

# The Company and the Product: Corporate Associations and Consumer Product Responses

Although brand theorists suggest that what a person knows about a company (i.e., corporate associations) can influence perceptions of the company's products, little systematic research on these effects exists. The authors examine the effects of two general types of corporate associations on product responses: One focuses on the company's capabilities for producing products, that is, corporate ability (CA) associations, and the other focuses on the company's perceived social responsibility, that is, corporate social responsibility (CSR) associations. The results of three studies, including one that measures respondents' CA and CSR associations for well-known companies and one that uses consumers recruited in a shopping mall, demonstrate that (1) what consumers know about a company can influence their beliefs about and attitudes toward new products manufactured by that company, (2) CA and CSR associations may have different effects on consumer responses to products, and (3) products of companies with negative associations are not always destined to receive negative responses. The authors conclude by discussing the implications of these findings for marketing managers and further research.

Consumers' cognitive associations for a company (i.e., corporate associations) can be both a strategic asset (Dowling 1993; Weigelt and Camerer 1988) and a source of sustainable competitive advantage (Aaker 1996; Ghemawat 1986; Hall 1993). Because influencing these corporate associations is an important strategic task (Barich and Kotler 1991; Fombrun 1996), marketers spend great sums of money each year on corporate advertising, corporate philanthropy, sponsorships, cause-related marketing, and public image studies (The Conference Board 1994; Kinnear and Root 1995; Schumann, Hathcote, and West 1991; Smith and Stodghill 1994). However, the outcomes of actions to enhance corporate associations are difficult to ascertain. According to one manager at a major American retailer, "We do all these good things ... we build buildings, give money away ... but we don't know if we get anything out of it."

Although corporate associations, such as corporate image, have a long history in the marketing literature, there is a surprising lack of evidence on how, when, and what

types of corporate associations affect product responses. As marketers, however, it is important to understand how the information consumers associate with a company affects their responses to the products and services offered by that company. Highlighting the need for research on this topic, the Marketing Science Institute (1992, pp. 6-7) recently 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'."

Our purpose is to explore the influence of the various types of cognitive associations that consumers can hold for a corporation on consumer product evaluations. We introduce two types of corporate associations—*corporate ability* (CA) and *corporate social responsibility* (CSR). Corporate ability associations are those associations related to the company's expertise in producing and delivering its outputs. Corporate social responsibility associations reflect the organization's status and activities with respect to its perceived societal obligations. For example, Ben & Jerry's Homemade has become "known as much for sharing its wealth with the poor as for its use of natural ingredients to produce incredibly rich ice cream" (Smith 1994, p. 42). Note that CSR associations are often unrelated to the company's abilities in producing goods and services.

Our investigation of this topic contributes to the marketing literature in numerous ways. First, we provide empirical validation of the relationship between corporate associations and consumer product evaluations; in short, we demonstrate that what consumers know about a company can influence their evaluations of products introduced by the company. Second, we demonstrate that different types of corporate associations (i.e., CA and CSR) can have important influences on company and product evaluations, but that the manner in which each type of corporate association affects

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product responses may be different. Third, we also provide evidence that suggests that corporate associations can serve as an important context for the evaluation of a company's products. For example, we demonstrate that products introduced by a company with negative CA associations are not always destined to receive negative product responses and, in certain situations, may experience an increase in product evaluations that similar companies with positive CA associations may not receive.

In the following section, we present a brief review of the relevant literature and elaborate on the distinction between CA and CSR associations. We then develop and test propositions about the effect of these associations on consumer responses to a new product. Next, we present three studies (one using consumers recruited in a shopping mall) and conclude with a general discussion of study results.

## Literature Review

We use the term *corporate associations* as a generic label for all the information about a company that a person holds. For example, corporate associations might include perceptions, inferences, and beliefs about a company; a person's knowledge of his or her prior behaviors with respect to the company; information about the company's prior actions; moods and emotions experienced by the person with respect to the company; and overall and specific evaluations of the company and its perceived attributes.

Corporate associations differ in their focus from product associations. The former deal broadly with the company, whereas the latter deal with a specific product or service (cf. Keller's [1993] distinction between brand knowledge and secondary associations; Aaker's [1996] distinction between organizational associations and brand associations). Therefore, we agree with the current thinking in the literature that suggests that the company and the products and/or services it offers are separate entities (Aaker 1996; Dacin and Smith 1994). However, the degree to which corporate and product associations influence each other is an open question for which little empirical evidence exists.

Much of the existing theory and research on corporate associations appears under the rubric of corporate image. In 1958, Pierre Martineau published seminal articles on corporate and retailer image (Martineau 1958a, b) that led to considerable attention directed at company image during the 1960s. In the early 1970s, however, the momentum of research on corporate image decreased dramatically, though the concept still reappeared occasionally in the marketing literature.

Various definitions of corporate image exist in the literature.<sup>1</sup> For example, some authors discuss the concept as a person's "perception" (e.g., Carlson 1963; Enis 1967), or a mental "picture" or "portrait" of a firm (e.g., Bristol 1960; Hardy 1970). Some authors incorporate evaluations, feelings, and attitudes toward a company into their conceptualizations of company image (e.g., Barich and Kotler 1991;

Cohen 1963; Dowling 1986; Pharoah 1982). Others refer to corporate image as the "associations and meanings" a person has about a firm (e.g., Martineau 1958b). We incorporate each of these perspectives in our general definition of corporate associations.

Although specific definitions of the construct differ, theorists agree that corporate image exists in people's minds and that there is not a unanimously shared corporate image for any given company. Moreover, virtually all frameworks proposed for corporate image (e.g., Barich and Kotler 1991; Fombrun 1996; Garbett 1988; Gregory 1991) posit that a company has multiple audiences or constituencies (e.g., consumers, the business community, government, news media, employees). We focus on the consumer audience.

Although company image waned somewhat as a research topic in marketing, it continues to be an active research topic in other disciplines. Researchers in economics and strategic management, for example, devote attention to the study of reputation capital, and the benefits this capital brings to a firm. This literature suggests that a reputation serves several functions, for example, as an effective entry barrier in a market (Kreps and Wilson 1982; Milgrom and Roberts 1982), a mechanism to encourage cooperation among competitors in regulated and deregulated markets (Daughety and Forsythe 1987), a mechanism to enable the firm to receive premium prices for its output (Shapiro 1983), and a basis for repeat business (Beatty and Ritter 1986). In addition, Nayyar (1990) notes that the information asymmetry between buyer and seller creates an incentive for service providers to capitalize on a firm's reputation and introduce new service offerings for existing customers. Management researchers (e.g., Fombrun and Shanley 1990; McGuire, Schneeweis, and Branch 1990) also study the influence of various firm performance measures on the business community's perceptions of firm reputation by using data from the annual *Fortune* reputation survey.

In the organizational behavior literature, Dutton, Dukerich, and Harquail (1994) suggest that an organization's image could influence the extent of member identification with the organization (see also Bhattacharya, Rao, and Glynn 1995). Accounting theorists have devoted considerable attention to the complexities of accounting for corporate reputation (see Riahi-Belkaoui and Pavlik 1992). Finally, in the finance literature, Cornell and Shapiro (1987) offer an insightful look at how a company creates value with its stakeholders through their ideas about net organizational capital. Clearly, corporate associations are an inextricable part of each of these perspectives.

## Prior Empirical Research

Over 25 years ago, Hardy (1970) lamented that few managers really knew whether knowledge of a company had any effect on the sales of that company's products. Much of the early empirical work on corporate associations focuses on developing measures of various constructs, such as company image, rather than on developing theoretical links to other important constructs, such as consumer responses (e.g., Bolger 1959; Clevenger, Lazier, and Clark 1965; Cohen 1967; Hill 1962; Spector 1961; Tucker 1961). Although a handful of studies do investigate the effects of

<sup>1</sup>For a more complete review of the history of corporate image conceptualization, see Johnson and Zinkhan (1990), Kennedy (1977), and Mertes (1971).

various corporate associations on consumer responses, their results are equivocal.

Several studies demonstrate that corporate image affects consumer product judgments and responses in a positive manner (Belch and Belch 1987; Carlson 1963; Cohen 1963; Keller and Aaker 1994; Wansink 1989). Similarly, others demonstrate this effect for related constructs, such as advertiser reputation (Goldberg and Hartwick 1990) and corporate credibility (Keller and Aaker 1992). Conversely, Hardy (1970) reports a weak negative relationship between company image and product preferences. Others, such as Shimp and Bearden (1982), find that the reputation of the company offering a product is not a powerful influence on consumer responses (e.g., lowering the perceived risk associated with innovative products).

