Corporate Endorsement

The reciprocity between the corporate- and the product brand

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Abstract

Recently, companies within the FMCG branch have engaged in corporate branding activities to leverage the firm behind their product brands. By means of token endorsement, companies such as Unilever and P&G aim to connect the corporate brand with their product brands to create a positive halo effect on their product brand portfolio. This study examines the effectiveness of such strategy and additionally introduces the reciprocal relationship between the corporate –and product brand. Moreover, the element of storytelling is included which is assumed to enhance the effectiveness of this branding strategy.

A quantitative experiment was conducted in which different groups, receiving different corporate endorsement manipulations, are compared. Several brand constructs were used to examine the corporate – and product brand evaluations. A total of 286 responses was collected via the online survey software Qualtrics. It was found that just token endorsement has no significant positive influence on both the product- and corporate brand evaluations, whereas token endorsement in combination with corporate storytelling has. The results of this study contribute to existing literature by focussing on the consumer perspective within the corporate branding area, moreover it is helpful for practioners within the FMCG branch in pursuing an effective corporate branding strategy.

Preface

This master thesis is the conclusion of my master in Behavioural Economics at the Erasmus University at the Erasmus School of Economics. By writing this thesis I dug deeper into the field of marketing and developed a more thorough understanding of conducting research. Moreover, it has been a great opportunity to combine the knowledge I gained past year in Marketing and Behaviroural Economics in writing this thesis. As the topic of Corporate branding has been widely examined in literature, I wanted to study a tangible, yet current issue within Corporate branding which I found in the current pursuit of the Corporate token in ads. By examining the rationale behind this strategy, the reciprocal relationship became worthwhile to study.

I would like to thank Dr. Jan Stoop for his valuable feedback and tips during the entire writing process. Those insights have made me look critical to the research I conducted. Furthermore, I would like to thank all the respondents who participated in one of the surveys. The entire process of writing my thesis has been very interesting and instructive, hence a perfect ending of my master in Behavioural Economics.

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INTRODUCTION

This first chapter provides an introduction to the research topic of this study. Firstly, background information concerning the Fast-Moving Consumer Goods branch is presented and the research gap is stated. Furthermore, the main purpose of the study is outlined together with the two research questions to be answered. Lastly, the outline of this thesis is presented.

1.1 Corporate branding in the FMCG branch

Since brands are considered one of firm's most valuable assets, branding has gained in importance in the past decade. In this context, many Fast-Moving Consumer Goods (FMCG) companies have engaged in corporate branding activities to leverage the firm behind their subsidiary brands. A great number of companies are using their corporate brand as endorsement on their product brands (Meierer, 2011). Take for example Unilever and Procter & Gamble, which round off their TV commercials showing their corporate logo. Regularly significant investments are made in order to create a clear and positive corporate brand perception amongst all stakeholders (Meierer, 2011). However, often the corporate brand still remains a mystery to its consumers (Dowling, 2006). The ignorance of the corporate brand is as of today not solved as Boersch, CEO Nestlé Netherlands, tells in a June 2016 article in Het Financieele Dagblad (FD), that few people know the manufacturer behind their product brands (Bos, 2016).

Traditionally, many FMCG companies pursued the 'house of brands' strategy by means of operating many strong stand-alone brands (Laforet & Saunders 1994, 1999). As a result, the focus has been primarily on branding product brands in isolation, therefore creating unique associations for all product brands in the portfolio (Saunders & Guoqun, 1997; Xie & Boggs 2006). For this reason, the corporate brand is barely known by its customers. Now that product brands are endorsed by the corporate brand, best of both worlds are combined, i.e. the 'branded house' and the 'house of brands' strategy (Meierer, 2011), and brand architectures shift to a more hybrid form (Douglas et al., 2001; Laforet and Saunders 2005).

Today – the product brand strategies are questioned in terms of ability to cope with certain challenges the FMCG branch is facing (Hatch & Schultz, 2003). Therefore, corporate endorsement is used as a strategic asset to gain competitive advantage for multiple reasons (Kowalczyk & Pawlish, 2002). Firstly, markets have become more complex due to the introduction of new brands, consequently leading to the homogenization of products (Kay, 2006). Secondly, people have become more conscious and sophisticated about products, thus a more customer based approach needs to be adapted (Hatch & Schultz, 2003). Thirdly, the future human resource shortage will result in difficulties in attracting new talent (Einwiller & Will, 2002; Moroko

& Uncles 2008). Corporate branding can offset those challenges as it can offer a guarantee for trust and quality (Balmer & Gray, 2003), credibility (Aaker, 2004) and may serve as an anchor (Abratt & Kleyn, 2012). Additionally, corporate branding can be fruitful as people have become more interested in the companies behind the brands (Einwiller & Will, 2002; Eleftheriou-Smith, 2011; Bos, 2016).

Though, in order to leverage the product brands by corporate endorsement, the corporate brand needs to have a good reputation as well as good associations (Aaker, 2004). This can be done by creating meaningful corporate values, e.g. corporate social responsibility activities to connect with customers (Aaker, 2004; Kay, 2006). Moreover, corporate storytelling can be used to engage people with the corporate brand, in which the corporate brand is communicated in form of a narrative. Storytelling can help in conveying the brand values, therefore putting the brand in positive light (Lundqvist et al., 2013). Besides it creates emotional and powerful associations and therefore is a meaningful way to relate to all stakeholders. The use of corporate narrative communication can build the reputation of the organization in terms of mission and morality to create trust (Dowling, 2006). Every company has its own story and it can be used to explain how brands originate and hold power (Hatch & Schultz, 2001).

It is notable that the trend of adding the corporate logo in ads of their well-established stand-alone brands is widely used to build corporate brand equity. With the emergence of this strategy not only the corporate brand is build but also the stand-alone brands are leveraged as people get informed and become aware of the distinct product portfolio hold by the corporate brand. Eventually with the purpose to create a positive halo effect on the entire product portfolio the company markets (Eleftheriou-Smith, 2011; Carlton, 2013).

It follows that this strategy leads to certain reciprocity between corporate brand and product brands. Given that many FMCG companies now engage in corporate branding, it is interesting to elaborate in which manner they do so. Often only corporate logo endorsement is found in advertisements, both in TV- and magazine ads. For this reason, customers may have difficulties in identifying and understanding the corporate brand (Dowling, 2006). The question arises whether just showing the logo is enough to create the desired backward effect. As previously mentioned every company has its own story to create meaningful associations. Thus, in this context the concept of storytelling seems worthwhile to investigate.

As of today, almost nothing is theorized about this reciprocal relationship, therefore it would be thrilling to examine the strength of this relationship. Additionally, this thesis aims to contribute to literature by investigating the impact of corporate storytelling in ads, respectively on the reciprocity.

1.2 Research gap

The field of corporate branding has received attention since the 1950's (Balmer & Greyser, 2006), but has mainly focussed on organizational level how to build the corporate brand. However, the significance of the topic increased in the late 1990's when the competitive environment started to change and a more customer oriented approach needed to be adapted to differentiate the company from its competitors (Balmer, 1995). Therefore, this thesis will focus on the consumer perspective. As argued above, companies have several reasons to market their corporate brand. The top down influence of the corporate brand on the product brands has been widely investigated and proven to have a positive impact (Saunders & Guoqun, 1997; Brown & Dacin, 1997; Lafferty at al., 1999; Goldsmith et al., 2000; Berens et al., 2005; Souiden et al., 2006). Within those studies the transfer of the corporate brand on the stand-alone product brand is examined, hence not the interplay between them. Therefore, further research is suggested to examine this reciprocal transfer (Brown & Dacin, 1997; Biehal & Sheinin, 2007). This forward- and backward effect is widely examined within the brand extension literature. The forward effect refers to the transfer of the corporate brand to the new brand whereas the backward effect is about the transfer of the new brand to the corporate brand (Martinez & Pina, 2010). This thesis will adapt this model to the context of product brands and corporate brands. Recently, Meierer (2011) investigated this reciprocity in a cross-national empirical study and found a positive relationship in most of the countries. However, the Netherlands was out of scope and therefore remains an interesting research gap.

When looking at the latest marketing trends, storytelling gains in importance by marketers (Passikoff, 2014; Peeters, 2015) and therefore deserves special attention in my opinion. Storytelling in advertisements has mainly been done on product brand level. It can be a very fruitful tool to create attachment whereas it can become the driving force behind brand values (Fog et al., 2005). Though, storytelling is also appropriate at corporate brand level, however studies have mainly focussed on leveraging human capital (McLellan, 2006) and on the effect of companies which operate the 'branded house' strategy (Biehal & Sheinin, 1998; Hatch & Schultz, 2001). Consequently, the effect on companies with a 'branded house' strategy remains unclear and is therefore the first reason making it worthwhile to investigate. On top of that, storytelling may serve as a tool to solve the problem of the mystery around the corporate brand name (Dowling, 2006). This is assumed reasonable as verbally brand information has a higher recall advantage over visual brand information (Buttle & Westoby, 2006) which can be explained according to the accessibility-diagnosticity model. This model argues that anything that increases accessibility of the input is expected to lead that the information is sooner used for evaluation (Ahluwalia & Gürhan-Canli, 2000).

Combining corporate brand endorsement with verbal corporate storytelling is considered to be meaningful. Therefore, I find it important to build on this research and to investigate the influence of such strategy on product brand and corporate brand evaluations, respectively on the reciprocity.

1.3 Purpose of the study

As the corporate strategy of showing corporate logos is mainly pursued, one could question the effectiveness. Is only showing the corporate logo sufficient to leverage the product brand, moreover does showing the logo provide a clear image of what the corporate brand is? Besides does it lead to the desired backward effect, eventually leading to a positive halo effect on the entire product portfolio? It is those questions that marketers should be concerned with and may help in pursuing the right corporate strategy. As literature argues, storytelling can be an effective tool to engage customers to a brand (Hatch & Schultz, 2001). I assume that by creating a dual branding strategy which is the combination of corporate endorsement with verbal corporate storytelling, a possible solution is proposed to cope with the remaining mystery around the corporate brands by customers.

