribution relates to the properties which characterise an unknown lower status supplier. Studies such as those by Bitektine (2011), have presupposed that an

unknown supplier will only be preferred to a known supplier in the purchase decision process if the established known supplier has a poor reputation. The rationale here is that a good reputation should always be preferred to lack of experience. Provided that suppliers offer similar advantageous ingredients, our results for high visibility ingredient suppliers demonstrate that if the known lower status supplier has a good reputation, the unknown supplier is preferred to the known lower status supplier. We recall that one of the conditions in our study was that the known lower status supplier is of good reputation. Although Bitektine (2011) does not outline whether suppliers offer similar or more advantageous product offers, our results show that when the ingredient supplier remains more visible in the final product and ingredient attributes are equally advantageous, consumers prefer the promise of a reputation from an unknown supplier to a known lower status supplier of good track record.

(ii) Supplier Status as a Potential Filter in Consumer Purchase Decisions

Even though examined in a different context our study presents a different set of results to those reported by Jensen and Roy (2008) in their organisational buying study in the audit firm sector. In their findings the authors identified that high status business buyers apply a two-staged process in selecting suppliers. Potential suppliers are first filtered on a status level. Qualifying audit firms are then evaluated on a set of company reputational attributes. One of the factors we observe from our research findings is the secondary role of ingredient supplier status as a potential filter in consumer purchase decisions. Given the choice of selecting an improved or a standard ingredient of high visibility from either a high status or an unknown lower status supplier, consumers filtered their preferred option on ingredient superiority regardless of supplier. End-consumers of high status products give first preference to superior reputational attributes, whether these are provided by a high status supplier or an unknown supplier of lower status. In the case of the known lower status supplier, no significant differences were obtained between the high status supplier with a standard product and the lower status supplier with a superior product. We therefore cannot draw conclusions about the role of supplier status as a filter in consumer preference

choices involving a high and known lower status supplier for similar high visibility ingredients.

6.6 LIMITATIONS AND FURTHER RESEARCH

To reduce bias from existing consumer attitudes towards current car manufacturers, we considered an undisclosed host brand name. Presenting an actual manufacturer brand name which respondents evaluate favourably, would have presented a more realistic purchase scenario but would also have introduced other limitations, such as the potential effects of country of origin on the company's reputation (Newburry,2012), in this case, the reputation of the car manufacturer. Further research could also compare the unknown ingredient supplier with a known lower status supplier of poor reputation or also consider the effect on consumer preferences of various host car manufacturers of different brand strengths or associated levels of consumer trust. For instance: *Would end-consumers in low ingredient visibility condition, prefer a known supplier of poor reputation with a superior ingredient to a high status supplier with a standard product offer? Would end-consumers prefer the unknown lower status supplier with a standard ingredient to a known lower status supplier of poor reputation with a superior offer? Would end-consumers still prefer a lower status supplier for low visibility ingredients if the high status host brand has a stronger/ weaker brand name? How does varying trust and credibility in a high status host brand influence consumer preferences towards the unknown and known lower status supplier across ingredient visibility?*

To reduce as much as possible consumer fatigue, our research design included one within-subjects condition (the unknown and the known lower status ingredient supplier) and one between-subjects condition (the high and low ingredient visibility conditions). Further research could consider alternating these two within and between-subject conditions, such as comparing a high with a low visibility ingredient from either a known or an unknown lower status supplier to identify any differences in consumer preferences. As in Study 2, our sample of respondents consisted of German- speaking Swiss residents. Extendibility of

results on other nationalities is limited. Limited also is the generalisability of results onto other ingredients. Our study considered one ingredient attribute (improved warranty on leather car seats in the high visibility condition and improved warranty on rubber car trimmings in the low visibility condition). We also acknowledge that improved product warranty could have potentially exerted different influences on consumer preferences towards the lower status supplier of known or of unknown reputation. Studies such as those by Innis and Unnava (1991) on the moderating influence of brand name on the effect of warranty, revealed that improvements in product warranty had a more positive impact on the attitudes of consumers towards new brands than towards established brands. In our study we measure instead consumer preferences. We also do not disclose the established supplier's brand name. Moreover we introduce lower supplier status as an additional extrinsic variable. Separate study would therefore be required to examine potential effects of warranty information on the unknown and known supplier of lower status, in the absence of brand reputation.

6.7 CONCLUSION

In practice our results show that within the setting of an unequal status affiliation between a high status host product and an ingredient supplier of lower status, supplier status has a lesser bearing on end-consumer purchase preferences than the acquisition of enhanced ingredients. Low visibility ingredients offer potential for both new and established lower status suppliers with/or without superior product features versus high status suppliers. Provided also that the newcomer supplier is in a position to either offer a superior ingredient to that provided by the high status supplier, match or exceed any product improvements offered by the known supplier, high visibility ingredients present consumer preference advantages for new upcoming lower status suppliers of unknown reputation.

Chapter 7

CONCLUSION - GENERAL FINDINGS & CONTRIBUTION

7.1 INTRODUCTION

This thesis examines the emerging status inequalities between business buyers and suppliers of lower -status in purchase transactions. More specifically we address buyer perceptions of status inequalities under various exchange conditions. Similar studies focusing on “heterophilous” exchanges have treated status inequalities as an objective distinction in rank between partners of varying status. Little reference has been made to the perception of status inequalities and its influence on business purchasing or on resulting end-consumer evaluations.

From a business buyer perspective we argue that given contingent variables, status inequalities are not equally relevant for the same buyer across different purchase situations. We therefore measure status salience from the buyer’s willingness to trade-off incumbent supplier status for advantageous product attributes from a supplier of lower status. At an end-consumer level we then investigate the final high status product equipped with superior ingredients from a lower status supplier. We measure consumer evaluations in varying conditions of ingredient visibility and supplier reputation (known or unknown).

From a theoretical standpoint, this thesis presents a more dynamic conceptualisation of status inequalities on the basis of buyer status perceptions and status salience at the exchange. As part of the over-arching topic of these studies we manifest the important role of ingredient visibility in heightening status judgments. We also provide some distinction between consumer evaluations of lower status suppliers of known and unknown reputation.

In practice this thesis exposes potential venues of opportunity for lower status suppliers seeking to target higher status buyers and challenges faced by high status suppliers in sustaining their competitive position. It provides higher status companies with insightful

information about consumer reactions towards lower status ingredient suppliers: how these are perceived and how these are evaluated as part of a high status end product.

PART I - THE BUSINESS BUYER

7.2 CONTEXT SUMMARY

Study 1 focused on the luxury boat builder, purchasing components (designer services, engines, paint) from a new upcoming lower status supplier. In this setting, we proposed a different perspective to evaluating emerging status inequalities on the basis of buyer perceptions and supplier status salience at the exchange. Given contingent variables (ingredient visibility, buyer status position, type of market uncertainty), we measured supplier status salience through the buyer's willingness to trade-off incumbent supplier status for more advantageous product attributes (superior product specifications, superior warranty, lower price).

7.3 STATUS SALIENCE AT THE BUSINESS EXCHANGE

A central topic in this study is the conceptualisation of status inequalities at the business exchange. While more recent literature examining “heterophilous” affiliations has treated status inequalities between partners as an objective distinction in status rank (e.g. Castellucci & Ertug, 2010; Baum, Rowley, Shapilov & Chuang, 2005), our study findings support a more dynamic perspective of status inequalities on the basis of status salience. Results of the boat builder study (Study 1) demonstrate that a buyer's relative need to preserve status in affiliations is not equally important across situations. When purchasing low visibility components (paint), business buyers expressed a higher preference to trade-off incumbent supplier status for more advantageous product attributes than when purchasing components of higher visibility (conventional engines and designer services) from a lower status supplier. While we acknowledge that status situates an actor in a status

category (Washington & Zajac, 2005), our results show that lower status suppliers may be perceived differently by the same buyer in different transactions. We conclude therefore that a supplier's lower status position, and hence status inequalities at the exchange, are not equally relevant in different buying situations.

Likewise, middle-status buyers manifested a varying preference to trade-off supplier status when purchasing components in markets characterised by different types of uncertainty. In markets with higher levels of ego-centric uncertainty, buyers expressed a higher willingness to trade-off supplier status than in markets characterised by higher levels of alter-centric markets. In our study, markets with higher levels of ego-centric uncertainty were represented by the purchase of newer technology, namely a hybrid engine with lower carbon emissions and a hybrid engine with lower noise. Markets with higher levels of alter-centric uncertainty were represented by more traditional technology, namely conventional engines with higher speeds, and conventional engines with longer cruising distance.

7.4 INGREDIENT VISIBILITY AND THE HEIGHTENING OF STATUS JUDGMENTS

Studies on social judgments, such as those by Bitektine (2011) have suggested that actors are more likely to exercise status judgments when their choices are visible to others, but do not empirically test this relationship. Study 1 provides empirical support to Bitektine's (2011) claim. As outlined earlier, buyers in Study 1 manifested a lower preference to trade-off incumbent supplier status for a more advantageous product offer from a lower status supplier, when purchasing components of high visibility (designer services and conventional engine). When purchasing low visibility ingredients (paint), the same buyers manifested a preference towards acquiring superior product attributes at the expense of supplier status.

7.5 DIFFERENCES IN BUYER STATUS POSITION

The third aspect which we assess is whether high status buyers at the exchange act differently from aspiring companies of middle-status on the basis of their status position. With the exception of the Durand and Kremp (2016) study on concert programming of U.S. symphony orchestras, literature on status positions has mainly focused on drawing up differences between status groups (Warhman 1972, 1974; Moscovici, Nemeth, 1974; Ridgeway 1981, 1978). Our study results on organisational buying preferences, provide further support to the findings of Durand and Kremp (2016). Aggregate purchase results for designer services, engine and paint, show that after we controlled for component visibility, high status boat buyers manifested a significantly higher preference to trade-off supplier status than middle-status buyers.

7.6 SUMMARY THEORETICAL CONTRIBUTION

Findings of Study 1, provide the following theoretical contributions:

- (i) We present a more dynamic conceptualisation of status inequalities at the business exchange on the basis of buyer perceptions and supplier status salience.
- (ii) We measure the heightening of status judgements at higher levels of component purchase visibility.
- (iii) We distinguish between buyer preferences of high and middle-status companies at an impending exchange with a lower status supplier.

PART II - THE DOMESTIC CONSUMER

7.7 CONTEXT SUMMARY

In Studies 2 and 3, we analysed preferences and perceptions of consumers owning high status luxury cars. We asked them to visualise a scenario: the purchase of a high status car model (of an undisclosed manufacturer brand name). In the process they discovered from a reliable source that one of the car components has been supplied by a lower status company. As part of the experiment, consumers in our study were assigned to one of two conditions, each representing high and low visibility ingredients, respectively: leather car seats (Condition 1) and rubber car trimmings (Condition 2). We also provided each respondent with two ingredient supplier scenarios: (i) an upcoming lower status supplier of unknown reputation and (ii) an established lower status supplier of known, good reputation. In studies 2 and 3, our aim was to identify whether:

- (i) consumers prefer lower status component suppliers of unknown reputation over those of known reputation.
- (ii) consumers prefer a standard component from a high status supplier over a superior component (e.g. improved product warranty) from a lower status supplier.
- (iii) consumers perceive the status and reputation of a lower status supplier of unknown reputation differently from the status and reputation of a known supplier.
- (iv) consumers have a more favourable attitude (likeability, quality, behaviour intention) towards high status cars with components from lower status suppliers of unknown reputation than from lower status suppliers of known reputation.

- (v) consumers are influenced by ingredient visibility in the aforementioned evaluations and perceptions.

7.8. LOWER STATUS INGREDIENT SUPPLIERS OF UNKNOWN AND OF KNOWN REPUTATION

Within the context of unequal status affiliations, Studies 2 and 3 draw an empirical distinction between preferences towards lower status ingredient suppliers of unknown and of known reputation. Literature to date has mainly focused on providing plausible explanations for categorising unknown companies as lower status actors (Bitektine, 2011), or for their limited potential as suppliers in the purchase selection process (Bitektine, 2011). In this study, we also reveal that consumers perceive ingredient suppliers of unknown reputation differently from established lower status ingredient suppliers of known reputation. In our study ingredient visibility also acted as a boundary condition which accentuated or conversely attenuated differences in the consumer evaluations of the two types of lower status suppliers (vide Summary Table: 7.1).

7.8.1 CONSUMER PREFERENCES

In this section we specifically refer to the proposition that “an organization with unknown reputation will be given preference over exchange partners with a negative reputation but will be avoided if exchange partners with known good reputations are available” (cf. Bitektine, 2011:166). Our study results provide partial support but also question this proposition. Although Bitektine (2011) does not specify the status category of the known supplier, or whether suppliers offer similar, standard or superior products, our findings clearly demonstrate the potential of the unknown supplier as a contender at the purchase exchange.

Firstly, ingredients of high visibility (car leather seats), position the unknown supplier in a more preferable light than the known lower status supplier when both suppliers offer similar product advantages. (Chapter 6: Table 6.2). We recall that the established known lower status supplier examined in this research is of good reputation with a positive track record. Secondly, in all low ingredient visibility conditions examined, consumers manifested a significant preference towards the unknown lower status supplier to the high status supplier (Chapter 6: Table 6.3). Consumers preferred the unknown lower status supplier to the high status supplier whether both suppliers offered a superior or a standard product or when either supplier offered an advantageous product.

Summary Table 7.1:

The Unknown and the Known Lower Status Supplier and Ingredient Visibility

	HIGH VISIBILITY (COND 1)	LOW VISIBILITY (COND 2)
<p>CONSUMER PREFERENCES TOWARDS INGREDIENT SUPPLIER</p> <p>(Study 3)</p>	<p>Prefer an Unknown to a Known lower status supplier when both offer an advantageous product.</p> <p>Prefer a Known to an Unknown lower status supplier when both offer a standard product.</p>	<p>No difference between an Unknown and Known lower status supplier when both offer an advantageous product.</p> <p>Prefer a Known to an Unknown lower status supplier when both offer a standard product.</p>
<p>PERCEIVED SUPPLIER STATUS</p> <p>(Study 2)</p>	<p>Unknown has a higher rating than the Known lower status supplier.</p> <p>Unknown supplier has a higher rating in the high than in the low ingredient visibility condition.</p>	<p>No difference between ratings for the Unknown and the Known lower status supplier.</p> <p>Unknown supplier has a lower rating in the low than in the high ingredient visibility condition.</p>
<p>PERCEIVED PRODUCT RISK ASSOCIATED WITH THE SUPPLIER</p> <p>(Study 2)</p>	<p>No difference between the Unknown and the Known lower status supplier.</p>	<p>No difference between the Unknown and the Known lower status supplier.</p>
	<p>Known lower status supplier is associated with a higher product perceived risk than the Unknown supplier.</p> <p>Known lower status supplier is associated with a higher product perceived risk in the high than in the low ingredient visibility condition.</p>	<p>No difference between the perceived product risk associated with the unknown and the Known lower status supplier.</p> <p>Known lower status supplier is associated with a lower product perceived risk in the low than in the high ingredient visibility condition.</p>

7.8.2 Perceived Supplier Reputation and Status

Study findings did not reveal significant differences between the perceived supplier status of the unknown and known lower status supplier in both high and low ingredient visibility conditions. This implies that we cannot draw perceptual distinctions between these two levels of supplier status.

Respondents however rated the perceived reputation for the unknown supplier higher than that for the known lower status supplier in the high but not in the low ingredient visibility condition. The unknown supplier also had a higher perceived reputation across ingredient visibility with a higher rating for high than for low visibility ingredients. Our findings moreover show that when we controlled for the unknown supplier's perceived status, perceived reputation for the same supplier in the high visibility condition was neither significant nor practically relevant, implying that the higher perceived reputation was the direct effect of perceived supplier status.

