Stock ownership as a motivation of brand-loyal and brand-supportive behaviors

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Abstract

Purpose – The purpose of this paper is to explicate the psychological motivations underlying this influence as well as to provide empirical evidence of it. Individuals' consumption psychology and investment psychology have been traditionally viewed as rather separate realms. However, researchers have recently begun to imply that an individual's stock ownership in a company may positively influence his/her brand loyalty towards the company.

Design/methodology/approach – A survey study of 293 individual stockowners of three companies is presented.

Findings – The analysis shows that, for a large proportion of individuals, becoming a stockowner of a company leads to positive, increased motivation to exhibit brand loyalty towards the company, in terms of his/her personal purchases of the company's products. Second, the analysis shows how stock ownership often leads to increased motivation to engage in other brand-supporting behaviors, such as positive word-of-mouth.

Research limitations/implications – The self-reported data used on individuals' motivations somewhat restrict the results, which can be dealt with in further research.

Practical implications – The findings imply opportunities for managers to benefit from the tendency of individual stockowners to engage in repeat purchasing of the company's products and word-of-mouth, so as to increase the sales of the company.

Originality/value – The paper explicates the individual psychology motivations underlying the influence of a consumer's stock ownership in a company on his/her brand loyalty towards the company – and provides empirical evidence of the motivations.

Keywords Shareholders, Brand loyalty, Customer loyalty, Repeat buying, Investors

Paper type Research paper

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

1. Introduction

Traditionally, individuals' consumption behaviors (e.g. product purchases and uses) and investment behaviors (e.g. stock purchases and holdings), as well as the related psychologies, have been examined rather separately. This separation coincides with the isolation of the fields of marketing vs. finance. Nevertheless, practitioners and researchers in both marketing (Aspara *et al.*, 2008a; Schoenbachler *et al.*, 2004; Vogelheim *et al.*, 2001) and finance (Aspara and Tikkanen, 2008; Frieder and Subrahmanyam, 2005) have recently begun to notice that individuals who engage in buying and using the products of certain companies may also engage in investing in and holding the same companies' stocks. One particularly interesting phenomenon that has been pointed out is the potential influence of a consumer's stock ownership in a company on his/her brand loyalty towards the company. With regard to this phenomenon, Schoenbachler *et al.* (2004) recently investigated whether individuals' stock ownership in companies increased their brand loyalty towards those companies. Their findings preliminarily implied that individuals do tend to buy products from companies in which they hold shares.

The purpose of this article is to further explicate the psychological motivations underlying the influence of an individual's stock ownership in a company on his/her brand-loyal and brand-supportive behaviors towards the company – as well as present empirical evidence of such motivations. As to the empirical evidence, we present a survey study into how the behavioral motivations of approximately 300 individual stockholders of three selected companies altered as a consequence their investing in those companies' stocks. First, the analysis shows that a for a large proportion of the studied individuals, becoming a stockowner of a company leads to positive, increased motivation to exhibit brand loyalty towards the company, in terms of personal purchases of the company's products. Second, the analysis shows how stock ownership often leads to increased motivation to engage in other brand-supporting behaviors, such as positive word-of-mouth.

To managers – be they marketing managers, investor relations managers, or brand managers – our results imply that too little attention has been previously paid to the significant tendency of company stockowners to act as brand-loyal and brand-supportive customers to their companies. In effect, such a phenomenon in the interface of marketing and

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finance has considerable theoretical and practical significance, since publicly-listed companies are essentially exposed to markets and society both as product providers and as investment targets. Moreover, the significance is only ever-increasing due to the fact that participation by consumers and households in stock markets appears to be rapidly growing (e.g. Guiso *et al.*, 2003; Wärneryd, 2001, p. 4)[1]. Accordingly, we will provide managerial suggestions about how our findings can be utilized by companies.

2. Theory and research questions

2.1. Personal purchase behavior

With regard to the influence of stock ownership on repeat purchases, Schoenbachler *et al.* (2004) recently studied whether there is a relationship between individuals' stock ownership in a company and their brand loyalty towards the products of that company. Their conclusion was that individuals who own shares of a company are likely to buy products produced by that company. This was indicated by the mean response of the surveyed individual investors leaning towards "definitely will", when the question concerned the "likelihood of purchasing products/services based on stock owned" (mean = 3.72; 1 = definitely will not, 5 = definitely will). The authors briefly speculate that this might be due to a stockowner's vested interest in purchasing the brands of the company whose stock he/she owns.

Whereas Schoenbachler *et al.* do not further explicate the underlying motivations, the vested interest can be explained as the individual's interest to support the business of the company whose stocks he/she owns and, hence, willingness to buy its products. In theoretical terms of customer relationship research, there is a special kind of economic/financial bond (e.g. Arantola, 2002, 2003; McCall, 1970) that motivates the customer relationship of a stockowner and brand loyalty therein. Namely, by repeatedly buying the products of a company whose shares one owns (and not switching to a competing provider), an individual can make a contribution to the sales and cash flows of his/her "own" company and thus his/her own wealth as a stockowner.

