Corporate Name vs Brand Name: Demystification of Controversy

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Corporate Name Vs Brand Name: Demystification of Controversy

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Introduction

“The board of directors worry about it, researchers paper it, and ad men talk about it. But few managers really know whether or not image affects the purchase of the company’s products - particularly in the consumer market” [Hardy 1970, pg. 70]. Up till today, there remains a general lack of understanding of the determinants and consequences of corporate associations, though researchers have begun to make inroads [Brown, 1997]. Addressing the above issue, the overall objective of this paper is to determine if there is any congruence between promoting consumer brand name in the FMCG industry and the retailers’ corporate name. Does a company with a good corporate name have any edge, in terms of a better new product/brand evaluation, over those companies that do not? This is the basic question and hypothesis that this paper would like to address.

**H1: Superior corporate reputation in the form of having superior corporate ability and corporate social responsibility, and new product/brand evaluation is independent of each other.**

Other than finding out on whether the corporate name of a retailer has any impact in its new product/brand introduction, this paper will explore deeper on what constitutes corporate name and how each dimension influences the ultimate consumers’ evaluation
of the new product/brand. The individual corporate name determinants that we will be covering and the objectives that they will serve in this paper are:

1. To determine if an organisation that has a superior corporate name (in terms of corporate abilities and corporate social responsibility) will perform better in the new product/brand evaluation as compared to those that lacked similar perception in the minds of potential consumers.

2. To determine if superior corporate abilities and new product/brand evaluation are independent of each other.

3. To determine the path(s) taken by corporate ability (CA) which influence product/brand evaluation.

4. To determine if superior corporate social responsibilities and new product/brand evaluation are independent of each other.

5. To determine the path(s) taken by corporate social responsibility (CSR) which influence product/brand evaluation.

This paper will contribute to both theory and practice in the area of corporate branding whereby the individual brand name is endorsed by the corporate name. In the theoretical sense, this research will provide the empirical support for corporate branding.

Past research had generally been concentrated on the western society, this paper seeks to balance this by taking a look at what consumers in the Asian society feel about the importance of a company name in the branding process. This paper will be very useful in Singapore since it is first of its kind to be done in Singapore.

From the review of literature, there is a general lack of systematic research being done on the influence of corporate name/reputation on product evaluation. Recognising the need for research on this type of topic (how the information consumers know about a company affect their responses to the products and services offered by the company), the Marketing Science Institute (1992, pp 6-7) proposed the following as research
priorities: obtaining a better understanding of “the value of a corporate image” and “the value of being seen as a corporate ‘good guy’”. Since the aim of this paper is to find out whether corporate name/reputation in the retail industry has any impact on new product evaluation and hence brand/product choice, it is in effect trying to assess the value of a good corporate image in the area of branding.

**Empirical Research on Measurements of Corporate Associations**

A brief overview of some primary dimensions of corporate associations will be discussed next. Most of these dimensions focus on individuals’ descriptive beliefs about a company. Although, the range of company dimensions given by the individuals is quite broad they can basically be grouped into the following categories.

One of the key dimensions of corporate association is economic success. Many authors have cited profitability (eg. King 1993; Aaker 1996; Fombrun 1996; Dowling 1986) as a key dimension to corporate image and reputation. This is easily comprehended, as in business, nothing is more impressive than a strong record of profits and hence it has become an undisputed dimension to signify success to the general public. Other than profitability, company size is also used as a means of representing corporate success [Fombrun, 1996].

One primary dimension of corporate image that almost all authors agreed upon is the degree to which the company is perceived as possessing abilities that make it successful. For example, several authors address the technological innovativeness of companies (e.g., Brown and Dacin 1997; Dowling 1986; Keller and Aaker 1993), others

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1: This section draws heavily on Brown (1997) Corporate Associations in Marketing and Consumer Research: A Review
consider the overall success of a company (e.g., Belch and Belch 1987; Goldberg and Hartwick 1990; Spector 1961), and others theorize other aspects that are central to a company's abilities (e.g., Barich and Kotler 1991; Cohen 1963; Neadle 1964). According to Aaker (1996), innovation is a key corporate brand association which is essential in generating credibility for a firm, especially in new product claims. The innovative company will be more likely to be given a benefit of a doubt because of its track record of breakthroughs that it has made. Finally, Keller and Aaker (1992) consider the perceived expertise of the company. In general, corporate abilities address the degree to which the company is capable of developing, producing, and delivering products and/or services (see Brown and Dacin 1997). Henceforth, one of the hypotheses in this thesis is:

**H2: Superior corporate abilities and new product/brand evaluation are independent of each other.**

Another primary dimension of corporate associations concerns the nature of a company’s interactions with its various publics. Anderson and Weitz (1989, 1992) examine a manufacturer’s reputation for fairness in its dealings with distributors and manufacturer’s representatives; Panitz (1988) also considers a seller’s interactions with a distributor to be an aspect of the seller’s reputation. Others address the manner in which a company treats customers (e.g., Cohen 1963), is concerned about consumers (Belch and Belch 1987; Cohen 1963), or empathizes with them (Elbeck 1988). The degree to which a company acts responsibly toward its employees is also included as an aspect of corporate associations. For example, Cohen (1963) considers the role of the company as an employer while King (1993) considers the image of the company with respect to whether it is a good company to work for. Others consider the conduct
of the company with respect to its employees (e.g., Barich and Kotler 1991) or in terms of its commitment to equal opportunity employment (Belch and Belch 1987; Dowling 1986).

