Ethical Brand Perception Formation When Information Is Inconsistent - an Impression Formation Perspective

Katja H. Brunk, European University Viadrina, Frankfurt (Oder), Germany
Cara DeBoer, ESMT European School of Management and Technology, Berlin, Germany

This research builds on the recently emerging literature on consumer perceived ethicality (CPE) and experimentally explores how consumers form moral impressions of brands when confronted with inconsistent information. Findings suggest that impression formation processes differ depending on whether consumers are explicitly requested to evaluate brand ethics or not.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/1019675/volumes/v43/NA-43

[copyright notice]:
This work is copyrighted by The Association for Consumer Research. For permission to copy or use this work in whole or in part, please contact the Copyright Clearance Center at http://www.copyright.com/.
Ethical Brand Perception Formation when Information is Inconsistent -
An Impression Formation Perspective
Katja H. Brunk, European University Viadrina, Frankfurt (Oder), Germany
Cara DeBoer, ESMT European School of Management and Technology, Berlin, Germany

ABSTRACT
This research builds on the recently emerging literature on consumer perceived ethicality (CPE) and experimentally explores how consumers form moral impressions of brands when confronted with inconsistent information. Findings suggest that impression formation processes differ depending on whether consumers are explicitly requested to evaluate brand ethics or not.

INTRODUCTION
In recent years, consumers have paid increasing attention to ethical criteria when making purchase decisions. Aware that social responsibility has become a facet of brand personality (Madrigal and Boush 2008), companies are concerned about how their brands are perceived by the consumer, placing issues such as corporate ethics, sustainability, and corporate social responsibility (CSR) high on the corporate agenda. Subsequently, research on ethical brands and products is expanding rapidly (e.g., Huber et al. 2010; Luchs et al. 2010; Pelozzi et al. 2013; Singh et al. 2012; Torelli et al. 2012; White et al. 2012).

But not all companies are known to act consistently when it comes to CSR and ethics, whereby consumers may receive multiple, sometimes conflicting (ethical and unethical) pieces of information about a brand’s conduct across time. How is consumers’ aggregate moral impression - referred to as consumer perceived ethicality (CPE) hereafter – of that brand impacted by such inconsistent information?

By gaining a better understanding of the ethical perception formation process, this research not only extends the emergent research stream on CPE (Bezencon and Etemad-Sajadi 2015; Brunk 2010; Brunk 2012; Shea 2010; Singh et al. 2012), but moreover qualifies previous research in the area as well as facilitates a deeper understanding of related phenomena such as sustainable consumption and ethical consumer behavior.

CONCEPTUALIZATION
This research focuses on the question of how favorable or unfavorable brand CPE emerges in the consumer’s mind given potentially inconsistent pieces of information about its conduct across different ethics-related domains. Up until now this important question has received little attention. In order to explore consumer reactions to CSR or un/ethical brand behavior test materials of extant empirical studies either (1) employ only single ethical behavior cues (e.g., Folkes and Kamins 1999); (2) employ multiple yet directionally consistent pieces of ethical information (i.e., all positive or negative) (e.g., Madrigal and Boush 2008; Mohr and Webb 2005); or (3) circumvent the actual ethical perception formation process by using pre-existing perceptions (e.g., Berens et al. 2006) or predefining brands or companies as un/ethical without referring to particular activities (e.g. Luchs et al. 2010). However, designing stimuli with single or one-directional ethical cues limits the external validity of the studies’ findings and conclusions. While understandable from a researcher controllability point of view, the simplification of study scenarios is far removed from today’s in-market reality, where consumers are regularly faced with multiple, oftentimes contradictory, pieces of information to form an impression of a brand’s ethics. This research recognizes and attempts to address this imbalance.

Building on the notion of the ‘brand as a person’ (Aaker 1997; Fournier 1998), this research draws on person perception research, which offers two competing theories of which mental strategy individuals use when forming impressions of others: the algebraic and configurational model (Fiske and Taylor 1991). According to the algebraic model (e.g. Anderson 1981, 1996; Lynch 1985) individuals evaluate available pieces of information independent from each other, subsequently balancing them when forming an impression (Merritt, Effron, and Monin 2010; Effron and Monin 2010). This perspective suggests that consumers take all available ethical and unethical brand behavior into account and combine these multiple pieces of information into a summative ethical brand perception. If this were the case, negative ethical conduct could be neutralized by ethical conduct and vice versa, meaning brands could compensate unethical actions with visible ethical actions.

