

# The Differential Influence of Corporate and Product Brands on Consumer Vehicle Purchasing Decisions

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**Abstract:** *This study examines the distinct roles of corporate and product brands in consumer decision-making, particularly in the automotive industry. While prior research has explored branding effects in isolation, this paper synthesizes fragmented literature to highlight gaps in understanding their interplay. We propose a model to quantify their differential impacts, offering insights for marketers and future research.*

**Keywords:** *Corporate Branding, Product Branding, Consumer Behavior, Brand Architecture, Purchase Decision*

## 1. Introduction

The influence of branding on consumer purchasing decisions has been studied extensively in marketing literature, yet the differential roles of corporate and product brands remain not fully explored, particularly in automotive industries. While prior research has examined corporate branding and product branding in isolation, few studies separately assess how these two brand layers interact to shape consumer preferences and purchase behaviors.[1]

The automotive industry presents a compelling setting for this investigation due to its multi-tiered brand architecture. Consumers often evaluate vehicles based on factors such as dealer brand performance, car brand attitudes and satisfaction, and corporate brands of VW and joint venture. Corporate and product brands play different but complementary roles in consumer decision-making. Corporate brands typically establish trust and loyalty, while product brands attract attention to specific product features. The conceptual model helps clarify how these two types of brands interact and their respective impacts. Empirical research provides concrete data support, making marketing strategies more targeted and effective.

This study seeks to address these questions by synthesizing existing literature on corporate and product branding, proposing a conceptual model to disentangle the relative influence of corporate and product brands on consumer decision-making, offering empirical insights for automotive marketers to strategically allocate resources between corporate-level and product-level branding.

## 2. Literature review

Based on the subject of this study, relevant literature was reviewed and summarized as follows. First, we examine the influencing factors related to consumer purchase intention and repeat purchase behavior. From the consumer's perspective, consumption psychology is closely related to purchasing behavior and significantly impacts it.[2] Theory of Planned Behavior posits that purchase intention is determined by three factors: attitude, subjective norms, and perceived behavioral control. This theory is widely applied in predicting consumer behavior.[3] Expectancy-Confirmation Theory was initially used to explain consumer satisfaction and later extended to the study of repeat purchase behavior. The theory suggests that consumers compare the actual performance of a product with their expectations, and the degree of confirmation influences both satisfaction and repurchase intention.

Conceptually, as noted by Gylling, C. and Lindberg-Repo, K.(2006) the branding textbooks such as Keller, K.L. (2013) have long taught that product and corporation are related in that corporate brands add value to the variety of products and services offered by the company.[4,5] Piehler, R,et al. (2016)usefully extends our understanding with a brand architecture taxonomy, with four brand types: corporate brands;

product brands; corporate and product brands; and product and corporate brands.[6] The relative emphasis on corporate and product branding varies across the four types. In all four cases, the corporate brand provides credibility as the over-arching support to product brands.

In reviewing the empirical evidence, we start with the seminal article by Piehler et al. (2016).[6] With over 3000 citations, their article is a giant in the academic literature. Piehler et al. (2016) demonstrate that corporate associations can influence perceptions of the company's products. Strictly speaking, Piehler et al. (2016) focus on corporate reputation more broadly rather than the corporate brand and also give considerable attention to corporate social responsibility. Similarly, their dependent variable is consumer product responses rather than product brands. Notwithstanding, the chosen seminal article provides a foundation for the further development of ideas.

The subsequent empirical literature linking corporate and product branding is limited, but also not coherent, taking many eclectic forms. Firstly, we note the special case of the brand extension literature where there is a vast body of evidence indicating that corporate brand beliefs are transferable to new products in extended domains.[7,8]

Secondly, a much smaller body of literature addresses the topic of cooperative brand alliances. A central concept in such research is attitude to the co-branded product. The research generally shows that there is a transfer from the parent corporate brand to the co-branded product as shown by the review of literature in Dickinson and Heath (2008).[9] The co-branding literature has some relevance for the current study, though it does not explicitly consider the joint venture brand per se. Davcik, N.S., et al. (2021) study the alliance between a corporate brand and a 'cause'. [10] They examine the impact of the attitude to the alliance, on the original corporate brand, so again the study is interesting from the alliance co-brand aspect, but not directly germane to our need.