From these findings we put forward a number of observations:

(i) Ingredient Visibility as a Condition for 'Reputation Borrowing'

One of the interesting findings which featured in the study is the effect of ingredient visibility on the unknown supplier's perceived reputation. In our study we argued that consumer perceptions of supplier reputation are influenced by whether the ingredient and supplier are more visible in the final product. Any differences in the perceived reputation between the unknown and the unknown lower supplier status should therefore be greater in the high than in the low ingredient visibility condition. We reasoned that high visibility ingredients would accentuate the less favourable perceived reputation of the known supplier, which as we described is tarnished by low status connections from existing trade. Study results reflect however that differences between perceived reputation ratings for the unknown and the known lower status supplier resulted instead from the unknown

supplier's improved ratings in the high visibility condition. Study 2 therefore contributes towards the identification of ingredient visibility as a potential condition for 'reputation borrowing' to occur, (Petkova, 2011: 384).

(ii) Measurement of Improved Perceived Reputation

Our study particularly highlights the acquisition of reputation by the unknown supplier from the high status affiliation (Reuber & Fischer, 2005). Research on new upcoming firms such as those by Petkova, (2011), have observed the limited attempts to measure 'reputation-borrowing' as a method of deriving reputation from the high status affiliation. Studies which address reputation-borrowing have more commonly examined instead resulting outcomes such as the effect on performance (e.g. Stuart et al., 1999).

(iii) Effects of Status on the Unknown Supplier's Reputation

The third observation concerns the reputational value acquired by the unknown supplier from potential status transfer effects in the high ingredient visibility condition. In other words: *How does status add value to the unknown supplier's reputation?* Newcomer suppliers are typically associated with higher quality uncertainty than established suppliers and therefore rely on their promise to deliver quality products and services.

Our findings show that perceived supplier reputation (which we measured on the basis of supplier trust and quality) was higher for the supplier in the high than in the low ingredient visibility condition. Results therefore demonstrate the added value derived by the unknown supplier from the endorsement of the high status partner in the affiliation (Pollock, Chen, Jackson, Hambrick, 2010). To some degree the uncertain quality of an unknown actor is certified by the trust exhibited by the decision of a high status partner to affiliate with the newcomer (idem. Pollock et al., 2010).

Conversely ingredient visibility had no effect on perceived supplier status (which we measured on the basis of prestige, status and esteem). Results obtained in the high visibility condition were significantly higher than in the low visibility condition, but were of no practical relevance. Although status effects from the high status affiliation influenced the supplier's perceived quality and trust, they did not affect the supplier's perceived prestige, esteem and status. While we acknowledge the interconnectedness of status and reputation as two independent constructs (Castellucci & Ertug 2013), we recognize that status and reputation are positively but not perfectly correlated (Podolny, 2005). Unlike reputation, status is also hierarchical in nature (Barron & Rolfe, 2011). Any improvement in perceived supplier status also requires a measure of distinction which legitimately positions the supplier at different levels in the status rank order.

7.8.3 Perceived product risk

Study 2 results for perceived product risk associated with the ingredient supplier potentially introduce us to an interesting area of risk manifestation. *Are more physically manifest ingredients in the final product perceived as being riskier than less manifest ingredients? Is an unknown lower status supplier of high/low visibility ingredients associated with a higher/lower risk than a known lower status supplier of high/low visibility ingredients?* In practice ingredients carry potential risks regardless of whether they remain more manifest in the final product. Although not easily visible, an electronics device controlling the heat distribution in a car engine exposes the car to more potential risk than a highly manifest car stereo located in the interior front panel of the car. Our findings however show that a known lower status supplier is associated with a higher risk in the case of high as opposed to low visibility ingredients. One reason behind this difference in perceived product risk across ingredient visibility is that the lower status of the established supplier of high visibility ingredients is more exposed and status judgments are heightened. In spite of being established the known supplier was also associated with a higher perceived risk than the unknown supplier in the high visibility condition. Lower status suppliers of known reputation are typically associated with lower quality levels than

high status counterparts. More easily recognised ingredients in the final product therefore act as physical reminder of the low status position and quality of the established ingredient supplier and potentially expose any related product risks. On the contrary, results of perceived product risk for the unknown supplier did not vary across ingredient visibility. Although ingredients of high visibility equally expose the unknown ingredient supplier, we do not experience the same heightening of status judgments. Unknown suppliers seem to enjoy the benefits of their undetermined status and absence of an established quality level.

7.9 SUPPLIER STATUS AS A PURCHASE CONSIDERATION

Results for Study 3 also portray the secondary importance of supplier status in consumer preferences involving ingredient supplier choices with superior product attributes. Contrary to findings in Jensen & Roy's (2008) study on business buyers in the audit firm sector, our results show that in high ingredient visibility conditions, domestic buyers first refer to the advantageous product attributes offered by the supplier in selecting their preferred purchase options. In low ingredient visibility conditions, our results reflected a preference towards a lower status supplier regardless of product offer.

7.10 SUMMARY THEORETICAL CONTRIBUTION

Within the context of unequal status affiliations, our findings of Study 2 and 3 provide the following theoretical contributions:

- (i) We establish and measure the effect of perceived supplier status on the perceived reputation of the unknown supplier in an unequal status affiliation.
- (ii) We demonstrate the consumer's preference for an unknown lower status supplier over a known lower status supplier of good reputation.

- (iii) We demonstrate the higher perceived product risk associated with the lower status supplier of known than of unknown reputation in high ingredient visibility conditions.
- (iv) We demonstrate the important role of ingredient visibility on consumer evaluations, in the above (i-iii) findings.
- (v) We demonstrate the role of product attributes as a first filter in consumer purchase evaluations.

7.11 OVERALL STUDY LIMITATIONS

- (i) The three studies analysed status inequalities within the context of luxury markets where ingredients may potentially be exposed and where the display of status is a key factor. Generalisation of results onto other markets which feature end-products of a non-positional nature is therefore limited.
- (ii) We also tested for ingredients which were considered important by the business purchasers and consumers in the luxury motor yacht and car market sectors, respectively. Although our findings do not reflect the exchange of ingredients which may have less bearing on the final product, one may propose that supplier status will have less influence on both business buying decisions and consumer evaluations of the end product.
- (iii) The studies also treated ‘derived demand ‘ purchases and examined both end-consumers and business buyers. In Study 1, we analysed the business buyer’s direct purchase of the component. In Studies 2 and 3, the consumer’s actual purchase acquisition is the final product, i.e. the car. In analysing business and consumer purchase preferences, we also considered a different set of product attributes pertinent to the respective sector. Direct comparison of results is

therefore restricted. Findings are also limited to the chosen product attribute advantages. Further study would be required to analyse the effect of different product attributes on business buyer trade-off preferences and consumer evaluations.

- (iv) Care must also be exercised when interpreting study findings. Results obtained specifically an unequal status exchange setting. Similarly the effect of perceived supplier status on perceived supplier reputation in Study 2, is limited to the context of unequal status affiliations, involving potential flow of status between the high status host product (the car and the lower status ingredient brand).

7.12 SUGGESTIONS FOR FURTHER RESEARCH

A central theme of this thesis is buyer perceptions of status inequalities in business exchanges. This new perspective to evaluating status inequalities presents us with several potential areas of discussion and further research.

- (i) Exposure of Low visibility ingredients

Factors which expose low visibility ingredients, such as the branding of less noticeable items, offer scope for further study. Examples could include glass in furniture, steel in appliances or kitchen utensils, and grape variety and region on wine bottles. Research into the effects of exposing these ingredients may well provide practical promotional and branding strategy implications for high status suppliers striving to enhance their competitive position by projecting an image of superlative quality and luxury.

- (ii) Status Transfer and Host Brand Equity

Another promising area for future study is potential status transfer in unequal status affiliations. Our research assessed the effect of perceived supplier status on the perceived

reputation of the unknown ingredient supplier. We also attributed the significantly higher perceived reputation rating in the high visibility condition to potential flow of status from the high status host brand to the unknown ingredient supplier. Further study is required to measure any status loss of the high status host brand from the transfer.

In Study 2 we also examined a fictitious high status car manufacturing company with an undisclosed brand name. Our results demonstrated a significantly higher perceived reputation for an unknown supplier (but not for a known supplier) in the high visibility condition than in the low visibility condition. An interesting area would be to examine host brands of varying brand equity, for instance existing high status car manufacturing brands such as Jaguar, Porsche, Bentley, Mercedes, BMW and analyzing the effect of host brand equity on potential status transfer to the lower status supplier. Results of the high ingredient visibility condition in Study 2, reveal that status had a direct effect on the supplier of unknown reputation but not on the established lower status supplier of known reputation. One could also identify therefore whether stronger or weaker host brands exert varying influences on the resulting perceived reputation of both the unknown and the known lower status supplier.

(iii) Perceived Supplier risk

Future research could specifically address the relationship between perceived product risk, perceived supplier reputation and perceived supplier status for lower status ingredient suppliers in the context of high status affiliations. From our study we concluded that while the perceived reputation of the unknown supplier was better in the high than in the low ingredient visibility condition, perceived product risk attached to the supplier did not vary across visibility. This implies that although the unknown supplier's reputation was better in the high visibility condition, the supplier's associated perceived product risk did not decrease with improvements in perceived supplier reputation. One would expect that perceived product risk attached to a supplier would be lower as perceived reputation improves. We also know that the perceived improvement in the reputation of the unknown supplier in the high visibility condition is a direct result of perceived supplier status. We

further attributed this higher perceived supplier reputation (note ii) to potential status transfer from the high status host brand and resulting socially constructed quality. *Does this mean therefore that effects of socially constructed quality discussed earlier do not translate into improvements in perceived product risk?* One possible explanation is that the beneficial effects of socially constructed quality are better realised at higher levels of supplier status. At lower supplier status levels, any socially constructed quality would not be sufficient enough to reduce the product risk associated with the supplier. One way to examine these relationships at low supplier status levels would be to vary as discussed above host brand equity in the unequal status affiliation and introducing different high status car manufacturers of varying brand strength. Resulting improvements in the supplier's perceived reputation and potentially supplier perceived status, given varying host brand equity could then be measured and analysed against any changes in perceived product risk.

(iv) Unequal Status Exchanges involving a higher status supplier

This thesis analysed status inequalities involving a lower status supplier. Of practical relevance also in this context of potential status effects, is the examination of reverse situations in which the host brand is of lower status. The car manufacturing sector once more offers sufficient scope for investigation. Several cars have bought products or engaged the services of higher status suppliers. For example, a couple of years ago Hyundai cars launched the Matrix model, a car with a fresh design, which also featured the brand insignia of the renowned top designer, Pininfarina, in chrome lettering at the side of the car. In spite of its good qualities as a car manufacturer, very few individuals would purchase cars in this category for status motives. In this setting one may investigate whether the high status designer insignia would elevate the perceived status of the lower status car model and improve end-customer attitudes towards the car.

7.13 PRACTICAL CONTRIBUTION

7.13.1 Buyer Perceptions of Status Inequalities at the Exchange

One of the practical aspects which we establish in this thesis is the relevance of buyer perceptions at business exchanges involving suppliers of lower status. In this study we demonstrate that the importance of supplier status varies in different buying situations. Depending on purchase conditions, impending transactions with higher status buyers translate into different potential opportunities for new upcoming suppliers. Components of lower visibility or new technological products offer good prospects for exchange. Products which on the other hand expose the affiliation, such as components of high visibility position the new entrant supplier at a disadvantage against suppliers of a higher status. Similarly, middle-status buyers pose a greater challenge for aspiring new entrant suppliers than high status buyers. Seen from this perspective, the role of supplier status as potential gatekeeper at the exchange, must be evaluated within the context of the buying situation and the relevant contingent variables influencing the purchase decision.

7.13.2 Lower Status Suppliers of Unknown and Known Reputation

Study 3 also compares consumer evaluations of established lower status suppliers of good reputation with those for new entrant suppliers. In the case of high visibility components new entrants in the affiliation are perceived more favourably by end-customers than established suppliers, provided that both offer similar products. In the low ingredient visibility conditions, end-customers made no distinction between the two types of lower status suppliers offering similar products. We also concluded that while lower status suppliers of unknown reputation are preferred to those of known reputation in the high visibility condition (car leather seats), their preference is very much limited to the provision of a similar advantageous product to that offered by the known supplier. Offering a similar standard product places the established supplier of high visibility ingredients at an advantage compared to the unknown supplier. In both high and low

ingredient visibility conditions, consumers in general preferred a superior product offer, regardless of whether the supplier is of high status or whether the lower status supplier is of known or of unknown reputation. This information assists both high status buyers in evaluating purchase decision options and lower status suppliers approaching high status buyers.

7.13.3 The unknown supplier's perceived reputation

From a practical perspective, this study also points out to the advantages to be gained by a new entrant supplier in a high status affiliation. From an end-consumer standpoint, unknown suppliers of high visibility ingredients benefit from a higher perceived reputation compared with unknown suppliers providing low visibility ingredients. In spite of their lack of experience, unknown suppliers in the high visibility condition are also associated with a lower perceived product risk than established lower status suppliers of known reputation. These findings provide (i) pertinent information for high status buyers in supplier selection, (ii) perceptually distinguish the new entrant from the established lower status supplier and (iii) provide impetus for the unknown supplier seeking to make inroads in the higher status circles.

7.13.4 Strategies for high status suppliers

Our study results demonstrate that it can be important for high status suppliers to focus on selling ingredients of high visibility. In the case of low visibility ingredients, our findings reflect the predominant preference of consumers towards lower status suppliers. In the high ingredient visibility condition, results also portray a highly competitive landscape. We expose the growth potential for unknown suppliers with an equally advantageous ingredient and for lower status suppliers (both known and unknown) with a superior ingredient to that provided by a higher status counterpart. While ensuring the provision of advantageous superior product, high status suppliers striving to secure their competitive

position in markets of lower component visibility could aim to manifest and potentially expose these less visible ingredients via branding and promotion.

7.13.5 Consumer Preferences and Implications of Ingredient Visibility

Boat builders in Study 1, expressed a higher preference to switch to a newcomer ingredient supplier in the case of ingredients of lower visibility. Study 2 results demonstrate that in a high status affiliation, new entrant suppliers of high visibility ingredients experience higher gains in perceived reputation than similar new entrant suppliers of low visibility ingredients. This implies that newcomer suppliers are less likely to be selected when ingredient visibility is high, but would benefit more when being selected. End-consumers in Study 3 expressed an overall preference towards the unknown supplier regardless of ingredient visibility. Provided that the unknown supplier is in a position to offer an advantageous product, end-consumers in both high and low ingredient visibility conditions, preferred the unknown supplier to the high status supplier with a standard offer.

7.14 CONCLUDING NOTE

7.14.1 The Buyer in Unequal Status Exchanges: Social or Economic Entity?

One of the main topics of this thesis is whether buyers in high status luxury markets are willing to obtain more advantageous product attributes (economic considerations) at the expense of ingredient supplier status (social considerations). Our study has shown that customers generally prefer the acquisition of superior ingredients. For business buyers, the trade-off between incumbent supplier status and advantageous product attributes presents to some extent a struggle between staying in the game and securing immediate economic benefits and preserving status. Despite operating in a high status luxury market, business buyers (Study 1) in the low ingredient visibility condition (paint) manifested a preference

to trade-off supplier status for advantageous product attributes from a lower status supplier of unknown reputation. Consumers (Study 3), on the other hand, preferred advantageous components from lower status suppliers (of unknown and of known reputation) to a standard component from a high status supplier in *both* high and low visibility conditions (car leather seats and car rubber trimmings, respectively). One possible explanation for this difference between consumers and businesses buyers is the different context in which ingredients are purchased and status inequalities emerge. Consumers purchase the ingredients as part of a high status end-product. Although friends or colleagues might compliment for instance the material or colour of the car seats, they are more likely to pass judgments on the consumer's choice of car than its leather seat supplier. Businesses on the other hand, buy production or assembly inputs which potentially are evaluated by other actors in the trade: competitors, servicing personnel such as mechanics and colleagues. Business buyers are more likely to exercise caution in their choice of supplier, but will prefer product improvements if the supplier is less traceable in the final product.

