THE PENNSYLVANIA STATE UNIVERSITY
SCHREYER HONORS COLLEGE

DEPARTMENT OF MARKETING

HOW ACQUISITIONS IMPACT AUTHENTICITY: AN INVESTIGATION OF BRAND AUTHENTICITY AND ITS DIMENSIONS

RACHEL A. EBNER
FALL 2018

A thesis
submitted in partial fulfillment
of the requirements
for a baccalaureate degree
in Marketing
with honors in Marketing

Reviewed and approved* by the following:

Dr. Lisa E. Bolton
Professor of Marketing
Thesis Supervisor

Dr. Jennifer Chang Coupland
Clinical Professor of Marketing
Honors Adviser

* Signatures are on file in the Schreyer Honors College.

ABSTRACT

Despite the increase in acquisitions of smaller brands by large CPG companies, the impact of acquisitions on a brand's perceived authenticity is a topic that has not extensively been explored in the literature. This study examined how acquisition information affected consumer perceptions of authenticity of three brands: Annie's Homegrown, Ben and Jerry's and Burt's Bees. The study was conducted using participants from Amazon Mechanical Turk. Findings supported the hypothesis that corporate acquisitions have the potential to undermine consumer perceptions of brand authenticity and also provided support for a new model of the dimensionality of brand authenticity.

TABLE OF CONTENTS

LIST OF FIGURES iii

LIST OF TABLES iv

ACKNOWLEDGEMENTS v

Chapter 1 Introduction 1

Chapter 2 Theoretical Background 3

- Acquisitions in the Consumer Goods Industry 3
- Brand Authenticity 5
- Acquisitions & Authenticity 8

Chapter 3 Methods 11

- Participants and Design 11
- Procedure and Measures 12

Chapter 4 Results 14

- Attitudes and Intentions 14
- Overall Authenticity 15
- Price and Quality 15
- Mediation 16
- Authenticity Dimensions 17

Chapter 5 Discussion 21

- Limitations 21
- Future Research 22
- Managerial Implications 26

Appendix A Factor Analysis of Authenticity Dimensions 28

Appendix B Table of Descriptive Means 30

Appendix C Table of Descriptive Means 31

References 32

LIST OF FIGURES

Figure 1. Mean Ratings of Attitudes and Behavioral Intentions 14

Figure 2. Mean Ratings of Overall Authenticity 15

Figure 3. Mean Ratings of Quality and Price 16

Figure 4. Mean Ratings of Dimensions of Authenticity 19

Figure 5. Original Acquisition-Authenticity Model 22

Figure 6. Revised Acquisition-Authenticity Model 23

LIST OF TABLES

Table 1. Authenticity Dimensions Measurement Scale Items 13

ACKNOWLEDGEMENTS

I would first like to thank my thesis supervisor, Dr. Lisa E. Bolton for all of her time, energy and assistance throughout this process. I could not have asked for better guidance in my first experience conducting academic research and for her mentorship, I am extremely grateful.

I would also like to thank Dr. Jennifer Chang Coupland for her ongoing support in the thesis process, her dedication as an advisor, and for inspiring students like myself with her passion for marketing each and every day.

In addition, I am grateful to the Presidential Leadership Academy, the Schreyer Honors College, and the Smeal College of Business for funding. Without their generous grants, this research would not have been possible.

Chapter 1

Introduction

"Did Ben & Jerry's sell out, or is the Ben & Jerry's culture invading the corporate world? A scoop of each, perhaps" (Hays, 2000). This was how a New York Times article covering the acquisition of Ben & Jerry's by Unilever opened. Pun aside, it highlights an important public perception – that brands such as Ben & Jerry's and the corporate world are at odds and the marriage of the two indicates a potential sell out.

While known for its funky flavors and crazy creations, another notable aspect of the Ben & Jerry's brand are its two quirky founders and real-life best friends Ben Cohen and Jerry Greenfield. Cohen and Greenfield established the first Ben and Jerry's location, an ice cream parlor in Burlington, Vermont in 1978, not with the goal of making a profit, but of making the world a better place. Even as the ice cream parlor transformed into an iconic household name, Cohen and Greenfield kept social change and activism at the center of their mission, allowing them to gain a reputation as authentic brand. However, that reputation was jeopardized when Unilever acquired the brand in 2000. Even though the decision was made to benefit shareholders, both Cohen and Greenfield voiced that they would have preferred for the brand to remain independent.

This acquisition is not an isolated incident. It is the increasingly common product of two growing trends in business that have led to several similar acquisitions. The first is a rising demand for consumer authenticity coupled with anti-commercialism. As consumers grow more skeptical of commercial motives, the demand for authenticity increases. The second trend, a natural consequence of this, is the tendency of larger firms to engage in corporate acquisition of smaller firms, a pattern that has become more prevalent in recent years.

The juxtaposition of these two trends begs the question: How do corporate acquisitions affect consumer perceptions of authenticity of the acquired brands? The present research explores consumer reactions to acquisitions and their implications for branding.

Chapter 2

Theoretical Background

Acquisitions in the Consumer Goods Industry

For many decades, the consumer packaged goods (CPG) industry has seen consistent success in terms of growth. As of 2010, the industry had grown total return to shareholders almost 15 percent a year for 45 years (Kelly, Kopka, Küpper, & Moulton, 2018). For a long time, CPG companies had been able to rely on traditional mass-market brand building strategies and advantageous relationships with retailers in order to drive organic growth. However, a changing retail landscape combined with a shift in consumer spending habits has challenged the traditional CPG value-creation model. As major e-commerce platforms like Amazon and direct-to-consumer brands such as Dollar Shave Club have created more competition, traditional CPG companies are facing more pressure to find new ways to appeal to consumer preferences in order to stay competitive.

Mergers and acquisitions (M&A) have been a tool for firms in the consumer goods industry to consolidate markets and enable organic growth post-acquisition for many years (Kelly, et al., 2018). However, recent years have seen a spike in the number of acquisitions. OC&C Strategy Consultants reported that M&A deal numbers among the top 50 global CPG companies hit a 15 year high in 2017 and, although organic growth was flat, revenue growth increased from 0.5% to 5.7% in 2017. As firms aim to be more competitive, they have several options. They can either develop agile brands from within or acquire already existing brands along with the capabilities they bring – and many companies are doing the latter.

A notable trend amongst these acquisitions is that many have been of smaller brands. In 2016, it was reported that small players with less than $1 billion in annual sales were outperforming the competition in 18 of the top 25 categories (Lauster & Veldhoen, 2016). Additionally, this "small brand renaissance" is occurring in all markets of the world and is attributed to these brands' abilities to create a narrative that is perceived as authentic (Lauster & Veldhoen, 2016). Venture capitalists have recognized this opportunity: more than 4,000 small brands have received over $9.8 billion in venture funding over the past 10 years (Kelly et al., 2018).

While this small brand M&A craze has several implications for firms and the brands they acquire, the topic has not been explored extensively in the literature on acquisitions. Instead, prior research has tended to focus on how acquisitions add (or do not add) value to a firm by assessing changes in shareholder value (Datta & Puia, 1995). To my knowledge, prior work has not explored consumer perceptions of brand acquisitions—the focus of the present research.

