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# Brand misconduct: Consequences on consumer-brand relationships

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#### ABSTRACT

This paper investigates the effects of brand misconduct on a consumer-brand relationship. Brand misconduct describes a brand's behavior that disappoints consumers' expectations of the brand, for example the alleged use of child labor in soccer ball factories contracted by *Adidas*, *Nike* and *Puma*. Based on relationship and congruency theory, this paper develops a model to explain consumer-brand relationship and its impact on consumers' repurchase intentions. According to this model, functional congruence, actual and ideal self-congruence, partner quality and brand relationship quality represent factors determining repurchase intention. An empirical investigation with regard to jeans brands serves to test the postulated relationships in two distinct situations: before and after brand misconduct. On the one hand, the findings provide a deep insight into the consequences of brand misconduct. On the other hand, the results enable practitioners to develop sustainable brand strategies and create lasting brand preferences.

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#### 1. Introduction

Recent research on the relationship between a company and its customers emphasizes the role of the relationship between the brand and the individual (Aaker, 1996; Aaker et al., 2004; Blackston, 2000). In her seminal work Fournier (1994, 1998) states that such relationships are highly vibrant entities that can emerge in various forms. Long lasting relationships can yield concrete benefits for the relationship partners, in particular financial gain for the firm in question (e.g., Reichheld et al., 2000).

Yet, thinking for example of Shell's plan to scuttle the Brent Spar oil platform or Google's censorship of search engine results in China, companies and their brands do not always behave according to consumers' expectations. Klein et al. (2004) refer to a company's perceived misbehavior as an egregious act. Focusing on consumerbrand relationships this study takes an interest in companies as brand owners and thus uses the term brand misconduct.

Brand misconduct relates to actions of a brand owner that seriously disappoint consumers' expectations of the brand resulting in a strong public impact and often results in negative consumer responses to the brand (Huber et al., 2009). Actions constituting brand misconduct can be product and service-related defects as well as socially or ethically

debatable actions (Huber et al., 2009). Hence, brand misconduct goes beyond product-harm crises that only cover product attribute defects (Dawar and Pillutla, 2000). Aside from a brand boycott (Klein et al., 2004), negative consequences of brand misconduct can arise for a brand's image and reputation (Davies et al., 2003; Klein et al., 2004), for customer-based brand equity (Dawar and Pillutla, 2000) and for marketing effectiveness (Van Heerde et al., 2007). At least, negative word-of-mouth occurs in most cases of brand misconduct (Smith and Cooper-Martin, 1997). The negative effects of brand misconduct depend on consumer characteristics such as cultural values (Laufer and Coombs, 2006), commitment (Ahluwalia et al., 2000), ethical ideologies, consumer idealism, relativism (Schmalz, 2008) and expectations (Dawar and Pillutla, 2000). In addition, the perceived gravity of the misbehavior (aka, egregiousness) influences the intensity of negative responses (Klein et al., 2004).

However, until now no satisfactory knowledge exists about the effect of brand misconduct on a consumer–brand relationship. In addition, the question remains if such misconduct has a direct effect on the repurchase intentions of consumers. Furthermore, no research has investigated the moderating influence of the duration and strength of the consumer–brand relationship on the consequences of brand misconduct. Only one study conducted by Aaker et al. (2004) taps somewhat into this field of research. By analyzing the evolution of consumer–brand relationships, the authors show the relevance of interrupting events for the relationships. This finding demonstrates the need for a deeper understanding of the consequences of brand misconduct.

Thus, this article primarily seeks to explore the effects of brand misconduct on consumers' repurchase intentions with the brand in question. Therefore, this paper first conducts a review of the existing literature in order to develop a comprehensive conceptual framework of

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antecedents and consequences of the consumer–brand relationship. Based on the theoretical background a postulation of hypotheses regarding the effects of brand misconduct and moderating influences takes place. The article then proceeds with the presentation of the research design including the hypothetical brand misconduct and the operationalization of the constructs. Next, a discussion of the findings follows. In addition, the results of the empirical study serve to derive managerial implications. Finally, the article points out limitations of the study and offers directions for further research.

#### 2. Conceptual framework and hypotheses

#### 2.1. Effect and antecedents of brand relationship quality

Academics in the field of marketing argue that consumers establish and maintain relationships with brands. A brand can also represent a potential relationship partner (Blackston, 1992; Fournier, 1994; Fournier, 1998). The literature on interpersonal relationships identifies three major constituents of a relationship; both partners' personalities and the interaction between the individuals (Baldwin, 1992). Fournier (1994) develops the term brand relationship quality in order to evaluate the strength and quality of a consumer-brand relationship. Brand relationship quality represents an alternative to the concept of brand loyalty, which has been the most frequently used indicator to date with regard to the measurement of the strength of a consumer-brand relationship. In contrast to brand loyalty, brand relationship quality encompasses a broader spectrum of factors which contribute to the stability of a consumer-brand relationship and account for the decisive components of the relationship in a more profound way (Fournier, 1998). A positive brand relationship leads to a strong emotional attachment of the consumer to the brand and results in a higher intention to repurchase the brand in order to maintain and nurture the good relationship (Fournier, 1998).