The inconsistent results in the literature leave marketing managers with the intuitive implication that a good image is probably better than a bad image, but with little else to guide them as to how particular corporate positioning strategies might influence consumer product responses. We believe that one of the reasons for the inconsistency of prior results is that not all corporate associations are alike. Two companies may have the same overall degree of favorability for consumers, yet each company might experience different influences of corporate associations on consumer product responses. We believe that to understand these different effects it is important to distinguish between two types of associations—CA associations and CSR associations.

## Two Types of Corporate Associations

In their review of extant theory and research on the treatment of corporate reputation in accounting, Riahi-Belkaoui and Pavlik (1992, p. 81) conclude that a company's social performance and its organizational effectiveness are "two major signals used by firms to create a good reputation" among its various audiences. In many ways, these two categories of corporate associations represent two general corporate positioning strategies that might be pursued by managers. To illustrate, a manager might choose to position a company (1) on its corporate ability (CA), or expertise in producing and delivering product and/or service offerings, or (2) on its corporate social responsibility (CSR), or the character of the company, usually with regard to important societal issues. A company following the first positioning strategy would focus on the expertise of employees, superiority of internal research and development and the resulting technological innovation, manufacturing expertise, customer orientation, industry leadership, and so on. Such a strategy serves to build or reinforce associations related to the company's products and services. Consumers also might learn CA associations from prior experiences with a company, word-of-mouth communication, or media reports. For example, repeated product recalls provide consumers with information about a company's product-related abilities.

As an alternative, there is increasing attention directed at strategies designed to showcase CSR. For example, some companies focus on environmental friendliness, commit-

ment to diversity in hiring and promoting, community involvement, sponsorship of cultural activities, or corporate philanthropy. Other companies increase their visibility in their support of social causes through cause-related marketing (e.g., Varadarajan and Menon 1988). During 1993, companies spent about \$1 billion on cause-related marketing campaigns, an increase of 150% over 1990 (Smith and Stodghill 1994). Although such strategies may influence how consumers think about a company, they offer consumers little information that is directly associated with the products and services it produces.

Although absent from the marketing literature, we believe that the distinction between CA and CSR associations is an important one in the context of consumer product responses. The manner in which corporate associations influence new product evaluations differs depending on the nature of the corporate associations held by consumers. Consequently, understanding how corporate associations influence consumer product responses would increase the ability of marketers to manage crucial decisions, such as which types of associations to emphasize in the introduction and positioning of new products.

## Study One: Corporate Associations and Consumer Product Responses

In many situations, consumers might possess both CA and CSR associations for a given company. For example, a consumer might believe that the Microsoft Corporation is a leader in the development of computer software technology, as well as a major corporate sponsor of cultural events. Similarly, consumers might recognize Exxon Corporation as an innovator in petroleum extraction and refining and at the same time view the company as a threat to the natural environment. We consider the context in which both types of corporate associations are available to consumers and examine whether and how these sorts of corporate associations influence consumer opinions of the products marketed by companies.

We propose two general ways in which corporate associations might influence consumer responses to a company's products. When consumers evaluate a new product, they presumably consider salient or diagnostic attributes of the product and, on the basis of these attributes, form an opinion of the product. If corporate associations provide cues about the likely standing of the new product on a particular attribute, they may influence consumer perceptions of the product attributes. In addition, corporate associations might influence consumers' product responses in a more global manner by serving as an evaluative context for the new product. Following, we discuss these two types of influences of corporate associations on consumer product responses.

When a consumer initially encounters a new product, important information about the product is often missing. The literature on consumer inference making (e.g., Dick, Chakravarti, and Biehal 1990; Lynch, Marmorstein, and Weigold 1988; Simmons and Lynch 1991) suggests that consumers may form inferences about missing product attributes by drawing a connection between an available piece of information (e.g., a company's reputation for innova-

vation or manufacturing ability) and the missing attribute (e.g., product sophistication, innovativeness). For example, Wansink (1989) demonstrates that consumers may draw inferences about missing product attributes from corporate information. Corporate ability associations, which are relevant to the company's ability to produce output, are one likely source for inferences about product attributes. One important product attribute that may be influenced by CA associations is perceived product sophistication, which we define as the degree to which a product exhibits the latest technological advances. Corporate social responsibility associations, on the other hand, which are less relevant to the company's ability to produce goods or services, offer consumers little in the way of information directly related to filling in missing product attribute values.<sup>2</sup> Thus, we propose that one way in which corporate associations, in particular CA associations, influence consumer product responses is through their influence on product attribute perceptions.

Extant empirical research demonstrates that consumers use both performance-related corporate associations and perceived social responsibility when forming an impression of a company (e.g., Winters 1986, 1988). We believe that both CA and CSR associations may be used by consumers in establishing a corporate context for evaluating new products. Although CSR associations may have little effect on product attribute perceptions, they may be useful for enhancing the liking or trustworthiness of the company (Aaker 1996).

When a consumer identifies a product with a company, an opportunity arises for the overall evaluation of the company to influence the evaluation of the product. Bargh and

<sup>2</sup>An exception to this general situation might occur if a particular product or category were consistently marketed on the basis of social responsibility attributes.

colleagues (1992, p. 893) demonstrate that the automatic retrieval of stored evaluations is pervasive, noting that "most evaluations stored in memory, for social and nonsocial objects alike, become active automatically on the mere presence or mention of the object in the environment." In the marketplace, opportunities abound for consumers to link companies to products. The use of a corporate branding strategy is an obvious situation in which this occurs, but it is by no means the only situation. We believe that when the evaluation of the new product occurs in the presence of corporate information, the corporate associations can create a context for the evaluation of the product.

### Model Summary

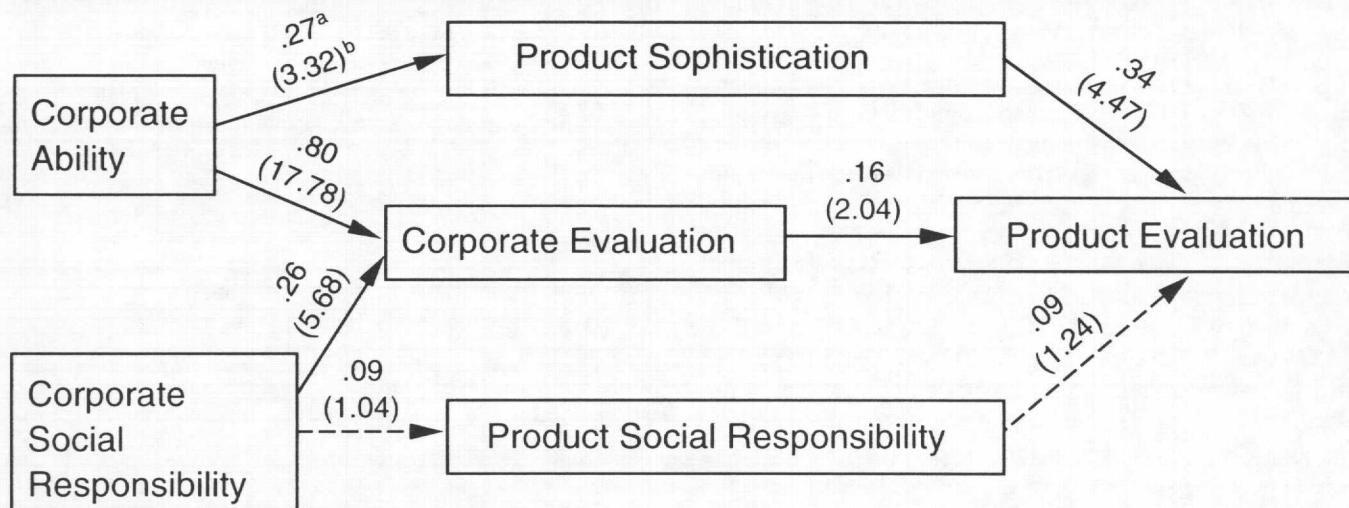
We summarize the ideas presented in the previous sections in the model illustrated in Figure 1. On the basis of our discussion, we predict that CA associations influence the perception of important product attributes (i.e., product sophistication in our empirical test). In addition, we expect both CA and CSR associations to influence consumer evaluations of a company and the company context to influence product evaluations.

This model is important because it allows for the possibility of multiple paths of influence for corporate associations on consumer product responses, a component missing from prior studies of corporate associations reported in the literature. In addition, it recognizes an important distinction between different types of corporate associations. In the subsequent section, we describe an initial study we used to examine our model.