On the one hand, consumers may respond favorably to acquisitions for several reasons. First, large corporations have more resources and can bring those resources to bear on the acquired brand, for example, improving its distribution and increasing its availability in the marketplace. The perceived global reach of brands has been shown to have a positive relationship with perceived brand quality and prestige (Steenkamp, Batra & Alden, 2002). Second, the enhanced resources of acquired brands may also enhance consumer perceptions of the brands, in particular on quality dimensions. Research in psychology finds that consumers infer that wealthier individuals are more competent (though less warm) (Christopher and

Schlenker 2000). Indeed, competence and warmth are fundamental dimensions of social perception that also affect perceptions of brands (Aaker, Vohs, and Mogilner 2010). By analogy, consumers may therefore infer that acquired brands are more competent (i.e., delivering higher quality), driving favorable reactions to acquisitions.

On the other hand, acquisitions may instead have a negative effect on consumer reactions to a brand. Many small brands are able to achieve growth through compelling narratives around their brand. Additionally, brands that position themselves as "underdogs" also elicit favorable reactions from consumers due to fulfilling consumers' identity needs. (Paharia, Keinan, Avery & Schor, 2011). An acquisition could undermine the brand narrative and have inadvertent negative effects on brand equity, especially in cases where consumers perceive that the corporation's values do not fit those of the acquired brand.

Brand Authenticity

While the desire for authenticity is not new, authenticity in the context of branding has only gained significant attention more recently. This increasing demand for authenticity is often attributed to the preferences of millennials (Holmes, 2017 p.1): "Millennials love being part of an authentic brand because they aren't just buying into a logo – but they are also buying into a set of values and a bigger brand story. They want uncomfortable honesty from their brand relationships." However, brand authenticity is more than just a millennial fad (York, 2017, p.1): "Gen Zers have grown up in the era of 'fake news.' They are quick to spot misdirection and do not respond to hype. Instead, they are looking for brands to be transparent and authentic." While being perceived as authentic may have once been a point of differentiation for brands, in the future it will be the baseline by which brands are judged and will be essential to their success.

Because the idea of brand authenticity has only gained traction recently, the literature is somewhat limited. Moreover, defining authenticity poses a challenge because it is often derived from objects subjectively. Grayson and Martinec (2004), elaborating on the work of Peirce (1998), established one of the first frameworks to evaluate how consumers perceive authenticity. They argued that authenticity can be indexical, where consumers aim to "distinguish 'the real thing' from its copies," or iconic, where consumers interpret how something "ought to look."

More recently, Fritz, Schoenmueller & Bruhn (2017) explored the antecedents and consequences of authenticity. Brand heritage, brand nostalgia, brand commercialization, brand clarity, social commitment, employees representing the brand, brand legitimacy and actual self-congruence influenced brand authenticity, which in turn positively affected brand relationships and behavioral intentions. Other research has similarly attempted to identify attributes of brand authenticity, and common attributes that have emerged include: brand heritage, design consistency, quality commitment, craftsmanship, cultural symbolism, nostalgia, and sincerity (Napoli, Dickinson, Beverland, & Farrelly, 2014), as well as origin, production methods, moral values, and credibility (Morhart et al., 2015).

The present research will build on the authenticity attribute findings of Beverland (2006). Beverland (2006) identified six attributes of authenticity based on examination of 20 ultra-premium wineries and consumer interviews. The six attributes identified by Beverland (2006) are:

- **Heritage and pedigree:** This dimension refers to a brand's history and the degree to which it is connected to its past. For example, Wells Fargo is a brand that has chosen to use its heritage as a central part of its branding, from use of the stage coach in its logo to museums across the country that showcase its history.

- **Stylistic consistency:** This dimension refers to consistency in the style of the brand as opposed to consistency of the brand itself. It is expected that a brand will evolve with time, but any changes cannot be perceived as too radical or occur too quickly. A well-known example of this would be when Coca-Cola controversially decided to change its formula, a decision that resulted in extremely negative reaction from the American public.

- **Quality commitments:** This dimension refers to the standards of quality to which a product is held. Discrepancies between expected and received product quality have the potential to be disastrous for brands. For example, after it was revealed that Apple slows down older iPhones, there was a consumer backlash over the quality of the brand's products.

- **Relationship to place:** This dimension refers to how closely a brand is tied to a particular location, often of its origin or manufacturing. This is especially common in the alcohol industry, with many wine and beer brands putting location at the forefront of their branding strategies. Coors is famously "Born in the Rockies" while microbrewery Sierra Nevada Brewing Company chose to name itself after its very location.

- **Methods of production:** This dimension refers to the process of which a product is created. Themes such as craftmanship and "handmade" are often used in branding strategies of luxury goods, such as Hermès.

- **Downplaying commercial motives:** This dimension refers to the extent to which a brand is perceived as being motivated by profit. Ben and Jerry's exemplifies a brand that has notably been able to distance itself from profit motives through activism as well as its message that businesses have an obligation to give back to communities.

One objective of the present research is to test the generalizability of these dimensions (beyond wine) to other products and industries.

Acquisitions & Authenticity

Shaping a brand to appear authentic poses a new type of challenge for marketers, as marketing has traditionally been about crafting a careful image through impression management, but marketers now have to balance this delicate image with full honesty and transparency. However, brands that are able to convey authenticity have a significant competitive advantage in the current marketplace. Therefore, it is no surprise that up and coming brands perceived as authentic present attractive acquisition opportunities to large corporate brand powerhouses. Yet there has been little attention on how this acquisition can affect the equity of an authentic brand.

I argue that acquisitions can undermine brand authenticity for two reasons. First and foremost, the downplaying of commercial motives is a repeated theme in research on brand authenticity (Beverland, 2006; Fritz et al. 2017). For a brand to be perceived as authentic, it must distance itself from commercial motives – and the acquisition of brands by corporations is often perceived as the epitome of commercialism. The tension that arises between the idea of being authentic and "selling out" is not new. Holt (2002) describes the obstacle that authentic branding presents when he says, "Postmodern consumer culture has adopted a particular notion of authenticity that has proved particularly challenging for marketers. To be authentic, brands must be disinterested; they must be perceived as invented and disseminated by parties without an instrumental economic agenda, by people who are intrinsically motived by their inherent value. Postmodern consumers perceive modern branding efforts to be inauthentic because they ooze with the commercial intent of their sponsors." The notion that commercial motives can undermine brand perceptions is evident in prior research. For example, consumers react unfavorably to social ventures that adopt a for-profit orientation due to perceptions of organizational greed (Lee, Bolton, and Winterich, 2017). Likewise, consumers appear averse to profits, which are seen to run contrary to social good despite serving as an incentive for beneficial behavior (Bhattacharjee, Dana, & Baron, 2017). By drawing attention to commercial and profit-seeking motives, acquisitions are expected to undermine perceptions of brand authenticity. Second, acquisitions may also undermine consumer perceptions of other important dimensions of brand authenticity. By its very nature, the change of ownership inherent in an acquisition disrupts the brand narrative – in particular, regarding the heritage and pedigree of the brand. Indeed, a brand's heritage may be closely linked to its equity and, in turn, disruption of the brand's heritage may in turn raise concerns about stylistic and quality attributes of the brand. For example, Ben and Jerry's was born out of the long-time friendship of Ben Cohen and Jerry Greenfield, both of whom agreed to start a business after several failures at other career prospects. The story of Ben and Jerry may resonate with consumers and therefore a change in ownership may affect their relationship with the brand. A change in ownership may also be accompanied by (perceived or actual) changes in place or method of production (e.g., a change in headquarters, alteration of sourcing and other aspects of manufacture), which could also give rise to concerns about stylistic consistency or quality. The present research therefore also predicts that acquisitions undermine perceptions of brand authenticity via the other dimensions[1].

