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The Effect of Negative Events and Firm Responses on Brand Associations, Organizational Associations, and Brand Evaluations.

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THE EFFECT OF NEGATIVE EVENTS AND FIRM RESPONSES ON BRAND ASSOCIATIONS, ORGANIZATIONAL ASSOCIATIONS, AND BRAND EVALUATIONS

A Dissertation

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ABSTRACT

This dissertation examines the impact of negative events and firm responses to such events on an associative network of brand knowledge; kev consumer brand and organizational associations, risk perceptions, and brand response variables. To accomplish this objective the issue of how negative event information is integrated with an existing brand/organizational image was assessed within the framework of a consumer-brand relationship. Two between-subjects experiments were conducted using adult consumers as subjects. In Study One, negative events were found to affect associations linked to the brand and limit the brand's ability to fulfill the consumer-brand relationship. Two types of events were identified, product-related events and organization-related events. Product-related events involve specific product attributes and call into question the ability of the brand to meet functional needs. Organization-related events do not involve product attributes, but rather are values-oriented events that might involve social or ethical issues. Product-related events were found to primarily impact associations (i.e., quality, corporate ability) linked to functional benefits and functional risk. Organization-related events were found to affect associations (i.e., corporate social responsibility, brand sincerity) linked more closely to symbolic and experiential benefits and social and psychological risk. While both types of events impacted brand response variables, a product-related event had a greater impact on important brand response variables. Study Two examined the effectiveness of three firm responses in restoring damaged associations and brand response. These image restoration strategies were assessed from the consumer's perspective utilizing cognitive response, source credibility, and

attribution theories. A denial strategy was found to be least effective due to source derogation and counterarguments of the firm being motivated by self-interest. A reduction of offensiveness strategy was found to be effective only for an organization-related event. A corrective action strategy was found to be the most effective response given a product-related event due to handling functional risk concerns associated with a product-related event. In general the results are consistent with the conceptualization of brand knowledge as an associative network of information and the predictions drawn from theory. The dissertation concludes by providing the key theoretical and managerial implications of the dissertation.

CHAPTER 1: INTRODUCTION AND DISSERTATION OVERVIEW

Cognitive associations that consumers hold of brands and the organizations they represent are key components of the value consumers place on brands in the marketplace (Aaker 1996; Keller 1993). When these associations are positive, they may serve as a source of a relational-based market asset that creates a competitive advantage (Kerin and Sethuraman 1998; Hunt and Morgan 1995; Srivastava, Shervani, and Fahey 1998). These associations, however, remain susceptible to certain types of "negative events". Well-known examples of such events include the following: the Exxon Valdez runs into the Alaskan shoreline with an intoxicated captain at the helm causing extensive environmental damage; Texaco executives are caught on tape making racially insensitive comments creating a backlash of criticism and inquiry into hiring and promotion policies; Mitsubishi plant employees are forced to seek outside help with problems related to sexual harassment after company options provide no solution; and Tylenol brand analgesic faces a catastrophic event when someone injects poison into containers of Tylenol capsules producing widespread panic.

As the preceding examples suggest, vulnerability to negative events cuts across all types of firms and the brands they market. There is little research, however, in the area of how consumers perceive and react to such negative events. The extant literature is limited to conceptual writings and case studies in which suggestions for avoiding or mitigating the effects of these disasters are given (e.g., Aaker 1991, pg. 179). Accordingly, the purpose of this dissertation is to examine the effect of negative events and firm reactions to such events on key consumer brand

associations, organizational associations, related risk perceptions and brand response variables.

To accomplish this objective, this dissertation first offers a conceptual framework in which negative event associations might be assessed. Of specific concern is how the information about the event and the issues surrounding the event are integrated with existing brand attitudes in forming evaluative judgments. Integration theory (Anderson 1971), which specifically allows the modeling of pre-event brand beliefs into the evaluation process, is utilized to examine the impact of negative event associations. Furthermore, given the recent emphasis on relationship marketing (e.g., Dwyer, Schurr, and Oh 1987; Sheth and Parvatiyar 1995) and the humanizing treatment of brands (Aaker 1997; Aaker 1996), the question of how consumers integrate negative event associations into an overall brand evaluation is examined in the context of a consumer-brand relationship (Blackston 1993; Fournier 1998). Finally, drawing from cognitive response, attribution, and source credibility theories three different firm reactions are assessed for effectiveness in changing consumer attitudes once they are affected by a negative event.

The remainder of the dissertation will proceed as follows. In Chapter 2, a discussion of the conceptual framework for the proposed studies is presented. Within this section, the relevance of the consumer-brand relationship and key brand and organizational associations, risk perceptions, and brand response variables are discussed. Next, a discussion of how negative event associations and pre-event brand and organizational attitudes are integrated to influence brand-related associations and behavioral intentions is offered. Then, a discussion of three types of

firm reactions and their impact on brand and organizational associations, risk perceptions, and response variables is given. Hypotheses based on the conceptual framework are advanced and two experiments testing the hypotheses are proposed. In Chapter 3, pretests and pilot studies that were conducted are described. The pretests were conducted to determine appropriate manipulations and measures for the main dissertation studies. The purpose of the pilot studies is twofold. First, the pilot studies were conducted to provide a preliminary assessment of manipulations, measures, and theoretical predictions. Second, the pilot studies were conducted to determine if real or fictitious brands should be used on the main dissertation studies. Based on the pretest and pilot study results, two main studies were conducted. The results of these studies are reported in Chapter 4. Finally, in Chapter 5, a discussion of the contribution of the dissertation is provided.

CHAPTER 2: CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

Consumer-Brand Relationships

Recently there has been an increased emphasis on consumer relationship marketing (Sheth and Parvatiyar 1995). Given that brand loyalty is seen as a relational phenomenon (Jacoby and Kyner 1973) this attention on consumer relationship marketing has led to the introduction of a consumer-brand relationship (e.g., Blackston 1993; Fournier 1998). Consumers are posited to form brand images that are not only functional, but also symbolic or experiential in nature (Park, Jaworski and MacInnis 1986). Moreover, brands are conceptualized as having human personas or personalities (Aaker 1997) and have been viewed as extensions of one's self (Belk 1988; Kleine, Kleine, and Kernan 1993; Malhorta 1981, 1988). Consideration of brand images as consisting of functional, symbolic, experiential, and personality dimensions serves to legitimize the brand as an active relationship partner (Fournier 1998).

The brand is seen as a purposeful partner in that it communicates and meets broad psychological and sociological needs of the consumer (Bagozzi 1995). Brands may fulfill these needs by delivering functional, experiential or emotional, and symbolic or self-expressive benefits (Aaker 1996; Park et al. 1986). Brands may meet functional needs based on product attributes that provide functional utility to the consumer in solving consumption problems. Brands also serve to meet experiential or emotional needs by providing consumers with positive feelings, sensory pleasure, or cognitive stimulation. Brands may also provide symbolic or

self-expressive benefits that allow a consumer to communicate their self-image or express their self-concept (Belk 1988; Sirgy 1982, 1985,1997).

The consumer-brand relationship is based on the ability of the brand to consistently deliver on these needs. By doing so the consumer is able to rely upon brand choice to solve consumption problems and to reinforce their self-concept. A complete consumer-brand relationship is described as multiplex in nature, ranging across several dimensions, providing a range of possible benefits (Fournier 1988). In fact, it is suggested that effective brands must move beyond communicating basic product attributes towards a brand identity that includes organizational associations and a unique brand personality, to create a strong relationship with its customers (Aaker 1996).

The developmental process of the consumer-brand relationship is proposed to be a two-way process involving continuous and substantial interaction between the consumer, the brand, and its communication effort (Duncan and Moriarity 1998; Fournier 1998; Schumann, Dyer, and Petkus 1996). The consumer may obtain information about the brand, both positive and negative, in two general ways. First, the consumer may directly obtain information through purchase and consumption experience with the brand. In addition, information may be obtained in an indirect manner through the firm's own communication effort or other information sources such as the news media, trade associations, or independent evaluators of products (i.e., Consumer Reports). Utilizing this information and considering their own needs, consumers must determine the nature of their relationship with the brand.

Consumers are posited to engage in relational exchange, the purposeful reduction of choices and continued brand loyalty, for three general psychological reasons (Baggozi 1995; Sheth and Parvatiyar 1995). First, consumers may engage in relational exchange to achieve greater efficiency in information processing and decision-making. Due to limited capacities of information processing, consumers use a variety of heuristics, including brand names, to manage information overload and simplify their decision-making process (Bettman 1979). Studies have repeatedly shown that brand name is selected more frequently than any other intrinsic or extrinsic cue as an indicator of quality (Dodds and Monroe 1985; Jacoby, Olson, and Haddock 1971; Jacoby, Sybillo and Busato-Schach 1977; Rao and Monroe 1987). Thus, by reducing their choice set and reliance on a few or a single brand(s) in a product category consumers may effectively simplify information processing and the decision making process.

A second related reason that consumers may enter relational exchange is to reduce perceived risks associated with making purchase decisions. Perceived risk is a function of the uncertainty and adverse consequences of buying a product (Cox 1967). Jacoby and Kaplan (1972) proposed five types of perceived risk, financial, performance, physical, psychological and social risk. Financial risk is the risk that the outcome will harm the consumer financially by paying more for the product than necessary. Performance risk, also termed functional risk, is associated with risk that the product will not perform as expected. Physical risk is the risk of physical harm from the product. Psychological risk relates to the risk that the product will lower the consumers' self-image. Social risk arises from the risk that friends or

acquaintances might be critical of a purchase. While all five types of risk are important in consumer decision-making, it is proposed that functional, social, and psychological risks are most relevant to the consumer-brand relationship.

By limiting choices to brands that have communicated or proven through experience to provide the consumer with desired functional, emotional, or self-expressive benefits, brand loyalty or a brand relationship is one way to reduce risk (Bauer 1967; Howard and Sheth 1969; Locander and Hermann 1979). Well-known brands may serve as a signal of reliability in achieving sought benefits. This may occur through the value added to the brand name through advertising and increased awareness. Higher levels of perceived advertising effort have been demonstrated to positively affect quality associations, thus assuring desired functionality and reducing risk associated with poor performance (Kirmani and Wright 1989). Moreover, empirical results demonstrate that consumers' select national brands over store brands as a mechanism of reducing functional risk in high-risk product categories (Sethuraman and Cole 1997).

In addition to enhancing the certainty that a well known brand will meet functional goals, brands also may provide more certainty in achieving other psychosocial goals related to the consumer's self-concept and social risk (Cox 1967). The consumer's self-concept is considered the totality of the individuals thoughts and feelings in reference to themselves (Bem 1972). Two general motivations are related to the self-concept, self-esteem and self-consistency (Sirgy 1982, 1985). The self-esteem motive creates a tendency for the consumer to seek experiences that enhance the self-concept and avoid social risk. Brand images are

posited to activate self-schemas involving related images where consumers are motivated to purchase (avoid) positively (negatively) valued products to maintain a positive self-image (Sirgy 1982, 1985).

The third reason consumers engage in relational exchange is to maintain cognitive consistency among their beliefs, feelings and behavior (Sheth and Parvatiyar 1995). Again, this desire is related to the self-concept, the self-consistency motive, and psychological risk. Self-consistency motivates consumers to behave consistently with their own view of themselves. By purchasing (avoiding) a brand with an image congruent (incongruent) with their own self-image beliefs the consumer maintains cognitive consistency between behavior and self-image and avoids dissonance and the psychological risk associated with behavior/self-concept discrepancy (Sirgy 1982, 1985).

In sum, entering into and maintaining a relationship with the brand is the net effect of the motivational state arising from the brand's likelihood in meeting functional, self-esteem and self-consistency needs. Communicated brand and organizational associations form an overall brand identity by which consumers may assess relationship feasibility and quality (Aaker 1996; Fournier 1998). As positive associations, the brand identity enhances the predictability of the consumer-brand relationship, creates a felt positive orientation of the brand towards the consumer, and provides assurance that the brand will act as a relationship partner in a manner that is consistent with the consumer's self-concept. This brand identity, derived from product specific attributes, benefits, uses, and user imagery, is formed of cognitive and affective associations linked to the brand in memory. This information

may be linked directly to the brand or may arise from associations linked to the organization making the brand. While consumers may utilize both brand and organizational associations in defining their relationship with the brand, these two types of associations will likely remain separate in consumer's minds (Brown and Dacin 1997). As discussed in the following section, organizational or corporate associations deal broadly with the company or organization while brand associations deal with the specific brand or product (Aaker 1996; Keller 1993).

Brand Associations

Brand associations are an "associative network" of information held in memory linked to a brand that contains meaning of the brand for consumers (Aaker 1996; Keller 1993). "Primary" or "core" brand associations include perceived quality, perceived value, uniqueness of brand associations, and overall satisfaction/liking (Aaker 1996; Keller 1993). Important "secondary" associations are the brand's personality and organizational associations (Aaker 1996; Keller 1993). While primary or core associations are more closely linked to important brand response variables, secondary associations may also lead to brand purchase consideration, the willingness to pay a price premium, purchase intention, and purchase behavior. The different type of brand associations may arise from three general areas: (1) specific brand attributes, (2) brand benefits, and (3) overall brand attitudes (Keller 1993). These general areas may be seen as involving related concepts of varying levels of abstraction.

Specific brand attributes may be seen as evolving from either product related or non-product related attributes (Park and Srinivasan 1994). Product-related brand

attributes refer to the specific attributes or ingredients necessary for the brand to serve its intended function. Non-product-related brand attributes are external to the product and include price, the appearance of the brand (i.e., packaging), user imagery, and usage imagery. Brand benefits are closely related to attributes and represent the personal value consumers attach to the brand's attributes. As previously stated, this value may be seen as providing functional, experiential, or symbolic benefit (Park et al., 1986). Overall brand attitudes such as satisfaction/liking of the brand are a function of the salience and importance of the associated attributes and benefits of the brand. Specific brand associations of perceived quality and value are related to both product and non-product related attributes (Zeithaml 1988).

Perceived quality is commonly viewed as the consumer's judgment of the overall excellence or superiority of a brand relative to alternative brands. As such, perceived quality is similar to an attitude in that it is a higher level abstraction of both product and non-product related attributes forming a global affective assessment of the brand's performance (Aaker 1991; Dyson et al 1996; Keller 1993; Kirmani and Zeithaml 1993; Zeithaml 1988). Perceived quality is considered a primary or core brand association because it is recognized as a significant influence on key brand response variables, namely, the willingness to pay a price premium, brand purchase intention and buying behavior (Aaker 1996; Keller 1993; Sethuraman and Cole 1997).

Perceived value, like perceived quality, also is posited to be a higher-level abstraction. Perceived value reflects the consumer's overall assessment of the brand

based on perceptions of what is received and what is given. Inherently, value perceptions involve a tradeoff of give (i.e., time, money and effort) and get (i.e., functional, symbolic, and experiential benefits) components. Quality perceptions are factored into the valuation process along with an acceptable give component, including price (Olshavasky 1985). In addition, other high level abstractions related to symbolic and experiential benefits are included (Zeithaml 1988). Consideration of perceived value as consisting of both a desired get (i.e., functional, symbolic, and experiential benefits) and acceptable give (i.e., acceptable time, effort, and price) component explains the relationship between quality perceptions and perceived value. These give and get components are also predictive of the inclusion of the brand in an evoked choice set, the willingness to pay a price premium, purchase intention, and buying behavior (Dodds, Monroe, and Grewal 1991; Kirmani and Zeithaml 1993; Zeithaml 1988). As such, perceived value is considered to be a "core' or "primary" brand association.

Brand personality is a "secondary" association directly linked to the brand. Symbolic benefits (social approval, personal expression, and outward directed self-esteem)and experiential benefits (meeting internally generated sensory or cognitive needs), along with user and usage images serve to create a brand personality (Keller 1993; Aaker 1997). Recognition of a human-like personality also serves to legitimize the brand as a relationship partner (Fournier 1998). The construct of brand personality refers to the set of human characteristics associated with the brand and research indicates as many as five brand personality dimensions (Aaker 1997). These include dimensions of sincerity, competence, excitement, sophistication, and

ruggedness (Aaker 1997). Of these, the dimensions of sincerity and competence should directly relate to the issue of a negative event and the consumer-brand relationship. Brand sincerity taps the extent that a brand is perceived as honest and trustworthy. Brand competence taps the brand's responsibility, dependability, and intelligence (Aaker 1997). As such, brand sincerity and brand competence are key components in the perceived quality of the consumer-brand relationship, namely the perception of the brand's overall reliability, trustworthiness, and accountability (Fournier 1998). Although considered a secondary association, brand personality should be important in meeting internally generated experiential or emotional needs as well as outwardly directed self-expressive needs. Thus, a positively viewed brand personality should affect the extent that a brand is included in the evoked consideration set, perhaps to the exclusion of alternative brands.

In addition to the overall favorableness and strength of the previously discussed brand associations, the uniqueness of these associations may be an important strategic advantage. Uniqueness of brand associations is the degree to which consumers feel the brand is different from competing brands (Keller 1993). Uniqueness of brand associations may arise from specific product attributes or from less concrete sources such as a transfer of individual associations of celebrity endorsers to the personality of the brand (Kalra and Goodstein 1998). Uniqueness of associations may also be linked to activities, such as cause-related marketing, that create organizational associations (Drumwright 1996; Varadarajan and Menon 1998). Once created, uniqueness of brand associations give the consumer a reason to consider and buy a particular brand and may imply superiority over competing

brands (Aaker 1982; Keller 1993). As a result, uniqueness has been demonstrated to enhance the attractiveness of the differentiated brand (Carpenter, Glazer, and Nakamoto 1994; Dhar and Sherman 1996) as well as key to achieving a higher price relative to other brands (Kalra and Goodstein 1998). Unique associations also may limit "interference" effects of competing brands in consumer memory by providing easier retrieval of brand associations for consideration as part of an evoked set (Keller 1987; Burke and Srull 1988).

An overall attitude of overall satisfaction/liking towards the brand may be seen as a "summary construct" derived from the salient brand benefits and related brand associations of perceived quality, perceived value, relevant brand personality dimensions, and brand uniqueness. The formation of the overall attitude of liking may be represented by an expectancy-value model (Fishbein and Ajzen 1975; Keller 1993) in which attitudes are a function of beliefs about the brand (i.e., the extent to which consumers think the brand has certain attributes, benefits, and associations) and an evaluative judgment of those beliefs (i.e., how good or bad it is that the brand has those attributes, benefits, and associations). Consumers with a strong, favorable overall brand attitude (affect) should be more likely to include the brand in an evoked set of considered choices (Isen 1993) and more willing to pay a premium price for the brand (Star and Rubinson 1978).

Organizational Associations

Organizational associations are viewed as all of the information that a person holds about a company in forming an overall evaluation of the organization that markets the brand. Organizational associations include the organization's

trustworthiness, concern for customers and overall regard (Aaker 1996) as well as corporate ability and corporate social responsibility (Brown and Dacin 1997). These dimensions of organizational associations may be seen as dimensions of the often-studied concept of organizational credibility.

Organizational credibility is conceptualized in the literature as a three-dimensional construct of two elements, a primarily cognitive basis and a primarily affective basis (Giffen 1967; Kelley and Thibaut 1954; Simons, Moyer and Berkowitz 1970). The "cognitive" basis contains the two dimensions of trustworthiness and competence, and the "affective" dimension of liking. Recent study has confirmed that these three dimensions are enduring in the general credibility literature (Haley 1996; Ohanian 1990).

While this study is not concerned directly with how organizational associations or credibility might be created, it is useful to consider this process to better understand the manner in which they may be damaged. The general attributes of organizational image and prior performance have been found to be important aspects of organizational trustworthiness and competence (Haley 1996; Winters 1986). In addition, a highly recognizable brand/organization, a reputation for offering quality product/service, a history of treating employees well, and taking pro-social stands on relevant issues were all found to enhance all three dimensions of organizational credibility (Haley 1996; Javalgi et al. 1994). Likewise, a perception of innovativeness (Keller and Aaker 1995) and values that are congruent with those of the consumer (Haley 1996) were found to create more liking towards the organization and thus higher ratings of trustworthiness and competence. A

relationship between organizational trust and "intent" or attribution of responsibility has also been established. Javalgi et al. (1994) found organizations acting to primarily make a profit without regard to customers as being judged as less credible.

Based on the findings contained in these studies, organizations apparently can enhance as well as damage associations of trustworthiness, concern for customers, and overall regard for the organization through many of its branding and organizational activities. While organizational associations are considered to be secondary associations linked to the brand, they have been demonstrated to influence brand choice (Drumwright 1996; Michael Peters Group 1991) and product evaluations (Brown and Dacin 1997). In addition, the influence of positive organizational associations may be most pronounced on the willingness to pay a price premium for the brand (Aaker 1996; Keller 1993).

In sum, a consumer-based brand identity is derived from two sources, brand associations and organizational associations. These associations are also used to define the consumer-brand relationship and create consumer-based brand equity (Aaker 1996; Keller 1993). To the extent that these positive associations are salient and unique to the brand, the consumer should respond in a distinctively positive manner to the brand's marketing effort. This response may be in the form of consideration of the brand as part of an evoked set of purchase options, a willingness to pay a premium price for the brand, and increased loyalty in the form of purchase intention and behavior (Aaker 1991; Keller 1993). Certain events, however, may impact these associations in an opposite direction resulting in less positive, or in extreme cases, negative consumer associations and responses.

Study One - Effect of Negative Events on Brand Identity and Brand Response Variables

Negative information has been demonstrated to have a disproportionate effect on consumer beliefs and evaluative judgments (Lutz 1975; Mizerski 1982). Consequently, information about negative events is proposed to have a significant impact on both brand and organizational associations, risk perceptions, and brand response variables. The type of associations and risk perceptions affected, however, will likely depend upon the type of negative event the brand experiences. In addition, the information surrounding the event will need to be integrated with existing brand and self-concept attitudes. A discussion of how event type and existing brand attitudes should affect the consumer's brand identity and behavioral response is offered in the following section.

Product and Organization-Related Events

Negative events that might occur may be classified as belonging to one of two general categories; events that are either (1) product/service related or (2) non-product/service or organization-related. A product/service related event is one that involves specific brand/product attributes and may primarily call into question the ability of the brand to meet functional needs. For example, the failure of an automobile part that prompts a recall of that model would be a product/service related negative event. Alternatively, an organization-related event is an event that does not involve specific product attributes or affect functional product use. This type of event might involve social or ethical issues. Revelation of sexual harassment or racial discrimination by members of the organization would be

examples of an organization-related negative event. It is proposed that the classification of event type will be important in determining the type of associations, organization or brand, most impacted by the negative event.

As previously stated, brand and organizational associations are viewed as knowledge organized in an associative network of beliefs and attitudes (Keller 1993). This knowledge is represented as nodes of information about the brand name or symbol and specific brand associations. This network of information is connected by links of varying strength between the brand and the specific associations. Such a network also represents organizational information and there is a link of varying strength between the brand and organizational associations.