While exchange transactions between buyers and sellers give rise to status inequalities, visible purchases expose them. Indeed, businesses and society in general may well be motivated by immediate economic gain and given the opportunity of a better deal, they will try and seize it. Yet, the visible world provides us with an added dimension – where our actions become manifest and where judgments of others shape our decisions and more commonly interfere with the intricate fabric of life.

'It is only shallow people who do not judge by appearances. The true mystery of the world is the visible, not the invisible....' 'The Picture of Dorian Gray', Oscar Wilde.

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APPENDIX 1:

BOAT STUDY 1: MAIN QUESTIONNAIRE

Section 1: BOAT STUDY- MAIN QUESTIONNAIRE

A. Kindly select your MAIN COMPETITORS from the list, by ticking the corresponding box. These lists cover 3 motor yacht building countries: **Italy, U.K. the Netherlands. If you do compete with companies in any of these 3 markets, kindly tick the corresponding box.**
Kindly tick only your MAIN COMPETITORS.

THE NETHERLANDS

- Aquanaut Yachting
- Atlantic Motor
- Brandaris Yachts

B. For each of the companies selected, rate how Higher or Lower you consider their status to be, compared to your company.

YOUR COMPANY



	Lower Status									Higher Status		
	5	6	7	8	9	10	11	12	13	14	15	
	←				→							
Aquanaut Yachting	5	6	7	8	9	10	11	12	13	14	15	
Atlantic Motor	5	6	7	8	9	10	11	12	13	14	15	
Brandaris Yachts	5	6	7	8	9	10	11	12	13	14	15	

Concordia Yachts	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Contest	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
De Birs	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
De Boarnstream International	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
De Drait Yachting	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Gruno Motoryachten	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Intecmarine	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Interboat	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
achtwerf Sudsee	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Jachtwerfklassen -Supervancraft	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15

Jetten Yachting	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Jongert	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Linssen Yachts	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Menken Maritiem	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Motion Yachts	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Mulder Shipyard	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Noblesse Yachts	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
No Limit Ships	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
North-Line	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15

Pacific Shipyards	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Pedro Boats	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Pikmeerkruiser	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Pollard Jachtbouw	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Privateer Yachts	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Smelne Yachting	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Sturier Yachts	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Super Lauwersmeer	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Thomasz Yachts	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Tuna Yachts	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15

Van dam Nordia Shipyard	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Van der Hejdein	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Van der Walk	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Wajer & Wajer	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Vri-Jon Yachts	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15
Yulia Yachting	<input type="checkbox"/>	5	6	7	8	9	10	11	12	13	14	15

Lists for Italy and U.K.

Section 2:

SCENARIOS : 'TRADE-OFF' OF SUPPLIER STATUS for ECONOMIC PURCHASE ATTRIBUTES

Imagine you are faced with a number of ALTERNATIVE SUPPLIERS (some are new and upcoming). Imagine also that you have no particular ties or commitments with your current supplier.

These ALTERNATIVE SUPPLIERS HAVE APPROACHED YOU WITH A BETTER PURCHASE OFFER (Between 10% - 30% improvement), than that of your current supplier, on some or all of the following factors:

- (i) Improved product specifications
 - (ii) Better warranty conditions and period
 - (iii) A better price
- Show these factors on a PRINTED CARD*

Imagine also that these alternative suppliers are of LOWER status and prestige than your current suppliers. Some are 10% lower in status than your current suppliers, others are 20% or 30% lower.

Show 'Supplier Status', on another PRINTED CARD

INTERVIEWER PRESENTS Again -Status Definition- Exhibit card

Going back to our exercise, we are considering different suppliers, which as explained, carry different levels of status, than your current supplier, on the basis of prestige.

Scenario 1: *Imagine that an **ALTERNATIVE ENGINE SUPPLIER**, who is of lower status/prestige than your current supplier, approaches you with a superior purchase offer. The alternative supplier provides engines with **IMPROVED CRUISING DISTANCE; HIGHER SPEEDS; REDUCED FUEL CONSUMPTION** (Show card with engine attributes – intrinsic cues)*

Purchase Offer Factors – Alternative Engine Supplier

- (i) Improved product specifications:
 - Improved cruising distance
 - Higher speeds
 - Reduced fuel consumption
- (ii) Better warranty conditions and period
- (iii) Better price

Kindly RANK the following 12 supplier options IN TERMS OF PREFERENCE, starting from 1, as your most preferred option to 12, as your least preferred option. Kindly also RATE the likelihood of considering such the options you have ranked.

<p>A</p> <p>30% improved product specs 20% better warranty period 30% better price 10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>B</p> <p>10% improved product specs 30% better warranty 30% better price 30% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>C</p> <p>30% improved product specs 30% better warranty 10% better price 20% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>D</p> <p>20% improved product specs 10% better warranty period 30% better price 20% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>
<p>E</p> <p>30% improved product specs 10% better warranty period 20% better price 30% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>F</p> <p>10% improved product specs 10% better warranty period 10% better price 10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>G</p> <p>20% improved product specs 30% better warranty period 20% better price 10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>H</p> <p>10% improved product specs 20% better warranty period 20% better price 20% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>
<p>I</p> <p>20% improved product specs 20% better warranty period 10% better price 30% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>J</p> <p>10% improved product specs 10% better warranty period 30% better price 10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>K</p> <p>10% improved product specs 20% better warranty period 30% better price 10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>L</p> <p>20% improved product specs 10% better warranty period 30% better price 10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>

RATING OF STATUS LEVEL OF CURRENT ENGINE SUPPLIER

On the basis of the definition of status explained earlier, kindly rate the status of your CURRENT ENGINE SUPPLIER on a scale from 1 – 10, where 1 is the lowest and 10 is the highest score.

1 2 3 4 5 6 7 8 9 10

Very Low

Very High

*Scenario 2: Imagine that an **ALTERNATIVE DESIGNER** for your boat exterior, who is of lower status/prestige than your current supplier, approaches you with a superior purchase offer to include **improved EXTERIOR AESTHETIC DESIGN**.*

Kindly **RANK** the following 12 supplier options **IN TERMS OF PREFERENCE**, starting from **1**, as your most preferred option to **12**, as your least preferred option. Kindly also **RATE** the likelihood of considering the options you have ranked.

A	<p>20% improved aesthetic design 20% better price 10% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	B	<p>30% improved aesthetic design 20% better price 30% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	C	<p>30% improved aesthetic design 30% better price 10% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	D	<p>10% improved aesthetic design 10% better price 10% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>
E	<p>10% improved aesthetic design 20% better price 20% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	F	<p>20% improved aesthetic design 10% better price 30% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	G	<p>20% improved aesthetic design 30% better price 20% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	H	<p>30% improved aesthetic design 10% better price 20% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>
I	<p>10% improved aesthetic design 30% better price 30% lower on status than my current DESIGNER RANK —</p> <p>Strongly consider Strongly Not consider 1 2 3 4 5 6 7</p>	J	<p>20% improved aesthetic design 20% better price 20% lower on status than my current DESIGNER RANK —</p> <p>Strongly consider Strongly Not consider 1 2 3 4 5 6 7</p>	K	<p>30% improved aesthetic design 20% better price 20% lower on status than my current DESIGNER RANK —</p> <p>Strongly consider Strongly Not consider 1 2 3 4 5 6 7</p>	L	<p>10% improved aesthetic design 30% better price 20% lower on status than my current DESIGNER RANK —</p> <p>Strongly consider Strongly Not consider 1 2 3 4 5 6 7</p>

RATING OF STATUS LEVEL OF CURRENT DESIGNER

On the basis of the definition of status explained earlier, kindly rate the status of your CURRENT DESIGNER on a scale from 1 – 10, where 1 is the lowest and 10 is the highest score.

1	2	3	4	5	6	7	8	9	10
Very Low					Very High				

Scenario 3: *Imagine that an **ALTERNATIVE PAINT SUPPLIER**, who is of lower status/prestige than your current supplier, approaches you with a superior purchase offer, which includes a **WIDE RANGE OF PAINT COLOURS; LUXURIOUS HUES; LONG LASTING DURABLE PAINTS –HIGHLY RESISTANT TO CRACKS (SHOW CARD)***

Purchase Offer Factors – Alternative Paint Supplier

(i) Improved paint:

- **Wide range of paint colours**
- **Luxurious hues**
- **Long lasting and durable – highly resistant to cracks**

(ii) Better warranty conditions and period

(iii) Better price

Kindly **RANK** the following 12 supplier options **IN TERMS OF PREFERENCE**, starting from **1**, as your most preferred option to **12**, as your least preferred option. Kindly also **RATE** the likelihood of considering such the options you have ranked.

<p>A</p> <p>20% improved paint 10% better warranty period 30% better price 10% lower on status than my current PAINT SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>B</p> <p>10% improved paint 20% better warranty 30% better price 10% lower on status than my current PAINT SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>C</p> <p>10% improved paint 10% better warranty 30% better price 10% lower on status than my current PAINT SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>D</p> <p>20% improved paint 20% better warranty period 10% better price 30% lower on status than my current PAINT SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>
<p>E</p> <p>10% improved paint 20% better warranty period 20% better price 20% lower on status than my current PAINT SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>F</p> <p>20% improved paint 30% better warranty 20% better price 10% lower on status than my current PAINT SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>G</p> <p>10% improved paint 10% better warranty 10% better price 10% lower on status than my current PAINT SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>H</p> <p>30% improved paint 10% better warranty period 20% better price 30% lower on status than my current PAINT SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>
<p>I</p> <p>20% improved paint 1% better warranty period 30% better price 20% lower on status than my current PAINT SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>J</p> <p>30% improved paint 30% better warranty period 10% better price 20% lower on status than my current PAINT SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>K</p> <p>10% improved paint 30% better warranty period 30% better price 30% lower on status than my current PAINT SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>L</p> <p>30% improved paint 20% better warranty period 30% better price 10% lower on status than my current PAINT SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>

RATING OF STATUS LEVEL OF CURRENT PAINT SUPPLIER

On the basis of the definition of status explained earlier, kindly rate the status of your CURRENT PAINT SUPPLIER on a scale from 1 – 10, where 1 is the lowest and 10 is the highest score.

1	2	3	4	5	6	7	8	9	10
Very Low					Very High				

Scenario 4: *Imagine that CLIENT REQUESTS for hybrid engines, are on the INCREASE and that you are willing to consider a hybrid engine.*

An alternative Engine SUPPLIER, who is of lower status/prestige than your current supplier, approaches you with a superior purchase offer than that of your current supplier, to include a hybrid engine with CO₂ EMISSIONS, which are EVEN LOWER than those offered by current hybrid engine suppliers in the market.
(Show card)

Purchase Offer Factors – Alternative Hybrid Engine Supplier

- (i) Even lower CO₂ emissions than those offered by hybrid engine suppliers currently on the market**
- (ii) Better warranty conditions and period**
- (iii) Better price**

Kindly RANK the following 12 supplier options IN TERMS OF PREFERENCE, starting from **1**, as your most preferred option to **12**, as your least preferred option. Kindly also RATE the likelihood of considering each option you have ranked.

A	<p>30% lower CO₂ emissions</p> <p>30% better warranty period</p> <p>10% better price</p> <p>20% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	B	<p>10% lower CO₂ emissions</p> <p>10% better warranty</p> <p>10% better price</p> <p>10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	C	<p>20% lower CO₂ emissions</p> <p>20% better warranty</p> <p>10% better price</p> <p>30% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	D	<p>20% lower CO₂ emissions</p> <p>10% better warranty period</p> <p>30% better price</p> <p>10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>
E	<p>10% lower CO₂ emissions</p> <p>30% better warranty period</p> <p>30% better price</p> <p>30% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	F	<p>30% lower CO₂ emissions</p> <p>10% better warranty period</p> <p>20% better price</p> <p>30% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	G	<p>10% lower CO₂ emissions</p> <p>20% better warranty period</p> <p>20% better price</p> <p>20% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	H	<p>10% lower CO₂ emissions</p> <p>20% better warranty period</p> <p>30% better price</p> <p>10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>
I	<p>30% lower CO₂ emissions</p> <p>20% better warranty period</p> <p>30% better price</p> <p>10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	J	<p>20% lower CO₂ emissions</p> <p>10% better warranty period</p> <p>30% better price</p> <p>20% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	K	<p>20% lower CO₂ emissions</p> <p>30% better warranty period</p> <p>20% better price</p> <p>10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	L	<p>10% lower CO₂ emissions</p> <p>10% better warranty period</p> <p>30% better price</p> <p>10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK —</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>

Scenario 5: *Imagine that CLIENT REQUESTS for hybrid engines, are on the INCREASE and that you are willing to consider a HYBRID ENGINE. An alternative Engine SUPPLIER, who is of lower status/prestige than your current supplier, approaches you with a superior purchase offer than that of your current supplier, to include a hybrid engine with **EVEN LOWER ENGINE NOISE LEVELS, than those offered by current hybrid engine suppliers in the market.** (Show card)*

Purchase Offer Factors – Alternative Hybrid Engine Supplier

- (i) Even lower engine noise levels than those offered by hybrid engine suppliers currently on the market**
- (ii) Better warranty conditions and period**
- (iii) Better price**

Kindly RANK the following 12 supplier options IN TERMS OF PREFERENCE, starting from 1, as your most preferred option to 12, as your least preferred option. Kindly also RATE, the likelihood of considering each option you have ranked.

<p>A</p> <p>10% lower noise levels 10% better warranty 10% better price 10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK ___</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	<p>B</p> <p>30% lower noise levels 10% better warranty 20% better price 30% lower on status than my current ENGINE SUPPLIER</p> <p>RANK ___</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	<p>C</p> <p>20% lower noise levels 10% better warranty 30% better price 20% lower on status than my current ENGINE SUPPLIER</p> <p>RANK ___</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	<p>D</p> <p>30% lower noise levels 30% better warranty period 10% better price 20% lower on status than my current ENGINE SUPPLIER</p> <p>RANK ___</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>
<p>E</p> <p>10% lower noise levels 30% better warranty 30% better price 30% lower on status than my current ENGINE SUPPLIER</p> <p>RANK ___</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	<p>F</p> <p>30% lower noise levels 20% better warranty 30% better price 10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK ___</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	<p>G</p> <p>20% lower noise levels 10% better warranty 30% better price 10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK ___</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	<p>H</p> <p>10% lower noise levels 20% better warranty 30% better price 10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK ___</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>
<p>I</p> <p>10% lower noise levels 10% better warranty 30% better price 10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK ___</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	<p>J</p> <p>20% lower noise levels 20% better warranty 10% better price 30% lower on status than my current ENGINE SUPPLIER</p> <p>RANK ___</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	<p>K</p> <p>10% lower noise levels 20% better warranty 20% better price 30% lower on status than my current ENGINE SUPPLIER</p> <p>RANK ___</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>	<p>L</p> <p>20% lower noise levels 30% better warranty 20% better price 10% lower on status than my current ENGINE SUPPLIER</p> <p>RANK ___</p> <p>Strongly Not consider Strongly consider</p> <p>1 2 3 4 5 6 7</p>

Scenario 6: Imagine that the choice of supplier has some influence on how relevant others perceive your company in terms of PRESTIGE and STATUS REGARD.

