



The integral antecedents of spillover effect of electronic word of mouth on sub-brand in service sector

Sasithorn Suwantee

School of Business Administration, Kasem Bundit University, Thailand, E-Mail: sasithorn.suw@kbu.ac.th

ABSTRACT

This paper analysed the spillover effect of negative electronic word of mouth (eWOM) messages and consumer characteristics on sub-brand evaluation in service business. Extending previous research on controllable communication such as advertising, to the uncontrollable communication of eWOM. This research argued that negative eWOM has a negative influence on sub-brand because consumer evaluate the message of eWOM before evaluating the brand. The current research aimed to explore the role of consumer self-construal and consumer brand commitment in processing negative eWOM of parent brand on high perceived fit sub-brand and low perceived fit sub-brand. 276 undergraduate students participated in the experiment. This study found that the negative eWOM of high perceived fit sub-brand have stronger impact on sub-brand evaluation than low perceived fit sub-brand. However, consumer characteristics which includes self-construal and customer commitment moderate the impact level.

Keywords: Self-construal, Customer commitment, electronic word of mouth, brand extensions, spillover effect

1. Introduction

The intense competition force companies to continually invent and offer new products/services to existing or the new market, the costs of which are between 50 million dollars and 100 million dollars on average [1]. One of the strategies that well-established brands employed is brand extension strategy, which induced the company to expand its market and reduced the risk in introducing new products [1]. To illustrate, the virgin group

initiated its first business as a record shop in 1971 then extended its brand to related services such as Virgin Records label and Virgin Music Publishing. Afterward, the company extended its business to more diverse categories including mobile telephony, travel, financial services, leisure, holidays and health & wellness. Therefore, introducing new services may be prone to be more appealing in reducing risk and enhancing accomplishment compared to introducing new product because it cannot be evaluated on visual inspection [2].

Consumer behaviours are also dominated in determining the success of the brand extension. For instance: 1.) consumers possess positive attitudes toward the parent brand in memory; 2.) positive associations of parent brand expedite positive attitudes toward brand extension, and 3.) negative associations of parent brand are not transferred to brand extension [1]. Thus, consumer brand commitment and consumer self-construal have an influence on their information evaluation, particularly when the growing number of internet accessibility globally inducing immense source of information and communication platform. These enhanced Online or Electronic word of mouth (eWOM) to play important role in consumer market. Negative eWOM can create intense impact on consumer based-brand equity and induce brand equity dilution [3].

The objectives of this research were threefold. First, to explore the role of perceived fit of line extension and category extension on spillover effect. Second, to examine the influence of consumer characteristic (i.e. self-construal, consumer brand commitment) on forward spillover effect on line extension and category extension sub-brand. Third, to extend the application of elaborative likelihood model in forward spillover effect.

2. Literature Reviews

2.1 Brand Extensions

The firm may employ established brand names to diminish the risk when introducing a product to the new market [1]. The current research focused on brand extension as endorsed brand with the name of parent brand is included in line extension (i.e. the same

business) and in category extension (i.e. different business). Brand extension would raise higher awareness of the extension because the brand node is already embedded in the memory. Hence, creating the connection between brand node and the extension is required. Furthermore, consumer may create inference of the attributes, benefits, and perceived quality of the core brand and build the expectation toward the extension [4].

Aaker and Keller [1] suggested four main dimensions that could impact attitude toward brand extension which are Brand attribute association, Perceive quality of the brand, Perceived difficulty, and the fit. However, Aaker [5] suggested cautions of implementing brand extension strategy. For instance, adopting brand extension strategy may not always add value to the extension, negative associations of parent brand may impact on introducing the extension, name confusion may emerge for diverse product categories, poor fit with the parent brand, and poor-quality perception.

2.2 Consumer Characteristics and eWOM

Hennig - Thurau, Gwinner [6] defined eWOM as *'Any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet'*. This paper expected that consumer self-construal and consumer brand commitment impact on eWOM information processing.

2.2.1 Consumer self-construal

Self-construal is the extent to which an individual view her or himself as independent from and related to others. They can be classified into independent and interdependent. Markus and Kitayama [7] propose that people who have an independent self-construal are likely to have a view of self that associated with the separateness, internal attributes, and uniqueness of the individual. In contrast, people who have an interdependent self-construal is expected to be a more relationship-driven interdependent self-view, which stresses connectedness, social context, and relationships.