Thus, the main purpose of this thesis is to examine whether FMCG companies holding a multiple brand portfolio, should engage in a corporate endorsement strategy at all. Moreover, to investigate the effect of reciprocity between corporate- and product brand. Additionally, corporate storytelling and its effect on the reciprocity is elaborated on. Thus, this thesis aims to answer the following research questions:

I: What is the effect of corporate brand endorsement on the reciprocal relationship between corporate brand and product brand?

II: What is the effect of corporate brand endorsement in combination with verbal corporate storytelling on the reciprocal relationship between corporate brand and product brand?

1.4 Thesis outline

This thesis concerns five main parts. Following the introduction presented above in which the research topic and questions were described, the second part elaborates on the theoretical background in detail. According to relevant literature several hypotheses are posed. The third part presents the methodological part in which the scientific approach is described by presenting the conducted pre-tests and experimental design. With regard to the fourth part, the obtained results are analysed and the hypotheses are concluded. This is followed by the discussion in the fifth part, including the answering of the research questions to draw conclusions, theoretical contributions, managerial implications, limitations and further research suggestions of the study.

LITERATURE REVIEW AND HYPOTHESES GENERATION

This second chapter involves the theoretical background in which relevant literature is presented. It provides insights about the corporate endorsement strategy and an overview of the different brand constructs measuring brand evaluations. Moreover, the concept of storytelling is elaborated on and the hypotheses are posed.

2.1 Introduction to branding strategies

Within the branding literature various categories are defined to depict the different brand architectures. The brand relationship spectrum by Aaker and Joachimsthaler (2000) distinguishes between the categories; 'house of brands' e.g. Unilever, 'endorsed brands' e.g. Nestea, 'sub brands' e.g. Gillette Mach 3 and 'branded house' e.g. Virgin. According to Laforet & Saunders (1994), one should distinguish between a corporate dominant, brand dominant or a mixed form. Similarly, Berens et al. (2005) argue about monolithic, stand-alone and endorsed strategies. Nevertheless, since the categories differ in name, the scope is similar existing of the two extremes with hybrid possibilities. As of today, this hybrid form is more and more adopted now that companies realize both the company and their products may benefit from this strategy.

2.2 Trends in the FMCG branch

The shift towards corporate endorsement can be attributed to the changing environment which is build up by the increasing competition resulting in homogenization of the products (Kay, 2006), the heightened sophistication of the consumers (Hatch & Schultz, 2003) and the difficulty in recruitment and retention of employees (Xie & Boggs, 2006). Until then, the large companies such as Unilever and P&G excellently operated multiple stand-alone brands. One could argue that this 'house of brands' strategy has secured this. However, now that this strategy has been questioned, the focus has shifted from products to the organization. Therefore, corporate endorsement is a logical strategy to pursue in order to create a strong link between both brands (Uehling, 2000). This enables the company to differentiate and attain competitive advantage (Hatch & Schultz, 2001; Gylling & Lindberg-Repo, 2006).

However, it is important to recognise the distinction between the 'house of brands' and 'endorsed strategy', in order to learn both strategies. Traditionally, product branding is conducted at product level mainly targeting customers, whereas corporate branding was conducted at organizational level targeting all kind of stakeholders (Xie & Boggs, 2006). Beyond primarily targeting customers, corporate branding intents to reach all stakeholders. The distinction is also visible in corporate branding being executed at higher executive

level based on long term objectives and corporate values, hence being a more strategic tool (Balmer & Gray, 2003; Hatch & Schulz, 2003). As a result, corporate brand communication is more tangible (Ind, 1997) compared to product brand communication (Kapferer, 2008).

2.2.1 Corporate brand as endorser

Communicating the corporate endorsement is not something straightforward and can be done by various means (Aaker & Joachimsthaler, 2000). The 'endorsed brands' category can be subdivided into token endorsement, linked names and strong endorsement. Token endorsement is for example found at Unilever, which displays its logo in ads and on products. Linked names is used by Nestlé whose brands are closely related to the corporate name e.g. Nestea and Nescafé. Moreover, an example of strong endorsement can be found in Courtyard by Marriott (Aaker & Joachimsthaler, 2000).

In order to understand the endorsement strategy, it is considered meaningful to elaborate on the corporate brand in general first, hence how it may influence the product brand. Literature often distinguishes between two different corporate brand dimensions: i) corporate brand credibility ii) corporate social responsibility. The concept of corporate credibility covers the expertise and trustworthiness of the company (Newell & Goldsmith, 2001). Expertise is the ability to fulfil its claims whereas trust applies to the extent to how the company operates and communicates the truth. Both concepts are also encountered in other studies with respect to corporate brand evaluation. According to Brown & Dacin (1997), corporate ability is considered to be the most important dimension concerning product evaluation, however corporate ability is just a synonym for expertise. Berens et al., (2005) also argue about corporate ability whereas expertise also includes product quality, innovativeness and customer orientation. Corporate trust can be defined as the belief consumers can rely on the firm in the long-term (Crosby et al., 1990; Lin et al., 2011). A high degree of consumer trust is proven to lead to positive product evaluations (Bhattacharya and Sen, 2003; Gefen and Straub, 2004; Vlachos et al., 2009). Thus, expertise and trust are closely linked as high expertise can strengthen trust (Lin et al., 2011).

The dimension of corporate social responsibility reflects the status and engagement of the company concerning its perceived societal obligations (Brown & Dacin, 1997). It is those actions that contribute to social welfare which are beyond what is needed to maximize profit (McWilliams, 2015). However, the use of corporate social responsibility to influence customers in order to differentiate has become quite common (Becker-Olsen et al., 2006). Take for example Unilever's compressed deodorants which contain the same amount of deodorant though in a smaller aerosol. By compressing the aerosols less package is used which is therefore more environmental friendly (Compressed deodorants, 2016). Several studies have demonstrated a positive relationship between social engagement and customer behaviour (Brown & Dacin, 1997; Murray & Vogel, 1997; Berens et al., 2005).

Thus, when the corporate brand is present in ads, those two dimensions are considered and taken into account when evaluating, hence can leverage the product brands positively. The next section elaborates on the endorsement strategy in detail with the emphasis on token endorsement, the main research topic of this thesis.

2.2.2 Corporate token endorsement (CTE)

The emphasis of this thesis is on token endorsement in advertisements which is pursued by most of the large FMCG companies. A corporate logo is defined as the non-verbal signature of the company (Foroudi et al., 2014). Leveraging the corporate brand by endorsing with the corporate logo in advertisement is done to enhance positive company associations as quality and a sense of trust (Balmer & Gray, 2003; Xie & Boggs, 2006). By communicating the product brand together with the corporate brand, the corporate brand's pre-established equity and reputation is transferred to the product brand (Riezebos et al., 2003; James, 2005). Besides it also enables the communication of the vision and culture of the firm as unique selling proposition (Balmer, 1995, Ind, 1997; Ackerman, 1998). The visibility of the corporate brand may also serve as anchor (Abratt & Kleyn, 2012) and therefore helpful in choosing among the great number of homogenous products (Kay, 2006). Another advantage is achieving economies of scale in marketing, consequently decreasing advertising costs (Hatch and Schultz, 2001; Rao et al., 2004). Furthermore, endorsing all products with the corporate name is assumed to foster cross-selling of the entire product portfolio (Balmer, 1995). Overall, the endorsement of a strong corporate brand creates an umbrella image representing the entire portfolio, reduces costs, serves as a badge of identification and stands for quality (Hatch & Schultz, 2001).

The endorsement of the corporate brand on the product brand has been proven to have a positive impact on the product brand evaluations (Saunders & Guoqun, 1997; Brown & Dacin, 1997; Lafferty et al., 1999; Goldsmith et al., 2000; Berens et al., 2005; Souiden et al., 2006). In our context, product brand evaluations are based on your overall attitude towards the ad, hence based on the presence of both the corporate brand and product brand. The next section elaborates on the attitude-towards-the-ad which determines your evaluation. Moreover, from literature constructs are chosen to measure product evaluations.

2.3 Measurement dimensions for attitude-towards-the-ad

The construct of attitude-towards-the-ad is covered extensively in marketing scholarly (Mitchell & Olson, 1981; Brown & Stayman, 1992; Bruner, 1998). Many attempts have been made to understand this attitude accordance the hierarchy of effects model, which is a predictive measurement of advertisements effectiveness and postulates a hierarchical sequence of effects a consumer follows when evaluating (Preston & Thorston, 1984; Lavidge & Steiner, 2000; Wijaya, 2015). This sequence has a series of stages between the point of unawareness and ultimate purchase of the product (Barry, 1987). Since the introduction of the hierarchy of effects model, adjustments have been made throughout. Proponents as Lavigde & Steiner (1961) theorize that this model is based on three behavioural states: cognitive, affective and conative states.

Cognition is someone's mental account in terms of knowledge, beliefs and thought (Barry & Howard, 1990). Affection can be defined as any degree of emotion. Conation refers to any intention to perform something e.g. purchasing (Wijaya, 2015). An adjusted form of the model is the AIDA model, which stands for attention, interest, desire and action (Strong, 1925). A similar popular model is the DAGMAR model, incorporating the elements of awareness, comprehension, conviction and purchase (Colley, 1961). Nevertheless the elements are named differently, they can be subdivided in one of the three behavioural states. In order to measure the attitude-towards-the-ad, it is important to consider the meaningfulness of all three states in our context, hence constructs need to be chosen that are relevant to measure the influence of corporate endorsement on product brand evaluation in ads.

2.3.1 Cognitive product brand constructs

The content of the ad will trigger several evaluations with respect to the product brand. The cognitive context determines the interpretation of information and product attributes. The advertising context is able to prime attributes e.g. quality and performance, therefore influencing the interpretation of the information (Yi, 1990). In turn this may affect people's beliefs, hence may change their brand evaluations (Mitchel & Olson, 1981). A commonly cited and relevant construct to measure the cognitive state is *perceived quality* (Keller, 1993; Aaker, 1996, Low & Lamb, 2000).