Thirdly, somewhat related to the previous literature, several studies examine the link between store (corporate) image and consumer evaluations of store (product) brands. In the retailing context, they demonstrate the link between corporate (that is, store, as a retailing organization) brand image and consumer perceptions of store brand (store brands are own brands) quality.[11] The study by Keh and Xie (2009) similarly examines the link between corporate reputation and product purchase intentions.[12]

Fourthly, the only study that the authors have been able to identify of the explicit link between corporate brand image and product brand image is Zielke, S., & Komor, M. (2015).[13] In a Canadian study, these authors establish a link between consumers' store corporate brand image and perceptions of the same store's own product brand image. Again, another more narrow (from our perspective) follow-up article is Diallo (2012), who does not directly link store (corporate) image perception with store brand (product) image perception, but an indirect link with store brand purchase intention is established via the ability of store image perception reducing the perceived risk towards store own brands.[14]

Another approach is from the point of view of the difference between corporate branding and product branding. Corporate branding differs from product branding in several respects. First, and most obviously, the focus of the branding effort shifts from the product to the corporation Balmer, J.M.T. (2017).[15] This difference between product and corporate branding is further emphasized by the shift in managerial responsibility, as product brands typically remain part of the middle management marketing function, whereas corporate brands entail a strategic perspective, based in the executive office (Balmer, 2017). A third contrast between product and corporate branding is a difference in who the brand relates to in terms of both attraction and support. A fourth difference between product and corporate branding involves defining who was responsible for the branding effort. Corporate branding requires much more complicated and sophisticated organizational practices than does product branding. Whereas product branding can be handled within the marketing department of a company, corporate branding requires organization-wide support. Finally, corporate branding takes on strategic importance while product branding takes on functional importance. Hence, as Balmer, J.M.T. (2017) argued, the strategic importance of corporate branding lies not only in its positioning of the company in its marketplace, but in creating internal arrangements to support the meaning of the corporate brand.

Thus, corporate brands can increase the company's visibility, recognition and reputation in ways not fully appreciated by product-brand thinking. The corporate brand contributes not only to customer-based images of the organization but to the images formed and held by all its stakeholders, including employees, customers, investors, suppliers, partners, regulators, special interests and local communities. Aaker and Joachimsthaler (2000b) suggest that companies can create a brand team to make all the sub-brands and brands fit in and be fully productive.[16] More generally, empirically, it is not easy to quantify the link between the corporate brand and the product brand.

### 3. Research design

The positive brand attitudes towards product, corporate and dealers will indicate a good image toward product and corporate brands, which may result the customers' behaviors as repeat purchasing. This rule has been examined by Lopez-Jaramillo, C. & Balabanis, G. (2020), who define the relationship among product, corporate- and country-image dimension and purchase behaviour in multiple countries, and argue that consumers' attitudes toward corporate image and country image exert effects on their brand purchase behaviours. [17] Furthermore, product-brand personality is more significant in affecting purchase intention, while company-brand personality will have the same effects on purchase intention if its brand personality characteristics are important to an individual (Wang et al., 2009). [18]

The variable selection presents that the general attitudes will be influenced by four major factors: car/corporate brand attitudes, dealer brand performance, and car brand satisfaction. A car dealer through which the car is sold to the public has the most obvious effects to influence the customers' purchasing behaviours, so dealer brands may be an important factor for customers to evaluate the status of car brands. However, the literature suggests that there is a major contestability between two types of brand attitudes, namely product brand attitudes and corporate brand attitudes. In addition, a satisfied customer normally will be resulted in repeat purchasing behaviours. The hypotheses of this model are:

Hypothesis 1: Good car corporate brand attitudes will be positively associated with customers repurchasing behaviours.

Hypothesis 2: Good car product brand attitudes will be positively associated with customers repurchasing behaviours.

Hypothesis 3: Perceived dealer brand performance will be positively associated with customers repurchasing behaviours.

Hypothesis 4: Perceived car brand satisfaction will be positively associated with customers repurchasing behaviours.

If these four hypotheses can be proven, it indicates that automakers should pay attention to the car image and dealership buildings if they try to get more customers satisfaction and repurchasing intentions.

