



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Master degree project in Marketing and Consumption

The consequences of screwing up

How components of your brand equity are affected by a corporate scandal

Graduate school

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Abstract: *The purpose of this study is to investigate in detail how brand equity is affected by a corporate scandal. This is done by running an experiment where two fictive brands, only separated by the amount of CSR activities they are involved with, are responsible for a corporate scandal. The study measure consumer evaluations of these brands before and after the scandal has occurred, which allows for analyzing how the brand equity is changed as a result of a corporate scandal. To support the explanation of the change in brand equity, the factors of emotions, gender and level of CSR are investigated for their mediating and moderating effects. The results suggest that brand equity metrics are impacted differently by a corporate scandal, with the element of liking seeing the largest decrease and perceived quality retaining much of its value when comparing the pre- and post-scandal evaluations. When integrating emotions into the experiment, our results suggest that negative emotions - anger, disappointment and disgust - act as mediators between the consumer evaluations of the brand that takes place before and after the scandal. This inclines that it is not the scandal per se that inflicts the damage on the brand, but rather the emotional reactions that it causes. The amount of CSR work that the companies are involved in was found to not have any effect on the consumer's perception of the brand. However, distinct differences between the genders were found when comparing both emotional reactions and brand equity evaluations - females showed a larger increase of negative emotional response as well as a more negative post-scandal evaluation of brands than males. The study has theoretical and practical contributions by suggesting that brands are complex and they will not be impacted the same across their elements, therefore suggesting that efforts and resources should be allocated to certain areas if a scandal is caused. Further, being aware of the presented gender differences could be of importance for successful post-scandal communication for further damage control.*

Keywords: Scandals, Gender, CSR, CSiR, Brand equity, Emotions

INTRODUCTION

Sustainability is a topic that keeps on rising in importance amongst consumers, organizations and the society as a whole (Keys et al., 2009). Despite this, organizations are repeatedly responsible for scandals of different sorts-ranging from frauds, miss conduct or of social & environmental nature of different magnitudes. A scandal could be defined as “an action or event that causes a public feeling of shock and strong disapproval” (Cambridge dictionary, 2019). Further narrowing the scope of a scandal into a corporate context, Bonini & Boraschi (2009) defines a *corporate scandal* as “widely publicized incidents involving allegations of managerial wrongdoing, disgrace, or moral outrage of one or more members of a company”. Important to add to these definitions of scandals is the definition of an accident - as these two can be hard to separate at times. An accident is defined as “an unfortunate incident that happens

unexpectedly and unintentionally, typically resulting in damage or injury.” (Oxford dictionaries, 2019). Giving an example based on these definitions, if an incident leading to the death of workers would occur at a factory, it should be considered an accident if it could not be predicted and was not intentional. However, if it would be a result of poor maintenance where the possible consequences were known and the incident could've been avoided, it is to be considered a corporate scandal based on these two definitions. You could say that in a scandal, there is a level of culpability involved, one or several people that could be held responsible to a certain degree for what has happened.

Corporate scandals tend to damage the brand and organization that is responsible for it. Looking at well known cases of corporate scandals that has occurred during recent years such as The British Petroleum oil leak (BBC, 2010), the working conditions in H&M's

sweatshops (Mayer & Sorrell, 2016) and Volkswagen's emission scandal (Hotten, 2015) we find this to be true. Research has found that scandals do impact the responsible brand (Guckian et al. 2017), that it can have consequences for related products (Thaler, Herbst & Merz, 2018) and competing organizations (Roehm & Tybout, 2006). An area that has gained little attention however, is how and what parts of the brand in the crosshairs of a scandal that are actually damaged. It is important to understand this phenomenon in order for management of the causing brand to take more rational and educated actions. Therefore, our first question that we aim to answer through this study is *how a corporate scandal will affect the brand equity of the responsible brand*. To study this, we first need to establish an understanding of what brand equity actually is. Brand equity is a well-known concept and has been defined differently by different researchers. Aaker defines brand equity as ... "a set of brand assets and liabilities linked to a brand, its name and symbol, that adds to or subtracts from the value provided by a product or service to a firm and/or to that firm's customers." (Aaker, 1991, p. 15). Another definition is the one of what Kotler & Keller refer to as the customer-based brand equity, which consists of "...what the customers have seen, read, heard, learned, thought and felt about the brand over time" (Kotler & Keller, 2016, p. 324). The customer-based perspective of brand equity is the one that will be used throughout this study, as it will be based on consumer evaluations and nothing related to actual market performance or other assets.

Included in the brand equity definition by Kotler and Keller (2016) is how consumers felt about the brand. It has for a long time been known that consumers' emotions play an important part in their decision making process (Cohen, Pham & Andrade, 2008). Research by Grappi, Romani & Bagozzi (2013) and Antonetti & Maklan (2016) found that emotions that are evoked as a result of a corporate scandal can lead to damaging actions such as boycotts and negative word-of-mouth. Understanding the role that emotions play in the scenario of a corporate scandal could be crucial, which is why we aim to find out if *the change in brand equity can be explained by the change in the consumer's emotions*.

Within the field of emotions it is known that emotional affect and responses differ between the genders (Brebner, 2003), which leads us to believe that these emotional

differences might be reflected in the consumer reactions towards the brand. Differences between the genders have also been found in the field of CSR, with females valuing CSR higher than males (Calabrese et al, 2016). Ellen, Webb & Mohr (2006) connected brand equity to sustainability and CSR. They argue that since consumers' perceptions of a brand is based on associations, sustainable actions play a part in the brands reputation and consumers purchase intentions towards the brand. This is also in line with the definition of customer-based brand equity from Kotler & Keller (2016). Based on this, it could be assumed that the more a brand engage in CSR-activities, the stronger the brand equity becomes. These thoughts about gender-differences and CSR leads us to our two last research questions:

Do CSR-activities prior to a scandal work as a shield against the damage it inflicts?

Do the consumer's emotional reactions and brand evaluations differ between the genders?

Summarizing, to our knowledge there is a lack of existing research that goes into depth on how the brand equity is affected by a corporate scandal, which underlying factors that may explain the potential shift and how these factors may interact with each other. Rea et al (2014) explored how a product-harm crisis affect certain elements of brand equity, however other type of corporate scandals such as ones related to environmental or social sustainability remains somewhat unexplored in the brand equity context. Not possessing the knowledge of how the brand equity is affected might lead to misallocation of resources - metaphorically speaking trying to put out the fire in the wrong parts of your building. If managers were to be aware of where the damage is dealt - and perhaps equally important where it's not - the post-scandal damage control can become more efficient. This in turn could help the brand to recover from a scandal more rapidly, as well as saving resources by avoiding spending it where it is not needed. It could also have a positive effect on preventive actions due to the greater understanding of the phenomenon. Further, being aware of how your customers and perhaps even the general public reacts emotionally can be of importance when formulating and communicating public responses and apologies. Only looking at the recent years there has been several PR and communicative disasters following corporate scandals (Thomas, 2015). If managers gained a

greater understanding of how the consumers react to a scandal, how consumer demographics may influence this reaction and what impact the causing company's CSR activities has, they would have a better support for decision-making.

The purpose of this study is therefore to investigate in detail how brand equity is affected by a corporate scandal. Our purpose is supported by the four more detailed research questions which were mentioned previously in this chapter and listed once more below.

1. *How will a corporate scandal affect the brand equity of the responsible brand?*
2. *If so, can this change in brand equity be explained by the change in the consumer's emotions?*
3. *Do CSR-activities prior to a scandal work as a shield against the damage it inflicts?*
4. *Do the consumer's emotional reactions and brand evaluations differ between the genders?*

In order to fulfil our purpose and to be able to provide answers to our research questions, an understanding for the individual concepts brand equity, emotions, CSR and gender needs to be established. Finding how these concepts are linked to each other in a corporate scandal context is crucial for both the individual research questions as well as the general purpose. We aim to lay initial groundwork and develop a conceptual model that can provide a solid foundation for future research who wish to venture deeper into the field. To be able to study the interplay between these variables in the corporate scandal context, we will conduct an experimental survey on two fictive brands that measures brand equity and emotions on two occasions - before and after the exposure of a fictive corporate scandal. These fictive brands will only differ in the amount of CSR-activities they engage in. This will enable us to analyze the change between the occasions and allow us to identify the role that underlying factors (emotions, CSR and gender) have in this change.

