The Effect of Brands’ Unethical Actions on Consumers’ Attitudes in the Fast Moving Consumer Goods Domain

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Abstract
Two experiments were conducted to determine how consumers respond to information about a brand’s unethical actions in the fast moving consumer goods domain. Participants were randomly assigned to unethical action conditions and then instructed to complete a series of consumer measures. There was no evidence that different types of unethical actions by brands in a specific product category had an effect on consumer attitudes and behaviors. These findings suggest that consumers are not always focused on the ethical behavior of brands when making consumer decisions. This research adds to a growing literature on consumer response to brands after the brand has violated consumer trust. The implications of these results in an applied marketing context are discussed.

Key words: Consumer Attitude, Unethical Actions, Fast Moving Consumer Goods

INTRODUCTION
Media reports of unethical actions by brands are prevalent in the marketplace. They range from tainted food products to safety issues with toys, automobiles, and air travel. In the short term, these incidents of negative publicity can be devastating and result in immediate losses of revenue and profit. In the long term, these incidents can cripple brands, leading to a dramatic decline in market share and brand equity. Despite these important consequences, there is an absence of research examining the effect of brands’ unethical actions on consumers’ attitudes towards the brand and subsequent consumer decisions. However, in recent years researchers have attempted to learn more about the effect of purposeful ethical actions on consumer’s brand attitudes. These actions are often broadly referred to as corporate social responsibility behaviors. Corporate social responsibility is defined as the activities brands engage in to address consumers’ social concerns, create a favorable brand image, and develop positive reciprocal relationships with consumers (Yoon, Gurjan-Canli, and Schwarz, 2006). In the age of corporate theft, fraudulent behavior, and scandals, corporate social responsibility is becoming increasingly important. Brands often use corporate social responsibility to manufacture goodwill among their consumers as well as to counteract negative publicity. For example, British Petroleum has been able to successfully mollify its brand image by stressing environmental, social, and community issues. This was important for the British Petroleum brand as it faced consumer outrage after the damaging oil spill in 2010. Other brands have not seemed as sincere in their corporate social responsibility efforts. This is something that has plagued Monsanto despite the brands’ efforts to be a good corporate citizen. Monsanto has participated in social marketing efforts too yet their strategy has not been a resounding success (Arnold, 2001). This is likely due to the attributions consumers make about the brand.

Most corporate social responsibility activities are performed because research suggests that consumers will think about the brand’s actions at face value, attribute positive characteristics to the brand after their prosocial efforts, and therefore perceive the brand in a favorable way. One way to think about this relationship is to examine it from a social psychological approach. When thinking about individuals and their behaviors it is often thought that those who do “good” things do so because they are “good” people and those who do “bad” things do so because they are “bad” people (Gilbert & Malone, 2005). These attributions are linked to the personality characteristics of the individual. This can be extrapolated to brands when examining their prosocial or antisocial behaviors. However, it is interesting to note that these same positive or negative attributions are not made when the brands’ intentions are perceived as suspicious by the consumer (Yoon, Gurjan-Canli, and Schwarz, 2006). In these cases, corporate social responsibility activities may actually backfire; this could result in the brand having a more negative image than before their prosocial efforts were implemented. Overall, this can attenuate the positive effects one would expect from brands’ corporate social responsibility efforts. Understanding how to

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successfully implement corporate social responsibility activities is a convoluted process that requires careful understanding of consumer’s relationship with the brand, level of commitment to the brand, and history with the brand. This process is magnified when the brand has engaged in some type of unethical action.