### Method

We used a questionnaire in a lab-type environment to obtain the measures needed to test the model. Because of the limited knowledge about the influence of corporate associations

**FIGURE 1**  
**Influence of Corporate Associations on New Product Evaluations: Study One**



<sup>a</sup>Standardized coefficients.

<sup>b</sup>T-values are shown in parentheses; paths denoted by solid lines are significant at  $p < .05$  or better, directional test.

available in the literature, our research strategy was to begin with a test of the effects under conditions that attempted to control for potential threats to internal validity. Accordingly, all brand and company names used in the first study were fictitious to control for prior learning. Descriptions of a company, a new product, and all measures appeared in a test booklet. One hundred sixty-three university undergraduates received class credit for their participation.

*Procedures/test booklet.* The first page of the test booklet presented a cover story describing a new type of company profile being developed for investors who wanted to know general information about companies in which they might invest. Respondents were informed that they need not be an investor to understand the general information.

Participants began the first section by reading a profile of a hypothetical company (the ZENET Corporation) ostensibly prepared by impartial industry experts. The profile described the company's status with respect to CA and CSR corporate attributes. In addition, participants saw a company report card that assigned a letter grade (i.e., A, B, C, D, or F) to each of these corporate attributes (an A indicated that a company was far above the industry average on an attribute; an F indicated that a company was far below the industry average on an attribute).

We used a pretest to identify the corporate associations to use in our studies. We presented a group of university undergraduates with a list of corporate associations that included both CA and CSR associations and instructed them to rate the degree to which each attribute was related to a company's ability to produce products. For the study, we selected two CA associations (i.e., technological innovativeness and manufacturing ability), which were rated as the most relevant to a company's ability to produce products, and two CSR associations (i.e., corporate giving and community involvement), which were rated as the least relevant. The company profile contained information about these four corporate attributes.<sup>3</sup>

To ensure variance on key variables, we used four different descriptions of the ZENET Corporation. The four company descriptions included the following combinations of corporate attributes: (1) CA<sub>pos</sub>, CSR<sub>pos</sub>, (2) CA<sub>pos</sub>, CSR<sub>neg</sub>, (3) CA<sub>neg</sub>, CSR<sub>pos</sub>, and (4) CA<sub>neg</sub>, CSR<sub>neg</sub>. Positive attributes had grades of A or B, and negative attributes had grades of D or F (for an example company profile, see the Appendix). Respondents completed the first section of the test booklet by answering an open-ended question that reinforced our cover story.

The second section of the test booklet began with a statement telling respondents that investors also sometimes wanted an overview of a company's products, followed by a description of a new product. The product, the QUANTEK A25, a device consumers of all ages could use to monitor their basic vital statistics, was described in moderately positive terms; the product description informed respondents that final tests were still in progress (see Appendix). All

study respondents read exactly the same product description, followed by questions about the product description format, which were designed to reinforce the cover story. The remainder of the test booklet included the measures needed to test our model. The test booklet took approximately 15 minutes to complete.

### **Measures**

We obtained a measure of product evaluation by informing respondents that the QUANTEK A25 was produced by the ZENET Corporation and asking them to provide their overall opinion of the product on a seven-point scale with verbal anchors attached to each scale position (e.g., "very unfavorable," "very favorable"). In addition to the global evaluation, we also asked respondents to evaluate several product attributes and included multi-item seven-point scales for assessing product sophistication and product social responsibility (see Appendix). We included the measure of product social responsibility to allow for a conservative test of the relationship between CSR associations and the product attributes, though we proposed no influence of CSR associations on product attributes.

Measures for evaluating CA associations, CSR associations, and the overall company evaluation appeared after the product measures. We considered reversing the order of the measures for half of the respondents, but were concerned that taking multiple measures on corporate associations prior to obtaining product measures might influence the product measures. To measure overall company evaluation, we reproduced the company profile presented in the first part of the test booklet and asked respondents to provide an overall opinion of the company on the basis of the information in the company profile. The scale was a fully anchored, seven-point scale ranging from "very unfavorable" to "very favorable."

Evaluations of specific corporate attributes (i.e., CA and CSR) followed the overall company evaluation. In keeping with the cover story, we told respondents that another method of presenting the corporate information is to use a numerical presentation format (as opposed to the letter grades that appeared in the first section of the booklet). Consequently, we asked respondents to evaluate each of the corporate attributes (i.e., technological innovation, manufacturing ability, corporate giving, community involvement) on seven-point, bipolar scales anchored with "unfavorable-favorable."

### **Analysis**

We used LISREL to perform path analysis for directly observed variables (Joreskog and Sorbom 1993). To obtain measures of each type of corporate association (i.e., CA and CSR), we factor-analyzed the corporate attribute measures obtained in the test booklet. The factor analysis with varimax rotation resulted in two factors. Consistent with our expectations, measures of CA associations loaded high on the first factor and low on the second factor, and measures of CSR associations loaded high on the second factor and low on the first factor. We maintained the orthogonality of these scores and used the scores associated with the

<sup>3</sup>A separate study with a similar design had indicated that the order in which the CA and CSR associations were presented had no significant effect on respondents' judgments of the corporate information (see Dacin and Brown 1996).

first factor as our measure of CA associations and the scores associated with the second factor as our measure of CSR associations.

We approached the measurement of product attributes (product sophistication and product social responsibility) in a similar manner. A varimax-rotated factor analysis of the measures of product attributes resulted in two factors. Consistent with our expectations, measures of product sophistication loaded high on the first factor and low on the second factor, and measures of product social responsibility loaded high on the second factor and low on the first factor. Again, we maintained the orthogonality of these scores and used the scores associated with the first factor as our measure of product sophistication and the scores associated with the second factor as our measure of product social responsibility.

### **Results**

In response to a hypothesis knowledge check question (obtained in the test booklet and coded independently by two judges, one of whom is an author) only a few respondents reported that they thought the study might be about the influence of the corporate information on reactions to the company's products. In addition, we performed analyses to identify outliers for each of the four versions of the test booklet. On the basis of these analyses, we eliminated four cases from further analyses. Because of missing data on some measures, pairwise deletion was used in the computation of the covariance matrix; we used the average number of pairwise cases available among the variables in the model as our sample size in the analysis ( $n = 148$ ).

The results of the path analysis appear in Figure 1, and the covariance matrix used in this analysis appears in Table 1. The results offer clear support for the proposed model. All proposed paths are statistically significant and in the correct direction. Furthermore, CSR did not significantly influence product social responsibility, nor did product social responsibility influence the product evaluation. In addition, the fit

estimates for the overall model ( $\chi^2 = 7.82$ , with 7 df,  $p > .30$ ; GFI = .98; AGFI = .95; RMR = .04)<sup>4</sup> are within accepted standards. The standardized path coefficients also suggest that CA associations are more influential at the brand level than are CSR associations, at least in this simplified model, which is a result that is consistent with the findings of Keller and Aaker (1994) and Winters (1988).

### **Discussion**

The results of this study provide evidence that corporate associations can influence product responses. Moreover, when both CA and CSR associations are available to consumers, these associations appear to affect product responses in different manners. CSR associations exhibit an influence on product evaluations primarily through the overall corporate evaluation. CA associations, on the other hand, influence product evaluations through product attribute perceptions, as well as through the overall corporate evaluation. These findings indicate a dual influence of corporate associations on consumer product responses.

The results raise the possibility that companies that position themselves around a reputation for technological innovation or other skills and abilities related to product development and manufacturing (e.g., Hewlett-Packard) may expect consumers to transfer those associations to new products from the company. These CA associations may affect consumers' overall evaluations of the company, which in turn also may exhibit their own influence on the product evaluation. Perhaps because of their decreased salience for many consumers, CSR associations for such things as giving to worthy causes and community involvement do not appear to influence consumer perceptions of product attributes. Instead, companies that position themselves on these types of CSR associations (e.g., Ben & Jerry's, The Body Shop) may gain benefit from them through their positive relationship to the corporate evaluation.

Before drawing conclusions about the role of corporate associations, however, we address a limitation of this study. We designed the study to emphasize internal validity. For example, the company described in the product profile was fictitious (to control for prior learning), and the corporate information provided was extremely limited. In the next study, we attempt to replicate these findings in a study that allows for greater external validity.

