

The Effect of Negative Corporate News (NCNs) on Brand Equity and Repurchase Intention among Undergraduate Students at Huachiew Chalermprakiet University

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Abstract

Negative Corporate News (NCNs) has an impact on corporate image and consumer attitudes toward the firm. We investigated the impact of NCNs on brand equity and repurchase intention, and investigated the relationship between NCNs and gender toward repurchasing intention. This study is an experimental research which is one-group pretest-posttest design. Our intervention to be used for treating participants consisted of product quality, service quality, price, and packaging design. Questionnaire was used to measure 30 participants' perspectives included 2 parts; Brand Equity (Brand Awareness (BA), Brand Image (BI), and Perceived Quality (PQ)) and Repurchase Intention (RI). Our findings showed that NCNs had significant impact on brand equity and repurchase intention. To investigate in gender, NCNs had a higher effect in female than male toward repurchasing intention. The findings provided insights to help organizations concern on negative image which led to customer attitude toward brand equity and repurchase intention which affected to organizational profitability.

Keywords: *Negative Corporate News, Brand Equity, Repurchase Intention*

1. Introduction

Relative to this research, the researchers have established a definition of NCNs that will affect customer repurchase intention. Nayyar (1995) found negative news of customer service that had only impact half the Cumulative Abnormal Earnings (CAR) than the positive news. The product problems negatively have an impact on corporate image and consumer attitudes toward the firm.

However, news about brands and businesses is not always positive. Consumers receive a consistent flow of news about businesses that is less than flattering. There is a debated issue on the relation between perceived quality and purchase intentions. Some scholars have found a direct relationship between perceived quality and purchase intentions (Carman, 1990; Boulding *et al.*, 1993; Parasuraman *et al.*, 1996), whereas some others have reported an indirect relation mediated by satisfaction (Cronin and Taylor, 1992; Sweeny *et al.*, 1999). So, when people receive good quality of product or service, it can make customer be satisfied and come back to repurchase. The research by Roberts *et al.* (2003) verifies that perceived quality influences post-purchase behaviors indirectly by influencing relationships. Other researchers Zeithaml *et al.* (1996) think overall perceived quality has a significant relationship with customer behavioral intentions.

Research studies have recognized brand to have relationships with other aspects of brand equity. Grewel, Krishnan, Baker & Borin (1998) found a positive relationship between the brand and the level of consumer perception of a product's quality. Keller (1993 & 2003) identifies that brand and brand awareness are key in the quality of products and services held by the customers. So when the customer perceives the NCNs to brand image and brand awareness, it will affect the perceived quality of the customers. 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). Therefore, we propose that negative corporate news (NCNs) influences brand equity and repurchase intention. This study aimed to explore the impact of negative corporate news (NCNs) on brand equity and repurchase intention.

H1: Negative corporate news (NCNs) has significant impact on brand equity.

H2: Negative corporate news (NCNs) has significant impact on repurchase intention.

According to Ben-David (1993) he concludes out that women's direct expression appears to serve expressive rather than an instrumental overwhelming feelings of anger, despair and helplessness. As Campbell, Muncer, & Coyle (1992) verify women's expressions of aggression and hostility often reflect a loss of self-control thus, they are more reactive rather than reflective or instrumental in nature. Therefore, we propose that NCNs has a higher effect for female on repurchase intention than male.

H3: Negative corporate news (NCNs) has a higher effect on female on repurchase intention than male.