Perceived quality has shown to be an important construct in measuring brand equity and consumer product evaluations (Aaker, 1996; Netemeyer et al., 2004). It can be defined as the overall excellence or superiority of a product which can add value to purchase evaluations (Aaker & Jocobson, 1994; Low & Lamb, 2000). It is important to see how quality perceptions are formed. The antecedents of quality exist of intrinsic- and extrinsic cues (Kirmani & Zeithaml, 1993). Intrinsic cues are concrete and refer to physical product such as colour and texture. Extrinsic cues are product related in terms of e.g. brand name and price (Zeithaml, 1988). Many research has been done on the role of the brand name on perceived quality (Andrews & Valenzi, 1970; Gardner, 1970; Dodds & Monroe, 1985). The reason lies in the brand name providing information to its customers. Moreover, the brand name as extrinsic cue serves as a signal for intrinsic cues, as it may recall product attributes (Kirmani & Zeithaml, 1993). Thus, in this context the corporate token as an extrinsic cue is assumed to be signalling quality, therefore the first hypothesis is posed.

H1a: Corporate token endorsement positively enhances perceived quality of the product brand.

2.3.2 Affective product brand constructs

Brand affect refers to when the brand is able to trigger positive emotions (Chaudhuri and Holbrook, 2002). In the affective context of an ad, those emotions influence subsequent judgements (Yi, 1990). Hence to measure emotion, the frequently used construct of *brand affect* is chosen (Chaudhuri & Holbrook, 2001;

Berens et al., 2005). In this context, the corporate token represents the company behind the product and when the company is positively perceived, this hypothesis follows:

H1b: Corporate token endorsement positively enhances brand affect of the product brand.

2.3.3 Conative product brand constructs

According to the hierarchy of effects model, the conative state is found at the end of the chain based on the attitude formed in the cognitive and affective states (Wijaya, 2015). Based on their attitude formed in those states, people consider an intention to perform or not. A well-known construct to measure this intention is *purchase intention*.

Purchase intention is an effective construct to measure advertising effectiveness as the purchase of the product is the ultimate goal of every communication towards the customers (Percy & Rossiter, 1992). However, purchase intention is not synonym to actual purchase whereas it serves as an indicator to forecast future purchasing behaviour (Chandon et al., 2005). Therefore, the construct is suitable in this context as actual purchasing behaviour cannot be measured. Perceived quality has been recognised to positively influence purchase intentions (Netemeyer et al. 2004). Moreover, both corporate expertise and corporate social responsibility contribute to increased purchase intention (Kline & Dai, 2005). Thus, based on the above-mentioned arguments it is assumed that token endorsement is positively related to purchase intention of the product brand. The above reasoning leads to the following hypothesis:

H1c: Corporate token endorsement positively enhances the purchase intention of the product brand.

2.4 The reciprocity between corporate brand and product brand

As argued above, companies have several reasons to market their corporate brand based on multiple arguments, hence not only to strengthen the product brands. According to a spokesman for Unilever; people will buy more other products from the company if they know they come from the same maker (Charles, 2009). Another reason to leverage the corporate brand is to become a more well-known employer (Eleftheriou-Smith, 2011). It follows that the endorsement strategy is also operated to build the corporate brand via product brands to create a positive backward effect. Until now, the branding literature has often neglected the reciprocal relationship. Nevertheless, within the corporate branding, brand extension and co-branding literature, empirical evidence is found supporting this relationship in one or the other way.

2.4.1 Corporate branding literature

Despite the increasing research with the emphasis on corporate branding, the reciprocal relationship is still not comprehensively investigated. The existence of the interplay between the two brands was first

recognised by Brown & Dacin (1997) who suggested to further examine this. Years later, Keller & Lehmann (2006) and Meierer (2011) argued that the endorsement has not a unidirectional relationship, however that the product brand also reflects on the corporate brand. Thus, the question remains what this relationship would look like in our context.

2.4.2 Brand extension literature

Reviewing the brand extension literature, one will find a positive relationship between the consumer's evaluation of the firm and the evaluation of the brand extension (Keller & Aaker, 1998). Martinez & Pina (2010) introduce the forward- and backward effect within this relationship. The forward effect refers to the transfer of the corporate brand to the new brand whereas the backward effect is about the transfer of the new brand to the corporate brand (Martinez & Pina, 2010). This backward effect finds support in the study of Balachander & Ghose (2003), who argued that brand extensions concern a reciprocal relationship between product- and corporate brand as they are beneficial in terms of creating a positive spill over to the parent brand.

2.4.3 Co-branding literature

Within the co-branding literature empirical evidence is found that the pairing of two brands affects the evaluation of the individual brands positively (Washburn et al., 2000; Lebar et al., 2005). Following Simonin and Ruth (1998), it is argued that pairing two brands results in both brands being boosted.

Thus, to conclude, within each strand of literature the relationship between corporate- and product brands is explained. As Meierer (2011) investigated the reciprocal relationship in several countries, the Netherlands was out of scope. Therefore, it would be worthwhile to see if the same rules apply here as well. Moreover, it assumed meaningful to adapt the model of the forward- and backward effect as in the brand extension literature to our context, by substituting the new brand for existing product brands, to explain our reciprocal relationship, see figure 1.
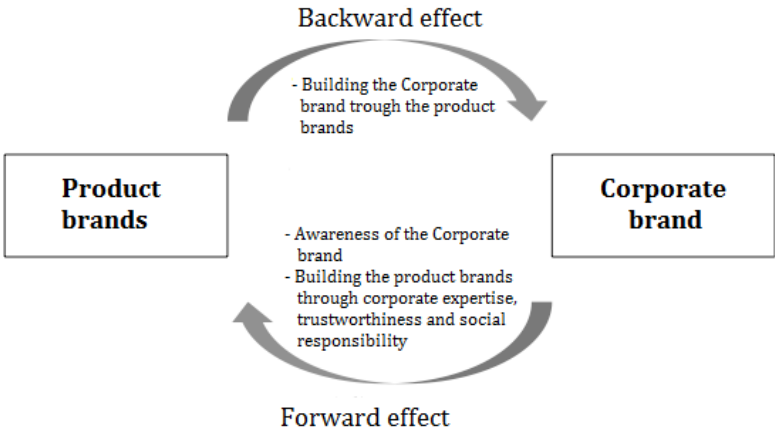

FIGURE 1: Visual model of the forward- and backward effect

In order to investigate the reciprocity, it is also necessary to choose meaningful constructs to measure the backward effect. To create a consistent model, it is assumed logical to choose cognitive, affective and connotative constructs as well. With respect to the backward effect the cognitive construct includes the already elaborated on in one of the previous sections; *corporate expertise, corporate trustworthiness and corporate social responsibility*. Moreover, the affective state is measured by the construct *brand affect* towards the corporate brand and the conative state through *purchase intention* of products manufactured by the same corporate brand.

The model starts with the constructs of the cognitive and affective states which are the corporate brand associations. Those will be used as starting point when using the corporate brand in evaluating the product brand. Now that people use the corporate brand in their product brand evaluation, the corporate brand and the product brand become connected. This means that when evaluating the corporate brand, the product brands will in turn influence the corporate brand evaluation. Thus, two sets of constructs belonging to either the corporate brand or product brand are available with a reciprocal relationship. Therefore, I pose the second hypothesis:

H2: Corporate token endorsement positively enhances the backward effect in terms of:
a) Corporate expertise
b) Corporate trustworthiness
c) Corporate social responsibility
d) Corporate brand affect
e) Purchase intention of products from the same corporate brand

Ongoing, by taking a closer look to the token endorsement strategy, one could question the effectiveness. Although the forward- and backward effect has proven to have a positive outcome, the question arises if the endorsement is communicated in the most optimal way. Thus, is providing the logo sufficient to fully understand the company and to recall relevant information. The next section will elaborate on this.

2.5 Corporate brand remains a mystery

Referring back to the example of Unilever and P&G which are using their corporate logo in advertisements, it is questionable if the use this logo endorsement results in optimal outcomes (Dowling, 2006). All the advantages explained above, will only exist when customers know the corporate brand in advance. A recent study by Shandwick (2012) found that circa 56 percent of the people is doing research about the companies who make the products and more than half of the people was interested in the company behind the products. Therefore, it follows that most of the customers care about the company's reputation and are interested in the company's values and how it positively contributes to society (Shandwick, 2012). Further, as so many people are doing research, it is assumable that the corporate communication in e.g. ads and on

products, is not sufficient enough to fully understand the company. Therefore, I think it is interesting to elaborate on the provision of verbal corporate information instead of only the logo, so people can learn the company.

2.5.1 Verbal information versus visual information

This can be backed up with related branding literature arguing that when information is verbally presented, it is more concrete and specific (Taylor & Thompson, 1982) and therefore can be better recalled compared to visual presented information (Buttle & Westoby, 2006). This claim is also made by Aaker & Joachimsthaler (2000), who argue that the use of strong endorsement is more effective than token endorsement. As a result, the corporate information becomes more diagnostic and accessible (Herr et al., 1991). This can be explained through to accessibility-diagnosticity model which claims that when information is more accessible, the information will be more likely to influence your judgement (Feldman & Lynch, 1988). Thus, in order to create more accessible information to perceive more clear corporate associations, the visual token endorsement can be made concrete by adding verbal text to the ad, hence the information becomes more diagnostic. This postulation can be strengthened by literature arguing that visual and verbal text combinations results in better remembrance and stronger consumer attitudes (Schmitt, 1994; Kim & Lennon, 2008). The next section digs deeper into the field of how verbal information can be told.

2.6 Storytelling

Storytelling reflects the way in which information is framed so it is understandable, meaningful and memorable. When a narrative approach is adopted, information becomes more tangible (McLellan, 2006) as it can answer questions like: who, what, why, where, when and how (Shankar et al., 2001). Storytelling is trending and becoming increasingly important in marketing (McLellan, 2006; Passikoff, 2014; Peeters, 2015). Storytelling is proposed to provide benefits in the knowledge transfer (McLellan, 2006), creating strong and consistent images (Fog et al. 2005) that evoke emotional connection with the brand (Herskovitz and Crystal, 2010). Several empirical studies have found the positive impact of storytelling in marketing communication (Escalas, 2004; Nemčoková, 2010). However, most storytelling research has focussed on product brand level and very little empirical evidence exists about firm-originated stories on consumer responses (Lundqvist et al., 2013). Thus, in our context this is worthwhile to investigate further.

