Is Negative Brand Publicity Always Damaging? the Moderating Role of Power

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Negative publicity can be damaging for brands. We suggest that powerful consumers are less likely to be affected by negative publicity than powerless consumers. In two studies, we show that powerful consumers may rely more on their own thoughts about the brand and are less likely to be influenced by negative publicity information, compared to powerless consumers.

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As consumers have increasing access to multiple sources for product information (e.g., blogs, television, news outlets, etc.), the ability to manage negative publicity becomes increasingly difficult. Prior research has demonstrated that consumers place more weight on negative than positive information in forming judgments (Eagly and Chaiken, 1993) showing that negative publicity can cause substantial harm. For example, the recent events surrounding Toyota’s faulty accelerator and brake pedals have led to detrimental effects on the brand. Surprisingly, little research has focused on characteristics of the message recipients and how they might influence responses to negative publicity. In this vein, we examine the effect of consumers’ power on responses to negative publicity. Power is an important characteristic to study, as it is ubiquitous and highly malleable. In many instances throughout our daily life, we may be shifting between a powerful (e.g., meeting with a subordinate) and a powerless (e.g., meeting with a boss) mindset. Further, ambient marketing activity (e.g., advertising, point-of-sale displays, etc.) can influence a consumer’s sense of power. Aside from these situational variations, power may also be conceptualized as an individual difference variable which varies across consumers (Anderson et al. 2005).

We know that negative publicity can be damaging for brands (Ahlulwalia, Unnava and Burakrant 2000; Monga and John 2008). In this research, we suggest that powerful individuals are less likely to be affected by negative publicity than powerless individuals. Galinsky et al. (2008) find that powerful people possess more freedom from influence of external forces compared to powerless people. Powerful people are less influenced and constrained by salient information in the environment, because power increases sensitivity to internal states and increases confidence in one’s own thoughts (Brinol et al. 2007). This sensitivity to internal states suggests that powerful individuals may rely more on their own thoughts about the brand and are less likely to be influenced by negative publicity information, compared to powerless individuals. Thus, upon exposure to negative publicity, brand evaluations of powerful individuals would be more favorable than those of powerless individuals.

In study 1, we test our hypothesis using a power manipulation (Galinsky et al. 2008). In the powerful condition, participants wrote about a situation in which he/she controlled the ability of another person or persons to get something they wanted. In the powerless condition, participants wrote about a situation in which another person controlled the ability of the participant to get something he/she wanted. Next, participants were exposed to a press release stating that Mercedes Benz was experiencing manufacturing problems on their new line of cars. Subsequently, participants rated the new line of cars and the Mercedes Benz brand. As expected, participants in the powerful condition rated the brand more favorably than participants in the powerless condition.

In study 2, we examine the role of source credibility (Brinol et al. 2004). We anticipate that for a less credible source, we would expect that powerful individuals would be less susceptible to the negative publicity than powerless individuals (as in our prior study). However, for a more credible source, we expect that powerful individuals would be more likely to attend to the negative publicity and their brand evaluations would decrease. As a result, differences in brand evaluations between powerful and powerless individuals would dissipate.

In study 2, participants were exposed to the same power manipulation as in study 1. The source of the press release was indicated as either a highly credible source (The Wall Street Journal) or a significantly less credible source (The National Enquirer). We also included a control condition to assess baseline evaluations for the brand. Participants in this condition were not exposed to the negative publicity. Thus, we used a 2 (Power: High, Low) x 3 (Source Credibility: High, Low, Control) between subjects design. Our results show a significant interaction between power and credibility on brand evaluations, such that in the low credibility condition powerful individuals evaluate the brand higher than powerless individuals. However, this difference is not significant in the high credibility condition or in the control condition.

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The findings in our paper contribute to the negative publicity literature and to the largely understudied area of consumer power. Prior research shows that negative publicity can adversely affect the brand. We show that this effect is more likely to happen for powerless than powerful consumers.

References


**Disaster Zone! Maximizing the Impact of Corporate Contributions to Disasters or a Different Way of Thinking of Fit**

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Corporations are often willing to help when a major disaster, such as the recent earthquake in Haiti or the 9/11 terrorist attacks, happens. For example, American companies already donated $146.8 million to the relief of the earthquake victims in Haiti (U.S. Chamber of Commerce 2010). Regardless of the motives behind these humanitarian contributions (e.g., altruistic or strategic nature), it is of chief importance to maximize corporate return in terms of consumers’ attitudes and corporate image (Porter and Kramer 2006). Along this line, the concept of fit, or perceived link between a brand and a CSR cause, has been pointed as having central importance in consumers’ attitudes (Paccineus and Olsen 2004). For example, support for breast cancer research by Yoplait yoghurt is considered to have a good fit since both brand and cause serve a similar customer base (Nan and Hao 2007). Although this conceptualization of fit is useful in order to understand the effect of firms’ ongoing CSR programs, we propose that consumers may use different dimensions of fit to evaluate CSR programs directed toward non-recurring causes such as disaster relief efforts. In this paper, we research the idea that type of contribution (monetary vs. non-monetary) may be pertinent to this judgment of fit, having an important effect on consumers attitudes toward the company after the disaster relief.

There are two main approaches used by companies to contribute to the relief of victims in disasters—monetary contributions and non-monetary contributions (i.e., products, services and employee volunteerism). Because the later are considered more effortful than the former, it is generally accepted that non-monetary contributions will have a more positive impact on consumers’ attitudes toward the company (Ellen, Webb and Mohr 2000). However, we propose that sometimes monetary contributions may be considered more adequate. Specifically, we suggest that the fit between characteristics of the cause (i.e., nature-made or man-made) and the contribution type (monetary or non-monetary) will influence consumers’ attributions and attitudes toward the company that helped in the disaster relief.

A disaster is the tragedy of a natural-made or human-made hazard that negatively affects society. Consumers may perceive nature-made disasters as phenomena beyond human control, but from predictable sources (Quarantelli 1993). In this case, non-monetary contributions, for being considered less flexible but more hands-on and specialized, will be considered more adequate. On the contrary, since human-made disasters are originated on much more varied and unpredictable number of sources (Quarantelli 1993), more flexible and versatile monetary contributions might be considered more adequate. We formalize our hypotheses as follows:

**H1:** Fit between contribution type and cause of disaster will increase consumer evaluations of corporate contributions for disaster relief.

Consumers will evaluate a firm’s non-monetary contribution to nature-made disasters more positively than a firm’s monetary contribution to such disasters.

Consumers will evaluate a firm’s monetary contribution to man-made disasters more positively than a firm’s non-monetary contribution to such disasters.

We examined this hypothesis using a 2 (contribution type) x 2 (cause of disaster) between-subjects design. One hundred and sixty undergraduate students participated in this study. Participants read fictitious news about a large scale fire in California and a disaster relief effort of a logistics company. In the news, the company’s contribution was either one million dollars (monetary) or logistic services that worth one million dollars (non-monetary). Disaster was caused either by arson (man-made disaster) or lightening (human-made disaster). After reading the story, participants assessed their evaluations of the company in a three items ($\alpha=0.87$) 7-point semantic differential scale (favorable, effective, helpful).

Results of an ANOVA analysis supported our hypotheses. Personal relevance of the disaster was included as a covariate. Contribution type and cause of disaster presented significant main effects on consumer evaluations. More importantly, the interaction term was significant.