2. Literature Review

2.1 The Relationship between NCNs and Product quality, Service Quality, Price, and Packaging Design.

NCNs have negatively impact on corporate image and consumer attitudes toward the firm. NCNs in this study, we focused on four dimensions: product quality, service quality, price and packaging design. Firstly, a product quality has a significant impact toward the product or service performance, and thus is linked to a customer's value and satisfaction (Kotler and Armstrong, 2010). Product quality is derived from the difference between actual products and the alternative products that could made available or provided by the particular industry (Hardie and Walsh, 1994). It can also be determined by the way customers perceive product quality in the market (Wankhade and Dabade, 2006) Perceived quality which means consumer perception on the quality of a product (Tsotsou, 2006); represents consumers' overall judgment on the superiority of a product (Zeithaml, 1988). Tsotsou (2006) further proves that perceived quality and purchase intention are directly positively correlated, so perceived quality can be used in predicting purchase intention. Secondly, service quality which also affects repurchase intention. Some studies that support this finding are those by Rajbarian et al. (2012), Kaveh (2012), Sahin et al. (2012), as well as Hume and Mort(2010). Likewise, service quality also affects word of mouth. The study that supports this finding is done by Marinkovic et al. (2012). According to Zeithaml and Bitner (2003), service quality, which consists of reliability, responsiveness, assurance, empathy, and tangibility, affects customer satisfaction. Hollensen (2010) and similarly, satisfaction affects customer repurchase intention. Thirdly, price, Berkowitz, Kerin & Rudelius (1986) define price as the money or other consideration exchanged for the purchase of the product. Elements of price include competitive costs of ownership and affordability. The selling price of any product must be competitive to ensure acceptance, either by reflecting the perceived value of the product or at par price with the competitors' offering the similar product (Fujimoto & Sheriff, 1989). If the product being considered is rather costly to be maintained or kept (Dickerman and Harrison, 2010). Essentially, customers can sum up the purchase decision accordance to their ability to purchase the product (Abeles, 2004). Lastly, the packaging design which is considered as a powerful vehicle of communication between manufacturers or service providers and the consumers. According to Deliya and Parmar (2012) font is an important element of packaging because it attracts consumer's attention. Packaging information can create contrary results. It can likewise lead to misleading or inaccurate information due to small fonts and dense writing styles which are used on the package. Package size and shape can directly affects consumer judgment and decisions more and more. Consumers tend to experience same products from different brands and will decide the volume later.

2.2 Brand Equity

Customers use brand equity as a tool to make a decision to purchase products and services, 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)" (p. 100). Farquhar (1998) stresses that an increase in brand equity also increases the value of the products and services of the business. From the consumer perspective, the strength of brand equity is determined by the level of consumer reaction to the brand name (Shocker & Weitz, 1994; Keller, 1993). Brand equity is significantly influenced by the level of consumer brand loyalty held towards a product (Khan & Mahmmod, 2012). It affects consumer purchase behavior (Aaker, 1991), and has a positive relationship with brand purchase intention (Aaker, 1991; Chen, Chen & Huang, 2012).

Scholars studied the diversity impact of service quality on repurchase intention in different trades. Baker and Crompton (2000) make an analysis on tourism, indicating customer perceived quality is a significant positive correlation with repurchase intention, customer loyalty and willingness to pay premium price. Sivadas and Baker-Prewitt (2000) found that the perceived quality influences the customer attitude orientation and satisfaction of the department store industry, while satisfaction has an impact on attitude orientation, and repurchase.

Since brand image drives brand equity (Chen, 2010; Chen, Chen & Huang, 2012; Heidarzadeh & Asadollahi, 2012) the measures of repurchase intention are obtained from surveys of current customers assessing their tendency to purchase the same brand, same product/service from the same company. Brand image can influence a firm's profits and cash flow (Yoo & Donthu, 2001) as it

influences on customer repurchase intention (Chen, Chen & Huang, 2012). The brand image is psychological constructs that impact their consumer behavior including purchase and repurchase behavior (Park et al., 2010). The brand image is used by consumers as a cue in the purchase decision process (Richardson, Dick and Jain, 1994) that affects and is a factor in consumer behavior (Burmam, Schaefer & Maloney 2008). Brand image has been defined as cognitive and affective based perceptions that consumers have toward a brand (Dobni & Zinkham, 1990; Roy & Banerjee, 2007). Chung (2002) studies the brand image and country of origin on brand evaluation, purchase attitude and purchase intention while Ataman & Ulengin (2003) found that brand image is the major reason that customers make choices from different brands. Hsieh et al. (2004) consider that brand image and country of origin have significant impact on customer choice to purchase products and services as well as the choice to repurchase in the future. Research by Keller (1993) identifies a brand image as an association consumers' hold in their memories regarding a product and services.

Research studies have recognized brand to have relationships with other aspects of brand equity. Grewel, Krishnan, Baker & Borin (1998) found a positive relationship between the brand and the level of consumer perception of a product's quality. Keller (1993 & 2003) identifies that brand and brand awareness are key in the quality of products and services held by the customers. So when the customer perceives the NCNs to brand image and brand awareness, it will affect the perceived quality of the customers. 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). Therefore, we propose that negative corporate news (NCNs) influences brand equity and repurchase intention. This study aimed to explore the impact of negative corporate news (NCNs) on brand equity and repurchase intention.

