

A study of the Negative News Impact on Consumer behavior towards the favorite brand

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1. INTRODUCTION

Brand elements of identified more than a product's name, logo, sign, symbol or slogan. Branding are endorsed to product and services. Branding are intangible in nature to serves promises to consumer regarding trust, consistency, expectations (Davis, 2002) and brand performance (Kotler, 1999) of a product or service. Consumer perception and behavior pattern are asset of a company (Ambler, 2000). Brand elements significantly protect consumers by serving as identifiers of the producers of the products (Bhakar & Bhakar, 2013).

A brand's strength has been found to be influenced by consumer perceptions and understanding about what they have learned, observed, understood, and heard about the brand (Keller, 2003). Keller and Lehmann (2006) found that "for customers, brands can simplify choice, promise a particular quality level, reduce risk, and/or engender trust" (p. 74). However, news about brands and businesses is not always positive. Consumers receive a consistent flow of news about businesses that is less than flattering. Various studies have indicated that negative news about a company can affect consumer perceptions and behavior (Griffin, Babin & Attaway, 1991; Menon, Jewel & Unnava, 1999; Ahluwalia, Burnkrant & Unnava, 2000; Ahluwalia, 2002). This study focuses on the impact of negative corporate news on consumers whose favorite brands are produced by the businesses that are the focus of the negative publicity. This article includes relevant literature on branding before outlining the research sample and methodology, analyzing the survey results, and finally discussing the findings, research limitations and opportunities for future research.

2. OBJECTIVES OF THE STUDY

1. To study the impact of negative news towards the consumer behavior.
2. To study the brand attachment impact on brand equity of consumer behavior.
3. To study the brand image influences towards the consumer.

3. LITERATURE REVIEW

Brands serve as reminders of a customer's overall past experience with a product (Keller & Lehmann, 2006). As such, past brand experience can serve as an influence on consumer willingness to pay for brands (Bronnenbrg, Dube & Gentzkow, 2012). However, research has found that favorable brand experiences that have developed into brand preference do not always increase a customer's purchase intention of that brand (Mishra & Datta, 2011). Marketing literature defines the relationship between customers and brands as "brand equity" (Wood, 2000). Silk (2006) defines brand equity as "the positive effect that the brand has on a potential customer of a product – it reflects how much more consumers are willing to pay for a particular brand compared with a competing brand (or with a generic product)". Farquhar (1998) identified that an increase in brand equity also increased the value of the product to the brand holder/maker. From the consumer perspective, the strength of brand equity is determined by the level of consumer reaction to the brandname (Shocker & Weitz, 1994; Keller, 1993). Brand equity is significantly influenced by the level of consumer brand loyalty held towards a product (Khan & Mahmmod, 2012), affects consumer purchase behaviors (Aaker, 1991), and has a positive relationship with brand purchase intention (Aaker, 1991; Chen, Chen & Huang, 2012). However, levels of brand equity held by consumers towards products and services can and do change. Product problems are related to a lowering of brand equity (Aaker & Joachimsthaler, 2000). Such product problems negatively impact corporate image and consumer attitudes towards the firm. Since brand image drives brand equity (Chen, 2010; Chen, Chen & Huang, 2012; Heidarzadeh & Asadollahi, 2012), consumers attitudes are changed by their perceptions about the causes and extent of the company's crisis and can severely damage a company - or brand - image (Siomkos & Malliaris, 1992). Brand image can influence a firm's profits and cash flow (Yoo & Donthu, 2001) as brand image influences purchase intention (Chen, Chen & Huang, 2012). Brand image is used by consumers as a cue in the purchase decision process (Richardson, Dick & Jain, 1994) that affects and is a factor in consumer behavior (Burmman, Schaefer & Maloney 2008). Brand image has been defined as cognitive and affective based perceptions consumers have towards a brand (Dobni & Zinkham, 1990; Roy & Banerjee, 2007) and consists of symbolic and functional beliefs about the brand (Low & Lamb, 2000). Research by Keller (1993) identified brand image as an association consumers' hold in their memories regarding a product. Research studies have recognized brand

image to have relationships with other aspects of branding and product attributes. Grewel, Krishnan, Baker & Borin (1998) found a positive relationship between brand image and the level of consumer perception of a product's quality. A positive relationship has been also found between brand image and the level of brand loyalty displayed by consumers (Yoo, Donthu & Lee, 2000). Keller (1993 & 2003) identified that brand image and brand awareness are key in the perceived levels of brand knowledge held by consumers. The importance of branding and brand association has become an important key to modern marketing (Bhakar, Bhakar & Bhakar, 2013). Aaker (1991) defined brand association as "anything linked in memory to a brand" (p. 109). As such, brand associations can be created by consumer perceptions toward a brand in the areas of attitudes, attributes and benefits (Keller, 1998). Brand associations increase the memorability of a brand (Aaker, 1991), impact brand equity (Severi & Ling, 2013), can influence a brand's level of differentiation over competitors (Aaker, 1996; Rio, Vazquez & Iglesia, 2001), and can act as a method of information gathering for consumers (van Osselaer & Janszewski, 2001). Various research studies indicate consumers develop attachments to brands (Fournier, 1998; Keller, 2003; Schouten & McAlexander, 1995). Brand attachment describes the strength of connection between the customer and a brand, and affects consumer buying habits to such an extent as to impact a brand's profitability (Thompson, MacInnis & Park, 2005). The levels of attachment consumers have towards a brand and the attitudes regarding the brand are psychological constructs that impact their consumer behavior including purchases (Park, et al, 2010). Park, et al (2010) defined the degree to which a brand is positively or negatively evaluated by the consumer is termed "attitude valence" (p. 1). Research has shown that the strength of brand attitude is an indicator of multiple consumer behaviors including brand preference (Bass & Talarzyk, 1972), brand consideration, brand choice, intention to purchase, and actual purchase behaviors (Petty, Haugtvedt & Smith, 1995; Preister, et al, 2004; Fazio & Petty, 2007).