**TABLE 1**  
**Covariance Matrix and Descriptive Statistics for Variables in Study One Path Analysis**

|                                     | Covariance Matrix |      |      |     |      |      |     |
|-------------------------------------|-------------------|------|------|-----|------|------|-----|
|                                     | $\bar{X}^a$       | s.d. | (1)  | (2) | (3)  | (4)  | (5) |
| (1) Product Evaluation              | 5.4               | .9   |      |     |      |      |     |
| (2) Product Sophistication          | 0.0               | 1.0  | .35  |     |      |      |     |
| (3) Product Social Responsibility   | 0.0               | 1.0  | .08  | .00 |      |      |     |
| (4) Corporate Evaluation            | 4.0               | 1.7  | .39  | .48 | .01  |      |     |
| (5) Corporate Ability               | 0.0               | 1.0  | .23  | .27 | -.08 | 1.39 |     |
| (6) Corporate Social Responsibility | 0.0               | 1.0  | -.07 | .01 | .09  | .44  | .00 |

<sup>a</sup>All variables were assessed on seven-point scales; factor scores (with orthogonal rotation) were used in the analysis for the product and corporate attributes.

### **Study Two: The Influence of Corporate Associations for Real Companies**

The purpose of Study Two is to replicate the model obtained in the first study, but to use actual companies. Rather than manipulate the corporate associations available to respondents, we measure respondents' CA and CSR associations for real companies and examine the influence of those associations on new product responses.

<sup>4</sup>GFI = goodness-of-fit index; AGFI = adjusted goodness-of-fit index; RMR = root mean square residual.

## Method

We used a questionnaire to measure the corporate and product associations needed to replicate the model from Study One. A description of a fictitious new product and all company and product measures appeared in a questionnaire. Each of the 127 participating university undergraduates was randomly assigned one of 12 well-known companies that produce consumer products (two each from six different industries).<sup>5</sup> The use of multiple companies added to the generalizability of the results.

*Questionnaire, measures, and analysis.* Study respondents completed a new product questionnaire under the premise of obtaining their opinions about a product currently under development. Participants read about MediMix, a product designed to make taking liquid medicines easier by neutralizing the taste of these medicines (see Appendix). The product, which would apply to anyone who takes liquid medicines, was described with reasonable thoroughness. The name of the manufacturer (e.g., the Coca-Cola Company, General Mills, Johnson & Johnson) appeared prominently below the brand name but was not mentioned again in the product description.

As in the first study, we included all product measures prior to measures of corporate associations because we did not want to create demand artifact by overemphasizing the company. The overall product evaluation and product attribute measures (i.e., product sophistication, product social responsibility) were the same as those used in the first study (except that the phrase "advanced components" was changed to "advanced ingredients" on one of the product sophistication items). As before, we used factor analysis with varimax rotation to produce the measures for the product sophistication and product social responsibility used in the path analysis.

The company measures followed the product measures. The overall corporate evaluation measure was identical to that used previously. Because we were not manipulating the corporate information but rather were measuring corporate associations for actual companies, the measures of CA and CSR associations necessarily differed from those used in Study One. To assess these corporate associations, we included a list of corporate attributes and asked the respondent to evaluate the company on each attribute with a seven-point, bipolar scale anchored by "unfavorable" and "favorable." Three attributes represented CA associations (i.e., "leadership in industry"; "research and development capability"; and "progressiveness of company"), and three attributes represented CSR associations (i.e., "concern for the environment"; "involvement in local communities"; and "corporate giving to worthy causes").

<sup>5</sup>These companies included (mean overall corporate evaluation on the seven-point favorability scale shown in parentheses): The Coca-Cola Company (6.10); PepsiCo, Inc. (5.00); General Mills, Inc. (5.80); Kellogg Company (6.25); Procter & Gamble (6.17); Kimberly-Clark Corporation (5.33); Anheuser-Busch Companies, Inc. (5.38); Miller Brewing Company (5.89); Johnson & Johnson (6.00); Merck & Company, Inc. (4.63); Exxon Corporation (5.11); and Mobil Corporation (5.00).

We believe that we had adequate controls in this study to allay any concerns about order effects. First, unlike Study One, we allowed respondents to use whatever corporate associations came to mind, because we did not present respondents with any corporate information. Second, we intermixed the CSR and CA association items in the questionnaires. Again, we used factor analysis to produce the measures of CA and CSR associations that were subsequently used in a path analysis with maximum likelihood estimates.

## Results

The responses to a hypothesis knowledge check question (coded independently by two judges, one of whom is an author) indicated that only a few respondents thought that the study might be about the influence of the corporate associations on reactions to a company's products. In addition, we performed analyses to identify outliers and, on the basis of these analyses, eliminated seven cases from further analyses. Because of missing data on some measures, pairwise deletion was used in the computation of the covariance matrix analyzed in the path analysis (see Table 2); the mean sample size for pairwise relationships was 114.

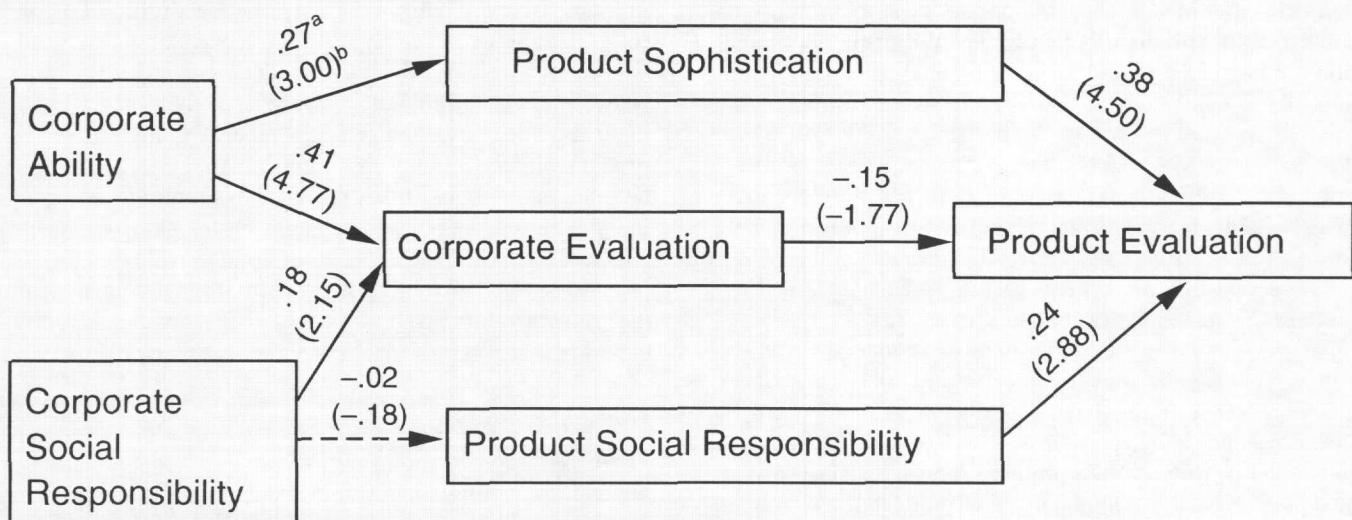
The results of the path analysis appear in Figure 2. This model, using measures for real companies, generally replicates the results of the first study—both CA and CSR associations influence the overall product evaluation through the corporate evaluation, whereas CA associations also influence the perception of product attributes. The fit estimates for the overall model ( $\chi^2 = 3.79$ , with 7 df,  $p > .70$ ; GFI = .99; AGFI = .97; RMR = .045) are within accepted standards. Furthermore, though the standardized path coefficients are smaller in this study—a likely result of using actual companies with a richer set of existing corporate associations (compared with the relatively small amount of corporate information available in the first study)—the influence of CA associations on the overall company evalua-

TABLE 2  
Covariance Matrix and Descriptive Statistics for  
Variables in Study Two Path Analysis

|                                     | $\bar{X}^a$ | s.d. | Covariance Matrix |     |      |     |     |
|-------------------------------------|-------------|------|-------------------|-----|------|-----|-----|
|                                     |             |      | (1)               | (2) | (3)  | (4) | (5) |
| (1) Product Evaluation              | 4.6         | 1.3  |                   |     |      |     |     |
| (2) Product Sophistication          | 0.0         | 1.0  | .46               |     |      |     |     |
| (3) Product Social Responsibility   | 0.0         | 1.0  | .32               | .00 |      |     |     |
| (4) Corporate Evaluation            | 5.6         | 1.2  | -.12              | .22 | .00  |     |     |
| (5) Corporate Ability               | 0.0         | 1.0  | .08               | .27 | -.02 | .47 |     |
| (6) Corporate Social Responsibility | 0.0         | 1.0  | .14               | .00 | -.02 | .21 | .00 |

<sup>a</sup>Variables 1–4 were assessed on seven-point scales, and variables 5–6 were assessed on five-point scales; factor scores (with orthogonal rotation) were used in the analysis for the product and corporate attributes.