Yet, since the actual contribution of one individual to the sales of a (large) company is usually very small, the stockowner's acting as a customer and repeatedly purchasing the company's products is likely to be to a great extent psychologically motivated, i.e. manifest cognitive-emotional bonding (see Arantola, 2002; Liljander and Strandvik, 1995; Storbacka *et al.*, 1994) and attitudinal brand/customer loyalty (see Dick and Basu, 1994; Jacoby and Kyner, 1973). First and foremost, the stockowner will obtain a feeling that he/she is supporting the company's business, sales, and cash flows when he/she is repeatedly buying its products (rather than those of competitors) – even if the actual contribution was minimal. Owning shares of one company but not buying its products (but, e.g. those of competitors' instead) would likely elicit feelings of cognitive dissonance (Abelson *et al.*, 1968; Festinger, 1957; Zajonc, 1980), which the individual will try to avoid in order to maintain felt consistency between his/her cognitions and behavior. Second, according to the principles of self-perception theory (Bem, 1972), it can be assumed that an individual will pursue consistency between his/her attitudes and behaviors by inferring that he/she must have a positive attitude to the company in case he/she has purchased and holds its stock. A positive attitude towards the company, in turn, positively influences one's tendency to purchase the company's products.

In sum, the theory suggests that stock ownership in a company will be a motivation for an individual to exhibit brand loyalty towards the company, especially in terms of increased (repeat) purchases of the company's products. Our first research question is to find out how extensively this motivation operates among individuals who invest or have invested in companies' stocks.

Research question #1: To what extent do individuals exhibit increased motivation to purchase a company's products as a consequence of investing in the company's stock?

2.2. Word-of-mouth behavior

Not only will individuals' own purchase behaviors be affected by their stock ownership, but others' purchase behaviors, as well. This is likely to occur via a positive effect of stock ownership on one's word-of-mouth behavior.

While an individual stockowner will have vested interest in supporting the business of the company whose stock he/she owns by buying the company's products him/herself, he/she will also have vested interest in having others buy the company's products – even more so. Namely, by having others buy the products of a company whose shares one owns, an individual can make an even larger contribution to the sales and cash flows of his/her "own" company and thus his/her own wealth as a stockowner. Besides objectively economic/financial, the bond is again likely to be to a great extent cognitive-emotional in the sense that the stockowner will obtain a stronger feeling that he/she is supporting the company's business, sales, and cash flows, as he/she attempts to have others buy the company's products.

Furthermore, insofar as the stock ownership may lead to more positive attitude towards the company, as was assumed above on the basis of self-perception theory, an individual is likely to engage in positive word-of-mouth also because of this attitudinal loyalty. This is because attitudinal loyalty, implicating positive attitude as well as commitment to the company or brand, is related to the likelihood to engage in positive word-mouth towards it (Dick and Basu, 1994; Hagel and Armstrong, 1997; Reichheld, 2003).

Thus, the theory suggests that stock ownership in a company will be a motivation for an individual to exhibit brand loyalty, or brand-supportive behavior, towards the company also in terms of increased positive word-of-mouth about the company and its products. Our second research question is to find out how extensively this motivation operates among individuals who invest or have invested in a company's stock.

Research question #2: To what extent do individuals exhibit increased motivation to engage in positive word-of-mouth concerning a company as a consequence of investing in the company's stock?

3. Method

3.1. Data collection and sample

As a population of interest we had such consumers that have invested some of their savings in stocks of publicly traded companies. We approached three hundred stockowners per three consumer product companies (in total, 900) from different industries based in a European country, specifically

Finland. The companies were listed in the Scandinavian/Finnish stock exchange of NasdaqOMX. The companies were chosen to represent different kinds of product categories and industries, as follows: car and other tires (Company A), gardening and other domestic tools (Company B), sports equipment and apparel (Company C). Generally, it is worth noting that Finnish investors have recently been investigated in many much-cited studies (e.g. Grinblatt and Keloharju, 2000, 2001a, b; Keloharju *et al.*, 2005).

The individuals to be approached were randomly sampled from a list of such stockowners of the companies who had invested in the stocks in question within the past 1.5 years. We restricted the sample this way to individuals who had become stockowners of the companies fairly recently in order to ensure that the individuals would have good memory of how the stock investment had altered their motivations and behavior. The individuals were sent a questionnaire via mail, with a prepaid reply envelope. A total of 293 usable questionnaires were returned, yielding a fairly good response rate of 32.5 per cent. We contacted the participants in 2007. The contacted individuals were informed of a possibility of respondents to win small prizes.