Barich and Kotler (1991) specifically address the marketing image of a company, including perceptions of the company’s communications, sales force, and distribution channels. Neadle (1964) and Fombrun (1996) address the advertising image of a company; Winters (1988) discusses marketing image as well. There is also evidence that a company’s advertising efforts can influence corporate associations. Based on a series of studies for a large oil company, Winters (1986; 1988) provides evidence that both product advertising and institutional (i.e., company image) advertising exert a positive influence on corporate associations held by consumers.

Finally, several theorists suggest a product/service dimension to corporate associations (e.g., Barich and Kotler 1991; Cohen 1963; Dowling 1986; Neadle 1964). That is, aspects such as product quality are taken as associations of the company producing them. However, as others note (e.g., Aaker 1996; Brown and Dacin 1997; Keller 1993), the product and the company producing it are separate entities, although clearly there are circumstances in which the product may serve as an association to the company (and vice versa). Most marketing theorists have not included product considerations as an aspect of corporate image; though they would not deny the connection between product and company associations, most restrict corporate associations to aspects of the company itself. Given the current definition of corporate associations, specific product associations may be considered corporate associations only if they are closely tied to the company. It is not difficult to think of circumstances (e.g., the use of a corporate
branding strategy) in which the majority of corporate associations may be derived from a company’s products. However, the general position taken by marketers is that product/brand image (as opposed to a generalized association that a company produces quality products and services) is generally independent of corporate associations. Indeed, several researchers provide evidence that product considerations are antecedents of corporate associations (e.g., Clark et al. 1992; Keller and Aaker 1992; Pharoah 1982).

Another dimension that often is addressed in literature concerns the degree to which a company is fulfilling its societal obligations responsibly (e.g., Brown and Dacin 1997; Dowling 1986). Numerous theorists include facets such as corporate philanthropy (Barich and Kotler 1991; Goldberg and Hartwick 1990; Winters 1988), perceived trustworthiness or character (e.g., Keller and Aaker 1992; Spector 1961), community involvement (e.g. Elbeck 1988; Fombrun 1996), or environmental orientation (e.g., Belch and Belch 1987; Keller and Aaker 1993) as part of this dimension. Thus, the relevant null hypothesis is as follows:

**H3: Superior corporate social responsibility and new product/brand evaluation is independent of each other.**

The marketing literature suggests that corporate associations are individual level phenomena and that multiple audiences exist for each company. Corporate associations include descriptive content that is multidimensional in nature, as well as more global evaluations or memory structures. For this paper, we will concentrate on only two aspects of corporate associations - the corporate ability and corporate social responsibility, which have also been explored by Brown & Dacin (1997).
Methodology

Study One

The unit of analysis in this paper is individual consumers between the age of 18 to 55, of both genders.

The methodology used in this paper involves two sets of questionnaires in a lab-type environment were used in this paper and they were both adapted and designed with assistant from Professor Brown, Edwin L. Cox School of Business, Southern Methodist University. The two major differences between the questionnaire used in Brown & Dacin’s paper and our paper lies in (1) the new product to be introduced in Questionnaire Two, (2) the target companies to be used in Questionnaire Two.

The product (MediMix) used in Brown & Dacin’s paper two was changed to a product that most people are familiar with and have experience using – an ice-cream cake with brand name IceFresh. Next, the target companies that will be introducing the new product/brand in Questionnaire Two had also been changed from manufacturers to retailers. Hence, some questions were rephrased so that they will be appropriate to be used in the retail environment. In depth discussions of the both questionnaires will be presented next.

The first set of questionnaire (Questionnaire One) consisted of three sections and used a hypothetical company and product (refer to Appendix A for a copy of Questionnaire One). First of all, respondents were presented with a cover story describing a new type
of company profile being developed for investors who wanted to know general information about the companies that they might be interested to invest in.

In section one, respondents will be asked to read a profile of a hypothetical company (ZENET Co. Ltd). The profile described the status of the company in terms of both its Corporate Ability (CA) and Corporate Social Responsibility (CRS) attributes. In addition to that, a company report card that assigned a letter grade (A, B, C, D or F) to each of the corporate attributes will be given at the end of the descriptions. An “A” indicated that a company is far above the industry average on the attribute while an “F” indicated that a company is far below the industry average on the attribute.