HYPOTHESES DEVELOPMENT

How will a corporate scandal affect the brand equity of the responsible brand?

As mentioned while introducing brand equity as a topic in the introduction of this paper, it is a well-known concept with many definitions. The one used in this study is the customer-based brand equity of Kotler & Keller

(2016), which consists of "...what the customers have seen, read, heard, learned, thought and felt about the brand over time" (Kotler & Keller, 2016, p. 324). Dawar & Pillutla (2000) mentions that the customer-based brand equity includes various beliefs and attitudes towards the brand, such as perceived quality and trust in the brand. A well renowned model within the field of brand equity is the *brand value chain*, developed by Keller & Lehmann (2003). It consists of four steps - marketing programme, customer mindset, market performance and lastly shareholder value and it describes the development of brand equity starting with the marketing programme and ending up in the shareholder value (Keller & Lehmann, 2003). Measuring customer-based brand equity is a common approach to estimating the value and performance of a brand, without using actual market data such as market shares (Anselmsson & Bondesson, 2015).

When venturing deeper into the customer-based brand equity approach, it is the customer mindset that is in focus. The customer mindset includes the customers associations towards the brand based on e.g. their experiences and beliefs (Anselmsson & Bondesson, 2015). Therefore, it is to be expected that a corporate scandal will affect the brand equity in a negative way, as it adds negative information to the customers' re-evaluation of the brand.

With this we come to our first hypothesis, although it might be broad it is something that needs to be established before proceeding further:

H1: A corporate scandal will have a negative impact on the responsible brand's brand equity

Brand equity is a rather broad concept that houses metrics measuring and explaining different dimensions and characteristics of the brand (Aaker, 1996). Aaker (1996) introduces 5 overlaying families including Loyalty measures, perceived quality & leadership measures, associations & differentiation measures, awareness measures and market behavior that together represents brand equity as a whole. Arguably, due to the difference in characteristics of these "families" the impact a scandal of sustainable nature would have on these metrics could differ between each other. It is for example possible that the brand's perceived quality won't be affected the same way as the likeability or the uniqueness.

That being said, we believe to find differences in how the individual brand equity metrics are affected by a corporate scandal, and therefore we hypothesize that:

H2: A corporate scandal will have...

a: a larger negative impact on liking

b: a larger negative impact on price premium

c: a smaller negative impact on purchase intention

d: a smaller negative impact on perceived quality

e: a larger negative impact on perceived value

f: a larger negative impact on trust

...than on the average negative impact on brand equity.

Can the change in brand equity be explained by the consumer's emotions?

A prerequisite to achieving high brand equity would be to have satisfied customers. Bagozzi et al. (1999) argued that various negative (e.g. anger, guilt, disgust and disappointment) or positive (e.g. happiness and pride) emotions can be more valid consumer reactions than straight up reports of satisfaction or dissatisfaction per se.

Cognitive aspects are proven to be part of the decision making process since long (Simon, 1955). More recently, research has found that emotions are of incremental importance to the decision-making process as well (Cohen, Pham & Andrade, 2008). Guckian et al. (2018) added emotions into the equation of brand equity and corporate scandals. They found that emotions such as anger tend to be evoked when a scandal occurs. These evoked emotions have implications for future decisions and engagements with the brand, harming the brand equity as a result.

Consumers facing a scandal would be expected to experience emotions in a negative way towards the causing brand. Negative or "bad" emotions have a stronger effect on behavior than positive ones (Baumeister et al, 2001), indicating that these newly evoked emotions might erode the previously positive associations towards the brand. Antonetti & Maklan (2016) has found that, when strong, these emotions can lead to boycott actions and impeding neutralization techniques, supporting the fact that emotions have a great impact on the consumer's behavior and the decision-making process. Pham (2007) argue that these feelings act like a mediator between self-interest and social and moral norms. In other words these feelings work as a check towards acting selfishly instead of for "the greater good", adding spectra to the emotionless econ man

perspective of Simon (1955). Pham (2007) further argue that these feelings can override the consumers' material self-interest to fulfill the social and moral obligations. Combining the findings of Baumeister et al. (2001), Antonetti & Maklan (2016) and Pham (2007), we find that emotions - negative emotions in particular - have strong influence on consumer decision-making, and may cause the consumer to comply with the social and moral norms rather than choosing the materially best product.

Guilt differs somewhat from the other negative emotions (anger, disgust, disappointment) that are included in this study. Roseman (1991) touches upon this in her framework for appraisal theory, where she lists guilt as a self-caused emotion, while for instance anger and disgust is other-caused and circumstance-caused emotions respectively. Anger, disgust and disappointment can be considered as emotions that are aimed towards others actions while guilt is aimed towards oneself. Antonetti & Maklan (2014) elaborates further on guilt as an emotion. They explain that guilt is "...a negative feeling experienced by consumers when they reflect on previous behavior and realize that their conduct does not match personal goals, norms or standards" (Antonetti & Maklan, 2014 p. 122). Further Antonetti & Maklan (2014) argue that guilt differs from the other negative emotions in the sense that it might develop over time, as a realization of one's behavior can take longer than an instant reaction of anger, disappointment or disgust.

We believe that due to the discussed aspects there will be relevant differences between guilt and the other negative emotions (anger, disappointment, disgust), but they will all negatively impact the brand equity.

Based on this, we arrive at our third hypothesis:

H3a: The negative emotions towards others (anger, disappointment, disgust) will have a negative mediating effect on the change in brand equity before and after a corporate scandal.

H3b: The negative emotions towards oneself (Guilt) will have a negative mediating effect on the change in brand equity before and after a corporate scandal

Do CSR-activities prior to a scandal work as a shield against the damage it inflicts?

CSR has been recognized as an aspect which positively affect brand equity, as sustainable actions contribute to shaping the customer's associations and attitudes towards a brand (Ellen, Webb & Mohr, 2006). CSiR is the counterpart of CSR - when CSR goes bad. The topic of CSiR and its implications was researched by Voliotis et al (2016), who found that scandals appear to hit the brand harder, if the scandal is of a nature or field in which the responsible brand is seen as a frontrunner. They argue that this irresponsible behavior will cast a hypocritical shadow over the brand, affecting how consumers view the brand following the scandal (Voliotis et al., 2016). However, other research within the field has found that as CSR activities strengthen the brand equity and enhances the positive image of the brand, it helps mitigate the negative consumer reactions and enhance purchase intentions (Lin et al, 2011). Roehm & Brady (2007) further support this, as they found that a brand with high brand equity saw more positive post-crisis evaluation than a brand with low brand equity. The findings of Voliotis et al (2016) somewhat contradicts the findings of Lin et al. (2011), but we believe there might be truth to be found in both of these findings for our study.

With this, we hypothesize that:

H4: A brand that works actively with CSR will see a larger overall decrease in Brand equity following a scandal, compared to a brand that doesn't work actively with CSR.

H5: A brand that works actively with CSR will retain a higher Brand equity score after being affected by a scandal, compared to a brand that doesn't work actively with CSR.

Do the consumer's emotional reactions and brand evaluations differ between the genders?

A variable that has been of importance when researching both CSR and emotions in the past is gender, as differences has been found between males and females regarding the level of intensity and frequency of experiencing different emotions (Brebner, 2003). In a study comparing groups of males and females emotions, Brebner (2003) found that significant differences between the genders exist, although most of them rather small. In general, women experienced more frequent and intense emotions than men (Brebner, 2003).

In their study regarding differences in emotional responses between men and women Bianchin & Angrilli (2011) found that men and women react differently to negative stimuli. These findings that women react harder to this stimuli compared to men support Brebner's (2003) findings that women's emotional reactions were more frequent and intense. Based on these outlined differences between how males and females experience emotions, we hypothesize that:

H6: Gender has a moderating effect on negative emotional response towards a brand following a corporate scandal, with females showing a larger increase of negative emotions than males.