Together, this line of reasoning leads to the following prediction:

H1: Corporate acquisitions undermine consumer perceptions of brand authenticity by a) making salient commercial motives that run contrary to authenticity, and b) undermining consumer perceptions of brand heritage, place and method of production, stylistic consistency, and quality commitments.

H2: The decline in authenticity perceptions proposed in H1 drives consumer attitudes and intentions toward the acquired brand.

As H1—H2 indicate, my investigation focuses on consumer reactions to the acquired brand. Consistent with prior research, brand authenticity is expected to affect consumer attitudes and intentions toward the brand, as well as brand equity perceptions (Fritz et al. 2017).

[1] Having said that, the negative effects of acquisition on these dimensions of authenticity may depend upon specific aspects of the acquisition: for example, acquisitions that provide a role for previous owners or that maintain prominent aspects of product may minimize disruption of the brand's heritage and mitigate stylistic and quality concerns.

Chapter 3

Methods

The primary objective of the study is to test the impact of acquisitions on consumer reactions to a brand. H1—H2 proposes that acquisitions will undermine consumer perceptions of brand authenticity and, in turn, attitudes and behavioral intentions. In doing so, I explore the dimensional aspects of authenticity (heritage and pedigree, stylistic consistency, quality commitments, relationship to place, method of production, commercial motives).

As a secondary objective, the study also considers three potential alternative explanations for the effects of acquisition. The first is that acquisitions affect consumer reactions to brands via warmth and/or competence (rather than authenticity) (cf. Aaker et al. 2010) and second, that the impact of acquisitions can be predicted via a brand association framework (whereby positive associations from the parent brand transfer to the acquired brand as a function of their fit) (Broniarczyk & Alba, 1994). The third is that consumer responses to the acquisitions could be influenced by inferences about the parent brand's motives.

Participants and Design

The study was a 2 (acquisition) x 3 (replicate) between-subjects design. Participants were 252 Mechanical Turk (MTurk) members (56.6% male) receiving financial compensation.

Procedure and Measures

Participants were presented with information on one of three different brands: Ben and Jerry's, Burt's Bees, or Annie's Homegrown. We utilize replicates to assess evidence of robustness across different brands and categories (e.g., food, personal care). The brand descriptions were held constant, except for a manipulation of acquisition information. Specifically, participants were either told (or not) that the brand is owned by a parent company: respectively, Unilever, Clorox Company, or General Mills.

After reading this information, participants were asked to report their attitudes toward the brand and their behavioral intentions. Attitude was measured on three seven-point scales with endpoints: "Unfavorable/Favorable," "Negative/Positive" and "Really Dislike/Really Like". Behavioral intentions were measured on four 100-point scales with endpoints Very Unlikely/Very Likely." The items were as follows: "I would purchase [brand]," "I would recommend [brand] to others," "I am loyal to [brand]," and "I would consider buying [brand] at an even higher price." Participants then rated the overall authenticity of the brands on four seven-point scales with the following endpoints: "Inauthentic/Authentic," "Unoriginal/Original," "Not Genuine/Genuine," and "Insincere/Sincere." Participants subsequently responded to measures of each of the dimensions of authenticity (items presented in random order): commercial motives, brand heritage, quality commitment, stylistic consistency, relationship to place, and production methods. Measurement items, adapted from prior research (Napoli et al. 2014) and measured on seven-point scales with endpoints "Strongly Disagree/Strongly Agree", are shown in table 1. Consumers were also asked to indicate their perceptions of warmth and competence for the brand. Warmth was measured on three seven-point scales with the following endpoints: "Unkind/Kind," "Uncaring/Caring" and "Unselfish/Selfish." Competence was measured on three seven-point scales with the following endpoints: "Incompetent/Competent," "Incapable/Capable" and "Unskilled/Skilled." Finally, participants were asked to rate their attitudes toward the respective parent company on three seven-point scales with endpoints "Unfavorable/Favorable," "Negative/Positive" and "Really Dislike/Really Like" and brand fit on four seven-point scales with endpoints "Inconsistent/Consistent," "Incongruent/Congruent," "Misaligned/Aligned" and "Poor Fit/Good Fit."

Table 1. Authenticity Dimensions Measurement Scale Items

Dimension	Item 1	Item 2	Item 3
Heritage and Pedigree	{Brand} has a strong link to its past.	{Brand} is connected with its origin story.	{Brand} builds upon long-held traditions.
Stylistic Consistency	{Brand} has remained consistent in its style over time.	{Brand} possesses a timeless design.	{Brand} has remained true to its core principles.
Quality Commitments	I have confidence in the quality of {brand}.	Quality is central to {brand}.	{Brand} is committed to the quality of its products.
Relationship to Place	{Brand} remains closely tied with where it began.	{Brand} has a strong link to its place of origin.	{Brand} is connected with its original location.
Method of Production	{Brand} production methods remain unchanged over time.	{Brand} has remained consistently produced over time.	{Brand} has remained true to its production methods.
*Commercial Motives**	{Brand} wants to make money above all else.	{Brand} is primarily motivated by profit.	{Brand} is driven by an economic agenda.

**Note: One Commercial Motives item ({Brand} puts its values over commerce.) was dropped due to low reliability.*

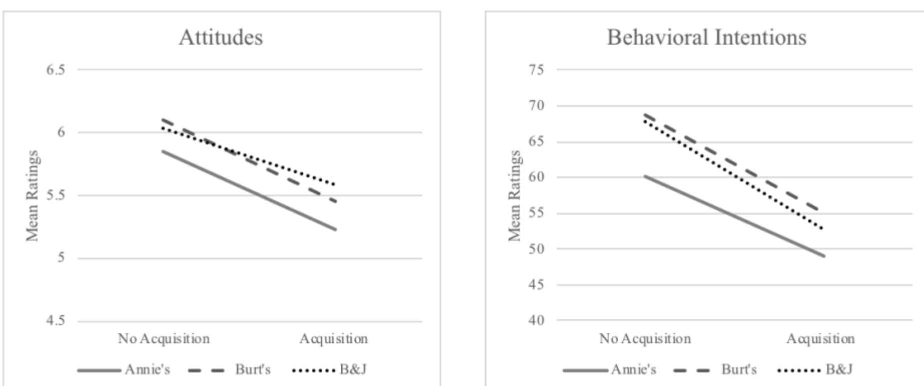
Chapter 4

Results

Attitudes and Intentions

For attitudes, ANOVA revealed a main effect of acquisition information (*F* (1, 233) = 13.51, *p* < .01); replicate and the interaction are NS (p's > .15). A similar pattern emerged for behavioral intentions: acquisition information undermined intentions (*F* (1, 233) = 14.91, *p* < .01) unaffected by replicate or the interaction (p's > .15). As the pattern of means in figure 1 indicates, acquisition leads to a decline in attitudes and behavioral intentions for all brands. This decline appears to be greater for Annie's and Burt's Bees than Ben & Jerry's although this difference is not statistically significant.