3.2. Measures and analytical procedures

With regard to research question 1, we measured an individual's increased motivation to purchase a company's products as a consequence of investing in the company's stock by asking the respondents to which extent they agreed with the following statements:

1 "After becoming a stockowner [of company X], I have purchased products of [company X] more than before."
2 "After becoming a stockowner [of company X], I have purchased products of [company X] more frequently than before."
3 "After becoming a stockowner [of company X], I have started to purchase products of [company X] rather than those of its competitors."
4 "After becoming a stockowner [of company X], I have stopped purchasing products of [company X]'s competitors."
5 "Unlike before, after becoming a stockowner [of company X], I have been prepared to pay more for products of [company X] than for those of its competitors."
6 "Unlike before, after becoming a stockowner [of company X], I have been prepared to purchase products of [company X] even if their price had increased a bit."

The items relate to purchase behaviors commonly related to customer or brand loyalty (see, e.g. Jacoby and Kyner, 1973; Kumar and Shah, 2004; Reichheld, 1996) as follows: (re)purchases in general (item 1), purchase frequency (item 2), preference over competitors' products (items 3 and 4), and preparedness to pay premium prices (items 5 and 6).

The responses were recorded on a seven-point Likert scale (-3 = strongly disagree… + 3 = strongly agree). For the analysis, the responses were recoded so that clearer indication could be gained of the extent to which the respondent's purchase motivations had altered as a consequence of investing in the company's stock. Specifically, the recoding was done as follows:

- responses $-3\ldots-2$ → "no motivation increase caused by stock ownership";
- responses $-1\ldots0$ → "uncertain motivation increase caused by stock ownership; and
- responses $+1\ldots+3$ → "certain motivation increase caused by stock ownership".

As an additional measure, we gathered individuals' self-reports of the extent to which they felt their product purchase decisions had been influenced by their stock ownership, in general (item 1 below) as well as through their vested interest to support the company's business by purchasing its products (items 2 and 3) and through their positive attitude towards the company (item 4). Specifically, we asked the respondents to self-report: "To what extent have the following reasons influenced your decisions to purchase products of [company X] after becoming a stockowner [of company X]?":

1 "the fact that I own shares of [company X]".
2 "the fact that I am willing to contribute to the sales of [company X]".
3 "the fact that I am willing to contribute to increasing the stock price of [company X]".
4 "the fact that I like [company X] more".

The responses here were recorded on a seven-point bipolar scale, anchored by -3 = "has not influenced [my product purchase decisions] at all" and $+3$ = "has influenced significantly [my product purchase decisions]". The responses were the recoded analogously to the recoding done above.

With regard to research question 2, we measured individuals' increased motivation to engage in positive word-of-mouth as a consequence of investing in the company's stock by asking the respondents to which extent they agreed with the following statements:

- "After becoming a stockowner [of company X], I have started to tell positive things about [company X]'s products to other people."
- "After becoming a stockowner [of company X], I have started to encourage my friends and relatives to purchase [company X]'s products."

Also here, the responses were recorded on a seven-point Likert scale (-3 = strongly disagree… $+3$ = strongly agree) and recoded in the same way as above.

As the main analytical procedure, we performed descriptive analysis of the frequency distributions of the recoded motivation measures, both among the study sample in general and among stockowners of the individual companies included in the study. In addition, we performed chi square tests of independence in order to control whether the distributions of the motivation measures differed between the individual companies included in the study.

4. Results

Addressing research question 1, we present in Table I the frequencies and proportions of stockowners who exhibit increased motivation to purchase a company's products as a consequence of investing in the company's stock. Most notably, approximately 60 per cent of the respondents overall (Table I, Panel 3) exhibit certain, increased motivation to favor the company's products over those of competitors as a consequence of investing in the company's stock. Among the stockowners of the different companies included in the sample, this proportion ranges from 43 per cent to 76 per cent. At the other extreme, the

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Table I Frequencies and proportions of stockowners who exhibit increased motivation to purchase a company's products as a consequence of investing in the company's stock