Gender has also been included as a variable in studies regarding CSR, with mixed results. Calabrese et al. (2016) provides a quick overview and shows a wide arrange of research that conclude that females value CSR higher than males, while other studies have failed in noticing significant differences between the genders. One study where differences were found were the article by Lämsä et al (2008), who found females to judge ethical, environmental and social responsibility of organizations as more important than males did. In their own study, Calabrese et al (2016) confirmed that females have significantly higher CSR expectations than males. With these findings supporting the claim that females value CSR higher than males, we believe that this attitude will be reflected in the event of a scandal. By this we mean that females hypothetically should react stronger to CSiR, as they value CSR higher. This leads us to our last hypothesis:

H7: Gender has a moderating effect on brand equity metrics, with females showing larger differences between pre- and post-scandal evaluations than males.

Conceptual model

Based on previous research and the development of our hypotheses, we present the following conceptual model that we aim to test. This conceptual model aims at explaining the relationship between the variables used in this study. It is important to note that the mediators NegEmo and Guilt as well as the dependent variable Brand equity is measured during two occasions, and it is the difference between these two measures, the change in value, that is of interest. All of the hypotheses that were previously developed can be found within the model on

the respective path from pre- to post-scandal that they represent.

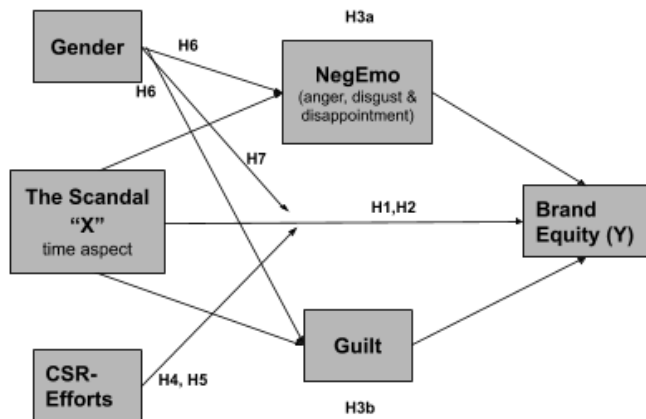


Figure 1. Conceptual model

METHODOLOGY

Since this study aims to test the impact a scandal has on the causing brand's brand equity, through analyzing the difference in pre and post evaluation of both brand equity and emotions, an experimental approach was chosen. Experiments is an appropriate method for when the aim is to explore and identify potential causal relationships, which this study aim to do. Therefore, it was deemed as the most suitable approach. (Field & Hole, 2003; Söderlund, 2018)

Experimental design

The chosen experimental approach could be referred to as a mixed experimental design, as it shares characteristics with both repeated measures within-participant design and between-participant design (Field & Hole, 2003). This approach enables examinations within the group before and after the manipulation as well as comparing the results between the groups. It provides the possibility to examine how a manipulation which remains the same across both groups, as well as how an independent variable which separates the groups, affects the outcome.

Field and Hole claim that a manipulation should "...manipulate it in such a way as to compare a condition in which the cause is present with a condition in which the cause is absent." (Field & Hole, 2003, p.37-38). Söderlund (2018) argues that an experiment needs some sort of manipulation check to avoid inaccurate conclusions. He states that researchers can tackle this

with two different approaches; 1) conducting the manipulation check prior to the experiment, and 2) conducting the manipulation check within the framework of the experiment (Söderlund, 2018). An advantage by conducting the manipulation check prior to the experiment is that you do not have to worry about if your manipulation check affects the respondents and therefore the results (Söderlund, 2018). Our experiment consisted of two manipulations - one within-group manipulation (a corporate scandal) and one between-group manipulation (CSR-activities). Both of these manipulations were tested prior to the execution of the experiment. In order to ensure that our manipulation was sufficient and successful, we tested our survey on a small group of respondents prior to sending out our final version of the experiment. This small group of 6 respondents, which by Söderlund (2018) can be referred to as "judges", reported whether or not the manipulation was successful. The judges participated in the survey for both groups, being presented with both the CSR and NoCSR brand. All of the judges experienced the corporate scandal to have the desired effect. When asked about the CSR-differences between the ways the two different brands were presented, it was perceived as sufficient. The "judges" only participated in this small pre-test and were not a part of the group of respondents that took part in the final survey, hence their scores is not included in the results. Overall, both of the manipulations were perceived as sufficient and we could therefore proceed with the experiment.

As the purpose of this study is to investigate how brand equity is affected by a scandal we needed to create an experiment that would test this. The chosen approach was to create two fictive brands that were different only in the element of CSR activities, with one being presented as doing extensive CSR-work and for the other brand their CSR-work remained untold. Hence, it is the way the two different brands is presented that differs between the two groups and serves as the independent variable which separates them. The two brands are exposed to the same fictive scandal, our manipulation, which enables analysis of data from before and after the scandal as well as between the two groups. The structure of our experiment is presented in figure 2. As can be seen, the introduction to the survey as well as the initial demographic questions is the same for every respondent. After the demographics, the respondents are randomly assigned to one of the groups, the left or the right section in figure 2.

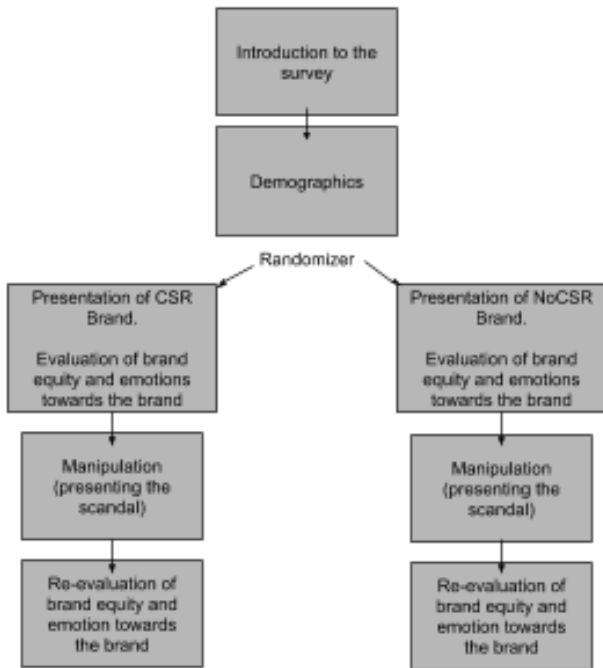


Figure 2. Survey structure

The experiment was conducted through an online survey, which randomly assigned the respondents to just one of the brands. As the respondents were assigned completely random to one of the groups, and we as researchers were in control of when the manipulation (the presentation of our scandal) was presented, our design is to be considered as a true experimental design (Field & Hole, 2003; Aaker, Kumar & Day, 1995). After answering basic demographic questions the respondents were given a description of the fictive brand that they were assigned to. Following the description, they were asked to respond to brand equity statements and their emotional attitudes towards the brand. After this page, the respondents were presented with a thorough description of our fictive scandal (picture 1) where the brands culpability was ensured. The scandal that we created involved child labor, injuries and deaths in the fictional brands factory in Bangladesh. Lastly, they were asked to answer the questions of brand equity and emotions once more, resulting in our post-evaluation score as well as manipulation check.

Reflection regarding fiction versus reality

In order to avoid confusion amongst the respondents, it was made clear that the brands in the study are fictive before proceeding to the brand description page. We decided to use both fictive brands and fictive scandals. As

In the midst of overlaying your decision regarding your next smartphone purchase, you start browsing the news and your social media feeds, and find out about a shocking incident. A scandal has occurred in one of the factories belonging to Brand A. The following has happened:

Due to bad maintenance of the building, the roof of one of Brand A's factories in Bangladesh collapsed yesterday. The results of the collapsing roof were devastating, and as it happened during working hours, many casualties have followed. The local authorities are still trying to search for and rescue survivors, but so far it is looking grim. As of now, over 100 of the workers have been found with severe injuries, many of them life-threatening, and 51 of the workers have already been confirmed dead. |

Despite Brand A's previous assurances that they are not having children working in their factories, this terrible tragedy turned out to prove quite the opposite. A majority of both the injured and the dead are in fact children, aged between 9 and 15 years old. The news have been filled with coverage from the site, including some graphic images from the aftermath of the collapse which can be seen below. This is a major scandal, and there is no denying of Brand A's culpability and responsibility. According to the local news reporters, the factory managers had been informed about large cracks in the concrete roof by one of the janitors. The warnings were ignored and not passed on to their workers. The workers were asked to keep on working as normal - not knowing that for many of them, it would be their last day.