**FIGURE 2**  
**Influence of Corporate Associations on New Product Evaluations: Study Two**



<sup>a</sup>Standardized coefficients.

<sup>b</sup>T-values are shown in parentheses; paths denoted by solid lines are significant at  $p < .05$  or better, directional test.

ation is clearly stronger than that of CSR associations, which again replicates the results of the first study.

The results, however, differ from those of the first study in two ways. First, perceived product social responsibility is now a significant predictor of overall product evaluations, whereas it was not in Study One. Although further research is needed, we suspect that the type of new product used in this study (i.e., one designed to enable people to take medicine more easily) may have contributed to this result. Note, however, that the companies' CSR associations did not influence respondents' perceptions of product social responsibility. Second, and perhaps more important, is the negative relationship uncovered between the corporate evaluation and the product evaluation, a seemingly nonintuitive finding. Because of its importance, we address this result in greater detail in the following discussion.

### Discussion

The results of Study One and Study Two provide important confirmation that corporate associations can influence consumer responses to new products introduced by companies. Our conclusions are strengthened because we were able to replicate the paths through which corporate associations influence product evaluations in two different approaches to studying the phenomenon: a lab study using unknown companies and a correlational study using real companies. Together, the results of the two studies confirm that the two types of corporate associations appear to affect new product responses in different ways, which offers support for the dual influence of corporate associations on consumer product responses.

In Study Two, however, the negative effect of corporate evaluation on the overall product evaluation is an intriguing result, one with potentially important implica-

tions for marketing managers. Ignoring the effects of CSR associations for the moment, these results suggest that, under the conditions of this study, the effect of CA associations on product evaluations is positive through product attribute perceptions and negative through the company evaluation. This result suggests that the notion of a dual influence of corporate associations is a necessary consideration if marketing managers are to understand how consumers use company knowledge in forming responses to new products from the company. Understanding the conditions under which the negative effect might occur is paramount, because the managerial implications may be different depending on what effect is expected.

Because we did not find this effect in Study One, we examined the differences between the first and second studies to ascertain what may have produced the discrepancy. The most obvious difference is that we used actual companies in the second study, but hypothetical companies in the first. Consistent with our goal of enhancing external validity, the use of actual companies enabled respondents to draw from a richer set of corporate associations when evaluating a company. One result of this may have been that respondents, when retrieving corporate associations, also retrieved associations for the company's existing products from memory. Furthermore, it is possible that respondents partially based their evaluations of the new product on the degree to which it was consistent with the existing set of products associated with the company. Brand researchers often find a relationship between the perceived fit of a new product and evaluations of that product (e.g., Smith and Andrews 1995).

We examined the role of fit in this negative relationship using a measure of perceived fit that we included in the

questionnaire.<sup>6</sup> To control for the effect of perceived fit, we performed a procedure analogous to an analysis of covariance. Specifically, we regressed each of the outcome variables in the model (i.e., corporate evaluation, product sophistication, product social responsibility, product evaluation) on perceived fit and, then, using the residuals, we conducted the path analysis. The results were similar to the original analysis ( $\chi^2 = 4.12$ , with 7 df,  $p > .70$ ; GFI = .99; AGFI = .96; RMR = .044); the path between the corporate evaluation and the product evaluation was still negative. Consequently, it appears that perceived fit is not responsible for this relationship.

A second difference between the studies concerned the products evaluated by respondents. In the first study, participants reviewed a technologically advanced product. Although respondents did not receive any price information, they may have inferred that the product was relatively costly. In the second study, participants reviewed an inexpensive consumable product. Both products, however, were similar, in that each was a completely new product for which no direct comparisons to existing products were possible. Although it is possible that the differences between the products might affect the relative usage of corporate associations, we do not see a ready explanation for the reversal of the effect.

A more likely explanation lies in the evaluative nature of the companies used in the two studies. In Study One, we manipulated CA and CSR associations such that the corporate context into which the new product was introduced ranged from negative to positive. That is, the company associated with the new product was sometimes a poor one, sometimes a good one, and in other cases, somewhere in between these extremes. On the other hand, the companies used in Study Two were all successful, well-known companies that respondents were likely to evaluate positively (e.g., Procter & Gamble, Anheuser-Busch, Mobil Corporation). Furthermore, the overall evaluation of the new product in Study Two was in the moderate range (i.e., mean product evaluation of 4.6 on seven-point "unfavorable-favorable" scale), which raises the possibility that the companies were consistently viewed as more favorable than the new product. Given this apparent discrepancy, we believe that a context effect, specifically a contrast effect, may have produced the negative relationship between corporate evaluations and the new product evaluation. We examine these issues in the next study.

### **Study Three: Corporate Associations, Context Effects, and Product Responses**

Although the results of Studies One and Two offer substantial confirmation of the effects of different types of corporate

<sup>6</sup>The measure of perceived fit was formed by averaging a person's responses to two items (i.e., "This product seems to fit well with the other products produced by this company" and "Most people would say that it makes sense for this company to offer this product"), which were assessed on seven-point strongly disagree-strongly agree scales.

associations, they also raise several interesting questions, particularly with respect to the observed negative relationship between corporate evaluations and product evaluations in Study Two. We believe that this may be a result of a contrast effect between positive corporate evaluations and evaluations of a less positive new product. Nevertheless, other possible explanations (i.e., the use of actual versus hypothetical companies; the use of an expensive, high-tech new product versus an inexpensive consumable product) cannot be ruled out without further research. We return to an experimental setting to investigate these issues. An experiment enables us to set up the appropriate conditions for testing the possibility of context effects. However, to maintain some of the generalizability introduced in the second study, this experiment uses nonstudent consumers as respondents.

### **Context Effects**

There exists considerable empirical research in both marketing and psychology that examines context effects (e.g., Herr 1989; Herr, Sherman, and Fazio 1983; Lynch, Chakravarti, and Mitra 1991; Manis, Nelson, and Shedler 1988; Martin, Seta, and Crelia 1990; Meyers-Levy and Sternthal 1993; Sherif and Hovland 1961; Wedell, Parducci, and Geiselman 1987). In their seminal research on context effects and attitude change, Sherif and Hovland (1961) suggest that existing attitudes can distort perceptions and judgments of new objects. They propose that existing attitudes can serve as a judgmental standard, or context, for these judgments when existing attitudes are relevant. In the case of context effects, these judgments include perceptions of favorability (i.e., evaluations).

With respect to evaluation, context effects posit that when the evaluative implications of the to-be-evaluated object are discrepant from the existing attitude (i.e., context), a contrast effect occurs and evaluations of the target are distorted away from the context. To explain contrast effects using companies and products, in the presence of a context with a positive valence (e.g., positive existing attitudes for a company), a new, less positively evaluated product (e.g., a mediocre new product) will be evaluated more negatively than it would be under less positive existing company attitudes; because of the context, the new product appears worse than it really is. Furthermore, the greater the discrepancy between the valence of the existing company attitude and the perceived valence of the new product, the greater the resulting contrast effect. Thus, holding information about a new product constant (recall that all respondents in Study Two evaluated exactly the same new product), we expect that the more positive the context, the more negative the evaluation of the new product. In other words, we believe that the better a respondent feels about the company offering the new product, the more negatively he or she could feel about a mediocre new product, which results in a negative relationship between the evaluation of the context (i.e., company) and the evaluation of the product (cf. Martin, Seta, and Crelia 1990).

In the previous discussion, we extend context effects to the study of corporate associations by allowing these associations to serve as the context for a new product introduced

by a company. Consequently, following from the logic of Sherif and Hovland (1961), we expect that when the evaluative implications of the new product information are discrepant from the existing evaluative context contained in the corporate associations (e.g., positive product, negative company), contrast may occur, with evaluations of the product pushed away from the value of the corporate associations (i.e., positive product evaluations become even more positive in the context of negative corporate associations). At the same time, however, because of the dual influence of CA associations obtained in the first two studies, corporate associations may exhibit a positive relationship with specific product attributes.

In an applied sense, context effects may hold important implications for marketing managers. Suppose a company with negative corporate associations among most consumers introduces a new product that, by some objective standard, is a good product. According to existing knowledge about company image, the negative corporate associations would likely lower the evaluation of the new product. On the basis of context effects and the results of our second study, however, we believe that there are conditions under which the standard positive relationship between corporate associations and new product evaluations may be reversed.