Storytelling is feasible on both the product- and organizational level. Storytelling is nothing new whereas in the past storytelling has been executed on product level in order to create strong individual stories per product. In the 1990's Nestlé realized that the product-focussed message in ads was not enough to engage the majority of the buying public. In order to create emotional involvement, it started to focus on a more emotional approach in ads; by telling a romantic story of a man and woman drinking a cup of Nescafé coffee. This engagement in storytelling resulted in an increase of sales by 60 percent (Fog et al., 2005).

In contrast, corporate storytelling is executed at organizational level with the purpose to create a strong corporate brand amongst all stakeholders. It involves the process of creating a narrative about the organisation, its heritage, visions, social responsibility and work itself (Wilkins, 1983; Kaye, 1995). Studies concerning corporate storytelling chiefly include companies operating a 'branded house' strategy (Biehal & Sheinin, 1998; Hatch & Schultz, 2001). Take for example Virgin; who is leveraging the corporate brand extremely well through stories. The story of the successful court battle against British Airways, which is told in many bestselling books, resulted in the founder becoming a folk hero. The history and survival have become the story of Virgin. Now that struggle for survival is over, this story still continuous to be told each time Virgin moves in a new business (Hatch & Schultz, 2001). Another important stakeholder which is reached through corporate storytelling and is widely studied in literature, is the employees (McLellan, 2006). The corporate story can build stronger engagement with the employees by creating a consistent culture according to the aspired values (Gill, 2011).

Stories can be communicated through e.g. websites, speeches, annual reports, recruitment and press releases (Roper & Fill, 2012). In the previous section I suggested to provide verbal information additional to the logo in ads. However, information in the form of a narrative has so far often been used in printed advertisements but concern stand-alone product brands with the narratives written at product brand level. They often describe the heritage, the testing of the product or usage by a celebrity, and all seem to be very fruitful strategies (Nemčoková, 2010). However, a recent study by Lundqvist et al. (2013) found that corporate storytelling evokes positive associations with the product. Thus, it is assumed that when endorsing the product brand with the corporate token in combination with a verbal corporate story in ads, this will have a positive impact in terms of corporate brand understanding resulting in a better competitive position (Merchant et al., 2010). Therefore, the corporate brand becomes more tangible and in turn can strengthen the corporate brand even more. In short, corporate verbal storytelling is assumed to positively enhance the brand evaluations of all three states in the forward- and backward model, resulting in the final hypothesis:

H3: Corporate verbal storytelling positively enhances the brand evaluations of the forward- and backward effect.

2.7 Conceptual framework

The figure presented below shows the conceptual framework of all hypotheses. The first hypothesis concerns the forward effect of building the product brand through the corporate brand's presence. In the second hypothesis the backward effect is tested, hence the effect of the product brand in turn on the corporate brand. Both effects are positively moderated by the third hypothesis with regard to the addition of corporate storytelling.
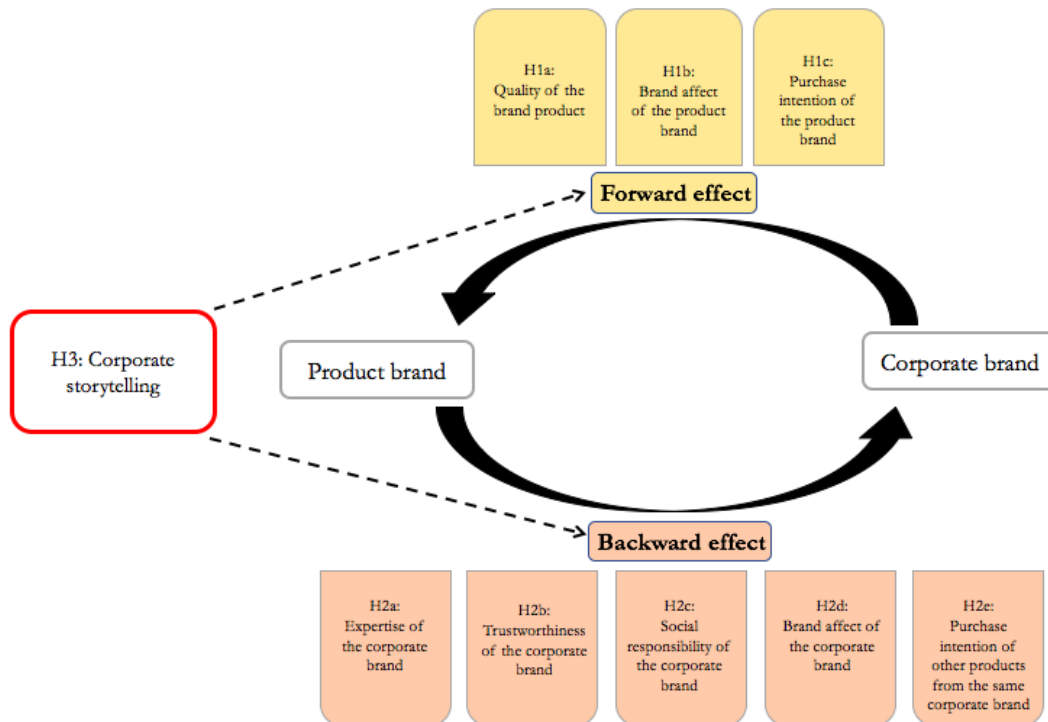
METHODOLOGY

The following chapter elaborates on the methodological approach used in this thesis. First the scientific approach is described, followed by the pre-tests in which the product categories and fictitious product- and corporate names are identified. The section thereafter will outline the main study and data quality. Lastly, the data sampling is elaborated on.

3.1 Scientific method

This thesis follows a deductive research approach as all hypotheses are based on existing literature (Bryman & Bell, 2015) and tested empirically. The experimental approach is chosen to measure the causal relationship between the presence of corporate endorsement and product- and corporate brand evaluations. Conducting an experiment is regarded as the main method to test for causality (Malhotra et al., 2012) and offers control like no other research method (Field & Hole, 2008). Moreover, you can control for all external factors (Sekaran and Bougie, 2010). In this quantitative research, data was collected by means of a survey and therefore is suitable to do statistical analyses and draw conclusions (Malhotra & Birks, 2003).

3.2 Selection of stimuli

The preparatory work was performed in multiple pre-tests in order to create an accurate main study. First of all, it was decided to select more than one product category to get a good representation of the consumer goods industry. Secondly, the use of fictitious brand names is elaborated on for both the product- and corporate brand. The third pre-test entailed the content of the corporate story, whereas two different themes are incorporated to rule out for any effects depending on the type of story. Furthermore, pre-test four includes the design of the eight manipulated advertisements.

3.2.1 Pre-test 1 - Selection of the appropriate product categories

The first pre-study entailed the selection of the appropriate product categories to be used in the experiment. As the FMCG products can be subdivided into food and non-food categories, both categories are included in order to rule out for any specific product related motivations and to create a representative industry related sample. The purpose of this pre-test is to indicate the most relevant product categories within the food and non-food categories, as relevance is a possible moderator on product evaluations (Berens et al., 2005). Relevance is the extent to which elements of the brand or ad are perceived as meaningful, appropriate or valuable (Smith et al., 2007). Hence, in order to prevent potential effects of relevance related motivations; a pre-test was executed to find two most relevant product categories to use in the experiment. In a

questionnaire participants were asked to indicate their relevance about five product categories within the food and non-food category. Again, to increase relevance, the product categories include mainstream products and are not gender related. The respondents were asked to indicate the relevance of the product categories on a 7-point Likert scale anchored by 'Extremely irrelevant' and 'Extremely relevant'. A total of twenty-two responses was received. Within the food category chocolate (M = 6.36; SD = 0.77) showed to be most relevant, within the non-food category toothpaste (M = 5.86; SD = 1.39) respectively and therefore appropriate to use in the main study (see Appendix A).

3.2.2 Pre-test 2 – Selection of the appropriate product brand names

With the product categories at hand, the purpose of the second pre-test is to select two suitable product brand names. In order to control for prior learning and to strengthen experimental control fictitious brand names are used. The use of fictitious names is consistent with many brand association studies (Boush & Loken, 1991; Keller & Aaker, 1992; Brown & Dacin, 1997; Low & Lamb, 2000). According to literature there are two important dimensions when selecting the right fictitious brand name; unfamiliarity with the name and fit with the product category (Baker, 1999; Campbell & Keller, 2003; Coates et al., 2006). In a questionnaire participants had to rate eight different product brand names in the chocolate category and toothpaste category respectively, according to those two dimensions. In order to make the brand rating look more realistic, four real brand names were scattered amongst the fictitious brand names (Coates et al., 2006). The familiarity dimension was rated on a 5-point Likert scale anchored by 'Not familiar at all' and 'Extremely familiar', whereas the product category fit dimension on a 5-point Likert scale anchored by 'Extremely bad' and 'Extremely good'. Based on the best combination of both dimensions, hence low brand name familiarity and high product category fit, the brand names were picked. Moreover, incomplete responses were filtered out, resulting in a sample of sixteen. Within the chocolate category Brown's scored best on familiarity (M = 1.06; SD = 0.24) and fit (M = 3.56; SD = 0.70). Within the toothpaste category this was Fluor Fresh with familiarity (M = 1.00; SD = 0.00) and fit (M = 3.13; SD = 0.93) (see Appendix A).

3.2.3 Pre-test 3 – Selection of the appropriate corporate brand name

The next pre-test involves the selection of the appropriate corporate brand name. Again, to control for any bias, a fictitious name was picked. Similar to pre-test 2, participants were asked to indicate their familiarity with the companies and the suitability with the consumer good branch. The Familiarity dimension was rated on a 5-point Likert scale anchored by 'Not familiar at all' and 'Extremely familiar'. The suitability with the consumer goods branch was rated on a 5-point Likert scale anchored by 'Not suitable at all' and 'Extremely suitable'. Seventeen responses were received; however, two were incomplete and therefore excluded. Based on the best combination of both dimensions, Unitos was indicated as totally unfamiliar (M = 1.00; SD = 0.00) and with the highest fit (M= 3.27; SD; 1.06) and therefore most suitable to use in the main study (see Appendix A). Once the fictitious corporate name was picked, a neutral token was designed (see Appendix B).