Picture 1. The scandal

argued by Thaler, Herbst & Merz (2018), the use of fictive scandals allows the researcher to gather responses from both prior to the knowledge of the scandal as well as after the respondents are aware of the scandal. Since using fictive scandals on real brands potentially could harm the brands used in the study, we chose to use fictive brands instead as we deemed it more ethically appropriate. Geuens & De Pelsmacker (2017) outline the pro's and con's with using real or fictive (referred by them to as hypothetical or "new") brands. They argue that fictive brands is preferable when the brand itself does not play a role in the study, and that their existing associations and negative or positive beliefs about the brand may impact the experiment undesirably (Geuens & De Pelsmacker, 2017). Therefore, we argue that using fictive brands and encouraging the respondents to think of their own favorite brand in the respective product category ensures a positive image of the brand prior to the scandal, as we needed to ensure a positive image of the brand pre-scandal in order for our experiment to work properly. This is something that would not be guaranteed if we were to use real brands, as a faithful Samsung user would not respond in a positive manner if we chose Apple as the brand in the experiment. We argue that by building up associations with our fictive brands in combination with the above, we ensure that the respondents have no tainted image of the brand before being manipulated by

our scandal. This allowed us to isolate the effect of the scandal itself.

Sampling

The target group for our respondents were students at the School of Business, Economics and Law in Gothenburg. Initially, the survey was distributed to students through their student emails, and the remaining responses were gathered by distributing the link to the survey face to face in the facilities of the school. All of the participants who took part did so voluntarily. In total, 168 participants took part in the survey and we had a dropout-rate at 39%, resulting in 103 completed responses. However, two cases were deleted due to one respondent not fitting the profile (not being a student) and one respondent systematically scoring only 7s throughout the survey. The final amount of respondents ended up at 51 for the CSR group and 52 for the NoCSR group. Out of the 103 total respondents, 52 were woman and 51 were men, and a majority of the respondents were Swedish. The average age of our respondents were 24.8 years.

Descriptive data of respondents	
Initiated surveys	168
Dropout-rate	38,6%
Completed surveys	103
Male	51
Female	52
Average age	24,8
Nationalities	
Swedish	77
European	17
Non-European	9

Table 1. Descriptive data

As a researcher it is important to be critical towards your own sample, and to be aware of its limitations. In the case of our study, the sample of respondents should be considered as a narrow niche. It consists of a rather small sample with only 103 completed responses, were all respondents share similar characteristics with each other as all are students at the same university. It is not unlikely that the results presented in this study would differ if the same experiment were to be ran on a different sample, for instance mid-aged persons with a high income, or perhaps even if it were to be ran on another group of students but in another country with a different cultural context than Sweden.

Variables and measures

This study featured several dependent and independent variables. The dependent variables consisted of six different brand equity elements, which when combined create our construct of the Total brand equity. Our independent variables consisted of Emotions, Gender and CSR. Gender is by nature a categorical variable, and so is CSR in our study, as it is not measured per se but is

represented by which of the two groups that each respondent were assigned to. Therefore, when referring to CSR or NoCSR, we're referring to the different groups of the experiment.

Brand equity and Emotions were both measured on two occasions - before and after the manipulation (a corporate scandal) was introduced to the survey. A list of the items used to measure the brand equity elements as well as the scale and response anchors that were used is found below in table 2. Throughout the entirety of this paper, we will continuously refer to "Total brand equity". This is the average means of all the brand equity metrics combined, and divided with the amount of metrics, thus representing an average score of brand equity as a whole. This score is used as an overall representation of brand equity for all of the hypotheses, as well as a reference point for hypotheses 2 when comparing the individual metrics towards the Total brand equity.

Items and sources	Response anchors and source
Liking - I like this brand (Lau & Lee, 1999)	1 = strongly disagree, 7 = strongly agree
Price premium - I am willing to pay a higher price for X than i am for other brands (Netemeyer et al., 2004)	Vagias, W.M., (2006)
Purchase intention - The next time I buy this type of product, I intend to buy brand X (Netemeyer et al., 2004)	
Perceived quality - Products from this brand are of high quality (Netemeyer et al., 2004)	
Perceived value - There are reasons to buy this brand over competitors (Aaker, 1996)	
Trust - This brand is made by an organization that I trust (Aaker, 1996)	

Table 2. Brand equity items

The emotions included all derive from Bagozzi et al (1999). Although only negative emotions were included in the analysis, some positive emotions were included in the survey in order to not give any hint to our respondents about the purpose of the experiment. The six emotions that were included were Anger, Happiness, Disappointment, Disgust, Guilt and Pride. The respondents were not asked how they were experiencing these emotions in general, but instead to what extent they were experiencing these emotions when thinking about the fictive brand. It was measured on a 7-point likert scale with "Not at all" to "Very much" as the anchors for 1 and 7 respectively.

RESULTS

This study's purpose was to investigate in detail how brand equity is affected by a corporate scandal. Additionally, underlying elements such as emotions mediating effect, CSR activities- and genders moderating effect was included to understand the post-evaluation.

How will a corporate scandal affect the brand equity of the responsible brand?

The aim of the first research question was to find out if the scandal actually impacts the brand equity of the causing brand. Further it requests an investigation into how the individual brand equity metrics are impacted. This is done by examining hypothesis 1 and 2, which were:

H1: A corporate scandal will have a negative impact on the responsible brand's brand equity

H2: A corporate scandal will have...

a: a larger negative impact on liking

b: a larger negative impact on price premium

c: a smaller negative impact on purchase intention

d: a smaller negative impact on perceived quality

e: a larger negative impact on perceived value

f: a larger negative impact on trust

...than on the average negative impact on brand equity.

To test our first hypothesis and establish that the scandal actually had an impact on the causing brand's brand equity we conducted a paired sample t-test for the Total brand equity.

The Total brand equity scores (includes all individual brand equity elements divided by the amount of metrics) is presented in table 3. It shows the pre- and post-responses for both the CSR (pair 1) and NoCSR (pair 2) group. The difference in brand equity score is substantially lower post-scandal for both groups, with a decrease in average means for CSR by -2.353 and

NoCSR by -2.035. From the paired samples t-test we can also see that this decrease for both groups is significant. Thus, we have support for H1

In order to test H2, we had to look specifically at how each brand equity metric changed from the pre- to post evaluation of the brand. This is presented in table 4. Our results show that each and every metric changed differently, with all of them seeing a decrease in the post-evaluation when compared to their initial scores.

Brand equity metrics	CSR			No CSR		
	Pre	Post	Decrease	Pre	Post	Decrease
Liking	5,55	2,12	3,43	5,65	2,81	2,84
Price premium	4,98	2,33	2,65	5,15	2,81	2,34
Purchase intention	4,96	2,75	2,21	5,10	2,87	2,23
Perceived quality	4,96	4,02	0,94	5,50	4,73	0,77
Perceived value	5,31	3,08	2,23	5,10	3,60	1,50
Trust	4,43	1,78	2,65	4,50	1,98	2,52
Total average	5,03	2,68	2,35	5,17	3,13	2,04

Table 4. Average means Brand-Equity CSR and NoCSR

However, in order to be able to support or reject our hypotheses, these scores needs to be compared to the decrease in the Total brand equity score. To test this, we conducted another paired-samples t-test, comparing the difference between pre and post scandal evaluation in the individual metrics listed in H2 with the total brand equity score. This not only compares the differences between the individual metrics and the total score, but also tells us if this difference is significant or not. The results from this t-test is shown in table 5 and 6. Liking is the variable that decreased the most in both groups, with a decrease of 1,07 more than the Total brand equity for the CSR group, and 0,81 more than the Total brand equity for the NoCSR group. In the CSR group, only Liking and Perceived quality was found to change significantly more or less than the Total brand equity score, whereas all variables besides Purchase intention changed significantly

		Paired Samples Test							
		Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)	
				Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper				
Pair 1	(CSR) Total brand equity pre-scandal - (CSR) Total brand equity post-scandal	2,35294	1,38430	,19384	1,96360	2,74228	12,139	50	,000
Pair 2	(NoCSR) Total brand equity pre-scandal - (NoCSR) Total brand equity post-scandal	2,03526	1,30582	,18108	1,67171	2,39880	11,239	51	,000

Table 3. Paired sample statistics for total brand equity

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Liking - (CSR) Total brand equity	-1,07843	1,11223	,15574	-1,39125	-,76561	-6,924	50	,000
Pair 2	Price premium - (CSR) Total brand equity	-,29412	1,05598	,14787	-,59112	,00288	-1,989	50	,052
Pair 3	Purchase intention - (CSR) Total brand equity	,13725	1,02832	,14399	-,15197	,42648	,953	50	,345
Pair 4	Perceived quality - (CSR) Total brand equity	1,41176	1,51561	,21223	,98549	1,83804	6,652	50	,000
Pair 5	Perceived value - (CSR) Total brand equity	,11765	1,41276	,19783	-,27970	,51499	,595	50	,555
Pair 6	Trust - (CSR) Total brand equity	-,29412	1,13509	,15894	-,61337	,02513	-1,850	50	,070

Table 5. Paired sample t-test individual metrics CSR group

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Liking - (NoCSR) Total brand equity	-,81090	,87262	,12101	-1,05384	-,56796	-6,701	51	,000
Pair 2	Price premium - (NoCSR) Total brand equity	-,31090	,98021	,13593	-,58379	-,03800	-2,287	51	,026
Pair 3	Purchase intention - (NoCSR) Total brand equity	-,19551	1,13794	,15780	-,51232	,12129	-1,239	51	,221
Pair 4	Perceived quality - (NoCSR) Total brand equity	1,26603	1,29868	,18009	,90447	1,62758	7,030	51	,000
Pair 5	Perceived value - (NoCSR) Total brand equity	,53526	1,07979	,14974	,23464	,83587	3,575	51	,001
Pair 6	Trust - (NoCSR) Total brand equity	-,48397	1,26683	,17568	-,83666	-,13129	-2,755	51	,008

Table 6. Paired sample t-test individual metrics NoCSR group

different from the Total brand equity score for the NoCSR group. Perceived quality (which we could already read from table 4) changed the least for both groups. Based on the results presented in table 5 and 6, we find some of our sub-hypotheses to be supported while some are rejected. H2a and H2d are supported for both groups, while H2c and H2e are rejected in both cases. H2b and H2f are rejected for the CSR group as the differences were non-significant. However they were supported for the NoCSR group as both Trust and Price premium saw a significantly larger decrease than the Total brand equity.

Can the change in brand equity be explained by the consumer's emotions?

For our second research question, we had to add emotions into the equation in order to see how the change in our respondent's emotions affect the change in their brand equity evaluations. This is what H3a and H3b aim to test. These hypotheses were:

H3a: The negative emotions towards others (anger, disappointment, disgust) will have a negative mediating effect on the change in brand equity before and after a corporate scandal.

H3b: The negative emotions towards oneself (Guilt) will have a negative mediating effect on the change in brand equity before and after a corporate scandal

In order to test H3a and H3b, we ran several regression analyses in SPSS through a macro called MEMORE. MEMORE allows for analyzations of mediation or moderation in repeated with-in group measurements (Montoya & Hayes, 2017). Both the NegEmo construct and Guilt were ran simultaneously as parallel mediators. "X" in our mediation model represents the scandal which is the causing variable. Since our experiment measured brand equity and emotions on two occasions, it is the

difference between the pre- and post-evaluations that is our dependent variable (Y) and our mediating variables, which is represented by the indirect effect.

To start the analysis, we ran our model with the Total brand equity score as the dependent variable (Y). This was done in order to establish if a mediating effect exist at all, before venturing deeper into the individual metrics.

The Direct effect of X on Y - i.e. the scandal's impact on brand equity - for the CSR group was found not to be significant with a value of -0.538, $p=0.124$. The Indirect effect of X on Y for the CSR group had a significant total effect of -1.815, indicated by the Bootstrap confidence interval since the interval is not including 0 (Bootstrap Lower Limit Confidence Interval = -2.530 to Bootstrap Upper Limit Confidence Interval = -1.131). Thus complete mediation was indicated for the CSR group. For the NoCSR group the direct effect of X on Y was -0.486 and significant, $p=0.015$. The total indirect effect of X on Y for the NoCSR group was -1.549 and found to be significant with a Bootstrap CI of (LL= -2.040 to UL = -1.089). Thus partial mediation was indicated for the NoCSR group. For both groups only the negative emotion towards others construct "NegEmo" had a significant effect while Guilt was non-significant for both. The pairwise contrast was non-significant for CSR and significant for the NoCSR group.

Based on these results H3a is supported. H3b is rejected, as only NegEmo was found to have a significant indirect effect.

After investigating the mediation effects on the total brand equity scores we proceed by looking at individual metrics. These tests are identical to the test presented above, with NegEmo and Guilt ran as parallel mediators. What differs is the dependent variable, where individual metrics replace the Total brand equity score. The results of these tests, as well as the test with Total brand equity, are summarized in table 7.

To summarize, we found a returning pattern of NegEmo having a significant effect and support of mediation, while Guilt did not. The exceptions for this was Liking, where Guilt was significant for CSR whilst NegEmo were not, and Perceived quality, where there was no mediation for the CSR group at all. Lastly, Perceived value stood out due to the fact that none of the mediators

	CSR				
	Total effect	Direct effect	Indirect effect NegEmo	Indirect effect guilt	Total indirect effect
Significant = Bold					
Total Brand equity	-2,353	-0,538	-1,527	-0,289	-1,815
Liking	-3,431	-1,379	-1,305	-0,748	-2,053
Price premium	-2,647	-0,462	-1,639	-0,546	-2,185
Purchase intention	-2,216	-0,359	-1,408	-0,448	-1,857
Perceived quality	-0,941	-0,019	-1,032	-0,110	-0,923
Perceived value	-2,235	-0,803	-1,525	0,093	-1,432
Trust	-2,647	-0,204	-2,250	-0,193	-2,443

	NoCSR				
	Total effect	Direct effect	Indirect effect NegEmo	Indirect effect guilt	Total indirect effect
Significant = Bold					
Total Brand equity	-2,035	-0,486	-1,287	-0,262	-1,549
Liking	-2,846	-1,548	-1,123	-0,175	-1,298
Price premium	-2,346	-0,696	-1,504	-0,146	-1,650
Purchase intention	-2,231	-0,335	-1,862	-0,035	-1,896
Perceived quality	-0,769	0,379	-0,681	-0,468	-1,148
Perceived value	-1,500	0,045	-0,989	-0,557	-1,545
Trust	-2,519	-0,764	-1,561	-0,195	-1,756

Table 7. Emotions mediating effects on Brand equity metrics. CSR and NoCSR groups.

had any significant indirect effect for the CSR group, while both Guilt and NegEmo showed a significant mediation for the NoCSR group. This was the only variable where both Guilt and NegEmo were found to be significant in the same model.

Overall, NegEmo had a significant mediation on the majority of the variables, including the Total brand equity. H3a is supported in 11 out of 14 of our tests and rejected for Liking, Perceived quality and Perceived value in the CSR group. However, H3b was only supported in 2 out of 14 cases, Liking for the CSR group and Perceived value for the NoCSR group. For the remaining 12 cases, H3b is rejected.

Do CSR-activities prior to a scandal work as a shield against the damage it inflicts?

To gain further knowledge of what factors that affects the brand equity evaluation after a corporate scandal, our third research question investigates the role of CSR-activities. This is investigated in H4 and H5, which were as follows:

H4: A brand that works actively with CSR will see a larger overall decrease in Brand equity following a scandal, compared to a brand that doesn't work actively with CSR.

H5: A brand that works actively with CSR will retain a higher Brand equity score after being affected by a scandal, compared to a brand that doesn't work actively with CSR.

The values presented earlier in table 4 displays the pre- and post-evaluations for all of the brand equity metrics for both groups. For 5 out of the 6 metrics, the CSR group had a larger difference between pre and post evaluation. The CSR group also had a larger average decrease of 2.35 compared to the NoCSR group's 2.04. Without any significance levels however, this is not enough to support or reject neither H4 nor H5.

In order for us to test H4, we compared the decrease in pre- and post-evaluation between the groups with an independent samples t-test. H5 was tested in a similar way, although looking at the post-evaluation score rather than the difference between the two evaluations. The results of this t-test is presented in table 8 and 9, with the first pair "decrease in brand equity" representing H4 while the second pair "post-scandal brand equity" represents H5. While table 4 already showed that the CSR group both had a larger decrease and a lower post-evaluation score, table 8 and 9 shows us whether or not the differences between the two groups are significant or not. The difference in the decrease between the two evaluations was found to not be significant. However, the difference between the post-evaluation scores is significant, although in the opposite direction of what we hypothesized. The NoCSR group has a significantly higher post-evaluation score than the CSR group.

While we've now established that there are differences in how the two groups have rated the brand, it is still

unknown if these differences can be explained by the CSR activities, or if the differences are explained by something else - an unknown variable. To test if the differences are a result of the CSR, a regression analysis was conducted in MEMORE, looking for an indication of moderation. For this regression analysis, CSR was ran as a single moderator, with the Total brand equity scores as our Y variable. The overall model for CSR as a moderator was found to be insignificant, with a p-value of $p = 0.233$.

Based on the independent sample t-test, H5 is rejected. This t-test also rejects H4 and the rejection of H4 is further supported by not finding CSR to have any moderating effect in the regression analysis.

Do the consumer's emotional reactions and brand evaluations differ between the genders?

Our two final hypotheses which aimed to answer the last research question were the following:

H6: Gender has a moderating effect on negative emotional response towards a brand following a corporate scandal.

H7: Gender has a moderating effect on brand equity metrics, with females showing larger differences between pre- and post-scandal evaluations than males.

In order to test H6, two separate regression analyses were conducted looking for moderating effects, as the SPSS-macro MEMORE does not allow for running two dependent variables simultaneously. For this regression analysis, the emotions are the dependent (Y) variables. As we've done throughout this report Anger, Disgust and Disappointment were grouped as one variable (NegEmo),

Group Statistics

	CSRGroup	N	Mean	Std. Deviation	Std. Error Mean
Decrease in brand equity	NoCSR	52	-2,0354	1,30615	,18113
	CSR	51	-2,3529	1,38411	,19381
Post-scandal brand equity	NoCSR	52	3,1317	1,18005	,16364
	CSR	51	2,6800	1,10135	,15422

Table 8. Independent t-test CSR versus NoCSR
Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Decrease in brand equity	Equal variances assumed	,049	,826	1,198	101	,234	,31756	,26513	-,20838	,84350
	Equal variances not assumed			1,197	100,397	,234	,31756	,26528	-,20872	,84383
Post-scandal brand equity	Equal variances assumed	,081	,777	2,008	101	,047	,45173	,22501	,00536	,89810
	Equal variances not assumed			2,009	100,755	,047	,45173	,22486	,00565	,89781

Table 9. Independent t-test CSR versus NoCSR

representing negative emotions towards others, while Guilt represents negative emotions towards oneself. For NegEmo, the overall model was significant ($p = 0.019$). The conditional effects, which represents the change from pre- to post-evaluation, were significantly different from zero. Looking at the differences between the genders, we found the conditional effect of males to be 2.784 while female had a conditional effect of 3.725. Proceeding by testing the moderating effect of gender on negative emotions towards others (guilt), we once again found the overall model to be significant ($p = 0.000$). Conditional effects were once again significantly different from zero, with an effect for males on 1.549 and females 3.442.

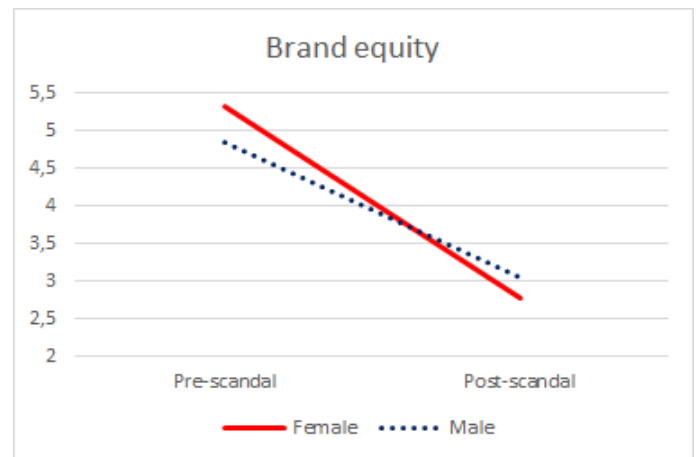
To conclude H6, gender was found to have a moderating effect for both negative emotions towards others as well as negative emotions towards oneself. H6 is therefore supported.

In order to test hypothesis 7, we conducted another regression analysis, this time with Total brand equity as the dependent variable. As was already found during the tests of H4 and H5, CSR-activities did not appear to have any moderating effect on its own. Due to this, both groups were ran simultaneously when trying gender as our single moderator, as we saw no need to split the groups and running two separate moderation tests. So, for our regression analysis, gender was ran as a single moderator, with Total brand equity as our dependent variable and as in the previous tests, the scandal is our cause variable, "X".

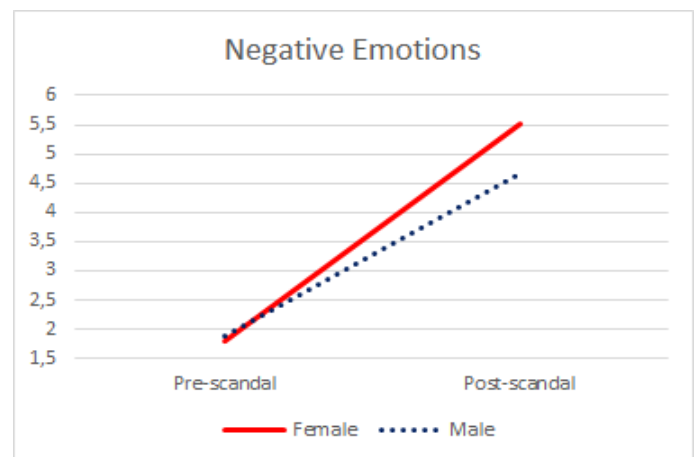
Running the test, our overall model was significant with a p-value of $p = 0.005$. Looking at the conditional effect of the scandal on brand equity through the moderator, the effects of both genders were significant, with males having an effect of -1.820 and females an effect of -2.557.

In conclusion, as the overall model was significant, we found support for gender acting as a moderator for brand equity metrics. Further, as clear differences in the effect were found between the genders, we have not only found support that gender has a moderating effect, but also support for that females reacted more to the scandal by showing greater differences between the pre- and post-evaluations of the brand. We thus consider hypothesis 7 supported. Graph 1 and graph 2 displays an overview of the gender differences for both the shift in negative

emotions as well as the shift in brand equity between pre- and post-scandal evaluations.



Graph 1. Gender differences Brand equity



Graph 2. Gender differences Negative emotions

DISCUSSION

How will a corporate scandal affect the brand equity of the responsible brand?

Looking back to the hypotheses development, we turn once again to the definition of the customer-based brand equity from Kotler & Keller (2016). This tells us that the brand equity is based on "...what the customers have seen, read, heard, learned, thought and felt about the brand over time" (Kotler & Keller, 2016, p. 324). As the brands were presented with only positive descriptions initially, we ensured an overall positive pre-scandal evaluation, only to alter the image by adding the scandal in the middle of the experiment. Our results from hypothesis 1 and 2 confirmed what earlier research had already established, that scandals do affect the brand equity of the causing brand. Interestingly the results from H2 found that all the measured brand equity metrics were affected negatively,

however not being affected to the same extent. The consumer evaluation of Perceived quality decreased the least and Liking the most. All this indicates that consumers perceive the brand equity metrics differently and that they are impacted differently by a corporate scandal. Judging by the way that the individual metrics were damaged, a pattern seem to emerge. The “softer” aspects of the brand such as its likeability and the level of trust that the consumers felt towards the brand were the aspects that decreased the most between the two evaluations. On the other side, Perceived quality and Perceived value which perhaps is more related to the product itself, something that is more tangible, saw the smallest decrease between the pre- and post-evaluations. This gives an indication of that the consumers are able to identify what part of the brand that the scandal is “connected” to. We believe that it is likely that if our scandal were to be replaced with a product-harm crisis with faulty and failing products such as the example used by Rea et al (2014), our results might have turned out the opposite way with Perceived quality and Perceived value seeing larger differences.

Can the change in brand equity be explained by the consumer’s emotions?

One of our initial reasons for including emotions was that we felt a scandal by itself would not be the explaining factor as to why your image of, attitude or intentions towards the brand in question would change, but rather that what the scandal trigger within you will be the underlying reason for this change. As Pham (2007) found emotions to act as a mediator between acting out of your own self-interest and complying with social and moral norms, we expected our measured emotions to act as a mediator between pre- and post-scandal evaluations of the brand. This was partially supported by our results.

The difference between guilt and the other negative emotions that were included were expected, and the thought process behind hypotheses 3a and 3b was mostly based on Antonetti & Maklan (2014) who distinguished guilt from for example anger. As they explain, guilt is an emotion which might develop over time as the consumer reflect upon their own role and participation to the problem at hand (Antonetti & Maklan, 2014). We do believe that guilt was reasonable to include in the study, as when we built up our backstory to the brand the respondents put themselves in a scenario of consuming the fictive brand over a longer period of time. However,

as the post-evaluation of the scandal happens immediately after it has been presented, we argue that guilt did not see as large of a decrease as the other negative emotions due to the fact that it does indeed develop more over time, whereas the other emotions might appear more rapidly. It is also worth considering that guilt might have had a stronger effect if the study were about a real brand that the respondents actually had consumed the products from in the past, as some might not relate to it as strongly in a fictive setting.

Considering this however, we remain unsure as to why guilt was the only significantly supported mediator for liking in the CSR group. This is a result which was unexpected, and something that we have not managed to break down as to why it happened. It might be that our dataset is that small so that our results differ from what they would if the study was to be conducted on a larger set of respondents, but we unfortunately do not have an answer to this.

Do CSR-activities prior to a scandal work as a shield against the damage it inflicts?

CSR was perhaps one of the more interesting concepts to include in our study from a theoretical perspective, as previous research on CSR and scandals had to some extent been a little bit contradicting as was presented in the hypotheses development. On one hand we had Lin et. al. (2011) and Roehm & Brady (2007) whose findings indicate that CSR will act as a shield in the event of a scandal due to its contribution to an initially higher brand equity. On the other hand we have the findings from Voliotis et al (2016), who found support for that a scandal within a field that the responsible organization is considered to be a front runner (e.g. environmental or social responsibility) can cause more damage than if the brand was not considered to be a front runner within the affected field. As we presented in our results, our CSR hypotheses H4 and H5 were both rejected. In our case, the brand for which we made no mention of CSR activities scored higher on a majority of brand equity metrics, and on top of this also saw a smaller decrease in the post-evaluation than did the brand for which we specified CSR-activities in which they engaged. This came as a surprise, as both the definition of customer-based brand equity in Kotler & Keller (2016) and the reasoning from Ellen Webb & Mohr (2006) indicate that working with CSR should contribute to a more positive

brand equity. On top of this, the CSR-differences were deemed as sufficient when testing out our manipulation prior to starting our experiment.

We believe that an underlying reason that could help explain these results is the fact that we did not explicitly state that the NoCSR brand did NOT engage in any CSR-activities - we simply left it unsaid which means that it was up to the respondents own interpretation whether the brand engaged in CSR or not. In an equal fashion, for our CSR brand, respondents might have interpreted it as that the listed activities are the only CSR-activities that the brand engage in, which might have left the respondents wanting for more. Needless to say, we do believe that we might have seen different results if we were to clearly present one of the brands as non-committed to CSR, and perhaps leaving detailed descriptions of activities out of the description for the CSR brand. One reason as to why our judges might have perceived the differences between the brands as distinct and scored higher on the CSR group, while our respondents did not, could be that our judges were presented with both brands, while our respondents only came in contact with one of them. This means that the judges were presented with the full scope of our experiment, while the actual respondents were limited to their respective part as was intended.

Do the consumer's emotional reactions and brand evaluations differ between the genders?

The gender variable turned out to be highly interesting. Our results indicated that there was a larger difference in both how strong the reaction to the scandal was and the mean difference in the pre and post evaluation than we initially thought. That women react harder to negative stimuli (the scandal) was no surprise, since it already had been found in earlier research (Bianchin & Angrilli, 2011; Brebner, 2003), that the difference were that large however was an eye-opener to us. That women value CSR activities had been found by researchers such as Lämsä et al (2008). We however, wanted to invert this in order to look at if women reacted harder to CSiR. The results speak for themselves and we found indications that they did value the brand lower than men after the scandal. We expected there to be differences in both how much they reacted emotionally and in their post evaluation, but it was interesting to see that the differences were actually that large.

When contemplating about the differences in the brand equity evaluations between the genders, it is important to remember the role of emotions. We believe that it is the combination of females being more sensitive to negative stimuli and their positive attitudes towards CSR that together explain the large differences between males and females brand equity evaluations shown in our results. As emotions were found to have a mediating effect on brand equity, gender a moderating effect on emotions as well as a clear distinction between the genders regarding their attitude towards CSR (Lämsä et al, 2008; Calabrese et al, 2016), we believe that all of these factors being present at the same time might have caused the gender differences to appear larger. If our study were to be done in a different manner, for instance a product-harm crisis that is unrelated to CSR and not as emotionally triggering as our scandal of choice, the difference between the genders would likely be smaller.

IMPLICATIONS, LIMITATIONS AND CONCLUDING REMARKS

Theoretical implications

We have provided a conceptual model which explains how gender moderates and emotions mediate the change in brand equity before and after a corporate scandal. Further we believe that this model might be extended and applied to other changes rather than just a scandal - in fact any action that alters consumers' emotions towards a brand should be suitable to run in this model.

We have strengthened the existing research by adding a new level of understanding of how individual metrics of brand equity is affected by a corporate scandal, focusing on the brand in question rather than its competitors and other brand extensions. Our study also further support existing findings within the field of gender, such as females placing a higher value on CSR than males as well as being more emotionally affected (e.g. Calabrese et al, 2016; Lämsä et al, 2008; Brebner, 2003). We also provide further support of previous findings regarding the role of emotions in the event of a corporate scandal (Antonetti & Maklan, 2016; Grappi et al, 2013; Guckian et al, 2018).

Managerial and practical implications

With this study we hope to contribute with a greater understanding of what happens with a brand if a scandal occurs. With this knowledge, managers would have better

support when making decisions regarding counteractive measures. Further, by being aware of what parts of the brand that takes the most damage, it becomes easier to understand the effects related to a scandal and therefore it could hopefully influence managers to take preventative actions.

Furthermore, the findings show how gender is an important variable to consider. When communicating about the brand and its products, managers should consider these gender-differences in order to push the right message towards the right receiver. One example would be to focus more on the CSR aspects when communicating with women and focus less on it when communicating with men. These are of course generalizations and won't necessarily apply for each and every man or woman, but in general this could be an important aspect to consider.

Limitations and future research

Some of the limitations with this study has already briefly been touched upon during the discussion. While the results are satisfying overall, it is important to note that the study was conducted on a rather small amount of respondents. Moreover, our results are not fit to be generalized for the entire population of Sweden, as all of the respondents were students at Gothenburg School of Business, Economics and Law. This means that factors such as higher income and older individuals in general has not been included and are therefore not represented in the results. While the results may not be generalized over an entire population, we do believe that similar results might be found if the study were to be replicated at another similar setting, e.g. a University in another western country which share characteristics with Sweden. Our initial suggestion for future research would be to reach out to a wider population, with more respondents that cover a more broad demographic spectra than we did. We also believe that it would be interesting to perform this experiment in another cultural context, were the views of the importance of CSR differs from the Swedish perspective. We further would like to point out mistakes that were made when designing our experiment so that these may be avoided in future research, mainly the description of the CSR versus NoCSR brands. The major mistake that we made was to not explicitly present one of the brands as non-engaging in CSR-activities. For future research or replications of our study, we would suggest to clearly state that one brand is seen as a frontrunner in

CSR without naming specific activities, and to present the NoCSR brand as being known for not taking part in any CSR-activities. By making a more clear distinction between the two groups, we believe that future research will be able to identify more clear differences between these groups.

