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Interactions of Individuals' Company-Related Attitudes and Their Buying of Companies' Stocks and Products

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Although increasingly interested in individual investors' behavior and psychology, finance research has paid little attention to the fact that the same individuals who engage in investment behavior and trading of stocks of certain companies may also engage in other economic behavior, notably in the consumption of products. Recognizing this, as well as the increasing evidence of the role of company-related attitudes in individuals' investment behavior, the article presents a theoretical model concerning how an individual's company-related attitudes, his/her tendency to buy/hold the company's stocks, and his/her tendency to buy/use the company's products are likely to interact. The proposed interaction is suggested to generate a potentially considerable leverage effect, ultimately on the stock price of a company.

Keywords: Individual investors, Investing in stocks, Investor behavior, Investor psychology, Consumer behavior, Consumer psychology, Attitude, Brand loyalty

INTRODUCTION

In finance research, there has been increasing interest in how the stock prices of companies are formed and in the underlying investment behavior and psychology of individual investors, including their irrationality and emotionality (Clark-Murphy and Soutar [2005], Keller and Siegrist [2006], Shefrin [2002], Shleifer [2000], Wärneryd [2001]). The assumption that individuals invest rationally by forming expectations about future financial returns of stocks based on all available public information, consistent with rational expectations theory (Katona [1951], Lucas [1972], Muth [1961]), has been increasingly challenged (Wärneryd [2001], Foster and Viswanathan [1993], French and Roll [1986], Ito, Lyons, and Melvin [1998], Karrh [2004], Lee [1998]). Even the most fundamental notion assuming that individual investors have only the objective of maximizing their future wealth

through financial returns has been challenged (Beal, Goyen, and Phillips [2005], Clark-Murphy and Soutar [2004], Cullis, Lewis, and Winnett [1992], Fama and French [2004], Kahneman, Wakker, and Sarin [1997], Statman [2004]).

However, most research on stock market psychology and individuals' investment behavior has treated individual investors as if they were a separate species, neglecting the fact that the same individuals who engage in investment behavior and trading of certain company stocks also engage in other economic behavior, notably the consumption of products.¹ Only recently have researchers (Aspara, Nyman, and Tikkanen [2008], Clark-Murphy and Soutar [2005], Frieder and Subrahmanyam [2005], Schoenbachler, Gordon, and Aurand [2004], Vogelheim, Schoenbachler, and Gordon [2001]) begun to suggest and find evidence that the same individuals who engage in buying and using the products of certain companies may also engage in buying and holding these companies' stocks.

For instance, Schoenbachler et al. [2004] recently explored the links between individuals' buying of companies' stocks and their buying of companies' products. Specifically, they investigated whether individuals' brand loyalty and repeat purchases of the products of a company increased the likelihood that the individuals also purchased the stocks of that company and vice versa. The results suggested, on the

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one hand, that individuals tend to repeatedly buy brands and products from companies in which they hold stocks and, on the other hand, that individuals may buy stocks of a company because they have good experiences with its products and buy them regularly. Moreover, some researchers have implicitly addressed the links between individuals' buying of companies' stocks and their buying of companies' products by finding evidence that individuals' perceptions of and attitudes toward companies and their products (Clark-Murphy and Soutar [2005], Frieder and Subrahmanyam [2005], Vogelheim et al. [2001]) contribute to the individuals' decisions to buy/hold the companies' stocks.

Despite the growing interest in these relationships, no integrative framework exists that explicitly addresses the interactions of an individual's company-related attitudes, his/her buying and holding of the company's stocks, and his/her buying and using of the company's products. The purpose of this article is to present such a framework. Note that we do not attempt to explain a single outcome (variable) with a set of antecedents or explanatory factors (variables). Rather, we present a theoretical framework of the interactions, particularly of the positive influences the various factors may have on each other. Moreover, we focus on individuals (investors), not institutional investors, since individuals' behavior has been suggested to deviate most from the traditional rationality assumptions (Grinblatt and Keloharju [2000, 2001], Lee, Shleifer, and Thaler [1991], Odean [1998], Poteshman and Serbin [2003], Wärneryd [2001] p. 6). On the other hand, like Schoenbachler et al. [2004] in their recent study, we do not make an *a priori* distinction between individuals as private investors and as consumers, which is important with regard to many of the propositions we are going to make. In other words, we will discuss *individuals* in general.