	No motivation increase caused by stock ownership		Uncertain motivation increase caused by stock ownership		Certain motivation increase caused by stock ownership		Total	
	n	%	*n*	%	*n*	%	*n*	%
Panel 1: Purchasing more of the company's products								
Company A	24	22.9	32	30.5	49	46.7	105	100
Company B	45	38.5	35	29.9	37	31.6	117	100
Company C	35	50.0	17	24.3	18	25.7	70	100
Total	104	35.6	84	28.8	104	35.6	292	100
χ^2 **(d.f.), *p* value**	15.83 (4), 0.0033							
Panel 2: Purchasing the company's products more frequently								
Company A	20	19.1	42	40.0	43	41.0	105	100
Company B	44	38.3	42	36.5	29	25.2	115	100
Company C	34	48.6	20	28.6	16	22.9	70	100
Total	98	33.7	104	35.9	88	30.3	290	100
χ^2 **(d.f.), *p* value**	19.70 (4), 0.0006							
Panel 3: Preferring the company's products over competitors (starting to favor the company's products)								
Company A	11	10.5	14	13.3	80	76.2	105	100
Company B	23	21.6	27	23.3	64	55.2	116	100
Company C	23	32.9	17	24.3	30	42.9	70	100
Total	59	20.3	58	20.0	174	59.8	291	100
χ^2 **(d.f.), *p* value**	22.64 (4), 0.0001							
Panel 4: Preferring the company's products over competitors (ceasing to buy competitors' products)								
Company A	20	19.1	42	40.0	43	41.0	105	100
Company B	37	31.9	38	32.8	41	35.3	116	100
Company C	40	57.1	18	25.7	12	17.1	70	100
Total	97	33.3	98	33.7	96	33.0	291	100
χ^2 **(d.f.), *p* value**	28.54 (4), <0.0001							
Panel 5: Being prepared to pay premium price (more than for competitors' products)								
Company A	29	27.6	32	30.5	44	41.9	105	100
Company B	49	41.9	34	29.1	34	29.1	117	100
Company C	45	64.3	18	25.7	7	10.0	70	100
Total	123	42.1	84	28.8	85	29.1	292	100
χ^2 **(d.f.), *p* value**	28.43 (4), <0.0001							
Panel 6: Being prepared to pay premium price (if price of the company's products increases)								
Company A	19	18.1	30	28.6	56	53.3	105	100
Company B	39	33.3	37	31.6	41	35.0	117	100
Company C	37	52.9	18	25.7	15	21.4	70	100
Total	95	32.5	85	29.1	112	38.4	292	100
χ^2 **(d.f.), *p* value**	27.88 (4), <0.0001							

proportion of the respondents exhibiting no such increase in motivation at all is only 20 per cent (ranging from 11 per cent to 33 per cent). For another 20 per cent of the respondents, the increase in motivation is uncertain.

With regard to the other five personal purchase behavior measures, the proportion of respondents overall exhibiting certain, increased motivation to purchase a company's products as a consequence of investing in the company's stock is between 30 per cent and 40 per cent. Specifically, the proportions are as follows: 36 per cent for purchasing more of the company's products in general (Panel 1, ranging from 26 per cent to 47 per cent); 30 per cent for purchasing the company's products more frequently (Panel 2, 23 per cent-41 per cent); 33 per cent for preferring the company's products over competitors by ceasing to buy competitors' products altogether (Panel 4, 17 per cent-41 per cent); 29 per cent for being prepared to pay premium price for the company's products than for those of competitors' (Panel 5, 10 per cent-42 per cent) and 38 per cent for being prepared buy the company's products even if their prices increased (Panel 6, 21 per cent-53 per cent). The lower figures for these measures than for the measure of preferring a company's products over competitors (Panel 3) are reasonable, since the latter is the most conservative measure (referring merely to one's preference in principle, not to actual purchase volumes, prices, or ceasing to buy from competitors altogether). The proportion of respondents whose motivation increase is uncertain for these measures is between 20 per cent and 40 per cent, leaving the proportions of respondents with no such motivation increase at all also between 20 per cent and 40 per cent.

The above findings, as well as our theoretical arguments, are supported by results from our additional measure concerning the individuals' product purchase decision making after their stock investment. Highly consistent with the finding that approximately 60 per cent of the respondents overall (Table I, Panel 3) exhibited certain, increased motivation at least to favor a company's products over those of competitors as a consequence of investing in the company's stock, approximately 60 per cent of the respondents reported that the fact that they owned a company's stock had influenced their purchase decisions about the company's products consequent on the stock investment (Table II, Panel 1). Among the stockowners of the different companies included in the sample, this proportion ranges from 40 per cent to 65 per cent. At the other extreme, the proportion of the respondents reporting no influence on their product purchase decisions by their stock ownership is 24 per cent (ranging from 15 per cent to 43 per cent). For another 18 per cent of the respondents, the influence is uncertain.

The above proportions are highly similar when it comes to reports of whether willingness to contribute to the sales/stock price of the company had influenced the respondents' product purchase decisions consequent on the stock investment (Table II, Panel 2/3) and whether their more positive attitude towards the company had influenced their product purchase decisions consequent on the stock investment (Table II, Panel 4). This supports our theoretical argument that individuals tend to exhibit increased motivation to purchase the products of a company as a consequence of investing in its stock both due to their vested interest in supporting the business of a company whose stock they own and due to increase in their positive attitude towards the company whose stock they come to own. The conclusion is the same when we examine (Table III), specifically, the reports of those stockowners (59.8 per cent, Table I, Panel 3) who exhibited certain, increased motivation to favor a company's products over those of competitors as a consequence of investing in the company's stock. The proportions of those who report that willingness to contribute to the sales/stock price of the company influenced their product purchase decisions consequent on the stock investment (certain influence: 70-80 per cent) are highly similar as the proportions of those who report that more positive attitude towards the company certainly influenced their product purchase decisions consequent on the stock investment (certain influence: 70-80 per cent).