Thus, there may be situations in which managers are able to partially overcome the effects of negative corporate associations. Based on the findings of the context effect literature, if a company with negative corporate associations could introduce a sufficiently good product, the product might not be hurt by the existing corporate associations. Although perceptions of specific product attributes may be lowered, the company may benefit overall from the contrast effect set up by the discrepancy (e.g., positive product, negative corporate associations), and its product may be evaluated more highly than a similarly good product introduced by a company with more positive corporate associations.

### ***Corporate Ability Associations Versus Corporate Social Responsibility Associations and Contrast Effects***

The design of Study Three also enables us to investigate the individual roles of CSR and CA associations in contrast effects. In a theoretical sense, this issue is important to our understanding of the roles of both types of corporate attributes. It is also important at the applied level, because one of the more important strategic options faced by marketing managers concerns the particular corporate positioning strategy chosen to present the company to its publics.

Would a company that positions itself almost exclusively around CSR associations be subject to the potential contrast effects observed in Study Two? It seems unlikely. In discussing context effects, researchers note that the context must be relevant to the task at hand if it is to exhibit an influence on responses to a target (Herr 1989; Wyer and Srull 1980a, b). Thus, if there is nothing of relevance to the evaluation of a new product in the corporate context, contrast effects are unlikely. As was noted previously, CSR associations are important for influencing a consumer's opinion of a company and thus may have an effect on product evalua-

tions, but they offer few implications directly relevant to the company's abilities to produce products and services.

On the other hand, CA associations provide a corporate context that is relevant to the task of evaluating a new product from a company. By definition, CA associations deal with a company's abilities in producing and delivering products and services. Accordingly, when there is a discrepancy between the evaluative implications of CA associations and the product (e.g., poor company, good product), we might expect a negative relationship between corporate associations and new product evaluations.

These ideas suggest that the influence of corporate associations on overall new product evaluations may differ according to type of corporate context (i.e., CA versus CSR associations). If two different companies introduce the same "good" product, one with negative CA associations and one with positive CA associations, we propose that evaluations of the product when associated with the company possessing negative CA associations will be higher than evaluations of the product when associated with the company possessing positive CA associations: The contrast of the poor CA associations with a good product raises product evaluations. Conversely, because we do not expect the CSR associations context to be relevant to the evaluation of a new product, we propose that contrast effects will not be obtained when the company context consists of CSR associations.

P<sub>1</sub>: The relationship between corporate associations and new product evaluations will reflect a contrast effect (i.e., be negative) when the corporate context is based on CA associations, but not when the corporate context is based on CSR associations.

### ***Method***

The design of Study Three enables us to answer many of the questions arising from Study Two. In particular, it provides insights into the likely cause of the negative relationship obtained between the company context and new product evaluations. Although we believe that a contrast effect was in operation, we cannot rule out the possibility that the use of real companies and/or the type of product evaluated may have produced the results in Study Two. In Study Three, we use a fictitious company, along with a high-tech product. If the results indicate the proposed negative influence of CA associations on new product evaluations, we believe this provides a measure of evidence that these other possible alternatives are less likely to be the cause of the negative effect. The study design also enables us to examine the effects of a corporate positioning strategy that is highly focused on CA or CSR associations and to investigate the potential for generalizability of several of our previous findings to consumers in the marketplace.

We tested our propositions in a study using 229 people recruited through mall intercepts. Participants received a coupon for free refreshments at a nearby restaurant. A review of subject classification data revealed that 59% were 30 years of age or older; 57% were female; and 26% were college graduates. We randomly assigned participants to treatments in a 2 × 2 between-subjects factorial design consisting of the following factors: (1) the valence of corporate

associations (i.e., positive, negative) and (2) the type of corporate associations (i.e., CA associations, CSR associations). All brand and company names used in the study were fictitious to control for prior learning.

### **Procedures, Test Booklet, and Measures**

Subjects completed test booklets individually in small interview rooms located inside a shopping mall. We used the same cover story about examining company profiles for possible use by investors that was used in Study One. Subjects began the study by reading a profile of a hypothetical company (the ZENET Corporation). The profile was similar to that used in Study One, except that only CA associations or CSR associations—not both types—were included. The company name and brief history were identical for all subjects. The company profile included information about three corporate attributes, which we used to manipulate both the type and the valence of corporate associations. Using the results of our previous pretest, we identified three CA attributes and three CSR attributes to use in the profiles; these were rated as the most product-relevant and product-irrelevant attributes, respectively, by our pretest participants. In the CA association condition, we provided corporate information about technological innovativeness, manufacturing ability, and employee expertise and training. In contrast, the CSR association condition contained corporate information about the environmental orientation, corporate giving, and community involvement of the company.

We manipulated valence through the scores provided on the company report cards. Subjects in the negative valence condition received information suggesting that the company was poorly rated on the presented attributes (i.e., scores of D or F on the three attributes in the company report card). Those in the positive valence condition were given scores that portrayed the company as a strong performer on the three attributes (i.e., scores of A or B on the three attributes in the report card).<sup>7</sup>

In summary, subjects received one of four different company descriptions: (1) CA<sub>pos</sub>, (2) CA<sub>neg</sub>, (3) CSR<sub>pos</sub>, or (4) CSR<sub>neg</sub>. Pretesting ensured that the positive and negative descriptions for both types of contexts were statistically different in terms of evaluative implications (across four seven-point evaluation scales: M<sub>-CA</sub> = 1.81, M<sub>+CA</sub> = 6.02 [t = 18.13, 15 df; p < .001]; M<sub>-CSR</sub> = 2.09, M<sub>+CSR</sub> = 5.84 [t = 11.21, 15 df; p < .001]) and that the two positive (negative) company descriptions were about equally favorable (unfavorable) to subjects (for the two positive conditions, t = .83, 15 df; p > .40; for the two negative conditions, t = .80, 15 df; p > .40). After reading the company profile, subjects responded to a manipulation check measure (i.e., the overall evaluation of the company, measured as in Study One) and answered a question designed to reinforce the cover story.

<sup>7</sup>We also manipulated the accessibility of corporate associations by including several distracter company profiles following the target company profile in about half of the cases. Although the manipulation did lower respondents' ability to recall specific corporate attributes, there were no significant effects of accessibility on the new product evaluation. Accordingly, we dropped this variable from all analyses.

Subjects then saw a description of a new product (i.e., the QUANTEK A25 used in Study One). Underneath the brand name was the following notation: "(manufactured by the ZENET Corporation)." This was the only connection provided between the company description and the new product prior to taking the product evaluation measure.<sup>8</sup>

Following the new product description, subjects first received additional questions reinforcing the cover story and then responded to the dependent measure. The dependent measure, which was the evaluation of the new product, asked subjects to respond to a seven-point evaluation scale with verbal descriptors for each scale position anchored by "very unfavorable" and "very favorable." We also administered a manipulation check for corporate association valence by asking subjects to provide an overall evaluation of the company on a seven-point fully anchored evaluation scale. The questionnaire concluded with other measures that included a hypothesis knowledge check. The booklet took approximately 30 minutes to complete, after which the experimenter debriefed and dismissed subjects.

### **Results**

Responses to the hypothesis knowledge check question, coded separately by two judges (which included one of the authors), indicated that none of the consumers interviewed in the shopping mall suspected the true focus of the research. Instead, many subjects believed that the study was an early market test of the new product. In addition, many subjects simply restated the cover story. However, because of missing information on key variables and a few instances in which respondents clearly did not follow instructions, we deleted some cases from analyses. As a result, the statistical analyses included the responses of 200 subjects.

Consistent with the results of the pretest, the manipulation check on valence indicated a statistically significant effect in the correct direction for both CA associations and CSR associations (for the effect of valence,  $F_{1,196} = 268.52$ ,  $p < .01$ ). To test our propositions, we used a two-way analysis of variance followed by an analysis of simple effects (Keppel 1991).

The focus of this study was to investigate whether the relationship between corporate associations (i.e., corporate image) and consumers' evaluations of new products differ depending on the type of the corporate association held by consumers. The results indicate that the relationship does differ. Mean product evaluation scores by valence and type of corporate attributes appear in Table 3.

Our proposition suggests that, because of context effects, when consumers possess only CA associations with respect to a company, evaluations of a "good" new product from the company can be higher when the corporate attributes are negative, compared to when these attributes are positive. Specifically, we argue that the CA associations could serve as the context within which consumers evaluate the

<sup>8</sup>We were deliberately conservative in limiting the direct connection between company and product because of concerns about creating demand artifact. The strength of the cover story and the results of the hypothesis knowledge check (presented subsequently) suggest that our manipulations were not overly strong.