3.2.4 Creating the corporate story

When deciding on the corporate story, one has to consider possible effects depending on the type of story that is told in the advertisement. Therefore, to rule out for those effects, the two corporate brand dimensions: credibility and social responsibility, are used to serve as story themes. In the main analysis both samples are pooled together. The corporate credibility story should cover the expertise and trustworthiness of the company (Newell & Goldsmith, 2001) and therefore for example be about the company's heritage and product quality. The corporate social responsibility story concerns the innovativeness and environmental and societal obligations of the company (Brown & Dacin, 1997). The content of both corporate stories is based on real FMCG companies in order to stay close to reality (see Appendix C).

3.2.5 Designing the advertisements

Due to the real nature of the study, the need for realistic ads was of high importance. Therefore, existing FMCG advertisements served as inspiration source. To manipulate the corporate endorsement, four different versions for both product advertisements were designed. The control version received no corporate endorsement treatment, hence only contained the product brand name. The other three versions received the corporate endorsement treatment however in different combinations: token, token and credibility story or token and social responsibility story (see table 1). Thus, a total of eight advertisements were created (see Appendix D). To rule out any effects besides from the corporate token and corporate story manipulations, both ads were exactly the same in all four groups.

	No token/No story	Token	Token + credibility story	Token + social responsibility story
Chocolate	Control group A	Treatment group A	Treatment group B	Treatment group C
Toothpaste	Control group B	Treatment group D	Treatment group E	Treatment group F

TABLE 1: Experimental design

3.2.6 Main questionnaire design

The eight questionnaires were all equally designed in terms of questions and structure, except for the corporate endorsement manipulation in the advertisements. Whereas the treatment groups were shown the product brand including either the corporate token or corporate token together with one of the corporate stories, the control groups only saw the product brand.

The questionnaire starts with a short introduction with some general information. In order to attract participants to fill out the survey, the introduction states that an incentive is given in the form of winning their favourite product from the product category shown in the survey. At the end of the survey they are

asked to write down their favourite product which needs to be available in the Dutch supermarkets in order to make sure the product can be bought and send to the winners.

Before presenting the advertisement, a small paragraph provided some extra instructions and information. Participants were asked to look at the ad as if it would have appeared in a magazine (Goldsmith et al., 2000). Moreover, they were told not to worry if they were unfamiliar with the brands as they are not available in the Netherlands. In order to measure the true impact of the manipulations, the participants were asked to carefully examine the advertisement. To ensure they did so and to proceed to the next page, a mandatory check box was added in which they had to agree they had read all information carefully. In the manipulated versions with corporate story, the corporate story is also displayed apart from the ad in order to improve legibility.

The next part of the questionnaire contained ten questions, measuring the dependent and independent variables to evaluate the product- and corporate evaluation. In order to prevent participants from getting bored and fatigue resulting in a decrease of their cognitive effort; it was important to have a questionnaire that was short and understandable (Lindell & Whitney, 2001). For this reason, every dependent variable was measured with one question. See Appendix E for how the different product brand evaluation dimensions*: perceived quality, brand affect* and *purchase intention* and corporate brand dimensions: *expertise*, t*rustworthiness, social responsibility*, *brand affect* and *purchase intention*, are designed and measured.

Moreover, another feature to increase data quality is the use of open ended questions (Phillips, 2013). Therefore, an open-ended question was added in the purchase intention section in which participants had to write down the amount they were willing to pay for the product. Participants, who answer nonsensical answers in terms of excessively small or high numbers, can be excluded from the sample as this misbehaviour could be an indication of misbehaviour throughout the entire survey (Phillips, 2013). Additionally, after the evaluation section participants were asked if they were familiar with the brands. In case participants are, they can also be excluded from the sample due to biased answers based on familiarity with an unfamiliar brand. The final part of the survey related to the participant's demographics such as age, gender and nationality.

3.2.7 Pre-test 4 - pilot-study of questionnaire

To ensure whether the method in the questionnaire was appropriate and not complicated, a pilot study of the main questionnaire was conducted before running the real experiment (Teijlingen & Hundley, 2002). It was decided to do the pre-test in person, as this is the best way to understand and enhance any misinterpretations by the respondents (Fowler, 2009). Two persons were asked to think out loud when examining the questionnaire. Besides some small grammatical errors, both persons did not fully understand the meaning of the statement: 'The Unitos company appears to support good causes'. As this statement

measures social corporate responsibility it was changed to: 'The Unitos company seems to be environmentally friendly'. After correcting the mistakes, the final questionnaire version was ready to be launched. See Appendix F for the final questionnaire.

3.3 Data quality

In order to ensure the quality in business research, three criteria are of great importance: *reliability*, *replication* and *validity*. All three are elaborated on in the next section.

3.3.1 Reliability
A research is considered reliable when the results are consistent over time and a good representation of the total population (Joppe, 2000). The *replication* criterion is embodied within this citation and refers to the repeatability and replicability of the results in the study (Bryman & Bell, 2015). In order to create measurements that are stable over time, the questionnaire was pre-tested in a pilot study to make sure all questions were understandable. Therefore, the probability of getting the same results when replicating the main study was increased. In order to get results that are consistent over time, the measurements in the study need to be internal reliable. To guarantee internal reliability existing measurement scales were adopted from literature. The depending variables measuring the product- and corporate brand evaluation were single item measurements. Cronbach's Alpha was used to test the internal consistency between the single item measurements for both pooled brand evaluations – product brand scales ($\alpha = 0.86$) and corporate brand scales ($\alpha = 0.88$). As both scales have a Cronbach's Alpha above 0.7, this indicates for internal consistency, hence internal reliability is high.

3.3.2 Validity
Validity determines whether or not a measure of a concept does measure that concept (Joppe 2000; Bryman & Bell, 2015). Within validity, internal- and external validity are distinguished.

Internal validity concerns the issue of causality. Thus, whether the independent variable causes the variation in the dependent variable (Bryman & Bell, 2015). First of all, the use of fictitious brand names was chosen to rule out for any biases resulting from pre-existing brand knowledge. To ensure that potential effects in both ads are caused by the endorsement treatments, two manipulation checks were done to assess internal validity. The first check concerned the product relevance and a Mann-Whitney U test was used to compare the relevance of the chocolate- and toothpaste product category, which showed an insignificant difference ($U = 210.000$; Sig 2-tailed $p = 0,409 > 0.05$). Now that relevance does not play a significant role, the second check was done in order to make sure that the differences in brand evaluations in both product categories were not caused by differences in aesthetic elements in the ad. A pre-test was conducted to validate the favourability of both ads. The Mann-Whitney U test showed an insignificant favourability difference between the chocolate and toothpaste ad ($U = 137.000$; Sig 2-tailed $p = 0.293 > 0.05$). Thus, the potential

effects on the dependent variables are not derived from the different aesthetics in the ads. Therefore, both control- and treatment groups could be pooled together in the main study.

External validity means whether the results are generalizable beyond the research context. As this study was administered online, external validity is harder to establish as this setting differs from a real-life setting (Bryman & Bell, 2015). However, to increase external validity the sample is of importance. In order to generate a representative sample for the FMCG market, the sample needed to be diverse in terms of gender and age whereas both products in the study are relevant for the entire Dutch population. However, due to time and money constraints, the sample does include a small number of other nationalities. Though, the sample is considered to be representative for the FMCG branch, hence the external validity is high.

3.4 Data sampling

An online self-administered questionnaire made in Qualtrics was distributed between November 28th and December 5th. A total of 286 responses was collected, resulting in a large sample consisting of eight different manipulation groups. However, before analysing the results the dataset needs to be cleaned in order to identify missing values, unfamiliarity with the brands and outliers.

3.4.1. Missing values

However, the Qualtrics software warned respondents when they did not fill out a question, in 50 cases the questionnaire was not fully completed. It was decided to exclude all 50 responses as in all the cases only the first question regarding the examination of the advertisement and in some cases the first and second question was answered, therefore no results are available. In three cases respondents forgot to fill out the *willingness to pay an amount in EUR* question. It was unnecessary to delete those three responses as the missing value did not affect the results, hence a missing value was attached to this variable.

3.4.2 Unfamiliarity with the brands

Consumers who answered to be familiar with one of the brands (n = 23), were also excluded from the sample since this is not possible with fictitious brands and thus may have given biased answers.

3.4.3 Outliers

In the first attempt to identify outliers within the data set, Z-scores of the dependent variables were calculated (Dalen & Leede, 2002). In all cases except for the *willingness to pay an amount in EUR* question, the Z-scores varied between -3 and +3, meaning there are no outliers in those observations. In order to make sure that the outliers have no significant impact, boxplots were inspected. Outliers did appear as little circles with id number attached to it in case of three variables; *willingness to pay an amount in EUR, expertise and trustworthiness.* However, in order to find out if those outliers are a problem one should compare the means with the 5% trim means. As the difference between those did not differ very much, there was no need to

investigate the outliers further (Pallant, 2010). Moreover, this means that the *willingness to pay an amount in EUR* question used as a manipulation check has been filled out normally by all respondents.

3.4.4 *Final data sample*

Thus, a total of 73 responses was deleted resulting in a final sample of 213 useable cases in the dataset. As the purpose of this study is to draw conclusions about a FMCG portfolio as a whole, the eight groups were pooled together in one or another way resulting in three groups. The first group includes both control groups. The second group consists of both token endorsement manipulations groups. The third group pools together all corporate story endorsement manipulations (see table 2).

	No token/No corporate story	Token	Token + corporate story
FMCG portfolio	Control group A + B	Treatment groups A + D	Treatment groups B + C + E + F
Sample size	45	62	106

TABLE 2: Pooled experimental design

To make sure generalizable results can be drawn in this study, the sample sizes per group needed to be calculated. By means of G*Power 3.1 statistical analysis tool a sample size of 54 per group was computed. This calculation was based on several factors which will be discussed. In order to achieve sufficient statistical power, hence that the statistical test correctly rejects the null hypothesis when it is false, the conventional minimum for $(1-\beta)$ of 0.8 was used. Moreover, an alpha of 0.05 was used. This level of significance is conventional and means one is willing to accept the detection of a difference in five percent of the cases, when there is no difference. Another factor of influence is the effect size of the study, as no effect sizes are available from previous literature, an effect size of 0.5 was used. This was recommended by Bausell & Li (2002) as last resort when no information available. The last factor concerned the choice of a one-tailed test. By adopting a one-tailed test, one improves the power to reject the null hypothesis when it is truly false (Ruxton & Neuhäuser, 2010). With regard to this study, the choice of a one-tailed test is justified as the hypotheses test a positive one-directional relationship based on literature (Zar, 1999).