Addressing research question 2, we present in Table IV the frequencies and proportions of stockowners who exhibit increased motivation to engage in positive word-of-mouth about a company's products as a consequence of investing in the company's stock. The proportions of respondents overall exhibiting certain, increased motivation to tell positive things about the company's products to others is 43 per cent. Up to 38 per cent overall exhibit also certain, increased motivation

Table II Frequencies and proportions of the self-reported influences of stock investment on one's product purchase decisions

	No influence on product purchase decisions		Uncertain influence on product purchase decisions		Certain influence on product purchase decisions		Total	
	n	(%)	*n*	(%)	*n*	(%)	*n*	(%)
Panel 1: Stock ownership in general (consequent on stock investment)								
Company A	16	15.4	20	19.3	68	65.4	104	100
Company B	23	19.7	21	18.0	73	62.4	117	100
Company C	30	42.9	12	17.1	28	40.0	70	100
Total	69	23.7	53	18.2	169	58.1	291	100
χ^2 (d.f.), *p* value	20.05 (4), 0.0005							
Panel 2: Willingness to contribute to the sales of the company (consequent on stock investment)								
Company A	15	14.4	17	16.4	72	69.2	104	100
Company B	25	21.37	17	14.5	75	61.1	117	100
Company C	29	41.4	18	24.3	24	34.3	70	100
Total	69	23.7	51	17.5	171	58.8	291	100
χ^2 (d.f.), *p* value	25.47 (4), $<$0.0001							
Panel 3: Willingness to contribute to the stock price of the company (consequent on stock investment)								
Company A	16	15.4	22	21.2	66	63.5	104	100
Company B	25	21.4	24	20.5	68	58.1	117	100
Company C	25	35.7	12	17.1	33	47.1	70	100
Total	66	22.7	58	19.9	167	57.4	291	100
χ^2 (d.f.), *p* value	10.10 (4), 0.0387							
Panel 4: Positive attitude to the company (consequent on stock investment)								
Company A	7	6.7	20	19.2	77	74.4	104	100
Company B	21	18.0	27	23.1	69	59.0	117	100
Company C	16	22.9	20	28.6	34	48.6	70	100
Total	44	15.1	67	23.0	180	61.9	291	100
χ^2 (d.f.), *p* value	14.47 (4), 0.0059							

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Table III Stockowners with certain, increased motivation to favor the company's products over those of competitors as a consequence of stock investment: frequencies and proportions of the self-reported influences of stock investment on one's product purchase decisions

	No influence on product purchase decisions		Uncertain influence on product purchase decisions		Certain influence on product purchase decisions		Total	
	n	(%)	*n*	(%)	*n*	(%)	*n*	(%)
Stock ownership in general (consequent on stock investment)	15	8.6	26	14.9	133	76.4	174	100
Willingness to contribute to the sales of the company (consequent on stock investment)	17	9.8	24	13.8	133	76.4	174	100
Willingness to contribute to the stock price of the company (consequent on stock investment)	17	9.8	33	19.0	124	71.3	174	100
Positive attitude to the company (consequent on stock investment)	8	4.6	31	17.8	135	77.6	174	100

Table IV Frequencies and proportions of stockowners who exhibit increased motivation to engage in positive word-of-mouth as a consequence of investing in the company's shares

	No motivation increase caused by stock ownership		Uncertain motivation increase caused by stock ownership		Certain motivation increase caused by stock ownership		Total	
	n	%	*n*	%	*n*	%	*n*	%
Panel 1: Telling positive things about the company's products to others								
Company A	18	17.1	33	31.4	54	51.4	105	100
Company B	34	29.3	25	21.6	57	49.1	116	100
Company C	25	35.7	30	42.9	15	21.4	70	100
Total	77	26.5	88	30.2	126	43.4	291	100
χ^2 (d.f.), *p* value	22.94 (4), 0.0001							
Panel 2: Encouraging others to purchase company's products								
Company A	22	21.0	36	34.3	47	44.8	105	100
Company B	40	34.2	25	21.4	52	44.4	117	100
Company C	37	52.9	21	30.0	12	17.1	70	100
Total	99	33.9	82	28.1	111	38.0	292	100
χ^2 (d.f.), *p* value	26.57 (4), <0.0001							

to actually encourage others to purchase the company's products. Among the stockowners of the different companies included in the sample, these proportions range from 21 per cent to 51 per cent and 17 per cent to 45 per cent, respectively. In contrast, the proportions of the respondents exhibiting no such motivation increases at all are 27 per cent and 34 per cent (17 per cent-36 per cent and 21 per cent-53 per cent). For 30 per cent and 28 per cent of the respondents, the increases in motivation are uncertain (22 per cent-43 per cent and 21 per cent-34 per cent).

Finally, in order to test whether the distributions of the motivation measures differ between the individual companies included in the study, we performed chi square tests of independence on Tables I, II, and IV. The chi square test statistics are highly significant ($p < 0.001$) on all the measures. This result indicates that the proportions of stockowners who exhibit certain, increased motivation to purchase the products of a company and to engage in positive word-of-mouth as a consequence of investing in the company's stock (versus those who exhibit uncertain or no motivation increase) differ from company to company.