Consistent with integration theory, when a consumer encounters external information, activation or retrieval of relevant stored information occurs. The external information is compared or "integrated" with the existing structure of beliefs and attitudes (Anderson 1971, 1981). Thus, as shown in Figure 1.1, a product/brand (non-product/organizational) negative event should result in retrieval of related brand associations (organizational associations) for comparison and processing with the new information. This negative information should reduce the favorableness of closely related brand and organizational associations. To the extent that there is a link between organizational and brand associations, any negative consequence to the organizational (brand) associations should transfer to related brand (organizational) associations.

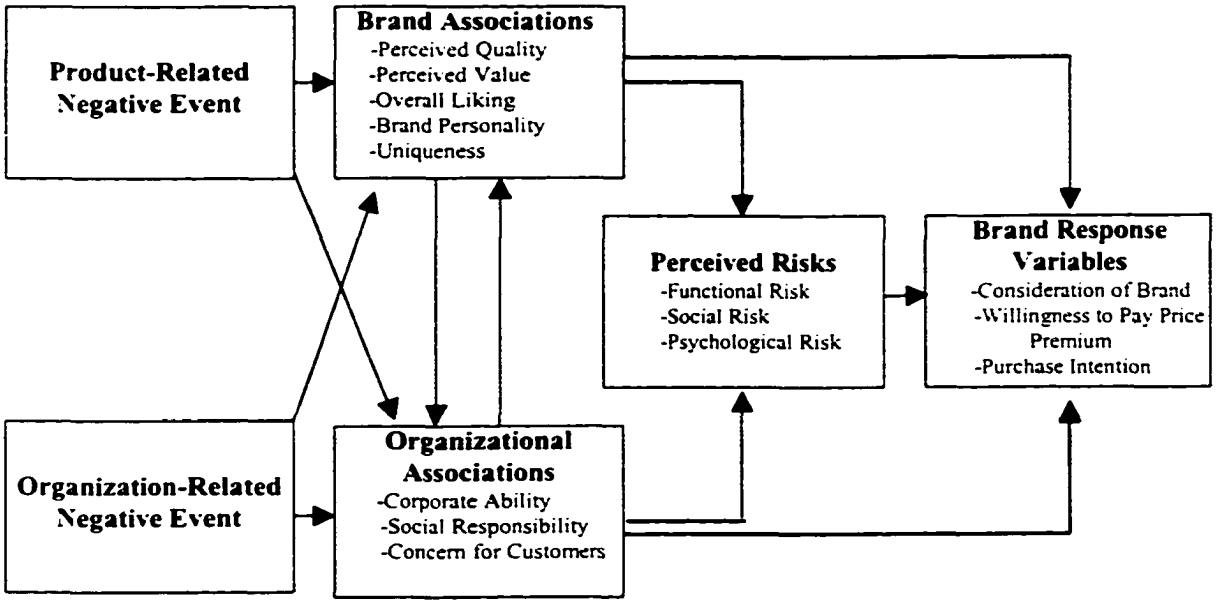

Figure 1.1: Process Model of Negative Event Information Integration

This process is likely to occur in two general ways. First, brand and organizational associations are posited to be related to the type of need or benefit fulfilled by the brand; functional, experiential/emotional, or symbolic/self-expressive. A product-related event will primarily cause the retrieval and processing of brand associations connected to product specific functional needs and benefits. The related organizational associations that would then be affected would be those linked to the organization's competence or ability to make the product. On the other hand, an organizational event would likely result in the retrieval and processing of organizational associations and related emotional and self-expressive needs and benefits. The related brand associations that would be affected would be those linked to emotional and self-expressive benefits such as the brand personality dimensions of sincerity, perceived value, and overall liking. The second way in

which this transfer between brand and organizational associations might occur is through a global affect transfer as the consumer forms an overall affective judgment of the brand or organization. This affective judgment towards the brand (organization) could in certain cases be negative and operate as a transfer of negative affect towards the organization (brand) (Anand, Holbrook, and Stephens 1988). The strength of this transfer and the impact of the negative event will depend on the strength of the pre-event brand and organizational associations.

Pre-Event Brand and Organizational Associations

An important piece of information that the consumer must "integrate" is the relationship with the brand and the perceived brand identity that existed prior to the negative event. From the communicated brand identity, consumers will have formed perceptions of quality and value as well as perceptions of a brand personality and organizational associations (Aaker 1996). These associations may translate into an overall brand affect that will influence the impact of any negative event associations through a potential "halo" or positive context effect.

Consideration of this factor is important as strong pre-event brand attitudes may lead to selective cognitive processing of the event associations (Eagley & Chaiken 1995). To the extent that these embedded attitudes are favorable and strong, this may in turn produce resistance to change in perceptions of brand associations and organizational credibility despite strong negative event associations and damaging attributions of responsibility (Pomerantz, Chaiken, and Tordesillas 1995).

In addition to an overall favorableness, the number of cognitive associations associated with the brand may strengthen a brand's image. A larger number of

associations may create a more complex structure termed "multiplex", while fewer associations create a more simple structure or "simplex" brand image (Haugtvedt, Leavitt, and Schneier 1993). Simplex structure is created by the brand's repeated communication of a limited set of cues resulting in an image based on a few key features or benefits. Multiplex structure is created by systematically varying a communicated message so as to create a more complex set of multiple brand associations. The resulting multiplex image structure is more easily differentiated from competing brands and may create greater overall affect towards the brand. Research indicates that attitudes based on a multiplex image structure may be more resistant to change (Haugtvedt, Schumann, Schneier, and Warren 1992). In sum, brands that have more favorable and complex brand identities may be more resistant to the impact of a negative event.

Study One - Research Hypotheses

The preceding conceptualization and empirical evidence suggests several relationships between negative events, brand and organizational associations, perceived risk, and the brand response variables of consideration of the brand as part of an evoked set of purchase alternatives, the willingness to pay a price premium, and purchase intention. These relationships are expressed in the following hypotheses.

A product related event is proposed to negatively affect brand associations related to specific product attributes and associated functional benefits, namely the primary associations of perceived quality and perceived value. Secondary associations, the brand personality dimension of competence and the organizational

association of corporate ability and concern for customers should also be negatively affected. Overall liking for the brand and uniqueness of brand associations also should decrease. The impact of these reduced associations should be to increase associated functional risk due to concerns over consistent product performance. In addition, social and psychological risk will be affected to the extent that making a poor purchase decision will affect the potential for criticism (social risk) and is inconsistent with the self-concept of being an intelligent consumer (psychological risk). Because, core or primary associations (i.e., quality and value) are thought to be key in determining consumer's differential response to the brand (Aaker 1996), consideration of the brand as a purchase alternative, the willingness to pay a price premium, and purchase intention will be greatly affected.

An organizational-related negative event is posited to first activate relevant organizational associations for evaluation by the consumer. Organizational associations of corporate social responsibility and concern for customers will be adversely impacted by negative organization-related event information. The extent that the organization is closely linked to the brand (i.e., a corporate brand) will result in further activation of brand associations related to the event. Associations related to symbolic/self-expressive and experiential/emotional needs are most likely to be activated and affected by the negative information surrounding an organizational event. Thus, brand associations such as perceived value, the personality dimension of brand sincerity, and overall liking for the brand will be diminished. Reduction of these brand and organizational associations will create concern about the brand's ability to properly support the consumer's self-image. The consumer will be

motivated to avoid the brand to maintain a positive self-concept and avoid social risk. In addition, consumers will be motivated to avoid the brand to maintain cognitive consistency and avoid psychological risk. The combination of effects on primary associations (perceived value, overall liking for the brand) and secondary associations (sincere brand personality, organizational associations) should have a significant impact on consideration of the brand as an alternative, the willingness to pay a price premium and purchase intentions (Aaker 1991; Aaker 1996; Brown and Dacin 1997; Keller 1993). Hypotheses based on this reasoning are proposed below and are summarized in Table 2.1.

H1: Subjects exposed to a product-related negative event will have lower (higher) mean scores than both subjects exposed to an organizational-related event and those not exposed to a negative event (i.e., a control group) on the following.

Lower mean scores on:

(a) Brand associations of perceived quality, perceived value, and the brand personality dimension of competence.

(b) Organizational associations of corporate ability and concern for customers.

Higher mean scores on:

(c) Functional risk.

Lower mean scores on:

(d) Brand response variables of consideration of the brand as part of an evoked set of alternatives, the willingness to pay a price premium, and purchase intention.

H2: Subjects exposed to a product-related negative event will have lower (higher) mean scores than subjects not exposed to a negative event (i.e., a control group) on the following.

Lower mean scores on:

(a) Brand associations of uniqueness, overall liking of the brand, and the brand personality dimension of sincerity.

Higher mean scores on:

(b) Social and psychological risk.

H3: Subjects exposed to an organization-related negative event will have lower (higher) mean scores than both subjects exposed to a product-related negative event and those not exposed to a negative event (i.e., a control group) on the following.

Lower mean scores on:

(a) Organizational association of corporate social responsibility.

Higher mean scores on:

(b) Social risk and psychological risk.

H4: Subjects exposed to an organization-related negative event will have lower (higher) mean scores than subjects not exposed to a negative event (i.e., a control group) on the following.

Lower mean scores on:

(a) Brand associations of perceived value, uniqueness, overall liking of the brand, and the brand personality dimension of sincerity.

(b) Organizational association of concern for customers.

(c) Brand response variables of consideration of the brand as part of an evoked set of alternatives, the willingness to pay a price premium, and purchase intention.

Table 2.1 Main Effect Hypotheses - Study One

Dependent Variables	Mean Values For Each Event Type*
Brand Associations (H1A, H2A, H4A):	
Perceived Quality	PNE < ONE and PNE < NNE
Perceived Value	PNE < ONE and PNE < NNE and ONE < NNE
Uniqueness of Brand Associations	PNE < NNE and ONE < NNE
Overall Liking of the Brand	PNE < NNE and ONE < NNE
Brand Personality - Competence	PNE < ONE and PNE < NNE
Brand Personality - Sincerity	PNE < NNE and ONE < NNE
Organizational Associations (H1B, H3A, H4B):	
Corporate Ability	PNE < ONE and PNE < NNE
Corporate Social Responsibility	ONE < PNE and ONE < NNE
Concern For Customers	PNE < ONE and PNE < NNE and ONE < NNE
Risk Perceptions (H1C, H2B, H3B):	
Functional Risk	PNE > ONE and PNE > NNE
Social Risk	ONE > PNE and ONE > NNE and PNE > NNE
Psychological Risk	ONE > PNE and ONE > NNE and PNE > NNE
Brand Response Variables (H1D, H4C): **	
Consideration of the Brand	PNE < ONE and PNE < NNE and ONE < NNE
Willingness to Pay Price Premium	PNE < ONE and PNE < NNE and ONE < NNE
Purchase Intention	PNE < ONE and PNE < NNE and ONE < NNE

* PNE = Product-Related Negative Event
ONE = Organization-Related Negative Event
NNE = No Negative Event / Control

** An ordinal interaction hypothesis is proposed for this set of dependent variables.

Pre-event brand attitudes should influence the final evaluation of the brand and the likelihood of future usage. As proposed, brands that have more favorable and complex brand identities may be more resistant to the impact of a negative event. In particular, brands that have a superior pre-event identity may see negative events impact specific associations, but not the response variables of consideration of the brand, the willingness to pay a price premium, and purchase intention.

H5: Negative event and pre-event brand identity will interact to affect brand response variables. Exposure to a negative event for a brand perceived to be of a lower pre-event brand identity will result in a greater negative effect on consideration of the brand as part of an evoked set of alternatives, the willingness to pay a price premium, and purchase intentions than exposure to a negative event for a brand with a higher pre-event brand identity.

Study Two-Firm Responses to Negative Events

The focus of Study One is to achieve an understanding of how consumers process and respond to negative event information. The focus of Study Two is to assess the effects of three general types of firm reactions following such an event. Information about the negative event itself, including the firm's response, becomes a type of brand and/or organizational association contained in the same associative network of the consumer's memory. Due to the disproportionate attention given to negative information (Lutz 1975; Mizerski 1982), these associations may be strong and enduring. For example, Exxon is a brand and organization associated with quality oil products, but Exxon also is associated with negligence in dealing with the environment. The latter association is not only due to the impact of the negative

event, but also due to the firm's inappropriate activities and messages sent following the event.

While firms may choose from a variety of normative suggestions for how best to respond to a crisis, there is little direct evidence of a best course of action for mitigating the impact of negative events. Literature on crisis communication tends to focus on identifying important publics or the different kinds of crises that might arise (e.g., Andriole 1985; Booth 1993; Fink 1986; Meyers and Holusha 1986). In response to this void, Benoit (1995) developed a typology of image restoration strategies. Based in communication theory, the typology recognizes two critical components that threaten the image of the firm or brand involved: (1) the firm or brand is assumed responsible for the negative event and (2) the event is viewed as offensive. The focus of this second study will be on three general strategies that address these two key issues. In response to a negative event, a firm may choose to: (1) "deny" the event's basis in fact or responsibility in causing the event, (2) accept responsibility and attempt to minimize or "reduce the offensiveness" of the negative event, or (3) accept responsibility and "take corrective action" in response to the event.

Given consumers are active information processors, they can be expected to critically analyze the firm's image restoration attempt by comparing it with their existing structure of beliefs and values. It is proposed that an important set of beliefs in this process is that consumers expect firms to demonstrate reciprocity or fairness in dealings with their customers and the public in general (Bagozzi 1995; Clarkson 1995; Fournier 1998). Additionally, consumers may question the firm's motivation

and attribute self-interest for the firm's behavior (Jones and Davis 1965; Kelley 1973). Comparison of the firm's image restoration message to these types of beliefs and values generates spontaneous cognitive responses or critical thoughts which are suggested as primary mediators of message acceptance (Greenwald 1968; Petty, Ostrom, and Brock 1981; Wright 1973).

Wright (1973) categorized these responses as being of three types: support arguments, counter arguments and source derogation. Support arguments are generated when incoming information is consistent with existing beliefs. Counter arguments, shown to neutralize or result in rejection of a message's position, are activated when the message is discrepant from existing beliefs and values. Source derogation, which may serve as a substitute for counter arguments, operate to discount or distrust the source of the message in question. If cognitive responses are positive (i.e., support arguments), the image restoration effort may prove successful. On the other hand, if the cognitive response is negative (i.e., counter arguments and source derogation) the restoration attempt will most likely fail and may even result additional negative affect and even lower brand/organizational associations and behavioral intentions than immediately following the negative event. Utilizing a cognitive response approach, attribution theory, and source credibility theory hypothesized effects of three different firm reactions following a product-related and organization-related negative event are proposed in the following section.

Denial of the Event's Basis In Fact

One firm reaction could be to deny or attack the event associations as being unfounded or untrue (Aaker 1991; Benoit 1997). The firm may simply deny

committing the offensive act or deny that the act occurred. This strategy addresses the first issue by attempting to erase the perception of firm responsibility for the negative event. Audi and Nestle are two brands that serve as examples of this type of strategy (Hartley 1989). In 1978, Audi was accused on CBS's "60 Minutes" of manufacturing an automobile model with sudden acceleration problems. Audi responded by denying the problem existed and sales plummeted despite the problem most likely not existing. Nestle, in 1975, fell victim to criticism of their aggressive marketing of baby formula discouraging breast-feeding in Third World countries. The criticism culminated in Nestle being called a "baby killer" following several infant deaths related to bottle-feeding. Consumer boycotts ensued despite the fact that the deaths could be attributed to use of unsterilized bottles and unsafe water. A more recent example of denial of event occurrence is found in the charge against the tobacco industry that additional addictive nicotine has been added to cigarettes. The industry responded with a denial of the act and specific brands have advertised that their cigarettes contain 100% tobacco and always have (Winston Ad Campaign).

As illustrated in the Audi and Nestle cases, a denial strategy has considerable risks. First, by insisting that the event associations are unfounded the firm opens itself to public debate of the event and potential legal implications. This may serve only to better inform the consuming public and reinforce the harmful accusations. Second, the denial message is likely to be questioned by consumers and result in negative cognitive responses such as source derogation and counter arguments. As a result, the image restoration message will likely fail and may possibly result in

negative affect and even lower brand/organizational associations and behavioral intentions than before the image restoration effort.

Given a credible source of initial information (i.e., Consumer Report, the news media), consumers are likely to discount the firm's denial of accounts for the initial reports of the negative event. Research indicates that the news media and third party endorsers of products are viewed as more credible than firm generated messages such as advertising and public relations (Hallahan 1996). Furthermore, attribution theory suggests messages lacking credibility will be discounted and will not be persuasive (Gotlieb and Sarel 1991; Kelley 1973). In the firm's denial of negative event information, the consumer may view the message as purely performance motivated (i.e., for profit) and not consistent with their values and beliefs of expecting fairness from the firm in dealing with the public. The resulting source derogation and counterarguments may lead to additional negative brand/organizational associations. Given the impact of these negative associations and likelihood of consumer's attributing negative information to the firm, the response of simple denial appears to be ineffective for either type of event, product or organizational related.

Reduction of Offensiveness

A second strategy is to reduce the negative event's perceived offensiveness (Benoit 1997). Implicit in this strategy is an acceptance of the event factualness. The firm may reduce the offensiveness of the event through an attempt to minimize the negative feelings surrounding the event. Discussed here are three general ways in which this might occur. One way to reduce an act's offensiveness is to downplay the

negative impact or damage caused by the event. For example, Exxon officials tried to downplay the extent of environmental damage caused by the Valdez incident, reporting that only a few hundred sea birds and other mammals such as seals were killed (Mathews and Peterson 1989). A second way in which to reduce the offensiveness of the firm's actions is placing the actions in a more favorable context by stressing larger benefits achieved that justify the act. Such benefits might include additional job creation, profits, and efficiency despite the negative consequences. A third general way in which to reduce offensiveness is to point out that other firm's have the same problems. For example, Suzuki's sport-utility vehicle (SUV) model was cited by Consumer Reports as having a tendency to rollover (Aaker 1991). Suzuki responded aggressively by reporting that all SUV's had a similar problem. Within a few months-sales volume recovered.

As indicated, a reduction of offensiveness strategy may be effective. However, it is not without concerns. On the positive side, implicit in the strategy is acceptance of the factualness of the negative event. Consequently, this image restoration message does not generate a comparison of credibility with the initial information source. However, there is likely to be some discounting of the message and source derogation due to possible attributions of firm self-interest as the reason for the image restoration attempt. Event and message involvement is likely to moderate this discounting process with low involvement reducing the consumer's motivation to make complex inferences about the firm's actions (Petty and Cacioppo 1986; Folkes 1991). Consumers highly involved in the negative event issues are more likely to make attributional inferences, challenge the firm's

credibility (i.e., source derogation), and reject the message of reduced event offensiveness. In general, it is proposed that involvement with a product-related event is higher than an organizational-related event resulting in more counter-arguments and rejection of the message. Thus, controlling for issue specific involvement, an image restoration strategy of reducing the offensiveness of a negative event will be less effective for a product-related event. Moreover, this response does not address specific concerns generated by a product-related event. These concerns may only be addressed fully through the firm taking corrective action.

Corrective Action

The third general image restoration strategy studied will be the acceptance of responsibility and taking corrective action. This message communicates the firm's intent to restore the state of affairs, to the best of their ability, that existed prior to the event and promising to prevent the recurrence of the offensive event in the future (Benoit 1997). AT&T's reaction to a breakdown in long distance service is an example of this strategy. Following this event, the chairman of AT&T announced that it had already initiated plans to compensate customers and that AT&T planned to spend billions more over a five year period in improving facilities and practices to make service more reliable (Benoit and Brinson 1994). Thus AT&T promised not only to correct the problem, but also to prevent its reoccurrence in the future.

Accepting responsibility for an event and taking corrective action is the most likely of the three strategies examined here to be consistent with the general belief that firms should treat customers with fairness. Research indicates more positive

attitudes towards firms taking corrective action (i.e., product recalls) when the action is not forced by government institutions (Sherrell et. al., 1986; Mowen et. al., 1980). Thus, corrective action is more likely to generate support arguments than either a denial or reduction of offensiveness response. Moreover, the corrective action, in particular preventive measures, introduces another set of potentially positive associations. It is argued that this additional set of associations linked to corrective and preventive actions are necessary to restore confidence in the brand's ability to deliver on desired functional benefits, thus addressing concerns of functional risk. For an organizational-related event, however, the potential remains likely for negative cognitive responses. Consumers' may view the corrective action as motivated by performance and only taken because the firm was caught in the event. For instance, Texaco's response to their racial discrimination crisis was to sponsor minority events. Research indicates, however, a certain amount of skepticism about a firm's concern for the social issue and little benefit from such a response (Ricks 1998). Based on the preceding discussion the following hypotheses are offered.

Study Two Research Hypotheses

H6: For respondents exposed to a product-related event, a "corrective" strategy will result in higher mean values of (a) brand associations, (b) organizational associations, lower mean values of (c) risk perceptions, and higher mean values of (d) brand response variables than either a "denial" or "reduction of offensiveness" strategy.

H7: For respondents exposed to an organization-related event, a "reduction of offensiveness" strategy will result in mean values of (a) brand associations, (b) organizational associations, (c) risk perceptions, and (d) brand response variables equal to a "corrective action" strategy.

H8: For respondents exposed to either a product-related or an organization-related event, the "denial" strategy will result in lower mean values of (a) brand associations, (b) organizational associations, higher mean values of (c) risk perceptions, and higher mean values of (d) brand response variables than either a "corrective action" or "reduction of offensiveness" strategy.

CHAPTER 3: PRETESTS AND PILOT STUDIES

Two studies are proposed in this dissertation. The first study will be a 2 × 3 between-subjects design with two levels of pre-event brand identity (High versus Low) and three levels of negative event information (No Event/Control, Organization-Related Event, and Product-Related Event). The second study addresses the issue of firm responses to such events. This study is proposed as a 2 × 4 between-subjects design with two types of negative event information (Organization-Related Event and Product-Related Event) and four levels of firm response (No Response/Control, Denial, Reduction of Offensiveness, and Corrective Action).

To determine appropriate manipulations for the main dissertation studies three pretests were conducted. Utilizing the pretests results, four pilot studies then were conducted. The purpose of the pilot studies was twofold. First, the pilot studies were conducted to assess the effectiveness of the manipulations in producing the proposed effects prior to the dissertation studies. Second, the pilot studies were used to determine whether real brands or fictitious brands would be more appropriate for the main studies. Athletic shoes were chosen for the studies due the universal experience with the product category for a large number of consumers, including students and non-students. The pretests results are discussed in the following section. This discussion is followed by the results of the pilot studies.