The configurational model on the other hand suggests that individuals form an impression about a subject based on a cue they consider diagnostic and then sort new information in accordance with their prior disposition (e.g. Asch and Zukier 1984; Kunda, Sinclair, and Griffin 1997), meaning pieces of information are evaluated in relation with each other; based on a diagnostic cue, leading to a change-of-meaning effect. This has been further established in pre-decision making research, where perceptions are formed by distorting new information in accordance with an initial disposition (Bond et al. 2007; Carlson, Meloy and Russo 2006). As negative morality cues were found to be highly diagnostic in person perception research (Skowronski and Carlson 1987), a piece of unethical information may therefore function as the decisive cue in forming consumer perceived ethicality (CPE) of brands. In other words, if ethical perception formation follows the configurational model, CPE would remain negative after a transgression, even if the brand would attempt to compensate it with virtuous behavior.

In line with the configurational model, existing qualitative research points towards holistic impression formation (Brunk and Bluemelhuber 2011). Furthermore, Sen and Bhattacharya (2001) investigated how a company’s CSR record impacts company evaluations. Manipulating positive and negative CSR cues across conditions, they discover valence-based asymmetries, whereby consumers were more sensitive to negative than to positive information. Hence, although ethical impression formation processes have not been explicitly tested before, existing research implies that CPE formation may follow the configurational model. Whether it actually does, and under which conditions, was the primary focus of this research.

OBJECTIVE AND METHODOLOGICAL APPROACH
The objective of this project was to disentangle which mental strategy—the algebraic or configurational—consumers use when forming an overall ethical impression of a brand. To explore this, we conducted two experiments.

Because we were interested in the impression formation process underlying CPE, we decided to conduct the experiments using a fictitious brand, instead of an established brand, where perceptions are already formed. We specifically focused on situations where consumers are confronted with contradictory pieces of ethical brand conduct across time. For both experiments, we recruited a national representative sample of consumers from an online panel provider.
in the UK. In doing so we addressed previously raised concerns that student samples may be problematic when assessing ethics-related responses (Murphy 2002), as students may lack the sensitivity and maturity towards certain CSR or ethics-related issues (e.g., due to little or no actual work experience, they may evaluate questions of employee treatment differently).

In experiment one, we explored CPE formation without exposing the true purpose of the experiment. In experiment two, the purpose of the experiment was exposed, thus increasing the processing relevance of un/ethical brand information. In line with our preceding criticism of existing consumer ethics research, we aimed to develop experiments closer to in-market reality, by exposing consumers to various pieces of brand information on different aspects (e.g., innovativeness, price, distribution etc.) and not only restricting new information to one-directional ethics-related criteria.

EXECUTION AND KEY FINDINGS

Study 1

In Experiment 1, we explored the process of CPE formation by conducting an experiment where we introduced a new coffee brand (Kahvi) and controlled for un/ethical brand information and the order in which these are presented. This design allowed us to assess how seemingly contradictory information about a brand’s conduct across different ethical domains is integrated to form overall brand CPE.

To identify appropriate manipulations that are equally discriminating, eight different scenarios of un/ethical conduct were pre-tested with 40 consumers. Respondents were asked to rate the ethicality of brand behavior relating to different ethical domains. In the end, the two most suitable scenarios related to two ethical domains, namely conduct towards employees as well as the environment, were selected. Analysis showed that the brand was rated more positively in the domain of employee ($M = 6.23 \text{ vs } M = 1.40, F(1, 40) = 187.931, p < .001$) and environment ($M = 6.21 \text{ vs } M = 2.14, F(1, 40) = 187.93, p < .001$) after ethical information than after unethical information.

Next, we conducted a web-based survey in the UK. A total of 313 participants aged between 20 and 66 ($N_{male} = 172; Mage = 43.11, SDage = 13.90$) participated in the experiment in turn for a fee. We conducted a completely randomized 2 (Info T1: ethical vs. unethical) by 2 (Info T2: ethical vs. unethical) between-subjects design. Participants were told to evaluate a new foreign brand—called Kahvi—that was considering a product launch in their country and therefore needed to evaluate the overall appeal of the new offering. Because social desirability is a legitimate concern with ethics-related research (Auger and Devinney 2007), the true purpose of the experiment—to evaluate the ethical perception of the fictitious brand—was not mentioned.

Pieces of un/ethical information were presented in two stages. In the first part of the experiment, participants read an overview of Kahvi that included the first piece of un/ethical conduct but also featured Kahvi’s core expertise, fundamental strategy, offerings and image in its home country independent of the un/ethical condition. The ethical conduct scenario described how Kahvi had received an award ($M_{T2} = 4.97, SDT2 = .10$) and Info T2 ($F(1, 294) = 9.88, p = .002$). For Info T1 and Info T2, CPE ratings were higher with ethical info ($M_{T1} = 5.00, SDT1 = .10$) than with unethical info ($M_{T1} = 4.48, SDT1 = .10; M_{T2} = 4.52, SDT2 = .10$). No interaction effect was found ($F < 1$), suggesting CPE formation follows the algebraic, not the configurational, model.

