Corporate Image Effects on Consumers’ Evaluation of Brand Trust and Brand Affect*

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<Abstract>
This research investigates relationships between a company’s corporate image and consumer attitudes toward brands in the company. It also examines the fit between a company and its individual products and consumer–company identification as intervening variables between the relationships.

Data for this research were collected from 347 undergraduate students through a survey. They were asked to provide their perceptions on two brands for each of 8 large Korean companies.

The results indicate that corporate image directly influences brand trust, whereas it does not affect brand trust indirectly, through company–product fit. Also, the results indicate that corporate image does not directly influence brand affect, whereas it does influence brand affect indirectly, through consumer–company identification.

Key Words: corporate image, company-product fit, consumer–company identification, brand trust, brand affect

INTRODUCTION

Many large companies in Korea use corporate names and individual product brands together when branding their products. The corporate names are likely to influence consumers positively as an endorser behind many of their products. “Samsung Anycall,” “Samsung PAVV,” “Samsung Sense,” “Samsung ZIPEL,” and “Samsung HAUZEN” are the brand names that Samsung Electronic Company uses for its cell phones, TVs, notebook computers, refrigerators, and washers, respectively. Samsung would expect consumers to evaluate their products more favorably by showing their corporate names together with individual product brands.

It has been reported that customers’ associations with a company have influences on their product evaluations. That is, consumers’ associations with a company’s corporate ability and its corporate social responsibility influence product evaluations (Brown and Dacin 1997; Sen and Bhattacharya 2001). For example, consumers will evaluate Anycall mobile phones more favorably as their corporate image improves toward Samsung.

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There has been research examining effects of corporate associations on individual products. However, little research has been conducted on the effects of corporate associations on product brands. We would like to raise such questions as: Will a change of a company's corporate image influence consumer attitudes toward brands included in the company's brand portfolio? Then, will a corporate image influence brand trust and brand affect similarly? What are critical intervening variables if a company's corporate image indirectly influences consumer attitudes? Both marketers and marketing researchers will be interested in these questions considering that there are a number of different product brands in many large companies like Samsung, LG, Hyundai, General Motors, and P&G and that more companies than ever before are spending money in corporate social responsibility initiatives.

This research attempts to build and test a conceptual model to address the questions raised above. More specifically this research investigates relationships between a company's corporate image and consumer attitudes toward brands in the company. It also examines the fit between a company and its individual products and consumer-company identification as intervening variables between the relationships.

Data for this research were collected from 347 undergraduate students through a survey. They were asked to provide their perceptions on two brands for each of 8 large Korean companies.

In the following sections we review relevant literature and then offer a conceptual model and research hypotheses. We then describe research methods to test the hypotheses and analysis and results. We end with a discussion of our findings' implications and conclusions.

THEORETICAL BACKGROUND

Corporate Image and Company-Product Fit

Studies have examined the roles of corporate associations in consumer reactions to products. Brown and Dacin (1997) found that corporate ability (CA) associations influence product attitudes through their influence on the evaluation of specific product attributes as well as through their influence on the overall evaluation of the company. In contrast, corporate social responsibility (CSR) associations influence product attitudes only through their influence on the overall company evaluation. Keller and Aaker (1998) report similar findings.

Sen and Bhattacharya (2001) have examined the conditions in which CA and CSR influence product responses. They find that the type of CSR a company adopts moderates the effect of CSR on product preferences. Madrigal (2000) finds that the perceived fit between the product and the company...