Pretest One - Selection of Real Brands

To determine appropriate manipulations of pre-event brand identities, 99 respondents (undergraduate business students) were asked to rate four brands of athletic shoes on eight dimensions of brand identity. The four brands chosen for the pretest were Adidas, Converse, Nike, and Reebok. The eight dimensions rated for each brand were liking, quality, value, corporate ability, corporate concern for customers, corporate social responsibility, the willingness to pay a price premium, and overall regard for the brand. A single item for each of the eight dimensions was used for each brand of athletic shoe. Overall regard for the brand was measured using an eleven-point scale ranging from 0 to 10, with endpoints of 0 as "Low Regard" and 10 as "High Regard". The remaining items used a seven-point scale anchored with 1 as "Strongly Disagree" and 7 as "Strongly Agree". To eliminate possible order effects, versions of the questionnaire were drafted with eight different brand order combinations. Respondents, at random, were given one of the eight versions of the questionnaire. A copy of one version of the pretest questionnaire may be seen in Appendix A - Pretests.

The results of pretest-one are shown in Table 3.1. As shown, each item was assessed for mean differences between the four brands. Examination of the results indicate that Adidas and Nike are perceived as higher than the other two brands on all but two items, concern for customers and corporate social responsibility (see Brand Mean Values and the *A vs. C, A vs. R, C vs. N, and N vs. R* contrasts). Moreover, Adidas and Nike are seen by the respondents as equal on the items of liking, quality, corporate ability, willingness to pay a price premium, and overall

regard (see the *A vs. N* contrasts). On the remaining three items, Nike (Mean = 4.56) is seen as significantly higher in corporate concern for customers than Adidas (Mean = 4.25) while Adidas (Mean = 4.27) is seen as higher on corporate social responsibility than Nike (all p-value < 0.01). In addition, Adidas is seen as higher in value (Mean = 5.15) than Nike (Mean = 4.41). Based on these results, it appears that either Adidas or Nike would be appropriate "high brand" manipulations in the pilot studies. Due to these results and those of Pretest-Three, which will be discussed subsequently, Adidas was chosen as the high pre-event identity brand. Because the results indicate that there are differences between the two high brands and both of the lower brands, Converse and Reebok, either of these two brands might serve as the low pre-event identity brand. In order to prevent floor effects due to the selection of a brand too low in pre-event brand identity, Reebok was chosen as the low pre-event identity brand.

Table 3.1 Pretest-One Results

	Brand Mean Values				Contrast t-values					
Dep. Vars:	Adidas *(A)*	Converse *(C)*	Nike *(N)*	Reebok *(R)*	*A vs. C*	*A vs. N*	*A vs. R*	*C vs. N*	*C vs. R*	*N vs R*
Liking	5.13	2.01	5.15	2.92	14.8[a]	.08	8.48[a]	13.9[a]	5.52[a]	9.16[a]
Quality	5.17	2.78	5.46	3.78	12.9[a]	1.42	5.9[a]	13.2[a]	5.9[a]	8.4[a]
Value	5.15	3.49	4.41	3.90	9.1[a]	3.44[a]	6.65[a]	3.76[a]	2.23[b]	2.50[b]
Corp. Ability	5.09	3.55	5.31	4.26	9.06[a]	1.22	4.15[a]	8.35[a]	5.08[a]	5.69[a]
Concern For Cust.	4.25	3.51	4.56	4.02	5.59[a]	2.33[b]	1.80	5.98[a]	4.70[a]	3.96[a]
Corp. Social Resp.	4.27	3.87	3.89	4.10	3.76[a]	2.73[a]	1.77	.114	2.04[b]	1.52
Price Premium	3.07	1.22	3.21	1.75	11.5[a]	.73	7.11[a]	11.1[a]	5.56[a]	7.91[a]
Overall Regard	7.69	2.88	7.56	4.81	15.3[a]	.41	7.56[a]	11.8[a]	6.79[a]	7.94[a]

[a] p-value < 0.01
[b] p-value< 0.05

Pretest Two - Selection of Fictitious Brand Manipulation

Pretest two was conducted to determine an appropriate brand manipulation for the fictitious brand studies. A company/brand profile was constructed to represent two levels of brand identity (high versus low). The subjects were told that industry analysts prepared the company/brand profile. This profile contained two paragraphs of text and a report card format of information similar to that used in previous brand research (Brown and Dacin 1997, Keller and Aaker 1995). Subjects read the company/brand profile and then responded to a series of statements corresponding to twelve of the dependent variables of interest that would be used in the pilot studies. As such, pretest-two also provided a preliminary assessment of the reliability of potential dependent variable measures.

Proposed measures achieved acceptable reliabilities and correlation with the exception of one reverse coded item in the functional risk scale. Three-item measures for the brand associations of liking (α = .96), quality (α = .92), and value (α = .93) along with a two-item measure of the willingness to pay a price premium (r = .73) were taken from Netemeyer et al., (2000). The organizational associations of corporate ability (r = .65), concern for customers (r = .76), and corporate social responsibility (r = .89) were measured by two items each. Organizational association measures were adapted from similar measures used by Netemeyer et al., (2000), Keller and Aaker (1995), and Brown and Dacin (1997). Three types of risk, functional risk (α = .56), social risk (α = .88) and psychological risk (α = .87) were measured with three items each adapted from Jacoby and Kaplan (1972). The

functional risk measure included one reverse coded item. With this one item deleted the remaining two items are highly correlated (r = .84). Based on this result, this item was reworded so that it is not reverse coded for future studies. Finally, two eleven-point items were used to measure consideration of the brand as a purchase option and purchase intention. These measures were adapted from similar length scale items used by Keller and Aaker (1995). All measures and manipulations for pretest two may be seen in Appendix A - Pretests.

Utilizing these measures, the manipulation of high versus low brand identity appears to have been perceived as intended by pretest subjects. As shown in Table 3.2, mean values were significantly higher for the high brand identity manipulation on all dependent measures (all p-values < 0.05) except for social and psychological risk. Based on these results, the pre-tested fictitious brand manipulation was utilized in the pilot studies.

Table 3.2 Pretest-Two Results

	Brand Mean Values		Contrast t-values
Dependent Variables:	**Low**	**High**	***High vs. Low***
Liking	3.02	4.92	5.04[a]
Quality	3.09	5.16	5.57[a]
Value	3.48	5.02	4.20[a]
Corporate Ability	4.33	5.13	2.43[b]
Concern For Customers	3.83	4.92	3.56[a]
Corporate Social Resp.	3.47	5.63	4.67[a]
Price Premium	1.33	2.87	4.97[a]
Functional Risk	3.91	4.65	2.54[b]
Social Risk	5.07	4.79	.59
Psychological Risk	4.91	4.85	.11
Consider	4.11	6.21	2.40[b]
Purchase	2.11	3.79	2.43[b]

[a] p-value < 0.01
[b] p-value< 0.05

Pretest Three - Selection of Negative Event and Firm Response Manipulations

Pretest-Three was conducted to select appropriate negative event manipulations. Ninety-nine subjects (undergraduate business students) were asked to assess one of two event manipulations in the form of a newspaper article. Fifty subjects were given a news release corresponding to a product-related event and 49 subjects were given a news release corresponding to an organization-related event. The product-related event involved reported use of a defective material while the organization-related event involved reported child labor abuses. After reading one of the news releases respondents were asked to evaluate six statements. One statement each was utilized to assess the degree to which the event scenarios were viewed as primarily associated with the product or the organization. Two statements were used to assess the importance of the event to the respondent. One statement was used to determine the perceived realism of the event scenario. Finally, a single item was used to determine if the subjects had ever heard of such an event associated with the NIKE brand ("Yes" or "No"). The six measures along with the two event manipulations used in Pretest-Three may be seen in Appendix A - Pretests.

Mean values for the five seven-point items are shown in Table 3.3. For these items an ANOVA was used to test for mean differences between groups of subjects seeing the organization-related event and those seeing the product-related event. ANOVA results indicated that pretest subjects exposed to the product related event viewed the event scenario as significantly more related to the product (Mean = 5.52) than those subjects exposed to the organization-related event (Mean = 3.59, F-value = 36.53, p-value < 0.01). Subjects exposed to the organization-related event (Mean

= 5.84) also viewed that event as significantly more associated with the organization than those exposed to the product-related event (Mean = 5.16, F-value = 6.46, p-value < 0.05).

Table 3.3 Pretest Three - Event Manipulations Mean Values

Dependent Variables:	Product-Related Event	Organization-Related Event
Extent Event Related to Product	5.52	3.59
Extent Event Related to Organization	5.16	5.86
Importance of Event	3.65	3.25
Realism of Event	4.90	5.63

As mentioned, two items were used to measure importance of the event. These items were highly correlated (r = .80) and were combined to form a mean composite measure of perceived event importance. Perceived event importance was not significantly different (F-value = 1.66, p-value = .201) for those subjects exposed to a product-related event (Mean = 3.76) and those exposed to an organization-related event (Mean = 3.41). The fifth item used in the pretest measured the perceived realism of the event manipulations. For subjects exposed to an organization-related event (Mean = 5.63), realism of the event manipulation was significantly higher (F-value = 6.58, p-value < 0.05) than subjects exposed to a product-related event (Mean = 4.90). While there is a significant difference, both event manipulations are rated well above the median point of the seven-point scale in terms of realism. Based on the preceding results the event manipulations were deemed as appropriate for use in the subsequent pilot studies.

The final item related to the negative event manipulation asked subjects if they had ever heard of an event like the one described associated with the NIKE

brand. Of those subjects seeing an organization-related event, 57% said yes. Only 8% said they had heard of the product-related event associated with the NIKE brand. This result combined with the results of pretest one indicated that the Adidas brand would be a more appropriate brand for the high brand manipulation.

The second part of the pretest was designed to determine appropriate firm response manipulations for each type of event. Each subject was exposed to three different types of firm responses related to the event type. For example, subjects exposed to a product-related event were exposed to a denial response, reduction of offensiveness response, and corrective action response in which the responses addressed the product-related event. Subjects exposed to an organization-related event also were exposed to the same set of firm responses that addressed the organization-related event. In order to eliminate possible presentation order effects, six-different versions of the manipulations were drafted, each version corresponding to a different firm response presentation order. Following exposure to each firm response, subjects were asked to respond to seven statements. The first three statements were designed to assess the extent to which the firm response was perceived as intended. The first statement asked the subjects to indicate the extent to which the firm response was seen as an attempt to deny the event's occurrence. The second statement assessed the subjects' perception of the firm's response as an attempt to reduce the offensiveness of the event. And, the third statement assessed the extent to which subjects perceived the firm response as an attempt to correct the problem. The remaining four statements were designed to serve as assumption checks for hypothesized cognitive responses. These items were all seven-point

scaled items with 1 as "Strongly Disagree" and 7 as "Strongly Agree". A copy of these items along with the response manipulations may be seen in Appendix A-Pretests.

Results indicate that pretest subjects generally perceived the firm response manipulations as intended. Mean values and contrast results may be seen in Table 3.4. As shown, the denial manipulation was perceived as significantly more of an attempt to deny the event's occurrence (Mean = 6.15) than both the reduction of offensiveness manipulation (Mean = 2.97, t-value 14.32, p-value < 0.01) and the corrective action manipulation (Mean = 2.11, t-value = 17.49, p-value < 0.01). The reduction of offensiveness manipulation also was seen more as an attempt to reduce the offensiveness of the event (Mean = 5.74) than both the denial manipulation (Mean = 4.15, t-value = 5.67, p-value < 0.01) and the corrective action manipulation (Mean = 2.77, t-value = 6.15, p-value < 0.01). Also, the corrective action manipulation (Mean = 6.12) was perceived more as an attempt to correct the problem than both the denial manipulation (Mean = 3.22, t-value = 10.66, p-value < 0.01) and the reduction of offensiveness manipulation (Mean = 2.75, t-value = 12.81, p-value < 0.01). While all contrasts were significant, there appeared to be less distinction between the reduction of offensiveness manipulation and the denial manipulation. In order to clarify this manipulation, a single statement, "There is no reason for concern", was added to the beginning of the news release. It was decided that additional pre-testing of this manipulation was not necessary.

In addition to being perceived as intended, it appears that the cognitive responses of the pretest subjects were as hypothesized. The truthfulness of the

denial manipulation (Mean = 3.14) was seen as significantly lower than both the reduction of offensiveness (Mean = 3.94, t-value = 3.86, p-value = < 0.01) and corrective action manipulation (Mean = 5.24, t-value = 9.99, p-value < 0.01). Furthermore, the corrective action manipulation was seen as more truthful (Mean = 5.24) than the reduction of offensiveness manipulation (Mean = 3.94, p-value < 0.01). The denial response (Mean = 4.75) and reduction of offensiveness response (Mean = 4.64) were both seen as more motivated by profit than corrective action (Mean = 3.56, p-value < 0.01). Also, denial (Mean = 3.27) and reduction of offensiveness (Mean = 3.04) were seen as less appropriate responses than corrective action (Mean 5.69, p-values < 0.01). Moreover, corrective action (Mean = 5.10) was seen as more in the customer's best interest than denial (Mean = 2.86, t-value = 10.02, p-value < 0.01) and reduction of offensiveness (Mean = 2.68, t-value = 10.39, p-value < 0.01). In summary, the pretest results indicate that subject cognitive responses are likely to include source derogation and counterarguments for denial and reduction of offensiveness responses. A corrective action response is likely to generate more support arguments. Based on these results, the response manipulations were deemed appropriate for use in the subsequent pilot studies.

Table 3.4 Pretest-Three - Firm Response Manipulation Results

	Mean Values for Response Type			Contrast t-values		
Dependent Variables:	Denial *(D)*	Reduction of Offensiveness *(RO)*	Corrective Action *(CA)*	*D* vs. *RO*	*D* vs. *CA*	*RO* vs. *CA*
Perceived as Denial	6.15	2.97	2.11	14.32[a]	17.49[a]	3.97[a]

(table continued)

Perceived as Reduction of Offensiveness	4.15	5.74	2.77	5.67[a]	6.15[a]	13.15[a]
Perceived as Corrective Action	3.22	2.75	6.12	2.15[b]	10.66[a]	12.81[a]
Truthfulness	3.14	3.94	5.24	3.86[a]	9.99[a]	5.68[a]
Motivated by Profit	4.75	4.64	3.56	.78	6.14[a]	5.15[a]
Appropriate Response	3.27	3.04	5.69	1.15	11.49[a]	12.65[a]
Best Interest of Customer	2.86	2.68	5.10	1.05	10.02[a]	10.39[a]

[a] p-value < 0.01
[b] p-value< 0.05

Pilot Study One - Real Brands

The first set of pilot studies concerns the effect of negative event information on consumer brand and organizational associations, risk perceptions, and brand response variables. The real brands (Adidas and Reebok) and event manipulations determined as appropriate in the pretests were used. A 2 (High or Low Brand) × 3 (No Event, Organization-Related Event, or Product-Related Event) between-subjects design was used to test the hypotheses (H1-H5). Athletic shoes were used as the product category due to familiarity of the product for a large segment of consumers including students and non-students. Of the 133 subjects who participated in pilot study all but one reported ownership of athletic shoes.

Experimental stimuli were constructed with the event and brand manipulation contained on the left inside page of an experimental booklet. This manipulation was in the form of a mock news story with information about the brand. A company spotlight of neutral company/brand information was used for the no response condition. Child labor abuse was used for the organization-related

event condition. Defective product material was used for the product-related event condition. Key information about the event and the brand name were contained in the story headline. More detailed information was contained in the body of the story. Each manipulation was of approximately the same size and word length. These manipulations may be seen in Appendix B - Pilot Study One (Real Brands).

One hundred thirty three undergraduate business students participated in the study. The subjects were assigned randomly to 1 of 6 groups and were almost equally divided between men (45.9%) and women (54.1%). Cell sizes for the 6 groups ranged from a low of 21 to a high of 24. Each subject received an experimental booklet that consisted of a consent form and a set of general instructions on the outside cover page. Following consent and instructions, the subjects opened the booklet, read the event scenario in the form of a news release, and responded to a questionnaire. Subjects in the high pre-event brand condition viewed a news release related to the Adidas brand. Those subjects in the low pre-event brand condition were given a news release pertaining to the Reebok brand. For the event manipulation, subjects in the no event/control group were given a news release that contained neutral company/brand information.

Dependent variables were measured using items described in the pretests. Liking (α =. 96), quality (α =. 95), value (α =. 96) and uniqueness (α =. 93) were measured with three items each from Netemeyer et al., (2000). Sincere brand personality (α =. 91) and competent brand personality (α =. 91) were measured with five items each from Aaker (1997). The organizational associations of corporate

ability (r = .81), corporate social responsibility (r = .84), and concern for customers (r = .87) were measured with two items each. These items are adapted from three sources, Keller and Aaker (1995), Netemeyer et al, (1999), and Brown and Dacin (1997). Functional risk (α = .96) social risk (α = .90) and psychological risk (α = .92) were measured with three items each adapted from Jacoby and Kaplan (1972). The willingness to pay a price premium for the brand (r = .79) was measured with two items from Netemeyer et al, (1999). Consideration of the brand and purchase intention were each measured with single eleven-point scales. The measurement instrument with the items used in the study may be seen in Appendix B-Pilot Study One (Real Brands).

Manipulation Checks

Manipulation checks were included in the questionnaire to determine if the subjects properly interpreted the event manipulation. Without referring to the news release, subjects were asked to respond to four items. First, subjects were asked if the news release contained information about a negative event. Of the 44 subjects in the no event condition, four (9%) indicated they saw a negative event. Of the 89 subjects exposed to one type of negative event, five (5.6%) incorrectly answered that they had not seen a negative event. The second manipulation check item asked subjects to indicate the type of event seen. All of the 84 subjects correctly responding to the first item properly identified the event as being either a product or an organization-related event. The third manipulation check asked subjects to respond to a seven-point scale statement asking to what extent the event was

perceived as related to the product. An ANOVA was used to test for mean differences between those subjects seeing an organizational-related event or a product-related event. Subjects seeing a product-related event (Mean = 6.03) reported their event as more related to the product (F-value = 127.44, p-value < 0.01) than those subjects viewing an organization-related event (Mean = 1.78). A fourth item asked subjects to what extent the event was related closely to the organization. Subjects seeing an organization-related event (Mean = 6.30) viewed their event as significantly more related to the organization (F-value = 68.12, p-value < 0.01) than subjects seeing a product-related event (Mean = 6.00).

Multivariate Results

To test the hypotheses of Study One a series of MANOVAs with planned contrasts were performed. Dependent variables that were significantly correlated (all p-values < 0.05) were run in sets of three each. Multivariate and univariate results of the analysis may be seen in Tables 3.5-3.9.

For all MANOVA's there is multivariate significance for the event factor (all p-values < 0.01). The brand factor has multivariate significance (all p-values < 0.01) for all sets of dependent variables except for the organizational associations MANOVA in Table 3.7. For the event factor, univariate significance is achieved for all dependent variables (at the 0.05 level). There is one significant univariate interaction for sincere brand personality (p-value < 0.01, see Table 3.6). Examination of this interaction reveals that it is not disordinal in nature and does not impact the hypothesized main effects.

Table 3.5 MANOVA - Brand Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	Df	Liking	Quality	Value
Main Effects:							
Brand (B)	.860	.14	6.76[a]	1	19.12[a]	14.68[a]	10.12[a]
Event (E)	.590	.23	12.56[a]	2	15.34[a]	18.70[a]	21.18[a]
Interactions:							
B × E	.910	.05	2.01	2	2.87[a]	2.15	.497
Error				127			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.6 MANOVA - Brand Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	Df	Uniqueness	Sincere	Competent
Main Effects:							
Brand (B)	.898	.10	4.73[a]	1	11.01[a]	5.07[b]	5.63[b]
Event (E)	.571	.25	13.49[a]	2	3.79[b]	20.05[a]	19.73[a]
Interactions:							
B × E	.844	.08	3.69[a]	2	.61	10.50[a]	2.45
Error				127			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.7 MANOVA - Organizational Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Corporate Ability	Corporate Social Resp.	Concern for Customers
Main Effects:							
Brand (B)	.953	.05	2.05	1	3.05	5.48[b]	4.26[b]
Event (E)	.381	.38	25.80[a]	2	30.84[a]	49.25[a]	30.88[a]

(table continued)

Interactions:							
B × E	.960	.02	.863	2	.23	.83	1.28
Error				127			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.8 MANOVA - Risk Perceptions

	Multivariate Results				Univariate F-Values		
Source:	**Wilks' λ**	**η^2**	**F-Value**	**df**	**Functional Risk**	**Social Risk**	**Psychological Risk**
Main Effects:							
Brand (B)	.887	.12	5.32[a]	1	8.51[a]	5.92[b]	9.45[a]
Event (E)	.599	.23	12.17[a]	2	28.33[a]	5.38[a]	9.93[a]
Interactions:							
B × E	.919	.04	1.80	2	.96	2.47	.78
Error				127			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.9 MANOVA - Brand Response Variables

	Multivariate Results				Univariate F-Values		
Source:	**Wilks' λ**	**η^2**	**F-Value**	**df**	**Price Premium**	**Consideration of Brand**	**Purchase Intention**
Main Effects:							
Brand (B)	.728	.27	15.54[a]	1	25.44[a]	42.32[a]	45.77[a]
Event (E)	.754	.13	6.33[a]	2	11.41[a]	13.24[a]	5.83[a]
Interactions:							
B × E	.979	.01	.45	2	1.00	.77	1.31
Error				127			

[a] $p < 0.01$
[b] $p < 0.05$

Hypothesis Testing

H1-H4 concern specific negative event main effects while H5 relates to an interaction of event type and brand. H1 and H2 pertain to effects of a product-related event, while H3 and H4 concern effects of an organization-related event. To test H1-H4, planned contrasts were conducted. The main effect means for the event factor and contrast values may be seen in Table 3.10. Contrast p-values are adjusted for multiple comparisons using the Tukey method.

Table 3.10 Planned Contrasts for H1-H4

	Event Type Mean Values			**Contrast t-values***		
Dependent Variables:	**No Event/ Control *(NNE)***	**Organization-Related Event *(ONE)***	**Product-Related Event *(PNE)***	***NNE vs. ONE***	***NNE vs. PNE***	***ONE vs. PNE***
Liking	4.58	2.93	3.09	4.63[a]	4.14[a]	.46
Quality	4.48	3.44	2.58	3.19[a]	5.75[a]	2.60[a]
Value	4.67	3.78	2.67	2.83[a]	6.30[a]	3.51[a]
Uniqueness	4.61	3.76	4.15	2.64[a]	1.42	1.20
Sincerity	4.44	2.86	3.23	5.54[a]	4.22[a]	1.30
Competence	4.75	3.84	2.87	2.97[a]	6.11[a]	3.17[a]
Corporate Ability	5.50	3.09	2.32	4.44[a]	7.82[a]	3.42[a]
Corporate Social Resp.	4.75	2.04	3.01	9.62[a]	6.15[a]	3.44[a]
Concern for Customers	4.52	3.09	2.32	4.99[a]	7.62[a]	2.68[a]
Functional Risk	3.12	3.70	5.34	1.88[b]	7.07[a]	5.22[a]
Social Risk	2.42	3.57	2.83	3.12[a]	1.09	2.02[b]
Psychological Risk	2.43	4.10	3.15	4.27[a]	1.83[b]	2.43[a]
Consideration of the Brand	6.02	4.00	3.05	2.99[a]	4.38[a]	1.41
Price Premium	2.92	2.22	1.58	2.29[b]	4.38[a]	2.11[b]
Purchase Intention	4.48	3.18	2.50	1.90[b]	2.88[a]	.99

* One-tailed significance
[a] $p < 0.01$
[b] $p < 0.05$

H1 (a) posited that a product-related event would have a greater negative effect than both an organizational-related event and no event/control on the brand associations of perceived quality, value, and the brand personality dimension of competence. Results fully support H1 (a). Subjects exposed to a product-related event had significantly lower perceptions of brand quality (Mean = 2.58) than both those subjects exposed to an organization-related event (Mean = 3.44, t-value = 2.60, p-value < 0.05) and the no event/control group (Mean = 4.48, t-value = 5.75, p-value < 0.01). Subjects exposed to a product-related event also reported lower perceptions of brand value (Mean = 2.67) than both those subjects exposed to an organization-related event (Mean = 3.78, t-value = 3.51, p-value < 0.01) and those subjects in the no event/control group (Mean = 4.67, t-value = 6.30, p-value < 0.01). For brand competence, subjects exposed to a product-related event also reported lower mean values (Mean = 2.87) than both subjects exposed to an organization-related event (Mean = 3.84, t-value = 3.17, p-value < 0.01) and the no event/control group (Mean = 4.75, t-value = 6.11, p-value < 0.01).