Fundamentally, we build our model on theories concerning individuals' attitudes (Petty, Unnava, and Strathman [1991]), affect (MacGregor, Slovic, Dreman, and Berry [2000]), and attitude-behavior consistency (Abelson et al. [1968], Festinger [1957], McGuire [1969]). Concerning the interdependencies of an individual's buying/holding of a company's stocks and his/her buying/using of the company's products, we build additionally on the notion of brand loyalty (e.g., Jacoby and Kyner [1973]) as well as rational interests. Finally, concerning the dependencies of an individual's attitude to a company on his/her product buying/using and on stock buying/holding, we build on self-perception theory (Bem [1972]).

In order to build a comprehensive and plausible argument, we have chosen to structure our article as follows. We begin by analyzing the emerging evidence concerning the influence of individuals' company-related attitudes on their stock buying/holding, on the basis of theories on attitudes and attitude-behavior consistency. Accordingly, we present propositions concerning the influence of an individual's company-related attitudes on his/her willingness and tendency to buy/hold the company's stocks, both direct in-

fluence and indirect influence via expectations of the financial returns from the stocks. Second, we analyze the influence of the same company-related attitudes on the individual's willingness and tendency to buy/use the companies' products. Third, we complete our argument by analyzing the influence that an individual's tendency to buy/hold a company's stocks has on his/her tendency to buy/use the company's products, as well as their feedback effect on the individual's attitude to the company.

INFLUENCE OF COMPANY RELATED ATTITUDES ON WILLINGNESS TO BUY/OWN STOCKS OF CERTAIN COMPANIES

As analyzed below, there is increasing evidence implying that individual investors may favor stocks of certain companies partly because they have positive attitudes related to the companies. The influence of positive company-related attitudes on individuals' tendency to buy/hold the stocks of certain companies can be analyzed with respect to

1. the direct influence of individuals' company-related attitudes on their tendency to buy/hold the stocks of certain companies and
2. the indirect influence of individuals' company-related attitudes on their tendency to buy/hold stocks of certain companies, via the individuals' expectations about the financial returns and risks of the companies' stocks.

First, we analyze the direct influence and then the indirect influence.

Direct Influence

There is increasing evidence implying that individual investors may favor stocks of certain companies partly because they have a positive attitude to their products and brands (Frieder and Subrahmanyam [2005], Nagy and Obenberger [1994], Schoenbachler et al. [2004], Wärneryd [2001] p. 144). On the other hand, particularly in the field of Socially Responsible Investing (and Ethical Investing), there is a growing literature implying that individuals might favor stocks of certain companies partly because they have a positive attitude to the idea of social responsibility (ethics) and therefore, socially responsible (ethical) companies (Beal and Goyen [1998], Beal, Goyen, and Phillips [2005], Cullis, Lewis, and Winnett [1992], Heinkel, Kraus, and Zechner [2001], Hudson [2005], Kreander, McPhail, and Molyneaux [2004], Lewis and Mackenzie [2000a, 2000b], Rosen, Sandler, and Shani [1991], Schueth [2003], Sparkes [2001], Webley, Lewis, and Mackenzie [2001], Winnett and Lewis [2000]). Although these observations—attitudes to products/brands vs. attitudes to social responsibility—seem superficially different, an explanation for both can be sought from individuals'

tendency to maintain consistency in their attitudes and behaviors (Abelson et al. [1968], Festinger [1957], McGuire [1969]).

We maintain that a positive attitude to an object or idea is a relatively global and enduring positive evaluation of it (Petty et al. [1991]). The more positive the attitude an individual has to an object or idea, the more positive the attitude he/she is likely to form to another object or idea that he/she perceives to be associated to the first one, if he/she evaluates this association as positive. Namely, according to the expectancy-value model of attitudes (Fishbein [1963, 1967], Fishbein and Ajzen [1975], Wilkie and Pessemier [1973]), attitudes are based on beliefs that an individual has about, for example, an object (i.e., perceived associations) and his/her evaluation of these particular beliefs (i.e., how good or bad it is that the object has these associations). In this way, perceived cognitive consistency is maintained between positive (or negative) attitudes to various things with the perceived associations.