4. RESEARCH METHODOLOGY

The intention of the study is to identify the corporate negative news impact on consumer behavior. This study focuses on the impact on consumer behavior towards favorite brands when significant negative corporate news regarding the maker of the favorite brand arises.

4.1 COLLECTION OF DATA

Data collection is to capture quality evidence that then translates to rich data analysis and allows the building of a convincing and credible literature view. The data were collected from the secondary sources.

4.2 RESEARCH DESIGN:

Exploratory research design is used. Exploratory research helps to identify the theoretical study to determine conceptual distinction determine the data collection.

4.3 TYPES OF DATA:

Secondary data is the data collected from the research articles, journals, books, magazines, and newspaper etc.

5 THEORETICAL CONCEPT OF BRAND ATTACHMENT

5.1 CONSUMER BEHAVIOUR AFFECTING FACTORS

1. PRICING OF A PRODUCT OR SERVICE

Pricing of a product has a key effect on consumer perception. Though a large majority of consumers appreciate and favor a low or reasonably priced item, there are also cross sections of sophisticated and skeptical consumers who look down upon a product that is considerably low priced than the other available alternatives.

2. QUALITY OF A PRODUCT

The importance of the quality of a product or service from the perception of a consumer can never be undermined. Any feature of the product such as its use, durability and how reliable the product is in satisfying or disappointing the consumer can be described as its quality.

3. BRANDING AND PACKAGING OF A PRODUCT

First impression is the best impression very aptly applies to consumer perception of a product especially at the time purchase. How a product is attractively packaged to exhibit the display quality by the manufacturer determines the perception of the product. Even branding messages such as reliable, long lasting, tough are of great help in promoting the product perception.

4. HISTORY & REPUTATION

History and reputation of a company and its products and services plays an equally important role in the consumer perception. Age old businesses with strong reputation and history are always preferred

by consumers whereas new products are always tried with caution and based on public opinion and reviews.

6. IMPACT OF NEGATIVE CORPORATE NEWS ON CONSUMER BEHAVIOR TOWARDS CONSUMERS' PERCEPTION OF THEIR FAVORITE BRANDS RELATED TO WILLINGNESS TO SHOP FOR COMPETING BRANDS, AMOUNT WILLING TO PAY FOR FAVORITE BRANDS, AND WILLINGNESS TO BUY FAVORITE BRANDS.

(Brad Sago, Craig Hinnenkamp), did the survey on university student it was found dealt with the respondents' favorite brands and any changes in their consumer behavior towards those brands after significant negative corporate news for the company that produces the brand was introduced. Students were asked to identify their favorite brands over a range of product categories – clothing, shampoo and personal electronics. A scenario was then introduced that highlighted significant negative corporate news for the product manufacturer of those favorite brands. Students were then asked a series of questions to determine their perceptions of the favorite brands and consumer behavior reactions towards those favorite brands if the company that produced their favorite brands was the firm that the negative corporate news was the focus of.

1. Brand perception of favorite brand to time willing to shop for competing brands.
2. Brand perception of favorite brand to amount willing to pay for favorite brand.
3. Brand perception of favorite brand to willingness to buy favorite brand.

The objectives of this research were to understand the impact on consumer behavior towards consumers' favorite brands after becoming aware of negative corporate news regarding the manufacturers of those brands. The study examined four aspects of consumer behavior: brand perception, shopping habits, pricesensitivity, and willingness to purchase. The findings of this research indicate that in times of negative publicity businesses should institute proactive marketing measures to bolster consumer sentiment and counter the negative news.

7. CONCLUSION

The objective of this research is to examine the impact of negative corporate news on the perceptions and consumer behavior towards consumer favorite brands. After identifying their favorite brands, significant negative news about the corporation that produced their favorite brands. The students then were surveyed regarding changes in brand perceptions of their favorite brands, their willingness to shop for competing brands, amount willing to pay for favorite brands, and willingness to purchase their favorite brands. This research found that negative corporate news impacts consumer behavior – even towards consumers' favorite brands. Businesses would benefit from contingency plans developed to proactively address negative corporate news. Such actions could counter potential adverse changes in brand perceptions and related alterations to consumer shopping and buying behaviors that can result from negative business news. However, timely reactions by competing brands could take advantage of consumer openness to other products that result from favorite brand perception changes by negative business news.

8. REFERENCES

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