## **H1.** The higher the brand relationship quality, the higher is the repurchase intention.

When modeling the antecedents of relationship quality, the quality and intensity of interactions is of high relevance (Baldwin, 1992). Thus, if the brand and the consumer interact regularly, and these interactions are of a constant and good quality, the brand relationship quality should increase. Aaker et al. (2004) call the quality of interactions partner quality. Partner quality evolves in a dynamic process and refers to the general perceptions of the quality of the relationship partner's behavior (Aaker et al., 2004). Partner quality results from the perceived reliability (Boon and Holmes, 1999), trustworthiness (Holmes and Rempel, 1989) and supportiveness of the partner (Moorman et al., 1993). Regarding the relationship of partner quality and brand relationship quality, Aaker et al. (2004) demonstrate that partner quality is a most significant predictor of brand relationship quality.

**H2.** The higher the partner quality between a consumer and a brand, the higher is the brand relationship quality.

The similarity of the partners in a relationship can improve the quality of a relationship (Aron and Aron, 1996; Aron et al., 2000; Taylor et al., 2000). Self-congruence theory analyzes this similarity and differentiates between actual and ideal self-congruence (Sirgy, 1982; Sirgy, 1986). In general, the term self-congruence describes the congruence between a consumer's self-concept and a brand's personality (Sirgy, 1986). According to Aaker (1997), a brand's personality derives from the human characteristics attributed to a brand. A person's self-concept refers to the "totality of the individual's thoughts and feelings having reference to himself as an object" (Rosenberg, 1979, p. 7). Rosenberg (1979) distinguishes between

actual and ideal self-concept. The actual self-concept of an individual rests upon his realistic perception of himself, whereas the ideal self-concept relates to the idea of how he would like to be. Thus, self-congruence as well can be either actual or ideal (Sirgy, 1982; Sirgy, 1986).

Self-congruence theory claims that brands serve different needs according to their congruence to the consumer's actual or ideal self-concept (e.g., Sirgy, 1982). A brand's personality that is congruent to the consumer's actual self-concept satisfies the consumer's wish for self-confirmation. Thus, with similar brands individuals try to sustain and demonstrate their actual idea of themselves (Festinger, 1957; Lecky, 1945; Rosenberg, 1979). In contrast, a brand that resembles a consumer's ideal self-concept offers the possibility for self-extension. By using such a brand the consumer comes closer to his ideal self-concept (Sirgy, 1982). As in both situations the brand meets consumers' needs, actual and ideal self-congruence enhance the brand relationship quality (Kassarjian and Sheffet, 1991).

- **H3.** The higher the actual self-congruence of an individual in respect of a brand, the higher is the brand relationship quality.
- **H4.** The higher the ideal self-congruence of an individual in respect of a brand, the higher is the brand relationship quality.

Self-congruency theory introduces a third congruence construct, functional congruence. Functional congruence describes the perceived suitability of a brand to fulfill functional, basic product-related needs (Sirgy et al., 1991). Deliberations of Sirgy and Su (2000) suggest that self-congruence distorts the perception of functional congruence. According to Markus and Sentis (1982), individuals tend to process self-referred information first, because they view self-referred information as more relevant to themselves (self-relevant). Thus, consumers evaluate brand functionality only after taking into account self-relevant information such as the brands' image or personality. Consequently, a high self-congruence leads to the perception of a high functional congruence (Sirgy, 1986).

- **H5.** The higher the actual self-congruence of an individual in respect of a brand, the higher is the functional congruence.
- **H6.** The higher the ideal self-congruence of an individual in respect of a brand, the higher is the functional congruence.

Finally, brand relationships evolve only when the brand satisfies functional aspects sufficiently. According to Fournier (1998, p. 365), the product's functional performance also has an interactive dimension: "All strong brand relationships were rooted in beliefs about superior product performance". Hence, functional congruence also affects the quality of the consumer–brand relationship.

**H7.** The higher the functional congruence of an individual in respect of a brand, the higher is the brand relationship quality.

Fig. 1 shows an overview of the proposed consumer–brand relationship model.

#### 2.2. Consequences of brand misconduct

Brand misconduct can damage brand image and reputation (Davies et al., 2003; Klein et al., 2004). Aaker et al. (2004) postulate that brand misconduct can also have substantial consequences for the consumer–brand relationship. Negative consequences occur not only for the consumer–brand relationship quality but also for its antecedents and repurchase intention. Furthermore, Aaker et al. (2004) state that the extent of the effects of a misconduct depends on the relationship context. According to the literature, the length and strength of the consumer–brand relationship are important context

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