Moreover, we maintain that besides the *cognitive* associations, a positive attitude to an object or idea always involves affect (Batra and Ahtola [1991], Breckler [1984], Breckler and Wiggins [1989], Crites, Fabrigar, and Petty [1994], Eagly, Mladinic, and Otto [1994])—the overall evaluation of the object or idea is positively affective (Damasio [1994], MacGregor et al. [2000], Slovic, Finucane, Peters, and MacGregor [2002a, 2002b], Zajonc [1980]).

Furthermore, not only do individuals tend to maintain perceived consistency between their positive (or negative) attitudes to various objects and ideas, but they also tend to maintain perceived consistency between their attitudes and behaviors (Abelson et al. [1968], Festinger [1957], McGuire [1969]). Accordingly, an individual's positive attitude toward an object or idea, for example, a company, will manifest in the individual's increased predisposition to behave in a consistently favorable way with respect to the object (Fishbein and Ajzen [1975]).

On the basis of the above discussion, the observation that an individual may favor the stock of a certain company because he/she has positive attitude to its products and brands (Frieder and Subrahmanyam [2005], Nagy and Obenberger [1994], Schoenbachler et al. [2004], Wärneryd [2001] p. 144) can be explained with his/her tendency to maintain consistency in attitudes and behavior. First, assume that an individual has a positive attitude to a product or brand. This positive attitude, then, is likely to contribute to a more positive attitude to a company that is perceived to produce that product or own that brand since this production or brand ownership is likely to be evaluated as a positive association. Accordingly, the individual is likely to perceive a positive attitude to the company as consistent with his/her positive attitude to its product/brand. Increased tendency to buy/hold the stocks of the company would then be a manifestation of the predisposition to behave in a consistently favorable way with respect to objects the individual has positive attitudes to—the company and its product(s)/brand(s).

Socially responsible investing can be explained similarly (Getzner and Grabner-Kräuter [2004]). Assume that an individual has a positive attitude to the idea of social responsibility. This positive attitude is, then, likely to contribute to a more positive attitude to a company that is perceived to support or represent that idea of social responsibility, since this support or representation is likely to be evaluated as a positive association. Increased tendency to buy/hold the stocks of the company would be a manifestation of the predisposition to behave in a consistently favorable way with respect to objects the individual has positive attitudes to—the company and the idea of social responsibility.

Note that in our view, social responsibility is by no means the only an "idea" to which an individual may have a positive attitude, manifested consequently in his/her stock buying/holding tendencies. Other examples of ideas could be nationalities, for example, such as American or French, or health issues, such as the fight against cancer. Even hobbies or areas of interest can be considered "ideas" for our purposes, for example, golf or Scandinavian design. Positive attitudes to such things can make individuals favor stocks of, for example, McDonald's Corp. ("Americanism") or LVMH Corp. ("Frenchness"), a company developing a certain innovative cancer treatment (the fight against cancer), Wilson (golf) or Bang & Olufsen (Scandinavian design).

To summarize the above discussion, we propose the following:

Proposition P1: An individual's positive attitude to an idea positively influences his/her attitude to a product/brand (of a company) which he/she perceives to represent or support the idea.

Proposition P2: An individual's positive attitude to a product/brand (of a company) positively influences his/her attitude to a company which he/she perceives to produce the product or own the brand.

Proposition P3: An individual's positive attitude to an idea positively influences his/her attitude to a company which he/she perceives to represent or support the idea.

Proposition P4: An individual's positive attitude to a company positively influences his/her tendency to buy/hold the stocks of the company.

In the above propositions, the positive attitude to a product/brand refers to a positive attitude to a unique (proprietary) product produced by a single company or a brand owned by it. Nevertheless, it seems that individuals often form positive attitudes also to types or categories of products. Namely, research on "involvement," for instance, has often focused on individuals' enduring involvements particularly with product categories (Costley [1988], Richins and Bloch [1986], Richins, Bloch, and McQuarrie [1992]). In this research, an individual's involvement with a product category refers to the perceived personal relevance of the category, usually combined with a positive attitude to it.

