

The Study on the Effect of Product's Negative Information on the Corporate and Product's Portfolio

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Abstract: At present, many enterprises are engaged in production and marketing of a variety of products and there is difference in the status between product categories. Then, how does effect of the product's negative information on the company layer. How does the flagship product's negative information have effect on non-flagship product when it circulates between different products in the company? In this paper, we examined the effect of product's negative information through the experiments, which were from the vertical (product layer-Corporate-level) and horizontal (product-product) effects. Studies have shown that: Company evaluation has been affected significantly by products' negative information; non-flagship product's negative information has a significant impact on flagship product.

Keywords: Corporate Brand; Product Brand; Negative Information; Effect

1 INTRODUCTION

Nowadays although the enterprises manage many kinds of products, but the intensity between different type's product and the company joint is not same. ^[1]At present, the domestic and foreign research mainly focus on such aspects that information in the company level affected the consumers' appraisal (supposition has same status) of the sole product or all products, ^[2] the different type's information in company level affected the consumers' appraisal of different products (flagship product and non-flagship product), ^[3] as well as the product quality enhancement or the drop's influence on the parent-subsidiary brand name - quality joint relations. ^[4] However, whether information in product level, particularly negative information affect the consumers' appraisal of the company or not, whether the non-flagship product negative information affected the consumers' appraisal of the flagship product or not still to be the blank domain at present research.

Through experiment, we studied the effect of negative information in product level on company, as well as the effect of negative information of non-flagship product on flagship product appraisal. The effect of products' negative information the research obtained will have the innovative theory value.

2 THEORY BACKGROUND

2.1 Accessibility-Diagnosability Model

Accessibility-Diagnosability Model ^[5] believes that

whether or not as well as how much in degree some information used in the cognition judgment is decided by three conditions: First, the accessibility, it refers to the difficulty degree that the consumer withdraw the information from the memory. Second, diagnosability, it refers to the valid degree of this information used in the cognition judgment. The more related between the information or the concept, the more the sharing knowledge there are, the more prominent the function of information used in judgment, the stronger the diagnosability is. Third, relative diagnosability, when it exists two or more kinds of withdrawn information, one information's diagnosability enhances, then the other information's diagnosability will reduce. ^[6] In the company information combination, there are differences in accessibility and diagnosability between information in different level and heterogeneity ^[7].

This research's theoretical model is shown in Figure 1:

3 THE PROPOSED SUPPOSTITION

3.1 Product's Negative Information and Appraisal of Enterprise

The connection network memory model indicated that the flagship product occupies the main status in the product mix, and is close with the company brand; the flagship product's information will easily transmit the company brand name, which then will be activated, through the chain link. ^[8] Therefore, when the flagship product's negative information presents the possibility of

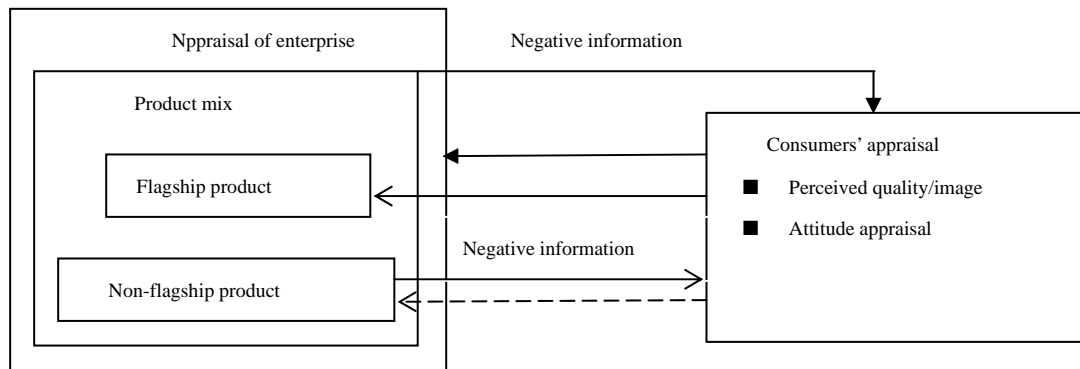


Chart 1 research model about effect of product's negative information

transmission to company brand is very high, consumers will reduce the appraisal of company. When the consumer learned about flagship product's negative information, they will renew the cognition to good appraisal of company and change company association, so the product's negative information is diagnosable.^[9] Although non-flagship product is different from flagship product, it is weak with company brand joint, and it occupies the secondary position in the product mix, but non-flagship product and flagship product are joining the company brand together.^[10] After non-flagship product's negative information is announced, it transmitted to company brand few, but still affect consumers' appraisal of company.^[11] Based on the analysis above, we propose the supposition:

Supposition 1: The flagship product's negative information will weaken consumers' appraisal of company.

Supposition 2: The non-flagship product's negative information will weaken consumers' appraisal of company.