### 4. Results

The result demonstrates the multi-regression of four car brands. The linkage of corporate brand of FAW with customer intention variable is quite weak and eliminates this factor. It indicates that the FAW corporate brand performance or reputation does not have positive effects on the customer intention. The five factors to influence the car user intention to buy again are as follows: dealer brand performance, car brand attitudes and satisfaction, and corporate brands of VW and joint venture (FAW-VW).

Toward the demographic issue, it shows that age factor has coefficient effect on Hongqi car brand while it is not significant with other three car brands at all.

From the results, it is obviously showing that car brand attitude is the most important influence across all four brands. Still starting with the pioneering domestic car brands. Still corporate brand related variables are statistically insignificant and hence eliminated. Of the two remaining variables, the car brand attitude is the most important, with standardized beta coefficient of 0.42, significant at the one per cent level. The car brand satisfaction (beta coefficients of 0.20) is significant at five per cent level.

For the Besturn brand, car brand satisfaction is not significant. Car brand attitude is the most important variable, with a beta coefficient of 0.37, significant at the one per cent level. The dealer brand performance comes second in terms of beta magnitude, with a value of 0.22, significant at the five percent level. It is interesting that the corporate brand of VW has positive influence on Besturn car brand for the customer intention (beta coefficient of 0.20, at five per cent level).

Bora brand as the joint venture car, brand attitude is the highest beta coefficient, with a 0.40 coefficient, significant at the one percent level. The dealer brand performance is second, with a coefficient of 0.23, significant at the one percent level. The brand satisfaction and corporate brand of joint venture (FAW-VW) also have positive influences on customer intention with Bora car brand.

Finally, the Sagitar brand shares the similar results with Hongqi that only two variables, car brand satisfaction and attitudes, have positive influences, and the linkages of other variables on customer intention with Sagitar are negligible.

Car brand attitudes achieve similar significant results at one per cent level for all the four brands, which demonstrate the comparison result is quite equally for both pure domestic and joint venture car brands at the first time. The dogfall result also occurs with the variable of dealer brand performance. Only one brand from each group supports the dealer factor, but the beta coefficient results of these two brands are quite closely. Move to the car brand satisfaction, and both joint venture car brands achieve significant result while pure domestic car brands only get support from one car satisfaction, and venture car brands win with the satisfaction factor. The effective variables of corporate brands are still the VW and FAW-VW corporate brands in the intention satisfaction, and corporate brand has the positive influence on the consumer behaviours with the pure domestic car brand. FAW-VW corporate brand. FAW its own car brand to influence the consumer repurchase intention this time, but not all the two joint venture car brands get the benefit from their manufacture. From the comparison results, it still reveals the better performance of joint venture car brands and the pure car brands gain more supports from the variables. The gap between the pure domestic and joint venture car brands has become a bit narrow.

## 5. Discussion about the linkage between customer repurchase intention and brand attitudes

The major five influence factors on consumer behaviours in the automobile industry are dealer brand performance, car brand attitudes, car brand satisfaction, VW corporate brand and FAW-VW corporate brand. According to the results, the joint venture brands achieve more significant supports with these factors to influence the customers while the pure domestic car brands get limited influences with only 2-3 variables. In addition, it also presents that the car product brand attitudes play the most important role to influence customer behaviours and the corporate brand performance has limited effects. Some interesting findings, furthermore, will be discussed in this section as well.

Among the variables, car brand attitudes for four brands achieve the most significant results. All the four brands with this factor are at the 0.01 significant levels and the results of standardised coefficients are quite approximate (the results of joint venture car brands are slightly higher than the pure domestic car brands). These indicate the Chinese customers evaluating car brands image more positively, the possibilities for them to repurchase the car brand will be high. From this point of view, it shows both joint venture car brands and domestic car brands have created good brand image for Chinese customers, and they have made their efforts to gain the positive brand image.

Comparing joint venture car brands with pure domestic brands, it shows that joint venture brands perform more strongly in the influence of car brand satisfaction on repurchase intentions. For the car brand satisfaction, the significant levels are not that high and the highest coefficient result is not over 0.20. It indicates a bit weak influence of brand satisfaction on customer repurchase intention. The pure domestic car brands performance is much lower than joint venture car brands. It proves that the research comment of Balmer and Chen (2015) that joint venture is the most common branding strategy in China.[19] On the contrary, for the domestic car brands, although the Hongqi brand achieves a positive influence result at the five per cent significant level, the Besturn brand does not achieve significant with the satisfaction variable, which indicate the brand position strategy of Besturn is failed to impress customers and this brand also does not get a favourable shadow from Hongqi brand as well.