Kindly RANK the following 12 supplier options for various **PRODUCT PURCHASES**, starting from 1, as being the option which in your opinion is least likely to have any effect on your Company's perceived STATUS REGARD, to 12 as being the option which in your opinion has the highest influence.

Considering the effect of any influence on your status regard, kindly also RATE the likelihood of considering the options you have ranked.

FOR EACH PRODUCT PURCHASE – SHOW RESPECTIVE CARD WITH PRODUCT SPECIFICATIONS and READ DESCRIPTION

ENGINE

*The alternative supplier provides engines with **IMPROVED CRUISING DISTANCE; HIGHER SPEEDS; REDUCED FUEL CONSUMPTION** (Show card with engine attributes – intrinsic cues)*

EXHIBIT – AS PER SCENARIO 1

<p>A</p> <p>30% improved product specs 20% better warranty period 30% better price 10% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>B</p> <p>20% improved product specs 10% better warranty 30% better price 10% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>C</p> <p>10% improved product specs 30% better warranty 30% better price 30% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>D</p> <p>10% improved product specs 20% better warranty period 30% better price 10% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>
<p>E</p> <p>30% improved product specs 30% better warranty period 10% better price 20% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>F</p> <p>10% improved product specs 10% better warranty period 30% better price 10% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>G</p> <p>20% improved product specs 10% better warranty period 30% better price 20% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>H</p> <p>20% improved product specs 20% better warranty period 10% better price 30% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>
<p>I</p> <p>30% improved product specs 10% better warranty period 20% better price 30% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>J</p> <p>10% improved product specs 20% better warranty period 20% better price 20% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>K</p> <p>10% improved product specs 10% better warranty period 10% better price 10% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>L</p> <p>20% improved product specs 30% better warranty period 20% better price 10% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>

PAINT

*Improved product specifications of the superior purchase offer, include a **WIDE RANGE OF PAINT COLOURS; LUXURIOUS HUES; LONG LASTING DURABLE PAINTS –HIGHLY RESISTANT TO CRACKS (SHOW CARD)***

EXHIBIT – AS PER SCENARIO 3

A	20% improved paint 10% better warranty 30% better price 10% lower on status than my current PAINT SUPPLIER RANK —	B	20% improved paint 20% better warranty 10% better price 30% lower on status than my current PAINT SUPPLIER RANK —	C	10% improved paint 10% better warranty 10% better price 10% lower on status than my current PAINT SUPPLIER RANK —	D	30% improved paint 30% better warranty 10% better price 20% lower on status than my current PAINT SUPPLIER RANK —
Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7
E	10% improved paint 20% better warranty 30% better price 10% lower on status than my current PAINT SUPPLIER RANK —	F	10% improved paint 20% better warranty 20% better price 20% lower on status than my current PAINT SUPPLIER RANK —	G	30% improved paint 10% better warranty 20% better price 30% lower on status than my current PAINT SUPPLIER RANK —	H	10% improved paint 30% better warranty 30% better price 30% lower on status than my current PAINT SUPPLIER RANK —
Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7
I	10% improved paint 10% better warranty 30% better price 10% lower on status than my current PAINT SUPPLIER RANK —	J	20% improved paint 30% better warranty 20% better price 10% lower on status than my current PAINT SUPPLIER RANK —	K	20% improved paint 10% better warranty 30% better price 20% lower on status than my current PAINT SUPPLIER RANK —	L	30% improved paint 20% better warranty 30% better price 10% lower on status than my current PAINT SUPPLIER RANK —
Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7

EXTERIOR DESIGN: *Superior purchase offer includes an improved EXTERIOR AESTHETIC DESIGN.*

<p>A</p> <p>10% improved aesthetic design 30% better price 20% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>B</p> <p>30% improved aesthetic design 20% better price 20% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>C</p> <p>20% improved aesthetic design 20% better price 20% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>D</p> <p>10% improved aesthetic design 30% better price 30% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>
<p>E</p> <p>30% improved aesthetic design 10% better price 20% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>F</p> <p>20% improved aesthetic design 30% better price 20% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>G</p> <p>20% improved aesthetic design 10% better price 30% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>H</p> <p>10% improved aesthetic design 20% better price 20% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>
<p>I</p> <p>10% improved aesthetic design 10% better price 10% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>J</p> <p>30% improved aesthetic design 30% better price 10% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>K</p> <p>30% improved aesthetic design 20% better price 30% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>L</p> <p>20% improved aesthetic design 20% better price 10% lower on status than my current DESIGNER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>

Scenario 9: *Imagine that the choice of supplier has some influence on how relevant others perceive your level of quality. A hybrid engine supplier of lower status/ prestige than your current supplier, approaches you with a superior offer to include a superior engine with **EVEN LOWER engine CO₂ emissions than that currently available on the market.** Imagine also that client requests for hybrid engines are on the increase.*

Notice that some suppliers are not offering you a better price but improved technical specifications and warranty.

(Indicate that some options have a 0% price improvement). Price improvements vary from 0% - 10% - 20% LOWER

As in the previous scenarios - Product specifications, warranty status vary from improvements of 10 % to 20% and 30%. AND status varies from a 10% - 20% - 30% lower supplier status.

Kindly RANK the following 12 supplier options, starting from 1, as being the option which in your opinion is least likely to have any effect on your perceived QUALITY LEVEL, to 12, as the option which in your opinion has the highest influence.

Considering the effect of any influence on your status regard, kindly also RATE the likelihood of considering the options you have ranked.

<p>A</p> <p>30% lower CO₂ emissions 20% better warranty 20% better price 10% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>B</p> <p>10% lower CO₂ emissions 30% better warranty 20 % better price 30% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>C</p> <p>30% lower CO₂ emissions 30% better warranty 0% better price 20% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>D</p> <p>20% lower CO₂ emissions 10% better warranty 20% better price 20% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>
<p>E</p> <p>30% lower CO₂ emissions 10% better warranty 10% better price 30% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>F</p> <p>10% lower CO₂ emissions 10% better warranty 0% better price 10% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>G</p> <p>20% lower CO₂ emissions 30% better warranty 10% better price 10% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>A</p> <p>30% lower CO₂ emissions 20% better warranty 20% better price 10% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>
<p>I</p> <p>20% lower CO₂ emissions 20% better warranty 0% better price 30% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>J</p> <p>10% lower CO₂ emissions 10% better warranty 20% better price 10% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>K</p> <p>10% lower CO₂ emissions 20% better warranty 20% better price 10% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>	<p>L</p> <p>20% lower CO₂ emissions 10% better warranty 20% better price 10% lower on status than my current ENGINE SUPPLIER RANK —</p> <p>Strongly Not consider Strongly consider 1 2 3 4 5 6 7</p>

Scenario 10: *Imagine that the choice of supplier has some influence on how relevant others perceive your level of quality.*

*A hybrid engine supplier of lower status/ prestige than your current supplier, approaches you with a superior offer to include a superior engine with **EVEN LOWER engine NOISE LEVELS than that currently available on the market.** Imagine also that client requests for hybrid engines are on the increase.*

Notice that some suppliers are not offering you a better price but improved technical specifications and warranty.

(Indicate that some options have a 0% price improvement)

Kindly RANK the following 12 supplier options, starting from 1, as being the option which in your opinion is least likely to have any effect on your perceived QUALITY LEVEL, to 12, as the option which in your opinion has the highest influence.

Considering the effect of any influence on your status regard, kindly also RATE the likelihood of considering the options you have ranked.

A	20% lower noise levels 10% better warranty 20% better price 10% lower on status than my current ENGINE SUPPLIER RANK ___	B	10% lower noise levels 20% better warranty 20% better price 10% lower on status than my current ENGINE SUPPLIER RANK ___	C	10% lower noise levels 10% better warranty 20% better price 10% lower on status than my current ENGINE SUPPLIER RANK ___	D	20% lower noise levels 20% better warranty 0% better price 30% lower on status than my current ENGINE SUPPLIER RANK ___
Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7
E	10% lower noise levels 20% better warranty 10% better price 10% lower on status than my current ENGINE SUPPLIER RANK ___	F	20% lower noise levels 30% better warranty 10% better price 10% lower on status than my current ENGINE SUPPLIER RANK ___	G	10% lower noise levels 10% better warranty 0% better price 10% lower on status than my current ENGINE SUPPLIER RANK ___	H	30% lower noise levels 10% better warranty 10% better price 30% lower on status than my current ENGINE SUPPLIER RANK ___
Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7
I	20% lower noise levels 10% better warranty 20% better price 20% lower on status than my current ENGINE SUPPLIER RANK ___	J	30% lower noise levels 30% better warranty 0% better price 20% lower on status than my current ENGINE SUPPLIER RANK ___	K	10% lower noise levels 30% better warranty 20% better price 30% lower on status than my current ENGINE SUPPLIER RANK ___	L	30% lower noise levels 20% better warranty 20% better price 10% lower on status than my current ENGINE SUPPLIER RANK ___
Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7

Scenario 11: *Imagine that the choice of supplier has some influence on how relevant others perceive your level of quality.*

*An engine supplier of lower status/prestige than your current supplier, approaches you with a superior offer to include a superior engine with **FASTER SPEEDS** than that currently available on the market.*

Notice that some suppliers are not offering you a better price but improved technical specifications and warranty.

(Indicate that some options have a 0% price improvement)

Kindly RANK the following 12 supplier options, starting from 1, as being the option which in your opinion is least likely to have any effect on your perceived QUALITY LEVEL, to 12, as the option which in your opinion has the highest influence.

Considering the effect of any influence on your status regard, kindly also RATE the likelihood of considering the options you have ranked.

A	30% faster speeds 30% better warranty 0% better price 20% lower on status than my current ENGINE SUPPLIER RANK ___	B	20% faster speeds 10% better warranty 20% better price 20% lower on status than my current ENGINE SUPPLIER RANK ___	C	20% faster speeds 30% better warranty 10% better price 10% lower on status than my current ENGINE SUPPLIER RANK ___	D	10% faster speeds 10% better warranty 20% better price 10% lower on status than my current ENGINE SUPPLIER RANK ___
Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7
E	10% faster speeds 30% better warranty 20% better price 30% lower on status than my current ENGINE SUPPLIER RANK ___	F	30% faster speeds 10% better warranty 10% better price 30% lower on status than my current ENGINE SUPPLIER RANK ___	G	20% faster speeds 20% better warranty 0% better price 30% lower on status than my current ENGINE SUPPLIER RANK ___	H	10% faster speeds 20% better warranty 20% better price 10% lower on status than my current ENGINE SUPPLIER RANK ___
Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7
I	30% faster speeds 20% better warranty 20% better price 10% lower on status than my current ENGINE SUPPLIER RANK ___	J	10% faster speeds 10% better warranty 0% better price 10% lower on status than my current ENGINE SUPPLIER RANK ___	K	10% faster speeds 20% better warranty 10% better price 20% lower on status than my current ENGINE SUPPLIER RANK ___	L	20% faster speeds 10% better warranty 20% better price 10% lower on status than my current ENGINE SUPPLIER RANK ___
Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7	Strongly Not consider 1 2 3 4 5 6 7	Strongly consider 1 2 3 4 5 6 7

Section 3:

Kindly RATE the statements below, by circling the selected number on the scale:

1. I consider myself to be knowledgeable 0 1 2 3 4 5 6 7 8 9 I consider myself not to be knowledgeable

about marine hybrid engine marine technology

2. I know less than most competitors 0 1 2 3 4 5 6 7 8 9 I know more than most competitors

about marine hybrid engine marine technology

3. I am a complete beginner 0 1 2 3 4 5 6 7 8 9 I am an expert

on the subject of marine hybrid engine technology

4. Hybrid engine technology in the marine industry contributes to Lower CO₂ emissions

Not very relevant	1	2	3	4	5	6	7	8	Very relevant
0									9

5. Hybrid engine technology in the marine industry contributes to Reduced Noise levels

Not very relevant	1	2	3	4	5	6	7	8	Very relevant
0									9

6. Hybrid engine technology is the way forward in the marine industry

Not very relevant	1	2	3	4	5	6	7	8	Very relevant
0									9

7. Marine hybrid engine technology:

Will certainly not help you distinguish your product from competitors

Will certainly help you distinguish your product from competitors

0 1 2 3 4 5 6 7 8 9

8. Marine hybrid engine technology is associated with:

Slow demand

A Growing demand

0 1 2 3 4 5 6 7 8 9

9. The chances that marine hybrid engine technology will not function properly in meeting your expectations, have:

A Low chance

A High chance

0 1 2 3 4 5 6 7 8 9

APPENDIX 2:

CAR STUDIES 2 & 3: MAIN QUESTIONNAIRE

CONDITION 1: LEATHER SUPPLIER FOR SEATS: PLAN A

SECTION 1: KINDLY READ THE ADVERT TEXT PROVIDED AND RATE YOUR OPINION ON THE QUESTIONS WHICH FOLLOW.

SCENARIO 1

*Imagine that you are currently considering the purchase of the **SK5** – a new LUXURY SEDAN OF HIGH STATUS and latest model of prestigious and renowned brand XXXXXXXX (whose name we cannot expose).*

*After consulting a couple of reviews on some of the top car magazines, you come across an article (Exhibit A) about the SK5. In the article you read that the SK5 now has a new Leather supplier for its car seats – **CALIBRI**. Unlike SK's previous supplier, CALIBRI is a recent newcomer on the scene. Having recently obtained ISO 9001 certification, CALIBRI projects an image of good quality, yet lacks the status recognition of SK's previous supplier.*

SAMPLE MAGAZINE ARTICLE: EXHIBIT A

The latest SK5 sedan and its new kid in town

The SK5 is the latest model in the SK series and is one of the most recent launches in the luxury executive sedan market. True, the brand still faces stiff competition from other top luxury cars, yet its performance is a perfect match for recent developments in its category. Inside information tells us that the SK5 has a new leather supplier for its car seats - CALIBRI. Well, you might not have heard much about this new supplier, except that CALIBRI is a recent newcomer on the scene and has just obtained ISO 9001 quality certification. Our leather expert, confirmed CALIBRI's good quality leather and observed the rather limited experience of this new supplier. Aside from the leather seats, a quick glance at the new SK5 sedan, instantaneously gives us a feeling of refinement and class. With some of the best choices of exotic woods and trimmings, the SK5 oozes class all the way, with the ultimate in interior design.

Following this information about the new car seat leather supplier for the SK5:

1. How would you rate your feelings towards this car?

Unfavorable	1	2	3	4	5	6	7	Favourable
Unlikeable	1	2	3	4	5	6	7	Likeable
Bad	1	2	3	4	5	6	7	Good

2(a). My overall impressions of the new SK5 is:

Very Bad	1	2	3	4	5	6	7	Very Good
----------	---	---	---	---	---	---	---	-----------

2(b). The new SK5 is going to be of high quality:

Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
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2(c). Compared to other top luxury cars, the quality of the SK5 is:

Much Lower than Average	1	2	3	4	5	6	7	Much Higher than Average
-------------------------	---	---	---	---	---	---	---	--------------------------

2(d). The risk involved in purchasing the SK5 would be:

Very High	1	2	3	4	5	6	7	Very Low
-----------	---	---	---	---	---	---	---	----------

3. How likely is it that you would purchase the SK5?

Unlikely	1	2	3	4	5	6	7	Likely
Improbable	1	2	3	4	5	6	7	Probable
Impossible	1	2	3	4	5	6	7	Possible

KINDLY READ THE ADVERT TEXT PROVIDED.

