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How Corporate Messages Influence the Product Portfolio

Savvy managers can use corporate messages to enhance their product portfolio.

When corporations allocate their advertising dollars, most if not all go to traditional product brand messages. However, companies are increasingly allocating a portion of their advertising budgets to corporate-brand messages. This allocation is often hotly contested because managers generally don't understand either the added value of corporate messages, or the differing effects of corporate and product messages. Gabriel Biehal, associate professor of marketing, separated out the effects of corporate messages from product messages in a recent paper, "The Influence of Corporate Messages on the Product Portfolio," co-authored with Daniel A. Sheinin, University of Rhode Island. This is the first study to show the impact of corporate messages on multiple products in a company's portfolio.

Participants viewed one of three ads, then completed company attitude measures and belief and attitude measures for each of the three products in the company's portfolio. Biehal and Sheinin found that the two corporate messages each had an influence on participants' beliefs and attitudes about multiple products in the company's portfolio, but a product message did not: it influenced only the product being advertised. Also, messages about a corporation's ability to deliver high-quality products generated higher product beliefs and more positive product attitude than messages focusing on the corporation's socially responsible behavior.

The second study looked at the ways competitive market messages interfered with the effect of corporate messages on the product portfolio. The study used a corporate message describing the ethical conduct, environmental responsibility, and product quality of a hypothetical company in the lodging and restaurant industry, as well as messages for a hotel and a restaurant owned by the hypothetical company, and one competitive hotel. Relative to the company's hotel message, the competitive hotel's message was positioned either similarly or differently, and shown either before or after, to test how it affected corporate-message influence on the company's products.

The authors always found corporate-message influences on the company's hotel except when, relative to the company's hotel, the competitor hotel's message was positioned similarly *and* appeared before. This resulted in less positive beliefs and attitudes toward the company-owned hotel. Participants' attitude toward the company-owned restaurant was unaffected by the competitor's hotel message, and still received the positive effects of the corporate message.

What does this mean for managers?

Messages about corporate ability may be more effective than messages about a corporation's social responsibility when products in a portfolio are similarly positioned. Levi's, for example, hopes to capitalize on its corporate ability message, "A Style for Every Story," across its entire product line. It can do so effectively because its products are so similar.

This kind of corporate message may be less effective for chemical giant DuPont, with its many, very different and well-differentiated products. Its message, "The Miracles of Science," may drive consumers to think about all of DuPont's products in the context of science, with potentially negative effects on its fashion-oriented Lycra product. In this case, a message about corporate social responsibility could be more effective, providing a boost to consumers' beliefs and attitudes about the company without altering their understanding of DuPont's products.

Product managers should consider how to capitalize on corporate message influences as well. Biehal and Sheinin suggest that product managers place product messages as close to the airing of corporate messages as possible. This will make it less likely that a competitor's message could

“get between” a company’s corporate and product messages, which decreases corporate message influences.

“It might be more efficient to have corporate messages leveraging up the entire system, rather than worrying about many smaller product-positioning messages,” said Biehal. “Brand managers say ‘if you give me the money, I can do a better job positioning my product—why waste the money on corporate messages?’ That’s a good point of view, but if, for example, the company is introducing a lot of products, it may be more efficient to advertise the corporation rather than launching each product’s ad campaign separately.”

This conclusion is unlikely to make brand managers very happy. Corporate and product managers are often at odds over the allocation of limited marketing resources, and most product managers would rather have the money for product messages, rather than spending money on corporate messages.

Biehal and Sheinin recommend that corporate and brand managers work together closely to understand how corporate messages can influence various products.

“The Influence of Corporate Messages on the Product Portfolio” was published in the April 2007 issue of *Journal of Marketing*. For more information about this research, contact gbiehal@rhsmith.umd.edu