A closer examination of the distributions reveals that especially the proportions for company C markedly differ from those of companies A and B. Specifically, the proportions of stockowners that exhibit certain, increased motivation to purchase the products of a company and to engage in positive word-of-mouth as a consequence of investing in the company's stock are clearly lower in company C than in companies A and B. This may have to do with the fact that whereas companies A and B use their corporate (brand) name also in selling their products, company C does not – it sells products under several product brands none of which is related to the company (brand) name. Consequently, an individual owning the stock of company C may be less aware of the product brands of the company so as to be motivated to purchase and engage in positive word-of-mouth about them. Alternatively, the positive attitude related to the company brand, potentially stemming from the stock ownership, does not as effectively come to motivate purchases and positive word-of-mouth about products promoted with different product brand(s) as it does when the one and same company brand name is used also to promote the company's products.

5. Discussion

5.1. Contributions to theory

Whereas individuals' consumption psychology and investment psychology have been traditionally viewed rather separately, researchers have recently begun to note that individuals who engage in buying and using the products of certain companies may also engage in investing in and holding the same companies' stocks (Aspara and Tikkanen, 2008; Aspara *et al.*, 2008a; Aspara *et al.*, 2008b; Schoenbachler *et al.*, 2004; Vogelheim *et al.*, 2001). Our research extends, in particular, the emerging work (Aspara and Tikkanen, 2008; Aspara *et al.*, 2008a; Schoenbachler *et al.*, 2004) on the influence of a consumer's stock ownership in a company on his/her brand loyalty towards the company – by explicating the individual psychology motivations underlying such an influence as well as providing empirical evidence of it.

First, we argued that an individual stockowner will have vested interest in supporting the business of the company whose stock he/she owns by buying the company's products as well as by having others buy the company's products through word-of-mouth. Namely, by purchasing him/herself and by having others purchase the products of a company whose shares one owns, an individual can make a contribution to the sales and cash flows of his/her "own" company and thus his/her own wealth as a shareowner – or rather, have the feeling of making such contribution. Second, based on self-perception theory (Bem, 1972), we argued that the individual's stock ownership in a company may lead to more positive attitude towards the company and, hence, positive attitude-induced, loyal and supportive behaviors towards the company and its products, including personal purchases and word-of-mouth.

As empirical evidence, we found that a large proportion of studied individuals, who had invested in stocks of selected consumer product companies, exhibited positive, increased motivation to purchase a company's products as a consequence of investing in the company's stock. A large proportion of studied individuals exhibited also positive, increased motivation to engage in positive word-of-mouth about the company's products. Most notably, for over half of the individuals in the present study – in one company for up to 75 per cent – stock ownership caused certain, increased motivation to prefer the company's products over those of competitors. Furthermore, for 30-40 per cent of the individuals – in some cases for up to 50 per cent – the stock ownership caused certain, increased motivation to cease buying competitors' products altogether and to pay premium prices for the company's products. Concerning word-of-mouth, for approximately 40 per cent of the individuals in the present study stock ownership caused certain, increased motivation to tell positive things about the company's products to others as well as to actually encourage others to purchase the company's products.

Finally, we found that the proportions of stockowners who exhibit increased motivation to purchase a company's products or engage in positive word-of-mouth about them differ between companies. Part of these differences might be explained by differences in the company's product categories (industries) and idiosyncrasies of their products and brands. Yet, we made also the observation that the specific company whose stockowners exhibited less motivation to purchase the products of the company as a consequence of investing in the company's stock did not promote or sell products under its company (brand) name – while the other companies studied did. Hence, we speculate that in companies which use their company brand name as part of or as "endorser" for their product brands ("branded house", or corporate brand name as "endorser" or "master brand", see Aaker and Joachimsthaler, 2000), the individual stockowners are more motivated to purchase the company's products and engage in positive word-of-mouth due to their stock ownership than in companies which do not have their company brand name connected to product brands and promotion (e.g., "house of (different) brands").

5.2. Managerial implications

The results of the present study have important managerial implications. As mentioned, customers and stockowners have been traditionally addressed in isolation in companies, by marketing and finance departments, respectively. Yet, since our findings show that individuals who own shares of a company tend to engage in repeatedly purchasing the company's products as well as in positive word-of-mouth, they should be seen as a special customer group or segment. Here, it is worth noting that publicly-listed companies often have tens of thousands or even hundreds of thousands of individual stockowners, which makes the special customer group constituted of them a fairly considerable one. In a similar vein, those shareowners who indeed tend to engage in repeat purchasing and positive word-of-mouth about a company's products should be treated as a special stockowner group or segment.