An individual may, hence, come to have a positive attitude first and foremost to categories of products which he/she perceives to represent or support things to which an individual has such an attitude. With regard to the above examples, the corresponding categories of products could be American or French products in general, cancer treatment drugs in general, golf equipment in general, or Scandinavian design products in general. This further suggests that an individual may potentially form a positive attitude to *all* such companies which he/she perceives to produce products of the category to which he/she has positive attitude, and have increased tendency to buy/hold the stocks of such companies (or the companies of the corresponding industries).

Proposition P5: An individual's positive attitude to an idea positively influences his/her attitude to a product category which he/she perceives to represent or support the idea.

Proposition P6: An individual's positive attitude to a product category positively influences his/her attitude to a company which he/she perceives to produce products of the category.

Indirect Influence through Expectations about Financial Returns and Risks

In the following, we discuss the potential influence of individuals' company-related attitudes on their tendency to buy/hold the stocks of certain companies, to the extent that this influence occurs via influence on the individuals' expectations about the financial returns and risks of the companies' stocks. Namely, it has been implied that individuals' attitudes toward companies and their products and brands have influence on the individuals' expectations of the financial returns from the companies' stocks (Schoenbachler et al. [2004], *Journal of Product & Brand Management* [2004] p. 496).

Indeed, not only may the individual's positive company-related attitudes have *direct* influence on the individual's tendency to buy/hold stocks of certain companies, but also indirect influence via his/her expectations concerning the financial returns of the stocks. This can be explained by considering a positive attitude to a company as a global and enduring positive evaluation of it (Petty et al. [1991]). This kind of general positive (affective) evaluation can direct various judgments about the company (see, e.g., MacGregor et al. [2000]), including judgments or expectations of financial returns and risks (see Slovic, Finucane, Peters, and MacGregor [2004]). For instance, Ganzach [2001] found that even professional analysts based their judgments of risk and return for stocks of unfamiliar companies upon global attitudes toward them.

In principle, this kind of influence of an individual's positive attitude to a company on his/her expectations about the earnings and stock price increases of the company may be mediated by the individual's increased (over)optimism and overconfidence. Overconfidence and optimism are concepts to be understood relative to earlier finance research (Allen

and Evans [2005], Bhandari and Deaves [2006], Daniel, Hirshleifer, and Subrahmanyam [1998], Odean [1998, 1999], Stotz and von Nitzsch [2005], see also Keynes [1936]): as factors inflating the earnings and stock price increases that the investor expects from a company's stock as well as lowering the perceived related risk. The more positive the expectations become in this sense, the more willing to buy/hold the stock of the company the individual can be assumed to be. Thus, we propose:

Proposition P7: An individual's positive attitude to a company positively influences his/her optimism and overconfidence in forming expectations about the earnings and stock price increases of the company.

Proposition P8: An individual's optimism and overconfidence in forming expectations about the earnings and stock price increases of a company positively influence his/her tendency buy/hold the stocks of the company.

Moreover, although little studied, among the factors which individuals believe to influence the financial returns from stocks, there may be *other investors'* expectations of the earnings and stock price increases of companies (Wärneryd [2001] p. 6, 204–205, 252), as in the Keynesian beauty contest view [1936]. In this view, much of investment is driven by expectations about what other investors think rather than expectations about the fundamental profitability of a particular investment. Keynes [1936] observed that investment strategies resembled a contest in a London newspaper featuring pictures of about a hundred young women. The winner of the contest would be the newspaper reader who submitted a list of the top five women that would best match the consensus of all other contest entries. A naïve strategy for an entrant would be to rely on his or her own concepts of beauty to establish rankings. Rather, each contest entrant would try to second-guess the other entrants' reactions, and then sophisticated entrants would attempt to second-guess the other entrants' second guessing. Similarly, each potential investor may ignore the fundamental value (i.e., expected earnings) and try to predict "what the market will do." Adding to the previous propositions, we propose:

Proposition P9: An individual's positive attitude to company positively influences his/her optimism and overconfidence in forming expectations of others' expectations about the earnings and stock price increases of the company.

Proposition P10: An individual's optimism and overconfidence in forming expectations of others' expectations about the earnings and stock price increases of the company positively influence his/her optimism and overconfidence in forming his/her own expectations about the stock price increases of the company.