One way to think about unethical brand actions is in the context of brand transgressions. Transgressions are defined as violations of consumer-brand relationship-relevant norms, and refer to the breaches of the implicit or explicit rules guiding relationship performance and evaluation (Aaker, Fournier, & Brase, 2004). Brands that transgress appear to be more purposeful in their actions than those who engage unethical actions. For example, a brand that knowingly violates environmental standards in the production or disposal of their goods might be viewed as a transgressor. Consumers might sanction the brand because of the perceived harmful intentions. However, a brand that unknowingly violates environmental standards might be viewed as unethical, but the magnitude of the effect could vary. Not surprisingly, there is an absence of literature on the intricacies of the difference between these two concepts. The extant research captures some aspects of consumer responses to brand transgressions on consumers’ attitudes. For example, it has been reported that consumer-brand attitude and behavior were altered after learning of a brand transgression (Aaker, Fournier, & Brase, 2004). In this research, Aaker, Fournier, and Brase (2004) also found that brand personality moderated the effect of brand transgression on subsequent evaluation of the brand. Their longitudinal study captures many significant aspects of the multifaceted consumer-brand relationship and how it changes over time after consumers have been subjected to a transgression. More recently, Steinman (2012a) reported that brand transgressions had an immediate negative impact on consumer perceptions of the brand. In this experimental research, it was found that when consumers were exposed to brand transgressions they reported weaker brand-specific attitudes, consumer-brand relationships, perceptions of the brand, and brand purchase intentions. In a follow-up study, Steinman (2012b) replicated Steinman’s (2012a) experimental research as well as examined the role of the brand’s personality in the consumer-brand relationship after the occurrence of a brand transgression. Steinman (2012b) found that brand personality impacted how consumers relate to the brand after a transgression; brand personality and brand transgression interacted in a novel way to alter consumer perceptions of the brands. Furthermore, a recent study by Steinman (in press) examined the relationship between indirect consumer attitude measures, brand transgression, and the consumer-brand relationship. In this experimental study, a discrepancy was found between participants’ scores on indirect and direct attitude measures after being exposed to a brand transgression (Steinman, in press). One would not expect these scores to be different unless indirect consumer attitude measures are capturing some automatic aspect of consumer behavior absent from direct attitude measures. It was found that consumers self-reported reactions to brand transgressions and their actual consumer behaviors in response to these norm violations might differ.

Overall, the aforementioned research adds to a growing literature on brand transgression and unethical brand actions but it is incomplete. To advance our understanding of these marketing concepts, it is important to study additional variables that might impact how consumers respond to unethical activities by brands. The relationship between consumers and their brands is a complicated one; increasing our knowledge of consumers’ relationship with brands will lead to more refined and predictive marketing theories (Fournier, 1998). Despite the widespread acceptance that negative publicity has a deleterious impact on the brand, there is little empirical work on this topic (Ahluwalia, Burnkrant, & Unnava, 2000). One variable that has the potential to predict the strength of the consumer-brand relationship after consumers have been exposed to an unethical action or transgression is the product category of the brand. Product category has been found to predictive of consumers’ likelihood to donate to cause-related marketing efforts (Strahilevitz, 1999). Research also suggests that certain types of products within a category class can evoke a range of emotional states (Strahilevitz & Myers, 1998). For example, products that belong to a utilitarian category are likely to elicit very different emotions compared to hedonic products. One interesting product category that could impact consumers’ response to unethical brand actions is the fast moving consumer goods domain. Fast moving consumer goods are products that consumers purchase and use frequently; typically they are retail goods that are depleted or replaced after a short period of time (Nijssen, 1999). This short period of time can refer to days, weeks, and months;
however, the replacement process characteristically occurs within one year. Fast moving consumer goods are in direct contrast with durable goods, which are generally replaced after a usage period of several years. For example, retail clothing products, diapers, toothpaste, laundry detergent, and energy drinks represent fast moving consumer goods. In the fast moving consumer goods domain, purchase is often made without exerting significant cognitive effort. Conversely, automobiles, dishwashers, microwaves, and furniture represent durable goods. Unlike fast moving consumer goods, durable goods purchases have a utility over time; it is usually much longer than one year. This is dissimilar to fast moving consumer goods as these products are frequently consumed in a limited usage situation.

The purpose of this research is to determine the effect of product category on the consumer-brand relationship following a report of a brand’s unethical actions. It is known that brand transgressions, a more severe type of unethical brand behaviors, have an immediate effect on consumer brand evaluations. However, there is a dearth of information on the role of product category when examining a less severe violation of consumers’ trust with the brand. The goal of these two experiments is to explore the relationship between consumers and brands after the brand has engaged in an unethical action; the fast moving consumer goods domain is the product category of interest in this preliminary research effort.

STUDY 1 RESEARCH METHODS

In this experiment, participants were tested in groups of up to eight at a time. One hundred and forty-two participants were randomly assigned to one of three groups: 1) illegal unethical action condition, 2) social unethical condition, and 3) ethical condition. All groups were asked to read a scenario where a fast moving consumer goods brand was described as engaging in an unethical or ethical behavior. In Study 1, retail apparel was selected as the fast moving consumer goods product class. The fictitious scenario was detailed; it provided information about the brand’s recent antisocial or prosocial actions, a brief history of the brand, information about the stock price movement of the company as a result of the unethical or ethical brand action, and information about the public’s immediate reaction to news of the unethical or ethical brand action.