Conclusions

Our study explores the damage that a corporate scandal can cause on a brand, and what underlying dimensions that contribute to the change in brand equity. The results indicate that the brand is negatively affected overall and on all measured brand equity metrics, however substantial differences in damage between the metrics were noticed. Liking and Trust saw the largest decrease, while the metrics which intend to reflect the brand competence such as Perceived quality saw a much smaller decrease. CSR surprisingly turned out to not have a moderating effect, and the CSR brand performed worse than the NoCSR brand overall, although this could potentially be explained by the layout of our experiment which was discussed earlier. This paper further supports previous research regarding gender differences for CSR and emotions, as we found gender to have a moderating effect on the increase in emotions, as well as finding substantial differences between male and female respondents for the brand equity metrics. While this was no measurement of CSR per se, it shows how the genders react differently to CSiR. Overall, our results contributes to a greater understanding of what happens to a brand when a scandal occurs. We hope that our small contribution will help managers and researchers alike in taking action towards preventing these type of scandals to happen all together, rather than trying to optimize ways of recovering from the aftermath of one.

Acknowledgments

Five years of university studies are now over and it has been an interesting and rewarding experience, with new adventures waiting around the corner. The last five months has been challenging but also a lot fun, much thanks to our supervisor Jonas Nilsson. We want to thank you for your patience and constructive dialog throughout this study. We also want to thank each other, the experience would not have been as pleasant if it wasn't for writing this thesis together. Lastly, we want to send an extra thanks to Edward Holgersson for providing us with Qualtrics survey program, which was crucial for our research design.

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Appendix



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Hi, and welcome!

First of all, we thank you for participating in our survey for our master thesis. The survey consists of 3 pages with questions and 2 additional pages with supporting text. It will take roughly 7 minutes to complete the survey. All gathered responses are anonymous, and the gathered responses will only be used for academic purposes.

Once again - thank you.

Best regards,
Henrik and Martin



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Age

Gender

Male

Female

Other

Nationality

Level of completed education

Elementary school

High school

0-3 years post-high school education (e.g bachelor)

3 years or above post-high school education (e.g masters)

Main occupation (more than 1 choice is allowed)

Student

Fulltime employed

Part time employed

Unemployed

Other

Monthly income (SEK)

0 - 20 000

20 001 - 30 000

30 001 - 50 000

50 001 and above

I do not wish to answer this question

Please give us some insight as to how interested and engaged you are in smartphones by answering the following statements.

	Strongly disagree						Strongly agree
	1	2	3	4	5	6	7
Smartphones is very important to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When you buy a smartphone, it is hard to make a bad choice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When you buy a smartphone, it is not a big deal if you make a mistake and buy the "wrong" one	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
You can really tell about a person by the smartphone he or she uses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can't say that I particularly like smartphones	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>





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We're now proceeding to the more interesting part of the survey.

On the next page you will be presented with a fictive brand. We invite you to imagine yourself in a world of fictive brands where no brands such as Apple or Amazon exists, and ask you to proceed during the survey with the brand description and storytelling in mind when answering the questions and statements. However, you are more than welcome to think of your favorite brand in this product category if it helps you when answering the questions throughout the survey.

The scenario we want you to imagine yourself is: You are about to buy a new smartphone. Today is not the day when you will do the actual purchase, but you're starting to look for and evaluate some options.





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Brand A is one of the worlds frontrunner when it comes to smartphones and they have consistently delivered good quality products throughout the years. They have an excellent reputation and a wide customer base all over the world. On top of this, they are also well known for their great cameras and clean interface. Entertaining marketing activities is also one of their signums, always engaging and interacting with the community in creative and fun ways.

Brand A is also known for their extensive corporate social responsibility work - they are active in the debate for climate change and human rights. One of their initiatives is a fund that they have created, where all the donations go undisputedly to poor families and orphaned children in Asian countries where most of their production lies.

You yourself have been using their smartphones, and it is the most popular brand amongst your family and friends. Although they are slightly more expensive than the options of their competitors, many seem to believe that it is worth it.

Now, based on this brief information about your previous associations and relationship to the brand - please rate the brand on the following statements:

Description CSR-brand



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Brand A is one of the worlds frontrunners when it comes to smartphones and they have consistently delivered good quality products throughout the years. They have an excellent reputation and a wide customer base all over the world. On top of this, they are also well known for their great cameras and clean interface. Entertaining marketing activities is also one of their signums, always engaging and interacting with the community in creative and fun ways.

You yourself have been using their smartphones, including the one you have right now, and it is the most popular brand amongst your family and friends. Although they are slightly more expensive than the options of their competitors, many seem to believe that it is worth it.

Now, based on this brief information about your previous associations and relationship to the brand - please rate the brand on the following questions:

Description NoCSR-brand

	Strongly disagree						Strongly agree
	1	2	3	4	5	6	7
I like this brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would be willing to pay a higher price for this brand over other brands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This brand is my first choice when it comes to smartphones	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The next time I buy a smartphone, I intend to buy brand A	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Products from this brand are of high quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This brand is distinct from other brands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There are reasons to buy this brand over competitors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have a clear image of the type of person who would use this brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This brand is made by an organization that I trust	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I know what this brand stands for	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

It is quite common that we as consumers experience feelings towards brands that we love or hate. Based on what you have been told about brand A, to what extent do you feel the following emotions when you think about the brand?

	Not at all 1	2	3	4	5	6	Very much 7
Anger	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Happiness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disgust	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disappointment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel guilty for buying their products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel proud for buying their products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>





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In the midst of overlaying your decision regarding your next smartphone purchase, you start browsing the news and your social media feeds, and find out about a shocking incident. A scandal has occurred in one of the factories belonging to Brand A. The following has happened:

Due to bad maintenance of the building, the roof of one of Brand A's factories in Bangladesh collapsed yesterday. The results of the collapsing roof were devastating, and as it happened during working hours, many casualties have followed. The local authorities are still trying to search for and rescue survivors, but so far it is looking grim. As of now, over 100 of the workers have been found with severe injuries, many of them life-threatening, and 51 of the workers have already been confirmed dead.

Despite Brand A's previous assurances that they are not having children working in their factories, this terrible tragedy turned out to prove quite the opposite. A majority of both the injured and the dead are in fact children, aged between 9 and 15 years old. The news have been filled with coverage from the site, including some graphic images from the aftermath of the collapse which can be seen below. This is a major scandal, and there is no denying of Brand A's culpability and responsibility. According to the local news reporters, the factory managers had been informed about large cracks in the concrete roof by one of the janitors. The warnings were ignored and not passed on to their workers. The workers were asked to keep on working as normal - not knowing that for many of them, it would be their last day.

The consequences of screwing up
Dahlberg & Trosell, 2019





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The news about the scandal has spread fast and violently, and there is no denying the fact that brand A is to be held responsible for what has happened.

With the added knowledge about the scandal, please rate the brand and your emotions on the following areas once more:

Attitude and intentions towards the brand:

	Strongly disagree						Strongly agree
	1	2	3	4	5	6	7
I like this brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would be willing to pay a higher price for this brand over other brands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This brand is my first choice when it comes to smartphones	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The next time I buy a smartphone, I intend to buy brand A	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Products from this brand are of high quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This brand is distinct from other brands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There are reasons to buy this brand over competitors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have a clear image of the type of person who would use this brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This brand is made by an organization that I trust	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I know what this brand stands for	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

To what extent do you feel the following emotions when you think about the brand?

	Not at all 1	2	3	4	5	6	Very much 7
Anger	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Happiness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disgust	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disappointment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel guilty for buying their products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel proud for buying their products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

After hearing about this scandal, how likely would you be to re-purchase brand A?

	Not likely at all 1	2	3	4	5	6	Very likely 7
Likelihood for re- purchase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>





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We thank you for your time spent taking this survey.
Your response has been recorded.