SCENARIO 2

*Imagine that you are currently considering the purchase of a new LUXURY SEDAN OF HIGH STATUS and decide to consult some reviews on some of the top car magazines. In one of the magazines (Exhibit B) you come across a review about a car you are interested in - the **Q10**, the latest model of the prestigious and renowned manufacturing car brand XXXXXXXX (whose name we cannot expose).*

*You notice that its design and interiors are truly luxurious, with the finest choice of wood trimmings and detail, similar to those of other high status luxury cars in the category. In the article you also read that the Q10 has a new leather supplier for its seats – **DACO**. You learn that DACO leather has been established in the industry for over 30 years, but is of lower status than the previous supplier. Backed with ISO 9001 quality standards, DACO is known to supply good quality leather. Yet its quality cannot be described as being superior. Our sources also inform us that DACO currently also supplies other manufacturers of lower status in the non-luxury sector.*

SAMPLE MAGAZINE ARTICLE: EXHIBIT B

Q's recent addition - the new Q10 sedan

A quick look at the new Q10 sedan, immediately gives us a feeling of refinement and class. The Q10 comes with some of the best veneers and trimmings on board. Overall, the Q10 is a serious contender for any car in its class. Paul's earlier visit to the main facility also confirmed DACO, as the new car seat leather supplier on the new Q-series line-up. Of course, DACO leather have now been around for over 30 years. Backed by ISO 9001 quality certification, their products have always been of good quality, but never quite remarkable in any way. Our leather expert endorsed Daco's good quality leather and commented on the rather limited exposure of this new supplier in the top luxury segment. Surely this time, DACO must have reserved their best leather ever for the new Q10!, But guess what? Probably the next upgraded pick up van you'll come across on the road, might have DACO leather seats too! The rest of the car is simply scrumptious, yet pretty much similar to what you could get from an established, prestigious manufacturer, at the high luxury end.

Please read the following definition of STATUS, before proceeding to answer the next set of Questions.

The status of a car component supplier, refers to the supplier’s relative position or standing compared with other suppliers in the same sector, on the basis of **PRESTIGE**. Prestigious suppliers, would be those which are known and admired e.g. for being leaders, say in terms of technology, innovation, creativity; for their superiority in design and workmanship or for their legacy and heritage as a company over the years etc.

Following this information about the new car seat leather supplier for the Q10:

1. How would you rate your feelings towards this car?

Unfavorable	1	2	3	4	5	6	7	Favourable
Unlikeable	1	2	3	4	5	6	7	Likeable
Bad	1	2	3	4	5	6	7	Good

2(a). My overall impressions of the new Q10 is:

Very Bad	1	2	3	4	5	6	7	Very Good
----------	---	---	---	---	---	---	---	-----------

2(b). The new Q10 is going to be of high quality:

Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
-------------------	---	---	---	---	---	---	---	----------------

2(c). Compared to other top luxury cars, the quality of the Q10 is:

Much Lower than Average	1	2	3	4	5	6	7	Much Higher than Average
-------------------------	---	---	---	---	---	---	---	--------------------------

2(d). The risk involved in purchasing the Q10 would be:

Very High	1	2	3	4	5	6	7	Very Low
-----------	---	---	---	---	---	---	---	----------

3. How likely is it that you would purchase the Q10?

Unlikely	1	2	3	4	5	6	7	Likely
Improbable	1	2	3	4	5	6	7	Probable
Impossible	1	2	3	4	5	6	7	Possible

KINDLY PROCEED TO SECTION 2

SECTION 2: Kindly RATE the following statements by circling the selected number on the scale:

1	Having leather seats in a luxury car is:							
Unnecessary	1	2	3	4	5	6	7	Necessary
Not Functional	1	2	3	4	5	6	7	Functional
Dull	1	2	3	4	5	6	7	Exciting
Not delightful	1	2	3	4	5	6	7	Delightful

2		NOT AT ALL		VERY MUCH			
I would buy a product just because it has status.	1	2	3	4	5	6	7
I am interested in new products with status.	1	2	3	4	5	6	7
I would pay more for a product if it had status.	1	2	3	4	5	6	7
The status of a product is irrelevant to me.	1	2	3	4	5	6	7
A product is more valuable to me if it has some snob appeal.	1	2	3	4	5	6	7

3	I consider myself not to be knowledgeable about cars.	0	1	2	3	4	5	6	7	8	9	I consider myself to be knowledgeable about cars.
I know less than most other people about cars.	0	1	2	3	4	5	6	7	8	9	I know more than most other people about cars.	
I am a complete beginner and know little about cars.	0	1	2	3	4	5	6	7	8	9	I am an expert and know a lot about cars.	

4

The CHANCE that the car seat LEATHER, supplied by the **NEW UPCOMING SUPPLIER – CALIBRI** WILL GET WORN easily is:

LOW								HIGH
0	1	2	3	4	5	6	7	

The CHANCE that the car seat LEATHER, supplied by the **NEW UPCOMING SUPPLIER– CALIBRI**, WILL NOT LOOK GOOD FOR LONG and WILL NOT MEET your expectations, is:

LOW								HIGH
0	1	2	3	4	5	6	7	

The CHANCE that the car seat LEATHER, supplied by the **ESTABLISHED SUPPLIER OF LOWER STATUS- DACO**, WILL GET WORN easily is:

LOW								HIGH
0	1	2	3	4	5	6	7	

The CHANCE that the car seat LEATHER , supplied by the **ESTABLISHED SUPPLIER OF LOWER STATUS – DACO**, WILL NOT LOOK GOOD FOR LONG and WILL NOT MEET your expectations, is:

LOW								HIGH
0	1	2	3	4	5	6	7	

5

The **NEW UPCOMING** car seat LEATHER SUPPLIER – **CALIBRI**, is a brand one can trust.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

The **NEW UPCOMING** car seat LEATHER SUPPLIER – **CALIBRI**, supplies high-quality leather.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

The **ESTABLISHED** car seat LEATHER SUPPLIER OF LOWER STATUS - **DACO**, is a brand one can trust.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

How would you rate the **STATUS** of the **NEW** car seat **LEATHER SUPPLIER CALIBRI** on a scale from 0–7 ?

Low Status 1 2 3 4 5 6 7 High Status

How would you rate the **PRESTIGE** of the **NEW** car seat **LEATHER SUPPLIER CALIBRI** on a scale from 0–7 ?

Not Prestigious 1 2 3 4 5 6 7 Prestigious

How would you rate the **ESTEEM** which is associated with the **NEW** car seat **LEATHER SUPPLIER CALIBRI** on a scale from 0 – 7 ?

Low Esteem 1 2 3 4 5 6 7 High Esteem

How would you rate the **STATUS** of the **ESTABLISHED** car seat **LEATHER SUPPLIER DACO** on a scale from 0 – 7 ?

Low Status 1 2 3 4 5 6 7 High Status

How would you rate the **PRESTIGE** of the **ESTABLISHED** car seat **LEATHER SUPPLIER DACO** on a scale from 0 – 7 ?

Not Prestigious 1 2 3 4 5 6 7 Prestigious

How would you rate the **ESTEEM** which is associated with the **ESTABLISHED** car seat **LEATHER SUPPLIER DACO** on a scale from 0 – 7 ?

Low Esteem 1 2 3 4 5 6 7 High Esteem

SECTION 3: KINDLY READ THE FOLLOWING INFORMATION AND RANK THE OPTIONS BELOW, IN ORDER OF PREFERENCE.

ALTERNATIVE LEATHER SUPPLIER FOR CAR SEATS

Imagine that you are currently considering the purchase of a new **luxury high status sedan**. After browsing a couple of top car magazines, you decide to compile a list of car options. You notice that some car options include **car seats of TOP QUALITY 100% BULL LEATHER with AN ADDITIONAL 5 YEAR WARRANTY ON the development of cracks over and above the standard 2 year warranty**. Some car options offer **STANDARD LEATHER CAR SEAT MATERIAL and no additional warranty**. Some include car seat leather suppliers of High Status. Other options include New Upcoming car seat leather suppliers and others Established car seat leather suppliers of Lower Status.

KINDLY RANK YOUR MOST PREFERRED OPTION AS 1 and YOUR LEAST PREFERRED OPTION AS 6

New Upcoming Car Seat Leather Supplier
Additional 5 year warranty on development of cracks in the car seat leather
RANK ____

High Status Car Seat Leather Supplier
No Improvement in warranty conditions
RANK ____

Established Car Seat Leather Supplier of Lower Status
Additional 5 year warranty on development of cracks in the car seat leather
RANK ____

New Upcoming Car Seat Leather Supplier
No Improvement in warranty conditions
RANK ____

Established Car Seat Leather Supplier
No Improvement in warranty conditions
RANK ____

High Status Car Seat Leather Supplier
Additional 5 year warranty on development of cracks in the car seat leather
RANK ____

CONDITION 1: LEATHER SUPPLIER FOR SEATS:

PLAN B (125 RESPONDENTS GROUP 2)

SECTION 1: KINDLY READ THE ADVERT TEXT PROVIDED AND RATE YOUR OPINION ON THE QUESTIONS WHICH FOLLOW.

SCENARIO 1

*Imagine that you are currently considering the purchase of the **SK5** – a new LUXURY SEDAN OF HIGH STATUS and latest model of prestigious and renowned brand XXXXXXXX (whose name we cannot expose).*

*After consulting a couple of reviews on some of the top car magazines, you come across an article (Exhibit A) about the SK5. In the article you read that the SK5 now has a new Leather supplier for its car seats – **CALIBRI**. Unlike SK's previous supplier, CALIBRI is a recent newcomer on the scene. Having recently obtained ISO 9001 certification, CALIBRI projects an image of good quality, yet lacks the status recognition of SK's previous supplier.*

SAMPLE MAGAZINE ARTICLE: EXHIBIT A

The latest SK5 sedan and its new kid in town

A quick glance at the new SK5 sedan, instantaneously gives us a feeling of refinement and class. The SK5 comes with some of the best veneers and trimmings on board. Overall, the SK5 is a serious contender for any car in its class. Inside information tells us that the SK5 has a new leather supplier for its car seats - CALIBRI. Well, you might not have heard much about this new supplier, except that CALIBRI is a recent newcomer on the scene and has just obtained ISO 9001 quality certification. Our leather expert, confirmed CALIBRI's good quality leather and observed the rather limited experience of this new supplier. The rest of the car is simply scrumptious, yet pretty much similar to what you could get from an established, prestigious manufacturer, at the high luxury end.

Following this information about the new car seat leather supplier for the SK5:

1. How would you rate your feelings towards this car?

Unfavorable	1	2	3	4	5	6	7	Favourable
Unlikeable	1	2	3	4	5	6	7	Likeable
Bad	1	2	3	4	5	6	7	Good

2(a). My overall impressions of the new SK5 is:

Very Bad	1	2	3	4	5	6	7	Very Good
----------	---	---	---	---	---	---	---	-----------

2(b). The new SK5 is going to be of high quality:

Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
-------------------	---	---	---	---	---	---	---	----------------

2(c). Compared to other top luxury cars, the quality of the SK5 is:

Much Lower than Average	1	2	3	4	5	6	7	Much Higher than Average
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2(d). The risk involved in purchasing the SK5 would be:

Very High	1	2	3	4	5	6	7	Very Low
-----------	---	---	---	---	---	---	---	----------

3. How likely is it that you would purchase the SK5?

Unlikely	1	2	3	4	5	6	7	Likely
Improbable	1	2	3	4	5	6	7	Probable
Impossible	1	2	3	4	5	6	7	Possible

KINDLY READ THE ADVERT TEXT PROVIDED.

SCENARIO 2

*Imagine that you are currently considering the purchase of a new LUXURY SEDAN OF HIGH STATUS and decide to consult some reviews on some of the top car magazines. In one of the magazines (Exhibit B) you come across a review about a car you are interested in - the **Q10**, the latest model of the prestigious and renowned manufacturing car brand XXXXXXXX (whose name we cannot expose).*

*You notice that its design and interiors are truly luxurious, with the finest choice of wood trimmings and detail, similar to those of other high status luxury cars in the category. In the article you also read that the Q10 has a new leather supplier for its seats – **DACO**. You learn that DACO leather has been established in the industry for over 30 years, but is of lower status than the previous supplier. Backed with ISO 9001 quality standards, DACO is known to supply good quality leather. Yet its quality cannot be described as being superior. Our sources also inform us that DACO currently also supplies other manufacturers of lower status in the non-luxury sector.*

SAMPLE MAGAZINE ARTICLE: EXHIBIT B

Q's recent addition - the new Q10 sedan

The Q10 is the latest model in the Q series and is one of the most recent launches in the luxury executive sedan market. True, the brand still faces stiff competition from other top luxury cars, yet the Q10 is a perfect match for recent developments in its category. Paul's earlier visit to the main facility also confirmed DACO, as the new car seat leather supplier on the new Q-series line-up. Of course, DACO leather have now been around for over 30 years. Backed by ISO 9001 quality certification, their products have always been of good quality, but never quite remarkable in any way. Our leather expert endorsed Daco's good quality leather and commented on the rather limited exposure of this new supplier in the top luxury segment. Surely this time, DACO must have reserved their best leather ever for the new Q10! But guess what? Probably the next upgraded pick up van you'll come across on the road, might have DACO leather seats too! Aside from the car seat leather, a quick look at the new Q10 sedan, immediately gives us a feeling of refinement and class. With some of the best choices of exotic woods and trimmings, the Q10 oozes class all the way, with the ultimate in interior design.

Please read the following definition of STATUS, before proceeding to answer the next set of Questions.

The status of a car component supplier, refers to the supplier's relative position or standing compared with other suppliers in the same sector, on the basis of PRESTIGE. Prestigious suppliers, would be those which are known and admired e.g. for being leaders, say in terms of technology, innovation, creativity; for their superiority in design and workmanship or for their legacy and heritage as a company over the years etc.

Following this information about the new car seat leather supplier for the Q10:

1. How would you rate your feelings towards this car?

Unfavorable	1	2	3	4	5	6	7	Favourable
Unlikeable	1	2	3	4	5	6	7	Likeable
Bad	1	2	3	4	5	6	7	Good

2(a). My overall impressions of the new Q10 is:

Very Bad	1	2	3	4	5	6	7	Very Good
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2(b). The new Q10 is going to be of high quality:

Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
-------------------	---	---	---	---	---	---	---	----------------

2(c). Compared to other top luxury cars, the quality of the Q10 is:

Much Lower than Average	1	2	3	4	5	6	7	Much Higher than Average
-------------------------	---	---	---	---	---	---	---	--------------------------

2(d). The risk involved in purchasing the Q10 would be:

Very High	1	2	3	4	5	6	7	Very Low
-----------	---	---	---	---	---	---	---	----------

3. How likely is it that you would purchase the Q10?

Unlikely	1	2	3	4	5	6	7	Likely
Improbable	1	2	3	4	5	6	7	Probable
Impossible	1	2	3	4	5	6	7	Possible

KINDLY PROCEED TO SECTION 2

SECTION 2: Kindly RATE the following statements by circling the selected number on the scale:

1

Having leather seats in a luxury car is:

Unnecessary	1	2	3	4	5	6	7	Necessary
Not Functional	1	2	3	4	5	6	7	Functional
Dull	1	2	3	4	5	6	7	Exciting
Not delightful	1	2	3	4	5	6	7	Delightful

2

NOT AT ALL

VERY MUCH

I would buy a product just because it has status.	1	2	3	4	5	6	7
I am interested in new products with status.	1	2	3	4	5	6	7
I would pay more for a product if it had status.	1	2	3	4	5	6	7
The status of a product is irrelevant to me.	1	2	3	4	5	6	7
A product is more valuable to me if it has some snob appeal.	1	2	3	4	5	6	7

3

I consider myself not to be knowledgeable about cars

I consider myself to be knowledgeable about cars

0 1 2 3 4 5 6 7 8 9

I know less than most other people about cars

I know more than most other people about cars

0 1 2 3 4 5 6 7 8 9

I am a complete beginner and know little about cars.