H1 (b) predicted that subjects exposed to a product-related event would have lower mean values on the organizational associations of corporate ability and concern for customers than subjects exposed to both an organization-related event and no event/control. For corporate ability subjects exposed to a product-related event reported lower mean values (Mean =2.32) than both the organization-related event group (Mean = 3.09, t-value = 3.42 p-value < 0.01) and the no event/control group (Mean = 5.50, t-value = 7.82, p-value < 0.01). Subjects exposed to a product related event also reported lower mean values for concern for customers (Mean =

2.32) than both subjects exposed to an organization-related event (Mean = 3.09, t-value = 2.68, p-value < 0.01) and the no event/control group (Mean = 4.52, t-value = 7.62, p-value < 0.01). Thus, H1 (b) is fully supported.

H1(c) posited that functional risk would be highest for those subjects exposed to a product-related event. H1(c) also is supported. Subjects exposed to a product-related event reported significantly more concern with functional risk (Mean = 5.34) than both subjects exposed to an organization-related event (Mean = 3.70, t-value = 4.89, p-value < 0.01) and those in the no event/control group (Mean = 3.12, t-value = 7.07, p-value < 0.01). Values for all risk measures are coded so that higher values represent more negative brand evaluations and higher levels of risk.

H1 (d) predicted that subjects exposed to a product-related event would have lower mean values on the brand response variables of consideration of the brand, willingness to pay a price premium, and purchase intention than those subjects exposed to an organization-related event and those in the no event/control group. H1 (d) is partially supported. Those subjects exposed to a product-related event reported lower mean values on the willingness to pay a price premium (Mean = 1.58) than both those subjects exposed to an organization-related event (Mean = 2.22, t-value = 2.11, p-value < 0.05) and those in the no event/control group (Mean = 2.92, t-value = 4.38, p-value < 0.01). Consideration of the brand for those exposed to a product-related event (Mean = 3.05) was significantly lower than the no event/control group (Mean = 5.57, t-value = 4.38, p-value < 0.01) but not significantly less than subjects exposed to an organization-related event (Mean = 4.00, t-value = 1.41, p-value > 0.10). Purchase intention also was significantly

lower for subjects in the product-event group (Mean = 2.50) than the no event/control group (Mean = 4.48, t-value = 2.88, p-value < 0.01) but not significantly different from the organization-related event group (Mean = 3.18, t-value = .99, p-value >0.10).

H2 (a) predicts that those subjects exposed to a product-related negative event will have lower mean scores on brand uniqueness, liking, and brand sincerity when compared to the no event/control group. H2 (a) is partially supported. Uniqueness of the brand was not significantly affected by a product-related event. Subjects exposed to a product-related event reported mean values for uniqueness (Mean = 4.15) that were not significantly different from the mean value of the no event/control group (Mean = 4.61, t-value = 1.42, p-value >0.10). Overall liking of the brand and brand sincerity were, however, affected by a product-related event. Subjects exposed to such an event reported lower mean values for liking (Mean = 3.09) than those subjects in the no event/control group (Mean = 4.58, t-value = 4.14, p-value < 0.01). For brand sincerity, subjects exposed to a product-related event also reported lower mean values (Mean = 3.23;) than those subjects in the no event/control group (Mean = 4.44, t-value = 4.22, p-value < 0.01).

H2 (b) predicts a negative effect of a product-related event on social and psychological risk. H2 (b) is partially supported. Subjects exposed to a product-related event reported mean values for social risk (Mean = 2.83) that were not significantly different from the no event/control group (Mean = .42, t-value = 1.09, p-value > 0.10). A product-related event, however, does affect psychological risk. Subjects exposed to a product-related event reported mean values for psychological

risk (Mean = 3.15) that were significantly different from the no event/control group (Mean = 2.43, t-value = 1.83, p-value < 0.05.

H3 and H4 pertain to the main effects of an organization-related event. The planned contrasts testing these effects may be seen in Table 3.10. H3 (a) predicted that subjects exposed to an organization-related event would have lower mean scores on corporate social responsibility than both subjects exposed to a product-related event and the no event/control group. H3 (a) is supported. Subjects in the organization-related event group reported mean scores on corporate social responsibility (Mean = 2.04) that were significantly lower than both the product-related event group (Mean = 3.01, t-value = 3.44, p-value < 0.01) and the no event/control group (Mean = 4.75, t-value = 9.62, p-value < 0.01).

H3 (b) predicted that social and psychological risk would be, impacted greatest by an organization-related event. H3 (b) also is supported. Subjects exposed to an organization-related event reported mean scores on social risk (Mean = 3.57) that were significantly higher than both the product-related event group (Mean = 2.83, t-value = 2.02, p-value < 0.05) and no event/control group (Mean = 2.42, t-value = 3.12, p-value < 0.01). For psychological risk subjects exposed to an organization-related event also reported mean scores (Mean = 4.10) that were significantly higher than both the product-related event group (Mean = 3.15, t-value = 2.43, p-value < 0.01) and the no event/control group (Mean = 2.43, t-value = 1.83, p-value < 0.05).

H4 pertains to the effect of an organization related event over that of the no event/control group. (See the *NNE vs. ONE* column in Table 3.10). H4 (a)

predicted that subjects exposed to an organization-related event would have lower mean scores on perceived brand value, brand uniqueness, overall liking, and brand sincerity than subjects in the no event/control group. H4 (a) is fully supported. Subjects exposed to an organization-related event reported lower mean scores on perceived brand value (Mean = 3.78) than subjects in the no event/control group (Mean = 4.67, t-value = 2.83, p-value < 0.01). Subjects in the organization-related event group also reported lower mean scores on brand uniqueness (Mean = 3.76) than the no event/control group (Mean = 4.61, t-value = 2.64, p-value < 0.01). Overall liking of the brand was also significantly lower for those in the organization-related event group (Mean = 2.93) when compared to the no event/control group (Mean = 4.58, t-value = 4.63, p-value >0.01). Brand sincerity also was lower for subjects exposed to an organization-related event (Mean = 2.86) than those in the no event/control group (Mean = 4.44, t-value = 5.54, p-value < 0.01).

H4 (b) predicted that perceived corporate concern for customers would be lower for those subjects exposed to an organization-related event. H4 (b) also is supported. Those subjects exposed to an organization-related event reported lower mean scores on concern for customers (Mean = 3.09) than those in the no event/control group (Mean - 4.52, t-value = 4.99, p-value < 0.01).

H4(c) predicts that an organization-related event will result in subjects having lower mean scores on the brand response variables of consideration of the brand, the willingness to pay a price premium, and purchase intention when compared to the no event/control group. H4(c) is supported fully. Subjects exposed

to an organization-related event reported lower mean scores on consideration of the brand (Mean = 4.00) than did those subjects in the no event/control group (Mean = 6.02, t-value = 2.99, p-value < 0.01). Subjects in the organization-related group also reported lower mean scores on the willingness to pay a price premium (Mean = 2.22) than those subjects in the no event/control group (Mean = 2.92, t-value = 2.29, p-value < 0.05). In addition, subjects in the organization-related event group indicated significantly lower mean scores on brand purchase intention (Mean = 3.18) than subjects in the no event/control group (Mean = 4.48, t-value = 1.90, p-value < 0.05).

H5 pertained to an interaction between the pre-event brand identity and exposure to negative events. Specifically, it is predicted that exposure to a negative event for a brand perceived to be of a lower pre-event brand identity will result in a greater negative effect on the brand response variables consideration of the brand, the willingness to pay a price premium, and purchase intention than a brand with a higher pre-event brand identity. To test this hypothesis, the negative event groups were combined to form two levels of negative event, present or absent. A MANOVA was then used to test for an interaction effect. As shown in Table 3.11, the multivariate and univariate interactions are not significant (all p-value >0.10). Thus H5 is not supported.

Table 3.11 MANOVA - Test of H5

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Consideration of the Brand	Price Premium	Purchase Intention

(table continued)

Main Effects:							
Brand (B)	.751	.25	14.07 [a]	1	37.67 [a]	23.29 [a]	41.85 [a]
Event (E)	.794	.21	11.02 [a]	1	23.66 [a]	17.07 [a]	10.34 [a]
Interactions:							
B × E	.997	.01	.12	1	.01	.17	.12
Error				129			

[a] $p < 0.01$
[b] $p < 0.05$

Pilot Study One - Fictitious Brands

A second pilot study of the effects of negative events on brand and organizational associations, risk perceptions, and brand response variables was conducted. This second pilot study was conducted to determine if real brands or fictitious brands would be more appropriate for the main dissertation studies.

Pilot Study One - Fictitious Brands also used a 2 (Pre-event Brand Identity) × 3 (Negative Event) between-subjects experimental design. Athletic shoes again were used as the product category due to their familiarity and relevance to many consumers, including the current student sample. Of the 128 subjects participating in this study, all but one (127) reported ownership of athletic shoes. Again, the brand manipulation consisted of two levels, high and low pre-event brand identity. Manipulation was carried out in accordance with the pre-test results. Rinna, the fictitious brand, was presented in a company profile that subjects were told was prepared by industry analysts. The company profile contained general company information along with specific information about product quality, value, and organizational associations of social responsibility. This information was

summarized in a report card format similar to that used in previous brand research (Brown and Dacin 1997). The three event manipulations were the same as that used in the real brand study with the Rinna name and general company information substituted for the real brand name and information used previously.

One hundred twenty-eight undergraduate business students participated in the study. The subjects were assigned randomly to 1 of 6 groups and were almost equally divided between men (51.6%) and women (48.4%). Cell sizes for the six groups ranged from 21 to 22 per cell. Each subject received an experimental booklet that consisted of a consent form and a set of general instructions on the outside cover page. Following consent and instruction, the subjects opened the booklet and read the company profile. Subjects in the high pre-event brand group viewed a company profile with more positive brand and organizational information than those in the low pre-event brand group. After reading the company profile subjects were asked to respond to seven items corresponding to general brand and organizational associations. These items were included in the questionnaire to encourage the subjects to process the Rinna brand information more fully and to assist in forming specific associations about the Rinna brand. Following this exercise, subjects read a news release and responded to the same items as those subjects participating in the real brand pilot study. The news release contained the event type manipulation. Subjects in the no event/control group viewed a news release of neutral company information. Subjects in the organization-related negative event condition viewed information about child labor abuses. And, those

subjects in the product-related negative event group were given a news release about the use of defective product material.

Dependent variables were measured with the same items as used in the first pilot study. Again the items exhibited sufficient reliabilities or correlation. Three seven-point items each were used to measure liking (α =. 96), quality (α =. 94), value (α =. 96), and uniqueness (α =. 94). Five seven-point items were used to measure brand sincerity (α =. 87) and brand competence (α =. 91). Two seven-point items each were used to measure corporate ability (r =. 80), corporate social responsibility (r =. 87), and concern for customers (r =. 86). Three seven-point items were used to measure each type of risk perception, functional risk (α =. 95), social risk (α =. 88), and psychological risk (α = .94). A single eleven-point item was used to measure both consideration of the brand and purchase intention, while two seven-point items measured the willingness to pay a price premium (r =. 47). These measures along with the brand and event manipulations may be seen in Appendix C - Pilot Study One (Fictitious Brands).

Manipulation Checks

Manipulation checks were included in the questionnaire to determine if the subjects properly interpreted the event manipulations. Without referring to the news release, subjects were asked to respond to four manipulation check items. First, subjects were asked if the news release contained information about a negative event of any nature. Of the 43 subjects in the no event/control group, 3 incorrectly indicated they saw some type of negative event. Of the 85 subjects in one of the two

negative event conditions, only 1 subject incorrectly answered that they had not been exposed to negative events. The third and fourth items were seven-point scaled items. Subjects were asked to indicate the extent to which they felt the event was related specifically to the Rinna product. Those subjects in the product-related event condition reported that the event was significantly more related to the product (Mean = 5.95) than did those subjects in the organization-related event (Mean = 2.28, t-value 11.53, p-value <0.01). When asked about the extent to which the event was related to the organization and not the product, subjects in the organization-related event condition reported a significantly higher mean (Mean = 6.44) than those subjects in the product-related event condition (Mean = 3.73, t-value = 7.98, p-value < 0.01).

Multivariate Results

To test the hypotheses of Study One a series of MANOVA's with planned contrasts were conducted. Dependent variables that were significantly correlated (all p-values < 0.01) were run in sets of three each. Multivariate and univariate results of the MANOVA's may be seen in Tables 3.12 - 3.16.

For all MANOVAs there is multivariate significance for the event factor (all p-value <0.01, See Tables 3.12-3.16. The brand factor also achieves multivariate significance in all MANOVA's except for the Brand Response Variables MANOVA in Table 3.16. For the event factor, univariate significance is achieved for all dependent variables except for uniqueness (p-value >0.10, see Table 3.13). There are no significant multivariate or univariate interactions.

Table 3.12 MANOVA - Brand Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Liking	Quality	Value
Main Effects:							
Brand (B)	.833	.17	7.99[a]	1	15.35[a]	23.04[a]	18.71[a]
Event (E)	.472	.31	18.20[a]	2	38.79[a]	28.71[a]	32.54[a]
Interactions:							
B × E	.946	.03	1.14	2	.77	1.59	.159
Error				122			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.13 MANOVA - Brand Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Uniqueness	Sincerity	Competent

table continued

Main Effects:							
Brand (B)	.881	.12	5.39[a]	1	.982	2.98	14.33[a]
Event (E)	.523	.28	15.29[a]	2	2.53	40.26[a]	28.76[a]
Interactions:							
B × E	.898	.04	2.08	2	3.30	.04	1.08
Error				122			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.14 MANOVA - Organizational Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Corporate Ability	Corporate Social Resp.	Concern for Customers
Main Effects:							
Brand (B)	.878	.12	5.56[a]	1	15.86[a]	8.08[a]	5.39[b]
Event (E)	.417	.35	21.95[a]	2	40.89[a]	49.96[a]	49.13[a]

(table continued)

Interactions:							
B × E	.925	.04	1.60	2	.94	.77	.21
Error				122			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.15 MANOVA - Risk Perceptions

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Functional Risk	Social Risk	Psychological Risk
Main Effects:							
Brand (B)	.881	.12	5.39[a]	1	15.89[a]	.01	.21
Event (E)	.598	.23	11.73[a]	2	28.18[a]	8.04[a]	14.27[a]
Interactions:							
B × E	.937	.03	1.32	2	1.10	.13	.61
Error				122			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.16 MANOVA - Brand Response Variables

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	Df	Consideration of the Brand	Price Premium	Purchase Intention
Main Effects:							
Brand (B)	.969	.03	1.28	1	1.86	3.18	1.55
Event (E)	.590	.23	12.09[a]	2	37.81[a]	11.55[a]	23.17[a]
Interactions:							
B × E	.980	.01	.41	2	.41	.50	.20
Error				122			

[a] $p < 0.01$
[b] $p < 0.05$

Hypothesis Testing

H1-H4 concern specific product-related event main effects. H1 and H2 pertain to the effects of a product-related event, while H3 and H4 concern effects of an organization-related event. To test H1-H4, planned contrasts were conducted. The main effect means for the event factor and contrast values may be seen in Table 3.17. Contrast t-values were adjusted for multiple comparisons using the Tukey method.

Table 3.17 Planned Contrasts for H1-H4

	Event Type Mean Values			Contrast t-values*		
Dependent Variables:	No Event/ Control *(NNE)*	Organization -Related Event *(ONE)*	Product-Related Event *(PNE)*	*NNE vs. ONE*	*NNE vs. PNE*	*ONE vs. PNE*
Liking	3.93	2.09	2.22	7.53[a]	6.93[a]	.53
Quality	3.86	2.94	1.96	3.42[a]	7.01[a]	3.61[a]
Value	4.14	2.64	2.12	5.47[a]	7.34[a]	1.90[b]
Uniqueness	4.02	3.33	3.64	2.15[a]	1.17	.97
Sincerity	3.89	1.97	2.40	8.56[a]	6.62[a]	1.90[b]
Competence	4.33	2.76	2.41	5.57[a]	6.76[a]	1.23
Corporate Ability	4.88	2.83	2.61	7.12[a]	8.47[a]	.72
Corporate Social Resp.	4.53	1.73	2.56	9.52[a]	6.67[a]	2.80[a]
Concern for Customers	4.13	2.02	1.95	8.37[a]	8.60[a]	.28[a]
Functional Risk	3.74	4.74	5.67	3.69[b]	7.11[a]	3.44[a]
Social Risk	3.14	4.49	3.94	4.03[a]	2.38[a]	1.63
Psychological Risk	2.91	4.71	4.37	5.07[a]	4.09[a]	.95
Consideration of the Brand	5.65	2.00	1.81	7.36[a]	7.69[a]	.38
Price Premium	2.10	1.45	1.27	3.27[a]	4.55[a]	1.10
Purchase Intention	3.40	1.35	1.07	5.04[b]	6.29[a]	.83

* One-tailed significance
[a] $p < 0.01$
[b] $p < 0.05$

H1 (a) posited that a product-related event would have a greater negative effect than both an organization-related event and the no event/control group on the brand associations of perceived quality, value, and the brand personality dimension of competence. Results partially support H1 (a). See Table 3.17 and columns *NNE vs. PNE* and *ONE vs. PNE* for means and contrast values. Subjects exposed to a product-related event had significantly lower perceptions of brand quality (Mean = 1.96) than both those subjects exposed to an organization-related event (Mean = 2.94, t-value = 3.61, p-value < 0.01) and subjects in the no event/control group (Mean = 3.86, t-value = 7.01, p-value < 0.01). Subjects exposed to a product-related event also reported lower perceptions of brand value (Mean = 2.12) than both those subjects exposed to an organization-related event (Mean = 2.64, t-value = 1.90, p-value < 0.05) and those subjects in the no event/control group (Mean = 4.14, t-value = 7.34, p-value < 0.01). For brand competence, subjects exposed to a product-related event (Mean = 2.41) also reported lower mean values than the no event/control group (Mean = 4.75, t-value = 6.11, p-value < 0.01), but there was not a significant difference between the organization-related group (Mean = 2.76) and the product-related group (t-value = 1.23, p-value >0.10).

H1 (b) predicted that subjects exposed to a product-related event would have lower mean values on the organizational associations of corporate ability and concern for customers than subjects exposed to both an organization-related event and no event/control. H1 (b) is supported partially. There are mean differences on both dependent variables between the product-related event group and the no event/control group. There are not significant differences, however, for either

dependent variable between the product-related event and organization-related event groups. For corporate ability, subjects exposed to a product-related event reported lower mean values (Mean =2.61) than the no event/control group (Mean = 4.88, t-value = 8.47, p-value < 0.01). The organization-related event group mean (Mean = 2.83) was not significantly different, however, from the product-related group (t-value = .72, p-value > 0.10). Subjects exposed to a product related event also reported lower mean values for concern for customers (Mean = 1.95) than only subjects in the no event/control group (Mean = 4.13, t-value = 8.60, p-value < 0.01). Again, there was no mean difference between the product-related event group and the organization-related group (Mean = 2.02, t-value = .28, p-value > 0.10).

H1(c) posited that functional risk would be highest for those subjects exposed to a product-related event. H1(c) is supported. Subjects exposed to a product-related event reported significantly more concern with functional risk (Mean = 5.67) than both subjects exposed to an organization-related event (Mean = 4.74, t-value = 3.44, p-value < 0.01) and those subjects in the no event/control group (Mean = 3.74, t-value = 7.11, p-value < 0.01).

H1 (d) predicted that subjects exposed to a product-related event would have lower mean values on the brand response variables of consideration of the brand, willingness to pay a price premium, and purchase intention than both those subjects exposed to an organization-related event and those in the no event/control group. H1 (d) is supported partially. Again, for H1 (d) there is an effect of a product-related event when compared to the no-event control group, but there are no mean differences between the organization-related and product-related events. Those

subjects exposed to a product-related event reported lower mean values on the willingness to pay a price premium (Mean = 1.27) than those subjects in the no event/control group (Mean = 2.10, t-value = 4.55, p-value < 0.010). There was not a significant difference on the willingness to pay a price premium between the product-related event group and the organization-related event group (Mean = 1.45, t-value = 1.10, p-value > 0.10). Consideration of the brand for those exposed to a product-related event (Mean = 1.81) was significantly lower than the no event/control group (Mean = 5.65, t-value = 7.36, p-value < 0.01) but not significantly less than subjects exposed to an organization-related event (Mean = 2.00, t-value = .38, p-value > 0.10). Purchase intention also was significantly lower for subjects in the product-related event group (Mean = 1.07) than the no event/control group (Mean = 3.40, t-value = 6.29, p-value < 0.01) but not significantly different from the organization-related event group (Mean = 1.35, t-value = .83, p-value >0.10).

H2 (a) predicted that those subjects exposed to a product-related negative event would have lower mean scores on brand uniqueness, liking, and brand sincerity than those subjects not exposed to a negative event. H2 (a) is partially supported. See Table 3.16 for Mean Values and Column *NNE vs. PNE* for contrast values. Uniqueness of the brand was not significantly affected by a product-related event. Subjects exposed to a product-related event reported mean values for uniqueness (Mean = 3.64) that were not significantly different from the mean value of the no event/control group (Mean = 4.02, t-value = 1.17, p-value > 0.10). Overall liking of the brand, however, was affected by a product-related event. Subjects

exposed to such an event reported lower mean values for liking (Mean = 2.22) than those subjects in the no event/control group (Mean = 3.93, t-value = 6.96, p-value < 0.01). For brand sincerity, subjects exposed to a product-related event reported lower mean values (Mean = 2.40) than those subjects in the no event/control group (Mean 3.89, t-value = 6.62, p-value < 0.01).