Consumers with interdependent self-construal might view consuming category extension services (i.e. low perceived fit) as taking a risk. Mandel [8] found that interdependent people are more risk-taking, however, Hamilton and Biehal [9] found that independent people were more risk taking. Therefore, this research proposed

Hypothesis 1: The spillover effect on low perceived fit sub-brand is stronger on consumers with interdependent self-construal than independent self-construal.

2.2.1 Consumer brand Commitment

This study employed the elaborative likelihood model [10] to conceptualize the consumer information evaluation. The elaborative likelihood model included two distinct routes of persuasion, the central route (i.e., a thoughtful consideration of presented information) and the peripheral route (i.e., a simple cue in a persuasion context, including an attractive source) [10]. The model suggested that consumers with high involvement employed the central route in evaluating information. Thus, high-commitment consumers inclined to engage in counterarguments with negative information [11]. They are prone to forgive the service providers for transgression when perceived harm is low [12]. Therefore, this research proposed

Hypothesis 2: The spillover effect on stronger on low brand commitment consumers than high brand commitment consumers.

Hypothesis 3: Interdependent self-construal has stronger effect than consumer brand commitment on spillover effect evaluation.

3. Methodology

3.1 Research Design and Data Collection

This research tested hypotheses by using 2 x 2 x 2 a within-subject design with two level of perceived brand fit (low and high) among those with two interdependent self-

construal level (low and high) and two level of consumer brand commitment (low and high). Convenient sampling was applied in recruiting participants. Undergraduate students of a university in Thailand were asked to attend the experiment at the end of their regular classes during the year 2018. They were asked to read the negative eWOM of the parent brand (i.e. department store) and then evaluate the forward spillover effect on parent brand, high fit sub-brand (i.e. department store) and low fit sub-brand (i.e. Hotel).

3.2 Measurements

This research developed measurement items with 7-point Likert scales (1 = strongly disagree, 7=strongly agree). Perceived brand fit was measured in three items, adapted from Aaker and Keller [1]. The items include the extent of substitution, complement, and transfer from parent brand to sub-brand. Interdependent Self-Construal was measured in 12 items, developed from Singelis [13] [14]. Consumer brand commitment was measured in three items adapted from Roberts [15]. Purchase Intention was measure in three items from Baker [16].

3.4 Manipulation Check, Validity and Reliability Test

Respondents were asked to evaluate perceived brand fit between parent brand (i.e. department store) and two sub-brands (i.e. department store and hotel). High perceived fit brand (i.e. department store) (\bar{x} =3.5, S.D.=1.249) significantly different from low perceived fit brand (i.e. hotel) (\bar{x} =3.287, S.D. = 1.288). 137 respondents have high consumer brand commitment toward parent brand (\bar{x} =4.72, S.D.=0.848) are significantly different from 139 respondents have low commitments toward parent brand (\bar{x} =2.73, S.D.=0.775). 144 respondents have high interdependent self-construal (\bar{x} =5.422, S.D.=0.591) are significantly different from 131 respondents have low interdependent self-construal (\bar{x} =3.646, S.D.=0.737). This research found that all domain variables have convergent validity and reliability as shown in table 1.

Table 1 Validity and Reliability test

	Loadings	Cronbach's Alpha	CR	AVE	No. of Items
Perceived Fit	>.83	0.840	0.904	0.759	3
Interdependent	>.79	0.963	0.968	0.714	12
Commitment	>.89	0.923	0.951	0.866	3
Purchase intention	>.85	0.878	0.925	0.805	3

4. Findings

310 undergraduate students from a university in Thailand attended the experiment at the end of their regular classes. 34 respondents were excluded from the analysis due to the incomplete information and manipulation doubts. Thus, 276 respondents remained in the analysis. Of those, 71.5 % (198) were female and 28.2 % (78) were male. 77.7 % of respondents were in the age of 22 to 23. 35.4% of respondents had experience in social media for four to six years and 31.8% of them had experience in social media for more than seven years.

To test the role of interdependent self-construal in spillover effect in hypothesis 1, two-way repeated measure ANOVA with two levels of interdependent self-construal was run on respondent purchase intention of three brands (i.e. parent brand, high fit brand, low fit brand) before and after negative eWOM treatment. Contrasting the average purchase intention before the eWOM treatment (\bar{X}_i) and after the eWOM treatment (\bar{X}_j) were employed to explore the effect. The result revealed that respondents with high interdependent self-construal ($\bar{X}_{i-j} = 0.485^*$, $p = .000$) have greater impact on parent brand than respondents with low interdependent self-construal ($\bar{X}_{i-j} = 0.412^*$, $p = .000$). Also, spillover effect was stronger on high interdependent self-construal ($\bar{X}_{i-j} = 0.182^*$, $p = .044$),

($\bar{X}_{t-j} = 0.218^*$, $p=0.018$) than low interdependent self-construal ($\bar{X}_{t-j} = 0.162$, $p=0.087$), ($\bar{X}_{t-j} = 0.101$, $p=0.295$) for high fit sub-brand and low fit sub-brand respectively. Thus, hypothesis 1 was supported.