To ensure variance on the key variables, four different descriptions of the ZENET Co. Ltd were used. Letter grade of A & B signify a positive relationship with the attribute while grade D & F imply a negative relationship with the attribute. The four company descriptions included the following combinations of corporate attributes: (1) CA\textsubscript{pos} CSR\textsubscript{pos} (2) CA\textsubscript{pos} CSR\textsubscript{neg} (3) CA\textsubscript{neg} CSR\textsubscript{pos} and (4) CA\textsubscript{neg} CSR\textsubscript{neg}.

The second section, began by telling respondents that investors may sometimes request an overview of a company’s product, followed by a description of a new product. The product, SINTEK A25, is the same as the one used in Brown & Dacin (1997) except for a few changes. SINTEK A25 is a device to monitor basic vital statistics that can be used by consumers of all ages. SINTEK A25 remains the same for all the different company’s descriptions. It is also in this section, respondents were also told that SINTEK A25 is sold by ZENET Co. Ltd and were asked to render their overall opinion of the product on a six-point scale (1 being very unfavourable and 6 being very
favourable). On top of a global evaluation, respondents are also required to answer statements on several product attributes on a six-point scale to assess product sophistication and product social responsibility. In addition to that a check question asking respondents to state the purpose of this paper is asked in this section.

In the last section, the company profile is once again being presented and respondents were asked to provide an overall evaluation of the company based on the information in the profile. Following that, respondents proceeded onto the evaluation of the various corporate attributes (eg. Marketing Ability, Community Participation etc.) using a six-point bipolar scales anchored with unfavourable to favourable.

**Results of Study One**

The sample size of Questionnaire One is 157. 86% of the respondents are from the student population and the other 14% are non-students. The educational level of the respondent range from primary level to postgraduate with the majority being tertiary educated (66%). In a prior paper by Brown & Dacin (1997), the respondents to a similar Questionnaire also comprised mainly of students or those in the tertiary level.

**Results of Hypothesis Testing**
Following are the hypotheses, developed earlier in the study and will be tested by Questionnaire One:

**H1**: Superior corporate reputation in the form of having superior corporate ability (CA) and corporate social responsibility (CSR), and new brand/product evaluation is independent of each other.

**H2**: Superior corporate ability and new product/brand evaluation is independent of each other.

**H3**: Superior corporate social responsibility and new product/brand evaluation is independent of each other.

In Table 1.1, the result on product evaluation among the four different descriptions of ZENET Co. Ltd is presented. According to the mean scores in Table 1.1, company description of Group 1 (positive CA and positive CSR) has the highest product evaluation mean score, followed by Group 2, 3 and finally 4. From this, it can be seen that a more positive company description (a company described positively in terms of CA and CSR), does lead to a more favourable new product evaluation. Using ANOVA, it is found that there is a significant difference in terms of product evaluation for the four different descriptions of ZENET Co. Ltd at the 0.1% significance level (F Ratio = 8.828, F Probability = 0.000). This further implies that when there is a difference in CA and CSR descriptions, it leads to a significant mean difference in new product evaluation. Based on this point, additional discussion will follow.

**Table 1.1: Mean Score and ANOVA of ZENET’s descriptions on Product Evaluation**

<table>
<thead>
<tr>
<th>Company Category</th>
<th>N</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>F - Ratio</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>41</td>
<td>4.707</td>
<td>0.680</td>
<td>8.828</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>Mean</td>
<td>Standard Deviation</td>
<td>T - Value</td>
<td>Significance</td>
</tr>
<tr>
<td>---</td>
<td>----</td>
<td>------</td>
<td>--------------------</td>
<td>-----------</td>
<td>--------------</td>
</tr>
<tr>
<td>2</td>
<td>38</td>
<td>4.290</td>
<td>0.694</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>38</td>
<td>4.132</td>
<td>0.811</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>40</td>
<td>3.675</td>
<td>1.309</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>157</td>
<td>4.204</td>
<td>0.979</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*1 = positive Corporate Ability (CA) and positive Corporate Social Responsibility (CSR)
2 = positive Corporate Ability (CA) and negative Corporate Social Responsibility (CSR)
3 = negative Corporate Ability (CA) and positive Corporate Social Responsibility (CSR)
4 = negative Corporate Ability (CA) and negative Corporate Social Responsibility (CSR)

Table 1.2: Mean Score and ANOVA of Corporate Ability (CA) and Corporate Social Responsibility (CSR) on Product Evaluation

Next in Table 1.2, we tested the difference in mean score of new product evaluation between Group 1 and 4 where Group 1 has the description of positive CA and CSR while Group 4 has negative descriptions for both CA and CSR. From the result given, we know that there is a significant difference in new product evaluation between the positive CA and CSR and negative CA and CSR. As the t-value (4.470) is significant at 0.1% level, we can reject the null hypothesis \( (H1) \) that superior corporate reputation in the form of superior CA and CSR, and new product/brand evaluation is independent of each other. On the contrary, the hypothesis that there is a significant relationship between superior reputation and new product/brand evaluation is supported. This means
that a difference in corporate associations can make a difference in new product/brand evaluation by consumers, all else being equal. This observation is based on the assumption that respondents to this survey reasonably represent the consumer body in general, ie as a surrogate body that fairly represent the population since we have no reason to believe it is otherwise.