The corporate brand performances of VW and FAW-VW have significant influences in different car brand. Zooming in the joint venture (FAW-VW) corporate brand firstly, it has directly influenced on Bora brand repurchase behaviours. As the manufacture company of Bora, it is reasonable to achieve this result for FAW-VW. It also proves that Bora successfully transfers its product brand satisfaction to the positive corporate brand attitudes, and then gains the repurchase intention among its customers. Surprisingly, the Sagitar as the higher version vis-à-vis Bora, is failed to motivate customers to repurchase this brand. It might be lost its favour to customers because of the brand name (quite similar to a B-level version car named Magotan (Mai Teng), and it might confuse customers Magotan is the new version of Sagitar). However, comparing to the pure domestic car brands which fail to get any support from their manufacture, i.e. FAW, the joint venture brands still perform better.

In Chinese, Besturn is 'Ben Teng', it is quite similar with the joint venture car brand Sagitar 'Su Teng'. During the data collection period, a lot of investigators reported that the participants felt very surprised when they learned Besturn is not belong to FAW-VW when they were interviewed. Just like the discussion of Zhou et al. (2010), local or not local brands, that is quite tricky and companies have to be caution to make decisions.[17] This principle is not only suitable for joint venture companies doing business in China, but also the domestic companies. The other reason might be the outcome of joint ventures formed by FAW. As discussed in chapter 2, one of the major purposes for Chinese state-owned

enterprises to build joint ventures will be technology exchange with foreign giant automakers. The engine of new version Besturn is getting technological support from the VW, so it will be reasonable for customers to make repurchasing decisions because of the VW corporate brand. From this point to say, it proves that the effects of allied brands on unknown brands and will influence the customers' attitudes which will be important for companies to take attention (Lopez-Jaramillo et al., 2000; Bao et al, 2022).[17,20]

The last factor is dealer brand performance. Generally, the performance of pure domestic car brands and joint venture car brands is quite equally with this variable. Besturn and Bora get the benefits from the dealers to influence the customer repurchase intention. It is indicated the dealers of these two brands have done a remarkable job to promote the car brands and gain the trust from customers. Both Hongqi and Sagitar are failed in this point. An interesting finding here is the different results of Hongqi dealers. The dealers of Hongqi seemed done a good job to satisfy their customers and achieve good brand attitudes, but they did not transfer their positive image to influence customer repurchase behaviours. The implication here can be considered that it will be better for Hongqi car brand to concentrate on the car (product) design, quality or other product performance to achieve customers repurchase intention, rather than relying on dealers implement sales promotion.

Repurchase intention as sort of consumer behaviours has been discussed by many studies that may be a consequence of satisfaction or positive attitudes toward a product and its brand.[21] From the results, it also confirmed that the car product brand performance is more important than the corporate brand performance to influence the customer behaviours, e.g. intention to repurchase the same car brand. It reveals that the car manufactures in China should be aware with the weak of corporate branding and enhance their corporate brand image to influence consumer behaviours more positively.

## 6. Conclusion

From the regression results for each model, the story is differed with each selected car brand. It shows that not all the hypotheses can be proved by the performance of each car brand. Generally, the results of joint venture car brands are performed much better than the pure domestic car brands. The new version of each car brand groups is performed better than the old version. The linkages between corporate brands and product car brands are not the same stories. Dealer brand performance reveals the most important influence on all the four car brands in the model 2-4, but corporate brand of FAW did not achieve a good result in most of models.

For the four evaluated factors, the car brand attitudes have the most important influences on customer repurchase intention, brand satisfaction has less importance, and corporate brand images and dealer performance are weak, which is partially matched with the literature discussions in the similar issues. Meanwhile, joint venture car brands still perform better than the pure domestic car brands. They have got effective influences with most variables while the pure domestic car brands only got 2-3 variable supports.

## Acknowledgement

This research is funded by the Social Science Project of Education Department of Jilin Province (2023, project No. JJKH20230191SK).

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