In the illegal unethical action condition participants were given the following information about the brand: “The brand will face criminal sanctions and pay $144 million to settle claims stemming from a federal investigation of illegal workers hired by the company’s manufacturing and factory managers, the company said. The agreement came after the government concluded its more than four-year criminal investigation and said it would pursue charges against the brand or any brand associate.” Additional details were provided to participants within the hypothetical circumstances to provide a more complete description of the unethical action. In the social unethical action condition, participants were given the following information about the brand: “The Workers Union, which is trying to organize workers at the brand, filed unfair-labor practice charges against the brand to get it to release documents related to the ouster of its former vice chairman and alleged anti-union efforts. The filing with the Labor Relations Board aims to seek justice for workers at the brand, according to a spokesman. There is a pattern of this behavior on the part of this company.” Similar to the previous condition, additional details were provided to participants within the hypothetical circumstances to provide a more complete description of the unethical action. In the third condition, the ethical condition, participants were given the following information about the brand: “The brand is introducing a series of commercials that shows how the brand is committed to giving back. The brand’s universal appeal is part of the real experiences that people live every day. The campaign was developed through conversations with a diverse group of consumers about the brand. People told us that by being part of optimistic experiences, the brand lifts their spirits in ways that go beyond what is expected.” Once again, additional details were provided to participants within the hypothetical circumstances to provide a more complete description of the ethical action.

A manipulation check revealed that participants reported both the illegal and social unethical actions as immoral brand behaviors and the prosocial brand actions as moral behavior. After random assignment to one of the three scenarios where participants learned about ethical or unethical brand actions, participants were then asked to complete a series of consumer attitude, brand identification, brand personality, and behavioral intention measures. All participants completed the measures in the same
order. The same fast moving consumer goods brand was used in all conditions; the only difference among these three groups was the description of the unethical brand action. Therefore, the effect of the prosocial or antisocial brand behavior on subsequent consumer attitudes, consumer identification, consumer perceptions of the brand, and behavioral intentions could be assessed. At the conclusion of the session, the participants were thanked and completely debriefed.

STUDY 1 MEASURES
First, participants were instructed to complete several consumer attitude measures. This included a semantic differential measure where participants rated the brand on bipolar consumer-related dimensions representing various attributes of the brand. Each dimension was rated on a 7-point scale ranging from -3 (the negative pole) to +3 (the positive pole) and participants were instructed to circle zero if the anchoring adjectives were irrelevant to the concept. A Cronbach’s alpha computed on these scores revealed a reasonable level of internal consistency. Participants were also asked to rate how positive or negative they found the brand on a scale from 0 (Extremely negative) to 100 (Extremely positive). In addition, participants were asked to complete a variety of questions in a rating scale format regarding the brand and its propensity to engage in unethical actions. The semantic differential, feeling thermometer, and rating scale measures were strongly related and therefore were standardized to create a single consumer attitude composite.

Second, participants were asked to complete a brand identification measure. Representative items include: 1) “I am very loyal to the brand,” 2) “The brand says a lot about the person I would like to be,” 3) “I am willing to make sacrifices in order to keep using the brand,” 4) “The brand makes a statement about what is important in life to me,” and 5) “I can always count on the brand to do what’s best.” A Cronbach’s alpha computed on these scores revealed a reasonable level of internal consistency.

Third, participants were instructed to complete a brand personality measure. These questions were designed to assess consumers’ evaluations of the brand’s image. This measure was used to determine if participants’ perceptions of the brand’s personality changed after being exposed to the ethical or unethical action conditions. Representative items include: 1) “The brand is sincere,” 2) “The brand is wholesome,” and 3) “The brand is sentimental.” A Cronbach’s alpha computed on these scores revealed a reasonable level of internal consistency.

Finally, participants were asked to respond to several behavioral questions. Marketers are interested in behavioral intentions because of their perceived relationship to actual purchasing behavior. Although consumers’ self-reported intentions do not always predict behavior most academic researchers use consumers’ self-reported intentions as an outcome variable. Similarly, companies often rely on consumers’ intentions to model consumer demand (Chandon, Morwitz, & Werner, 2005). Representative items include: 1) “Think about the past 30 days. Please indicate how many items you have purchased from the brand during this time period” and 2) “Think about the next 30 days. Please indicate how many times you expect to purchase an item from the brand during this time period.” A Cronbach’s alpha computed on these scores revealed a reasonable level of internal consistency.