After examining the combined effects of CA and CSR on new product evaluation, further in-depth analysis is required to find out how the two different corporate associations affect new product evaluation individually.

In order to isolate the effects of CA from CSR and vice-versa, we have run four independent t-tests to test for the mean difference in new product evaluation so as to keep one of the two factors, either CA or CSR constant.

In Table 1.3a and 1.3b, we have run t-tests of Group 1 against Group 3 and Group 2 against Group 4 all the while keeping CSR constant. In Table 1.3a, while keeping CSR positive as constant, we explored the effect of CA on new product evaluation. From the t-test result (t-value = 3.43), there is evidence at 0.1% level to show a significance difference in new product evaluation between positive and negative CA. This indicates that, all else being equal, having positive CA description does lead to a more favourable new product evaluation than a negative CA description.

Next in Table 1.3b, it is further proven that CA plays an important part in the new product evaluation through the fact that there is a significance difference in new product evaluation between positive CA and negative CA with CSR being negative as constant.
In both instances where CSR both positive and negative is held to be constant, we see a significance difference in new product evaluation between positive and negative CA description. This strongly implies that having superior CA is an important factor to be considered when one evaluates a new product. With these results, we are able to reject the null hypothesis (H2) that superior CA and new product/brand evaluation are independent of each other. In other words, there is evidence to support the statement that there is a significant relationship between CA and new product/brand evaluation. This shows that having positive CA will lead to a higher possibility of getting a better new product evaluation, all else being equal.
Table 1.3a: Mean Score and T-Tests of Corporate Ability (CA) on Product Evaluation with Positive CSR

<table>
<thead>
<tr>
<th>Company Category</th>
<th>N</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>T - Value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive CA</td>
<td>41</td>
<td>4.707</td>
<td>0.680</td>
<td>3.43</td>
<td>0.001</td>
</tr>
<tr>
<td>Positive CSR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negative CA</td>
<td>38</td>
<td>4.132</td>
<td>0.811</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive CSR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1.3b: Mean Score and T-Tests of Corporate Ability (CA) on Product Evaluation with Negative CSR

<table>
<thead>
<tr>
<th>Company Category</th>
<th>N</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>T - Value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive CA</td>
<td>38</td>
<td>4.290</td>
<td>0.694</td>
<td>2.57</td>
<td>0.012</td>
</tr>
<tr>
<td>Negative CSR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negative CA</td>
<td>40</td>
<td>3.675</td>
<td>1.309</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negative CSR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group 4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The next two t-tests that were being run involve keeping CA constant and varying CSR. In Table 1.4a, independent t-test between Group 1 and 2 is being run. In this instance, CA which is positive, is held constant while we explored the effects of CSR on new product evaluation. From the t-value (2.70) and significance level (0.8%) stated in Table 1.4a, we can conclude that there is a significant difference in new product evaluation between positive and negative CSR. In Table 1.4b, where CA negative is held constant, independent t-test is being run between Group 3 and 4. The t-value obtained is 1.84 and is significant at 7% level only. Since both independent t-tests are
significant at, at least 7% level, we can reject the null hypothesis (H3) that superior corporate social responsibility and new product evaluation is independent of each other.

It is also observed that the t-value in Table 1.4b is not significant at the usual 5% level that is applied in most t-test cases. Although the t-value is significant at the 10% level, we can see that this is the only case among the four t-tests run that does not meet the basic requirement of 5% level. This may imply that with CA as negative, the effect of just CSR alone is not significant enough to bring about a very significance difference in new product evaluation. From this it may be further implied that CA rather than CSR plays a more prominent role in affecting respondents in their new product evaluation. Although, the results of CSR are not very satisfactory (significant at only 7% level), we have decided to keep the construct in the path model in Questionnaire Two for more in-depth data analysis to ascertain if this observation is indeed true.

**Table 1.4a: Mean Score and T-Tests of Corporate Social Responsibility (CSR) on Product Evaluation with Positive CA**

<table>
<thead>
<tr>
<th>Company Category</th>
<th>N</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>T - Value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive CSR</td>
<td>41</td>
<td>4.707</td>
<td>0.680</td>
<td>2.70</td>
<td>0.008</td>
</tr>
<tr>
<td>Positive CA Group 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negative CSR</td>
<td>38</td>
<td>4.290</td>
<td>0.694</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive CA Group 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 1.4b: Mean Score and T-Tests of Corporate Social Responsibility (CSR) on Product Evaluation with Negative CA**
## Table

<table>
<thead>
<tr>
<th>Company Category</th>
<th>N</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>T - Value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Positive CSR</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negative CA</td>
<td>38</td>
<td>4.132</td>
<td>0.811</td>
<td>1.84</td>
<td>0.070</td>
</tr>
<tr>
<td>Group 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Negative CSR</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negative CA</td>
<td>40</td>
<td>3.675</td>
<td>1.309</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group 4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

After determining that there is difference in new product/brand evaluation resulting from the different descriptions of ZENET Co., Questionnaire Two will then bring the test of corporate associations a step further by using real companies instead of hypothetical ones. In this questionnaire, we intend to determine if corporate associations of retailers will have any impact on evaluations of a new product/brand – IceFresh Ice-cream cake. On top of that, through using path analysis, we will be able to determine the path(s) by which CA and CSR influence new product/brand evaluation.