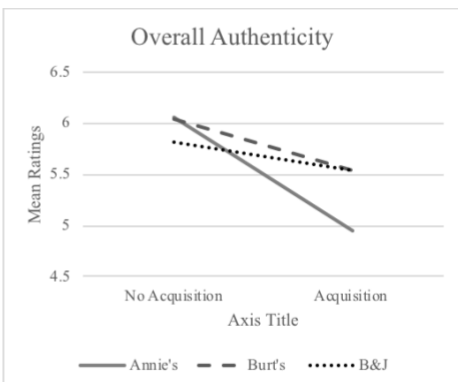
Figure 1. Mean Ratings of Attitudes and Behavioral Intentions



Overall Authenticity

For overall authenticity perceptions, ANOVA revealed a main effect of acquisition information (*F* (1, 233) = 15.54, *p* < .01), qualified by a marginal interaction with replicate (F (2, 233) = 2.36, p < .10); the main effect of replicate is NS (F (2, 233) = 1.04, p = .36). As the pattern of means in figure 2 indicates, the marginal interaction arises because acquisition information reduces authenticity perceptions for Annie's Homegrown and Burt's Bees (respectively, F (1, 233) = 16.47, p < .01); F (1, 233) = 3.19, p = .08)) but not Ben & Jerry's (F (1, 233) = 1.07, p = .30)).

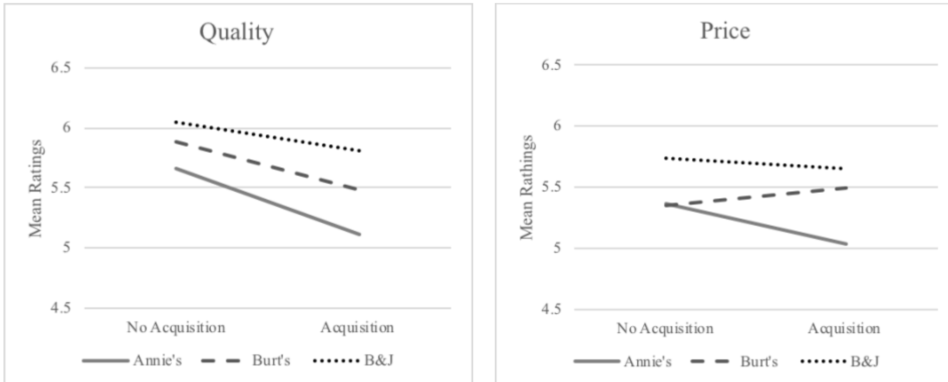
Figure 2. Mean Ratings of Overall Authenticity



Price and Quality

For price, ANOVA revealed a main effect of replicate (F (2, 233) = 4.62, p < .05) but no effects of acquisition (p's > .15). For quality, ANOVA revealed a main effect of acquisition information (F1, 233) = 7.54, p < .01) and of replicate (F (1, 233) = 4.87, p < .01); the interaction was NS (F < 1). As the means in figure 3 indicate, price and quality vary by replicate (unsurprisingly) and, more importantly, quality declines with acquisition information.

Figure 3. Mean Ratings of Quality and Price



Mediation

A moderated mediation analysis was conducted with acquisition as the independent variable, attitude as the dependent variable, replicate as the moderator, and with the mediators of price, quality, and overall authenticity. For Annie's and Burt's Bees, mediation is supported by authenticity (respectively, axb = -.375, 95% CI = (-.851, -.113); axb = -.276, 95% CI = (-.489, -.121)) and quality (respectively, axb -.281, 95% CI = (-.635, -.069); axb = -.210, 95% CI = -.404, -.068) but not price (all CI's contain zero). For Ben & Jerry's, no mediation is supported (all CI's contain zero). A similar pattern is supported for mediation on behavioral intentions for Annie's and Burt's Bees for authenticity (respectively, axb = -5.553, 95% CI = (-10.183, -1.678); axb = -4.305, 95% CI = (-8.298, -1.775)) and quality (respectively, axb -5.881, 95% CI = (-13.264, -1.144); axb = -4.721, 95% CI = -9.288, -1.406) but not price (all CI's contain zero). These results suggest that acquisition information undermined attitude and behavioral intentions toward Annie's and Burt's Bees due to concerns about authenticity and quality.

The same moderated mediation analyses were also conducted while incorporating parent attitude, acquisition motive beliefs, and fit as additional mediators. The pattern of results hold: mediation is supported for authenticity and quality for Annie's and Burt's Bees. Likewise, the pattern of results hold when incorporating warmth, competence, and greed as additional mediators: mediation is supported for authenticity and quality for Annie's and Burt's Bees. Hence, these alternative accounts do not appear to explain the impact of acquisition for these brands.

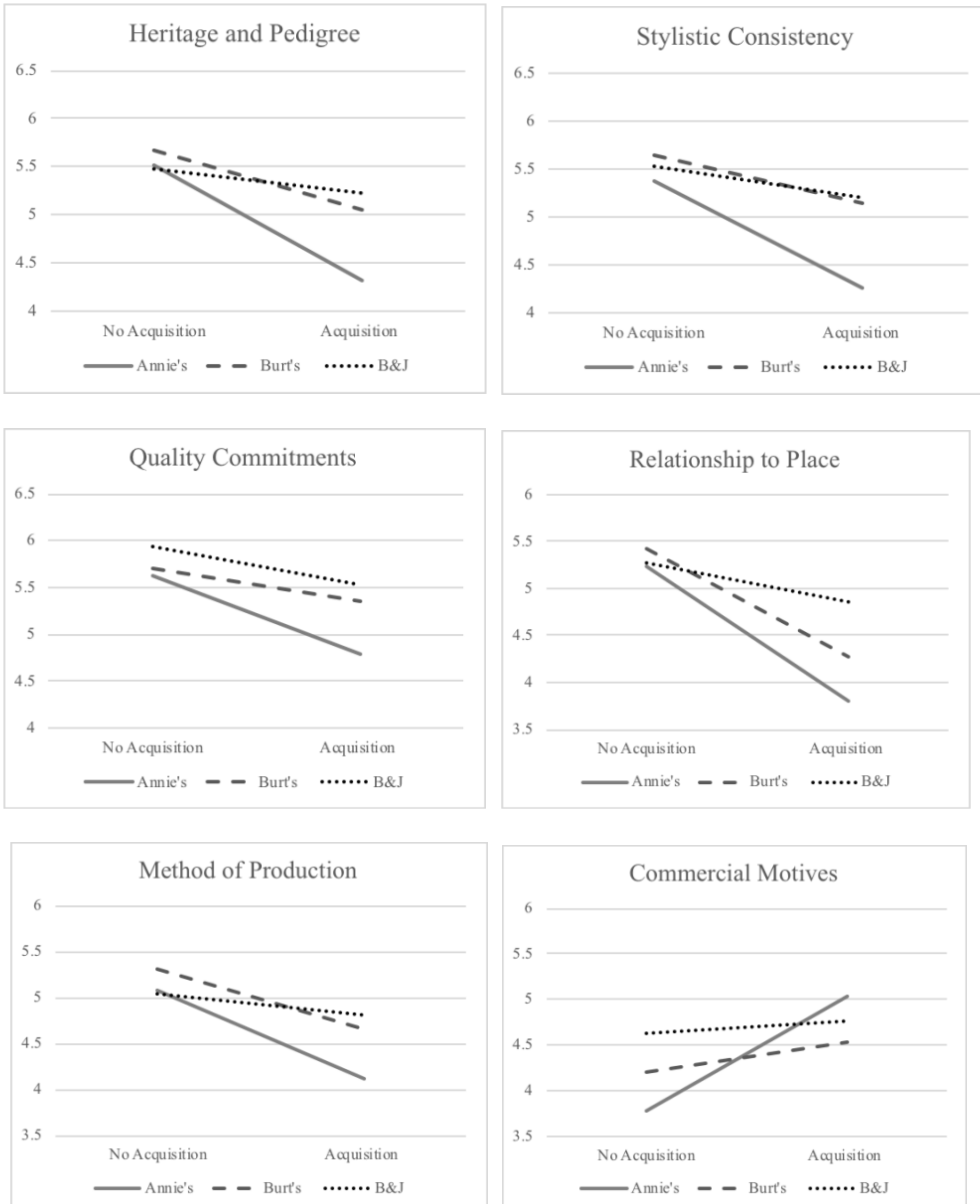
Together, the mediation analyses suggest that acquisition undermines attitude and behavioral intentions towards Annie's and Burt's Bees due to authenticity and quality concerns.