Now that the sample size has been computed, the control group does not meet the minimum sample size criterion. The a priori sample size calculation exceeded the available resources for this group as a number of questionnaires was not usable, therefore a compromise power analysis is computed. It was chosen to use balanced error risks ($\alpha = \beta$), given the sample sizes per group and effect size (Faul et al., 2007). Thus, given

an effect size of 0.5, balanced error risks of ($\alpha = \beta = 1$) and a sample size of 45 and 62, the G*Power 3.1 tool computed a ($\alpha = \beta = 0.11$). This level is somewhat unconventional; however, it is believed that the benefit of balancing error risks often offsets the violation of significance level conventions. For example, a standard level of $\alpha = 0.05$ does not make sense if for example $\beta = 0.6$ which implies a very high risk of falsely accepting the null hypothesis (Erdfelder et al., 1996; Faul et al., 2007). Thus, when comparing the control group and endorsed token treatment group, this error risk level of 0.11 will be used.

The final sample of this study consisted of people with an age ranging from 15 years till 65 years old with an average of 30 years old. With respect to gender 34,1 percent was male and 65,4 percent female. Moreover, the nationality distribution was 86,1 percent Dutch and 13,9 percent other.

RESULTS

In the following chapter the results of the data analysis are reported. The first section elaborates on the effects of corporate token endorsement (CTE) on product brand evaluation. The section thereafter presents the results of the reciprocity, hence the effects on the corporate brand evaluation. Following this, the enhancing effect of corporate storytelling is outlined. The most important data will be illustrated in tables in order to ease the interpretation.

4.1 Effects of token endorsement on product- and corporate brand evaluations

The following section elaborates on the results of the effect of corporate token endorsement in advertising on product- and corporate brand evaluations and thus assesses the effectiveness of this corporate branding strategy. This is done through testing all product evaluation measures empirically; *product brand quality (H1a), product brand affect (H1b), product brand willingness to buy (H1c)*, *corporate brand expertise (H2a), corporate brand trustworthiness (H2b), corporate brand social responsibility (H2c), corporate brand familiarity (H2d), corporate brand willingness to buy (H2e)*. Any positive effects on the brand evaluations should be derived from the advertisement manipulation as determined in the previous section validity (section 3.3.2). Due to the nature of the scales used in the survey, non-parametric tests should be conducted. The seven-point Likert scales need to be interpreted as ordinal scales and therefore a means comparison analysis via Mann Whitney U test is used. Based on literature, all hypotheses are one directional and therefore a one-tailed significance $p < 0.05$ is accepted (Ruxton & Neuhäuser, 2010).

4.1.2 Product brand evaluations

Following the literature, it is hypothesized that exposure to token endorsement in advertisements positively affects the product brand evaluation. Through a Mann-Whitney U analysis, the following results are found:

	$Mean_{CTE}$	$Mean_{Control}$	Mann-Whitney U	Sig. (1-tailed)
Product brand quality	3.16	3.67	1093.500	0.026
Product brand affect	3.50	3.73	1220.500	0.128
Product brand willingness to buy	2.65	3.13	1079.500	0.021

n = total 107, CTE: 62, control: 45

In contrast to the presented literature, no significant positive difference in the product brand evaluations, thus no positive forward effect was found between the two groups. Whereas it was expected that the product evaluation in the treatment group would be enhanced by the corporate token endorsement, the control

group without the corporate token treatment showed higher evaluations. All measures are even significant, however in the wrong direction. Those results indicate that the corporate token does not positively affect the product brand. Therefore, it is concluded that corporate token endorsement does not positively enhance product quality (H1a), product affect (H1b) and willingness to buy the product brand (H1c). Thus, all three sub hypotheses are rejected.

4.1.3 Corporate brand evaluations

Now that the product brand evaluation is not enhanced by corporate token endorsement, the positive reciprocal relationship neither can be present. Thus, opposed to our expectation, no significant positive relationship is found between the two groups. The table shows that the corporate brand evaluation means when receiving the CTE treatment are lower than when not receiving the treatment:

	Mean$_{CTE}$	Mean$_{Control}$	Mann-Whitney U	Sig. (1-tailed)
Corporate brand expertise	3.52	3.91	1161.500	0.056
Corporate brand trustworthiness	3.63	3.91	1254.000	0.172
Corporate brand social responsibility	3.69	4.18	1156.500	0.060
Corporate brand favourability	3.42	3.96	1143.500	0.050
Corporate brand willingness to buy	3.45	3.73	1232.000	0.143

n = total 107, CTE: 62, control: 45

Thus, no positive backward effect is present as the corporate token does not enhance the corporate brand evaluation in terms of corporate brand expertise (H2a), corporate brand trustworthiness (H2b), corporate brand social responsibility (H2c), corporate brand familiarity (H2d), corporate brand willingness to buy (H2e). This means that all five sub hypotheses are rejected.

4.1.4 Reciprocity between product- and corporate brand evaluations

The previous section showed no significant positive results regarding the two groups. By pooling both evaluation measures together, the means of the overall evaluations are computed. The table below shows that there is no positive reciprocity between the product- and corporate brand whereas 3.10 < 3.51 regarding product evaluation and 3.54 < 3.94 regarding corporate brand evaluation.

Pooled	Mean$_{CTE}$	Mean$_{Control}$	Mann-Whitney U	Sig. (1-tailed)
Product brand evaluation	3.10	3.51	1086.500	0.025
Corporate brand evaluation	3.54	3.94	1124.500	0.043

n = total 107, CTE: 62, control: 45

4.2 Effects of corporate storytelling

Following the reasoning in the theoretical section, it is questionable if the corporate endorsement strategy via corporate token endorsement is most optimal. As those results have shown to be insignificant, it is very interesting to examine the effects of the addition of corporate storytelling in ads. Since there is a lack of corporate knowledge, it is hypothesized that via corporate stories consumers will better understand the corporation and therefore that the product- and corporate brand evaluations are enhanced (H3). By means of a Mann-Whitney U test both evaluations are examined again in order to find out possible effects from the addition of a corporate story.

	Mean$_{Story}$	Mean$_{CTE}$	Mann-Whitney U	Sig. (1-tailed)
Product brand quality	4.90	3.16	1275.500	0.000
Product brand affect	4.73	3.50	1512.000	0.000
Product brand willingness to buy	4.14	2.65	1489.500	0.000
Corporate brand expertise	4.70	3.52	1754.000	0.000
Corporate brand trustworthiness	4.60	3.63	1963.000	0.000
Corporate brand social responsibility	4.92	3.69	1856.500	0.000
Corporate brand favourability	4.50	3.42	1913.500	0.000
Corporate brand willingness to buy	4.22	3.45	2250.000	0.000

n = total 168, Story: 106, control: 62

In accordance with the presented literature, all evaluation results showed a significant (p=0.000) higher evaluation for the corporate story treatment group. Those results indicate that a corporate story makes the corporate information more understandable, meaningful and memorable and therefore affecting the evaluations. Thus, the forward effect is present in terms of that the corporate story can be seen as a cue standing for quality, which increases the product brand quality. Consequently, the positive perception increases the product brand affect resulting in an increase of the willingness to buy the product. With regard to the corporate evaluations, hence the backward effect, those do also positively and significantly differ when receiving the corporate story treatment. The obtained corporate knowledge strengthens the corporate brand in terms of corporate credibility and social responsibility, consequently resulting in higher brand affect and willingness to buy other products from the corporate brand. To conclude, both evaluations are pooled to get the average evaluations. Moreover, the presence of the positive reciprocal relationship between the product- and corporate brand is concluded as both evaluations are significant (p=0.000).

Pooled	Mean$_{Story}$	Mean$_{CTE}$	Mann-Whitney U	Sig. (1-tailed)
Product brand evaluation	4.59	3.10	1161.500	0.000
Corporate brand evaluation	4.59	3.54	1624.000	0.000

n = total 168, Story: 106, CTE: 62

4.3 Summary of the hypotheses

Research question	Hypothesis
I: **What is the effect of corporate brand endorsement on the reciprocal relationship between corporate brand and product brand?**	H1a: Corporate token endorsement positively enhances perceived quality of the product brand. REJECTED H1b: Corporate token endorsement positively enhances brand affect of the product brand. REJECTED H1c: Corporate token endorsement positively enhances the purchase intention of the product brand. REJECTED H2: Corporate token endorsement positively enhances the backward effect in terms of: a) Corporate expertise REJECTED b) Corporate trustworthiness REJECTED c) Corporate social responsibility REJECTED d) Corporate brand affect REJECTED e) Purchase intention of products from the same corporate brand REJECTED
II: **What is the effect of corporate brand endorsement in combination with verbal corporate storytelling on the reciprocal relationship between corporate brand and product brand?**	H3: Corporate verbal storytelling positively enhances the brand evaluations of the forward - and backward effect. ACCEPTED

DISCUSSION

This chapter will elaborate on the obtained results in the study. Firstly, both research questions are discussed and compared with existing literature in order to draw clear conclusions. Thereafter, theoretical- and managerial implications are considered. Lastly, the limitations of this research are addressed and suggestions for future research are given.

5.1 Conclusion

The purpose of this study was to examine whether the engagement of FMCG companies in corporate endorsement advertising strategies is pursued effectively. This section will answer, following the obtained results, the two research questions separately in order to draw clear conclusions.

I: What is the effect of corporate brand endorsement on the reciprocal relationship between corporate brand and product brand?

The findings of this research indicate that contradictory to existing literature by Saunders & Guoqun (1997), Brown & Dacin (1997), Lafferty at al. (1999), Goldsmith et al. (2000), Berens et al. (2005) and Souiden et al. (2006) corporate token endorsement is not as effective as thought. All indicators making up the product brand and corporate brand evaluations did not show to be significantly better when endorsed with the corporate token. Thus, no positive forward effect occurred, respectively no positive backward effect therefore could occur, meaning no positive reciprocal spill over is present between the product- and corporate brand. It shows that just presenting the token is not a cue standing for quality, trust and serving as an anchor to increase purchase intention. This can be explained by the token being not accessible enough to be diagnostic and therefore used in the product- and corporate brand evaluations. However, in this context the use of fictitious brand names needs to be named, consequently the use of mock up advertisements. The experimental approach used in this study with manipulated mock up ads, might have influenced the results. Thus, this could have been the reason why the token endorsement did not show positive results as no associations were available, whereas in real life associations are present, which increases the accessibility and in turn the diagnosticity in the evaluations.