In the subsequent sections that follow, demographics of respondents, correlation analysis and path analysis results will be presented.

### Study Two

The most critical difference between Questionnaire One and Questionnaire Two lies in the fact that real companies, in this case retailers in Singapore, are now being used rather than hypothetical ones (refer to Appendix B for a copy of Questionnaire Two). Instead of manipulating the corporate associations available to respondents, respondents can now draw upon their own perceptions on these real companies. The main purpose of this questionnaire is to measure respondents’ Corporate Ability and Corporate Social Responsibility associations for these real companies and examine the influences of those associations on new product/brand responses. Furthermore, path
analysis will also be applied to determine the paths undertaken by CA and CSR in influencing new product/brand evaluation. Five retailers, Marks & Spencer, Cold Storage, NTUC FairPrice, Shop N Save and Econ Minimart, will be used in this paper and below are some general information about them. The aim of using multiple retailers is to obtain generalizability of the results [Brown & Dacin, 1997]. In other words, the use of multiple retailers is to ensure that the results obtained in this paper can be applied to all retailers across the retail (supermarket) industry.

Questionnaire Two started off by informing the respondents that the purpose of this paper was to obtain their opinions about a new product under development. The new product, IceFresh Ice-cream cake, is then described in reasonable details and the name of the seller (eg. Marks & Spencer, Cold Storage) appears prominently below the brand name. Similar to Questionnaire One the product measures preceded over the measures of corporate associations in order not to create demand artifact by overemphasising the company. The overall product evaluation and product attributes measures are basically the same as those used in Questionnaire One except that some changes had been made due to the different nature of the products used (SINTEK A25 is a medical product while IceFresh is fast moving consumer goods).

The other part of Questionnaire Two focus on the company’s measures. The overall company evaluation is similar to that used previously. However, since corporate associations are no longer manipulated as in Questionnaire One, a list of corporate attributes was used to assess the corporate associations that respondents might perceive the retailers possessed. A six-point, bipolar scale anchored by “unfavourable” and
“favourable” is used to assess these corporate associations. Next, corporate ability and corporate social responsibility items are mixed to eliminate any order effects.

The statistical methodology that will be applied to data of Questionnaire Two will be path analysis. The path model, the validity and reliability of the various constructs will be discussed in the following sections.

**Constructs in Path Model**

There are total of six constructs in the path model. With regard to the objectives of this paper and based on the literature review, **New Product/Brand Evaluation** is the dependent variable. From a pilot test that has been done (in-depth discussion in later section), company name associations of retailers can be grouped into two distinct categories of **Corporate Ability** (CA) and **Corporate Social Responsibility** (CSR).

Components that make up CA associations and CSR associations are as follows with the Cronbach’s alpha factor loadings for within scale factor analysis.

**Corporate Ability (α = 0.8631):**

- Overall success of a company (0.743)
- Leadership in industry (0.642)
- Progressiveness of company (0.661)

**Corporate Social Responsibility (α = 0.7672):**

- Concern for the environment (0.651)
- Involvement in community work (0.591)
- Corporate giving to worthy causes (0.680)

Items that make up **Product Sophistication** and **Product Social Responsibility** are similar to those that are used in Brown & Dacin (1997) and are as follows with the Cronbach’s alpha factor loadings for within scale factor analysis.

**Product Sophistication (α = 0.6750):**
- This product is probably more advanced than any other products like it, that may come in the market (0.408)
- There are probably more innovative features in this product (0.480)
- This should be a sophisticated product (0.431)

**Product Social Responsibility ($\alpha = 0.7183$):**

- This should be a socially responsible product (0.694)
- This product should be highly reliable ie safe to consume (0.754)
- This product should be an environmentally friendly product (0.671)

Lastly, the construct **Corporate Evaluation** is measured by the overall corporate evaluation in Questionnaire Two.

After looking at the items of the constructs as well as the questions that measured them, this paper predicted or hypothesized that corporate ability associations influence the perceptions of important product attributes such as product sophistication while corporate social responsibility attributes influence the perceptions of the product social responsibility which in turn influence new product/brand evaluation. Furthermore, it is also believed that both CA and CSR will influence consumer evaluations of the company, which in turn influence the product evaluations. Following are the hypotheses which have arise from the above prediction.

H4a : **Corporate Ability does not significantly affect Product Sophistication.**
H4b : **Corporate Ability does not significantly affect Corporate Evaluation.**
H5a : **Corporate Social Responsibility does not significantly affect Product Social Responsibility.**
H5b : **Corporate Social Responsibility does not significantly affect Corporate Evaluation.**
H6 : **Product Sophistication does not significantly affect new Product/brand Evaluation.**
**H7** : Product Social Responsibility does not significantly affect New Product/brand Evaluation.