Finally, it has been suggested that individuals' beliefs of how (other) consumers and companies' customers view the companies' products and brands and what kind of attitudes

they have toward them may be based on individuals' *own* experiences with and attitudes toward the companies and their products and brands (Schoenbachler et al. [2004], *Journal of Product & Brand Management* [2004] p. 496). The same research implies that this belief is likely to influence the individual's optimism and overconfidence in forming expectations about the earnings and stock price increases of the company. The individual may act as a naïve scientist and reason that since he/she likes the company, others like it as well, and that the company will therefore succeed and its earnings and stock price will increase.

Proposition P11: An individual's positive attitude to the product/brand (of a company) positively influences his/her belief that others find the product/brand good.

Proposition P12: An individual's belief that others find a product/brand (of a company) good positively influences his/her optimism and overconfidence in forming expectations about the earnings and stock price increases of the company which he/she perceives to produce the product or own the brand.

INFLUENCE OF COMPANY RELATED ATTITUDES ON WILLINGNESS TO BUY/USE PRODUCTS OF CERTAIN COMPANIES

Up to now, we have related our propositions mainly to the influence of an individual's company-related attitudes on his/her tendency to buy/hold the company's stocks. Next, we analyze the influence of the same company-related attitudes on the individual's tendency to buy/use the company's products. We will do this by integrating some ideas especially from consumer behavior and marketing literature to what we have already proposed.

In consumer behavior and marketing literature, it is a commonplace notion that, generally, an individual's positive attitude to products/brands (of a company) positively influences his/her willingness and tendency to buy/use them. Analogously to stock buying/holding, this can be explained to be a manifestation of his/her predisposition to behave in a consistently favorable way with respect to the object of the positive attitude (Abelson et al. [1968], Festinger [1957], Fishbein and Ajzen [1975], McGuire [1969]). We propose:

Proposition P13: An individual's positive attitude to a product/brand (of a company) positively influences his/her tendency to buy/use the product(s) of the company.

Furthermore, assume now that an individual has a positive attitude to a company. Based on the discussion of individuals' tendency to maintain consistency in their attitudes, that positive attitude is, then, likely to contribute to a more positive attitude to products that are perceived to be produced by that company. Also, the individual is likely to perceive a

positive attitude to the products produced by the company as consistent with his/her positive attitude to the company. Increased willingness and tendency to buy/use the products of the company would be a manifestation of the predisposition to behave in a consistently favorable way with respect to the objects to which the individual has positive attitudes – the products of the company. This kind of influence of “corporate associations” (Brown and Dacin [1997], Folkes and Kamins [1999], Gürhan-Canli and Batra [2004], Keller [2003], Madrigal [2000], Martineau [1958]) may concern both an individual product of the company and all the products of the company in general.

Proposition P14: An individual's positive attitude to a company positively influences his/her positive attitude to a product/brand (of the company) which he/she perceives to be produced/owned by the company.

Proposition P15: An individual's positive attitude to a company positively influences his/her willingness to buy/use the products of the company.

Proposition P16: An individual's willingness to buy/use the products of a company positively influences his/her tendency to buy/use the product(s) (of the company).

Note that in proposition P14 (as well as in P1, P2, P11, P13, and P16), having “of the company” in parenthesis denotes that the individual does *not* readily have to know or perceive the product to be produced by the company. Having “of the company” in parenthesis simply denotes that the product/brand *is* in fact produced/owned by the company, regardless of whether the individual perceives or pays attention to this (as in “I want to buy a Walkman,” which just happens to be product of Sony Corp.). Instead, in proposition P15 (as well as in P18), the individual, in a way, is willing to buy/use “products of the company” per se (as in “I want to buy Sony's products”).

RECIPROCAL INFLUENCES: STOCK BUYING, PRODUCT BUYING, ATTITUDE TO A COMPANY

In this section, we complete our argument by analyzing the influences which the buying/holding of a company's stocks and the buying/using of the company's products have on each other, as well as their feedback effects on the individual's attitude to the company. The propositions that we present complete our theoretical framework depicted in Figure 1. Note that we introduce the “perceived to/as. . .” part evident at the end of some propositions by depicting, in the figure, “perception of. . .” as if this was a moderator variable, according to a standard notation. We have not reflected these “moderator variables” in separate propositions for reasons of limited space.

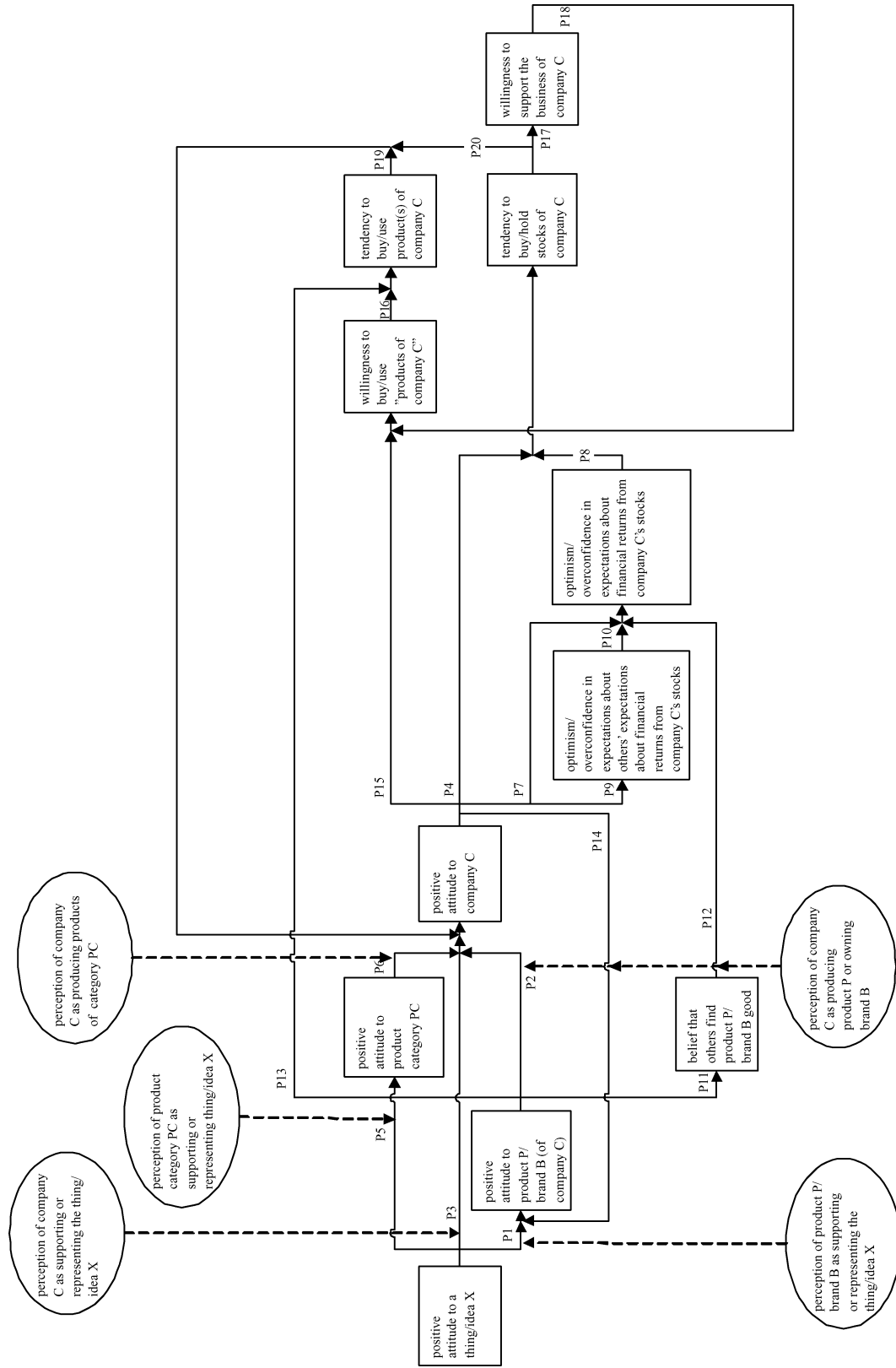


FIGURE 1 Interactions of an Individual's Company-related Attitudes, his/her Tendency to Buy/hold the Company's Stocks and his/her Tendency to Buy/use Company's Products

Influence of Stock Buying/Holding on Product Buying/Using

Considering particularly an individual who has come to own or hold the stock of a company, the tendency to hold the stock of the company is likely to strengthen the individual's interest to support the company's business by purchasing its products. As speculated by Schoenbachler et al. [2004], an individual may have vested indirect financial interest in buying/using the products of a company whose stocks he/she holds. Besides, buying the products of the company is likely to be perceived as (cognitively) consistent with owning stocks of the company. Thus, we propose:

Proposition P17. An individual's tendency to buy/hold the stocks of a company positively influences his/her interest to support the business of the company.

Proposition P18: An individual's interest to support the business of a company positively influences his/her willingness to buy/use products of the company.

Feedback Effects of Stock Buying/Holding and Product Buying/Using on Attitude to a Company

Concerning an individual's tendency to buy/use the products of a company, self-perception theory (Bem [1972]) implies that an individual's attitude to a company may become more positive when he/she buys/uses its products. According to the principles of the theory, an individual may pursue consistency between his/her attitudes and behaviors by inferring that he/she *must* have a positive attitude to the products and, further, to the company perceived to produce the products, since he/she is buying or using those products.

Proposition P19: An individual's tendency to buy/use the product(s) (of a company) positively influences his/her attitude to the company perceived to produce the product(s).

Finally, according to the principles of self-perception theory, it can also be assumed that an individual may 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 buys or holds its *stocks*. Consistently, it has been implied (Frieder and Subrahmanyam [2005], Schoenbachler et al. [2004]) that brand loyalty (see, e.g., Jacoby and Kyner [1973]), in the sense of an individual's psychological commitment and attitudinal bias toward a company (brand), may become stronger when the individual buys and holds, or owns, the stocks of the company.

Proposition P20: An individual's tendency to buy/hold the stocks of a company positively influences his/her attitude to the company.

DISCUSSION

Finance research has paid little attention to the fact that the same individuals who engage in investment behavior and trading of stocks of certain companies also engage in other economic behavior, notably the consumption of products. This article, with its theoretical model, adds to the emerging literature which addresses the links between individuals' buying/holding of companies' stocks and their buying/using of companies' products (Clark-Murphy and Soutar [2005], Frieder and Subrahmanyam [2005], Schoenbachler et al. [2004], Vogelheim et al. [2001]). The contribution of our model is in explicating the interactions of an individual's company-related attitudes, his/her buying/holding of the company's stocks, and his/her buying/using of the company's products. In so doing, our model also extends the research that generally challenges the assumption that individuals would invest in a strictly rational way by forming expectations about financial returns of stocks based on all available public information (see, e.g., Shefrin [2002], Shleifer [2000], Wärneryd [2001]).

Moreover, our model contributes to investor/finance research by implying that the buying/holding of stocks of companies can, to some extent, be considered as *consumption* from which utility can be obtained in the present, not only *investing*, that is, deferring consumption and maximizing future wealth or utility through future financial returns, as usually assumed. If an individual tends to buy/hold the stocks of a certain company, for instance, due to his/her highly positive attitude to the company and its products/brands, the source of motivation in question is not related, at least not totally, to the objective of maximizing future wealth through financial returns. This is somewhat consistent with a few instances of earlier research recognizing that individuals may, beyond the deferred utility from the future financial returns, obtain different kinds of expressive, emotional, or experiential utility or benefits (Fama and French [2004], Kahneman, Wakker, and Sarin [1997] p. 375, Statman [2004]) or psychic return (Beal, Goyen, and Phillips [2005], Cullis, Lewis, and Winnett [1992]) from stock investments in certain kinds of companies. Viewing stock holdings or ownership, to some extent, as experiential consumption in the present is also consistent with the commonplace notion of consumer/marketing research: goods that can be consumed are not limited to physical products and services but also include *experiences* and ideas (Solomon, Bamossy, and Askegaard [2002]).²

Furthermore, an implication of our propositions which is significant both theoretically and practically is that demand for a company's products, on the one hand, and for its stock, on the other, can be created in individuals somewhat simultaneously. Specifically, a special positive attitude which an individual has to a company, his/her tendency to buy/use the products of the company, and his/her tendency to buy/hold the stocks of the company may reciprocally and positively influence and strengthen each other, potentially producing a

considerable leverage effect. What is especially worth noting is that the leverage effect is ultimately on the stock price on the aggregate level. First, individuals' tendency to buy the products of the company will increase the sales and earnings of the company, resulting in increasing stock price, as the stock price is, based on traditional finance theory, fundamentally determined by the earnings. Second, individuals' increased optimism and confidence in forming expectations about the earnings and stock price increases of the company will lever the stock price further up. Finally, there will be a direct demand component for the stock based not only on the expectations about the future earnings and financial returns from the stock but also on individuals' positive attitude to the company and, potentially, the corresponding experiential utility gained from ownership per se in the present – which will lever up the market stock price as well.