I am an expert and know a lot about cars.

0 1 2 3 4 5 6 7 8 9

4

The CHANCE that the car seat LEATHER, supplied by the **NEW UPCOMING SUPPLIER – CALIBRI** WILL GET WORN easily is:

LOW								HIGH
0	1	2	3	4	5	6	7	

The CHANCE that the car seat LEATHER, supplied by the **NEW UPCOMING SUPPLIER– CALIBRI**, WILL NOT LOOK GOOD FOR LONG and WILL NOT MEET your expectations, is:

LOW								HIGH
0	1	2	3	4	5	6	7	

The CHANCE that the car seat LEATHER, supplied by the **ESTABLISHED SUPPLIER OF LOWER STATUS- DACO**, WILL GET WORN easily is:

LOW								HIGH
0	1	2	3	4	5	6	7	

The CHANCE that the car seat LEATHER , supplied by the **ESTABLISHED SUPPLIER OF LOWER STATUS – DACO**, WILL NOT LOOK GOOD FOR LONG and WILL NOT MEET your expectations, is:

LOW								HIGH
0	1	2	3	4	5	6	7	

5

The **NEW UPCOMING** car seat LEATHER SUPPLIER – **CALIBRI**, is a brand one can trust.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

The **NEW UPCOMING** car seat LEATHER SUPPLIER – **CALIBRI**, supplies high-quality leather.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

The **ESTABLISHED** car seat LEATHER SUPPLIER OF LOWER STATUS - **DACO**, is a brand one can trust.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

The **ESTABLISHED** car seat **LEATHER SUPPLIER** of **LOWER STATUS** -*DACO*, supplies high-quality leather.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

How would **you** rate the **STATUS** of the new car seat Leather supplier *CALIBRI* on a scale from 0 – 7 ?

Low Status 1 2 3 4 5 6 7 High Status

How would **you** rate the **PRESTIGE** of the new car seat Leather supplier *CALIBRI* on a scale from 0–7 ?

Not Prestigious 1 2 3 4 5 6 7 Prestigious

How would **you** rate the **ESTEEM** which is associated with the new car seat **Leather supplier** *CALIBRI* on a scale from 0 – 7 ?

Low Esteem 1 2 3 4 5 6 7 High Esteem

How would **you** rate the **STATUS** of the established car seat Leather supplier *DACO* on a scale from 0 – 7 ?

Low Status 1 2 3 4 5 6 7 High Status

How would **you** rate the **PRESTIGE** of the established car seat Leather supplier *DACO* on a scale from 0 – 7 ?

Not Prestigious 1 2 3 4 5 6 7 Prestigious

How would **you** rate the **ESTEEM** which is associated with the established car seat **Leather supplier** *DACO* on a scale from 0 – 7 ?

Low Esteem 1 2 3 4 5 6 7 High Esteem

SECTION 3: KINDLY READ THE FOLLOWING INFORMATION AND RANK THE OPTIONS BELOW, IN ORDER OF PREFERENCE.

ALTERNATIVE LEATHER SUPPLIER FOR CAR SEATS

Imagine that you are currently considering the purchase of a new **luxury high status sedan**. After browsing a couple of top car magazines, you decide to compile a list of car options. You notice that some car options include **car seats of TOP QUALITY 100% BULL LEATHER with AN ADDITIONAL 5 YEAR WARRANTY ON the development of cracks over and above the standard 2 year warranty**. Some car options offer **STANDARD LEATHER CAR SEAT MATERIAL and no additional warranty**. Some include car seat leather suppliers of High Status. Other options include New Upcoming car seat leather suppliers and others Established car seat leather suppliers of Lower Status.

KINDLY RANK YOUR MOST PREFERRED OPTION AS 1 and YOUR LEAST PREFERRED OPTION AS 6

New Upcoming Car Seat Leather Supplier
Additional 5 year warranty on development of cracks in the car seat leather
RANK ____

High Status Car Seat Leather Supplier
No Improvement in warranty conditions
RANK ____

Established Car Seat Leather Supplier of Lower Status
Additional 5 year warranty on development of cracks in the car seat leather
RANK ____

New Upcoming Car Seat Leather Supplier
No Improvement in warranty conditions
RANK ____

Established Car Seat Leather Supplier
No Improvement in warranty conditions
RANK ____

High Status Car Seat Leather Supplier
Additional 5 year warranty on development of cracks in the car seat leather
RANK ____

CONDITION 2: RUBBER TRIMMINGS SUPPLIER: PLAN A

SECTION 1: KINDLY READ THE ADVERT TEXT PROVIDED AND RATE YOUR OPINION ON THE QUESTIONS WHICH FOLLOW.

SCENARIO 1

*Imagine that you are currently considering the purchase of the **SK5** – a new **LUXURY SEDAN OF HIGH STATUS** and latest model of the prestigious and renowned brand **XXXXXXX** (whose name we cannot expose).*

*After consulting a couple of reviews on some of the top car magazines, you come across an article (Exhibit A) about the SK5. In the article you read that the SK5 now has a new supplier for all its rubber trimmings, around windows, doors, bonet, sunroof etc. Unlike SK's previous supplier, the new supplier **CALIBRI**, is a recent newcomer on the scene. Having recently obtained **ISO 9001** certification, **CALIBRI** projects an image of good quality, yet lacks the status recognition of SK's previous supplier.*

SAMPLE MAGAZINE ARTICLE: EXHIBIT A

The latest SK5 sedan and its new kid in town

The SK5 - the latest model in the SK series, is one of the most recent launches in the luxury executive sedan market. True, the brand still faces stiff competition from other top luxury cars, yet the SK5's performance is a perfect match for recent developments in its category. Inside information tells us that the SK has a new supplier for all its rubber trimmings - around windows, doors, bonet, sunroof etc..... just name it! Well, you might not have heard much about this new supplier, except that **CALIBRI** is a recent newcomer on the scene and has just obtained **ISO 9001** quality certification. Our expert materials engineer confirmed Calibri's good quality rubber and observed the rather limited experience of this new supplier. Aside from all this, a quick glance at the new SK5 sedan, instantaneously gives us a feeling of refinement and class. With some of the best choices of exotic woods, leather and trimmings, the SK5 oozes class all the way, with the ultimate in interior design.

Following this information about the new rubber trimmings supplier for the SK5:

How would you rate your feelings towards this car?

Unfavorable	1	2	3	4	5	6	7	Favourable
Unlikeable	1	2	3	4	5	6	7	Likeable
Bad	1	2	3	4	5	6	7	Good

2(a). My overall impressions of the new SK5 is:

Very Bad	1	2	3	4	5	6	7	Very Good
----------	---	---	---	---	---	---	---	-----------

2(b). The new SK5 is going to be of high quality:

Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
-------------------	---	---	---	---	---	---	---	----------------

2(c). Compared to other top luxury cars, the quality of the SK5 is:

Much Lower than Average	1	2	3	4	5	6	7	Much Higher than Average
-------------------------	---	---	---	---	---	---	---	--------------------------

2(d). The risk involved in purchasing the SK5 would be:

Very High	1	2	3	4	5	6	7	Very Low
-----------	---	---	---	---	---	---	---	----------

3. How likely is it that you would purchase the SK5?

Unlikely	1	2	3	4	5	6	7	Likely
Improbable	1	2	3	4	5	6	7	Probable
Impossible	1	2	3	4	5	6	7	Possible

KINDLY READ THE ADVERT TEXT PROVIDED.

SCENARIO 2

*Imagine that you are currently considering the purchase of a new LUXURY SEDAN OF HIGH STATUS and decide to consult some reviews on some of the top car magazines. In one of the magazines (Exhibit B) you come across a review about a car you are interested in - the **Q10**, the latest model of the prestigious and renowned manufacturing car brand XXXXXXXX (whose name we cannot expose).*

*You notice that its design and interiors are truly luxurious, with the finest choice of leather, detail and wood trimmings, similar to those of other high status luxury cars in the category. In the article you also read that the Q10 has a new RUBBER TRIMMINGS SUPPLIER, also of compatible performance as other top luxury cars, but from a different supplier of lower status – **DACO**. True, DACO has been established in the industry for over 30 years. Backed with ISO 9001 quality standards, DACO is known to manufacture good products. Yet its quality cannot be described as being superior. Our sources also inform us that DACO currently also supplies other car manufacturers of lower status in the non-luxury sector.*

SAMPLE MAGAZINE ARTICLE: EXHIBIT B

Q's recent addition - the new Q10 sedan

A quick look at the new Q10 sedan, immediately gives us a feeling of refinement and class. The Q10 comes with some of the best veneers and leather on board. Overall, the Q10 is a serious contender for any car in its class. Paul's earlier visit to the main facility also confirmed DACO, as its new rubber trimmings supplier for its new Q-series line-up. Of course, DACO have now been around for over 30 years. Backed by ISO 9001 quality standards, their products have always been reliable, but never quite remarkable in any way. Our materials expert engineer endorsed Daco's good quality rubber and commented on the rather limited exposure of this new supplier in the top luxury segment. Surely this time, DACO must have reserved their best products ever for the new Q10! But guess what? Probably the next upgraded pick up van you'll come across on the road, might have DACO rubber trimmings too! The rest of the car is simply scrumptious, yet pretty much similar to what you could get from an established, prestigious manufacturer, at the high luxury end.

Please read the following definition of STATUS, before proceeding to answer the next set of Questions.

The status of a car component supplier, refers to the supplier's relative position or standing compared with other suppliers in the same sector, on the basis of PRESTIGE. Prestigious suppliers, would be those which are known and admired e.g. for being leaders, say in terms of technology, innovation, creativity; for their superiority in design and workmanship or for their legacy and heritage as a company over the years etc.

Following this information about the new rubber trimmings supplier for the Q10:

1. How would you rate your feelings towards this car?

Unfavorable	1	2	3	4	5	6	7	Favourable
Unlikeable	1	2	3	4	5	6	7	Likeable
Bad	1	2	3	4	5	6	7	Good

2(a). My overall impressions of the new Q10 is:

Very Bad	1	2	3	4	5	6	7	Very Good
----------	---	---	---	---	---	---	---	-----------

2(b). The new Q10 is going to be of high quality:

Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
-------------------	---	---	---	---	---	---	---	----------------

2(c). Compared to other top luxury cars, the quality of the Q10 is:

Much Lower than Average	1	2	3	4	5	6	7	Much Higher than Average
-------------------------	---	---	---	---	---	---	---	--------------------------

2(d). The risk involved in purchasing the Q10 would be:

Very High	1	2	3	4	5	6	7	Very Low
-----------	---	---	---	---	---	---	---	----------

3. How likely is it that you would purchase the Q10?

Unlikely	1	2	3	4	5	6	7	Likely
Improbable	1	2	3	4	5	6	7	Probable
Impossible	1	2	3	4	5	6	7	Possible

KINDLY PROCEED TO SECTION 2

SECTION 2: Kindly RATE the following statements by circling the selected number on the scale:

1

Rubber Trimmings in a luxury car are:

Unnecessary	1	2	3	4	5	6	7	Necessary
Not Functional	1	2	3	4	5	6	7	Functional
Dull	1	2	3	4	5	6	7	Exciting
Not delightful	1	2	3	4	5	6	7	Delightful

2

NOT AT ALL

VERY MUCH

I would buy a product just because it has status.	1	2	3	4	5	6	7
I am interested in new products with status	1	2	3	4	5	6	7
I would pay more for a product if it had status.	1	2	3	4	5	6	7
The status of a product is irrelevant to me.	1	2	3	4	5	6	7
A product is more valuable to me if it has some snob appeal.	1	2	3	4	5	6	7

3

I consider myself not to be knowledgeable about cars

0 1 2 3 4 5 6 7 8 9

I consider myself to be knowledgeable about cars

I know less than most other people about cars

0 1 2 3 4 5 6 7 8 9

I know more than most other people about cars

I am a complete beginner and know little about cars.

0 1 2 3 4 5 6 7 8 9

I am an expert and know a lot about cars.

4

The CHANCE that RUBBER TRIMMINGS supplied by the **NEW UPCOMING SUPPLIER- CALIBRI**, WILL NOT BE DURABLE is:

LOW								HIGH
0	1	2	3	4	5	6	7	

The CHANCE that RUBBER TRIMMINGS supplied by a **NEW UPCOMING SUPPLIER- CALIBRI**, WILL RESULT IN WATER LEAKING PROBLEMS AND WILL NOT MEET your expectations, is:

LOW								HIGH
0	1	2	3	4	5	6	7	

The CHANCE that RUBBER TRIMMINGS supplied by an **ESTABLISHED SUPPLIER OF LOWER STATUS- DACO**, WILL NOT BE DURABLE is:

LOW								HIGH
0	1	2	3	4	5	6	7	

The CHANCE that RUBBER TRIMMINGS supplied by an **ESTABLISHED SUPPLIER OF LOWER STATUS- DACO**, WILL RESULT IN WATER LEAKING PROBLEMS AND WILL NOT MEET your expectations, is:

LOW								HIGH
0	1	2	3	4	5	6	7	

5

The NEW UPCOMING RUBBER TRIMMINGS SUPPLIER – CALIBRI, is a brand one can trust.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

The NEW UPCOMING RUBBER TRIMMINGS SUPPLIER – CALIBRI, manufactures high-quality rubber trimmings.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

The **ESTABLISHED RUBBER TRIMMINGS SUPPLIER OF LOWER STATUS - DACO**, is a brand one can trust.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

The **ESTABLISHED RUBBER TRIMMINGS SUPPLIER of LOWER STATUS -DACO**, manufactures high-quality rubber trimmings.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

How would **you rate the STATUS of the NEW RUBBER TRIMMINGS SUPPLIER CALIBRI** on a scale from 0 – 7 ?

Low Status 1 2 3 4 5 6 7 High Status

How would **you rate the PRESTIGE of the NEW RUBBER TRIMMINGS SUPPLIER CALIBRI** on a scale from 0 – 7 ?

Not Prestigious 1 2 3 4 5 6 7 Prestigious

How would **you rate the ESTEEM which is associated with the NEW RUBBER TRIMMINGS SUPPLIER CALIBRI** on a scale from 0 – 7 ?

Low Esteem 1 2 3 4 5 6 7 High Esteem

How would **you rate the STATUS of the ESTABLISHED RUBBER TRIMMINGS SUPPLIER DACO** on a scale from 0 – 7 ?

Low Status 1 2 3 4 5 6 7 High Status

How would **you rate the PRESTIGE of the ESTABLISHED RUBBER TRIMMINGS SUPPLIER DACO** on a scale from 0 – 7 ?

Not Prestigious 1 2 3 4 5 6 7 Prestigious

How would **you rate the ESTEEM which is associated with the ESTABLISHED RUBBER TRIMMINGS SUPPLIER DACO** on a scale from 0 – 7 ?

Low Esteem 1 2 3 4 5 6 7 High Esteem

SECTION 3: KINDLY READ THE FOLLOWING INFORMATION AND RANK THE OPTIONS BELOW, IN ORDER OF PREFERENCE.

ALTERNATIVE RUBBER TRIMMINGS SUPPLIER

Imagine that you are currently considering the purchase of a new **luxury high status sedan**. After browsing a couple of top car magazines, you decide to compile a list of car options. You notice that some car options include **AN ADDITIONAL 5 YEAR WARRANTY on all rubber trimmings including rubber around the sunroof, over and above the standard 2 year warranty**. Some car options offer the **STANDARD WARRANTY on rubber trimmings of 2 years**. Some include additional warranty on rubber trimmings from suppliers of High Status. Other options include New Upcoming rubber trimmings suppliers and others Established rubber trimmings suppliers of Lower Status.

