

Consumer Database: Linking corporate brand attitudes and product brand attitudes

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Abstract: Corporate branding has evolved considerably over recent decades. A major assumption throughout its history is that corporate brands are able to imbue value to their associated product brands. Surprisingly, little attention has gone into testing such an assumption. The purpose of the current paper is to test the link between corporate brand attitudes and product brand attitudes based on the consumer database. The Chinese automobile industry is chosen as the context. The results demonstrate a link between corporate brand associations and each of the car product brands, fulfilling the purpose of the paper.

1. Introduction

A major purpose of the research is to explore whether corporate brands transfer value to product brands. This is a fundamental branding law that has received limited prior consideration. Concurrently, as a second major contribution, the research uses the Chinese market (for automobiles) as a context, an area of embryonic research for mainstream branding. Concurrently, as a third major contribution, the research extends the notion of corporate brand to joint venture corporate brand. That is, we consider the special case of corporate brand associations arising from the joint venture of two corporations. Joint ventures are common in the Chinese automobile industry, creating the potential for a surprising array of corporate brand associations. Finally, a fourth, albeit more minor contribution, the research contributes to the brand architecture literature, building on Ugglä (2006)[1]. Ugglä (2006) provides a useful classification and understanding of an array of corporate brand associations, especially through various partner associations that include co-branding, ingredient branding and endorsement branding.

The lack of literature examining the link between corporate brand and the company's own product brands may be a deficiency in our search methods, but the implication is breathtaking. Many companies in the car, truck, motor cycle, cycle, boat, pharmaceutical, vitamin, breakfast cereal and many more industries rely on a transfer of value from the parent corporate brand to its product brands – for example, from Toyota to Toyota Corolla. It would seem that very few scholars have confirmed whether this transfer occurs or not.

For the past decade, China has been busy developing strategic alliances and joint ventures with many global car companies (see next section) in an endeavour to build not just a car manufacturing capability, but also a car branding capability. The current paper evaluates progress to date through a large survey of 715 Chinese (FAW) car owners in Jilin province.

2. Literature review

The subsequent empirical literature linking corporate and product branding is limited, but also not coherent, taking many eclectic forms. Firstly, we note the special case of the brand extension literature where there is a vast body of evidence indicating that corporate brand beliefs are transferable to new products in extended domains [2,3,4].

Secondly, a much smaller body of literature addresses the topic of cooperative brand alliances. A central concept in such research is attitude to the co-branded product. The research generally shows that there is a transfer from the parent corporate brand to the co-branded product as shown by the review of literature in Dickinson and Heath (2008)[5]. The co-branding literature has some relevance for the current study, though it does not explicitly consider the joint venture brand per se. Lafferty et al (2004) study the alliance between a corporate brand and a “cause”[6]. They examine the impact of the attitude to the alliance, on the original corporate brand, so again the study is interesting from the alliance co-brand aspect, but not directly germane to our need.

Thirdly, there is a small literature that examines the effect of retail brands on purchase intentions of manufactured products [7,8]. The two studies do not examine the link from corporate retail brand associations to product brands, going directly from retail corporate brand to product purchase decisions.

Fourthly, somewhat related to the previous literature, several studies examine the link between store (corporate) image and consumer evaluations of store (product) brands. In the retailing context, Semeijn et al. (2004) demonstrate the link between corporate (that is, store, as a retailing organization) brand image and consumer perceptions of store brand (store brands are own brands) quality[9]. Martenson (2007) measures three reflective components of corporate image, namely store as a brand, store brands and manufacturer brands[10]. However, she does not allow corporate or store image to influence product brand assessments.

Fifthly, some studies examine the link from corporate brand to product quality [11], but not the link from corporate brand to product brand. The study by M.T.J B, Klement P. (2021) similarly examines the link between corporate reputation and product purchase intentions[12].

