

## Private Labels and Negative Information: Effects within a Retailer

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## Private Labels and Negative Information: Effects within a Retailer

### **Abstract**

In this paper, we investigate potential negative spillover effects of consumer evaluations between different products of the same private label (PL). Drawing on associative network theory, we propose that decreases in consumer evaluations (e.g., attitude, perceived quality, trustworthiness), caused by negative information regarding a focal defective PL product, will affect consumer evaluations of non-defective products branded with the same PL. To test our hypotheses, we conduct an online experiment with a 2 x 2 plus control group between-subjects design. We expose subjects to four product-harm crisis scenarios of varying severity and psychological distance. Our results confirm the existence of the hypothesized negative spillovers between products of the same PL. Furthermore, the spillover effects from a defective product affect consumers' purchase intent of the non-defective siblings. In other words, a scandal about a single PL product may hurt not only consumer evaluations but also sales of all products umbrella-branded by the same PL.

**Keywords:** *private labels, negative information, spillover effects*