The Impact of Information Characteristics on Negative Spillover Effects in Brand Portfolios

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This study investigates the moderating effect of the information characteristics, namely crisis severity and attribution, on the spillover effect of negative information in a brand portfolio context. Three experiments provided validation of hypotheses related to spillover effects. We found that both factors moderate the pattern of spillover effects, although attribution information has a more dominant role in consumers’ interpretation process of negative information. This study sets the boundary conditions for the impact of negative information, and provides marketers with knowledge of situations in which the negative spillover is likely to be strengthened, attenuated, or even diminished.

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Accurate categorization mediated the relationship between information level, product prototypicality and perceptions of product newness (as per Baron & Kenny, 1986). The first two mediation criteria were realized above. When categorization accuracy was added into the analysis, the interaction between information level and prototypicality on perceived product newness was significantly diminished [F (1,75)=0.64, p>0.05], while the effect of categorization accuracy remained moderately significant [F(1,75)=3.02, p<0.1].

These findings provide evidence that 1) participants naturally engage in categorization processes upon encountering new products, and 2) the identification of a correct category label is needed to facilitate accurate newness perceptions for new-to-market products. Our findings suggest that people are not willing to perceive new-to-market products as new until they can identify with some level of certainty an appropriate category anchor.

References


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Research background
Product-harm crises are product-related incidents of negative publicity in the marketplace due to the malfunction, misuse and sabotage of products (Ahluwalia, Burtnak, and Unnava 2000; Dawar and Pillutla 2000). Beyond the direct impact on the harmed brand, a product-harm crisis may also affect other affiliated brands. For example, a sudden acceleration problem with the Audi 4000 automobile also negatively influenced the demand for Audi Quattro (Sullivan 1990). This spillover phenomenon can be conceptualized as the impact of external information (e.g. a product-harm crisis) on associated objects (e.g. brands) that are not directly involved (Balachander and Ghose 2003).

Despite the potential impact of such spillover between brands, knowledge about its effect is limited. Many studies on this issue focus on market-level analyses (e.g. Sullivan 1990). Among those that do focus on consumer-related issues (e.g. brand evaluations), few investigate the impact of inter-brand structure or relationships (e.g. strength of association between two brands, brand typicality in a product category) on spillover (e.g. Lei, Dawar and Lemmink 2005; Roehm and Tybout 2004). Essentially, a spillover effect is a network effect, and thus the network structure describing inter-brand relationships plays an important role in predicting the pattern of spillover effects.

Research questions
One underlying assumption in previous studies is that all negative information is alike in nature and induces similar patterns of spillover effects. Departing from prior research, we argue that the characteristics of the information itself moderate the processing of negative information and the spillover effect between brands. One important attribute of negative information is its severity (Herr, Kardes,
and Kim 1991). Extremely negative information draws more attention and a greater level of cognitive elaboration on the information, which facilitates spillover onto related brands (Petty et al. 1997). Next, consumers’ attribution of the crisis incident may also potentially influence the pattern of spillover effects. Attribution theory views people as rational information processors whose reactions are influenced by their causal inference (Folkes 1984). Previous research has shown that crises perceived to be avoidable cause more anger and stronger emotional reactions to the harmed brand than crises perceived to be unavoidable (Folkes 1984; Weiner 2000). These induced negative emotions could be generalized to related products/brands (Smith et al. 1999) and strengthen the spillover effect.

Hence, this research investigates the impact of crisis severity, consumers’ attribution of the crisis, and their interaction with the inter-brand structure on the pattern of spillover effects. We intend to set boundary conditions for the impact of negative information on brand evaluations, and therefore provide marketers with the knowledge of situations in which the negative spillover is likely to be strengthened, attenuated, or even diminished (Ahluwalia 2000). Furthermore, despite the prevalence of portfolio brands in the marketplace, little empirical research has been conducted in the brand portfolio context. In the current research, we lay the foundation for a theoretical framework of negative information spillover by focusing on the pattern of spillover in brand portfolios.

Experimental design

Three experiments provided tests of hypotheses related to spillover effects. Experiment 1 utilized a 2*2 factorial design, in which two levels of crisis severity (high/low) and strength of association between brands (strong/weak) were manipulated in one brand portfolio. Experiment 2 utilized a 2*3 factorial design, in which three levels of crisis attribution (internal controllable/external uncontrollable) and two levels of strength of association were manipulated in a different brand portfolio. Experiment 3 utilized a 2*2*2 factorial design, in which two levels of crisis severity, attribution (internal controllable/external uncontrollable), and strength of association were manipulated to test the three-way interaction. A series of pretests were conducted to develop appropriate crisis scenarios and select suitable brand portfolios where brands are associated with each other in different levels of association strength.

Experiment 1 and 2

Experiment 1 and 2 investigate the moderating effect of crisis severity and attribution on the spillover effect respectively. We hypothesize that severe crises and crises perceived to be internal controllable can induce a higher level of cognitive activation at the origin brand (where the crisis is exposed), and therefore facilitate a stronger spillover effect conveyed via associative linkages between brands. Results of experiment 1 support our hypotheses that a severe crisis at an origin brand has a greater spillover effect on the strongly associated target brand as compared with the weakly associated target brand, whereas no such differences are found for the non-severe crisis. Results of experiment 2 support our hypotheses that both internal controllable and internal uncontrollable crises have a greater spillover effect on the strongly associated target brand as compared with the weakly associated target brand, whereas no such differences are found for the external uncontrollable crisis. These results indicate that the network structure, namely the strength of association, influences the magnitude of spillover effect only if the crisis is perceived to be severe or it is attributed as internal causes.

Experiment 3

Attribution theory suggests that the attribution process dominates consumers’ interpretation process of negative information (Folkes 1984). Therefore, we expect that when severity information and attribution information are both present, attribution information might overshadow the impact of severity on the spillover effect contingent on strength of associations. Specifically, when a crisis is due to internal and controllable causes, consumers may already have very negative attitudes towards the brand. This may create a ceiling effect so that the impact of severity on spillover will be weakened or diminished. However, when a crisis is due to external and uncontrollable causes, a severe crisis would lead to a greater spillover than a non-severe crisis. We test this three-way interaction in experiment 3. The results confirm our hypotheses, yet reveal a different pattern than in experiment 1 and 2.

The results of this study suggest that the impact of negative information on brand portfolios is not homogenous. Rather, it depends on several information characteristics, such as crisis severity and attribution. This study also shows that, when dominant crisis information such as attribution is present, the impact of other crisis information will be weakened or even diminished. Furthermore, this study corroborates previous evidence that attribution information forms the basis for the updating of central consumer judgments such as brand evaluations (Folkes 1988; Klein and Dawar 2004). From a managerial viewpoint, the results of this study help managers to predict the pattern of spillover effects in brand portfolios by looking at not only the inter-brand relationships, but also the characteristics of negative information itself.

The Film Preference Scale: The Effect of Preference and Cultural Capital on Film Going Behavior

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Extended Abstract

Independent film and the independent film audience are neglected areas of research. Using the film preferences scale film audiences are split into four preference groups (independent, crossover, mainstream and no film) and these four groups are compared on a number of quantitative measures (Cultural Capital, Sensation Seeking and Communication behavior (Watson 2004). This is the first attempt to categorize film audience’s types via a scale that can be given to the general public.

The measure of cultural capital is used to elaborate on the notion that there is a class system in film that mirrors the dichotomy found in the traditional art world of high art and popular art. In the case of film, independent film functions as high art compared to mainstream films functioning as popular art. This dichotomy in film will help to explain to a certain extent the perceived inaccessibility of independent film.