The data contradicts the negativity bias previously observed by Sen and Bhattacharya (2001) as well as Brunk and Bluemelhuber’s (2011) suggestion that ethical perception may be gestalt-like. Reviewing the methodology of both studies in search for an explanation for the diverging results, one potential difference emerges. Both studies and most explicitly the qualitative exploration of Brunk and Bluemelhuber (2011) suggest consumers were aware of the primary study purpose, namely to investigate their responses to ethics- or CSR related issues, which in turn makes un/ethical information relevant for processing. Hence we decided to replicate Study 1 by exposing the true purpose of the study.

Study 2

The aim of the second experiment was to explore CPE formation processes given that consumers know that the primary purpose of the study is their ethical evaluation of Kahvi. Apart from that, the procedure was identical to that of experiment 1. A web-based survey was conducted in the UK where participants participated in turn for a fee. A total of 120 participants aged between 19 and 66 ($N_{male} = 73; Mage = 41.15, SDage = 13.88$) took part in the experiment. We conducted a completely randomized 2 (Info T1: ethical vs. unethical) by 2 (Info T2: ethical vs. unethical) between-subjects design. In contrast with Experiment 1 and to motivate participants to process un/ethical information, participants read that ‘Kahvi® is particularly interested in UK consumers’ ethical evaluation of their offering, which shall be presented hereafter’. To exclude the alternative explanation that differences in CPE scores across conditions are driven by varying levels of personal relevance for a particular ethics domain, consumers were asked to rate how important employee treatment and environmental protection was to them (Roth and Robbert 2013). Apart from this, the method and the dependent variables were identical.
to experiment 1. Like in study 1, non-coffee drinkers were omitted prior to analysis (N=13).

Results suggest that the moral impression formation process differs when consumers are aware of the study purpose, or in other words, when there is processing relevance for the un/ethical information. An ANOVA with Info T1 (ethical vs. unethical) and Info T2 (ethical vs. unethical) was conducted on CPE. Analysis shows a main-effect for Info T1, where the ethical conduct (M = 4.69, SD = .14) resulted in higher CPE than unethical conduct (M = 4.28, SD = .16; F(1, 105) = 3.56, p = .062). Similarly, there was a main effect for Info T2, where ethical conduct led to higher CPE (M = 4.19, SD = .15) than unethical conduct (M = 4.79, SD = .15; F(1, 105) = 7.59, p = .007). More importantly, we found a significant interaction effect between Info T1 and Info T2 (F(1, 105) = 7.04, p = .009, Figure 2).

Additional contrast tests show that CPE was higher in the ethical – ethical condition (M = 5.29, SD = .22) than in the unethical – ethical condition (M = 4.29, SD = .21; p = .002), the ethical – unethical condition (M = 4.11, SD = .19; p = .001) and the unethical – unethical condition (M = 4.27, SD = .24, p = .001). CPE did not interact with importance of ethical environmental (F < 1) or employee treatment (F < 1), suggesting that results were not driven by personal relevance of a particular brand ethics domain.

The data indicates that the processing relevance of un/ethical information leads to CPE formation in accordance with the configural model. Specifically, findings reveal a negativity bias, where unethical information, and not ethical information, is most diagnostic in consumer perceived ethicality formation. Thus, it appears that only when consumers are requested to judge a brand’s ethicality, they process information holistically, with unethical conduct functioning as the diagnostic cue to determine the overall direction of CPE.

Change-of-meaning effect. As previously discussed, one of the basic tenets of the configural impression formation model is that received information is viewed in relation with (and not independent of) each other. Hence when inconsistent cues are received, a change-of-meaning effect would occur, whereby information may be interpreted and potentially distorted to fit in accordance with an established impression. In order to investigate evidence for a change-of-meaning effect, we introduced the following exploratory open-ended question for the ethical–unethical (unethical–ethical) condition: ‘According to media reports Kahvi (doesn’t care) cares for its employees but at the same time is (said to behave responsibly towards the environment) accused of environmental pollution. Can you offer any possible explanations for this?’ The question was placed at the end of the questionnaire after dependent measures were taken, in order to avoid influencing CPE scores by inducing deeper thinking and reasoning of Kahvi’s behavior. Generated consumer comments (32 for the ethical-unethical and 31 for the unethical-ethical condition) were analyzed and interpreted with a focus on consumers’ sense-making and reconciliation strategies. Two researchers unaware of the study purpose coded the data independently. Differences were discussed and resolved before agreeing on the final categorization.