3. Objectives

This study aimed to explore the impact of negative corporate news (NCNs) on brand equity and repurchase intention, and to investigate the relationship between negative corporate news (NCNs) and gender toward repurchasing intention among undergraduate students at Huachiew Chalermprakiet University.

4. Materials and methods

4.1 Participants

Thirty Huachiew Chalermprakiet University students participated in the experiment. There was one experimental group (30 participants). Participants used their smartphone regularly. They had normal or corrected-to-normal vision, and no history of neurological or psychiatric disorders. Each signed written informed consent forms prior to their participation.

4.2 Research instrument

The questionnaire was used in this study adopted by Chen and Hsieh (2011). The research instrument consists of the 12 questions using the rating scale according to Likert's 5-degree scale. The questions included 2 parts; brand equity (brand awareness (BA), brand image (BI), and perceived quality (PQ)) and repurchase intention (RI).

4.3 Intervention and data collection

This study used negative corporate news (NCNs) as an intervention to treat participants for 4 times, since 7th November to 12nd November 2016 (6 days) by giving 4 dimensions of question: product quality, service quality, price, and packaging design. This study created the time schedule patterned after the study of Chumanee (2015) which details that participants received negative corporate news (NCNs) around 3-4 times per week before making a decision to purchase.

4.4 Research Design and Data analysis

This study is an experimental research. Its design is one-group pretest-posttest design which is a design in which a treatment condition is interjected between a pretest and posttest of the dependent variable (Christensen et al., 2014). Paired-samples t-test was applied for investigating the impact of negative corporate news on brand equity and repurchase intention, and independent sample t-test was applied for analyzing the degree of effect that NCNs affect to gender toward repurchase intention.

Table 1 One-group pretest-posttest design and data collection period

Participant Numbers (Randomly assigned to)	Items	Measure	Time period
30	Pretest	O ₁	November 7 th , 2016
	Quality	X	November 8 th , 2016
	Service		November 9 th , 2016
	Price		November 10 th , 2016
	Design		November 11 th , 2016
	Posttest	O ₂	November 12 th , 2016

5. Results

Table 2 Pretest and posttest (Paired t-test)

Item		Differed Mean	SD	t	p	
Brand Awareness	Brand Awareness	How frequently did you receive the news from this Smartphone brand?	0.70000	1.36836	2.80193	0.00896
	Brand Reputation	Do you trust the reputation of this Smartphone brand?	0.43333	0.56832	4.17628	0.00025
		What do you think of the reputation of this Smartphone brand?	1.30000	0.91539	7.77857	0.00000
Brand Image	Product Image	Do you trust the performance of the product?	0.56667	0.72793	4.26381	0.00019
		What do you think of the design of this Smartphone brand?	0.96667	1.18855	4.45473	0.00012
		What do you think of the quality of this Smartphone brand?	1.26667	1.04826	6.61841	0.00000
	Service Image	Do you think after-sales service of this brand is good or not?	0.60000	0.49827	6.595	0.00000
		How much satisfaction do you have regarding the service of this Smartphone brand?	1.36667	1.06620	7.02077	0.00000
Perceive Quality	Technical Quality	What do you think about the technology of this Smartphone brand?	1.26667	1.01483	6.83642	0.00000
		What do you think about the function or feature of this Smartphone brand?	1.06667	1.25762	4.64558	0.00007
	Functional Quality	Is it worth paying for the function of Smartphone of this brand?	1.36667	0.99943	7.48985	0.00000
Repurchase Intention		If you have a choice, will you buy this Smartphone brand?	0.36667	0.55605	3.61173	0.00114

Table 2 presented differed mean of pretest and posttest for brand equity and repurchase. Paired-samples t-test analysis showed that there were significant differed between pretest and posttest for both brand equity and repurchase intention ($t > 1.96$, $p < 0.05$). Functional quality of brand equity dimension had the most significant difference ($t = 7.49$, $p = 0.00$). On the other hand, brand awareness of brand equity had the least significant difference ($t = 2.80$, $p = 0.01$).