Authenticity Dimensions

To explore the authenticity scale based on Beverland's six attributes, three analyses were conducted. First, a factor analysis does not support a six-factor structure but instead supports two factors (with eigenvalues greater than one): one factor is comprised of the three commercial motives items, and the other factor comprises the remaining items (see Appendix A). Second, a regression of overall authenticity as a function of all six subscales reveals significant effects of stylistic consistency ($b = .163$, $t=2.03$, $p < .05$), quality ($b=.612$, $t= 8.75$, $p < .01$), and commercial motives ($b=-.076$, $t=-2.10$, $p < .05$); heritage, relationship to place, and production methods were not significant (p's > .10). Third, given that quality is frequently viewed as a summative perception, a further regression analysis of the quality subscale as a function of the other five subscales reveals significant effects of heritage ($b=.260$, $t=3.87$, $p < .05$), stylistic consistency ($b=.397$, $t=5.62$, $p < .05$), and production methods ($b=.108$, $t=2.00$, $p < .05$). These results suggest that commercial motives and quality (the latter driven by heritage, consistency, and production concerns) are the critical dimensions of authenticity. Because this exploratory analysis suggests a potential role for each authenticity attribute except place, the effects of acquisition were assessed for the six subscales for exploratory purposes.

An analysis of the dimensions of authenticity reveals main effects of acquisition information for all six attributes: heritage ($F (1, 233) = 17.92, p < .01$); stylistic consistency ($F(1, 233) = 18.71, p < .01$), quality ($F(1, 233) = 12.57, p < .01$), commercial motives ($F (1, 233) = 10.41, p < .01$), place ($F (1, 233) = 33.78, p < .01$), and production methods ($F (1, 233) = 12.93, p < .01$). (The main effect of replicate is of less interest and details can be found in appendix B.) The main effect of authenticity was qualified by an interaction with replicate for heritage ($F (2, 233) = 3.06, p < 05$), stylistic consistency ($F (2, 233) = 2.53, p < .10$), commercial motives ($F (2, 233) = 3.76, p < .05$), and place ($F (2, 233) = 3.18, p < .05$); the interaction was not significant for quality and production methods (p's $> .15$). As the pattern of means in figure 4 indicates, acquisition information drove concerns about heritage, stylistic consistency, commercial motives, and place for Annie's Homegrown (p's $< .05$); acquisition information drove concerns about heritage, place and production methods for Burt's Bees (p's $< .05$) and marginally for stylistic consistency ($p < .10$); in contrast, acquisition information had no effect on the authenticity dimensions for Ben & Jerry's (p's $> .15$).

Figure 4. Mean Ratings of Dimensions of Authenticity



Incorporating the insights from the regression analyses, a moderated mediation analysis was first conducted with acquisition information as the independent variable, authenticity as the dependent variable, replicate as the moderator, and with the mediators of commercial motives and quality dimensions of authenticity. The results support mediation by quality concerns for all replicates (Annie's: axb = -.637 (-1.061, -.232); Burt's Bees: axb = -.440 (-.601, -.205); Ben & Jerry's: axb = -270 (-.548, -.010)), and by commercial motive concerns for Burt's Bees (axb = -.041 (-.109, -.002)) but not the other replicates (CIs do not contain zero).

A similar analysis was then conducted with the mediators of tradition, consistency, commercial motives, production and place (i.e., replacing the quality dimension with the other four dimensions that potentially drive it). Mediation is supported by tradition for Annie's and Burt's Bees (respectively, axb = -.335 (-.716, -.048); axb = -.144 (-.344, -.109)), by consistency for Annie's and Burt's Bees (respectively axb = -.367 (-.799, -.099); axb = -.273 (-.493, -.128)); by commercial motives for Annie's (axb = -.160 (-.352, -.051)), and by production for Burt's Bees (axb = -.093 (-.250, -.004)); other indirect effects are NS (CIs contain zero).

Together, these results suggest that acquisition information i) undermined authenticity for Annie's due to concerns about tradition, consistency, and commercial motives; ii) undermined authenticity for Burt's Bees due to concerns about tradition, consistency, and production; and iii) did not undermine any of these concerns for Ben & Jerry's (consistent with no effect of acquisition on overall authenticity for this brand). While providing some support for the usefulness of the six-dimension framework for authenticity and the impact of acquisitions on authenticity, the findings also suggest that perceptions of authenticity may be context (i.e., brand) -specific.

Chapter 5

Discussion

My findings support the hypothesis that corporate acquisitions have the potential to undermine consumer perceptions of brand authenticity. Authenticity perceptions were specifically affected in the cases of Burt's Bees and Annie's Homegrown, but not Ben & Jerry's. As predicted, perceptions of all six of Beverland's attributes of authenticity (heritage and pedigree, stylistic consistency, quality, relationship to place, methods of production and commercial motives) were also negatively impacted, along with attitudes and behavioral intentions. Additionally, these findings provide support for a new model of dimensions of authenticity, different from that of Beverland's six attributes.