The data offers evidence for a change-of-meaning effect, providing additional support for the configural model. While consumers had given equally low ratings when asked to score the overall ethicality of the brand, their explanations for the diverging behavior showed nuanced differences between conditions. In the ethical-unethical condition, while consumers equally disapprove of the unethical behavior as such, in their reasoning to reconcile the contradictory information they tend to perceive Kahvi sincere in their efforts and look for excuses for its misconduct, e.g.: “not enough money for new technology”; “any large processing plant is going to consume energy, which will mean increases in environmental pollution”; “everybody does it” and blaming the media for the negative information “the press are a bunch of reptiles”. On the contrary, in the unethical-ethical condition, the reasoning centers more on Kahvi’s perceived insincerity in their positive efforts, e.g. “uses its attitude to the environment as a PR stunt”; “marketing ploy”; “because they care more about making money and having power”; “all about profit”; and suggesting that the media can’t be trusted in case of positive reports because it might be ‘bought’ by the company “media biased toward those who finance the media” or “don’t believe the media”.

DISCUSSION

Existing research focuses primarily on consumer reactions (e.g., purchase intent, attitude, loyalty) to corporate ethics and CSR, leaving the important question of how ethical brand perceptions form largely unanswered. The presented studies provide an attempt at filling that void by testing these processes among a general population sample. Findings suggest that when consumers are exposed to ethical cues among other brand information without a specific request to judge brand ethics, ethical perception formation is in line with the algebraic model of impression formation.

In contrast, previous research provided grounds for assuming a configural-type impression formation, including a negativity bias when judging ethicality. We qualify these findings in study 2 by showing that configural type processing only occurs when consumers are exposed to ethical cues (among other brand information) along with a specific request to judge brand ethics, in other words, when they actively seek out the ethical information. This suggests that when consumers are asked to process and judge ethical criteria, and only then, they evaluate available and relevant pieces of information in relation with each other, whereby the most diagnostic behavior will influence the final perception asymmetrically. In line with person perception research (Skowronski and Carlston 1987) that reports a negativity bias in relation to morality-based judgments, it is the unethical brand behavior that will be most diagnostic for CPE formation.

Our findings are relevant for marketing and brand managers working on building an ethical brand image as well as CSR and general managers dealing with a brand misconduct or product crisis. Results suggest that when consumers are not particularly motivated to process ethical information, perceptions are formed algebraically, which implies that firstly consumers would be more forgiving in the case of brand misconduct, and secondly virtuous brand behavior would be able to counterbalance a transgression.

On the contrary, for those consumers motivated to process ethical information, one piece of negative information can have devastating consequences for the moral image of the brand in question. Not only would ethical brand conduct be unable to neutralize negative CPE, but also more crucially any virtuous behavior might be interpreted unfavorably, e.g. discounted as green-washing, due to the change-of-meaning effect. In this case, negative brand CPE—once established—may prevail for an extensive period of time. Hence an ethical brand positioning, which relies on its target group seeking ethical information, is a risky branding strategy. In case of brand misconduct or a product crisis, CPE may be permanently damaged.

LIMITATIONS AND FUTURE RESEARCH

The results have to be viewed with the known methodological limitations of experiments in mind, in particular the fact that the scenarios are hypothetical and to some degree disregarding the complexity of consumers’ life-worlds and consumption contexts. However, the presented studies employ multiple cues as well as contradictory information, hence provide scenarios that are more
complex and realistic than previous empirical investigations in the area of ethical consumerism or consumer reactions to CSR and other sustainability efforts.

Our studies open the door for additional research questions. Because we use a fictitious brand in order to explore the actual impression formation process clean of any pre-existing brand perceptions, our findings are only transferrable to new brand launches or new customers to established (yet previously unknown) brands. An interesting extension would be to conduct research involving existing, well-established brands and explore how brand-users integrate pieces of information that are inconsistent with their firmly established CPE. What happens when a brand with positive or neutral CPE becomes involved in a brand scandal? What role does brand attachment and loyalty play in subsequent CPE adjustments?

The fact that the negativity bias is prominent only when consumers are aware of the need to evaluate a brand’s ethics leaves the door open for one alternative explanation. It may be possible that the observed information asymmetry upon misconduct does not actually reflect consumers’ true disapproval, but instead could imply that unethical judgments are inflated by a social desirability bias. In other words, when consumers are requested to judge brand ethicality and encounter a transgression, they feel social pressure and an obligation to condemn the unethical action, hence punish negative behavior disproportionally in their CPE evaluation. This may also explain the fact that while CPE scores are similarly negative in both conditions where information is inconsistent, consumers’ reasoning in the change-of-meaning question is less critical in the ethical-unethical condition than in the unethical-ethical condition. Hence, more research is needed to exclude the possibility that the negativity bias is a study artifact driven by social desirable responding.

The experiment aimed to replicate a realistic, standard scenario that consumers face when purchasing convenience goods, therefore presenting a fairly low product-involvement situation. A step worth exploring would be to repeat this experiment under high product-involvement conditions, e.g. for a car purchase.

REFERENCES