Consequently, it becomes questionable whether this endorsement strategy is pursued in the most optimal way. Although it was expected that the token would enhance the brand evaluations and now even more as this was not the case, the assumption to increase brand evaluations by means of a dual branding strategy can be justified. The assumption made in the literature section addressed the questionability of just token endorsement and therefore a dual strategy was proposed combining token endorsement with verbal corporate storytelling endorsement, leading to the second research question.

II: **What is the effect of corporate brand endorsement in combination with verbal corporate storytelling on the reciprocal relationship between corporate brand and product brand?**

The study provides empirical evidence that corporate storytelling enhances both product- and corporate brand evaluations. The positive effects of this strategy can be concluded as the dual strategy enhances the product brand evaluation and in turn it also enhances the corporate brand evaluation. Therefore a positive reciprocal relationship is present. This positive effect can be attributed to the addition of storytelling which makes the information more accessible. The information is made concrete by adding verbal text to the token and therefore the information becomes more diagnostic to use in the brand evaluations.

Following both answered research questions, it is concluded that the current corporate token endorsement strategy may not be the best corporate strategy. According to companies such as Unilever and P&G, the current token endorsement in ads is pursued in order to leverage the firm behind the product brands. As consumers have become interested in the manufacturers of the products, the FMCG companies try to meet this demand with the token in order to create a positive halo effect on the entire product portfolio. By means of the results obtained in this study, it appears that the pursued token strategy does not lead to a positive spill over of the product brand on the corporate brand. Therefore, it is advised to reconsider the current corporate marketing strategies in order to leverage both the product- and corporate brand most effectively.

5.2 Theoretical implications

In multiple ways, this research contributes to existing literature. First and foremost, this study digs deeper into the reciprocal relationship between the product- and corporate brand which has been hardly examined until today within the existing literature. Brown & Dacin (1997) and Biehal & Sheinin (2007) recommended this reciprocal relationship for further research and (Meierer, 2011) did so by investigating this in multiple European countries, however not within the Netherlands. Moreover, in order to understand and describe the reciprocal relationship in detail, different branding literature; brand extensions literature, co-branding and corporate brand literature, was consulted and combined.

Combining literature with the latest marketing trends led to the inclusion of corporate storytelling in the corporate strategy. Storytelling had been mainly done on product brand level (Fog et al., 2005), focussed on leveraging human capital (McLellan, 2006) or companies with a 'branded house' strategy (Biehal & Sheinin, 1998; Hatch & Schultz, 2001). Thus, this study contributes by examining different facets of the corporate branding context such as companies operating a 'house of brands' strategy, a combination of a token and storytelling endorsement strategy and shows that this dual strategy is fruitful within the FMCG branch.

5.3 Managerial implications

The findings of this study provide some valuable implications for practitioners within the FMCG branch in helping communicating the corporate brand effectively towards customers. The complexity of the market and homogenization of the products, as well as the increased consciousness of the customer, ask for the pursuit of adaptive strategies. Whereas the pursuit of a corporate strategy is fruitful in order to enhance both product and corporate brand evaluations, it is found that just the corporate token is not the right strategy to leverage the firm. It can thus be assumed that a token does not evoke enough associations with the corporate brand and is therefore hard to use in the evaluations. This study advises to use the corporate token in combination with a verbal corporate story, so that clear information and associations with the company can be perceived. However, this deserves a critical note. Due to the use of fictitious brand names in this study, therefore no prior brand associations available in the respondent's minds, the effects in this study are derived completely from the endorsement manipulations. Thus, one should be careful when generalizing this in the context of well-known brands, as people do hold associations with regard to existing brands. Thus, the findings would offer great guiding in the case of new brands that lack previous associations and should be handled more carefully in the case of established brands. Therefore, it is important to look at pre-existing brand knowledge and this should be taken into consideration when using our results.

Moreover, it was found that the dual corporate story endorsement strategy achieves the desired backward effect, now that customers get to know the company behind the products. Consequently, the positive halo effect becomes present. This can be seen in the fact that the dual strategy leads to an increase in all corporate brand evaluation assets. The increase in willingness to purchase other products from the same corporate brand means that this strategy can be a successful way to increase the product portfolio's market share.

5.4 Limitations and recommendations for further research

The next section addresses some difficulties and limitations of the study design. First of all, the use of fictitious brand names and mock-up advertisements needs to be named that might have influenced the results. The lack of prior brand knowledge is a limitation with regard to external validity of the study, as in the real world prior brand knowledge is existent in one or another way. Hence, a replication of the study with established brands is recommended. Additionally, this replication can be helpful to examine the effectiveness with regard to new products and already established brands by the corporate brand.

Secondly, this study uses two types of storytelling and two different product categories, however they are pooled together in the final experimental design. The positive effects derived from storytelling are concluded in general and not because of the exact content of the stories separately. This also applies to the results of the two product categories which are not looked at in isolation. Therefore, it could be valuable to conduct an experiment in which the goal is to examine story content effects, respectively product category differences.

Thirdly, due to money and time constraints certain aspects in the experimental design were limited. As the experiment was non-incentivised due to the fact it concerns a master thesis, the results might have been influenced. Many argue that respondents should be offered an incentive otherwise their response will not represent their behaviour when given the task in real life. Monetary incentives do affect behaviour in multiple ways, for example according to the labor framework in which people will increase their effort in the task when receiving monetary incentives (Wilcox 1993; Harrison 1994; Camerer 1999). In this context, respondents might have been unwilling to read the instructions and information well and therefore gave insufficient answers. Moreover, as monetary incentives were not given, there was no extrinsic motivation for respondents to self-select in the experiment. Thus, many of them might have participated in the experiment because of their intrinsic motivation as they like mental effort and participate for the inherent satisfaction of the activity itself (Camerer 1999; Stoop, 2016). Moreover, all questions regarding the products were hypothetical without having any consequences and therefore answered differently from reality as we cannot predict what we do when we actually make the choice in real (Read, 2005). Therefore, respondents might make different decisions in real then they did in this study. Additionally, in the event the experiment becomes real, people will consider different options when using their own money and will usually behave more risk averse (Cummings et al. 1995). Therefore, it would be interesting to conduct two similar experiments, however one by providing monetary incentives given to participate in the study and another one by using respondents' own money. Nevertheless the use of incentives is proven, it does not mean that non-incentivised experiments are unreliable (Read, 2005).

With respect to the sample; the total sample existed of multiple nationalities and is therefore not fully representative for the Dutch population. Moreover, only two product categories were used within the study. To further validate the study, it is recommended to replicate this study with different products categories.

Fourthly, as the corporate brand is strengthened by this dual strategy, other stakeholders such as future employees and financial markets are assumed to be influenced as well and therefore are found to be an interesting sample for further research. The evaluations of the company as potential employer and its financial investment attractiveness are worthwhile research gaps.

As a final note, now that the corporate brand and subsidiary brands are connected, the subsidiary brands have also become mutually connected. Therefore, one should also consider possible downsides of this strategy. For example, to what extent does cross pollination occur between the different stand-alone brands by means of the product brand fit and the corporate brand fit. Hence, what if the corporate brand is not in line with the product brand or vice versa. Moreover, in the event of selling a subsidiary brand to another company, to what extent will the sold brand have influence on the former corporate brand. Those topics should be considered when pursuing a corporate brand strategy and time will learn.

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APPENDIX A

TABLE 1: Pre-study 1 - Selection of the appropriate product categories

		Min.	Max.	Mean	SD	n
Food	Chocolate	5.00	7.00	6.36	0.77	22
	Pizza	2.00	7.00	4.05	1.49	22
	Ice cream	1.00	7.00	3.45	1.47	22
	Yoghurt	1.00	7.00	4.27	1.66	22
	Coffee	1.00	7.00	4.82	2.15	22
Non-food	Toothpaste	3.00	7.00	5.86	1.39	22
	Shampoo	3.00	7.00	5.77	1.44	22
	Toilet paper	2.00	7.00	5.09	1.56	22
	Deodorant	3.00	7.00	5.50	1.23	22
	Washing detergent	3.00	7.00	5.05	1.55	22

TABLE 2: Pre-study 2 - Selection of the appropriate product brand names

	FAMILIARITY					PRODUCT CATEGORY FIT				
Toothpaste	Min.	Max.	Mean	SD	n	Min.	Max.	Mean	SD	n
Oral-B	3.00	5.00	4.19	0.53	16	2.00	5.00	4.19	0.73	16
Mints	1.00	4.00	1.56	1.17	16	2.00	4.00	3.38	0.60	16
Aqua Fresh	1.00	5.00	3.00	1.32	16	2.00	5.00	3.81	0.73	16
Denta Mint	1.00	5.00	1.44	1.06	16	1.00	4.00	3.19	0.73	16
Fluor Fresh	1.00	1.00	1.00	0.00	16	1.00	5.00	3.13	0.93	16
Sensodyne	1.00	5.00	3.94	1.09	16	1.00	5.00	3.75	1.03	16
Dents	1.00	3.00	1.38	0.70	16	1.00	5.00	3.00	0.87	16
Prodent	1.00	4.00	2.50	1.32	16	1.00	5.00	3.44	0.93	16
Oral-B	3.00	5.00	4.19	0.53	16	2.00	5.00	4.19	0.73	16
Mints	1.00	4.00	1.56	1.17	16	2.00	4.00	3.38	0.60	16

	FAMILIARITY					PRODUCT CATEGORY FIT				
Chocolate	Min.	Max.	Mean	SD	n	Min.	Max.	Mean	SD	n
Droste	1.00	5.00	2.63	1.45	16	2.00	4.00	3.06	0.66	16
Brown's	1.00	2.00	1.06	0.24	16	2.00	5.00	3.56	0.70	16
Smarties	1.00	5.00	4.00	0.94	16	2.00	5.00	3.94	0.75	16
Torini	1.00	2.00	1.06	0.24	16	1.00	4.00	2.63	0.78	16
Klassen	1.00	1.00	1.00	0.00	16	1.00	4.00	2.75	0.75	16
Verkade	1.00	5.00	3.38	1.65	16	2.00	5.00	3.63	0.78	16
Choc4y	1.00	1.00	1.00	0.00	16	2.00	5.00	3.31	0.92	16
Milka	1.00	5.00	4.56	1.00	16	3.00	5.00	4.25	0.56	16

TABLE 3: Pre-study 3 - Selection of the appropriate corporate brand name

	FAMILIARITY					CONSUMER GOOD BRANCH FIT				
Corporate	Min.	Max.	Mean	SD	n	Min.	Max.	Mean	SD	n
Kant	1.00	4.00	1.20	0.75	15	1.00	4.00	2.40	0.95	15
Raswall	1.00	1.00	1.00	0.00	15	1.00	4.00	2.60	1.02	15
Unitos	1.00	1.00	1.00	0.00	15	1.00	5.00	3.27	1.06	15
Frins	1.00	1.00	1.00	0.00	15	1.00	4.00	2.40	0.80	15

APPENDIX B

APPENDIX C

The corporate credibility story

The Unitos corporation was founded by James Unitos in the late 1930's. Today, we are the proud owners of more than 100 brands. With more than 75 years of experience in the consumer good branch we are able to manufacture according to the highest standards to guarantee the best quality possible.

