Advertising and product quality: what kind of relationship?

How to consider the expense of advertising in link with product quality? What product is more advertised: product of better or lower quality? Régis Chenavaz, associate professor of managerial economics and marketing at KEDGE Business School answered of these research questions by an analysis of the relationship between product quality and advertising, published in the European Journal of Operational Research.

In this article, Régis Chenavaz highlights that a firm may advertise a product of lower quality to maximize profit. He explains: « A firm may advertise a product of low quality if advertising has a strong effect on changing the consumer preferences and if the cost of quality is large. In this situation, the firm will invest more in promoting a product by advertising more than by achieving greater quality ». Conversely, he explains that « A firm advertises more a product of better quality, when consumers are little sensible to advertising and the cost of producing good quality is moderate ».

For these analytic results, Régis Chenavaz collaborated with Sajjad Jasimuddin, senior professor at KEDGE Business School. They developed a model of advertising-quality relationship in an optimal control setting. They showed how their results articulated the conflicting views in previous literature. Indeed, previous models explained separately positive and negative advertising-quality relationships, but not both. Based on a unifying approach, the results of the two professors also predict for « which kind of markets and products, advertising and quality are substitutes or complements ».

Régis Chenavaz is available for any requests for interviews or reports concerning this news item in English or French.

More about Régis Chenavaz:
Régis Chenavaz is an associate professor of managerial economics and marketing at KEDGE Business School and a research fellow at Aix-Marseille School of Economics. His research lies at the interface of marketing, economics, and operations management. Régis’ primary research interest is pricing, considering dynamic contexts and psychological elements (dynamic pricing and behavioral pricing). He also investigates related topics such as advertising, quality, marketing-mix, and retailing.

More about Sajjad Jasimuddin:
Sajjad Jasimuddin is a senior professor at KEDGE Business School. Previously, he was a member of the faculty at Aberystwyth University (UK), Southampton University (UK), King Abdulaziz University (Saudi Arabia) and University of Dhaka (Bangladesh). He is a visiting Professor at Renmin University of China and the University of Dubai (UAE). He received a BCOM (Hons.) and a MCom from Dhaka University, an MPhil from Cambridge University (Trinity College), and a PhD from Southampton University.

About KEDGE Business School:
KEDGE is a leading French business school with four campuses in France (Paris, Bordeaux, Marseilles and Toulon), three abroad (Shanghai, Suzhou and Dakar) and three partner campuses (Avignon, Bastia and Bayonne). The KEDGE community is made up of 12,600 students (including 25% coming from abroad), 183 professors (including 45% coming from abroad), 275 international academic partners and 60,150 alumni around the world. KEDGE offers 36 programmes in management, designed for students and industry professionals. It also provides tailor-made educational programmes for businesses at national and international levels. KEDGE Business School is AACSB, EQUIS and AMBA-accredited, and is a member of the Conférence des Grandes Ecoles. It is also recognised by the French government, with labelised programmes, and has obtained the
EESPIG label. KEDGE was ranked 40th by the Financial Times in the European Business School ranking and 36th globally in its Executive MBA ranking.
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Press contacts:
Julien RAVIER Tel. +33 (0) 671 535 161 / julien.ravier@kedgebs.com
Angélique GERMAIN - Tel. +33(0) 556 845 524 / angelique.germain@kedgebs.com
Aurélie HEUGA Tel. +33 (0) 556 846 343 / aurelie.heuga@kedgebs.com