To test the role of consumer brand commitment in spillover effect in hypothesis 2, two-way repeated measure ANOVA with two levels of consumer brand commitment was run on respondent purchase intention of three brands before and after negative eWOM treatment. The result revealed that respondents with high brand commitment ($\bar{X}_{t-j} = 0.484^*$, $p=0.000$) has greater impact on parent brand than respondents with low brand commitment ($\bar{X}_{t-j} = 0.409^*$, $p=0.000$). However, spillover effect was stronger on low brand commitment ($\bar{X}_{t-j} = 0.174$, $p=0.061$), ($\bar{X}_{t-j} = 0.171$, $p=0.068$) than high brand commitment ($\bar{X}_{t-j} = 0.153$, $p=0.101$), ($\bar{X}_{t-j} = 0.136$, $p=0.151$) for high fit sub-brand and low fit sub-brand respectively. Thus, hypothesis 2 was supported.

To test the role of consumer characteristic in spillover effect in hypothesis 3, two-way repeated measure ANOVA with two levels of interdependent self-construal and two levels of consumer brand commitment were run on respondent purchase intention of three brands before and after negative eWOM treatment. For consumers with high interdependent self-construal, the spillover effect was stronger on low brand commitment consumers ($\bar{X}_{t-j} = 0.942^*$, $p=0.000$), ($\bar{X}_{t-j} = 0.554^*$, $p=0.002$) than high brand commitment consumers ($\bar{X}_{t-j} = 0.424^*$, $p=0.003$), ($\bar{X}_{t-j} = 0.379^*$, $p=0.007$). Nonetheless, for consumers with low interdependent self-construal, the spillover effect on high brand fit was stronger on consumers with low brand commitment ($\bar{X}_{t-j} = 0.461^*$, $p=0.002$) than high brand commitment ($\bar{X}_{t-j} = 0.367$, $p=0.053$), vice versa for spillover effect on low brand fit.

The spillover effect was also greater on low brand commitment consumers with high interdependent self-construal ($\bar{X}_{t-j} = 0.942^*$, $p=0.000$), ($\bar{X}_{t-j} = 0.554^*$, $p=0.002$) than high brand commitment consumers with low interdependent self-construal ($\bar{X}_{t-j} = 0.367$, $p=0.053$), ($\bar{X}_{t-j} = 0.352$, $p=0.060$). Thus, interdependent self-construal has stronger effect than consumer brand commitment. Therefore, hypothesis 3 was supported.

4. Discussion and Conclusions

This study suggested that negative eWOM of parent brand produced greater negative impact on high fit sub-brand than low fit sub-brand. Also, this paper found that the effect of negative eWOM of parent brand on parent brand was stronger on high brand commitment consumers than low brand commitment consumers. High brand commitment consumers tended to feel betrayal. However, the spillover effect on sub-brand was stronger on low brand commitment consumers than high brand commitment consumers. The brand extension may reduce the feel of betrayal of high consumer brand commitment on the sub-brand. Mattila [17] confirmed that high affective commitment customers have a higher tendency to prolong loyalty than those with a lower level of affective commitment even though they feel betrayed by a service provider that produces a service failure.

The current research also affirmed that the spillover effect on sub-brand was stronger on consumers with interdependent self-construal than independent self-construal. Consumers with interdependent self-construal were prone to be affected by eWOM in online community. They were risk-averse [9] in making decision. Nonetheless, the spillover effect on independent self-construal consumer with regard to high (low) fit brand is stronger on low (high) brand commitment consumers than high (low) brand commitment consumers. This showed that intensity of perceived fit elicited the negative impact negative eWOM on independent self-construal consumers with low brand commitment who tend to believe in negative eWOM [11]. Furthermore, consumer characteristic in processing information such as self-construal produced stronger impact on consumers than consumer brand commitment.

This research amplified the role of consumer self-construal and consumer brand commitment on spillover effect of line extension and category extension in service sector. Though the advantages of brand extension are intense, monitoring spillover effect on sub-brand and minimizing crisis impact is essential for brand to respond to consumers according to their characteristics.

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