The corporate social responsibility story

The Unitos Corporation highly values the health and wellbeing of society as a whole. Our premise is to be sustainable throughout the entire production process; from the use of sustainable materials to the manufacturing of smaller packages however with the same content. Our social mission is having positive impact on society to create a better world.

APPENDIX D
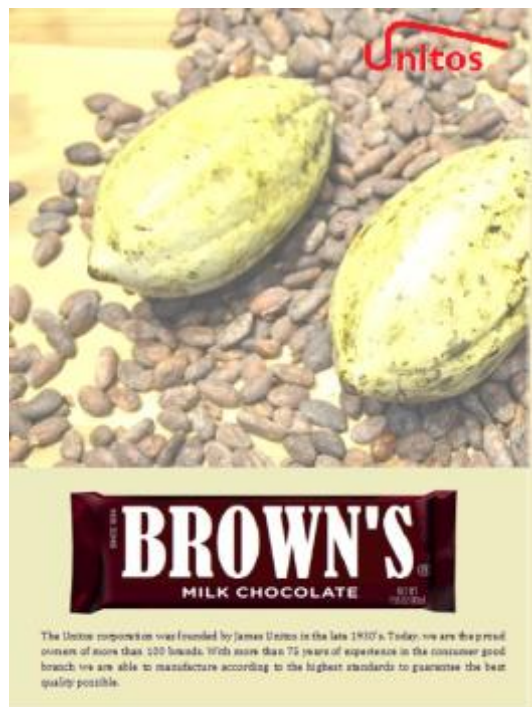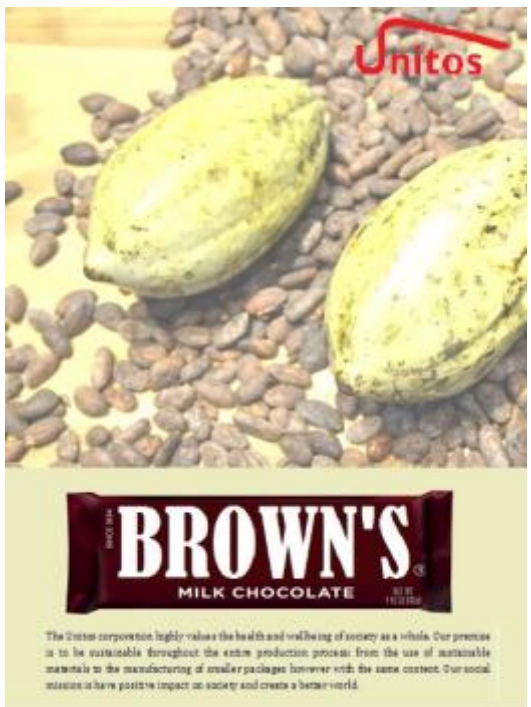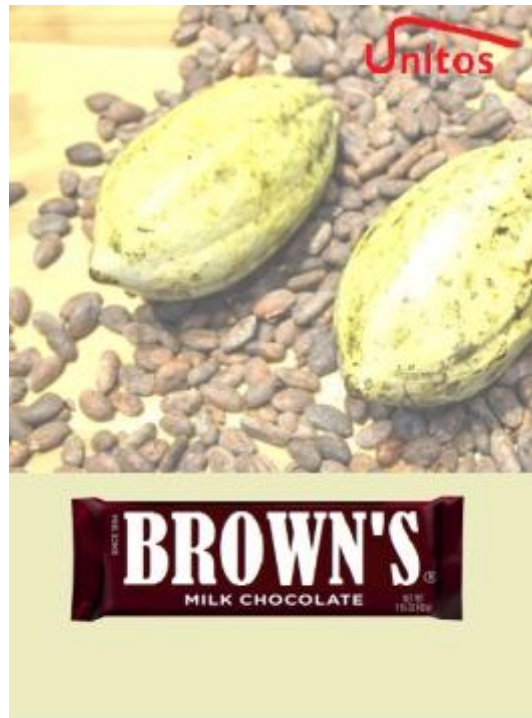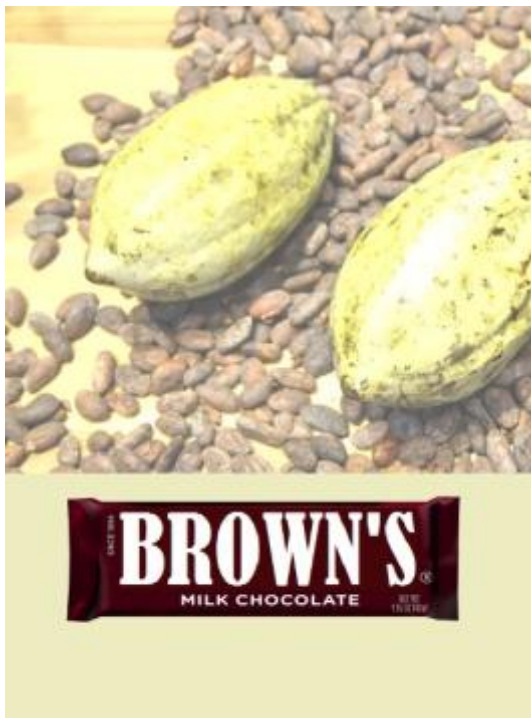
APPENDIX E

Dimension	Question statement	Scale	References
Product brand			
Perceived quality	The product brand is of high quality.	7-point Likert scale (very low – very high)	Stayman & Batra, 1991
Product affect	I feel good when I use this brand.	7-point Likert scale Strongly disagree – strongly agree	Chaudhuri & Holbrook, 2001
Purchase intention	My willingness to buy the brand is high.	7-point Likert scale (very low – very high)	Dodds et al., 1991
Corporate brand			
Corporate expertise	The Unitos company has great expertise	7-point Likert scale Strongly disagree – strongly agree	Newell & Goldsmith's, 2001
Corporate trustworthiness	I trust the Unitos company.	7-point Likert scale Strongly disagree – strongly agree	Newell & Goldsmith's, 2001
Corporate social responsibility	The Unitos company seems to be environmentally responsible.	7-point Likert scale Strongly disagree – strongly agree	Walsh & Beatty, 2007
Corporate affect	Unitos is a favourable brand.	7-point Likert scale Strongly disagree – strongly agree	Keller, 1993
Purchase intention of products from the same corporate brand	My willingness to buy other product brands from Unitos is high.	7-point Likert scale very low – very high	Based on Dodds et al., 1991

APPENDIX F

Example of Chocolate main questionnaire

Dear respondent,

For my master thesis Behavioural Economics at the Erasmus University Rotterdam, I am conducting a study about products in the fast-moving consumer goods branch. The present study aims at getting your opinion about those brands. The completion of the study will only take 3 minutes and you have a chance of winning your favourite product from the product category shown in the ad!

Thank you in advance,
Inge Verseveldt

On the next page, you will be presented a magazine ad concerning a consumer good product. Please take your time to carefully read and examine the ad as if it would have appeared in a magazine. Don't worry if you are unfamiliar with the brands as those brands are not available in the Netherlands.

One of the manipulation ads is shown

❍   I agree, I have read and examined the ad carefully

Q1 Please answer the following questions regarding Brown's chocolate

	Very low	Moderately low	Slightly low	Neutral	Slightly high	Moderately high	Very high
The product brand is of high quality	❍	❍	❍	❍	❍	❍	❍

Q2

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
I feel good when I use this brand	❍	❍	❍	❍	❍	❍	❍

Q3

	Very low	Moderately low	Slightly low	Neutral	Slightly high	Moderately high	Very high
My willingness to buy the product brand is high	❍	❍	❍	❍	❍	❍	❍

Q4 Indicate the amount in EURO you are willing to pay for the Brown's chocolate bar seen in the ad:
_____ EURO's

Q5 Please answer the following questions about Unitos, the corporate brand that manufactures Brown's chocolate

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
The Unitos company has great expertise	❍	❍	❍	❍	❍	❍	❍
I trust the Unitos company	❍	❍	❍	❍	❍	❍	❍
The Unitos company seems to be environmentally responsible	❍	❍	❍	❍	❍	❍	❍
Unitos is a favourable brand	❍	❍	❍	❍	❍	❍	❍
My willingness to buy other product brands from Unitos is high	❍	❍	❍	❍	❍	❍	❍

Q6 Before this questionnaire, were you familiar with the following brands:

	Yes	No
Brown's	❍	❍
Unitos	❍	❍

Q7 What is your gender:
- ○ Male
- ○ Female
- ○ Other
- ○ Prefer not to say

Q8 What is your age _____

Q9 What is your nationality _____

OPTIONAL:

Q10 If you would like to have a chance of winning your favourite chocolate brand, please write down your favourite chocolate brand and email address in the boxes below. However, make sure the brand is available in Dutch supermarkets!

Favourite chocolate brand:

Email address: