



How do Consumers Reconcile Positive and Negative CSR-Related Information to Form an Ethical Brand Perception? A Mixed Method Inquiry

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Received: 2 June 2016 / Accepted: 9 July 2018 / Published online: 2 August 2018
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Abstract

This research investigates how consumers' ethical brand perceptions are affected by differentially valenced information. Drawing on literature from person-perception formation and using a sequential, mixed method design comprising qualitative interviews and two experiments with a national representative population sample, our findings show that only when consumers perceive their judgment of a brand's ethicality to be pertinent, do they process information holistically and in line with the configural model of impression formation. In this case, negative information (brand misconduct) functions as a diagnostic cue to form an unethical brand perception, irrespective of other positive information at hand. However, in the case where processing relevance of the un/ethical information provided is low, brand perception formation is algebraic, in which case positive information (virtuous brand conduct) can counterbalance and neutralize the detrimental impact of brand misbehavior. Our findings extend existing research on consumer perceived ethicality as well as consumer reactions to corporate social responsibility and sustainability initiatives, which has so far assumed the asymmetric impact of negative information on ethical perceptions and consumer attitudes (negativity bias) to be prevalent. We derive a range of academic and managerial implications and present a number of important avenues for future research.

Keywords Consumer perceived ethicality (CPE) · Impression formation · Brand perceptions · Corporate social responsibility (CSR) · Corporate ethics · Mixed methods · Negativity bias · Brand ethics · Ethical consumption · Green marketing · Social desirability bias · Sustainability

Introduction

In September 2015, one of the largest corporate scandals of recent times hit the international press. The automaker Volkswagen Group faced allegations of, and has subsequently admitted to, deliberately manipulating the emission controls of an estimated 11 million cars globally. The level of pollution emitted under realistic driving conditions exceeded that permitted by regulatory testing in the United States by 40

times, exposing a case of intentional consumer and regulatory deception on a monumental scale. Due to the extensive global press coverage, consumers inevitably became aware of the brand's emission scandal. But the Volkswagen Group also has a tradition of global corporate social responsibility (CSR) involvement; hence, consumers might simultaneously hold knowledge about the Volkswagen Community Trust's educational engagement and aid for poor communities in South Africa. In an example like this, how do consumers mentally reconcile contrasting positive and negative pieces of ethical information? Our research aims to answer this question.

Recent emerging research stresses that the types of un/ethical or CSR-related behaviors able to influence consumer perceptions are multitudinous and continuously evolve in line with moral standards and newly emerging ethical sensitivities (Brunk 2010; Öberseder et al. 2013). Yet, despite this large spectrum of corporate behaviors capable of inducing un/ethical perceptions, there is no answer to the question of

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how consumers combine inconsistent—positive and negative—pieces of information to form an *aggregate moral impression of a brand*, referred to as *Consumer Perceived Ethicality (CPE)* hereafter (Brunk 2012).

Aware that social responsibility has become an important facet of brand personality (Madrigal and Boush 2008), companies are concerned about how their brands are perceived by the consumer as un/ethical and, more frequently than in the past, ethical, sustainable, and CSR-related criteria are employed as a point of difference set against the competition, with brand managers positioning and marketing their brands as morally superior alternatives. In line with its growing societal and business relevance, academic research examining *different facets of sustainable or ethical brands and products* is expanding rapidly (e.g., Gershoff and Frels 2015; Huber et al. 2010; Luchs et al. 2010; Madrigal and Boush 2008; Pelozo et al. 2013; Singh et al. 2012; Torelli et al. 2012; Torres et al. 2012; White et al. 2012). In addition, numerous articles investigating the *link between companies' CSR or sustainability initiatives and consumer responses* has emerged over the past 15 years, the majority of which concur that corporate transgressions and brand misconduct *negatively* impact consumer evaluations, whereas engagement in pro-social or CSR initiatives influences consumers *positively* (Auger et al. 2008; Berens et al. 2005; Lacey et al. 2015; Sen and Bhattacharya 2001; Trudel and Cotte 2009; Xie et al. 2015).

On closer examination of the test scenarios employed in the above surveys and experiments, it becomes apparent that these studies simulate a world in which consumers are exposed to ethical information that is directionally consistent in valence, meaning information that is either exclusively positive or negative. More concretely, in order to quantitatively assess consumer responses to CSR or un/ethical brand behavior, extant empirical studies either (1) tap into *pre-existing ethical or unethical brand perceptions* (e.g., Berens et al. 2005); (2) *predefine brands or companies as unethical* without referring to particular activities (e.g., Luchs et al. 2010); (3) employ only *single ethical behavior cues* (e.g., Folkes and Kamins 1999; Trudel and Cotte 2009); or (4) 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).

However, as the opening example of Volkswagen illustrates, companies do not always act consistently when it comes to CSR and ethics, so consumers may receive multiple, sometimes differentially valenced (ethical and unethical) pieces of information about a brand's conduct in different domains across time. As a result, designing study stimuli with single or one-directional ethical cues limits the external validity of the studies' findings and conclusions. While reasonable from a researcher-controllability point of view, the simplification of study scenarios does

not reflect today's in-market reality. Sen and Bhattacharya (2001, p. 239) acknowledge this limitation and call for future research to incorporate multiple cue exposure of "differentially valenced CSR information in different domains" in future study designs.

Thus, we extend past research by focusing on the important question of how brand *perception*—the interpretation and integration of stimuli into an overall meaningful impression (Pickens 2009)—is impacted by multiple and differentially valenced pieces of information about the brand's ethical conduct. While research into consumer responses to CSR and corporate ethics in the form of *attitudes*—the mindset and tendency to act in a particular way—and *behavioral intention* is continuously growing, little research attends to *perceptions* of ethicality (or greenness or sustainability) of a particular brand or product (Gershoff and Frels 2015). For example, White et al. (2012, p. 103) discuss the notion of positive "product ethicality," yet little attention is paid to the issue of how this perceptual entity of "product ethicality" emerges in the first place.¹ Yet, in order to increase our understanding of the link between un/ethical brand conduct, consumer attitudes and consumers' subsequent purchase behavior, it is valuable to learn more about how the consumer "sees" the brand, necessitating research into the preceding mental process—namely how ethical perceptions are formed (Brunk 2012; Shea 2010).

Drawing on person-perception formation literature, our empirical findings suggest that when processing relevance for ethical information is high, ethical brand perception (brand CPE) is formed in accordance with the configural model of impression formation. In this case, we observe a valence asymmetry in which negative information is considered more diagnostic than positive information in determining the direction of CPE. Consequently, virtuous brand behavior is unable to compensate for the perceptual damage caused by instances of brand misconduct. However, when the relevance to process ethical cues is low, formation of CPE appears more in line with the algebraic model of impression formation. By showing that when ethical cues have low processing relevance, positive brand behavior can counterbalance a transgression, this paper qualifies existing research on consumer reactions to corporate ethics and CSR, which has assumed the negative valence asymmetry to be prevalent (Sen and Bhattacharya 2001; Trudel and Cotte 2009).

The paper is structured as follows. We begin by introducing the conceptualization of our research and discussing the

¹ Throughout this article, the concepts of corporate ethics and CSR are used interchangeably due to their conceptual overlap as well as consumers' inability to distinguish clearly between both terms (for an in-depth discussion, see Brunk 2010).

overall methodological approach and philosophical underpinnings of our mixed method design before sequentially presenting the three empirical studies. The article proceeds with a summary and discussion of our findings' relevance for the academic as well as business community. We conclude by acknowledging potential limitations and proposing future research avenues.

Conceptualization: Person-Perception Formation

Like humans, brands can have a personality. In brand personality research, a brand is conceptualized as a perceptual entity with human-like traits and characteristics, and with which consumers may build relationships similar to social interactions between people (Aaker 1997; Aaker et al. 2004; Fournier 1998). Extending Aaker's (1997) brand personality dimensions, Madrigal and Boush (2008) identify social responsibility as an additional and important facet of brand personality. Building on this well-established notion of the "brand as a person," this research draws on social psychology, and in particular person-perception research, which offers two competing theories of the mental strategies individuals use when forming impressions of other people: the algebraic model and configural model. We will subsequently adapt these person-perception formation models for the context of brand perception formation.

Algebraic Model

According to the algebraic model (e.g., Anderson 1981, 1996; Lynch 1985), perceptions of others are formed following a bottom-up, piecemeal integration approach. Individuals *evaluate each piece of information independently*, subsequently balancing and combining these into a summary impression (Merritt et al. 2010; Effron and Monin 2010), with information "averaging" being the most commonly applied algebraic integration procedure (Anderson 1996; Lynch 1985).

When applied to a CPE formation context, this model suggests that consumers take all salient pieces of ethical and unethical brand information into account to combine these into a summative ethical brand impression. If this were the case, the impact of unfavorable ethical conduct could be neutralized by favorable ethical conduct and vice versa, meaning brands are able to compensate transgressions with benevolent activities.

Configural Model

The configural model, on the other hand, is rooted in the Gestalt tradition of psychology and suggests a holistic,

top-down approach of impression formation (Asch 1957). When compared to the algebraic model, the processes of information evaluation and integration are reversed: individuals first form an initial impression of another person based on a cue that is considered diagnostic,² and then sort subsequent information in accordance with that formed disposition, potentially leading to a change-of-meaning effect (e.g., Asch and Zukier 1984; Kunda et al. 1997). Thus, with configural impression formation, *pieces of information are evaluated in relation to each other* with subsequent information interpreted to fit the pre-existing disposition. Beyond ethics-related or CSR-related research, this tendency has been 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 et al. 2006).

When applied to the ethical brand perception formation context, the configural model suggests that potentially a single ethical cue—one that is perceived as diagnostic—may determine the overall direction of CPE, irrespective of other salient information. In terms of cue diagnosticity, person-perception research provides evidence for a negativity bias when it comes to morality-based judgments (Skowronski and Carlston 1987), meaning that a person's immoral acts have a stronger impact on impression formation than his/her moral ones. Consistent with this, there is a marked prominence of the "bad is stronger than good" notion in other literature streams (Baumeister et al. 2001; Rozin and Royzman 2001). In person-perception research, the higher perceived diagnosticity is rooted in the cultural definition of a good or bad person (Reeder and Spores 1983) as well as beliefs in behavior-trait interrelations. In order to be considered a "good" person, one is expected to act *consistently* in a virtuous way. As a consequence, behaving immorally in one instance may be sufficiently diagnostic to result in a categorization as a "bad" person. Put differently, a person who commits a transgression only once (e.g., shoplifts) will always be considered a culprit.

Translating this person-perception research to ethical brand perception formation implies that if ethical and unethical cues are received for impression formation, the negative will most likely determine the direction of CPE due to its higher degree of diagnosticity. Thus, if ethical perception formation follows the configural model, not only can one piece of unethical information function as the decisive cue

² What kind of cue is considered most diagnostic and therefore determines the direction of the overall impression of another person also depends on the trait to be judged. While for ability-based judgments a positivity bias can be observed (positive information weighs more strongly than negative), for morality-based judgments a negativity bias is prevalent (for more information, see Skowronski and Carlston 1987).

in shaping negative CPE, but, more precariously from a brand management point of view, *virtuous conduct would be unable to compensate for a transgression*.

Table 1 provides a summary of the key aspects of the algebraic and configural models and synthesizes implications for brand CPE formation that can be derived from these opposing theories.

Objective and Overview of Methodological Approach

Given the lack of earlier research in the area of ethical brand perception formation, this research takes an exploratory, inductive approach. Rather than hypothesizing either configural or algebraic CPE formation a priori, empirical data are generated and subsequently analyzed in search of support or refutation of either model with the help of a multi-study, mixed methods approach that consecutively builds evidence. First, empirical data are generated through an exploratory study based on which hypotheses are developed. The following two experimental studies, respectively, test these hypotheses and explore a potential boundary condition. More concretely, the program of inquiry consists of three empirical studies with general consumers in the United Kingdom using a sequential, fully integrated mixed methods design (Bahl and Milne 2006; Creswell 2003). This type of study design usually encompasses qualitative and quantitative methodologies for both data generation and analysis. In our case, this entails two different types of data collection techniques—interviews and controlled experiments.

From a philosophy of science perspective, this research adopts pragmatism as its guiding principle. Unlike (post-)positivism or constructivism, which tend to be married to specific data collection methods, pragmatism dismisses paradigmatic dualism and is regarded as a suitable partner for mixed methods research (Creswell 2003; Johnson and Onwuegbuzie 2004; Teddlie and Tashakkori 2009). After identifying a concrete research need—in our case the exploration of consumers' ethical brand perception formation—pragmatism calls for the identification of the most appropriate data collection and analysis techniques for answering the project's objective, thereby making use of both qualitative and quantitative techniques, as well as deductive and inductive logic (Tashakkori and Teddlie 1998).

Study 1 serves the purpose of empirical familiarization. Twelve one-to-one consumer interviews were conducted to explore inductively ethical perception formation dynamics based on which hypotheses for the subsequent empirical investigation could be formulated. The study moreover aimed to identify brands with positive and negative CPE as well as helped to develop a variety of realistic testing scenarios for the planned experiment/s.

Table 1 Person-perception research: overview of difference between competing impression-formation models and implications for CPE formation

	Configural model	Algebraic model
Processing	Top-down processing	Bottom-up processing
Information integration	Holistic, gestalt-like based on most diagnostic cue	Piecemeal based on all pieces of information
Interpretation	Items seen and evaluated in relation to each other	Items seen and evaluated in isolation from each other
Change-of-meaning?	Information fitted to prevailing direction of impression > <i>change-of-meaning effect</i>	Combine information into summary impression by using algebraic rules > <i>no change-of-meaning effect</i>
Implications for brand CPE formation	Ethical impression formation is gestalt-like, with <i>unethical conduct being the most diagnostic brand behavior in determining the overall direction of CPE</i> <i>Positive behavior cannot compensate for the negative impact of unethical behavior</i>	Ethical impression formation as a mathematical process that <i>integrates evaluative ratings for each of the unethical brand behaviors of which the consumer is aware</i> <i>Positive behavior can compensate for the negative impact of unethical behavior</i>

Studies 2 and 3 consist of controlled experiments using fictitious brands³ with the primary goal of quantitatively affirming the findings of Study 1. When designing these studies, we aimed to address common limitations of existing research and followed recommendations by Sen and Bhattacharya (2001, p. 139). Concretely, instead of restricting stimuli and brand information to one-directional ethics-related criteria, we not only confronted consumers with differentially valenced pieces of ethical brand conduct, but also exposed them to additional—non-ethics-related—brand information including innovativeness, price, distribution, economic success, etc. Furthermore, we presented the unethical information at different points in time because consumers rarely receive positive and negative ethical brand information at exactly the same time. By doing so, we designed experiments that aimed to resemble a more real and complex in-market environment. Study 3 was designed to explore a potential boundary condition by decreasing the processing relevance of ethical information.

To strengthen the external validity of our findings and address previously raised concerns rendering student samples problematic when assessing ethics-related responses (Cui et al. 2005; Murphy 2002; Pan and Sparks 2012), we recruited a *national representative sample* of general consumers from an online panel provider in the United Kingdom.

Study 1: Qualitative Interviews

The first empirical investigation in this program of inquiry is inductive in nature and aims to explore whether brand CPE formation is more in line with either the configural or algebraic model of impression formation.

Procedure

Data Collection

Twelve phenomenological interviews with general consumers were conducted (McCracken 1988). In line with this mode of inquiry, a theoretical sampling approach was employed in order to explore contrasting and diverse consumer profiles that could lead to a wide variety of interview responses. The final sample of participants offers the intended demographic variety in terms of age (18–77 years),

education, employment status, job profile, gender, and marital status.

Interviews took place at the respondents' homes. Conducting interviews at home generally reduces distractions for the interviewee, which can be prevalent in public spaces such as cafés and shopping malls. Moreover, familiar surroundings are conducive to creating a comfortable interview atmosphere, thereby reducing the perceived distance between the interviewer and study participant and increasing the chances of an open dialog.

Based on the study's research objective, an initial semi-structured interview protocol was developed. This interview guide was continuously refined as the data collection process advanced (Arsel 2017; McCracken 1988). Questioning proceeded from general topics and became increasingly specific. The discussion started with general introduction questions, then moved on to CSR and ethics-related criteria that featured prominently for consumers, before finishing with a discussion centering on brand-specific cases and hypothetical brand mis/conduct scenarios. The question format was predominantly open-ended and all participants covered the same topics, yet not necessarily in the same order. Interviews lasted 30 min on average.

Data Analysis

With permission of the participants, interviews were audiotaped and subsequently transcribed. Analytically, this study was guided by procedures recommended by Spiggle (1994). As is common in this mode of inquiry, data collection, analysis, and interpretation were not separate steps of the research process but intertwined (ongoing and iterative), gradually evolving throughout the data collection process and thereby facilitating constant comparison (Fischer and Otnes 2008; Spiggle 1994).

Categorization proceeded deductively as well as inductively (open and focused coding). An initial coding scheme was developed consisting of broadly pre-defined analytical categories (e.g., brand cases, brand behavior, ethical attributes, impression-formation dynamics). The coding scheme was further refined and new codes were added as the data collection process and analysis evolved and new analytical categories emerged from the data. Data collection and analysis was concluded when redundancy in the elicited responses and resulting analytical categories was achieved, suggesting theoretical saturation (Silverman 2000). This was the case when the last three interviews did not excavate any additional data nor challenge the existing findings.

Findings

Consumer narratives were analyzed in search of support or refutation of either the configural or algebraic model of

³ In line with Trudel and Cotte (2009), a fictitious brand was chosen over established brands with pre-existing ethical perceptions, thus eliminating the possibility of a brand contamination effect in the observed impact.

impression formation. This analysis suggests that participants deal with ethical information in a relational and holistic way that is indicative of configural impression formation. This becomes evident when examples of self-selected un/ethical brands as well as hypothetical scenarios of brand behavior posed by the researcher are discussed. When asked to elaborate on concrete brand examples, the following impression-formation dynamics were observed:

Firstly, consumers appear to judge brands *holistically as either “ethical” or “unethical,”* analogously to configural person-perception formation, where individuals are being considered either “good” or “bad” people, which the following interview excerpt illustrates:

Interviewer: “You mentioned Nike as a negative example, because of child labor in Bangalore. But CSR and corporate ethics also include a lot of different aspects, like environment, community and so on. I wonder how they do there.”

Participant: “Not very well probably. The thing is, to sanction things like child labor, it makes you, you have to be kind of reckless and ignorant to actually be OK with that, kids stitching when they are five years old making footballs. When you know that, it’s hard to imagine they can truly care for the environment, or the local community or whatever.”

The terminology employed by the interviewee (“reckless and ignorant”) appears to conceptually equate “being un/ethical” to an innate (brand) personality trait, and hence is suggestive of a behavior–trait interrelation (child labor is unethical > Nike is a brand with low moral standards). In other words, consistent with the negativity diagnosticity bias in moral perception formation (Skowronski and Carlston 1987), a brand that did harm once in a particular ethical domain is perceived as having little integrity and therefore being more likely to engage in misconduct again.

Secondly, in the rare case where consumers are aware of a brand’s inconsistent un/ethical activities, or are exposed to differentially valenced information by the researcher, available pieces of *information are viewed and interpreted in relation with each other*, as the following interview excerpt illustrates:

My friend works for [brand name disguised] and really, the way they treat their people, you wouldn’t believe it! The stories he has told me [shakes head]! He gets paid for an eight-hour workday but stays at least 12, not to mention the weekends. No thank you ever, just expected. Even when he was sick, the boss told him to get his arse to the office, threatened him. Can’t believe he puts up with this shit. But then, they actually donate some money to some local orphanage and they did something else, what was it. .. [thinks] can’t think of

it right now. And it’s all in your face, on the website, leaflets etc., oh, we did this and we did that, we are so good. But I am thinking, seriously? Giving away some money to look good is easy and of course easy to ‘sell’ and promote to the public, but really, just so hypocritical.

In this verbatim extract, the interviewee demonstrates awareness of both positive ethical information (“donate to local orphanage”) and negative information (“negative employee treatment”). Yet, the presence of the positive information does not lead the interviewee to revise his negative CPE. Instead of improving or neutralizing the existing negative CPE, as would be characteristic in algebraic impression formation, the inconsistent information is doubted and the motive is discredited as an act of “greenwashing” or “PR” (“hypocritical”). Such re-interpretation is, thirdly, suggestive of a *change-of-meaning effect*, a central tenet of the configural model of impression formation.

To summarize, the first study was inductive in nature and explored CPE formation dynamics by means of one-to-one interviews with consumers. Special attention was paid to how consumers integrate and reconcile positive and negative ethical cues. The empirical evidence generated suggests that (1) consumers appear to judge brands holistically as either good (“ethical”) or bad (“unethical”); (2) available pieces of information are viewed and interpreted in relation to each other; and (3) a change-of-meaning effect can occur whereby directionally opposing information is reinterpreted to fit with the existing ethical impression. The dynamics described are inconsistent with algebraic processing and point toward the configural model of person.

Study 2: Experiment: CPE Formation of a Fictitious Brand

In Study 2, we aimed to quantitatively affirm the findings of Study 1. We conducted an experiment to (1) find supporting evidence for the configural model and (2) illustrate the causal role of un/ethical brand conduct on CPE.

In line with Study 1 and existing research in social psychology literature (e.g., cue diagnosticity framework by Skowronski and Carlston 1987) and ethics/CSR research highlighting the negativity bias (e.g., Sen and Bhattacharya 2001; Trudel and Cotte 2009), we hypothesize that consumers process un/ethical brand conduct following the configural model. Specifically, we argue that processing in a configural manner should illustrate itself particularly when a brand’s un/ethical conduct is inconsistent over time. That is, when brands behave ethically at one point in time, but unethically at another point of time (or vice versa), then, in accordance with the negativity bias (e.g., Sen and Bhattacharya

2001), unethical brand conduct serves as a diagnostic cue and negatively impacts brand CPE. Given this, we propose that, in support of the configural model, any piece of unethical conduct will lead to lower brand perceptions irrespective of previous or later acts of ethical conduct. Stated formally:

H1 Unethical brand conduct that follows ethical brand conduct influences consumers' perception of the brand negatively relative to brands that act consistently ethically.

H2 Unethical brand conduct that proceeds ethical brand conduct influences consumers' perception of the brand negatively relative to brands that act consistently ethically.

H3 Unethical brand conduct that follows unethical brand conduct influences consumers' perception of the brand negatively relative to brands that act consistently ethically.

H4 Unethical brand conduct that follows unethical brand conduct does not influence consumers' perception of the brand negatively relative to brands that act inconsistently ethically (i.e., ethical-unethical and unethical-ethical).

Instead of studying existing brands where CPE had already been established as we did in Study 1, the goal was to explore the causal role of un/ethical brand conduct on CPE by using a fictitious brand as stimuli. We conducted a completely randomized two (Information at time 1 (T1): ethical vs. unethical) by two (Information at time 2 (T2): ethical vs. unethical) between-subjects experiment in which we introduced a new coffee brand (Kahvi) and controlled for un/ethical brand information and the order in which these were presented.

The purpose of this design was to have conditions with inconsistent pieces of ethical conduct (e.g., T1: ethical–T2: unethical) and consistent pieces of ethical conduct (e.g., T1: ethical–T2: ethical). The decision to present the ethical information at different points in time was driven by our concern for external validity, namely that in-market consumers rarely receive multiple, differentially valenced pieces of CSR- or ethics-related information at the same time. This design allowed us to test the configural model, and hypotheses 1 to 3, for if unethical conduct is diagnostic, then receiving unethical information of a brand at T1 or T2 should overshadow any ethical conduct of a brand irrespective of its timing.

Procedure

Pre-test

In order to evaluate the impact of positive and negative brand behavior on CPE and account for potential asymmetry effects, it was important to develop closely valenced scenarios (Trudel and Cotte 2009). Thus, we conducted a pre-test to identify appropriate, equally discriminating and intense, manipulations.

The qualitative study (Study 1) provided us with rich material for designing a collection of scenarios of positive/negative conduct related to several ethical domains. Based on this information, we developed a variety of pre-test scenarios to identify the most appropriate manipulations, i.e., manipulations that discriminate well between positive (ethical) and negative (unethical) behavior. Our pre-test scenarios described a brand's un/ethical conduct in the domains of "employee treatment," "environmental protection," "local community," and "responsibility towards the consumer"; thus, for consistency purposes, the un/ethical content of these pre-test scenarios all relate to the company level, rather than a mixture of product, company, and country level (Crane 2001). As such, for every topic, we developed a version where the brand acted ethically (e.g., good treatment of employees) and unethically (e.g., poor treatment of employees) resulting in eight different pre-test scenarios of un/ethical brand conduct. We conducted a within-subject experiment, where, for every scenario, respondents were asked to rate the ethicality of the presented brand behavior. The analysis showed that the most suitable scenarios were related to the ethical domains of "employee treatment" and "environmental protection." The brand was rated more ethically in the domain of employee ($M=6.23$ vs. $M=1.40$, $F(1, 40)=187.931$, $p<.001$) and environment ($M=6.21$ vs. $M=2.14$, $F(1, 40)=187.93$, $p<.001$) when the brand acted ethically vs. unethically. Hence, we proceeded with employing these manipulations in the following studies.

Experiment

A web-based survey was conducted where participants partook in return for a fee. We recruited a national representative general population sample from a leading panel provider in the United Kingdom. The fact that the selected panel provider routinely conducts concept and product tests for fast-moving consumer goods companies meant that firstly, study participants were familiar with the notion of pre-market testing, and secondly, they found the study scenarios very realistic and credible when compared to students responding to fictitious business scenarios in a university lab.

A total of 120 participants aged between 19 and 66, ($N(\text{male})=73$; $M(\text{age})=41.15$, $SD(\text{age})=13.88$) took part in

the completely randomized two (Info T1: ethical vs. unethical) by two (Info T2: ethical vs. unethical) between-subjects design.

Participants were told to assess a new foreign food brand—called Kahvi—that was considering a product launch in their country. They were requested to evaluate the *overall appeal* as well as their *ethical perception* of the offering based on the information provided, which would help the brand to gauge its market potential (see [Appendix](#) for detailed scenarios).

Pieces of un/ethical information were presented in two stages. Stage one is referred to as T1 and stage 2 is referred to as T2 for the remainder of the paper. In the first part of the experiment (T1), 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* (T1) described how Kahvi had received an award from a local CSR watchdog organization because of its exemplary employee treatment (e.g., childcare, flexibility). Participants in this condition read:

Last year's growth was accelerated by the fact that Kahvi® received the employer of the year award from the local CSR (Corporate Social Responsibility) watchdog organisation. Kahvi® offers many great benefits to their employees, such as flexible working hours, paid overtime during high demand periods, free yoga classes during lunch breaks for relaxation, financial support for home loans, as well as free childcare for infants and toddlers.

In contrast, in the *unethical conduct scenario* (T1) participants were given the information that Kahvi had received an official warning from the CSR watchdog organization because it treated its employees disrespectfully (e.g., no compensation for overtime, bullying). Participants in this condition read:

Last year's growth was hindered by the fact that Kahvi® received an official warning from the local CSR (Corporate Social Responsibility) watchdog organisation for disrespecting local labour laws. Because of strong pressure by management, some employees were found to be working around the clock without being offered additional compensation or time in lieu. There were also accusations of bullying and unlawful termination of employees that didn't comply with the above demands.

After an unrelated filler task lasting approximately ten minutes, participants started the second part of the experiment. We introduced a filler task based on the reasoning that in real life, consumers rarely receive different pieces of un/

ethical information at exactly the same time. Instead, and in line with Sen and Bhattacharya's suggestion (2001, p. 239), we considered it realistic that pieces of ethical information are not shown in quick succession but are instead dispersed across two time intervals. After the filler task, participants were re-introduced to Kahvi and to its latest brand extension "a 'liquid dessert' called Kahvi Shakerato" (T2). Central to this part was the new un/ethical manufacturing plant that Kahvi had built to produce the product. In the *ethical conduct scenario* (T2), participants read that the new manufacturing plant was environmentally friendly (e.g., reusing rainwater, no additional pollution of nearby river). More specifically, participants read the following:

These new facilities are fully energy self-sufficient through the use of geothermal heat and solar energy. Furthermore, Kahvi® collects and re-uses rain water. Water samples of the bordering river suggest no additional pollution since the new facility was built.

In contrast, in the *unethical scenario* (T2), participants were informed that the new facilities were detrimental to the environment (e.g., wasteful use of resources, pollution of nearby river). Participants in this condition read:

Kahvi® has been criticised for wasteful use of electricity and natural resources in the operation of these facilities. Water samples of the bordering river suggest additional pollution since the facility was built.

As such, half of the participants were given consistently valenced information at T1 and T2 (T1: ethical conduct–T2: ethical conduct; T1: unethical conduct–T2: unethical conduct) and the other half received differentially valenced information at T1 and T2 (T1: ethical conduct–T2: unethical conduct and vice versa).

Measures

Brand CPE After the manipulation of ethical conduct of Kahvi at T1 and T2, overall ethical brand perception, our main dependent variable, was measured using the CPE scale (Brunk 2012). Participants rated their agreement on the following items: [Kahvi] respects moral norms; [...] always adheres to the law; [...] is a socially responsible brand; and [...] is a good brand (seven point Likert scale, 1 = strongly disagree vs. 7 = strongly agree).

Personal Importance In order to be able to exclude the alternative explanation that differences in CPE scores across conditions are driven by varying levels of personal importance for a particular ethics domain (Madrigal and Boush 2008), which, in turn, would complicate the deduction of whether CPE was the result of algebraic impression formation with information weighting or configural impression

formation, consumers were asked to rate *how important employee treatment* and *environmental protection* was to them (Roth and Robbert 2013).

Change-of-Meaning Effect As we hypothesized CPE formation to follow the configural model, which suggests that consumers may distort information when interpreting inconsistent behavior, we included an open-ended question to explore this change-of-meaning effect at the end of the questionnaire.

Non-coffee drinkers were identified and omitted prior to analysis ($N = 13$).

Results

Brand CPE

All items of the CPE measure were averaged into an index of ethical brand perception ($\alpha = 0.93$). An ANOVA with Info T1 (ethical vs. unethical) and Info T2 (ethical vs. unethical) as between-subjects factors was conducted on CPE. As expected, we found a significant interaction effect between Info T1 and Info T2 ($F(1, 105) = 7.04, p = .009$). As hypothesized, additional contrast tests showed that CPE was higher in the ethical–ethical condition ($M = 5.29, SD = 0.22$) than in the unethical–ethical condition ($M = 4.29, SD = 0.21; p = .002$), the ethical–unethical condition ($M = 4.11, SD = 0.19; p = .001$), and the unethical–unethical condition ($M = 4.27, SD = 0.24, p = .001$). No significant differences were found between the unethical–ethical condition, the ethical–unethical condition, and the unethical–unethical condition (all $p > .05$, Fig. 1).

The fact that brand CPE across all conditions involving unethical information (unethical–unethical, ethical–unethical; unethical–ethical conditions) was similarly low not only suggests that positive and negative information was integrated in line with the configural model, but moreover

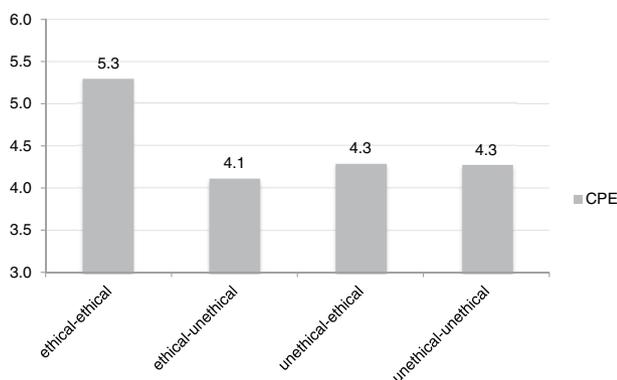


Fig. 1 Study 2—CPE scores across experimental conditions

reveals a negativity bias, where unethical information, rather than ethical information, appears most diagnostic in initial CPE formation. The experiment shows that as soon as consumers become aware of unethical information, CPE is negatively impacted, irrespective of other positive information, confirming Hypotheses 1–4.

Personal Importance

To exclude the alternative explanation that differences in CPE scores across conditions are driven by varying levels of personal importance for a particular ethics domain (Madrigal and Boush 2008), we ran an ANOVA with Info T1 (ethical vs. unethical) and Info T2 (ethical vs. unethical) as between-subjects factors and issue importance for the environment as a continuous variable on CPE. This did not yield a three-way interaction between Info T1, Info T2, and ethical environmental ($F < 1$). A similar analysis with Info T1 (ethical vs. unethical) and Info T2 (ethical vs. unethical) as between-subjects factors and issue importance of employee treatment as a continuous variable on CPE also did not yield a significant three-way interaction ($F < 1$). Alternatively, we ran an ANCOVA with Info T1 (ethical vs. unethical) and Info T2 (ethical vs. unethical) as between-subjects variables and issue importance for the environment or issue importance of employee treatment as covariate. This did not change the pattern of data. In sum, this suggests that results were not driven by the personal importance of a particular brand ethics domain to the participant.

Change-of-Meaning Effect

One of the basic tenets of the configural impression-formation model is that pieces of received information are viewed in relation to (and not independently of) each other. Hence, when differentially valenced 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. 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(s) for its employees but at the same time is (said to behave responsibly toward 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 about 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.

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, consumers equally disapproved of the unethical behavior as such, yet in their efforts to reconcile the contradictory information they tended to perceive Kahvi as *sincere* in its 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 centered 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 cannot be trusted with positive reports because it might be “bought” by the company: “media biased toward those who finance the media” or “don’t believe the media.” The data thus illustrate a change-of-meaning effect, offering additional support for configural perception formation.

Study 3: Experiment: Processing Relevance of Ethical Information as Boundary Condition

While Study 2 supported the hypothesized evidence of configural impression formation with its characteristic diagnosticity of negative (unethical) information, Study 3 was designed to explore a potential boundary condition of this process.

One central characteristic of Studies 1 and 2 as well as the majority of existing empirical investigations into consumer reactions to corporate ethics or CSR is that study participants were aware of the study purpose—the need for evaluating ethical or CSR-related aspects—which in turn draws attention to the ethical information and raises its *processing relevance* for consumers. However, in-market settings may differ in that consumers do not always consider it relevant to process ethical information, nor are they specifically requested to do. Hence, it is important to test whether configural processing still holds in a scenario where consumers are exposed to various pieces of brand information *without* the explicit request to evaluate a certain brand aspect (in our case: “ethicality”).

The primary purpose of this experiment is, therefore, to evaluate whether low processing relevance leads to different

(algebraic) perception formation dynamics, which in turn, would allow us to establish a potentially important boundary condition of configural brand CPE.

Procedure

The aim of Study 3 was to examine the impact of inconsistent ethical cues on overall CPE without making this information pertinent. Hence in this study, consumers were requested to evaluate the *overall appeal* of the new offering with the comment referring to Kahvi’s interest in ethical evaluation omitted from the introductory text. Apart from this difference, the procedure and dependent variables were identical to those of Study 2.

Another general population sample was recruited from an online panel provider and subsequently a web-based survey was conducted in the United Kingdom. A total of 313 participants aged between 20 and 66 ($N(\text{male}) = 172$; $M(\text{age}) = 43.11$, $SD(\text{age}) = 13.90$) participated in the experiment in return for a fee. We conducted a completely randomized two (Info T1: ethical vs. unethical) by two (Info T2: ethical vs. unethical) between-subjects design. Consistent with Study 2, before analysis, participants who did not drink coffee were omitted ($N = 32$).

Results

Brand CPE

Again, the items of the CPE measure were averaged into an index of CPE ($\alpha = 0.95$). An ANOVA on CPE with Info T1 (ethical vs. unethical) and Info T2 (ethical vs. unethical) as between-subjects factors revealed a main-effect for Info T1 ($F(1, 264) = 13.64$, $p < .0001$) and Info T2 ($F(1, 264) = 7.75$, $p = .006$). For Info T1 and Info T2, CPE ratings were higher with ethical info ($MT1 = 5.00$, $SDT2 = 0.11$; $MT2 = 5.02$, $SDT2 = 0.11$) than with unethical info ($MT1 = 4.52$, $SDT1 = 0.11$; $MT2 = 4.59$, $SDT2 = 0.11$, Fig. 2). No interaction effect was found ($F < 1$).

Personal Importance

As in Study 2, we investigated the role of issue importance and conducted an ANOVA on CPE with Info T1 (ethical vs. unethical) and Info T2 (ethical vs. unethical) as between-subjects factors and issue importance of the environment or employee treatment as a continuous variable. Consistent with the previous study, there was no three-way interaction between Info T1, Info T2 and environment ($F < 1$) or between Info T1, Info T2 and employee treatment ($F(3, 257) = 1.69$, $p = .16$) on CPE. We also ran an ANCOVA with Info T1 (ethical vs. unethical) and Info T2 (ethical vs. unethical) as between-subjects variables and issue importance for

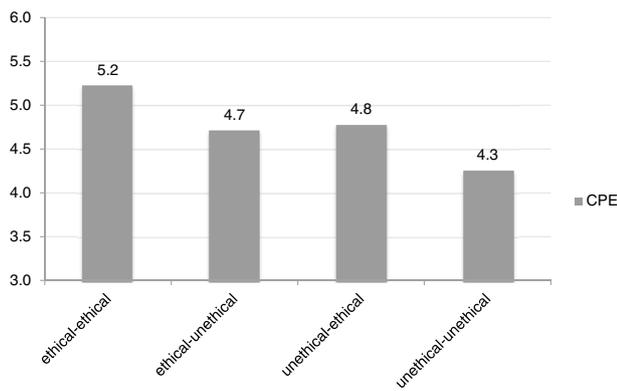


Fig. 2 Study 3—CPE scores across experimental conditions

the environment or issue importance of employee treatment as covariate. As in Study 2, this did not change the pattern of data, suggesting that results were not driven by the personal relevance of a particular brand ethics domain to the participant.

Results suggested that the *ethical impression-formation process differs* when the processing relevance of ethical information is low, proposing an important boundary condition. Only when consumers perceive judgment of a brand's ethicality to be pertinent, do they process information holistically, with unethical conduct functioning as the diagnostic cue to determine the overall direction of CPE. In the case where processing relevance for the un/ethical information provided is low, CPE formation follows the algebraic, not the configural model, in which case positive can neutralize negative information.

How could we explain the interesting fact that CPE formation only follows the configural model when consumers perceive the ethical information to be highly relevant for processing? Two—potentially co-existing—explanations are that (1) when consumers' attention is directed toward performing an ethical evaluation, they focus more on identifying diagnostic behavior (trait-behavior interrelation), and hence process information holistically; and (2) when consumers realize the need to make an ethical judgment, a social desirability bias can be instigated. In other words, when consumers are asked to judge brand ethicality and are confronted with a transgression, they not only perceive misconduct to be indicative of a “bad” brand and predictive of its future behavior, but they might moreover feel social pressure and a moral obligation to strongly condemn the unethical action, and hence may punish negative behavior disproportionately in their CPE evaluation.

Our findings have important academic and managerial implications, which shall be discussed in the following section.

Concluding Discussion

This research addresses the important question of how consumers' ethical brand perceptions are affected by multiple, differentially valenced pieces of information, a topic that has been largely neglected in research related to aspects of ethical or sustainable consumer behavior. Existing empirical investigations thus far mirrored valence consistency when it comes to ethical information and have mainly focused on consumer reactions in the form of attitudes or purchase intention. Instead, we have focused on perceptions. Gaining a better understanding of the ethical perception formation first and foremost extends the emerging research streams on CPE (Bezençon and Etemad-Sajadi 2015; Brunk 2010, 2012; Singh et al. 2012), greenness perceptions of products (Gershoff and Frels 2015), and consumer perceptions of CSR (Öberseder et al. 2013).

Our findings, based on national representative population samples of consumers in the United Kingdom, suggest that when consumers are exposed to ethical cues among other brand information, and the processing relevance of this information is low, the resulting ethical perception is in line with the algebraic model of impression formation, and hence positive can counterbalance negative information. Conversely, when processing relevance of un/ethical information is elevated, CPE formation points toward the configural model. Thus, only when consumers attribute a certain relevance to ethical information do they process it holistically, with unethical conduct functioning as a diagnostic cue to determine the overall direction of CPE.

These findings are not fully consistent with previous scholarship, which discovered an asymmetrically strong impact of negative information on consumer responses (e.g., Brunk and Bluemelhuber 2011; Sen and Bhattacharya 2001; Trudel and Cotte 2009). This observed negativity bias has subsequently become an established, universally applicable fact within CSR- and ethics-related research. Our inquiry identifies the condition under which this bias is prevalent and therefore qualifies the commonly held belief that transgressions will inevitably be more impactful than virtuous behavior. While Studies 1 and 2 of our inquiry coincide with existing research, Study 3 proposes an important boundary condition by showing that configural-type processing with its related negativity bias only occurs when consumers perceive the ethical information to be pertinent. In other words, when there is relevance to processing ethical information, consumers evaluate available pieces of information in relation to each other, with the most diagnostic behavior subsequently influencing the final perception asymmetrically. In line with person-perception research on morality-based judgments, it is the negative (unethical) acts that are most diagnostic in CPE formation. As a consequence, virtuous

acts like engaging in philanthropy would not be able to compensate for brand misconduct, leaving CPE permanently tainted.

On the other hand, when ethical information is not perceived to be pertinent to processing, ethical brand perception formation is algebraic. Under these conditions, CPE is a summative evaluation of the available multi-valenced cues, and negative information will, contrary to common assumptions, *not* have a disproportionately strong impact on CPE, but could, in fact, be neutralized by positive information.

This research contributes to illuminating the link between brand conduct on the one hand and consumer perception, attitude, and behavioral response on the other. Only if knowledge of how consumers reconcile multiple pieces of ethics-related information is acquired, can the link between brand behavior and consumers' behavioral responses be fully comprehended. Thus, our research can serve as a platform to generate new insights into related phenomena such as sustainable consumption and ethical consumer behavior, as well as the frequently discussed attitude–behavior gap (Carriington et al. 2010; Olson 2013). While researching such ethics-related topics with consumers, we urge researchers to conduct empirical investigations that provide scenarios that are more complex and realistic than previous empirical investigations by (1) using multiple brand/company/product cues besides ethical/CSR-related cues and (2) not exposing (or making obvious) the true nature and purpose of the study (unless intended), as this would represent a scenario closer to that which consumers face in-market.

Managerial Implications

Our findings are highly relevant for marketing managers considering “greening” the marketing mix (Leonidou et al. 2013), brand managers working on building an ethical brand image, as well as CSR and general managers dealing with a brand misconduct or product crisis.

Many in-market consumer-brand interactions resemble Study 3—namely, situations when consumers are confronted with a variety of cues relating to various brand aspects, among them ethical criteria, yet commonly without the heightened relevance for processing this ethical information. The fact that in this case CPE appears to be formed algebraically has a variety of managerial implications. Most importantly, ethical brand perceptions may be more transient than previously assumed, particularly in the case of negative CPE caused by misconduct or a brand crisis. Previous research suggests that one negative ethical cue can cause long-lasting damage to CPE irrespective of any positive information (Brunk and Bluemelhuber 2011). Yet, algebraic processing implies that differentially valenced pieces of information can be viewed in isolation from each other

and are subsequently combined into a summative evaluation, in which case, positive cues can counterbalance negative cues. Hence, while consumers might condemn a specific transgression when it occurs, the immediate negative impact on CPE might not be as enduring as previously assumed, *if* consumers become aware of other positive CSR-related activities. In other words, in the long run consumers are more forgiving in the case of brand misconduct because the perceptual damage caused by the transgression can be alleviated and counterbalanced by virtuous behavior.

If we assume that consumer attitudes and behavior follow reasonably well from their perceptions, our findings imply that in the event of a brand crisis, brand sales may only be impacted in the short run. In the case where, following a scandal, the tainted brand manages to communicate positive CSR engagement, pre-crisis sales levels may be recovered or exceeded. While this can be considered good news for companies, the managerial challenge will, however, be to make the consumer aware of these positive efforts, as media coverage is skewed toward negative reporting, and consumers inherently distrust corporate communication efforts (social media postings, PR, advertising, CSR reports) when it comes to CSR and corporate ethics (Mohr and Webb 2005).

On the other hand, our findings also suggest that for those consumers who find this ethical information relevant, one piece of negative information can have devastating consequences for the moral image of the brand in question. Not only would positive ethical brand conduct be unable to neutralize negative CPE, but more crucially, and as Study 2 has shown, when perception formation follows the configural model, once negative CPE has been established, any virtuous brand behavior might be interpreted unfavorably—e.g., discounted as greenwashing—due to the reported change-of-meaning effect. Consequently, negative brand CPE—once established—may prevail for an extensive period of time. An overtly ethical brand positioning, which relies on a target group with high processing relevance for ethical criteria, can therefore be a risky branding strategy when company behavior and other brand-related aspects are inconsistent with the ethical brand positioning. This also links to research by Wagner, Lutz and Weitz (2009), who caution companies trying to take the moral high ground when consumer expectations are not met. The research discovers that when consumers experience incongruence between a company's claimed and actual CSR behavior, consumer perceptions were more severely damaged when the company followed a proactive CSR strategy. Thus, an expensive image campaign showcasing the brand's fair trade positioning will not suffice in creating positive CPE when other ethical domains—e.g., the environment—are neglected and therefore pose the potential threat of a brand scandal. Creating a stable, positive CPE requires a focused managerial effort that considers the

entire spectrum of CPE or CSR domains and sub-domains (Brunk 2010; Öberseder et al. 2013).

Opportunities for Future Research

As this is, to the best of our knowledge, the first empirical investigation into how ethical brand perceptions are formed based on multiple, inconsistent pieces of brand information, our research program was partially exploratory and therefore leads to interesting and much-needed paths for future research. More specifically, the suggested boundary condition (low processing relevance) requires further attention. We would encourage future research to further assess the role of the processing relevance of ethical information in CPE formation with the help of more elaborate experimental designs, for instance, by actually manipulating the motivation to process ethical information, or by distinguishing between consumers with high and low frequencies of ethical purchases.

The fact that the observed information asymmetry upon misconduct (negativity bias) is prominent only when consumers are aware of the need to evaluate a brand's ethical information may also imply that evaluations of unethical behavior are inflated due to social desirability. While researchers have pointed out the dangers of social desirability with ethics-related consumer research (Auger and Devinney 2007; Brunk and Öberseder 2017), empirical work investigating and quantifying this effect is surprisingly absent, with the exception of Luchs et al. (2010). Thus, the influence of social desirability on consumers' ethical evaluations more generally, but also on more subconscious processes like CPE formation, requires careful and systematic attention. For example, making consumers aware at the beginning of a study that they will need to evaluate ethical conduct may not only inflate the relevance to process the un/ethical information provided, but, moreover, may foster a social desirability bias in interpreting the presented study information because consumers find themselves questioned about their own moral dispositions, and hence will subsequently disproportionately punish negative information. Researching this important aspect would serve to eliminate the possibility that configural-type ethical information processing with its negativity bias could be a study artifact.

Another much-needed extension would go beyond the initial CPE formation process to conduct research involving existing, well-established brands. In order to avoid brand contamination when experimentally examining ethical perception formation, we followed previous recommendations to employ a fictitious brand as stimuli (Trudel and Cotte 2009). Using fictitious brands clean of any pre-existing perceptions makes our findings particularly transferrable to new brand launches or consumers new to established (yet

previously unknown) brands. Future research must direct attention toward existing brands by exploring how consumers integrate ethical information that is inconsistent with an already firmly established brand CPE. For example, in our qualitative interviews, one participant reports:

You sometimes have to wonder. I know, for instance, Body Shop, they really take care of things. That's what they are all about, saving animals and all kinds of responsible stuff... And then someone told me that the packaging is not as friendly for the environment as they say it is. But I wonder, sometimes people just spread bad news because they can't see someone like this succeed.

This narrative by a loyal customer of The Body Shop demonstrates awareness of both positive ethical information ("saving animals") and negative information (packaging not as environmentally friendly as assumed). Yet, it appears that the presence of the negative information, which was received long after positive brand CPE was initially established, does not lead the interviewee to revise his/her favorable ethical perception of The Body Shop. Instead of depreciating CPE, the incongruent negative information is doubted and discredited as potentially "false" and "driven by competitor envy." This raises interesting questions: What happens when a brand with firmly established positive CPE becomes involved in a brand scandal? What role do important marketing variables such as brand attachment and brand loyalty or coherence with the brand's ethical values play in potential CPE adjustments? How stable is CPE over time?

The largest market shares of ethically branded products are currently found among fast-moving consumer goods (e.g., coffee, bananas, chocolate). In our quest to present consumers with a realistic, standard scenario, we therefore decided to utilize a coffee brand for experimental stimuli. However, by nature, these products generally represent a fairly low product-involvement situation. A next logical step would therefore be to explore CPE formation under high product-involvement conditions, e.g., a car purchase or the purchase of luxury products (Bodur et al. 2014; Van Doorn and Verhoef 2011).

Funding Funding was provided by Seventh Framework Programme (Marie Curie Actions) (Grant No. FP7-PEOPLE-IEF-2011).

Compliance with Ethical Standards

Conflict of interest The authors declare that they have no conflict of interest.

Ethical Approval All procedures performed in studies involving human participants were in accordance with the ethical standards of the insti-

tutional and/or national research committee and with the 1964 Helsinki declaration and its later amendments or comparable ethical standards.

Informed Consent Informed consent was obtained from all individual participants included in the study.

Appendix

Scenarios Studies 2 and 3: Ethical and Unethical Info at T1 and T2

Study 2: request for general *and* ethical evaluation (processing relevance of ethical information).

Study 3: request for general evaluation *only* (low processing relevance of ethical information).

T1

Since you have probably not heard of Kahvi® before, we have compiled a brief overview including its core expertise, fundamental strategy, offerings, and image in its home country. Founded in 2003, Kahvi® is a well known coffee brand that includes a range of different coffee blends.

The core of Kahvi's® brand philosophy is to offer new and exotic flavors which are easy and quick to prepare without sacrificing taste and aroma. In its home country, Kahvi® can be found in the coffee aisle of all major supermarkets. It is priced reasonably when compared to other specialty coffees and appeals to consumers of all age groups by offering different varieties. The brand's success is reflected in an average sales increase of 6% year by year.

Ethical Info T1

Last year's growth was accelerated by the fact that Kahvi® received the employer of the year award from the local CSR (Corporate Social Responsibility) watchdog organization. Kahvi® offers many great benefits to their employees, such as flexible working hours, paid overtime during high demand periods, free yoga classes during lunch breaks for relaxation, financial support for home loans, as well as free childcare for infants and toddlers.

Unethical Info T1

Last year's growth was hindered by the fact that Kahvi® received an official warning from the local CSR (Corporate Social Responsibility) watchdog organization for

disrespecting local labor laws. Because of strong pressure by management, some employees were found to be working around the clock without being offered additional compensation or time in lieu. There were also accusations of bullying and unlawful termination of employees that did not comply with the above demands.

T2

Part of Kahvi's® strategic brand vision for this and the coming years is to improve their brand image in terms of innovation. In line with this strategic goal, Kahvi® is planning on introducing an innovative brand extension. Market research has shown that after dinner many consumers would like to have a dessert, but often decide against it for two reasons: firstly, it makes them feel too full and uncomfortable; secondly, it is inconvenient because it takes extra time to prepare. Hence, many consumers will opt for only having a coffee after dinner.

The new innovative offering by Kahvi® addresses the above concerns by introducing a new type of product, a "liquid dessert" called Kahvi Shakerato®. Given its liquid form it is not very filling, it is very fast to prepare and additionally, by using a new Italian coffee blend, combines coffee and dessert. Kahvi Shakerato® stands for shaken coffee and is a cold drink made of ice and espresso. It can be elegantly presented in a wine or cocktail glass and offers a wide variety of add-on flavors that can be added depending on taste (e.g., chocolate sauce, whipped cream, vanilla, cinnamon, shots of grappa, rum, Irish whiskey, or Bailey's). The versatility of the blend, together with its ease of preparation, makes it the ideal dessert coffee to enjoy on your own or in company.

To produce this new brand extension, Kahvi® has built a new manufacturing plant that includes large onsite test laboratory facilities allowing highly innovative production processes and enabling the production of a larger range of brand varieties.

Ethical Info T2

These new facilities are fully energy self-sufficient through the use of geothermal heat and solar energy. Furthermore, Kahvi® collects and re-uses rain water. Water samples of the bordering river suggest no additional pollution since the new facility was built.

Unethical Info T2

Kahvi® has been criticized for wasteful use of electricity and natural resources in the operation of these facilities. Water samples of the bordering river suggest additional pollution since the facility was built.

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