Managers have the opportunity to strengthen and take advantage of the tendency of individual stockowners to engage in repeat purchasing of the company's products. The company's products can be actively promoted for individual stockowners of the company to purchase, with increased probability of making sales. It may be that stockowners will merely have to be reminded of the current products of the company and provided with opportunity to conveniently purchase them, e.g. through the internet, mail, or a local store. Having the contact information of stockowners readily listed within the company's shareholder register makes it rather easy to contact these individuals with direct marketing offers. This is a new opportunity also for such companies that do not otherwise have direct contacts to the end-buyers of their products, such as manufacturers that have relied mainly on retailers and other intermediaries for contacting end-buyers. New product introductions can also be promoted actively to the individual stockowners for them to try and adopt; attempts can be made even to engage them in the actual product development as voluntary feedback-givers.

A further opportunity is to provide encouraging incentives to stockowners to engage in recruiting new customers to the company – something which may prove highly effective considering the stockowners' tendency to engage in positive word-of-mouth. Such incentives have been proposed as well as claimed to be effective already in the 1940s (Watson, 1949), but they seem to have obtained sparse attention in recent years, perhaps due to excessive isolation of marketing versus investor relation departments.

In general, since stock ownership in a company will motivate individuals' repeat purchases of the company's products, managers should explore the opportunity of targeting same individuals by promoting them both the company's stock and the company's products. Getting an individual to purchase the stock of the company will result in increased likelihood of his/her repeatedly purchasing the company's products, as well as having others purchase the products, too, through word-of-mouth. Moreover, it is likely that customers that repeatedly purchase the company's products, particularly if satisfied as customers, exhibit increased interest to further invest in the company's stock. Nevertheless, an important aspect to note relates to potential (dis)satisfaction among stockowners that are customers of the company and repeatedly purchase its products (see also Aspara *et al.*, 2008a). Namely, an evident risk is that in case a stockowner-customer becomes dissatisfied with the company or its products, he/she will both switch product/service providers and sell the shares of the company. This dual effect may be severe: the market valuation of the company is pushed down both due to lost current and future sales and due to the increased activity on the sell side in the stock market. Thus, preventing customer dissatisfaction with adequate product and service quality are paramount in the case of stockowners that act simultaneously as the company's customers.

5.3. Limitations and further research

One limitation of the present study is that, even if we had self-reported data on individuals' motivations, we cannot definitively know how strong behavioral drivers those motivations are. This is particularly evident regarding the stockowners for whom the increase in motivation to purchase the company's products, caused by stock ownership, was termed "uncertain". Nevertheless, even regarding the stockowners for whom the increase in motivation caused by stock ownership was concluded as "certain", the data does not permit us to know how much more extensively they have actually purchased the company's products or engaged in word-of-mouth due to their stock ownership. On the other hand, regarding the stockowners for whom the increase in motivation was concluded as "none", we cannot be absolutely sure either that their motivation has not increased at all: the respondents' self-reports may deviate from their actual motivations and behavior in any case.

In order to overcome the limitations of the present study, further research should examine our arguments with different kinds of data and research designs, perhaps some kind of field experiments, as well as investigate stockowners of companies from different industries and countries. Further research should also examine the role of (dis)satisfaction which customer-stockowners may exhibit about the company and its products (see, e.g. Aspara *et al.*, 2008a). For instance, how and at what point will dissatisfied customer-shareholders possibly "get fed up" in their lack of satisfaction and cease purchasing the company's products as well as sell its shares? Finally, the contribution of the satisfaction individuals have with companies as consumers of their products to their decisions to purchase and hold the companies shares should be studied. It is a highly interesting question whether customer satisfaction with a company leads to increased willingness to invest in the company and own its stock.

Note

1 For instance in the USA, Canada, the UK, and Australia, the stock market participation has rapidly risen, in the 1980s and 1990s, from about 10 or 20 per cent to even half of the population. In the USA, the share of families owning stock directly or indirectly (through, e.g. mutual funds or various retirement vehicles) went up from 19 per cent in 1983 to 49 per cent in 1998 (Aizcorbe *et al.*, 2003; ICI and SCA, 2002), in Canada from 13 per cent in 1983 to 49 per cent in 1998 (Toronto Stock Exchange, 2004), and in the UK from 9 per cent in 1978 to 34 per cent in 2000 (Muñoz, 2006). In Australia, the share of individuals with direct shareholdings increased from 10 per cent (direct and indirect: 15 per cent) in 1991 to 44 per cent (direct and indirect: 55 per cent) in 2004 (Reserve Bank of Australia, 1997; Australian Stock Exchange, 2005).

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Executive summary and implications for managers and executives

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

The respective purchase of stock and products have until recently been largely regarded as unconnected behaviors. But analysts are now noting that consumers who use the products or services of a specific company may be likely to also hold shares in the same firm. This practice is thought more significant given the growing tendency for ordinary consumers and households to become involved in stock market dealings.

Stockholding and advocacy

These developments indicate that company stockholders may also function as brand ambassadors who indicate their loyalty by purchasing the firm's products. However, the conventional view of finance and marketing as separate entities means that brand endorsement from stockholders has to date attracted scant attention.