**H8** : Corporate Evaluation does not significantly affect New Product/brand Evaluation.

From the hypotheses, the following the path model in Figure 1.1 emerged and the relationships between the dependent and independent variables are presented.

**Results of Study Two**

Of the respondents, 71% are students while the other 29% are non-students. Majority of the respondents (96%) has educational level of at least college and above. And 92% of the respondents are below the age of 29 years. In the previous article by Brown & Dacin (1997), the respondents also comprised mainly of students. The total number of respondents in this part of our paper is 313 compared to Brown & Dacin’s 127 in a similar stage of their survey.

**Table 1.5** shows the correlation, covariance and descriptive statistics of the variables (note that variables here comprised of the group of items which were previously discussed in chapter three). As path analysis required the correlation or covariance of the measured variables to estimate path coefficients, **Table 1.5** will be used for this purpose. However, before we proceed to path analysis, we will first examine the results of the correlation among the variables.

From the correlation, CA is significantly and positively related to all other variables, indicating that the more favourable a company’s CA is, the more favourable consumers
viewed the rest of the other facets of the company (e.g. corporate evaluation, product sophistication).

CSR is also significantly and positively related to the rest of the other variables. This signify that when a company improves its social obligations, the rest of the other variables such as product social responsibility, corporate evaluation and product evaluation of the company will also be enhanced.

Corporate evaluation has a strong positive relation with product evaluation ($r = 0.229$, $p = 0.001$), establishing that the more positive the corporation is viewed by the consumers, the more favourable the new product/brand evaluation will be.

In short, all the variables are significantly correlated to one another, although, it is unsure how they will mutually affect each other. The path analysis results in the next section will enlighten us on the actual path(s) that these variables will take to influence one another.

**Results of Path Analysis**

In Questionnaire Two the main methodology that is employed is path analysis which is also used by from Brown & Dacin (1997). The sample size collected for Questionnaire Two is 313 which is more than the required 120 based on the 20:1 sample size to variable ratio rule. The software package used is Amos version 3.6 in SPSS version 7.5 where Amos stands for “Analysis of Moment Structures”. The path analysis results are shown in **Figure 1.1**. The fit estimates for the overall model ($\chi^2 = 13.42$, with 6 df, $p = 0.04$; GFI = 0.99; AGFI = 0.95; RMR = 0.03) are within acceptable standards.
In path analysis, the model is tested for significance at two levels: path coefficients and model fit. Coefficients in the path model are the same as regression weights and were tested for significance in the usual way of using t-value. The t-values are calculated through dividing the regression weights or standardised partial regression coefficients by the standard error [Joreskog & Sorbom, 1992]. As for model fit there are a host of Goodness-Of-Fit (GOF) indices that can be used to ascertain it. These GOF indices will be discussed in another section.

Results of Hypotheses Testing

The path model in this paper replicates in a broad sense the model that is used in Brown & Dacin (1997). It consists of a total of six variables as shown in Figure 1.1.

As mentioned previously, path coefficients can be tested using t-values. If the t-value (path coefficients/standard error) is significant, then the null hypothesis that the path coefficient is equal to 0 can be rejected. This indicates that a significant relationship exists between the specific variables linked by the path model [Schumacker & Lomax, 1996]. In accordance with the t-distribution, significance was assigned to effects such as: significant at the 10% level if t>1.64; significant at the 5% level if t>1.96; significant at the 1% level if t>2.58; significant at the 0.1% level if t>3.5.
Table 1.5: Correlation, Covariance and Descriptive Statistics for Questionnaire Two

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Product Evaluation</th>
<th>Product Social Responsibility</th>
<th>Product Sophistication</th>
<th>Corporate Evaluation</th>
<th>Corporate Social Responsibility</th>
<th>Corporate Ability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Evaluation</td>
<td>4.321</td>
<td>0.864</td>
<td>0.744</td>
<td><strong>0.203</strong>*</td>
<td><strong>0.268</strong>*</td>
<td><strong>0.229</strong>*</td>
<td>0.139*</td>
<td>0.124*</td>
</tr>
<tr>
<td>Product Social Responsibility</td>
<td>4.790</td>
<td>0.874</td>
<td>0.175</td>
<td>0.700</td>
<td><strong>0.245</strong>*</td>
<td><strong>0.139</strong></td>
<td><strong>0.212</strong>*</td>
<td><strong>0.210</strong>*</td>
</tr>
<tr>
<td>Product Sophistication</td>
<td>4.006</td>
<td>0.878</td>
<td>0.205</td>
<td>0.259</td>
<td>0.673</td>
<td><strong>0.163</strong></td>
<td><strong>0.164</strong></td>
<td>0.139*</td>
</tr>
<tr>
<td>Corporate Evaluation</td>
<td>4.254</td>
<td>0.811</td>
<td>0.160</td>
<td>0.094</td>
<td>0.120</td>
<td>0.655</td>
<td><strong>0.277</strong>*</td>
<td><strong>0.433</strong>*</td>
</tr>
<tr>
<td>Corporate Social Responsibility</td>
<td>3.446</td>
<td>0.761</td>
<td>0.094</td>
<td>0.124</td>
<td>0.124</td>
<td>0.187</td>
<td>0.545</td>
<td>0.534***</td>
</tr>
<tr>
<td>Corporate Ability</td>
<td>3.927</td>
<td>0.851</td>
<td>0.098</td>
<td>0.142</td>
<td>0.138</td>
<td>0.297</td>
<td>0.342</td>
<td>0.682</td>
</tr>
</tbody>
</table>

*Correlations are in boldface type and fill the upper half of the matrix; Covariance matrix occupies the diagonal and the lower half of the matrix.

* = p<0.05; ** = p<0.01; *** = p<0.001
Figure 1.1: Path Model of Questionnaire Two

Corporate Ability

Corporate Social Responsibility

Product Social Responsibility

Product Sophistication

Corporate Evaluation

New Product/Brand Evaluation

a = 0.12
b = 2.05*
0.40
7.02***
0.06
0.97
0.19
3.06**
0.21
3.87***
0.18
3.14**
0.13
2.37*

a = Standardised coefficients.
b = T-values
* = p<0.05 ; ** = p<0.01 ; *** = p<0.001
Paths denoted by solid lines are significant while dotted line denoted insignificant path.
From the results shown in Figure 1.1, the path coefficient from CA to Product Sophistication is 0.12 with t-value 2.05 and is therefore statistically significant at p<0.05 level. In other words, the hypothesis (H4a) that CA does not significantly affects Product Sophistication is rejected, leaving us with the conclusion that CA will have a significant direct effect on Product Sophistication.

Next, CSR also exhibits a significant direct effect on Product Social Responsibility with path coefficient at 0.19 and t-value at 3.06. It is statistically significant at p<0.01. As a result of this, H5a is hence rejected and CSR is proven to have a significant effect on Product Social Responsibility.

Of the two path leading to Corporate Evaluation, only the path from CA is statistically significant (path coefficient = 0.40, t-value = 7.02, p<0.001) while the path from CSR (path coefficient = 0.06, t-value = 0.97,) is not significant. This indicates that H4b is rejected and hence we concluded that CA does significantly affect Corporate Evaluation. On the other hand, H5b is not rejected implying that Corporate Evaluation may be independent of CSR.

Lastly, hypotheses H6, H7 and H8 are all rejected based on the t-values on the path model. In other words, Product Sophistication (path coefficient = 0.21, t-value = 3.87, p<0.001), Corporate Evaluation (path coefficient = 0.18, t-value = 3.14, p<0.01) and Product Social Responsibility (path coefficient = 0.13, t-value = 2.37, p<0.05) will all significantly affect Product Evaluation.
As evidenced by the path analysis results, CA affects Product Evaluation in two distinct ways. One of which is through Product Sophistication while the other is through Corporate Evaluation. On the other hand, CSR influence Product Evaluation only through one path, that is through Product Social Responsibility. CSR does not have a significant influence on Corporate Evaluation which implies that CSR is not an important consideration for respondents when they evaluate a company.

**Major Findings of Paper**

Supported by data from both Questionnaire One and Two and results of their analysis, one of the most important findings of this paper is the empirical validation of the relationship between corporate association and consumer new product/brand evaluation. From results of ANOVA in Questionnaire One and path analysis in Questionnaire Two, we know that what consumers know about a company, specifically pertaining to CA and CSR, can influence their reactions to a new brand/product. This implies that paying attention to and managing all of the corporate associations that consumers may have about a company, both in terms of ability and social responsibility, is an important strategic task that should not be taken lightly. Marketing managers should continue to build on corporate reputation both on the ability arena as well as on the softer aspects such as social responsibility.

Although both the general types of corporate associations can be influential, as shown in our paper (supported by Brown and Dacin in their paper too), there is still a difference on how each affect the ultimate brand/product evaluation. More in-depth discussion on how each of the two corporate associations affect new brand/product evaluation will be presented below.
Influence of Corporate Ability (CA)

From the results discussed in Questionnaire One, using ANOVA, it is shown that there is significant difference in new brand/product evaluation based on the different descriptions of CA (refer to Table 1.3a & Table 1.3b). One implication was that positive CA lead to a more favourable evaluation of the new brand/product and vice-versa. Having established in Questionnaire One that there is a statistically significant difference in means between positive and negative CA descriptions and their impact on new brand/product evaluation, Questionnaire Two explored the exact path of influence for CA, and supply other supporting evidence.

Analysis in Questionnaire Two further indicates that CA has a dual impact on new brand/product evaluation. CA exerts its influence on new brand/product evaluation through (1) product specification attributes perceptions and (2) the overall corporate evaluation. From this observation, it can be seen that there are more than one path of influence for corporate associations and its influence on new brand/product evaluation ie. a good name/ability associations leads to perceptions of better product in general which in turn leads to better credibility for new brands.

In situations where important product attributes cannot be fully evaluated prior to purchase or at the time of purchase due to missing information about these attributes, this paper has shown that consumers will use CA associations as a basis for inferences about the missing product attributes. For instances in Questionnaire One, the new high tech medical product SINTEK 25 is a product which respondents have not used or seen before and hence attributes such as durability and quality cannot be ascertained. The only way to evaluate the product is to draw inferences from corporate associations such
as corporate ability. Thus, the product evaluation of SINTEK 25 has a higher mean in descriptions that have positive CA than those that have negative descriptions. Further support of this is shown in the path analysis results in Questionnaire Two, where CA is proved have significant effect on the product attribute – product sophistication, which in turn significantly affect new product/brand evaluation. Therefore, through the development of CA associations through better marketing communication, marketing managers can leverage what consumers know about a company/retailer to compensate for what they do not know and cannot evaluate about a new brand/product.

Furthermore, CA can influence new brand/product evaluation through their effect on how consumers feel about the company/retailer. This is evident in the path analysis results which indicate that CA significantly affect corporate evaluation which in turn affects new product/brand evaluation significantly. Hence, in cases where product attributes of a new brand/product are known, a company/retailer can still derive value from the CA associations that consumers possess.

**Influences of Corporate Social Responsibility (CSR)**

After examining the impact of CA on new brand/product evaluation, this part of the discussion will be devoted on the effects of CSR. From the results of ANOVA in Questionnaire One, there is once again a significant difference in the means of brand/product evaluation between positive and negative CSR (refer to Table 1.4a & Table 1.4b). The implication of this is that CSR has an impact on new brand/product evaluation. However, how exactly does CSR influence new brand/product evaluation cannot be sufficiently shown by the ANOVA results of Questionnaire One hence leading to the results in Questionnaire Two.
As evidence by the path analytical results, unlike CA, CSR affects new brand/product evaluation through only product attributes perceptions and not through overall corporate evaluation. In this area, the results of this paper differ from those of Brown and Dacin which indicated that CSR affects new product evaluation through overall corporate evaluation and not through any product attributes perceptions. This difference may be due to the fact that in an Asian context, corporate evaluation or corporate success is measured more in terms of corporate ability such as leadership in industry, its financial success etc than what the company has contributed to society. Part of the explanation could be cultural. Another reason could be due to the fact that Asian countries have industrialised rather more recently which could explain this difference in attitude as oppose to the Western view.

While CSR seems not to have a influence on the overall corporate evaluation, it does have an impact on product attributes perceptions (product social responsibility) which means that CSR does indeed influence what consumers think about the product/brand’s social responsibility. Apparently, consumers believe that the corporate social responsibility status (a combination of attributes in Questionnaire Two) of a company/retailer does spill over to its new product/brand social responsibility. This difference (from Brown & Dacin’s paper findings) may be attributed to the fact that retailers instead of manufacturers are used in this paper. From the path analysis results, consumers generally believe that a retailer who is more socially responsible is more likely to sell products that have attributes that are socially responsible. Retailers, being closer to consumers in the distribution channel, may have a stronger influence on what eventually comes to the shelves for consumer to buy. Hence, it would seem that
consumers attribute the types of products being sold in the stores as a reflection on a retailer’s social responsiveness. In other words, retailers with greater social responsiveness would be more attempted to bring in brands/products that has characteristics which are more socially desirable. For example, retailer such as Body Shop which exhibits high social responsiveness, would give consumers the impression that the products/brands that are being sold there are socially responsible products such as being environmentally friendly.

In the past, marketing managers in Asian countries have been encourage by their counterparts in the west to pursue “enlightened self-interest” by striving to achieve various societal goals while earning profits. One of the ways to achieve that is through doing cause-related marketing [Embley, 1993]. Even though marketing managers can understand the benefits of engaging in socially responsible acts, there is little empirical evidence to support how societal oriented activities might bring about positive outcomes for the company. In this paper, it has been shown that when consumers know about such activities undertaken by the company, CSR associations influence the product attributes perceptions of the new brand/product and in turns affects the evaluation of the new brand/product. All else being equal, a more positive evaluation should produce greater revenue for the company/retailer.

As mentioned, the primary influence of CSR associations lies in its impact on the specific product attributes (product social responsibility) rather than through overall corporate evaluation, they still must be an important consideration in strategic decisions.
In summary, this study has shown that there is a link between corporate associations and missing brand/product attributes, consumers can use the corporate associations to draw inferences about the new product/brand. CA associations are more prominent in affecting new product/brand evaluation since they can influence evaluation through both specific product/brand attributes as well as overall corporate evaluation. CSR associations, on the other hand, affect new brand/product evaluation through specific product attributes only. Even so they are still play an important part in new product evaluation and should not be totally ignored.
BIBLIOGRAPHY