H2 (b) predicted a negative effect of a product-related event on social and psychological risk. H2 (b) is supported. Subjects exposed to a product-related event reported mean values for social risk (Mean = 3.94) that were significantly different from the no event/control group (Mean = 3.14, t-value = 2.38, p-value >0.05). Subjects exposed to a product-related event also reported mean values for psychological risk (Mean = 4.37) that were significantly different from the no event/control group (Mean = 2.91, t-value = 4.09, p-value < 0.05).

H3 and H4 pertain to the main effects of an organization-related event. The mean values and planned contrasts testing these effects may be seen in Table 3.16. H3 (a) predicted that subjects exposed to an organization-related event would have lower mean scores on corporate social responsibility than both these subjects exposed to a product-related event and the no event/control group. H3 (a) is supported. Subjects in the organization-related event group (Mean = 1.73) reported mean scores on corporate social responsibility that were significantly lower than both the product-related event group (Mean = 2.56, t-value = 2.80, p-value < 0.01) and the no event/control group (Mean = 4.53, t-value = 9.52, p-value < 0.01).

H3 (b) predicted that social and psychological risk would be impacted greatest by an organization-related event. H3 (b) is supported partially. While an

organization-related event did have an effect on these risk perceptions the effect is not significantly greater than the product-related event. Subjects exposed to an organization-related event reported mean scores on social risk (Mean = 4.49) that were significantly different from the no event/control group (Mean = 3.14, t-value = 4.03, p-value < 0.01) but not the product-related event group (Mean = 4.06, t-value = 1.63, p-value > 0.10). For psychological risk, subjects exposed to an organization-related event also reported mean scores (Mean = 4.71) that were significantly different from the no event/control group (Mean = 2.91, t-value = 5.07, p-value < 0.01) but not the product-related event group (Mean = 4.37, t-value = .95, p-value > 0.10).

H4 pertains to the effect of an organization-related event when compared to the no event/control group. H4 (a) predicted that subjects exposed to an organization-related event would have lower mean scores on perceived brand value, brand uniqueness, overall liking, and brand sincerity than subjects in the no event/control group. H4 (a) is supported for all dependent variables (See the *NNE vs. ONE* Column in Table 3.17). Subjects exposed to an organization-related event reported lower mean scores on perceived brand value (Mean = 2.64) than those subjects in the no event/control group (Mean 4.14, t-value = 5.47, p-value < 0.01). Subjects in the organization-related event group also reported lower mean scores on brand uniqueness (Mean = 3.33) than the no event/control group (Mean = 4.02, t-value = 2.15, p-value < 0.05). Overall liking of the brand was also significantly lower for those in the organization-related event group (Mean = 2.09) when compared to the no event/control group (Mean = 3.93, t-value = 7.53, p-value <

0.01). In addition, brand sincerity was lower for subjects exposed to an organization-related event (Mean = 1.97) than those in the no event/control group (Mean = 3.89, t-value = 8.56, p-value < 0.01).

H4 (b) predicted that perceived corporate concern for customers would be lower for those subjects exposed to an organization-related event when compared to subjects in the no event/control group. H4 (b) is supported. Those subjects exposed to an organization-related event reported lower mean scores on concern for customers (Mean = 2.02) than those in the no event/control group (Mean = 4.13, t-value = 8.37, p-value < 0.01).

H4(c) predicted that an organization-related event will result in subjects having lower mean scores on the brand response variables of consideration of the brand, the willingness to pay a price premium, and purchase intention when compared to the no event/control group. H4(c) is supported fully. Subjects exposed to an organization-related event reported lower mean scores on consideration of the brand (Mean = 1.81) than did those subjects in the no event/control group (Mean = 5.65, t-value = 7.36, p-value < 0.01). Subjects in the organization-related group also reported lower mean scores on the willingness to pay a price premium (Mean = 1.27) than those subjects in the no event/control group (Mean = 2.10, t-value = 3.27, p-value < 0.01). In addition, subjects in the organization-related event group indicated significantly lower mean scores on brand purchase intention (Mean = 1.07) than subjects in the no event/control group (Mean = 3.40, t-value = 5.04, p-value < 0.01).

H5 pertained to an interaction between the pre-event brand identity and exposure to negative events. Specifically, it is predicted that exposure to a negative event for a brand perceived to be of a lower pre-event brand identity will result in a greater negative effect on the brand response variables of consideration of the brand, the willingness to pay a price premium, and purchase intention than a brand with a higher pre-event brand identity. To test this hypothesis, the negative event groups were combined to form two levels of event, negative event present or absent. A MANOVA was used to test for an interaction effect. As shown in Table 3.18, the multivariate and univariate interactions are not significant (all p-value >0.10). Thus, H5 is not supported.

Table 3.18 MANOVA - Test of H5

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Consideration	Price Premium	Purchase Intention
Main Effects:							
Brand (B)	.982	.02	.73	1	1.02	1.91	.98
Event (E)	.596	.40	27.60[a]	1	76.63[a]	22.35[a]	46.34[a]
Interactions:							
B × E	.997	.01	.12	1	.93	.75	.37
Error				124			

[a] $p < 0.01$
[b] $p < 0.05$

Discussion of Pilot Study One Results

H1-H4, the proposed main effects of negative events, largely were supported by both pilot studies. The real brand study results, however, were more consistent with the theoretical predictions of H1-H4 than the fictitious brand study. For H1-H4, subjects in the real brand study seemed to make finer distinctions between the negative event types and specific types of brand and organizational associations.

Specifically, for the real brand study, all main effect hypotheses were supported except for those related to the dependent variables of uniqueness, consideration of the brand, and purchase intention. Uniqueness was not affected by the product-related event as predicted. Uniqueness, however, was affected by an organization-related event. This effect may be due to the way in which uniqueness for the product category is created. For athletic shoes, uniqueness is most likely created through marketing efforts directed towards creating differential associations related to symbolic or experiential benefits. Brands in the athletic shoe industry most likely find it difficult to create unique associations that are product-specific. The marketing focus is on creating unique personalities (i.e. associating the brand with winning athletes and teams) and organizational associations (i.e. Nike's P.L.A.Y. organization to support youth athletics) that are not connected strongly to the product features.

For the brand response variables, a product-related event had a great effect on the willingness to pay a price premium, but not on consideration of the brand and purchase intention. For these variables, a product-related event and an organization-related event had equally detrimental effects. These effects are not that surprising given the ample number of substitutes in the product category.

H5, the interaction of event and pre-event brand identity level, was not supported in either the real brand or fictitious brand study. This finding is interesting in that it provides evidence that a well thought of brand is not more resilient to the impact of negative events as predicted. This finding also provides

evidence of the converse interpretation that a less respected brand is not damaged to a greater extent by these events.

In summary, the first set of pilot studies accomplished my objectives. Pilot study one indicates that real brands may be more appropriate for use in the main dissertation studies. Real brands were more effective in producing hypothesized effects. Real brands also require less complicated manipulation and processing by subjects. In addition, the pilot studies demonstrated that the event manipulations were appropriate for the hypothesized effects. The dependent variable measures also consistently demonstrated acceptable reliabilities across the two studies. Based on the pilot study results, a 2 (Real Brands - Adidas and Reebok) × 3 (Event Type Manipulations) between-subjects experimental design is proposed for use with pre-tested manipulations and measures. Adult consumers will be recruited to participate in the main study. Multivariate analyses of variance with a priori planned contrasts are proposed for analysis of the collected data.

Pilot Study Two - Real Brands

Pilot study two addresses the issue of firm responses to negative events. Again, a set of pilot studies was conducted, one using real brands and a second using fictitious brands. For the real brand study, two analyses are reported. The first analysis uses all responses. For the second analysis, a cell by cell analysis of responses resulted in deleting cases that were outliers in that cell. These cases appeared to ignore the manipulations and respond based entirely upon their liking for the brand (Adidas). The single item truthfulness measure was used as a

covariate without success in isolating the response effects. Examination of individual subject surveys indicated that many of these subjects responded that they did not (or did) believe the firm response, and then responded in an inconsistent manner. The majority of the second study was conducted with students not receiving any incentives for participation. The information also was lengthier. Hopefully, adult consumers will be more diligent in their participation in the main study. The real brand (adjusted) results are presented last in this section.

Study Design and Procedure

Pilot study two (real brands) used a 2 (Organizational Product-Related Event) × 4 (Firm Response) between-subjects experimental design. Athletic shoes were used as the product category. Of the 187 subjects participating in the study all but 1 reported ownership of athletic shoes. For the study the Adidas brand was used. The same organization-related event and the product-related event manipulation used in Study One were again used in Study Two. The firm response manipulation was executed in a second news release. This manipulation contained a headline "Adidas Responds to Allegations of Child Labor Abuse/Product Defects". A statement followed the headline by a high-level executive of the company. This statement corresponded to one of three firm response manipulations, a denial, reduction of offensiveness, or a corrective action response. Subjects in the no response/control condition did not see a second news release. The manipulation for Pilot Study two may be seen in Appendix D - Pilot Study Two (Real Brands).

One hundred eighty seven (187) undergraduate business students participated in the study. The subjects were assigned randomly to 1 of 8 groups and were almost equally divided between male (53.5%) and female (46.5%). Cell sizes ranged from a low of 22 and a high of 25. Subjects were given an experimental booklet created to correspond to the manipulations of each cell. Each booklet consisted of a consent form with general instructions on the cover. Inside the booklet were the news releases and a questionnaire designed to measure variables of interest.

Dependent variables were operationalized in the same manner as in study one. Three items each were used to measure liking (α =. 96), quality (α =. 92), value (α =. 96), uniqueness (α = .93), functional risk (α = .95), social risk (α = .90) and psychological risk (α = .95). Five items each were used to measure brand sincerity (α = .84) and brand competence (α = .87). Two items each were used to measure the willingness to pay a price premium (r = .68), corporate ability (r = .66), corporate social responsibility (r = .73), and concern for customers (r = .79). One eleven-point item each was used to measure consideration of the brand and purchase intention.

Manipulation Checks

Manipulation checks were included in the questionnaire to determine that both the event manipulation and firm response manipulation were properly interpreted. Subjects were asked to indicate the nature of the event as either being related to child labor or defective material. Of the 91 subjects in the child labor

(organization-related event) condition only 1 subject incorrectly identified the event. Of the 96 subjects in the defective material (product-related event) condition, again only 1 subject incorrectly identified the event. Two seven-point scale items also were used to assess the extent to which subjects viewed the event as related to the organization or the product. Those subjects in the organization-related event group viewed their event manipulation as significantly more related to the organization (Mean = 6.51) than the product-related event group (Mean = 3.43, t-value = 3.08, p-value < 0.01). Subjects in the product-related event condition also viewed their event as significantly more related to the product (Mean = 6.09) than did those subjects in the organization - related event group (Mean = 1.60, t-value = 4.49, p-value <0.01).

Firm response manipulation checks also were included. Subjects exposed to a firm response were asked to indicate the nature of the response by checking one of three options, denial, reduction of offensiveness, or corrective action. Of those 47 subjects in the denial condition 4 (8.5%) incorrectly identified the manipulation. Of the 49 subjects in the reduction of offensiveness condition, only 2 (4.1%) subjects incorrectly identified the manipulation. Of the 46 subjects in the corrective action condition, 6 subjects incorrectly identified the manipulation. Three additional seven-point scale items were used to measure the extent to which subjects believed the firm response was an attempt to deny the occurrence of the event, reduce the offensiveness of the event, and taking corrective action. An ANOVA with planned contrasts between the three groups were used to determine if firm responses were interpreted as intended. All ANOVA's were significant (all p-values < 0.01).

Contrast results indicated that subjects exposed to the denial response viewed that response as significantly more of an attempt to deny the event (Mean = 6.08) than both subjects exposed to a reduction of offensiveness response (Mean - 3.96, t-value = 6.62, p-value < 0.01) and those subjects exposed to a corrective action response (Mean = 2.15, t-value = 12.06, p-value < 0.01). Also, subjects in the reduction of offensiveness condition viewed that response as significantly more of an attempt to reduce the offensiveness of the negative event (mean = 6.37) than both the subjects in the denial manipulation group (Mean = 4.57, t-value = 5.38, p-value <0.01) and the corrective action manipulation group (Mean = 3.04, t-value = 9.91, p-value < 0.01). Subjects in the corrective action condition viewed that event as significantly more of an attempt to correct the problem in the event (Mean = 5.56) than both the denial manipulation group (Mean = 2.64, t-value 8.04, p-value <0.01) and the reduction of offensiveness manipulation group (Mean = 2.14, t-value = 9.50, p-value < 0.01).

Assumption Checks

Assumption checks were included in the questionnaire to determine if subjects' cognitive responses were as predicted. As discussed in the conceptualization of study two, subjects are expected to generate cognitive responses when viewing firm responses to the negative events. Source derogation and counter arguments are expected for subjects viewing a denial response. Counterarguments also are expected for subjects viewing a reduction of offensiveness response. More support arguments are expected for those subjects in the corrective action manipulation condition.

To assess these assumptions, subjects were asked to respond to four seven-point items. Each item was anchored with end points of 1 being "Strongly Disagree" and 7 being "Strongly Agree". The items were designed to measure source derogation ("truthfulness"), counter arguments ("motivated by profit"), and support arguments ("appropriate response" and "in the best interest of the customer"). These items were tested for mean differences between groups with ANOVA and planned contrasts.

Assumption check results generally provide evidence of expected subject cognitive responses. All ANOVA's were significant (all p-values < 0.01). When asked if the firm's response was truthful, subjects in the corrective action group (Mean = 4.30) reported higher mean values than both the denial (mean = 3.04, t-value = 3.99, p-value < 0.01) and the reduction of offensiveness (Mean = 3.37, t-value = 2.99, p-value < 0.01) groups. There was not a mean difference between the denial and reduction of offensiveness group in terms of perceived truthfulness (t-value = 1.04, p-value > 0.10). The corrective action group also reported a more favorable view of the firm's being motivated by profit. This item has been coded so that higher values are more a positive view of the firm and lower value a less positive view of the firm being motivated by profit in this response. Subjects in the corrective action condition had a more favorable view of the firm's profit motivation (Mean = 3.41) than the reduction of offensiveness group (Mean = 2.67, t-value = 2.26, p-value < 0.05) and a marginally more favorable view than the denial group (Mean = 2.94, t-value = 1.44, p-value < 0.10). Corrective action subjects also viewed the response as a more appropriate response (Mean = 5.17) than both the

denial group (Mean = 3.62, t-value = 4.32, p-value < 0.01) and the reduction of offensiveness group (Mean = 2.82, t-value = 6.61, p-value < 0.01). Subjects in the denial condition also viewed the response as more appropriate than the reduction of offensiveness group (t-value = 2.26, p-value < 0.05). Subjects were also asked if they believed the response was in the best interest of the customer. Subjects in the corrective action condition viewed the response as significantly more in the best interest of the customer (Mean = 4.26), than both subjects in the denial condition (Mean = 2.43, t-value = 3.78, p-value < 0.01) and the reduction of offensiveness condition (Mean = 2.47, t-value = 5.08, p-value < 0.01). There was not a mean difference between the reduction of offensiveness and denial conditions on perceptions of the response being in the best interest of the customer (t-value = 1.27, p-value > 0.10). In summary, assumption check results provide evidence of greater source derogation and counterargument for denial and reduction of offensiveness conditions than the corrective action condition. Support arguments were greater for the corrective action condition.

Multivariate Results

To test the hypotheses of Study Two a series of MANOVA's with planned univariate contrasts were conducted. Dependent variables that were significantly correlated (all p-values < 0.01) were run in sets of three each. Multivariate and univariate results of the MANOVAs may be seen in Tables 3.19-3.23.

For all MANOVA's there is multivariate significance for the event factor (all p-values < 0.05, see Tables 3.19 - 3.23). The response factor achieves multivariate significance brand associations, and risk perceptions (p-values < 0.05, see Tables

3.19 and 3.22). The event by response interaction is not significant for any MANOVA model. For the response factor, univariate significance is achieved for the dependent variables of liking, quality, value, sincerity, competence, concern for customers, social risk and psychological risk (all p-values < 0.05, see Tables 3.19, 3.20, 3.21 and 3.22). There is one significant univariate interaction for the dependent variable of brand sincerity. Examination of the interaction reveals that the interaction is not disordinal in nature and does not impact the main effect hypotheses to be tested.

Table 3.19 MANOVA - Brand Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Liking	Quality	Value
Main Effects:							
Event (E)	.812	.19	13.64 [a]	1	.20	13.08 [a]	6.57 [b]
Response (R)	.859	.05	3.09 [b]	1	3.40 [b]	4.46 [a]	5.73 [a]
Interactions:							
E×R	.920	.02	1.67	3	1.79	1.57	1.59
Error				179			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.20 MANOVA - Brand Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Uniqueness	Sincerity	Competent
Main Effects:							
Event (E)	.897	.10	6.80 [a]	1	1.40	.01	9.36 [a]
Response (R)	.912	.03	1.84	1	1.58	2.75 [b]	3.27 [b]
Interactions:							

(table continued)

E × R	.921	.10	1.64	3	.49	2.82[b]	2.63
Error				179			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.21 MANOVA - Organizational Associations

	Multivariate Results				Univariate F-Values		
Source:	**Wilks' λ**	**η^2**	**F-Value**	**Df**	**Corporate Social Resp.**	**Concern for Customers**	**Corporate Ability**
Main Effects:							
Event (E.)	.822	.18	12.83[a]	1	8.36[a]	3.32	11.80[a]
Response (R)	.917	.03	1.74	1	2.25	3.10[b]	1.74
Interactions:							
E × R	.936	.02	1.31	3	.40	1.76	1.13
Error				179			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.22 MANOVA - Risk Perceptions

	Multivariate Results				Univariate F-Values		
Source:	**Wilks' λ**	**η^2**	**F-Value**	**Df**	**Functional Risk**	**Social Risk**	**Psychological Risk**
Main Effects:							
Event(E).	.814	.19	13.53[a]	1	28.39[a]	3.60	5.86b
Response (R)	.637	.14	9.76[a]	1	1.70	33.21[a]	14.37[a]
Interactions:							
E × R	.926	.03	1.55	3	1.23	2.16	3.54[b]
Error				179			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.23 MANOVA - Brand Response Variables

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	Df	*Consideration* of the Brand	Price Premium	Purchase Intention
Main Effects:							
Event (E)	.956	.05	2.72[b]	1	.01	2.82	.11
Response (R)	.931	.02	1.41	1	1.10	2.02	1.35
Interactions:							
E × R	.965	.01	.71	3	1.54	1.84	1.50
Error				179			

[a] $p < 0.01$
[b] $p < 0.05$

Hypothesis Testing

Although some multivariate and univariate ANOVA's are not significant, planned contrasts were performed to test the hypotheses of interest (Kirk 1982, pg. 95). All contrasts p-values are adjusted for multiple comparisons. Using the Dunnets-t procedure and one condition as a control group hypothesized contrast p-values are protected against Type I error. All possible contrasts are presented. Contrasts that do not pertain to the hypotheses are presented for completeness and the p-values are adjusted using the Tukey method.

H6 concerns the main effect of firm response in the product-related event condition. Specifically, H6 predicts that for subjects exposed to a product-related negative event, a corrective action response will result in higher mean values for all dependent variables, except for perceived risk. For perceived risk, a corrective action response is hypothesized to result in lower mean values. Planned contrasts

were used to test this hypothesis. The mean values for each firm response within the product-related event condition along with contrast t-values are shown in Table 3.24A-B.

Table 3.24A Planned Contrasts for H6 (Product-Related Event)

	Response Mean Values			
Dependent Variables:	**No Response Control** ***(NR)***	**Denial** ***(D)***	**Reduction of Offensiveness** ***(RO)***	**Corrective Action** ***(CA)***
Liking	3.26	3.72	4.69	4.27
Quality	2.73	3.49	4.13	4.35
Value	2.89	3.72	4.11	4.44
Uniqueness	4.50	4.29	4.71	4.75
Sincerity	2.86	3.12	3.37	4.04
Competence	2.81	3.56	3.94	4.50
Corporate Ability	3.07	3.70	4.23	4.02
Corporate Social Resp.	3.14	3.26	3.33	3.58
Concern for Customers	2.30	2.88	2.94	3.54
Functional Risk	5.20	4.39	4.15	3.95
Social Risk	2.85	5.79	6.02	2.17
Psychological Risk	2.92	5.79	5.72	2.53
Consideration of the Brand	4.23	4.92	5.63	5.44
Price Premium	1.93	2.14	2.10	2.58
Purchase Intention	3.63	3.84	4.50	4.52

Table 3.24B Planned Contrasts for H6 (Product-Related Event)

	Contrast t-values *					
Dependent Variables:	***NR* vs. *D***	***NR* vs. *RO***	***NR* vs. *CA***	***D* vs. *RO***	***D* vs. *CA***	***RO* vs. *CA***
Liking	.88	2.72[a]	1.93[b]	1.91[b]	1.08	.84
Quality	1.75	3.17[a]	3.71[a]	1.48	2.02[b]	.52
Value	1.72	2.51b	3.21[a]	.83	1.55	.70
Uniqueness	.52	.52	.62	1.06	1.17	.10
Sincerity	.68	1.31	3.10[a]	.67	2.51[b]	1.87[b]
Competence	1.70	2.55[b]	3.84[a]	.89	2.21[b]	1.30
Corporate Ability	1.48	2.69[a]	2.23[b]	1.27	.77	.50
Corporate Social Resp.	.31	.48	1.09	.19	.82	.62
Concern for Customers	1.39	1.51	2.96[a]	.14	1.62	1.47
Functional Risk	1.68	2.14[b]	2.37[b]	.50	.71	.21
Social Risk	8.46[a]	9.03[a]	8.58[a]	.67	.12	.55
Psychological Risk	5.87[a]	5.68[a]	5.21[a]	.14	.68	.54
Consideration of the Brand	.68	1.36	1.20	.71	.53	.19
Price Premium	.60	.49	1.86[b]	.11	1.31	1.40
Purchase Intention	.21	.87	.90	.69	.71	.02

* One-tailed significance

[a] $p < 0.01$

[b] $p < 0.05$

H6 is partially supported. When exposed to a product-related event, a firm response of correction action resulted in more favorable mean values than a denial and a reduction of offensiveness response for only one dependent variable, brand sincerity. (See Table 3.24, column *D vs. CA*, and *RO vs. CA*). For brand sincerity, subjects in the corrective action response condition reported higher values (Mean = 4.04) than both subjects in the denial condition (Mean 3.12, t-value = 2.51, p-value <0.05) and the reduction of offensiveness condition (Mean = 3.37, t-value = 1.87, p-value < 0.05). For two dependent variables corrective action resulted in greater mean values than the denial response. For brand quality, subjects in the corrective action condition (Mean = 4.35) reported higher values than subjects in the denial condition (Mean = 3.49, t-value = 2.02, p-value < 0.05). Also, brand competence was higher for subjects in the corrective action condition (Mean = 4.50) than for subjects viewing the denial condition (Mean = 3.56, t-value = 2.21, p-value < 0.05).

H7 concerned firm response effects given an organization-related negative event. Specifically, H7 predicted that for an organization-related event subjects exposed to reduction of offensiveness response would not have different mean values from the corrective action condition on all dependent variables. Planned contrasts again were used to test this hypothesis. The mean values for each firm response within the organization-related event condition along with contrast t-values are shown in Table 3.25.

Table 3.25 Planned Contrasts to Test H7 (Organization-Related Event)

	Response Mean Values				Contrast t-values *					
Dependent Variables:	No Response Control *(NR)*	Denial *(D)*	Reduction of Offensiveness *(RO)*	Corrective Action *(CA)*	*NR* vs. *D*	*NR* vs. *RO*	*NR* vs. *CA*	*D* vs. *RO*	*D* vs. *CA*	*RO* vs. *CA*
Liking	3.85	3.22	3.80	4.59	1.19	.11	1.37	1.11	2.53[b]	1.51
Quality	4.20	4.45	4.43	4.75	.58	.53	1.23	.07	.65	.74
Value	4.22	3.86	4.23	5.17	.83	.02	2.22	.87	3.01	2.25[b]
Uniqueness	4.25	4.00	4.09	4.87	.52	.33	1.29	.20	1.78	1.65
Sincerity	3.68	2.89	3.44	3.41	2.31[b]	.72	.78	1.63	1.49	.09
Competence	4.43	4.14	4.28	4.52	.73	.38	.24	.37	.95	.62
Corporate Ability	4.39	4.50	4.42	4.71	.24	.07	.70	.18	.46	.65
Corporate Social Resp.	2.50	2.55	2.60	3.38	.12	.27	2.24[a]	.14	2.10[b]	2.03
Concern for Customers	3.43	3.07	2.90	3.69	.98	1.49	.68	.46	1.60	2.14[b]
Functional Risk	3.33	3.40	3.17	4.70	.16	.51	.08	.67	.24	.41
Social Risk	3.26	4.74	5.27	2.43	2.89[a]	4.04[a]	4.46[a]	1.04	1.58	.60
Psychological Risk	3.42	3.98	4.69	2.75	.99	2.30[b]	3.16[a]	1.26	2.17[b]	.99
Consideration of the Brand	5.86	3.73	5.20	5.29	2.34[b]	.75	.63	1.60	1.66	.10
Price Premium	2.27	1.41	1.92	2.07	2.50[a]	1.38	.49	1.19	1.97	.85
Purchase Intention	5.13	2.63	3.92	4.19	2.79[a]	1.40	1.04	1.46	1.70	.30

* one-tailed significance

[a] $p < 0.01$

[b] $p < 0.05$

H7 is supported for all dependent variables except for brand value and corporate concern for customer (See Table 3.25, and column *RO vs CA*). Subjects exposed to corrective action response reported higher brand value (Mean = 5.17) than did those subjects in the reduction of offensiveness group (Mean = 4.23, t-value = 2.25, p-value < 0.05). Subjects exposed to a corrective action firm response also reported higher values for corporate concern for customers (Mean = 3.69) than those subjects in the reduction of offensiveness condition (Mean = 2.90, t-value = 2.14, p-value < 0.05). For all other dependent variables there is not a significant difference between a reduction of offensiveness response and a corrective action response when subjects are exposed to an organization-related event.

Table 3.26 Planned Contrasts for H8 (Events Combined)

	Mean Response Values			Contrast t-values *		
Dependent Variables:	**Denial *(D)***	**Reduction of Offensiveness *(RO)***	**Corrective Action *(CA)***	***D* vs. *RO***	***D* vs. *CA***	***RO* vs. *CA***
Liking	3.49	4.24	4.41	2.10 [b]	2.55 [a]	.49
Quality	3.94	4.28	4.53	1.97 [b]	2.01 [b]	.87
Value	3.79	4.17	4.78	1.27	3.22 [a]	2.00 [b]
Uniqueness	4.16	4.39	4.80	.80	2.13 [b]	1.36
Sincerity	3.01	3.40	3.75	1.63 [b]	2.98 [a]	1.42
Competence	3.82	4.11	4.51	1.01	2.36 [a]	1.38
Corporate Ability	4.07	4.33	4.34	.87	.90	.04
Corporate Social Resp.	2.93	2.96	3.49	.13	2.10 [b]	2.00 [b]
Concern for Customers	2.97	2.92	3.61	.19	2.44 [a]	2.66 [a]
Functional Risk	3.92	3.64	3.71	.94	.70	.24
Social Risk	5.30	5.63	5.71	1.18	1.42	.27
Psychological Risk	4.94	5.20	5.37	.68	1.13	.46

table continued

Consideration of the Brand	4.36	5.41	5.37	1.58	1.50	.06
Price Premium	2.04	2.26	2.65	.87	2.45[a]	1.61
Purchase Intention	3.28	4.20	4.37	1.42	1.65[b]	.25

* One-tailed significance
[a] $p < 0.01$
[b] $p < 0.05$

H8 predicted that in either event condition the denial response would result in lower mean values on all dependent variables, except for perceived risk. A denial response is proposed to result in higher mean values of perceived risk. Again planned contrasts were used to compare the denial response with the reduction of offensiveness, and corrective action responses. The mean value of the three response conditions for the combined event types along with the planned contrasts may be seen in Table 3.26. Contrast p-values were adjusted with the Dunnetts-t procedure using the denial response as the comparison group.

H8 is supported partially. For the dependent variables of liking and sincerity a denial response resulted in significantly lower values than both a reduction of offensiveness and corrective action responses (See Table 3.26 and columns *D vs. RO* and *D vs. CA*). Subjects in the denial condition reported lower values on liking (Mean = 3.49) than both the reduction of offensiveness (Mean = 4.24, t-value = 2.10, p-value < 0.05) and corrective action groups (Mean = 4.41, t-value = 2.55, p-value < 0.01). In addition, subjects in the denial condition also reported lower values for brand sincerity (Mean = 3.01) than both the reduction of offensiveness

group (Mean = 3.40, t-value = 1.63, p-value < 0.05) and the corrective action group (Mean = 3.75, t-value = 2.98, p-value <0.01).

Subjects in the denial group reported lower mean values than subjects in the corrective action group on the dependent variables of brand quality (t=2.01, p-value < 0.05), brand value (t-value = 3.22, p-value < 0.01), uniqueness (t-value = 2.13, p-value < 0.05), brand competence (t-value = 2.36, p-value < 0.01), corporate social responsibility (t-value = 2.10, p-value < 0.05), concern for customers (t-value = 2.44, p-value < 0.01), and the willingness to pay a price premium (t-value = 2.45, p-value < 0.01). For these dependent variables, there was not a mean difference between the denial and reduction of offensiveness conditions.

Pilot Study Two - Fictitious Brands

Pilot study two (fictitious brands) also used a 2 (Organization or Product-Related Event) x 4 (Firm Response) between-subjects experimental design. Athletic shoes again were used as the product category. Athletic shoes were appropriate for the student sample with all but 4 of the 184 subjects participating in the study reporting ownership of athletic shoes. For the study the Rinna (high pre-event brand identity) brand was used. The same event manipulations used in study one were used in study two. The same firm response manipulations described in the real brand study were utilized. The manipulations for the study may be seen in Appendix E - Pilot Study Two (Fictitious Brands).

One hundred eighty four undergraduate business students participated in the study. The subjects were assigned to 1 of 8 groups and were almost equally divided between male (50.5%) and female (49.5%). Cell sizes ranged from a low of 21 to a

high of 25. Subjects were given experimental booklets created to correspond to the manipulations of each cell. Each booklet consisted of a consent form with general instructions on the cover. Inside the booklet were the Rinna brand (high pre-event brand identity) manipulations, new press releases, and a questionnaire designed to measure variables of interest.

After reading the instructions, subjects opened the booklet and read the Rinna Company profile. This profile was exactly as used in Study One. Upon completion of this task, subjects answered seven items designed to encourage processing of the Rinna brand information and formation of an attitude toward the Rinna brand. Subjects then were exposed to the negative event and firm response manipulations.

Dependent variables were operationalized in the same manner as described in the real brand study. Again measures exhibited acceptable reliabilities. Three items were used to measure liking (α = .93), quality (α = .93), value (α = .93), uniqueness (α =.91) functional risk (α =.93), social risk (α =.86) and psychological risk (α =.94). Five items each were used to measure brand sincerity (α =.79) and brand competence (α =.83). Two items were used to measure the willingness to pay a price premium (r = .86), corporate ability (r =.65), corporate social responsibility (r =.76), and concern for customers (r =.73). A single eleven-point item each was used to measure consideration of the brand and purchase intention.

Manipulation Checks

Manipulation checks were included in the questionnaire to determine that both the event manipulation and firm response manipulations were properly interpreted. Subjects were asked to indicate the nature of the event as either being related to child labor or defective material. Of the 92 subjects in the child labor (organization-related event) condition all subjects correctly identified the event. In addition, of the 91 subjects in the defective material (product-related event) condition, all subjects correctly identified the event. Two seven-point scale items were also used to assess the extent to which subjects viewed the event as related to the organization or the product. Those subjects in the organization-related event group viewed the event manipulation as significantly more related to the organization (Mean = 6.28) than the product-related event group (Mean = 3.55, t-value = 10.73, p-value < 0.01). Subjects in the product-related event condition also viewed the event as significantly more related to the product (Mean = 5.95) than did those subjects in the organization-elated event group (Mean = 1.89, t-value = 18.98. p-value <0.01).

Firm response manipulation checks also were included. Subjects exposed to a firm response were asked to indicate the nature of the response by checking one of three options, denial, reduction of offensiveness, or corrective action. Of those 48 subjects in the denial condition 9 (18.8%) incorrectly identified the manipulation. Of the 45 subjects in the reduction of offensiveness condition, only 1 (2.2%) subjects incorrectly identified the manipulation. Of the 48 subjects in the corrective action condition, only 3 (6.3%) subjects incorrectly identified the manipulation.

Due to the number of subjects missing the denial manipulation check, analysis testing the hypotheses was run with and without the subjects incorrectly identifying the manipulation. Because the results were not significantly different, reported results are with all subjects included. Three separate seven-point scale items used to measure the extent to which subjects believed the firm response was an attempt to deny the occurrence of the event, reduce the offensiveness of the event, and taking corrective action. Univariate ANOVAs with planned contrasts between the three groups were used to determine if firm responses were interpreted as intended. The ANOVAs were significant for all three variables (all p-values < 0.01). Contrasts indicate that subjects exposed to the denial response viewed that response as significantly more of an attempt to deny the event's occurrence (Mean = 6.04) than both subjects exposed to a reduction of offensiveness response (Mean = 2.96, t-value = 9.53, p-value < 0.01) and those subjects exposed to a corrective action response (Mean = 1.83, t-value = 13.20, p-value < 0.01). Also, subjects in the reduction of offensiveness condition viewed the response significantly more of an attempt to reduce the offensiveness of the negative event (Mean = 6.29) than both the subjects in the denial manipulation group (Mean = 3.40, t-value = 7.72, p-value <0.01) and the corrective action manipulation group (Mean = 2.75, t-value = 9.45, p-value < 0.01). Subjects in the corrective action condition viewed their event as significantly more of an attempt to correct the event (Mean = 5.94) than both the denial manipulation group (Mean = 2.38, t-value 11.86, p-value <0.01) and the reduction of offensiveness manipulation group (Mean = 1.98, t-value = 10.85, p-value < 0.01).

Assumption Checks

Assumption checks were included to determine if subjects' cognitive responses were as predicted. As discussed in the conceptualization of study two, subjects are expected to generate cognitive responses when viewing firm responses to the negative events. Source derogation and counter arguments are expected for subjects viewing a denial response. Counter arguments also are expected for subjects viewing a reduction of offensiveness response. More support arguments are expected for those subjects in the corrective action manipulation condition.

To assess these assumptions, subjects were asked to respond to four seven-point items. Each item was anchored with end points of 1 being "Strongly Disagree" and 7 being "Strongly Agree". The items were designed to measure source derogation ("truthfulness") counter arguments ("motivated by profit") and support arguments ("appropriate response" and "in the best interest of the customer"). These items were tested for mean differences between groups with univariate ANOVAs and planned contrasts.

Assumption check results generally provide evidence of expected subject cognitive responses. When asked if the firm's response was truthful, subjects in the corrective action group (Mean = 4.23) reported higher mean values than both the denial group (Mean = 2.77, t-value = 4.58, p-value < 0.01) and the reduction of offensiveness group (Mean = 3.62, t-value = 1.86, p-value < 0.01) groups. In terms of the response being motivated by profit, there was not a difference between the three groups. Denial (Mean = 4.54), reduction of offensiveness (Mean = 4.98), and corrective action (Mean = 4.52) were not significantly different in perceived profit

motivation (all p-values > 0.10). This item has been coded so that higher values are more a positive view of the firm and lower values a less positive view of the firm being motivated by profit in this response. Subjects exposed to the corrective action manipulation viewed the response as more appropriate (Mean = 5.13) than both the denial group (Mean = 2.92, t-value = 6.47, p-value < 0.01) and the reduction of offensiveness group (Mean = 2.87, t-value = 6.51, p-value < 0.01). Subjects in the denial condition did not view the response as more or less appropriate than the reduction of offensiveness (t-value = .15, p-value < 0.010). Subjects were also asked if they believed the response was in the best interest of the customer. Subjects in the corrective action condition view the response as significantly more in the best interest of the customer (Mean = 4.25), than both subjects in the denial condition (Mean = 2.54, t-value = 4.78, p-value < 0.01) and the reduction of offensiveness condition (Mean = 2.78, t-value = 4.05, p-value < 0.01). There was not a mean difference between the reduction of offensiveness and denial conditions on their view of the response being in the best interest of the customer (t-value = .61, p-value > 0.10). In summary, both the denial and reduction of offensiveness responses appear to generate more source derogation and counterarguments than corrective action. For corrective action, more support arguments were generated.

Multivariate Results

To test the hypotheses of Study Two a series of MANOVA's with planned univariate contrasts were conducted. Dependent variables that were significantly

correlated (all p-values < 0.01) were run in sets of three each. Multivariate and univariate results of the MANOVA's may be seen in Tables 3.27-3.31.

For all MANOVA's except the brand response variable MANOVA (Table 3.31) there is multivariate significance for the event factor (all p-value < 0.05, see Tables 3.27-3.31). The response factor achieves multivariate significance for brand associations, and organizational associations (p-values < 0.05, see Tables 3.27, 3.28 and 3.29). The response factor does not achieve multivariate significance for brand response variables (p-value > 0.10, see Table 3.31). The event by response interaction is not significant for any MANOVA model. For the response factor, univariate significance is achieved for the dependent variables of liking, quality, value, sincerity, competence, corporate social responsibility, concern for customers, corporate ability, functional risk, psychological risk and consideration of the brand (all p-values < 0.05, see Tables 3.27-3.31). There are no significant univariate interactions for any dependent variables.

Table 3.27 MANOVA - Brand Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Liking	Quality	Value
Main Effects:	.644	.36	32.02[a]				
Event (E)				1	.45	59.09[a]	12.20[a]
Response (R)	.906	.03	1.94[b]	3	4.06[a]	3.82[b]	4.37[a]
Interactions:							
E×R	.982	.01	1.36	3	.42	.14	.34
Error				176			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.28 MANOVA - Brand Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	Df	Uniqueness	Sincerity	Competence
Main Effects:							
Event (E)	.729	.27	21.53[a]	1	4.62[b]	1.95	18.90[a]
Response (R)	.894	.04	2.23[b]	3	1.21	5.50[a]	2.94[b]
Interactions:							
E × R	.947	.02	1.07	3	.53	2.04	1.56
Error				176			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.29 MANOVA - Organizational Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	Df	Corporate Social Resp.	Concern for Customers	Corporate Ability
Main Effects:							
Event (E.)	.674	.33	28.01[a]	1	23.69[a]	1.03	11.42[a]
Response (R)	.814	.07	4.15[a]	3	7.11[a]	10.14[a]	5.05[a]
Interactions:							
E × R	.909	.03	1.88	3	1.83	.85	1.52
Error				176			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.30 MANOVA - Risk Perceptions

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	Df	Functional Risk	Social Risk	Psychological Risk
Main Effects:							
Event (E).	.730	.27	21.50[a]	1	60.13[a]	1.05	.21

(table continued)

Response (R)	.809	.07	4.29[a]	3	2.91[b]	1.89	3.66[b]
Interactions:							
E × R	.958	.01	.84	3	.35	1.22	1.98
Error				176			

[a] $p < 0.01$
[b] $p < 0.05$

Table3.31 MANOVA - Brand Response Variables

	Multivariate Results				**Univariate F-Values**		
Source:	**Wilks' λ**	**η^2**	**F-Value**	**Df**	**Consideration of the Brand**	**Price Premium**	**Purchase Intention**
Main Effects:							
Event (E)	.971	.03	1.74	1	4.94[b]	2.25	4.76[b]
Response (R)	.930	.02	1.43	3	3.34[b]	2.01	2.24
Interactions:							
E × R	.940	.02	1.22	3	.82	.63	.18
Error				176			

[a] $p < 0.01$
[b] $p < 0.05$

Hypothesis Testing

H6 concerns the main effect of a firm response in the product-related event condition. Specifically, H6 predicted that for subjects exposed to a product-related negative event, a corrective action response would result in higher mean values for all dependent variables. Although not all univariate ANOVA effects were significant, a priori planned contrasts were used to test this hypothesis (Kirk 1982). The mean values for each firm response condition within the product-related event condition along with contrast t-values are shown in Table 3.32.

Table 3.32 Planned Contrasts for H6 (Product-Related Event)

	Response Mean Values				Contrast t-values*					
Dependent Variables:	**No Response Control *(NR)***	**Denial *(D)***	**Reduction of Offensiveness *(RO)***	**Corrective Action *(CA)***	***NR* vs. *D***	***NR* vs. *RO***	***NR* vs. *CA***	***D* vs. *RO***	***D* vs. *CA***	***RO* vs. *CA***
Liking	2.49	2.71	2.83	3.44	.58	.88	2.49[a]	.33	2.01	1.64
Quality	2.19	2.57	2.48	3.09	1.02	.75	2.34[b]	.26	1.40	1.62
Value	2.49	2.88	2.97	3.46	.98	1.18	2.40[b]	.24	1.51	1.25
Uniqueness	4.19	4.27	4.29	4.42	.19	.25	.57	.06	.40	.33
Sincerity	2.53	2.66	2.73	3.47	.42	.66	3.12[a]	.26	2.83[a]	2.52[b]
Competence	2.62	2.96	2.96	3.57	.94	.91	2.58[a]	.01	1.74[b]	1.71[b]
Corporate Ability	3.02	3.88	3.67	3.74	1.96[b]	1.46	1.61	.48	.33	.15
Corporate Social Resp.	2.95	3.18	3.43	4.70	.50	1.04	3.76[a]	.57	3.42[a]	2.79[a]
Concern for Customers	2.12	2.62	3.22	4.04	1.10	2.36[b]	4.14[a]	1.34	3.20[a]	1.82[b]
Functional Risk	5.33	5.33	5.03	3.07	.00	.81	1.08	.85	1.13	.28
Social Risk	3.95	3.94	2.97	4.83	1.10	2.06[b]	1.63	1.03	.58	.44
Psychological Risk	3.92	3.67	4.22	4.57	.49	.56	.92	1.09	.46	1.52
Consideration of the Brand	2.29	2.44	2.30	3.09	.21	.03	1.08	.19	.91	1.08
Price Premium	1.43	1.58	1.54	1.70	.60	.45	1.04	.15	.47	.61
Purchase Intention	1.29	1.40	1.70	2.17	.20	.69	1.49	.52	1.35	.82

* One-tailed significance

[a] $p < 0.01$

[b] $p < 0.05$

H6 is partially supported. When exposed to a product-related event, a firm response of correction action resulted in higher values than a denial and reduction of offensiveness response for only the dependent variables of brand sincerity, brand competence, corporate social responsibility and concern for customers. (See Table 3.32, column *D vs. CA*, and *RO vs. CA*). For brand sincerity, subjects in the corrective action response condition reported higher values (Mean = 3.47) than both subjects in the denial condition (Mean 2.53, t-value = 2.83, p-value <0.01) and the reduction of offensiveness condition (Mean = 2.73, t-value = 2.52, p-value < 0.05). Subjects in the corrective action response group also reported higher mean values for brand competence (Mean = 3.57) than both the denial response group (Mean = 2.96, t-value = 1.74, p-value < 0.05) and the reduction of offensiveness group (Mean = 2.96, t-value = 1.71, p-value < 0.05). For corporate social responsibility, subjects in the corrective action group also reported higher man values (Mean = 4.70) than both subjects in the denial condition (Mean = 3.18, t-value = 3.42, p-value < 0.01) and the reduction of offensiveness group (Mean = 3.43, t-value = 2.79, p-value < 0.01). Perceived concern for customers also was higher for the corrective action condition (Mean = 4.04) than both the denial condition (Mean = 2.62, t-value = 3.20, p-value < 0.01) and the reduction of offensiveness condition (Mean = 3.22, t-value = 1.82, p-value < 0.05). For one dependent variable corrective action resulted in greater mean values than the denial response. For overall liking, subjects in the corrective action condition (Mean = 3.44) reported higher values than subjects in the denial condition (Mean = 2.71, t-value = 2.01, p-value < 0.05).

H7 concerned firm response effects given an organization-related negative event. Specifically, H7 predicted that subjects exposed to an organization-related event would not have different mean values on all dependent variables between the reduction of offensiveness response and the corrective action condition. Planned contrasts were used to test this hypothesis. The mean values for each firm response within the organization-related event condition along with contrast t-values are shown in Table 3.33A-B.