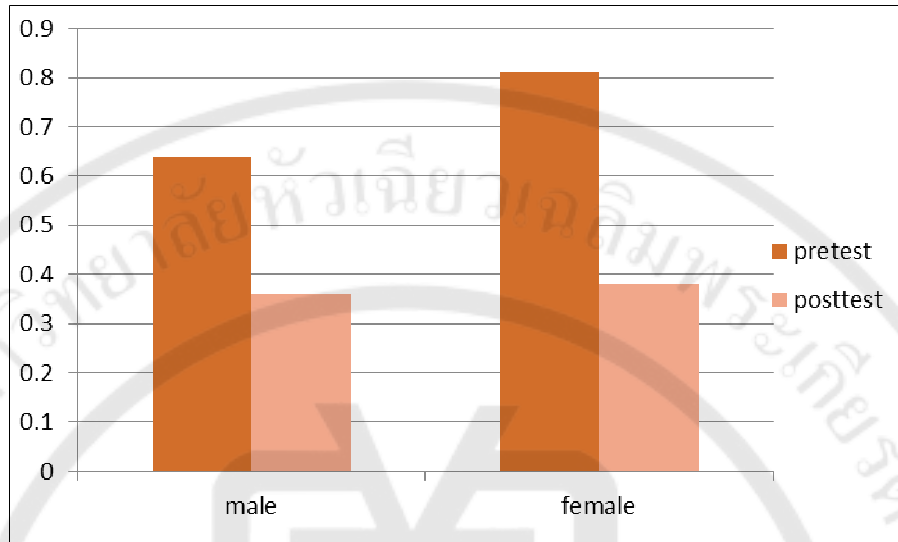


Figure 1. Mean of pretest and posttest for gender toward repurchasing intention

Moreover, we investigated the differed mean of pretest and posttest between male and female. This study discovered that female had higher differed mean more than male as shown in Figure 1. Precisely, the t-test for independent samples for difference in means between male and female respondents that were calculated base repurchase intention. For pretest [$F(1, 28) = 4.11$, $t = -1.03$, $p = 0.52$] and posttest [$F(1, 28) = 0.04$, $t = -0.10$, $p = 0.85$], the result showed that gender was not significant to repurchase intention.

6. Discussion

Our main findings indicate that negative corporate news (NCNs) has significant impact on brand equity (H1, supported) and repurchase intention (H2, supported) which is similar to the findings of past studies (Griffin, Babin & Attaway, 1991; Menon, Jewel & Unnava, 1999; Ahluwalia, Burnkrant & Unnava, 2000; Ahluwalia, 2002; Sago and Hinnenkamp, 2014). Specifically, the impact of negative corporate news (NCNs) on brand equity and repurchase intention might be related to brand image. Since brand image drives brand equity (Chen, 2010; Chen, Chen & Huang, 2012; Heidarzadeh & Asadollahi, 2012) the measures of repurchase intention are obtained from surveys of current customers assessing their tendency to purchase the same brand, same product/service from the same company. The brand image is psychological constructs that impact their consumer behavior including purchase and repurchase behavior (Park et al., 2010). The brand image is used by consumers as a cue in the purchase decision process (Richardson, Dick and Jain, 1994) that affects and is a factor in consumer behavior (Burmman, Schaefer & Maloney 2008).

Another this present study results were discovered that negative corporate news (NCNs) has a higher effect to female on repurchase intention than male. This contributing is associated with women's expression (Ben-David, 1993; Campbell et al., 1992). Women's direct expression appears to serve expressive rather than an instrumental overwhelming feelings of anger, despair and helplessness. Their expressions of aggression and hostility often reflect a loss of self-control. Parkins (2012) found that women are the more emotionally expressive gender in the realm of face-to-face communication. It has also been found in previous studies that there are certain gender stereotypes associated with particular emotions and these stereotypes have been observed in children as early as pre-school age (Kelley & Hutson-Comeaux 2002). It has also been found that the emotions of happiness, sadness and fear are believed to be more characteristic of women, whereas men are believed to be more characteristically angry.

7. Conclusion

The present study explored the impact of negative corporate news (NCNs) on brand equity and repurchase intention, and investigated the relationship between negative corporate news (NCNs) and gender toward repurchasing intention. We found that negative corporate news (NCNs) has significant impact on brand equity and repurchase intention. To investigate in gender, negative corporate news has higher effect to female than male on repurchase intention. One notable limitation of the present study is regarding less participants, and this study did not investigate the relationship between brand equity and repurchase intention. Future research should conduct this research in quantitative research style. Structural equation model (SEM) analysis may be suitable for future research to gain more participants and find the effect among negative corporate news (NCNs), brand equity, and repurchase intention.

8. References

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