KINDLY RANK YOUR MOST PREFERRED OPTION AS 1 and YOUR LEAST PREFERRED OPTION AS 6

New Upcoming Rubber Trimmings Supplier.
Additional 5 year warranty on rubber
RANK ____

High Status Rubber Trimmings Supplier.
No Improvement in warranty conditions.
RANK ____

Established Rubber Trimmings Supplier of Lower Status .
Additional 5 year warranty on rubber.
RANK ____

New Upcoming Rubber TRimmings Supplier.
No Improvement in warranty conditions .
RANK ____

Established Rubber Trimmings Supplier of Lower Status.
No Improvement in warranty conditions.
RANK ____

High Status Rubber Trimmings Supplier.
Additional 5 year warranty on rubber.
RANK ____

CONDITION 2: RUBBER TRIMMINGS SUPPLIER:

PLAN B (125 RESPONDENTS GROUP 4)

SCENARIO 1

*Imagine that you are currently considering the purchase of the **SK5** – a new **LUXURY SEDAN OF HIGH STATUS** and latest model of the prestigious and renowned brand **XXXXXXX** (whose name we cannot expose).*

After consulting a couple of reviews on some of the top car magazines, you come across an article (Exhibit A) about the SK5. In the article you read that the SK5 now has a new Rubber Trimmings Supplier, around its windows, windscreen, bonnet, sunroof etc. Unlike SK's previous supplier, CALIBRI is a recent newcomer on the scene. Having recently obtained ISO 9001 certification, CALIBRI projects an image of good quality, yet lacks the status recognition of SK's previous supplier.

SAMPLE MAGAZINE ARTICLE: EXHIBIT A

The latest SK5 sedan and its new kid in town

A quick glance at the new SK5 sedan, instantaneously gives us a feeling of refinement and class. The SK5 comes with some of the best veneers and leather on board. Overall, the SK5 is a serious contender for any car in its class. Inside information tells us that the SK5 has a new supplier – CALIBRI, for its Rubber trimmings around its windows, windscreen, bonnet, sunroof.....name it! Well, you might not have heard much about this new supplier, except that CALIBRI is a recent newcomer on the scene and has just obtained ISO 9001 quality certification. Our expert materials engineer confirmed Calibri's good quality rubber and observed the rather limited experience of this new supplier. The rest of the car is simply scrumptious, yet pretty much similar to what you could get from an established, prestigious manufacturer, at the high luxury end.

Following this information about the new rubber trimmings supplier for the SK5:

How would you rate your feelings towards this car?

Unfavorable	1	2	3	4	5	6	7	Favourable
Unlikeable	1	2	3	4	5	6	7	Likeable
Bad	1	2	3	4	5	6	7	Good

2(a). My overall impressions of the new SK5 is:

Very Bad	1	2	3	4	5	6	7	Very Good
----------	---	---	---	---	---	---	---	-----------

2(b). The new SK5 is going to be of high quality:

Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
-------------------	---	---	---	---	---	---	---	----------------

2(c). Compared to other top luxury cars, the quality of the SK5 is:

Much Lower than Average	1	2	3	4	5	6	7	Much Higher than Average
-------------------------	---	---	---	---	---	---	---	--------------------------

2(d). The risk involved in purchasing the SK5 would be:

Very High	1	2	3	4	5	6	7	Very Low
-----------	---	---	---	---	---	---	---	----------

3. How likely is it that you would purchase the SK5?

Unlikely	1	2	3	4	5	6	7	Likely
Improbable	1	2	3	4	5	6	7	Probable
Impossible	1	2	3	4	5	6	7	Possible

SCENARIO 2

Imagine that you are currently considering the purchase of a new LUXURY SEDAN OF HIGH STATUS and decide to consult some reviews on some of the top car magazines. In one of the magazines (Exhibit B) you come across a review about a car you are interested in - the Q10, the latest model of the prestigious and renowned manufacturing car brand XXXXXXXX (whose name we cannot expose).

You notice that its design and interiors are truly luxurious, with the finest choice of materials, detail and wood trimmings, similar to those of other high status luxury cars in the category. In the article you also read that the Q10 has a new Rubber Trimmings supplier, for its rubber around the windows, windscreen, bonnet, sunroof etc. from a different supplier of lower status –DACO. True, DACO has been established in the industry for over 30 years. Backed with ISO 9001 quality standards, DACO is known to manufacture reliable products Yet its quality cannot be described as being superior. Our sources also inform us that DACO currently also supplies other manufacturers of lower status in the non-luxury sector.

SAMPLE MAGAZINE ARTICLE: EXHIBIT B

Q's recent addition - the new Q10 sedan

The Q10 is the latest model in the Q series and is one of the most recent launches in the luxury executive sedan market. True, the brand still faces stiff competition from other top luxury cars, yet the Q10 is a perfect match for recent developments in its category. Paul's earlier visit to the main facility also confirmed DACO, as its new rubber trimmings supplier for its new Q-series line-up. Of course, DACO have now been around for over 30 years. Backed by ISO 9001 standards, their quality has always been good, but never quite remarkable in any way. Our materials expert engineer, endorsed Daco's good quality rubber and commented on the rather limited exposure of this new supplier in the top luxury segment. Surely this time, DACO must have reserved their best products ever for the new Q10!, But guess what? Probably the next upgraded pick up van you'll come across on the road, might have DACO rubber trimmings too. Aside from the rubber trimmings supplier, a quick look at the new Q10 sedan, immediately gives us a feeling of refinement and class. With some of the best choices of exotic woods, leather and trimmings, the Q10 oozes class all the way, with the ultimate in interior design.

Please read the following definition of STATUS, before proceeding to answer the next set of Questions.

The status of a car component supplier, refers to the supplier's relative position or standing compared with other suppliers in the same sector, on the basis of PRESTIGE. Prestigious suppliers, would be those which are known and admired e.g. for being leaders, say in terms of technology, innovation, creativity; for their superiority in design and workmanship or for their legacy and heritage as a company over the years etc.

Following this information about the new rubber trimmings supplier for the Q10:

1. How would you rate your feelings towards this car?

Unfavorable	1	2	3	4	5	6	7	Favourable
Unlikeable	1	2	3	4	5	6	7	Likeable
Bad	1	2	3	4	5	6	7	Good

2(a). My overall impressions of the new Q10 is:

Very Bad	1	2	3	4	5	6	7	Very Good
----------	---	---	---	---	---	---	---	-----------

2(b). The new Q10 is going to be of high quality:

Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
-------------------	---	---	---	---	---	---	---	----------------

2(c). Compared to other top luxury cars, the quality of the Q10 is:

Much Lower than Average	1	2	3	4	5	6	7	Much Higher than Average
-------------------------	---	---	---	---	---	---	---	--------------------------

2(d). The risk involved in purchasing the Q10 would be:

Very High	1	2	3	4	5	6	7	Very Low
-----------	---	---	---	---	---	---	---	----------

3. How likely is it that you would purchase the Q10?

Unlikely	1	2	3	4	5	6	7	Likely
Improbable	1	2	3	4	5	6	7	Probable
Impossible	1	2	3	4	5	6	7	Possible

KINDLY PROCEED TO SECTION 2

SECTION 2: Kindly RATE the following statements by circling the selected number on the scale:

1

Rubber Trimmings in a luxury car are:

Unnecessary	1	2	3	4	5	6	7	Necessary
Not Functional	1	2	3	4	5	6	7	Functional
Dull	1	2	3	4	5	6	7	Exciting
Not delightful	1	2	3	4	5	6	7	Delightful

2

NOT AT ALL

VERY MUCH

I would buy a product just because it has status.	1	2	3	4	5	6	7
I am interested in new products with status	1	2	3	4	5	6	7
I would pay more for a product if it had status.	1	2	3	4	5	6	7
The status of a product is irrelevant to me.	1	2	3	4	5	6	7
A product is more valuable to me if it has some snob appeal.	1	2	3	4	5	6	7

3

I consider myself not to be knowledgeable about cars

I consider myself to be knowledgeable about cars

0 1 2 3 4 5 6 7 8 9

I know less than most other people about cars

I know more than most other people about cars

0 1 2 3 4 5 6 7 8 9

I am a complete beginner and know little about cars.

I am an expert and know a lot about cars.

0 1 2 3 4 5 6 7 8 9

4

The CHANCE that RUBBER TRIMMINGS supplied by the **NEW UPCOMING SUPPLIER- CALIBRI**, WILL NOT BE DURABLE is:

LOW **HIGH**
0 1 2 3 4 5 6 7

The CHANCE that RUBBER TRIMMINGS supplied by a **NEW UPCOMING SUPPLIER- CALIBRI**, WILL RESULT IN WATER LEAKING PROBLEMS AND WILL NOT MEET your expectations, is:

LOW **HIGH**
0 1 2 3 4 5 6 7

The CHANCE that RUBBER TRIMMINGS supplied by an **ESTABLISHED SUPPLIER OF LOWER STATUS- DACO**, WILL NOT BE DURABLE is:

LOW **HIGH**
0 1 2 3 4 5 6 7

The CHANCE that RUBBER TRIMMINGS supplied by an **ESTABLISHED SUPPLIER OF LOWER STATUS- DACO**, WILL RESULT IN WATER LEAKING PROBLEMS AND WILL NOT MEET your expectations, is:

LOW **HIGH**
0 1 2 3 4 5 6 7

5

The NEW UPCOMING RUBBER TRIMMINGS SUPPLIER – CALIBRI, is a brand one can trust.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

The NEW UPCOMING RUBBER TRIMMINGS SUPPLIER – CALIBRI, manufactures high-quality rubber trimmings.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

The **ESTABLISHED RUBBER TRIMMINGS SUPPLIER OF LOWER STATUS - DACO**, is a brand one can trust.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

The **ESTABLISHED RUBBER TRIMMINGS SUPPLIER of LOWER STATUS -DACO**, manufactures high-quality rubber trimmings.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

How would **you rate the STATUS of the NEW RUBBER TRIMMINGS SUPPLIER CALIBRI** on a scale from 0 – 7 ?

Low Status 1 2 3 4 5 6 7 High Status

How would **you rate the PRESTIGE of the NEW RUBBER TRIMMINGS SUPPLIER CALIBRI** on a scale from 0 – 7 ?

Not Prestigious 1 2 3 4 5 6 7 Prestigious

How would **you rate the ESTEEM which is associated with the NEW RUBBER TRIMMINGS SUPPLIER CALIBRI** on a scale from 0 – 7 ?

Low Esteem 1 2 3 4 5 6 7 High Esteem

How would **you rate the STATUS of the ESTABLISHED RUBBER TRIMMINGS SUPPLIER DACO** on a scale from 0 – 7 ?

Low Status 1 2 3 4 5 6 7 High Status

How would **you rate the PRESTIGE of the ESTABLISHED RUBBER TRIMMINGS SUPPLIER DACO** on a scale from 0 – 7 ?

Not Prestigious 1 2 3 4 5 6 7 Prestigious

How would **you rate the ESTEEM which is associated with the ESTABLISHED RUBBER TRIMMINGS SUPPLIER DACO** on a scale from 0 – 7 ?

Low Esteem 1 2 3 4 5 6 7 High Esteem

SECTION 3: KINDLY READ THE FOLLOWING INFORMATION AND RANK THE OPTIONS BELOW, IN ORDER OF PREFERENCE.

ALTERNATIVE RUBBER TRIMMINGS SUPPLIER

Imagine that you are currently considering the purchase of a new **luxury high status sedan**. After browsing a couple of top car magazines, you decide to compile a list of car options. You notice that some car options include **AN ADDITIONAL 5 YEAR WARRANTY on all rubber trimmings including rubber around the sunroof, over and above the standard 2 year warranty**. Some car options offer the **STANDARD WARRANTY on rubber trimmings of 2 years**. Some include additional warranty on rubber trimmings from suppliers of High Status. Other options include New Upcoming rubber trimmings suppliers and others Established rubber trimmings suppliers of Lower Status.

KINDLY RANK YOUR MOST PREFERRED OPTION AS 1 and YOUR LEAST PREFERRED OPTION AS 6

New Upcoming Rubber Trimmings Supplier.
Additional 5 year warranty on rubber
RANK ____

High Status Rubber Trimmings Supplier.
No Improvement in warranty conditions.
RANK ____

Established Rubber Trimmings Supplier of Lower Status .
Additional 5 year warranty on rubber.
RANK ____

New Upcoming Rubber TRimmings Supplier.
No Improvement in warranty conditions.
RANK ____

Established Rubber Trimmings Supplier of Lower Status.
No Improvement in warranty conditions.
RANK ____

High Status Rubber Trimmings Supplier.
Additional 5 year warranty on rubber.
RANK ____

APPENDIX 3:

Studies 2 & 3: QUANTITATIVE PRE-TEST

LUXURY CARS

1. HOW WOULD YOU RATE THE IMPORTANCE OF THESE CAR COMPONENTS FOR THE RELIABILITY OF THE CAR , ON A SCALE FROM 1–7 ?

Please read the following definition of **RELIABILITY**, before proceeding to answer this Question.

Reliability of the car means that the car will function properly and consistently without problems or need for maintenance due to breakdowns/ malfunction.

(Kindly Circle your answer: 7 being VERY IMPORTANT for the car's reliability and 1 as not being NOT VERY IMPORTANT for the car's reliability).

(All car components in the survey have been listed in alphabetical order).

	NOT VERY IMPORTANT FOR CAR RELIABILITY				⋮	VERY IMPORTANT FOR CAR RELIABILITY		
	1	2	3	4		5	6	7
Airbags	1	2	3	4		5	6	7
Air Circulation/ Ventilation System	1	2	3	4		5	6	7
Air-conditioning	1	2	3	4		5	6	7
Braking System	1	2	3	4		5	6	7
Car Battery	1	2	3	4		5	6	7
Car Mats	1	2	3	4		5	6	7
Car Stereo	1	2	3	4		5	6	7
Dashboard Material	1	2	3	4		5	6	7
Dashboard Clock	1	2	3	4		5	6	7
Door Handles	1	2	3	4		5	6	7
Engine	1	2	3	4		5	6	7
Engine Oil	1	2	3	4		5	6	7

	NOT VERY IMPORTANT FOR CAR RELIABILITY				VERY IMPORTANT FOR CAR RELIABILITY		
	1	2	3	4	5	6	7	
Exhaust System	1	2	3	4	5	6	7	
Exterior Car Design	1	2	3	4	5	6	7	
Exterior Spray Paint	1	2	3	4	5	6	7	
Glass for Windows	1	2	3	4	5	6	7	
Glass for Windscreen	1	2	3	4	5	6	7	
Headlamps	1	2	3	4	5	6	7	
Interior Car Design	1	2	3	4	5	6	7	
Interior Trimmings	1	2	3	4	5	6	7	
Leather/Material for Seats	1	2	3	4	5	6	7	
Mirrors	1	2	3	4	5	6	7	
Navigation System	1	2	3	4	5	6	7	
Radiator	1	2	3	4	5	6	7	
Rubber Trimmings	1	2	3	4	5	6	7	
Seat Belts	1	2	3	4	5	6	7	
Sound System Speakers	1	2	3	4	5	6	7	
Sparking Plugs	1	2	3	4	5	6	7	
Steering Wheel Material	1	2	3	4	5	6	7	
Suspension System	1	2	3	4	5	6	7	
Tires	1	2	3	4	5	6	7	
Windscreen Wipers	1	2	3	4	5	6	7	
OTHER ? _____	1	2	3	4	5	6	7	
_____	1	2	3	4	5	6	7	

2. HOW WOULD YOU RATE THE IMPORTANCE OF THESE CAR COMPONENTS FOR THE DURABILITY OF THE CAR, ON A SCALE FROM 1-7 ?

(Kindly Circle your answer: 7 being VERY IMPORTANT for the car's durability and 1 as not being NOT VERY IMPORTANT for the car's durability).