Limitations

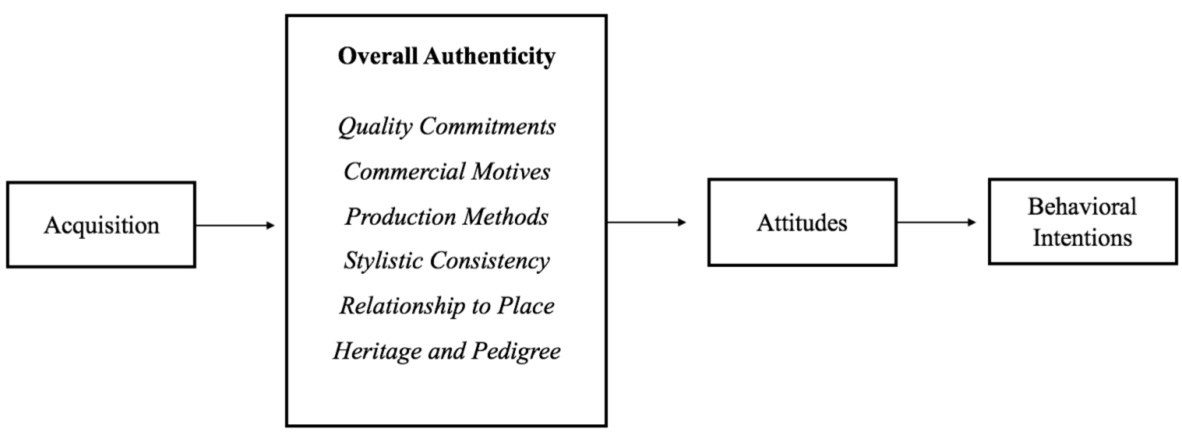
The research presented has several limitations. First, Amazon Mechanical Turk was used to collect data, and the generalizability of this sample to the population must be considered. It is possible that this sample of participants could be lower income or more price conscious, both of which would elicit greater bias when evaluating more expensive "natural" brands and may not be aligned with the responses of consumers who are actually purchasers of the brand. Second, the study did not measure consumer response as a function of prior brand purchase. Whether or not a respondent was a prior purchaser of the brand may influence the extent to which they are concerned with change in ownership and the brand in general. Third, the study did not control for outside knowledge of acquisition information. Knowledge could have affected results in the non-acquisition control and potentially mitigated any impact of acquisition information, especially for a brand such as Ben and Jerry's that has been owned by Unilever for well over a decade and therefore may be more well-known. Fourth, we did not assess real behavior but rather behavioral intentions. The relationship between intentions and behavior is assumed but could be weak if, for example, consumers say they would like less and purchase the brand less due to acquisition but would nonetheless continue purchasing it (e.g., due to habit or impulse buying).

Future Research

Dimensions of Authenticity

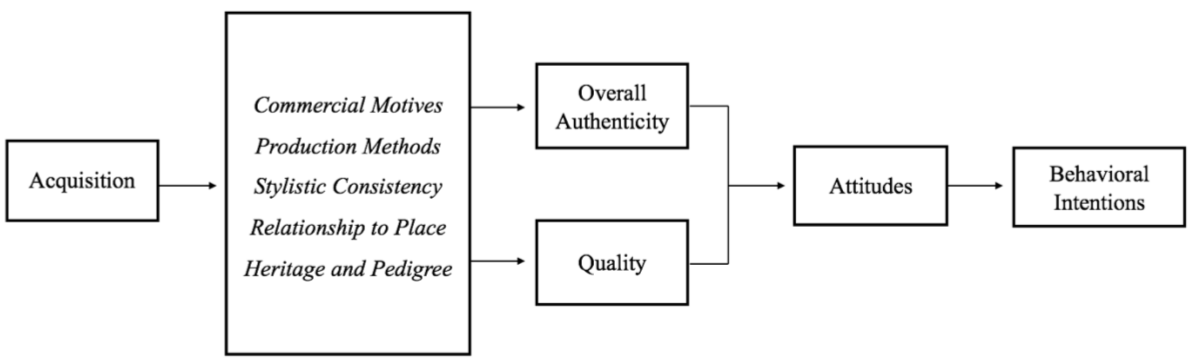
This research tested Beverland's six attributes of authenticity. In this model, seen in Figure 5, acquisitions were expected to have an effect on perceptions of the brand's heritage and pedigree, stylistic consistency, quality commitments, relationship to place, method of production, and commercial motives, which would affect overall perceived authenticity and consequently, attitudes and behavioral intentions.

Figure 5. Original Acquisition-Authenticity Model



However, the findings of this study lead me to propose the model seen in Figure 6. In this model, I propose a new set of attributes of authenticity in which quality has been removed. This new set of attributes not only influences perceptions of overall authenticity but also of the quality of the brand, which, in turn, shape attitudes and behavioral intentions toward the brand. This new model falls more in line with the typical view of quality as a summative measure reflecting many aspects of the brand beyond its authenticity. Embedding it within an authenticity scale as a dimension of authenticity does not align well with the rest of the marketing literature and obscures the theoretical distinction between authenticity and quality.

Figure 6. Revised Acquisition-Authenticity Model



Ben & Jerry's

While the results suggest that both Annie's Homegrown and Burt's Bees saw significant drops in perceived authenticity when participants were presented with acquisition information, Ben and Jerry's did not show the same effect. One possible explanation is that the brands themselves differ in terms of extent to which they are seen as utilitarian versus hedonic. Interestingly, Ben and Jerry's is seen as more hedonic than Annie's and Burt's Bees (Appendix C) and therefore the primary reason consumers purchase it may be affectively rather than functionally driven. The results could suggest that authenticity concerns (e.g., around production and heritage) are more important to utilitarian versus hedonic brands.

One could also argue that the strength of the personality embedded in the Ben and Jerry's brand has allowed it to withstand any doubts posed by corporate acquisitions. Ben and Jerry themselves are well-known public figures, certainly more so than either Burt or Annie. Unlike Burt and Annie, consumers may have fan-like relationships with Ben and Jerry. The product itself also exudes a unique character from its packaging to its flavor names to its colorful storefronts. The widespread nature of the brand's personality may contribute to canceling out any concerns that the brand is corporate.

Another possible explanation may be that consumers are not as concerned with the "naturalness" of Ben and Jerry's versus other brands due to the nature of the product itself. Given that ice cream is a product sought out for hedonic rather than health benefits, consumers may purchase it for its fun flavors as opposed to use of natural ingredients, in contrast to the cases of Burt's Bees and Annie's Homegrown, in which naturalness is arguably the core differentiator of the product. Additionally, it is possible that a brand that is positioned as natural is more susceptible to worry around methods of production, but this might not be as much of a concern for products that are not sought for health benefits. Therefore, consumer apathy toward production methods for a brand could make that brand less susceptible to authenticity concerns overall.

Lastly, while themes such as activism and authenticity have always been a central part of the Ben and Jerry's brand, these elements may not be central to its product positioning. Future research is encouraged to examine whether the impact of an acquisition on brand authenticity depends upon the utilitarian/hedonic nature of the product and the centrality of authenticity to its positioning, including the extent to which the core promise of the product is pro-social (e.g., an activist or sustainable brand).