Lastly, the only study that the authors have been able to identify of the explicit link between corporate brand image and product brand image is Collins-Dodd and Lindley (2003)[13]. In a Canadian study, these authors establish a link between consumers’ store corporate brand image and perceptions of the same store’s own product brand image. Collins-Dodd and Lindley (2003)[13] seem to have inspired at least three related studies, but these are less convincing. Vahie and Paswan (2006) attempt a more limited model which is not easy to interpret[14]. However, their results seem to support a link between store image and store brand satisfaction – falling short of explaining store brand image or attitudes. Again, another more narrow (from our perspective) follow-up article is Zhang Xuefei (2020)[15], who does not directly link store (corporate) image perception with store brand (product) image perception, but an indirect link with store brand purchase intention is established via the ability of store image perception reducing the perceived risk towards store own brands. A third follow-up study, Kato, Takumi (2021), does more explicitly test for the link between store (corporate) image and private label (product) image, but the link is insignificant[16]. However, the model is somewhat confusing because in addition to store image it specifies another variable, service quality, which should be part of store image.

In summary, after examining a diverse and eclectic literature, only one study seems to come close to formally demonstrating the link between the corporate brand and the product brand. Even the Collins-Dodd and Lindley (2003)[13] article examines two closely related concepts, namely store (corporate) brand image and own brand (product) brand image. It is fortunate to have such a relevant study, though it still falls short of linking corporate brand attitudes and product brand attitudes. What we are saying is that brand image connections are very useful and worth examining in their own right. However, some of the benefits of the corporate brand operate at a higher, more abstract level rather than specific image attribute levels. For example, a strong corporate brand can convey trust and credibility that transcend mere attributes. For this reason we believe that there are definite benefits of examining the corporate-product linkage at the level of brand attitudes and not merely brand image.

3. Research design

The main research objective is to model car product brand attitudes in China and evaluate the

influence of various corporate brand associations. The dependent variable to be explained is consumer brand attitudes to the car that they drive. The independent variables include the following corporate brand associations: a pure corporate brand association from the parent company (FAW); a joint venture corporate brand, reflecting the joint venture between FAW and Volkswagen; a pure corporate brand of the joint venture partner, Volkswagen; a car dealer brand (through which the car is sold to the public).

It is also important to control for other possible influences on the product car brand-attitudes. Based on the consumer behavior literature, we include a question that asks whether the car brand reflects the image of the consumer. An additional determinant in the model is the level of perceived satisfaction from driving the car.

No other identified studies include a joint venture brand variable. Nor are there any identified studies that include four corporate brand associations to explain a product brand.

4. Methodology

This research adopts a quantitative research method to collect data. The quantitative research methodology is the best approach to testing unknown relationships with established or similar constructs. The survey instrument includes a number of demographic variables as well as items reflecting each of the scales (constructs) in the research design section. Importantly, the survey identifies upfront whether the user is driving a Bora, Sagitar, Hongqi or Besturn car. Users of other cars were not included in the survey, to ensure that the respondents had sufficient knowledge of the car and the influences on their brand attitudes about the car.

The research location is confirmed in Changchun, which is the capital of Jilin Province. Two main reasons for this: the city of Changchun is the hometown of FAW, which is one of the major players in China automotive industry. Changchun is an important car market for automakers and has a significant auto-culture. Hence, doing research in this location makes it easier to target relevant participants and to obtain their cooperation, an important aspect of Chinese research.

The participants normally should drive or have owned a car under the brand of Bora, Sagitar, Hongqi or Besturn, comparable to the approach in Lin and He (2015)[17] and Babin and Darden (1995)[18]. These participants were approached from a variety of car parks, shopping centers, cinemas, office buildings, schools/universities, or living areas.

The survey team was trained well in how to approach participants. Quality gifts were provided to motivate participants to respond to the survey. Respondents were assured of voluntary and anonymous participation, consistent with Stening and Zhang (2007)[19].