Scholars believe this willingness to purchase products of a company whose stock the individual holds reflects a "special kind of economic/financial bond". The perception holds that buying products contributes to sales figures and cash flows and improves the wealth of company and individual shareholder alike. It is noted, however, that any effect is largely psychological since the potential for a small individual shareholder to impact on the sales of a large company is minimal. But an assumption also exists that people seek consistency in attitude and behavior. In this respect, buying stock reflects a positive attitude towards the company in question. On the other hand, dissonance between thought and deed is the likely product of holding shares in one company while purchasing goods or services from another.

A related issue is the influence that such stockholders can exert on others. By definition of being in this position, they have a vested interest in persuading others to purchase the firm's products. That way, it is possible to make a more significant contribution to the financial well-being of both themselves and the company. Through positive word-of-mouth (WOM), individuals can influence the purchase decisions of others and attain satisfaction from making this added contribution to their company. Another premise is that "attitudinal loyalty" provides further motivation to engage in positive WOM.

Survey and outcomes

Aspara explores these issues in a questionnaire survey of 293 individuals who own stock in one of three consumer product companies in Finland. The firms are listed on the Scandinavian/Finnish stock exchange and were selected to represent different industries and categories of product. Participants had invested in company stock during the preceding 18 months. The idea behind this was that these individuals would be better placed to recall the influence of investment on their motivation and behavior.

Respondents were asked to indicate the extent of their agreement with a series of statements relating to how much becoming a stockholder increased their motivation to buy products from the company in question. Items included in the survey also measured purchase behavior and frequency, preference over competing products and willingness to pay top prices. A further element involved respondents indicating to what extent they considered stock ownership and related individual factors had impacted on their purchase decisions. A range of statements were similarly included to ascertain the level to which investing in stock increased individual motivation to engage in positive WOM.

From the survey, the authors discovered that:

- investing in company stock made around 60 per cent of overall respondents more inclined to choose company products rather than those from a competitor. Only 20 per cent recorded no increased motivation, while the remainder were uncertain about the effect;
- significant percentages reported buying more of the company products in general, increasing their purchase frequency, favoring company products over rival offerings, and being willing to pay premium prices and continuing to buy the products if the price increased. In respect of these measures, no added motivation and uncertainty about any increase both rated between 20 and 40 percent; and
- overall, 43 per cent and 38 per cent revealed a willingness to respectively engage in positive WOM about the company or encourage other to buy its products.

The findings supported earlier research and the author's prediction that stock ownership does influence attitude towards the firm and purchase behavior of individuals concerned. That the proportions were broadly similar in relation to all items was deemed additionally supportive of these previous indications.

Variation across stockholders of the three firms was evident and additional analysis explored the significance of these findings. It was clear that increased tendency to purchase company products and engage in positive WOM after becoming a stockholder was lower in one company than in the other two. Whereas the products of both latter firms are marketed under its corporate brand name, the other organization instead sells products under various names unconnected with company identity. Aspara supposes that individual stockholders of this firm may either lack awareness of company products or feel less passionate about goods marketed under names that differ from the corporate brand. In essence, use of company brand name is perceived as an endorsement of the products. It is, however, also acknowledged that product category uniqueness could explain some of the differences.

That a significant percentages of stockholders surveyed indicated an increased motivation to indicate greater support for the company or engage in positive WOM is considered highly significant.

Marketing implications and additional study

The author believes that customers and stockholders should no longer be perceived as separate entities correspondingly linked to marketing and finance. Instead, organizations need to consider individual stockowners that purchase company products as special segments that can be of considerable size where publically-listed firms are concerned. One suggestion is that effective promotion of current products offered by the company may inspire purchase, providing convenient methods such as internet, mail or local store are made available. That contact details of this segment are entered in the firm's register of shareholders makes a targeted approach easier. New products can be similarly marketed to these people, who can subsequently provide a source of valuable feedback. An added notion is that providing satisfaction to these individuals as customers may persuade them to invest further in company stock.

Rewarding stockowners to actively recruit new customers for the organization is another possibility. This approach has been used as far back as the 1940s and could prove extremely worthwhile here given existing shareholder inclination to engage in positive WOM.

Companies are also urged to guard against potential dissatisfaction among this segment. This scenario could lead to individuals simultaneously switching to other product or service providers and selling their shares in the firm. Since developments of this nature can result in serious damage to company valuation, maintaining or improving the quality of company offerings is essential to keep any dissatisfaction at bay.

The self-reported nature on respondent motivation may limit the accuracy of findings. Additional research using different data types and alternative methods that might include field research is therefore recommended. Investigating stockholder attitude and behavior within various industries and countries is another possibility. Aspara also proposes closer exploration of satisfaction. This could determine whether satisfied customers are likelier to purchase company stock and help identify the point at which individuals become dissatisfied enough to turn elsewhere.

(A précis of the article "Stock ownership as a motivation of brand-loyal and brand-supportive behaviors". Supplied by Marketing Consultants for Emerald.)