Mitigation

While this research has shown acquisitions can have a negative effect on perceptions of authenticity, a better understanding of ways to mitigate the effects of an acquisition on brand authenticity is needed. First, the question of how the nature of the product makes it more or less susceptible to changes in authenticity after an acquisition should be examined. Ben & Jerry's could serve as a potential case study given it did not experience the same drop in perceived authenticity as did Annie's Homegrown and Burt's Bees. Second, for brands that are susceptible to reduced perceptions of authenticity, future research should examine potential ways for firms to mitigate this risk.

In the current marketplace, a variety of tactics have emerged, but none have yet been studied for effectiveness to my knowledge. One strategy that Unilever deployed when acquiring Ben and Jerry's was to establish an independent board that would oversee commitment to its social mission (Gelles, 2015). In addition, Unilever announced at the time of the acquisition that it had agreed not to reduce jobs or alter the way the ice cream is made (Hays, 2000). Meanwhile, Annie's Homegrown website features a letter to customers that acknowledges the change in ownership with promises not to "compromise a single thing." While similar strategies have been used by other firms, their effectiveness is uncertain and merits future research.

Managerial Implications

Smaller brands undoubtedly present attractive acquisition opportunities to large corporations, often from both a growth and capabilities perspective. However, the acquisition itself has the potential to hurt the brand's authenticity, and therefore the centrality of authenticity to the brand's positioning should be taken into account when evaluating potential opportunities. Firms should consider that acquisitions may harm the brand's authenticity and plan accordingly to try and mitigate these effects as much as possible.

Findings from this research suggest that in order to successfully preserve authenticity, a brand would need to protect i.) heritage and pedigree, ii.) methods of production, iii.) place, iv.) stylistic consistency and v.) downplaying of commercial motives. Therefore, acquiring firms should seek to address these specific aspects of the brand. For example, while an acquisition can inject welcome resources into an acquired brand, the brand should perhaps resist the temptation to make a lot of immediate changes that are salient to customers, as doing so could undermine perceptions of dimensions such as stylistic consistency and methods of production.

Additionally, firms should take into account that while promises of preservation of brand values may be a start, they also may not be sufficiently credible and that a brand may need to specifically show how it will protect the key dimensions of authenticity that matter to its customers. In the case of Annie's Homegrown, for example, a recommendation might include not merely promising not to 'compromise a single thing' but a more detailed promise to protect aspects of heritage, consistency, place, and commercial motives. Likewise, Burt's Bees would aim to ease concerns around its heritage, place, and production methods.

Another important consideration is how public perception of the acquisition may actually affect the acquiring firm's brand equity. Acquisitions of authentic brands have potential to perpetuate pre-existing perceptions of greed in corporations. An applied example of these risks is Anheuser Busch InBev's acquisitions of craft beer brands, which has led to a backlash against both the company and the craft beer brands it has acquired (Taylor, 2017).

Best practices for preserving brand authenticity may vary on a brand-by-brand basis. For example, marketing strategy may favor an independent branding strategy rather than endorsement or sub-branding of the acquired brand. That is, maintaining distance between the brands may minimize harmful effects on authenticity. However, in many cases the acquisition becomes well-known in the marketplace (via media coverage and so on), in which case the firm may wish to instead adopt a more transparent approach. In that case, marketing communications can emphasize that how the corporate brand will protect the acquired brand's mission.

Appendix A

Factor Analysis of Authenticity Dimensions

Rotated Factor Pattern (N=6)

	Factor1	Factor2	Factor3	Factor4	Factor5	Factor6
trad1	0.34640	0.23404	-0.14128	0.33665	0.72543	0.25800
trad2	0.35558	0.25011	-0.16067	0.33187	0.72783	0.19240
trad3	0.33792	0.31941	-0.08273	0.34964	0.66827	0.28854
cons1	0.42037	0.33895	-0.10944	0.31729	0.22863	0.65672
cons2	0.31520	0.25122	-0.10029	0.16778	0.35221	0.76322
cons3	0.37946	0.41339	-0.20258	0.30784	0.42707	0.38845
aqual1	0.81352	0.26284	-0.13692	0.23072	0.23379	0.22137
aqual2	0.78609	0.26754	-0.10830	0.24100	0.32957	0.17646
aqual3	0.81223	0.24071	-0.12565	0.25739	0.26476	0.24808
prof1	-0.07975	-0.07786	0.91019	-0.06409	-0.14515	-0.03915
prof2	-0.11021	-0.06851	0.92024	-0.11655	-0.09717	-0.12041
prof3	-0.07872	-0.16257	0.89862	-0.11482	-0.00242	-0.01979
place1	0.25283	0.29847	-0.17188	0.79036	0.26572	0.17351
place2	0.33907	0.35608	-0.11923	0.67368	0.33563	0.18821
place3	0.22409	0.25120	-0.14614	0.83688	0.25295	0.13984
prod1	0.18676	0.83743	-0.15714	0.27728	0.22730	0.15710
prod2	0.42404	0.71725	-0.11827	0.23049	0.15653	0.25147
prod3	0.24631	0.80170	-0.15711	0.29053	0.24139	0.16846

Variable Name	trad	cons	aqual	prof	place	prod
Corresponding Attribute	Heritage & Pedigree	Stylistic Consistency	Quality Commitment	Commercial Motives	Relationship to Place	Methods of Production
**Item numbering refers to first, second, and third item for each variable.*						

Rotated Factor Pattern (N=2)

	Factor1	**Factor2**
trad1	0.84786	-0.15511
trad2	0.83524	-0.17625
trad3	0.87494	-0.10217
cons1	0.84478	-0.11877
cons2	0.77691	-0.09705
cons3	0.84495	-0.22197
aqual1	0.82354	-0.13495
aqual2	0.84378	-0.10883
aqual3	0.84820	-0.12326
prof1	-0.15982	0.91120
prof2	-0.20161	0.92092
prof4	-0.15008	0.90809
place1	0.79389	-0.21918
place2	0.85097	-0.16086
place3	0.76117	-0.19486
prod1	0.75503	-0.21093
prod2	0.80521	-0.15384
prod3	0.78582	-0.20749

Variable Name	trad	cons	aqual	prof	place	prod
Corresponding Attributes	Heritage & Pedigree	Stylistic Consistency	Quality Commitment	Commercial Motives	Relationship to Place	Methods of Production
**Item numbering refers to first, second, and third item for each variable.*						

Appendix B

Table of Descriptive Means

		N	Attitudes	Behavioral Intentions	Overall Authenticity	Quality	Price
Annie's	No acq.	41	5.846 (1.078)	60.134 (26.724)	6.061 (1.160)	5.659 (1.051)	5.366 (0.902)
	Acquisition	42	5.222 (1.435)	49.107 (27.821)	4.946 (1.688)	5.107 (1.484)	5.036 (1.394)
Ben and Jerry's	No acq.	38	6.035 (1.062)	67.730 (26.500)	5.822 (1.079)	6.053 (1.077)	5.737 (1.119)
	Acquisition	41	5.585 (1.135)	52.628 (25.491)	5.530 (1.062)	5.805 (0.941)	5.659 (0.890)
Burt's Bees	No acq.	37	6.108 (0.994)	68.736 (22.684)	6.041 (0.964)	5.878 (0.975)	5.351 (0.873)
	Acquisition	40	5.458 (1.428)	55.094 (29.077)	5.531 (1.360)	5.488 (1.047)	5.500 (0.941)