	NOT VERY IMPORTANT FOR CAR DURABILITY				⋮	VERY IMPORTANT FOR CAR DURABILITY		
	1	2	3	4	5	6	7	
Airbags	1	2	3	4	5	6	7	
Air Circulation/ Ventilation System	1	2	3	4	5	6	7	
Air-conditioning	1	2	3	4	5	6	7	
Braking System	1	2	3	4	5	6	7	
Car Battery	1	2	3	4	5	6	7	
Car Mats	1	2	3	4	5	6	7	
Car Stereo	1	2	3	4	5	6	7	
Dashboard Material	1	2	3	4	5	6	7	
Dashboard Clock	1	2	3	4	5	6	7	
Door Handles	1	2	3	4	5	6	7	
Engine	1	2	3	4	5	6	7	
Engine Oil	1	2	3	4	5	6	7	
Exhaust System	1	2	3	4	5	6	7	
Exterior Car Design	1	2	3	4	5	6	7	
Exterior Spray Paint	1	2	3	4	5	6	7	
Glass for Windows	1	2	3	4	5	6	7	
Glass for Windscreen	1	2	3	4	5	6	7	

	NOT VERY IMPORTANT FOR CAR DURABILITY				VERY IMPORTANT FOR CAR DURABILITY		
	1	2	3	4	5	6	7	
Headlamps	1	2	3	4	5	6	7	
Interior Car Design	1	2	3	4	5	6	7	
Interior Trimmings	1	2	3	4	5	6	7	
Leather/Material for Seats	1	2	3	4	5	6	7	
Mirrors	1	2	3	4	5	6	7	
Navigation System	1	2	3	4	5	6	7	
Radiator	1	2	3	4	5	6	7	
Rubber Trimmings	1	2	3	4	5	6	7	
Seat Belts	1	2	3	4	5	6	7	
Sound System Speakers	1	2	3	4	5	6	7	
Sparking Plugs	1	2	3	4	5	6	7	
Steering Wheel Material	1	2	3	4	5	6	7	
Suspension System	1	2	3	4	5	6	7	
Tires	1	2	3	4	5	6	7	
Windscreen Wipers	1	2	3	4	5	6	7	
OTHER ? _____	1	2	3	4	5	6	7	
_____	1	2	3	4	5	6	7	

3. VISIBILITY OF CAR COMPONENTS, IN THE FINISHED CAR.

Considering that the cars in the study are LUXURY CARS, **which of these CAR COMPONENTS (from the list provided), are most likely to remain apparent and visible in the finished car purchased?** *Apparent and visible components in the finished car are those components which are likely to remain visible, such that they are NOTICED by other people. e.g. other people and customers, you know.*

For this exercise, kindly **RATE (FROM 1 to 7)**, the following components: (a **RATING of 1**, for components which, **IN YOUR OPINION** are **NOT SO VISIBLE** and the **LEAST** to be **NOTICED** in a finished car purchased and a **RATING of 7**, in the case of components which are **VERY VISIBLE** and **MOST LIKELY TO BE NOTICED** in the finished car purchased).

	NOT SO VISIBLE IN THE FINISHED CAR					VERY VISIBLE IN THE FINISHED CAR		
	1	2	3	4	5	6	7	
Airbags	1	2	3	4	5	6	7	
Air Circulation/ Ventilation System	1	2	3	4	5	6	7	
Air-conditioning	1	2	3	4	5	6	7	
Braking System	1	2	3	4	5	6	7	
Car Battery	1	2	3	4	5	6	7	
Car Mats	1	2	3	4	5	6	7	
Car Stereo	1	2	3	4	5	6	7	
Dashboard Material	1	2	3	4	5	6	7	
Dashboard Clock	1	2	3	4	5	6	7	
Door Handles	1	2	3	4	5	6	7	
Engine	1	2	3	4	5	6	7	
Engine Oil	1	2	3	4	5	6	7	
Exhaust System	1	2	3	4	5	6	7	

	NOT SO VISIBLE IN THE FINISHED CAR				VERY VISIBLE IN THE FINISHED CAR			
	1	2	3	4	5	6	7	
Exterior Car Design	1	2	3	4	5	6	7	
Exterior Spray Paint	1	2	3	4	5	6	7	
Glass for Windows	1	2	3	4	5	6	7	
Glass for Windscreen	1	2	3	4	5	6	7	
Headlamps	1	2	3	4	5	6	7	
Interior Car Design	1	2	3	4	5	6	7	
Interior Trimmings	1	2	3	4	5	6	7	
Leather/Material for Seats	1	2	3	4	5	6	7	
Mirrors	1	2	3	4	5	6	7	
Navigation	1	2	3	4	5	6	7	
Rubber Trimmings	1	2	3	4	5	6	7	
Seat Belts	1	2	3	4	5	6	7	
Sound System Speakers	1	2	3	4	5	6	7	
Sparking Plugs	1	2	3	4	5	6	7	
Steering Wheel Material	1	2	3	4	5	6	7	
Suspension System	1	2	3	4	5	6	7	
Tires	1	2	3	4	5	6	7	
Windscreen Wipers	1	2	3	4	5	6	7	
OTHER ? _____	1	2	3	4	5	6	7	
_____	1	2	3	4	5	6	7	

4. REFLECTION OF LUXURY FROM CAR COMPONENTS, IN THE FINISHED CAR.

Considering that the cars in the study are LUXURY CARS, **to what extent do the following car components reflect and contribute to the luxury of the finished car purchased?**

Kindly rate purchases on a scale from 1 -7 (1= contributes very little to the luxury of the finished car to 7 = contributes a lot to the luxury of the finished car).

	CONTRIBUTES VERY LITTLE TO THE LUXURY OF THE FINISHED CAR				-----	CONTRIBUTES A LOT TO THE LUXURY OF THE FINISHED CAR		
	1	2	3	4	5	6	7	
Airbags	1	2	3	4	5	6	7	
Air Circulation/ Ventilation System	1	2	3	4	5	6	7	
Air-conditioning	1	2	3	4	5	6	7	
Braking System	1	2	3	4	5	6	7	
Car Battery	1	2	3	4	5	6	7	
Car Mats	1	2	3	4	5	6	7	
Car Stereo	1	2	3	4	5	6	7	
Dashboard Material	1	2	3	4	5	6	7	
Dashboard Clock	1	2	3	4	5	6	7	
Door Handles	1	2	3	4	5	6	7	
Engine	1	2	3	4	5	6	7	
Engine Oil	1	2	3	4	5	6	7	
Exhaust System	1	2	3	4	5	6	7	
Exterior Car Design	1	2	3	4	5	6	7	
Exterior Spray Paint	1	2	3	4	5	6	7	
Glass for Windows	1	2	3	4	5	6	7	

	CONTRIBUTES VERY LITTLE TO THE LUXURY OF THE FINISHED CAR				CONTRIBUTES A LOT TO THE LUXURY OF THE FINISHED CAR			
	1	2	3	4	5	6	7	
Glass for Windscreen	1	2	3	4	5	6	7	
Headlamps	1	2	3	4	5	6	7	
Interior Car Design	1	2	3	4	5	6	7	
Interior Trimmings	1	2	3	4	5	6	7	
Leather/Material for Seats	1	2	3	4	5	6	7	
Mirrors	1	2	3	4	5	6	7	
Navigation System	1	2	3	4	5	6	7	
Radiator	1	2	3	4	5	6	7	
Rubber Trimmings	1	2	3	4	5	6	7	
Seat Belts	1	2	3	4	5	6	7	
Sound System Speakers	1	2	3	4	5	6	7	
Sparking Plugs	1	2	3	4	5	6	7	
Steering Wheel Material	1	2	3	4	5	6	7	
Suspension System	1	2	3	4	5	6	7	
Tires	1	2	3	4	5	6	7	
Windscreen Wipers	1	2	3	4	5	6	7	
OTHER ? _____	1	2	3	4	5	6	7	
_____	1	2	3	4	5	6	7	

5. REFLECTION OF STATUS FROM CAR COMPONENTS, IN THE FINISHED CAR.

Please read the following definition of STATUS, before proceeding to answer the next Question.

The status of a car brand or car manufacturer, refers to a brand’s relative position or standing compared with other car brands in the same sector, on the basis of PRESTIGE. Prestigious car brands and manufacturers, would be those which are known and admired e.g. for being leaders, say in terms of technology, innovation, creativity; for their superiority in design and workmanship or for their legacy and heritage as a company over the years etc.

Considering that the cars in the study are LUXURY CARS, **to what extent do the following car components, reflect and contribute to the high status of the finished car purchased?**

Kindly rate these car components on a scale FROM 1 -7, (1= contributes very little to the high status of the finished car to 7 = contributes a lot to the high status of the finished car)

	CONTRIBUTES VERY LITTLE TO THE HIGH STATUS OF THE FINISHED CAR					CONTRIBUTES A LOT TO THE HIGH STATUS OF THE FINISHED CAR		
	1	2	3	4	5	6	7	
Airbags	1	2	3	4	5	6	7	
Air Circulation/ Ventilation System	1	2	3	4	5	6	7	
Air-conditioning	1	2	3	4	5	6	7	
Braking System	1	2	3	4	5	6	7	
Car Battery	1	2	3	4	5	6	7	
Car Mats	1	2	3	4	5	6	7	
Car Stereo	1	2	3	4	5	6	7	
Dashboard Material	1	2	3	4	5	6	7	
Dashboard Clock	1	2	3	4	5	6	7	
Door Handles	1	2	3	4	5	6	7	
Engine	1	2	3	4	5	6	7	

	CONTRIBUTES VERY LITTLE TO THE HIGH STATUS OF THE FINISHED CAR				CONTRIBUTES A LOT TO THE HIGH STATUS OF THE FINISHED CAR		
	1	2	3	4		5	6	7
Engine Oil	1	2	3	4		5	6	7
Exhaust System	1	2	3	4		5	6	7
Exterior Car Design	1	2	3	4		5	6	7
Exterior Spray Paint	1	2	3	4		5	6	7
Glass for Windows	1	2	3	4		5	6	7
Glass for Windscreen	1	2	3	4		5	6	7
Headlamps	1	2	3	4		5	6	7
Interior Car Design	1	2	3	4		5	6	7
Interior Trimmings	1	2	3	4		5	6	7
Leather/Material for Seats	1	2	3	4		5	6	7
Mirrors	1	2	3	4		5	6	7
Navigation System	1	2	3	4		5	6	7
Radiator	1	2	3	4		5	6	7
Rubber Trimmings	1	2	3	4		5	6	7
Seat Belts	1	2	3	4		5	6	7
Sound System Speakers	1	2	3	4		5	6	7
Sparking Plugs	1	2	3	4		5	6	7
Steering Wheel Material	1	2	3	4		5	6	7
Suspension System	1	2	3	4		5	6	7
Tires	1	2	3	4		5	6	7
Windscreen Wipers	1	2	3	4		5	6	7
OTHER ? _____	1	2	3	4		5	6	7
_____	1	2	3	4		5	6	7

APPENDIX 4:

Study 2: RELIABILITY MEASURES

SCALE	CRONBACH'S ALPHA
Likeability	0.916
Quality	0.852
Purchase Intention	0.921
Product Functional Utility	0.861
Product Hedonic Utility	0.911
Product Perceived Risk	0.848
Perceived Supplier Reputation	
Unknown Supplier: Calibri	0.918
Known Supplier: Daco	0.842
Perceived Supplier Status	
Unknown Supplier: Calibri	0.887
Known Supplier: Daco	0.875
Respondent Status Consciousness	0.888 (after eliminating reversed item no.4: 'The of a product is irrelevant to me' (0. 686)
Respondent Knowledge	0.934

ABOUT THE AUTHOR



Miriam Pocock was born in Malta on the 12th April 1969. She was educated at the University of Malta, from where she obtained an Honours Bachelor's Degree in Business Management (cum laude) and later a Master of Arts in Marketing. Following her studies, Miriam spent 18 years working full-time in industry and occupied a number of senior management positions in various sectors, to include Maritime, Building Services and Insurance. During this time, Miriam was responsible for a number of initiatives. As Marketing Manager at the Malta Maritime Authority, she was involved in carrying out desk and field marketing research on several overseas markets including the Far East. At an international level, she was also actively engaged in organising and launching seminars to promote the Malta Ship Register. During the years she spent as General Manager for a Building Services Company, Miriam introduced ISO 9000 Standards and was also greatly involved in the development of business-to-business relations. As Head of Marketing at Citadel Insurance plc, Miriam was responsible for the Marketing and Sales activities of the company, including the company's corporate strategy, branding and management of the company's branch offices and direct sales force. Between 2000 and 2009, Miriam taught at the University of Malta, as a part-time lecturer in Marketing. Her main teaching study units included: consumer behavior and B2B marketing. She was also engaged in several consultancy and training jobs in various industries to include: fashion, food manufacturing, pharmaceuticals and cosmetics. In 2009, she joined the full-time resident academic staff, at the Faculty of Economics, Management and Accountancy at the University of Malta. In 2010, she commenced her doctoral studies at Rotterdam School of Management, Erasmus University. During this time Miriam lectured at the University of Malta. Main teaching areas include: Marketing Strategy, Product Management and Pricing. Miriam is married to Dr. James Pocock and has one daughter, Elena.

PORTFOLIO

Teaching and supervising activities:

Lecturing duties: (2009-to date)

Study–units, at the University of Malta, Department of Marketing:

- (i) MBA Executive:
Product Marketing Strategy**
- (ii) Bachelor (Hons.) Degree in Marketing:
Product Management
Marketing Strategy
Pricing Strategies & Tactics
Retail Management**
- (iii) Higher Diploma courses in Marketing
Introduction to the Marketing Concepts
Marketing Research**

Lecturing duties: (2001-2009)

Study–units, at the University of Malta, Department of Marketing:

- (i) Bachelor (Hons.) Degree in Business & Computing:
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- (i) MBA, MBA Executive and MBA e-business
Consumer Buying Behaviour
Marketing Strategy**

(2001- to date)

**Supervision of bachelor and MBA dissertations in Marketing,
University of Malta**

Conferences attended:

Corporate Identity/Associations Research Group, 9th International Conference, 5-7 September 2014, VU University, Amsterdam – Presentation of work-in-progress study on status inequalities and business buying exchange in the luxury motor yacht sector.

Reputation Research Centre – 1st Symposium, 21st October, 2016, Rotterdam School of Management, Erasmus University.

Ph.D. Courses:

Regression Analysis, Essex Summer School, University of Essex, U.K. July 2010

Structural Equation Modelling, Essex Summer School, University of Essex, July 2010

Advanced Reputation Management, 14-16th December, 2010, Rotterdam School of Management, Erasmus University.

The ERIM PhD Series

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In this thesis we examine purchase exchanges between high status buyers and suppliers of lower status in luxury markets. While extant literature has treated status inequalities as an objective distinction in status rank, Study 1 on boat builders presents a novel approach towards conceptualising emerging status inequalities on the basis of the buyer's varying status salience at the impending exchange. Given contingent factors (purchase visibility; buyer status position; type of market uncertainty), we demonstrate this from the buyer's willingness to trade-off incumbent supplier status for improved product attributes from a lower status supplier.

Studies 2 and 3 address end-consumer evaluations of high status cars equipped with components of varying visibility from lower status suppliers. Results in general portray the end-consumers' higher preference towards acquiring improved components regardless of supplier status. When comparing lower status suppliers of unknown and of known reputation, consumers manifested a more favourable attitude towards high status cars which include low visibility components from new entrant suppliers. We moreover demonstrate effects of potential status transfer in the affiliation. In spite of their newness, unknown suppliers of ingredients of high visibility, benefit from a higher perceived reputation than similar suppliers of low visibility ingredients.

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