The survey has been designed in a structured format and most of the questions are closed using a Likert scale (using a 1 to 7 interval, from strongly agree to strongly disagree). The questions are concerned with the general opinions or perceptions of the participants and the closed scaled questions helps speed the process of the survey, which is suitable to fit with the Chinese customers' interaction preferences. The survey was administered in Chinese language by native speakers.

5. Results

The presentation of the results is as follows. Firstly, we present preliminary results to check for the adequacy of the data for factor analysis and data reliability and validity. The initial analysis includes presentation of the factor loadings and Cronbach alphas. Separate analysis is conducted for discriminant validity. Finally, we present the results of multiple regression analysis, which is conducted separately for each of the four car product brands.

Initially, all items pertaining to each of the constructs of interest are loaded into an exploratory factor analysis, using a varimax rotation. For the total sample, sampling adequacy is established with a KMO above 0.6 (KMO = 0.92) and a significant Bartlett's test of Sphericity (at the 0.00 level). Items load satisfactorily and appropriately onto their respective factors, at levels exceeding 0.40 and without cross-loading, thereby indicating convergent validity.

Reliabilities for each scale are satisfactory, with all Cronbach Alphas exceeding the 0.70

benchmark [20]. The Cronbach Alpha ranging from 0.75 for satisfaction with their car purchase decision to 0.84 for two constructs, dealer brand and VW corporate brand. Composites for each of the constructs of interest were created and discriminant validity assessed amongst the composites by comparing the square root of the Average Variance Extracted (AVE) to the inter-correlations between each pair of constructs [21]. Discriminant validity occurs when the square root of AVE is greater than the correlation coefficient between a pair of constructs. Construct validity applies when the AVE for each construct exceeds 0.50; this condition is also met. Therefore, in total, the proposed sets of items and construct components pass typical psychometric tests.

The results of the multiple regression analysis for each of the four car brands in China. In each case, attitudes to a particular car brand are the dependent variable. For all of the regressions, there is a high explanation of the dependent variable, typically the model explains about 40-50 per cent of the variance in attitudes to car product brands. There is no evidence of multicollinearity, with all VIF ratios less than three (well below the benchmark of 10).

Across all four car product brands, two explanatory variables stand out. Car dealer brand attitude is by far the dominant influence on car product brands and is highly statistically significant. A second major influence is the joint venture FAW-VW corporate brand. Such influence means that the higher the perception of a strong joint venture brand attitude, then the higher will be the consumer's attitude towards a particular car brand. In the two relevant joint venture car brands, we can discern the influence of the FAW-VW joint venture brand attitude.

Apart from the two corporate-level corporate brand attitude variables (dealerships and joint venture) discussed, what do the results reveal about the standard link between the car corporate brand attitudes and the car product brand attitudes? In essence, this relationship is the fundamental link that the paper investigates. In terms of the FAW corporate brand attitude, the link is weak. As the parent corporation, FAW would be disappointed with these results. For three of the four car product brands, the influence of the FAW corporate brand is negligible. Only for the Hongqi car brand is there a clear influence of the FAW corporate brand.

There is a strong VW corporate brand influence on the Sagitar car brand (significant at the one per cent level), though not for the Bora car brand produced by the same alliance

The model contains two additional variables: the ability of the brand to reflect a consumer's self-image and the user's satisfaction with the car. In the two joint venture car brands, the car brand attitudes are influenced by the ability of the car to reflect the self-image of the consumer. User satisfaction with the car brand had an effect with the Besturn and Bora car brands.

6. Discussion

The emphasis of the study is the influence of corporate brand associations on product brand attitudes in the Chinese car industry. Despite the importance of automobiles in most countries there are few marketing studies of automobile consumers internationally and apparently none that have linked corporate and product branding. Therefore, the study substantially adds to the literature of automobile marketing and branding, regardless of the country studied.

Collectively across the four domestic car brands studied, there is a complex architecture of corporate brand associations, considerably more than in most other studies. The network of corporate brand influences on product brand attitude formation includes the pure corporate image of the Chinese parent automobile company (FAW); the corporate image of the car dealers that support the parent automobile brand; the corporate image of the joint venture partner, Volkswagen; and the corporate image of the joint venture entity, the FAW-Volkswagen venture. That is, four different corporate brand associations seem to influence Jilin Province car users in our sample.