		N	Heritage/ Pedigree	Stylistic Consistency	Quality Commitments	Relationship to Place	Method of Production	Commercial Motives
Annie's	No Acq.	41	5.520 (1.209)	5.374 (1.153)	5.618 (1.079)	5.228 (1.248)	5.073 (1.311)	3.789 (1.320)
	Acquisition	42	4.310 (1.835)	4.262 (1.704)	4.786 (1.589)	3.794 (1.764)	4.111 (1.735)	5.032 (1.394)
Ben and Jerry's	No Acq.	38	5.474 (1.027)	5.535 (1.103)	5.930 (0.927)	5.272 (1.198)	5.035 (1.154)	4.632 (1.555)
	Acquisition	41	5.228 (1.012)	5.203 (0.997)	5.520 (1.006)	4.862 (1.260)	4.804 (1.159)	4.764 (1.201)
Burt's Bees	No Acq.	37	5.667 (0.969)	5.647 (0.720)	5.703 (0.909)	5.432 (0.968)	5.306 (1.007)	4.198 (1.067)
	Acquisition	40	5.058 (1.210)	5.142 (0.993)	5.350 (1.240)	4.267 (1.376)	4.667 (1.329)	4.542 (1.604)

Appendix C

Table of Descriptive Means

	N	Utilitarian	Hedonic	Pro-social
Annie’s	83	4.608 (1.668)	4.628 (1.663)	4.687 (1.663)
Ben and Jerry’s	79	4.570 (1.351)	5.835 (1.224)	4.873 (1.395)
Burt’s Bees	77	5.455 (1.419)	5.143 (1.430)	5.079 (1.490)

References

Aaker, J., Vohs, K. D., & Mogilner, C. (2010). Nonprofits are seen as warm and for-profits as competent: Firm stereotypes matter. *Journal of Consumer Research*, 37(2), 224-237.

Beverland, M. (2006). The 'real thing': Branding authenticity in the luxury wine trade. *Journal of Business Research,* 59(2), 251-258.

Bhattacharjee, A., Dana, J., & Baron, J. (2017). Anti-profit beliefs: How people neglect the societal benefits of profit. *Journal of Personality and Social Psychology,* 113(5), 671-696.

Bhattacharya, C. B., & Sen, S. (2003). Consumer-company identification: A framework for understanding consumers' relationships with companies. *Journal of Marketing,* 67(2), 76-88.

Broniarczyk, S. M., & Alba, J. W. (1994). The importance of the brand in brand extension. *Journal of Marketing Research*, 31(2), 214.

Christopher, A. N., & Schlenker, B. R. (2000). The impact of perceived material wealth and perceiver personality on first impressions. *Journal of Economic Psychology,* 21(1), 1-19.

Datta, D., & Puia, G. (1995). Cross-border acquisitions: An examination of the influence of relatedness and cultural fit on shareholder value creation in U.S. acquiring firms. *Management International Review,* 35(4), 337-359.

Du, S., Bhattacharya, C. B., & Sen, S. (2007). Reaping relational rewards from corporate social responsibility: The role of competitive positioning. *International Journal of Research in Marketing,* 24(3), 224-241.

Fritz, K., Schoenmueller, V., & Bruhn, M. (2017). Authenticity in branding – exploring antecedents and consequences of brand authenticity. *European Journal of Marketing,* 51(2), 324-348.

Gelles, D. (2015, August 21). How the Social Mission of Ben & Jerry's Survived Being Gobbled Up. *The New York Times.*

Grayson, K., & Martinec, R. (2004). Consumer perceptions of iconicity and indexicality and their influence on assessments of authentic market offerings. *Journal of Consumer Research*, 31(2), 296-312.

Hays, C. L. (2000, April 13). Ben & Jerry's To Unilever, With Attitude. *The New York Times.*

Holmes, C. (2017, November 10). Building meaningful relationships with Millennials. *Superunion.*

Holt, D. (2002). Why do brands cause trouble? A dialectical theory of consumer culture and branding. *Journal of Consumer Research,* 29(1), 70-90.

Kelly, G., Kopka, U., Küpper, J., & Moulton, J. (2018, April). The new model for consumer goods. *McKinsey & Company.*

Lauster, S., & Veldhoen, S. (2016, December 21). 2017 Consumer Packaged Goods Trends. *PwC Strategy& Global Consulting.*

Lee, S., Bolton, L. E., & Winterich, K. P. (2017). To profit or not to profit? The role of greed perceptions in consumer support for social ventures. *Journal of Consumer Research,* 44(4).

Morhart, F., Malär, L., Guèvremont, A., Girardin, F., & Grohmann, B. (2015). Brand authenticity: An integrative framework and measurement scale. *Journal of Consumer Psychology*, 25(2), 200-218.

Napoli, J., Dickinson, S. J., Beverland, M. B., & Farrelly, F. (2014). Measuring consumer-based brand authenticity. *Journal of Business Research,* 67(6), 1090-1098.

Paharia, N., Keinan, A., Avery, J., & Schor, J. B. (2011). The Underdog Effect: The Marketing of Disadvantage and Determination through Brand Biography. *Journal of Consumer Research,* 37(5), 775-790.

Palazzo, G. & Basu, K. (2007). The ethical backlash of corporate branding. *Journal of Business Ethics,* 73(4), 333-346.

Peirce, C. S., Weiss, P., Burks, A. W., & Hartshorne, C. (1998). *Collected papers of Charles Sanders Peirce.* Bristol: Thoemes Press.

Steenkamp, J. E., Batra, R., & Alden, D. L. (2002). How perceived brand globalness creates brand value. *SSRN Electronic Journal.*

Taylor, K. (2017, May 25). Craft brewers are calling for the boycott of these 14 'imposter' beer brands. *Business Insider.*

"The CPG Global 50 2018." *OC&C Strategy Consultants,* July 2018.

York, M. S. (2017, July 21). Gen Z brand relationships: Authenticity matters. *IBM.*

Rachel A. Ebner

rachelaebner@gmail.com

EDUCATION

The Pennsylvania State University
The Schreyer Honors College
Bachelor of Science, Marketing
Minor, Psychology

WORK EXPERIENCE

Mars, Inc.
Strategic Revenue Management Intern (Jun 2018 - Aug 2018)

Johnson & Johnson
Consumer Marketing Co-op (Jan 2017 - Jul 2017)

RESEARCH EXPERIENCE

Smeal Marketing Behavioral Lab
Research Assistant (Aug 2017 - Dec 2018)

Group Identity and Social Perception Lab
Research Assistant (Jan 2016 - Jan 2017)

INVOLVEMENT

- Presidential Leadership Academy
- Sapphire Leadership Academic Program
- Penn State Prime
- Alpha Kappa Psi Professional Business Fraternity

HONORS, AWARDS & GRANTS

- Smeal Student Marshal, Fall 2018
- Beta Gamma Sigma Honors Society
- Ralph H. Wherry Student Service Senior Award
- Evan Pugh Scholar
- Robert W. "Bear" Koehler Award
- President's Freshman Award
- Schreyer Honors College Research Grant
- Presidential Leadership Academy Research Grant