Table 3.33A Planned Contrasts to Test H7 (Organization-Related Event)

	Response Mean Values			
Dependent Variables:	**No Response/ Control** ***(NR)***	**Denial** ***(D)***	**Reduction of Offensiveness** ***(RO)***	**Corrective Action** ***(CA)***
Liking	2.39	3.04	3.18	3.36
Quality	3.55	4.01	4.15	4.48
Value	3.12	3.39	4.02	4.09
Uniqueness	3.52	4.01	3.65	4.29
Sincerity	2.12	2.51	3.09	2.82
Competence	3.35	3.84	4.21	3.78
Corporate Ability	3.47	4.00	4.91	4.78
Corporate Social Resp.	1.86	2.54	2.82	2.86
Concern for Customers	2.34	2.72	3.36	3.44
Functional Risk	4.12	4.10	3.38	3.43
Social Risk	3.56	4.19	3.58	3.19
Psychological Risk	3.20	4.67	4.61	3.25
Consideration of the Brand	2.32	3.09	3.32	4.76
Price Premium	1.66	1.59	1.61	2.14
Purchase Intention	1.64	2.35	2.27	2.96

Table 3.33B Planned Contrasts to Test H7 (Organization-Related Event)

	Contrast Values					
Dependent Variables:	***NR* vs. *D***	***NR* vs. *RO***	***NR* vs. *CA***	***D* vs. *RO***	***D* vs. *CA***	***RO* vs. *CA***
Liking	1.59	1.91	2.42[b]	.34	.80	.45
Quality	1.20	1.53	2.44[b]	.35	1.23	.86
Value	.65	2.14[b]	2.40[b]	1.51	1.75	.19
Uniqueness	1.13	.10	1.80	1.03	.65	1.70
Sincerity	1.45	2.81[a]	2.35[b]	1.74	1.06	.77
Competence	1.44	2.47[b]	1.27	1.06	.20	1.28
Corporate Ability	1.14	3.30[a]	3.17[a]	2.21[b]	2.02[b]	.36
Corporate Social Resp.	1.67	2.32[b]	2.50[b]	.68	.80	.11
Concern for Customers	1.00	2.77[b]	3.21[a]	1.59	1.88[b]	.20
Functional Risk	.06	2.06[b]	1.98[b]	2.02[b]	1.95[b]	.14
Social Risk	1.28	.03	.78	1.25	2.11[b]	.81
Psychological Risk	2.59[b]	2.47[b]	.11	.11	2.82[b]	2.67[b]
Consideration of the Brand	1.02	1.21	3.21[a]	.28	2.22[b]	1.75[b]
Price Premium	.29	.18	1.94[b]	.11	2.26[b]	2.12[b]
Purchase Intention	1.11	.98	2.11[b]	.12	.99	1.03

* One-tailed significance

[a] $p < 0.01$

[b] $p < 0.05$

H7 is supported for all dependent variables except for psychological risk, consideration of the brand, and price premium (See Table 3.33, Column RO vs. CA). Subjects exposed to corrective action response reported a more favorable psychological risk score (Mean = 3.25) than did those subjects in the reduction of offensiveness group (Mean = 4.61, t-value = 2.67, p-value < 0.05). Subjects exposed to a corrective action response also reported higher values for consideration of the brand (Mean = 4.76) than those subjects in the reduction of offensiveness condition (Mean = 3.32, t-value = 2.26, p-value < 0.05). The willingness to pay a price premium also was higher for the corrective action condition (Mean = 2.14) than the reduction of offensiveness condition (Mean = 1.61, t-value = 2.12, p-value < 0.05). For all other dependent variables there is not a significant difference between a reduction of offensiveness response and a corrective action response when subjects are exposed to an organization-related event.

H8 predicted that in either event condition the denial response would result in less favorable mean values on all dependent variables. Again planned contrasts were used to compare the denial response with the reduction of offensiveness, and corrective action responses. The mean value of the three response conditions for the combined event types along with the planned contrast may be seen in Table 3.34. Contrast p-values were adjusted using the Dunnetts-t procedure.

Table 3.34 Planned Contrasts for H8 (Events Combined)

	Mean Response Values			Contrast t-values		
Dependent Variables:	**Denial *(D)***	**Reduction of Offensiveness *(RO)***	**Corrective Action *(CA)***	***D* vs. *RO***	***D* vs. *CA***	***RO* vs. *CA***
Liking	2.87	3.00	3.40	.49	1.97[b]	1.46

(table continued)

Quality	3.26	3.29	3.81	.11	1.83[b]	1.69
Value	3.13	3.48	3.79	1.25	2.38[a]	1.09
Uniqueness	4.15	3.93	4.35	.72	.71	1.42
Sincerity	2.59	2.91	3.13	1.42	2.45[a]	.99
Competence	3.38	3.56	3.68	.72	1.17	.43
Corporate Ability	3.94	4.28	4.28	1.14	1.17	.01
Corporate Social Resp.	2.88	3.13	3.74	.80	2.73[a]	1.88[b]
Concern for Customers	2.67	3.29	3.73	2.06[b]	3.57[a]	1.46
Functional Risk	4.74	4.22	4.15	1.82	2.13	.27
Social Risk	3.80	3.27	3.18	1.58	1.87	.26
Psychological Risk	4.15	4.41	3.34	.72	2.25	2.93
Consideration of the Brand	2.75	2.80	3.96	.09	2.28	2.15
Price Premium	1.58	1.58	1.93	.03	2.03	2.03
Purchase Intention	1.85	1.98	2.14	.28	1.65	1.35

* One-tailed significance
[a] $p < 0.01$
[b] $p < 0.05$

H8 is supported for only one dependent variable, concern for customers (See Table 3.34 and columns *D vs. RO* and *D vs. CA*). Subjects in the denial condition reported lower values on concern for customers (Mean = 2.67) than both the reduction of offensiveness (Mean = 3.29, t-value = 2.06, p-value < 0.05) and corrective action groups (Mean = 3.73, t-value = 3.57, p-value < 0.01).

Subjects in the denial group reported lower mean values than subjects in the corrective action group on the dependent variables of liking (t-value = 1.97, p-value < 0.05, brand quality (t-value = 1.83, p-value < 0.05), brand value (t-value = 2.38, p-value < 0.01), brand sincerity (t-value = 2.45, p-value < 0.01), and corporate social responsibility (t-value = 2.73, p-value < 0.01). For these dependent variables, there

was not a mean difference between the denial and reduction of offensiveness conditions.

Pilot Study Two (Real Brands - Adjusted)

Cell by cell deletion of outliers and cases that appeared to ignore the manipulations resulted in 113 useable responses. Cell sizes ranged from a low of 11 to a high of 18.

Multivariate Results

To test the hypotheses of Study Two a series of MANOVAs with planned univariate contrasts were conducted. Dependent variables that were significantly correlated (all p-values < 0.01) were run in sets of three each. Multivariate and univariate results of the MANOVA's may be seen in Tables 3.35-3.39.

For all MANOVA's there is multivariate significance for the event factor with the exception of the brand response variables MANOVA (see Table 3.39). The response factor achieves multivariate significance for all MANOVAS (see Tables 3.35-3.39). In addition, the event by response interaction is significant for all MANOVA models. For the response factor, univariate significance is achieved for all dependent variables (all p-values < 0.05). There are significant univariate interactions for all but three dependent variables. Examination of the interactions reveal that they are not disordinal in nature and do not impact the main effect hypotheses to be tested.

Table 3.35 MANOVA - Brand Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Liking	Quality	Value
Main Effects:							
Event (E)	.640	.36	19.28[a]	1	.54	21.16[a]	19.25[a]
Response (R)	.643	.14	5.55[a]	3	12.81[a]	7.19[a]	15.73[a]
Interactions:							
E×R	.755	.09	3.41[b]	3	2.83[b]	6.00[a]	6.10[a]
Error				105			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.36 MANOVA - Brand Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Uniqueness	Sincerity	Competence
Main Effects:							
Event (E)	.724	.28	13.06[a]	1	.48	.07	24.33[a]
Response (R)	.672	.12	4.95[a]	3	2.94[b]	12.82[a]	10.65[a]
Interactions:							
E × R	.728	.10	3.89[a]	3	.90	7.91[a]	6.07[a]
Error				105			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.37 MANOVA - Organizational Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	Df	Corporate Social Resp.	Concern for Customers	Corporate Ability

(table continued)

Main Effects:							
Event (E.)	.723	.28	13.18[a]	1	4.74b	10.08[a]	23.00[a]
Response (R)	.734	.10	3.77[a]	3	4.98[a]	8.41[a]	4.80[a]
Interactions:							
E × R	.779	.08	3.00[a]	3	2.20	5.59[a]	1.55
Error				105			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.38 MANOVA - Risk Perceptions

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	Df	Functional Risk	Social Risk	Psychological Risk
Main Effects:							
Event (E).	.630	.37	20.16[a]	1	52.29[a]	.34	4.06[b]
Response (R)	.579	.17	7.02[a]	3	3.76[b]	18.13[a]	10.16[a]
Interactions:							
E × R	.767	.09	3.20[a]	3	6.34[a]	1.58	2.78[b]
Error				105			

[a] $p < 0.01$
[b] $p < 0.05$

Table 3.39 MANOVA - Brand Response Variables

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	Df	Consider	Price Premium	Purchase Intention
Main Effects:							
Event (E)	.961	.04	1.39	1	.88	2.72	.30
Response (R)	.667	.13	5.04[a]	3	10.58[a]	8.88[a]	12.38[a]
Interactions:							
E × R	.796	.07	2.75[a]	3	6.21[a]	6.76[a]	6.73[a]
Error				105			

[a] $p < 0.01$
[b] $p < 0.05$

Hypothesis Testing

Planned contrasts were performed to test the hypotheses of interest. All contrasts p-values are adjusted for multiple comparisons using the Tukey method.

H6 concerns the main effect of firm response in the product-related event condition. Specifically, H6 predicts that for subjects exposed to a product-related negative event, a corrective action response will result in higher mean values for all dependent variables. Planned contrasts were used to test this hypothesis. The mean values for each firm response within the product-related event condition along with contrast t-values are shown in Table 3.40A-B.

Table 3.40A Planned Contrasts for H6 (Product-Related Event)

	Response Mean Values			
Dependent Variables:	**No Response Control *(NR)***	**Denial *(D)***	**Reduction Of Offensiveness *(RO)***	**Corrective Action *(CA)***
Liking	2.74	3.12	4.05	5.27
Quality	2.19	2.79	3.64	4.91
Value	2.37	3.10	3.23	5.10
Uniqueness	4.17	4.48	3.87	4.85
Sincerity	2.52	2.87	2.57	4.63
Competence	2.39	2.56	2.98	5.15
Corporate Ability	2.47	2.95	3.54	4.36
Corporate Social Resp.	2.86	3.41	2.46	3.72
Concern for Customers	1.83	2.73	2.12	4.00
Functional Risk	5.76	5.30	4.90	3.61
Social Risk	2.94	5.70	5.87	5.60
Psychological Risk	3.26	5.70	5.13	5.79
Consideration of the Brand	3.06	3.45	3.38	7.73
Price Premium	1.58	1.86	1.69	3.36
Purchase Intention	2.44	2.09	2.69	6.73

Table 3.40B Planned Contrasts for H6 (Product-Related Event)

	Contrast t-values *					
Dependent Variables:	***NR* vs. *D***	***NR* vs. *RO***	***NR* vs. *CA***	***D* vs. *RO***	***D* vs. *CA***	***RO* vs. *CA***
Liking	.71	2.58[b]	4.74[a]	1.63	3.61[a]	2.13[b]
Quality	1.44	3.65[a]	6.49[a]	1.90	4.54[a]	2.82[b]
Value	1.63	2.05	6.62[a]	.30	4.07[a]	3.94[a]
Uniqueness	.74	.73	1.61	1.35	.77	2.15[b]
Sincerity	.95	.13	5.72[a]	.77	4.28[a]	5.23[a]
Competence	.41	1.45	6.39[a]	.91	5.37[a]	4.68[a]
Corporate Ability	1.08	2.50[b]	4.22[a]	1.22	2.82[b]	1.72
Corporate Social Resp.	1.22	.94	1.93	1.98	.64	2.64[b]
Concern for Customers	2.42[b]	.80	5.86[a]	1.55	3.09[a]	4.76[a]
Functional Risk	1.00	1.98	4.70[a]	.83	3.32[a]	2.63[b]
Social Risk	6.22[a]	6.95[a]	6.01[a]	.37	.18	.56
Psychological Risk	3.89[a]	3.13[a]	4.03[a]	.85	.13	.98
Consideration of the Brand	.46	.40	5.33[a]	.08	4.38[a]	4.63[a]
Price Premium	.78	.32	4.97[a]	.45	3.76[a]	4.36[a]
Purchase Intention	.41	.30	4.97[a]	.65	4.83[a]	4.38[a]

* One-tailed significance

[a] $p < 0.01$

[b] $p < 0.05$

H6 is partially supported. When exposed to a product-related event, a firm response of correction action resulted in more favorable mean values than a denial and a reduction of offensiveness response for all dependent variables, except uniqueness, corporate ability, corporate and social responsibility, social risk and psychological risk (See Table 4.40, column *D vs. CA*, and *RO vs. CA*). For uniqueness, a corrective action response resulted in higher values (Mean = 4.85) than the reduction of offensiveness response (Mean = 3.87, t-value = 2.15, p-value < 0.05), but not the denial response. Corrective action resulted in a higher mean value for corporate ability (Mean = 4.36) than denial (Mean = 2.95, t-value = 2.82, p-value < 0.05), but not the reduction of offensiveness response (Mean = 3.54). Social risk and psychological risk for subjects in the product-related condition were not affected by any type of response.

H7 concerned firm response effects given an organization-related negative event. Specifically, H7 predicted that for an organization-related event subjects exposed to a reduction of offensiveness response would not have different mean values from the corrective action condition on all dependent variables. Planned contrasts were used to test this hypothesis. The mean values for each firm response condition along with the contrast t-values are shown in Table 3.41.

H7 is supported for all dependent variables except for brand value and corporate social responsibility (See Table 3.41 and the column *RO vs. CA*). Subjects that were exposed to corrective action response reported significantly higher brand mean values (Mean = 5.18) than did those subjects that were exposed to the reduction of offensiveness response (Mean = 4.33, t-value = 2.33, p-value < 0.05).

Table 3.41 Planned Contrasts to Test H7 (Organization-Related Event)

	Response Mean Values				Contrast t-values					
Dependent Variables:	**No Response Control *(NR)***	**Denial *(D)***	**Reduction of Offensiveness *(RO)***	**Corrective Action *(CA)***	***NR* vs. *D***	***NR* vs. *RO***	***NR* vs. *CA***	***D* vs. *RO***	***D* vs. *CA***	***RO* vs. *CA***
Liking	3.83	2.29	3.65	4.65	2.91[b]	.36	1.60	2.79[b]	4.84[a]	2.16
Quality	4.75	4.14	4.25	4.76	1.13	.96	.03	.23	1.26	1.09
Value	4.69	3.29	4.33	5.18	3.39[a]	.91	1.21	2.75[b]	4.96[a]	2.33[b]
Uniqueness	4.36	3.50	3.78	4.96	1.30	.91	.95	1.47	2.41[b]	2.04
Sincerity	3.40	2.26	3.27	3.48	3.26[a]	.39	.25	3.15[a]	3.80[a]	.69
Competence	4.58	3.99	4.26	4.71	1.25	.71	.27	.62	1.64	1.07
Corporate Ability	4.50	4.25	4.32	5.06	.45	.33	1.04	.14	1.58	1.51
Corporate Social Resp.	2.63	1.93	2.50	3.47	1.54	.29	1.95	1.38	3.71[a]	2.45[b]
Concern for Customers	3.63	3.07	2.88	3.58	1.31	1.84	.09	.49	1.34	1.92
Functional Risk	2.72	3.71	3.31	3.32	2.18	1.36	1.36	.96	.96	.00
Social Risk	3.53	4.76	5.32	5.86	1.88	2.83[b]	3.70[a]	.92	1.82	.96
Psychological Risk	3.42	3.45	4.78	5.67	.05	2.18	3.58[a]	2.21	3.68[a]	1.54
Consideration of the Brand	6.08	2.57	5.00	5.71	3.52[a]	1.13	.40	2.65[b]	3.43[a]	.81
Price Premium	3.29	1.39	2.35	2.82	4.09[a]	2.11	1.05	2.25	3.36[a]	1.16
Purchase Intention	5.50	1.00	4.00	4.47	4.49[a]	1.56	1.07	3.26[a]	3.78[a]	.54

* One-tailed significance

[a] $p < 0.01$

[b] $p < 0.05$

Subjects exposed to a corrective action firm response also reported higher values for corporate social responsibility (Mean = 3.47) than those subjects in the reduction of offensiveness condition (Mean = 2.50, t-value = 2.45, p-value < 0.05). For all other dependent variables, there is not a significant difference between reduction of offensiveness response and a corrective action response when subjects are exposed to an organization-related event.

H8 predicted that in either event condition the denial response would result in less favorable mean values on all dependent variables. Due to the significant interactions, examining the contrast values within each event type assesses H8. For a product-related event, H8 is not supported. The denial response is not significantly different from the reduction of offensiveness response for any dependent variables (See Table 3.40 and column *D vs. RO*). The corrective action response was significantly different (higher mean values) from the denial response on all dependent variables except for uniqueness, social risk, and psychological risk (See Table 3.40 and column *D vs. CA*).

For the group exposed to the organization-related event, a denial response resulted in significantly lower mean values than both a reduction of offensiveness and corrective action response for the dependent variables of liking, value, sincerity, consideration of the brand, and purchase intention (See Table 3.41 and column *D vs. RO*). Thus, H8 is partially supported.

While this last analysis does not use a large number of cases, I feel that it represents a truer evaluation of the event and response manipulations that would be attained from adult consumers.

Discussion of Pilot Study Two Results

Pilot study two results are not as clear as anticipated. The last analysis presented is expected to be closer to the main study results. Based on these results it appears that as predicted a corrective action response is best for restoring damaged brand associations and behavioral intentions when faced with a product-related event. When faced with an organization-related event, the appropriate firm response is not as definitive. As predicted, reduction of offensiveness is as effective as corrective action for many dependent variables. Corrective action, however, was more effective in restoring perception of value and corporate social responsibility. Even though all effects were not as expected, the manipulations used in Pilot Study Two are proposed for use in the second main dissertation study.

CHAPTER 4: MAIN STUDIES

Two main studies are reported in this dissertation. Consistent with the methods detailed in the pilot studies, both studies are between-subjects experimental designs. Adult consumers were recruited from local community groups to participate in the studies. Recruitment of subjects in this manner has been used in previous brand research (Keller 1987). For both studies, athletic shoes were again used as the product category. Based on the pilot study results, real brands of athletic shoes were chosen for use in the main studies. Before conducting the main studies, an additional pretest was conducted to determine appropriate brands for use with the adult consumer sample. Results of this pretest are reported below.

Pretest Four - Selection of Real Brands for Adult Consumer Subjects

To determine appropriate brand manipulations, 44 respondents (adult consumers) were asked to rate four brands of athletic shoes on eight dimensions of brand identity. Undergraduate business students recruited the adult consumer respondents as part of an extra credit course project. As with the initial pretests, the four brands used in the pretest were Adidas, Converse, Nike, and Reebok. The eight dimensions rated for each brand were liking, quality, value, corporate ability, corporate concern for customers, corporate social responsibility, the willingness to pay a price premium, and overall regard for the brand. A single item for each of the eight dimensions was used for each brand of athletic shoe. Overall regard for the brand was measured using an eleven-point scale ranging from 0 to 10, with endpoints of 0 as "Low Regard" and 10 as "High Regard". The remaining items used a seven-point scale anchored with 1 as "Strongly Disagree" and 7 as "Strongly

Agree". To eliminate possible order effects, versions of the questionnaire were drafted with eight different brand order combinations. Respondents, at random, were given one of the eight versions of the questionnaire. A version of the pretest questionnaire may be seen in Appendix A - Pretests.

The results of Pretest-Four are shown in Table 4.1. As indicated, each item was assessed for mean differences between the four brands. Paired-sample t-tests were conducted. Examination of the results indicate that Adidas, Nike, and Reebok are perceived as higher than Converse on six of the eight items (see Brand Mean Values and the *A vs. C, C vs. N, and C vs. R* contrasts). In addition, the respondents see Adidas and Reebok as equal on all eight items (see the *A vs. R* contrasts). Nike is rated higher than Adidas on 6 dimensions (see Brand Mean Values and the *A vs. N* contrasts) and higher than Reebok on 5 dimensions (see Brand Mean Values and the *N vs. R* contrasts). Based on these results, Converse appears to be the most appropriate choice for the low pre-event image brand while Nike appears to be the most favorably rated brand. Nike was not chosen for the main studies, however, because in Pretest Three (discussed in Chapter Three) indicated that there was an awareness of Nike's involvement with an event similar to that described in the organization-related event manipulation. Based on the pretest results and the successful manipulations in the pilot studies, Adidas and Converse were chosen for the high and low pre-event brand identity manipulations respectively. Using these brand manipulations and the event manipulations that were pretested and discussed in Chapter Three the first main study was conducted.

Table 4.1 Pretest-Four Results

	Brand Mean Values				Contrast t-values					
Dep. Vars:	Adidas *(A)*	Converse *(C)*	Nike *(N)*	Reebok *(R)*	*A vs. C*	*A vs. N*	*A vs. R*	*C vs. N*	*C vs. R*	*N vs R*
Liking	4.09	2.61	5.16	3.63	3.73[a]	3.73[a]	1.07	7.10[a]	3.57[a]	5.07[a]
Quality	4.27	3.11	5.23	4.23	3.15[a]	3.06[a]	0.13	6.19[a]	4.09[a]	4.00[a]
Value	4.25	3.59	4.32	4.23	1.75	0.25	0.08	1.97	2.29[b]	0.32
Corp. Ability	4.63	3.68	5.25	4.61	2.65[b]	2.34[b]	0.07	4.96[a]	3.42[a]	2.59[b]
Concern For Cust.	4.00	3.70	5.25	3.98	1.22	2.11[b]	0.09	2.34[b]	1.58	1.47
Corp. Social Resp.	4.32	3.61	3.95	4.16	3.28[a]	1.55	0.59	1.25	2.46[b]	0.75
Price Premium	2.50	1.37	2.95	2.14	5.56[a]	2.15[b]	1.21	6.64[a]	3.27[a]	3.09[a]
Overall Regard	6.30	3.39	7.41	5.45	4.98[a]	3.10[a]	1.31	8.41[a]	6.45[a]	3.69[a]

[a] p-value < 0.01
[b] p-value< 0.05

Main Study One

The first main study concerns the effect of negative event information on consumer brand and organizational associations, risk perceptions, and brand response variables. The real brands (Adidas and Converse) and event manipulations determined as appropriate in the pretests were used. A 2 (High or Low Brand) × 3 (No Event, Organization-Related Event, or Product-Related Event) between-subjects design was used to test the hypotheses (H1-H5). Athletic shoes were used as the product category due to familiarity of the product for a large segment of consumers including adults. Of the 134 subjects who participated in the study 123 (92%) reported ownership of athletic shoes. Only 3 (2.2%) of the subjects reported not

owing a pair of athletic shoes while 8 (6%) of the subjects did not respond to the ownership question.

Experimental stimuli were constructed with the event and brand manipulation contained on the left inside page of an experimental booklet. This manipulation was in the form of a mock news story with information about the brand. A company spotlight of neutral company/brand information was used for the no event condition. Child labor abuse was used for the organization-related event condition. Defective product material was used for the product-related event condition. Key information about the event and the brand name were contained in the story headline. More detailed information was contained in the body of the story. Each manipulation was of approximately the same size and word length. These manipulations may be seen in Appendix F – Main Study One.

One hundred thirty four (134) adult subjects participated in the study. The subjects were recruited from various social organizations such as Parent Teacher Organizations (PTO's), Parents Without Partners, and church social groups. Subjects, who were not paid for their participation, were assigned randomly to 1 of the 6 experimental groups. Cell sizes for the 6 groups ranged from a low of 21 to a high of 26. Subject age ranged from 27 to 65 years of age with an average age of 43. Thirty-five percent (35%) of the subjects reported having attended some college while forty-nine percent (49%) were college graduates. Only 3% of those responding reported annual household incomes of less than $25,000 and 70% reported annual household incomes in excess of $35,000. Ten subjects (7.5%) did

not report their incomes. There were slightly more female subjects (54.5%) than there were male subjects (45.5%).