3.2 Non-flagship Product's Negative Information and Flagship Product Appraisal

Wang Haizhong and them obtained that after the empirical study: The flagship product's information was diagnosable to non-flagship product appraisal; on-flagship product's information does not have diagnosability to flagship product appraisal.^[3] Although this research has only discussed the effect of product's positive information on flagship product or non-flagship product appraisal, "connection network memory model", which the mutual effect on flagship product and non-flagship product based on ,the information transmission mechanism is also suitable for the negative information. In

memory network, company brand name is essential node; flagship product and non-flagship product are both closed with company brand name. The flagship product is at high approachable situation, its information node is activated easily, and closed joint with company brand; But non-flagship product's information node is few, even if it is at high approachable situation, because joint with company brand is weak, the information can hardly transmit to company brand. But flagship product has very strong information node. Company brand's weak information, which was aroused by the non-flagship product, is very difficult to transmit to flagship product. Therefore, non-flagship product's information does not affect consumers' flagship product appraisal.^[3] So does non-flagship product's negative information. Based on the analysis above, we propose the supposition:

Supposition 3: Non-flagship product's negative information will not weaken flagship product appraisal.

4 RESEARCH METHOD

4.1 Experimental Design

4.1.1 Determine Stimulation Brand, flagship Product and Non-flagship Product

In order to choose the reasonable stimulation brand, we finally determined "CHANGHONG" as the stimulation brand through the massive collected materials and shifted data. After questionnaire recycling, statistical data stated: the number of respondents who thought that the television can most represent "CHANGHONG", this brand accounts for 100%. This survey results tallies with the real situation. Therefore, we choose television as flagship product, mobile phone as non-flagship product.

4.2 Data Collection

The questionnaire uses liker seven points, the higher the

scores, the higher the appraisal. We selected 85 people as respondents; the number of effective questionnaire is 80.

4.3 Statistical Analysis

4.3.1 When Flagship Product's Negative Information Appears, Frequency Analysis and Variance Analysis of Consumers' Appraisal of Company

Take the corporate image as the dependent variable, after SPSS frequency analysis and variance analysis we obtained: After flagship product's negative information appears, corporate image's score is obviously lower than the score before (Respectively M is 3.15, 5.00; $F=99.130$, $p=0.000<0.01$). This indicated that the corporate image appraisal exist remarkable difference before and after flagship product's negative, information appears.

Take the company manner appraisal as dependent variable, we obtained: After flagship product's negative information appears, the company manner appraisal's score is

Obviously lower than the score before (is 2.75, 5.00; $F=160.779$, $p=0.000<0.01$). This indicated that the company manner appraisal exist remarkable difference before and after flagship product's negative, information appears.

Combining corporate image appraisal and company manner appraisal we can draw the conclusion: Appraisal of company exists remarkable difference before and after

flagship product's negative information appears, namely flagship product's negative information will weaken the consumers' appraisal of company. The supposition 1 is confirmed.

4.3.2 When Non-flagship Product's Negative Information Appears, the Frequency Analysis and Variance Analysis of Consumers' Appraisal of Company

In the same way, combining corporate image appraisal and company manner appraisal we can draw the conclusion: Appraisal of company exists remarkable difference before and after non-flagship product's negative information appears, namely non-flagship product's negative information will weaken the consumers' appraisal of company. The supposition 2 is confirmed.

From the analysis above and data in Table 1 we can obtain that either flagship product's negative information or non-flagship product's negative information can weaken the consumers' appraisal of company, namely after different product's negative information appears in product mix, it can affect the consumers' appraisal of company.

4.3.3 When Non-flagship Product's Negative Information Appears, the Frequency Analysis and Variance Analysis of Consumers' Flagship Product Appraisal

Table1 the Frequency Analysis Results of Company's Evaluation

Dependent Variable	Product in Norm-al Situation	Flagship Product's Negative Information Appears	Non-flagship Product's Negative Information Appears
Company image	5.00 (1.055)	3.15 (1.284)	3.20 (1.335)
Company manner appraisal	5.00 (1.055)	2.75 (1.185)	3.00 (1.191)

Note: the digit is a standard deviation in the parenthesis.

Table2 the Frequency Analysis Results of Flagship Product's Evaluation

Dependent Variable	Mean1	Mean2	Std1	Std2
perceived quality	5.6	4.15	1.074	1.568
manner appraisal	5.6	4.40	1.074	1.539

Combining the analysis about flagship product's perceived quality and manner appraisal, we obtained: When the non-flagship product's negative information appears, the consumers' flagship product appraisal exists remarkable difference, namely non-flagship product's negative information will weaken flagship product appraisal. The

supposition 3 has not been confirmed.

5 CONCLUSIONS

After the theoretical analysis and the empirical study, the first two suppositions which this article proposed have been confirmed separately, this matches reality case (sanlu milk powder scandal). We are inspired: In enter-

prise's product mix, regardless of which product has quality problem or other negative information can reduce the consumer's appraisal of enterprise, just the effect is different, and this is beyond the range of this article's study. Therefore, in the process of enterprise production and sale management we should strengthen and enhance the product's quality and the service, including flagship product and non-flagship product, prevent" the short board effect". Supposition 3 was not confirmed. But we can obtain the consumers' cognition process of products' mutual effect in one company brand: When the consumer discovered non-flagship product's negative information, they will feel unsatisfied with non-flagship product. Combining conclusions in supposition 2, consumers will reduce appraisal of company. Although flagship product under the company brand will not be affected directly by non-flagship product's negative information because of its good quality and reliable core status, but will affect flagship product through the low appraise of company, this medium, thus indirect affects flagship product appraisal. Respondents have given the reasonable explanation.

The contribution of this article lies in: (1) it has studied product information's reversion effect on appraisal of company. (2) Take product's negative information as starting point, it studied non-flagship product's effect on flagship product in product mix.

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