STUDY 1 RESULTS
For the composite consumer attitude measure, there was not a statistically significant difference when comparing the unethical action conditions, F(2, 140) =.78, p>.05. Participants in the illegal unethical action condition and social unethical action condition did not report less favorable consumer attitudes compared to participants in the ethical action condition. This suggests that there were no differences in consumer attitudes based on the unethical or ethical actions of the fast moving consumer goods brand. For the brand identification measure, there was not a statistically significant difference when comparing the unethical action conditions, F(2, 140) =1.24, p>.05. The following are noted as representative items of the non-statistically significant results: 1) “The brand says a lot about the person I would like to be,” F(2, 140) =.22, p>.05; 2) “The brand makes a statement about what is important in life to me,” F(2, 140) =.12, p>.05; 3) “I can always count on the brand to do what’s best,” F(2, 140) =.45, p>.05; 4) “I am willing to make sacrifices in order to keep using the brand,” F(2, 140) =.54, p>.05; and 5) “I know I can hold the brand accountable for its actions,” F(2, 140) = 1.72, p>.05. Overall, participants in the illegal unethical
action condition and social unethical action condition did not report weaker identification with the brand compared to participants in the ethical action condition. This suggests that there were no differences in brand identification based on the unethical or ethical actions of the fast moving consumer goods brand. For the brand personality measure, there was not a statistically significant difference when comparing the unethical action conditions, $F(2, 140) = 1.04, p > .05$. The following are noted as representative items of the non-statistically significant results: 1) “The brand is sincere,” $F(2, 140) = .07, p > .05$; 2) “The brand is wholesome,” $F(2, 140) = .54, p > .05$; and 3) “The brand is family-oriented,” $F(2, 140) = .17, p > .05$. Overall, participants in the illegal unethical action condition and social unethical action condition did not report less favorable perceptions of the brand’s personality compared to participants in the ethical action condition. This suggests that there were no differences in brand personality evaluations based on the unethical or ethical actions of the fast moving consumer goods brand.

For the behavioral intention measure, there was not a statistically significant difference when comparing the unethical action conditions on the amount of money participants expected to spend on the brand in the upcoming month, $F(2, 140) = .45, p > .05$. There was not a significant difference among the unethical action conditions when examining self-reported past behavior, $F(2, 140) = .26, p > .05$. Overall, participants in the illegal unethical action condition and social unethical action condition did not report weaker purchase intentions towards the brand compared to participants in the ethical action condition. This suggests that there were no differences in consumers’ behavioral intentions based on the unethical or ethical actions of the fast moving consumer goods brand.

STUDY 2 RESEARCH METHODS

Study 2 was a conceptual replication of Study 1 using a different fast moving consumer goods brand. In Study 2, a beverage brand, one that promotes, distributes, and sells various drinks, was selected to represent the fast moving consumer goods domain. The goal was to determine if the absence of effect of unethical brand actions on consumers’ attitudes would remain consistent when examining a different product category. Sixty-eight participants were randomly assigned to one of three groups: 1) illegal unethical action condition, 2) social unethical condition, and 3) ethical condition. All groups were asked to read a descriptive scenario where a fast moving consumer goods brand was described as engaging in an unethical or ethical behavior. The scenarios were identical to Study 1 except that a different fast moving consumer goods brand was used as engaging in an unethical or ethical behavior. The scenarios were identical to Study 1 except that a different fast moving consumer goods brand was used.

A manipulation check revealed that participants reported both the illegal and social unethical actions as immoral behaviors and the prosocial brand actions as moral behavior. Identical to Study 1, participants were asked to complete a series of consumer attitude, brand identification, brand personality, and behavioral intention measures after being exposed to the experimental manipulation. All participants completed the measures in the same order. The same fast moving consumer goods brand was used in all conditions; the only difference among these three groups was the description of the unethical brand action. The research was executed in this manner so that the effect of the prosocial or antisocial brand behavior on consumer attitudes, consumer identification, consumer perceptions of the brand, and behavioral intentions could be assessed. At the conclusion of the session, the participants were thanked and completely debriefed.

STUDY 2 MEASURES

The same measures used in Study 1 were also used in Study 2. The only change was that the measures were adapted to reflect a different product category in the fast moving consumer goods domain. First, participants were instructed to complete a semantic differential measure, a feeling thermometer attitude measure, and a series of rating scale format questions regarding the brand and its likelihood to engage in unethical and ethical actions. The semantic differential, feeling thermometer, and rating scales measures were intercorrelated and therefore were standardized to create a single consumer attitude composite. Second, participants were asked to respond to a variety of questions to examining their identification with the brand. Third, participants completed a brand personality measure. Finally, participants were instructed to complete behavioral intention measures. A Cronbach’s alpha was computed on all measures; for each, the scores revealed a reasonable level of internal consistency.
STUDY 2 RESULTS
For the composite consumer attitude measure, there was not a statistically significant difference when comparing the unethical action conditions, F(2, 140) =.78, p>.05. Participants in the illegal unethical action condition and social unethical action condition did not report less favorable consumer attitudes compared to participants in the ethical action condition. This suggests that there were no differences in consumer attitudes toward the brand based on the unethical or ethical actions of the fast moving consumer goods brand.