The architecture of corporate brand associations varies slightly depending whether we are discussing "pure" (FAW) domestic car product brands (Hongqi and Besturn) or domestically produced under joint venture (FAW-Volkswagen) car product brands (Bora and Sagitar). Consider first the pure domestic FAW car product brands. Hongqi was a pioneer domestic car product brand in the 1990s. Initially there was much esteem to owning such a product brand because it was the vehicle for higher-level government officers. However, since then its image has become muddled

because the product brand tried to sell to middle and lower level markets. The sample of respondents expressed perceptions consistent with a confused brand position, with Hongqi lagging behind the other three car product brands. Car dealers strongly influence the users of Hongqi, beta coefficient of 0.43 on attitudes to car dealer.

The large role of a pure Volkswagen corporate brand association warrants extra comment. The VW insignia is very clear on the front grill of the Sagitar, as it is with the Bora. Why is there a major influence from a pure Volkswagen corporate brand association and not simply say an even larger coefficient on the FAW-Volkswagen joint venture association? Perhaps the answer emanates from the aspirational, semi-luxury nature of the Sagitar brand vis-à-vis the Bora brand. Western luxury brands, such as Tiffany's and BMW, are still the benchmark for many Asian consumers. In terms of luxury or para-luxury associations, the pure foreign corporate brand association Volkswagen weighs more heavily than a hybrid Chinese-German corporate brand association (the FAW-Volkswagen joint venture entity).

In summary, we have contrasted pure domestic car product brands with domestically produced joint venture car product brands to observe different patterns of corporate brand association architecture. The pure domestic car product brands suffer from weak product and corporate branding and rely greatly on dealers to convey brand meaning to users of their car product brands. In contrast, joint venture car brands are able to draw on the intellectual capital and branding experience of major foreign (German) car manufacturer (Volkswagen in this study). A richer array of architecture of corporate brand associations applies in this situation. Expressed differently, one can see the wisdom of the domestic Chinese auto companies forging links with global auto giants.

7. Conclusion

The first contribution is a rigorous consumer-based evaluation of corporate brands in China in the car industry. FAW as a pioneer in Chinese automobile manufacturing has struggled in projecting its corporate branding to the Chinese public. It is fair to say that FAW has struggled to develop a strong corporate brand and this reflects in the statistical results. There are signs it is improving because the more recent Besturn car brand outperforms the Hongqi car brand in this respect, but the transfer of value from the corporate brand to the product brand is weak. Although we have no comparable data for the West, it is hard to imagine such weak results for Toyota or VW in Germany or any country for example. The current study seems one of the few worldwide examining the quantitative link between corporate brand and the corporation's corresponding product brands.

The corporate brand architecture framework provides insight into how consumers evaluate product brands. The resulting insight is complex, reflecting the different trajectories of the four car brands in the study. However, the corporate brand architecture also builds on Uggla's (2006) inspirational suggestion that it provides a useful planning platform for building the corporate brand. Specifically, the joint venture corporate brand architecture seems coherent and balanced, with appropriate dealer support and appropriate advertising. For example, the image-driven Sagitar fits in very well with a VW-led (by image), FAW-VW joint venture. In contrast, the pure domestic car product brands have an unstable corporate brand platform, with perhaps excessive reliance on brand-leadership from the dealers (by default), inconsistent brand positioning and non-supportive advertising. Identifying the two architectures or planning frameworks should facilitate further brand capability building in China.

The paper, pioneeringly, demonstrates a link from corporate brand attitudes to product brand attitudes. In the current context, four different corporate brand attitude variables influence product brand attitudes. Future research is needed to test these findings in other industry contexts and in other countries. A fundamental law of strong branding linking corporate and product deserves serious attention in both the academy and practice.

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