**TABLE 3**  
**Mean Product Evaluations, Grouped by Type and Valence of Corporate Associations**

| Type of Corporate Associations            | Mean Product Evaluation     |                |
|---|-----------------------------|----------------|
|   | -                           | +              |
|   | Valence                     |                |
| Corporate Ability<br>(s.d.)               | 5.60 <sup>a</sup><br>(1.09) | 5.22<br>(1.11) |
| Corporate Social Responsibility<br>(s.d.) | 4.98<br>(1.10)              | 5.36<br>(1.08) |

<sup>a</sup>n = 50 per cell.

new product, and when the evaluative implications of the new product are sufficiently discrepant from the context, contrast may occur. Furthermore, we propose that when CSR associations form the primary basis of the corporate context, there should not be any context effects due to the lack of a relevant connection between what the consumer knows about the company and the evaluation of the new product. Together, these ideas call for a significant interaction between valence and type of corporate association.

The results of the analysis of variance indicate that the valence and type of corporate associations did interact ( $F_{1,196} = 6.02; p < .05$ ). The product evaluation means suggest a positive relationship between corporate associations and new product evaluations when CSR associations make up the corporate context and a negative relationship between corporate associations and new product evaluations when CA associations make up the corporate context.

To test whether these relationships between corporate associations and new product evaluations are significant, we examined the simple effects for each type of corporate association. Specifically, we undertook a simple effects analysis to test for significant differences across the levels of valence for each type of corporate association. As Keppel (1991) suggests, we used the overall mean-square error of the two-factor analysis to investigate the significance of each simple effect. Furthermore, because we proposed directional results, we used directional tests in our analysis of simple effects. The results of this analysis indicate that the relationship between corporate associations and new product evaluations are significant for both CA associations ( $F_{1,98} = 3.011; p < .05; \eta^2 = .030$ ) and CSR associations ( $F_{1,98} = 3.011; p < .05; \eta^2 = .030$ ).<sup>9</sup>

### Discussion

The results of Study Three support our proposition that the relationship between corporate associations and consumers' evaluations of new products can differ depending on the

<sup>9</sup>We also included an item that asked subjects to provide their perceptions of the "technological innovativeness" of the new product. Consistent with the results of the first two studies, we found a positive relationship between CA associations and product attribute perceptions (for the simple effect of valence for CA associations,  $F_{1,98} = 4.966; p < .05; \eta^2 = .048$ ).

type of corporate associations held by consumers. This offers additional empirical support for a qualitative difference between the two types of corporate associations proposed and examined in our earlier studies. In addition, the results suggest that neither the use of known versus unknown companies nor the type of product evaluated (nor the perceived fit of the new product, because all subjects reviewed the same company) likely produced the negative relationship between the corporate evaluation and product evaluations found in Study Two. Instead, it appears that a context effect may operate when a new product is evaluated in light of its corporate context. Specifically, in Study Three, we found context effects when corporate associations for corporate abilities made up the corporate context—the same new product was regarded as significantly more favorable when introduced by a company with more negatively evaluated CA associations than by a company with more positively evaluated CA associations.

With respect to corporate associations for corporate social responsibility, we did not propose, nor did we find, contrast effects. Instead, when CSR associations formed the corporate context, positive corporate associations enhanced product evaluations and negative corporate associations deflated product evaluations.

It is important to emphasize that because of our research objectives for this study, the conditions of the study created the opportunity for context effects to occur. We are not arguing that all companies with poor CA associations will benefit from this effect. Rather, the results suggest that when consumers hold a poor evaluation of a company based on CA associations and later have the opportunity to form an opinion of a new, "good" product from the company, the product evaluation may somehow benefit from the earlier negative evaluation of the company. These results have important implications for managers and further research, which we discuss subsequently.

## General Discussion

Although corporate associations, particularly in corporate image research, have a long history in marketing, we found limited empirical evidence in the literature on the relationship between corporate associations and brand-level responses. Recently, however, there have been suggestions by brand theorists that a link may exist between product judgments and organizational associations (Aaker 1996) or secondary associations, one of which is the company that produced the product (Keller 1993). Our goal was to begin to systematically explore the influence of corporate associations on consumer product evaluations. We also sought to differentiate between two distinct types of corporate associations—CA associations and CSR associations—and investigate the nature of the influence that each might have on new product evaluations.

One important finding of our research is the empirical validation of the relationship between corporate associations and consumer product responses. That is, what consumers know about a company can influence their reactions to the company's products. The implication for marketing managers is straightforward and offers confirma-

tion for what many may already believe (see Kinnear and Root 1995): Paying attention to and managing all the associations that people have about a company, both for abilities and social responsibility, is an important strategic task.

Although both general types of corporate associations can be influential, in our studies, we found that a reputation based on a company's abilities may have a greater impact on both specific product attribute perceptions and the overall corporate evaluation than a reputation for social responsibility. We found that CA associations can exert dual influences on evaluations of new products through their effect on (1) product attribute perceptions and (2) the overall corporate evaluation. We also found that CSR associations appear to exert an influence on product evaluations through their influence on the corporate evaluation. Consequently, another important contribution of this research is the identification and validation of multiple paths of influence for corporate associations.

In many situations, important product attributes cannot be fully evaluated prior to purchase; at the time of purchase, information is effectively missing about these attributes. The results of all three studies indicate that consumers can and will use CA associations as the basis for inferences about missing product attributes. Thus, through the development of CA associations, marketing managers can leverage what consumers know about a company to compensate for what they do not know and cannot evaluate about a product.

In addition, CA associations can influence new product evaluations through their effect on how consumers feel overall about the company. The corporate evaluation, or attitude toward the company, exhibited an influence on the product evaluation that was independent of the influence of CA associations on specific product attributes. Thus, even in situations in which product attribute levels are known prior to purchase and consumption, a company may still derive value from the CA associations that consumers possess.

Although the previous discussion highlights the importance of managerial attention to CA associations, our results also suggest that CSR associations have a significant influence on consumer responses to new products. The results of all three studies demonstrate that negative CSR associations ultimately can have a detrimental effect on overall product evaluations, whereas positive CSR associations can enhance the product evaluations.

Marketing managers have been encouraged to pursue "enlightened self-interest" by striving to achieve various societal goals while earning profits. For example, some authors suggest using cause-related marketing as an effective tool for doing societal good and enhancing company profits (see Embley 1993). To date, however, there is little evidence suggesting how societally oriented activities might bring about positive outcomes for the firm. When consumers know about such activities, our research indicates that CSR associations influence the overall evaluation of the company, which in turn can affect how consumers evaluate products from the company. All else being equal, more positive evaluations should produce greater revenues for a firm. Although we allowed for the possibility that CSR associa-

tions might have a direct effect on evaluations of socially related product attributes in Study One and Study Two, we did not observe such an influence. Thus, though it appears that the primary influence of CSR associations comes through their influence on the corporate evaluation rather than through any influence on specific product attributes, they still must be an important consideration in strategic decisions.

Finally, Studies One and Two demonstrate that there may be ways for managers to partially overcome the effects of negative corporate associations on product evaluations. The results indicate that when there is a discrepancy between the evaluative implications of the corporate associations and the new product (e.g., poor CA associations and good product), a contrast effect can occur, which causes the evaluation of the product to be higher when it is produced by a company with more negatively evaluated CA associations than when it is produced by a company with more positively evaluated CA associations. One implication of our research, then, is that it may be possible for companies with a poor reputation based on CA associations to overcome (or actually benefit from) the expected detrimental effects on product evaluations by introducing truly good products. In short, the new product may be evaluated especially highly in light of its corporate context. Similarly, based on the results of Study Two, it appears that a new product introduced by a company with positive corporate associations may receive lower evaluations than it might otherwise have received. However, because corporate associations influence product responses through multiple routes, it is still unclear under which circumstances the influence of the corporate evaluation on product evaluations (i.e., the observed contrast effect) outweighs the influence of corporate associations on product attribute inferences.

In summary, consider again the manager who commented that her company did many "good things" but was unsure of what the outcomes were for the company. In practice, it would be extremely difficult to determine the precise "value of a corporate image" or "value of being seen as a 'good guy'" (Marketing Science Institute 1992, pp. 6-7). A particular corporate positioning strategy may have influences on several different audiences—our research considered only the consumer audience. Within the consumer group, however, our studies begin to piece together the manner in which corporate associations can influence product responses. When there is a direct link between corporate associations and missing product attributes, consumers can use the corporate associations to draw inferences about the product. Corporate associations that are less product-relevant (i.e., those concerned with social responsibility) appear to have less influence, though they do—along with CA associations—significantly affect how consumers feel overall about a company. The overall corporate evaluation, in turn, exhibits an influence on the product evaluation. In addition, when the corporate context is based on CA associations, there is opportunity for contrast effects to occur.