The managerial question that remains is how to influence people's attitudes towards a company. It can be noted that this is a central question, for example, in corporate branding research (Aaker [2004], Aspara and Tikkanen [2008], Balmer [1995, 2001], Harris and de Chernatony [2001], Hatch and Schultz [2001, 2003], Knox and Bickerton [2003]). In any case, most of the positive attitudes individuals have toward a company are likely to stem from their positive attitudes to its products and brands, as well as to its employees and top managers and/or to its communications and advertising (Aspara et al. [2008], see also Bhattacharya and Sen [2003]). What is also likely to have influence is the perceived sponsorship and support by the company for things individuals like and consider important (e.g., ideas, activities, areas of interest). These potential drivers of individuals' positive attitudes to a company imply that the means of (traditional) marketing of products and brands, as well as the representation of the company through corporate communications, sponsorships, social responsibility campaigns, and public relations, are very important also in the sense of "marketing" the company and its stocks in financial markets.

Limitations and Further Research

A basic limitation of our research is that it does not explicitly address different kinds of companies with different kinds of product types. We do not pay explicit attention to differences in how individuals come to have positive attitude to different kinds of products and to companies producing different types of products (to different types of customers). For instance, differences between a company that offers products exclusively to consumers (B2C) and a company that offers products exclusively to serve the output of other companies/organizations (B2B) are likely to be considerable. Differences are possible also between a company that exclusively offers products whose consumption is highly visible or involve high social risk and a company that exclusively offers products whose consumption is private, not visible and without social risks. These are issues to be dealt with in fur-

ther research, with respect to specific types of products and companies.

Moreover, concerning a single individual, our model does not address the significance of the influence of an individual's positive attitude to a company and its products on stock buying/holding and product buying/using, relative to more rational expectations of the financial returns from the stock and the use value from the products. Further research should study the interplays between a company's product offerings, the creation of the rational expectations which individuals have in their roles as product buyers/users and stock buyers/holders, the development of their attitudes to the products and the company, and the individuals' buying behaviors as driven by the expectations and attitudes together.

In any case, our propositions require empirical testing first. The testing of the propositions should be based on multiple companies. It is possible and recommendable not to test all the propositions in a single study but to test only one subset at a time. Extensive qualitative research, involving individual and focus group interviews, might be a feasible first step. In both interviews and later surveys, it is reasonable to take samples among existing stockholders of particular companies and probe and ask them about the reasons for their purchases and ownership of the stocks and products of the particular companies. As opposed to an individual with no ownership, an individual who owns stocks of a certain company is likely to be able to reflect the reasons for his/her purchases and ownership of the stocks of that company as well as its products.

Although it may be best to have both qualitative and quantitative research first rely largely on respondents' own statements of the reasons for their stock and product purchases, other kind of research designs, involving definition of (interval-scaled) measures for the different concepts included in the propositions, gathering of data on the measures on different individuals and their ownership versus non-ownership or willingness to buy/hold the stocks of different companies, and application of structural equation modeling, for example, should be developed later.

Finally, a noteworthy limitation of our research is that we did not discuss the effects of an individual's potential *negative* attitude to a company. It is possible that the influences of an individual's negative attitude are simply inverse to those of positive attitude. Nevertheless, this is not necessarily the case and the hypotheses concerning the influences of an individual's negative attitude to a company should be further grounded on theory and empirically tested.

NOTES

1. Our conception of products includes not only tangible products but also intangibles, such as services.
2. We maintain that the ownership of stock can be considered a consumable good even if one could argue

that owning stock cannot be consumption, as nothing literally gets consumed, exhausted or worn out. After all, the same concerns most experiences and ideas, which are viewed as potential objects of consumption in consumer behavior literature.

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