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For the behavioral intention measure, there was not a statistically significant difference when comparing the unethical action conditions on the amount of money participants expected to spend on the brand in the upcoming month, F(2, 140) =.45, p>.05. There was not a significant difference among the unethical action conditions when examining self-reported past behavior, F(2, 140) =.26, p>.05. Overall, participants in the illegal unethical action condition and social unethical action condition did not report weaker purchase intentions towards the brand compared to participants in the ethical action condition. This suggests that there were no differences in consumers’ behavioral intentions based on the unethical or ethical actions of the fast moving consumer goods brand.

SUMMARY AND CONCLUDING REMARKS
Overall, these results suggest that unethical actions by a brand in the fast moving consumer goods domain do not have a negative impact on consumers’ brand attitudes, brand identification, brand perceptions, and behavioral intentions. Brands offering products that consumers purchase, use, deplete, and replace frequently are not likely to experience any changes in consumers’ evaluations despite a seemingly harmful violation of trust. In this preliminary study, these findings were consistent across two fast moving consumer goods product categories. This differs from research on brand transgression, where a transgression appears sufficient to elicit a negative reaction towards the brand (Aaker, Fournier, & Brase, 2004; Steinman, 2012a). It is possible that consumers view a brand transgression as more forceful, an action that was premeditated and purposeful by the brand, one they hoped to hide from consumers. Perhaps it is the connotation of deceit that leads consumers to alter their consumer attitudes after a brand has transgressed. However, when a brand has engaged in an unethical act the consumers might construe the action as unintentional and consequently respond in a more forgiving manner. It appears to be the case in this research effort, especially in the context of the product category selected, fast moving consumer goods. It is also possible that in the fast moving consumer goods domain, where purchase is often made without exerting significant cognitive effort (Nijssen, 1999), consumers did not engage in deliberative thought when evaluating the unethical brand actions. As a result of this peripheral
processing, there was no effect of the unethical actions on consumers’ attitudes towards the brands used in Study 1 and Study 2, respectively.

The primary limitation of the current research effort is that it did not include an actual behavioral dependent variable. As noted, self-report survey research methods were used to collect data after the experimental manipulation. The fact that participants were engaging in a hypothetical exercise and were not using their own money might have influenced the results. These are some of the common inherent challenges when performing consumer research in a laboratory setting. However, the replication of the results across two fast moving consumer goods product categories provides evidence that unethical brand actions might not be as pejorative as once believed. If possible, future researchers should attempt to include observation-based behavioral measures, utilize a repeated measures design, and use a larger sample, if feasible. This will likely increase the generalizability of the results.

In this research, the independent variable was the type of unethical action committed by the brand. The unethical behaviors were presented to participants as hypothetical scenarios. In both studies, the product category represented was fast moving consumer goods. Product category has been linked to consumer choice decisions in studies where ethical scenarios have been manipulated (Strahilevitz, 1999). Additional research also suggests that there is a multidimensional aspect of consumer judgments due to the type of product being evaluated (Folkes & Kamins, 1999). The current research did not focus on brands selling durable goods, but it would be interesting to see if the results remain consistent across various product categories. Durable goods are typically consumed in a limited usage situation and therefore different evaluation strategies and decision-making models are most likely used by consumers. It is possible that the effect of unethical brand actions on consumers’ attitudes and behaviors is very different when using a different product class. It is recommended that researchers examine these variations in product category to determine if there are additional moderator variables that might impact the consumer-brand relationship. It is also suggested that researchers continue to investigate corporate social responsibility efforts to see if these efforts can mitigate negative publicity. Furthermore, it would be interesting to examine the subtle yet important differences between unethical actions and brand transgressions.

Previous research suggests the perceived intentions of the brands’ unethical actions have a significant effect on consumer perceptions of the brand (Yoon, Gurjan-Canli, and Schwarz, 2006). It is also suggested that researchers explore time and motivational components of brand trust. For example, how long does it take for a consumer to develop a trusting relationship with a brand? What motivates a consumer to build this trust? Do consumers absolve brands for their actions? An experimental design with multiple data points might offer insight into these variables. This will provide more conclusive information about the components of trust, motivation, and forgiveness and their role in the consumer-brand relationship. In sum, future research efforts on the topic will help consumer researchers and marketer practitioners better understand the effect of unethical actions on consumer behavior.

REFERENCES

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