### **Limitations and Directions for Further Research**

Because our studies represent preliminary forays into the effects of corporate associations, they possess several limitations. However, as one of the first studies in this area, we believe that our findings create substantial opportunities for further research. Consequently, we suggest several promising avenues for further research that will enable marketers to gain a better understanding of the influence of corporate associations on consumer product responses.

The reported studies identify two broad types of corporate associations and use a limited number of associations of each type in forming company profiles. We use a pretest to identify CA and CSR associations in such a way that the distinction between the two types is meaningful. Nevertheless, consumers may hold any number of corporate associations, though, at any one point in time, there will likely be only a limited number of salient associations for any particular company. Researchers still must examine ways of identifying salient corporate associations and their role in influencing the overall corporate evaluation and product evaluations. For example, most approaches to company image (a subset of corporate associations) suggest considerable dimensionality for that construct. Similarly, researchers must develop and psychometrically validate measures of corporate associations that capture the full dimensionality of the concept.

In addition, further research must investigate the role of corporate associations using different product categories and product positioning strategies in order to examine whether the results we obtained are generalizable. We chose product categories that were neither too familiar nor necessarily interesting to our respondents. Additional research should investigate the potential moderating role of product category familiarity, interest, and involvement on the relationships we obtained. Another specific issue is whether the use of a socially responsible product positioning strategy would increase the salience and influence of CSR associations (e.g., if a new product were positioned as environmentally friendly, would the paths between CSR associations and product social responsibility attributes become significant?). If so, CSR associations may influence product evaluations through multiple routes in some situations, just as the CA associations did in our studies.

We examine the consequences of various corporate associations without regard for where these associations originated. An interesting managerial question concerns how a company can influence corporate associations held by consumers. In short, how does a company implement a particular corporate positioning strategy? One means of accomplishing this goal is through a company's advertising. For example, the Saturn Corporation currently positions both company and product through its advertising slogan: "A different kind of company. A different kind of car." A corporate position built around CSR associations may be especially difficult to communicate. A company can "build buildings, give money away" but unless consumers know about it, it may do little good or have little effect on product responses. We demonstrate, however, that the effective communication of this information matters, because there is a benefit of having positive CSR associations.

In Study Three, we propose and observe a contrast effect when a company with negative CA associations introduces an objectively positive new product. We need further research that investigates what effect a product evaluation that is based on contrast effects has on subsequent corporate associations for the company. For example, if a contrast effect results in a negative product evaluation, can this, in turn, result in more negative corporate associations? Generally, the reciprocal effects of company and product remain for closer examination.

In light of the findings of the first two studies, additional research is needed to investigate how CA and CSR associations interact to affect both overall company evaluations and overall product evaluations. For example, to what extent can positive CSR associations serve to counterbalance negative CA associations, or vice versa? Furthermore, if a company focuses too intently on communicating CSR associations, is it possible that consumers may believe that the company is trying to hide something? Research is needed to uncover any boundary conditions on the positive effects of CSR.

We examine one basic strategic variable, corporate positioning strategy (i.e., positioning on CA or CSR corporate attributes) and find that the influence of corporate associations on consumer product evaluations tends to be greater for CA associations. Further research might examine other potential moderating conditions for the relationship between corporate associations and product responses, including consumer values, degree of product differentiation, and company uniqueness.

The personal values held by individual consumers may influence their evaluations of and behaviors toward companies and products. For example, a consumer's behavior may be dependent on the extent to which a company's values and beliefs are in agreement with his or her value system. Belch and Belch (1987) find that boycotters and nonboycotters of a product based their attitudes and intended purchase behaviors on different criteria. Corporate associations were the strongest predictors of consumer responses for boycotters, perhaps because what they knew about the company somehow violated important values. Conversely, product responses of nonboycotters were influenced more directly by product attributes than by corporate associations. Researchers must determine if, how, and why our model shown in Figure 1 would differ depending on the perceived overlap of company and personal values.

In many consumer product categories, rapid brand proliferation often results in products that seem similar in look, taste, feel, packaging, advertising, and so on. If a consumer is confronted with a choice between two or more equivalent alternative choices, Olins (1989) and King (1991) suggest that the influence of corporate associations on product responses will increase. Our research focuses on the evaluation of new products introduced by companies; further research might manipulate the degree of product differentiation for a target product and examine the influence of corporate associations on product choice.

Finally, the degree to which consumers perceive a company as unique also may influence the relationship between corporate associations and consumer product responses. For industries with which consumers are somewhat familiar,

consumers may summarize what they know about companies in the industry into an "industry prototype." A company that manages to establish its uniqueness relative to this prototype (e.g., recall Saturn's position as a different kind of company) may have an advantage because its corporate associations may be more accessible in consumers' minds than those of its competitors. Higgins and King (1981) sug-

gest that one of the factors that can make a stored association more accessible is its salience (i.e., distinctiveness or unusualness). Consequently, it would be interesting to investigate whether corporate associations are more likely to influence consumers when they are considering new products from unique companies.

## APPENDIX

### Sample Company Description Used in Study One

#### COMPANY PROFILE: ZENET Corporation

**About the Company:** In 1968, two brothers named David and Thomas Butts formed the ZENET Corporation in New Brunswick, New Jersey, to develop and manufacture electronic testing equipment. As of 1992, the ZENET Corporation operated three manufacturing plants in the U.S., along with a subsidiary in Great Britain. The company offers both consumer and industrial products.

The ZENET Corporation is considered by most observers to be an industry leader in technological innovativeness, having earned over 100 patents in recent years (the industry average was about 50 patents over the same time period). Most of the company's manufacturing plants are modernized, using state-of-the-art production equipment and processes. Each year the company contributes less than 1% of net profits to needy local and national organizations through a company-sponsored non-profit organization. This percentage is relatively small by industry standards. A few ZENET Corporation employees are involved in their local communities. Participation in such activities is often difficult, however, since it is not easy to get time off from the company to attend important meetings.

#### COMPANY REPORT CARD:

|                           |   |
|---------------------------|---|
| Technological Innovation: | A |
| Manufacturing Ability:    | B |
| Corporate Giving:         | D |
| Community Involvement:    | F |

### Product Description Used in Study One

#### PRODUCT PROFILE: QUANTEK A25

The Quantek A25 is a device for measuring and monitoring basic vital statistics, including respiration, heart rate, blood pressure, and temperature. Recent advances in medical technology have made possible simultaneous testing of these vital statistics using a single contact point with human skin. The Quantek A25 has a sensor pad on top of the unit that an individual need only touch for 3 seconds. The unit also comes equipped with a bracelet attachment for continuous monitoring. The Quantek A25 is battery operated, with an optional AC adapter for use with regular household electrical current.

The Quantek A25 has been partially examined in independent tests by Consumer's Union (publishers of *Consumer Reports* magazine), *Consumer's Digest* magazine, and Underwriters' Laboratory (UL), though final tests on the accuracy of the unit are still underway. The unit was able to withstand relatively extreme temperatures in climate control tests and, although made of plastic, the unit appeared to be durable unless repeatedly dropped. The Quantek A25 was reasonably easy to use if the instructions were followed carefully. Users noted the convenience of the unit, in that it combines several functions into one small unit. Similar units will soon be available from other manufacturers.

### Brand Attribute Measures Used in Study One

#### PRODUCT SOPHISTICATION

This product is probably more advanced than any other product like it.<sup>a</sup>

This product features advanced components.

This is a sophisticated product.

#### PRODUCT SOCIAL RESPONSIBILITY

This is a socially responsible product.

This product is more beneficial to society's welfare than other products.

This product contributes something to society.

### Product Description Used In Study Two

Brand: MediMix® Suspension Liquid

Manufacturer: The Procter & Gamble Company

#### Product Description:

MediMix® Suspension Liquid is a new type of product designed to make it easier to take many medicines. MediMix® contains a patented ingredient mixture that neutralizes the taste of most medicines when mixed according to easy-to-follow directions. This unique product can be used with liquid or powdered medicines and comes in two flavors, grape and cherry. In some cases, a single serving can be used to deliver two medicines simultaneously. MediMix® will be sold through drug and food stores and comes in 8 oz. aluminum cans with a retail price of under \$1.00 per can.

<sup>a</sup>Agreement with each statement was assessed on seven-point bipolar scales anchored by "strongly disagree" and "strongly agree."

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