Each subject received an experimental booklet that consisted of a consent form and a set of general instructions on the outside cover page. Following consent and instructions, the subjects opened the booklet, read the event scenario in the form of a news release, and responded to a questionnaire. Subjects in the high pre-event brand condition viewed a news release related to the Adidas brand. Those subjects in the low pre-event brand condition were given a news release pertaining to the Converse brand. For the event manipulation, subjects were given an event manipulation that corresponded to a product-related event, an organization-related event, or no event/control. These manipulations may be seen in Appendix F: Main Study One.

Dependent variables were measured using items described in the pretests and pilot studies. Liking (α =. 96), quality (α =. 94), value (α =. 97) and uniqueness (α =. 95) were measured with three items each from Netemeyer et al., (2000). Sincere brand personality (α =. 92) and competent brand personality (α =. 94) were measured with five items each from Aaker (1997). The organizational associations of corporate ability (r = .86), corporate social responsibility (r = .89), and concern for customers (r = .85) were measured with two item each. These items are adapted from three sources, Keller and Aaker (1995), Netemeyer et al, (2000), and Brown and Dacin (1997). Functional risk (α = .96) social risk (α = .94) and psychological risk (α = .96) were measured with three items each adapted from Jacoby and Kaplan

(1972). The willingness to pay a price premium for the brand (α = .91) was measured with three items adapted from Netemeyer et al, (2000). Consideration of the brand and purchase intention was each measured with single eleven-point scales. The measurement instrument with the items used in the study may be seen in Appendix F-Main Study One.

Manipulation Checks

Manipulation checks were included in the questionnaire to determine if the subjects properly interpreted the event manipulation. Without referring to the news release, subjects were asked to respond to four items. First, subjects were asked if the news release contained information about a negative event. Of the 43 subjects in the no event condition, all 43 indicated they did not see a negative event. Of the 91 subjects exposed to one type of negative event, two (1.5%) incorrectly answered that they had not seen a negative event. The second manipulation check item asked subjects to indicate the type of event seen. Of the 89 subjects correctly responding to the first item, all but two (2.2%) properly identified the event as being either a product or an organization-related event. The third manipulation check asked subjects to respond to a seven-point scale statement asking to what extent the event was perceived as related to the product. An ANOVA was used to test for mean differences between those subjects seeing an organizational-related event or a product-related event. Subjects seeing a product-related event (Mean = 6.15) reported their event as more related to the product (F-value = 283.78, p-value < 0.01) than those subjects viewing an organization-related event (Mean = 1.51). A

fourth item asked subjects to what extent the event was related closely to the organization. Subjects seeing an organization-related event (Mean = 6.53) viewed their event as significantly more related to the organization (F-value = 237.37, p-value < 0.01) than subjects seeing a product-related event (Mean = 2.28). Based on these results, the manipulations are considered acceptable and all subjects were used in the analyses.

Multivariate Results

To test the hypotheses of Study One a series of MANOVAs with planned contrasts were performed. Dependent variables that were significantly correlated (all p-values < 0.05) were run in sets of three each. Multivariate and univariate results of the analysis may be seen in Tables 4.2 - 4.6.

For all MANOVA's there is multivariate significance for the event factor (all p-values < 0.01). The brand factor has multivariate significance (all p-values < 0.05) for all sets of dependent variables except for the brand associations MANOVA of uniqueness, sincerity, and competence found in Table 4.3. For the event factor, univariate significance (p-values < 0.05) is achieved for all dependent variables except for the brand association of uniqueness. The brand factor achieves univariate significance for all dependent variables except brand uniqueness, corporate social responsibility, concern for customers, and functional risk. There is one significant univariate interaction for the brand association of quality (p-value < 0.05, see Table 4.2). Examination of this interaction reveals that it is not disordinal in nature and does not impact the hypothesized main effects.

Table 4.2 MANOVA - Brand Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Liking	Quality	Value
Main Effects:							
Brand (B)	.774	.23	12.24 [a]	1	33.68 [a]	15.63 [a]	8.65 [a]
Event (E)	.473	.31	19.07 [a]	2	9.05 [a]	27.30 [a]	21.05 [a]
Interactions:							
B × E	.930	.04	1.55	2	1.04	3.17 [b]	0.24
Error				128			

[a] $p < 0.01$
[b] $p < 0.05$

Table 4.3 MANOVA - Brand Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Uniqueness	Sincere	Competent
Main Effects:							
Brand (B)	.955	.05	1.96	1	1.39	4.84 [b]	2.79
Event (E)	.443	.33	21.10 [a]	2	1.18	19.95 [a]	18.44 [a]
Interactions:							
B × E	.984	.00	.347	2	0.15	0.32	0.61
Error				128			

[a] $p < 0.01$
[b] $p < 0.05$

Table 4.4 MANOVA - Organizational Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Corporate Ability	Corporate Social Resp.	Concern for Customers
Main Effects:							
Brand (B)	.912	.09	4.07 [a]	1	10.88 [a]	3.78	3.57
Event (E)	.238	.51	44.11 [a]	2	47.92 [a]	75.23 [a]	16.47 [a]

(table continued)

Interactions:							
B × E	.973	.01	0.57	2	0.42	0.92	0.48
Error				128			

[a] $p < 0.01$
[b] $p < 0.05$

Table 4.5 MANOVA - Risk Perceptions

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Functional Risk	Social Risk	Psychological Risk
Main Effects:							
Brand (B)	.916	.08	3.84[b]	1	3.43	29.98[a]	30.73[a]
Event (E)	.617	.22	11.48[a]	2	19.21[a]	6.29[a]	11.91[a]
Interactions:							
B × E	.979	.01	0.45	2	0.49	0.47	0.02
Error				128			

[a] $p < 0.01$
[b] $p < 0.05$

Table 4.6 MANOVA - Brand Response Variables

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	Df	Price Premium	Consideration of Brand	Purchase Intention
Main Effects:							
Brand (B)	.764	.24	13.00[a]	1	26.71[a]	30.21[a]	38.64[a]
Event (E)	.579	.24	13.21[a]	2	26.70[a]	28.96[a]	15.85[a]
Interactions:							
B × E	.959	.02	0.88	2	1.18	2.03	2.55
Error				128			

[a] $p < 0.01$
[b] $p < 0.05$

Hypothesis Testing

H1-H4 concern negative event main effects while H5 relates to an interaction of event type and brand. H1 and H2 pertain to effects of a product-related event, while H3 and H4 concern effects of an organization-related event. To test H1-H4, planned contrasts were conducted within each MANOVA. The main effect means for the event factor and contrast values may be seen in Table 4.7. Contrast p-values are adjusted for multiple comparisons using the Tukey method.

Table 4.7 Planned Contrasts for H1-H4

	Event Type Mean Values			Contrast t-values*		
Dependent Variables:	**No Event/ Control *(NNE)***	**Organization-Related Event *(ONE)***	**Product-Related Event *(PNE)***	***NNE* vs. *ONE***	***NNE* vs. *PNE***	***ONE* vs. *PNE***
Liking	4.12	2.82	3.24	3.63[a]	2.81[b]	1.15
Quality	4.26	4.28	2.64	0.09	5.91[a]	6.19[a]
Value	4.32	3.44	2.48	3.15[a]	6.32[a]	3.40[a]
Uniqueness	4.28	3.80	3.98	1.49	0.89	0.57
Sincerity	4.41	2.91	4.14	5.72[a]	0.98	4.67[a]
Competence	4.83	4.07	3.14	2.83[a]	6.04[a]	3.42[a]
Corporate Ability	4.92	4.63	2.62	1.11	8.68[a]	7.79[a]
Corporate Social Resp.	4.21	1.73	4.10	10.69[a]	0.48	10.13[a]
Concern for Customers	4.21	2.61	3.11	5.59[a]	3.72[a]	1.72
Functional Risk	3.38	3.75	5.10	1.26	5.87[a]	4.81[a]
Social Risk	2.49	3.56	2.50	2.81[a]	0.03	2.83[a]
Psychological Risk	2.46	4.16	2.60	4.15[a]	0.30	3.82[a]
Consideration of the Brand	5.23	2.57	1.55	4.84[a]	6.47[a]	1.85[b]
Price Premium	2.87	1.84	1.40	4.63[a]	6.36[a]	1.96[b]
Purchase Intention	3.60	2.31	1.07	2.57[a]	4.82[a]	2.43[a]

* One-tailed significance
[a] $p < 0.01$
[b] $p < 0.05$

H1 and H2 pertain to the main effects of a product-related event. The planned contrasts testing these effects may be seen in Table 4.7 (see columns *NNE vs. PNE and ONE vs. PNE*). H1 (a) posited that a product-related event would have a greater negative effect than both an organizational-related event and no event/control on the brand associations of perceived quality, value, and the brand personality dimension of competence. Results fully support H1 (a). Subjects exposed to a product-related event had significantly lower perceptions of brand quality (Mean = 2.64) than both those subjects exposed to an organization-related event (Mean = 4.28, t-value = 6.19, p-value < 0.01) and the no event/control group (Mean = 4.26, t-value = 5.91, p-value < 0.01). Subjects exposed to a product-related event also reported lower perceptions of brand value (Mean = 2.48) than both those subjects exposed to an organization-related event (Mean = 3.44, t-value = 3.40, p-value < 0.01) and those subjects in the no event/control group (Mean = 4.32, t-value = 6.32, p-value < 0.01). For brand competence, subjects exposed to a product-related event also reported lower mean values (Mean = 3.14) than both subjects exposed to an organization-related event (Mean = 4.07, t-value = 3.42, p-value < 0.01) and the no event/control group (Mean = 4.83, t-value = 6.04, p-value < 0.01).

H1 (b) predicted that subjects exposed to a product-related event would have lower mean values on the organizational associations of corporate ability and concern for customers than subjects exposed to both an organization-related event and no event/control. For corporate ability subjects exposed to a product-related event reported lower mean values (Mean =2.62) than both the organization-related event group (Mean = 4.63, t-value = 7.79 p-value < 0.01) and the no event/control

group (Mean = 4.92, t-value = 8.68, p-value < 0.01). Subjects exposed to a product related event also reported lower mean values for concern for customers (Mean = 3.11) than the subjects in the no event/control group (Mean = 4.21, t-value = 3.72, p-value < 0.01). However, subjects exposed to a product-related event did not report lower mean values for concern for customers than those exposed to an organization-related event (Mean = 2.61, t-value = 1.72, p-value > 0.10). Thus, H1 (b) is partially supported.

H1(c) posited that functional risk would be highest for those subjects exposed to a product-related event. H1(c) also is supported. Subjects exposed to a product-related event reported significantly more concern with functional risk (Mean = 5.10) than both subjects exposed to an organization-related event (Mean = 3.75, t-value = 4.81, p-value < 0.01) and those in the no event/control group (Mean = 3.38, t-value = 5.87, p-value < 0.01). Values for all risk measures are coded so that higher values represent more negative brand evaluations and higher perceived risk.

H1 (d) predicted that subjects exposed to a product-related event would have lower mean values on the brand response variables of consideration of the brand, willingness to pay a price premium, and purchase intention than those subjects exposed to an organization-related event and those in the no event/control group. H1 (d) is fully supported. Consideration of the brand for those exposed to a product-related event (Mean = 1.55) was significantly lower than both the no event/control group (Mean = 5.23, t-value = 6.47, p-value < 0.01) and the organization-related event group (Mean = 2.57, t-value = 1.85, p-value < 0.05). Those subjects exposed to a product-related event also reported lower mean values

on the willingness to pay a price premium (Mean = 1.40) than both those subjects exposed to an organization-related event (Mean = 1.84, t-value = 1.96, p-value < 0.05) and those in the no event/control group (Mean = 2.87, t-value = 6.36, p-value < 0.01). Purchase intention also was significantly lower for subjects in the product-event group (Mean = 1.07) than both the no event/control group (Mean = 3.60, t-value = 4.82, p-value < 0.01) and the organization-related event group (Mean = 2.31, t-value = 2.43, p-value < 0.01).

H2 (a) predicts that those subjects exposed to a product-related negative event will have lower mean scores on overall liking of the brand, brand uniqueness, and brand sincerity when compared to the no event/control group. H2 (a) is partially supported. Subjects exposed to a product related event reported lower mean values for overall liking of the brand (Mean = 3.24) than subjects in the no event/control group (Mean = 4.12, t-value = 2.81, p-value < 0.05). Brand uniqueness and sincerity were, however, not affected by a product-related event. Subjects exposed to a product-related event reported mean values for uniqueness (Mean = 3.98) that were not significantly different from the mean value of the no event/control group (Mean = 4.28, t-value = 0.89, p-value > 0.10). For brand sincerity, subjects exposed to a product-related event also reported mean values (Mean = 4.14) that were not significantly lower than those subjects in the no event/control group (Mean = 4.41, t-value = 0.90, p-value > 0.10).

H2 (b) predicts a negative effect of a product-related event on social and psychological risk. H2 (b) is not supported. Subjects exposed to a product-related event reported mean values for social risk (Mean = 2.50) that were not significantly

different from the no event/control group (Mean = 2.49, t-value = 0.03, p-value > 0.10). Also, subjects exposed to a product-related event reported mean values for psychological risk (Mean = 2.60) that were not significantly different from the no event/control group (Mean = 2.46, t-value = 0.30, p-value > 0.10).

H3 and H4 pertain to the main effects of an organization-related event. The planned contrasts testing these effects also may be seen in Table 4.7, columns *NNE vs. ONE* and *ONE vs. PNE*. H3 (a) predicted that subjects exposed to an organization-related event would have lower mean scores on corporate social responsibility than both subjects exposed to a product-related event and the no event/control group. H3 (a) is supported. Subjects in the organization-related event group reported mean scores on corporate social responsibility (Mean = 1.73) that were significantly lower than both the product-related event group (Mean = 4.10, t-value = 10.13, p-value < 0.01) and the no event/control group (Mean = 4.21, t-value = 10.69, p-value < 0.01).

H3 (b) predicted that social and psychological risk would be impacted greatest by an organization-related event. H3 (b) also is supported. Subjects exposed to an organization-related event reported mean scores on social risk (Mean = 3.56) that were significantly higher than both the product-related event group (Mean = 2.50, t-value = 2.83, p-value < 0.01) and no event/control group (Mean = 2.49, t-value = 2.81, p-value < 0.01). For psychological risk subjects exposed to an organization-related event also reported mean scores (Mean = 4.16) that were significantly greater than both the product-related event group (Mean = 2.60, t-value

= 3.82, p-value < 0.01) and the no event/control group (Mean = 2.46, t-value = 4.15, p-value < 0.01).

H4 pertains to the effect of an organization related event over that of the no event/control group. (See the *NNE vs. ONE* column in Table 4.7). H4 (a) predicted that subjects exposed to an organization-related event would have lower mean scores on perceived brand value, brand uniqueness, overall liking, and brand sincerity than subjects in the no event/control group. H4 (a) is partially supported. An organization-related event had a significant effect on brand value, overall liking of the brand, and brand sincerity, but not brand uniqueness. Subjects exposed to an organization-related event reported lower mean scores on perceived brand value (Mean = 3.44) than subjects in the no event/control group (Mean = 4.32, t-value = 3.15, p-value < 0.01). Overall liking of the brand was also significantly lower for those in the organization-related event group (Mean = 2.82) when compared to the no event/control group (Mean = 4.12, t-value = 3.63, p-value >0.01). Brand sincerity also was lower for subjects exposed to an organization-related event (Mean = 2.91) than those in the no event/control group (Mean = 4.41, t-value = 5.72, p-value < 0.01). Subjects in the organization-related event group, however, did not report lower mean scores on brand uniqueness (Mean = 3.80) than the no event/control group (Mean = 4.28, t-value = 1.49, p-value > 0.10).

H4 (b) predicted that perceived corporate concern for customers would be lower for those subjects exposed to an organization-related event. H4 (b) also is supported. Those subjects exposed to an organization-related event reported lower

mean scores on concern for customers (Mean = 2.61) than those in the no event/control group (Mean = 4.21, t-value = 5.59, p-value < 0.01).

H4(c) predicts that an organization-related event will result in subjects having lower mean scores on the brand response variables of consideration of the brand, the willingness to pay a price premium, and purchase intention when compared to the no event/control group. H4(c) is supported fully. Subjects exposed to an organization-related event reported lower mean scores on consideration of the brand (Mean = 2.57) than did those subjects in the no event/control group (Mean = 5.23, t-value = 4.84, p-value < 0.01). Subjects in the organization-related group also reported lower mean scores on the willingness to pay a price premium (Mean = 1.84) than those subjects in the no event/control group (Mean = 2.87, t-value = 4.63, p-value < 0.01). In addition, subjects in the organization-related event group indicated significantly lower mean scores on brand purchase intention (Mean = 1.07) than subjects in the no event/control group (Mean = 3.60, t-value = 2.57, p-value < 0.01).

H5 pertained to an interaction between the pre-event brand identity and exposure to negative events. Specifically, it is predicted that exposure to a negative event for a brand perceived to be of a lower pre-event brand identity will result in a greater negative effect on the brand response variables consideration of the brand, the willingness to pay a price premium, and purchase intention than a brand with a higher pre-event brand identity. To test this hypothesis, the negative event groups were combined to form two levels of negative event, present or absent. A MANOVA was then used to test for an interaction effect. As shown in Table 4.8,

the multivariate and univariate interactions are not significant (all p-value >0.10). Thus, H5 is not supported.

However, consistent with the results just discussed there was a significant main effect for both the brand and the event present or absent conditions (p-values < 0.01). Subjects exposed to either type of negative event reported significantly lower mean values for consideration of the brand (Mean = 2.09) than those not exposed to a negative event (Mean = 5.23). Subjects exposed to a negative event also reported lower mean values for the willingness to pay a price premium (Mean = 1.63) than subjects not exposed to a negative event (Mean = 2.87) Also, subjects in the negative event conditions reported lower mean values on purchase intention (Mean = 1.74) than subjects in the no negative event condition (Mean = 3.61).

Table 4.8 MANOVA - Test of H5

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df.	Consideration of the Brand	Price Premium	Purchase Intention
Main Effects:							
Brand (B)	.766	.23	13.06[a]	1	31.78[a]	27.14[a]	39.67[a]
Event (E)	.612	.39	27.01[a]	1	52.31[a]	47.83[a]	23.16[a]
Interactions:							
B × E	.986	.01	0.60	1	1.76	.94	1.57
Error				130			

[a] $p < 0.01$
[b] $p < 0.05$

Main Study Two

The second main study addresses the issue of firm responses to negative events in restoring damaged brand associations, organizational associations, risk

perceptions, and brand response. The Adidas brand and the firm response manipulations deemed appropriate in the pretests and pilot studies were used in this study.

A 2 (Organization-Related Event or Product-related Event) × 4 (No Response/Control, Denial, Reduction of Offensiveness, or Corrective Action Firm Response) between-subjects experimental design was used to test H6-H8. Again, athletic shoes were used as the product category. Of the 181 subjects participating in the study 172 (95%) reported ownership of athletic shoes. Nine subjects (5%) reported that they did not own athletic shoes. The same organization-related event and the product-related event manipulations used in Study One were used in Study Two. The firm response manipulation was executed in a second news release. This manipulation contained a headline "Adidas Responds to Allegations of Child Labor Abuse/Product Defects". A statement by a high-level executive of the company followed the headline. This statement corresponded to one of the three firm response manipulations, a simple denial, reduction of offensiveness, or corrective action response. Subjects in the no response/control condition did not see a second news release. The manipulations for Main Study Two may be seen in Appendix G - Main Study Two.

One hundred eighty one (181) adult consumers participated in the study. The adult subjects were recruited from various social groups in the same manner as reported in Study One. The age of the subjects ranged from 24 to 58 with an average age of 38. Thirty-nine percent (39%) of the subjects reported having

attended some college while fifty-three percent (53%) were college graduates. Only one percent (1%) of the subjects reported an annual household income of less than $25,000 and eighty-five percent (85%) reported an income in excess of $35,000. The subjects were almost equally divided between male (49.7%) and female (50.3%). Subjects were assigned randomly to one of the eight experimental groups with cell sizes ranging from a low of 20 and a high of 25. Subjects were given an experimental booklet created to correspond to the manipulations of each cell. Each booklet consisted of a consent form with general instructions on the cover. Inside the booklet were the news releases and a questionnaire designed to measure variables of interest.

Dependent variables were operationalized in the same manner as in study one. Three items each were used to measure liking (α = .94), quality (α = .95), value (α = .96), uniqueness (α = .94), functional risk (α = .96), social risk (α = .93) and psychological risk (α = .95). Five items each were used to measure brand sincerity (α = .88) and brand competence (α = .93). Three items each were used to measure the willingness to pay a price premium (α = .90). Two items each were used to measure corporate ability (r = .80), corporate social responsibility (r = .90), and concern for customers (r = .82). One eleven-point item was used to measure each of the dependent variables, consideration of the brand and purchase intention.

Manipulation Checks

Manipulation checks were included in the questionnaire to determine that both the event manipulation and firm response manipulation were properly

interpreted. Subjects were asked to indicate the nature of the event as either being related to child labor or defective material. Of the 89 subjects in the child labor (organization-related event) condition only 2 subjects incorrectly identified the event. Of the 92 subjects in the defective material (product-related event) condition, only 1 subject incorrectly identified the event. As in Study One, two seven-point scale items also were used to assess the extent to which subjects viewed the event as related to the organization or the product. An ANOVA was run to determine if subjects viewed the events as intended. Those subjects in the organization-related event group viewed their event manipulation as significantly more related to the organization (Mean = 6.64) than the product-related event group (Mean = 2.91, F-value = 224.55, p-value < 0.01). Subjects in the product-related event condition also viewed their event as significantly more related to the product (Mean = 6.23) than did those subjects in the organization - related event group (Mean = 1.53, F-value = 636.36, p-value <0.01).

Firm response manipulation checks also were included. Subjects exposed to a firm response were asked to indicate the nature of the response by checking one of three options, denial, reduction of offensiveness, or corrective action. Of those 40 subjects in the denial condition only 1 subject incorrectly identified the manipulation. Of the 51 subjects in the reduction of offensiveness condition, only 5 subjects incorrectly identified the manipulation. Of the 46 subjects in the corrective action condition, all 46 subjects correctly identified the manipulation. Three additional seven-point scale items were used to measure the extent to which subjects believed the firm response was an attempt to deny the occurrence of the event,

reduce the offensiveness of the event, and taking corrective action. An ANOVA with planned contrasts between the three groups were used to determine if firm responses were interpreted as intended. All ANOVA's were significant (all p-values < 0.01). Contrast results indicate that subjects exposed to the denial response viewed that response as significantly more of an attempt to deny the event (Mean = 6.47) than both subjects exposed to a reduction of offensiveness response (Mean = 3.56, t-value = 8.84, p-value < 0.01) and those subjects exposed to a corrective action response (Mean = 1.92, t-value = 14.60, p-value < 0.01). Also, subjects in the reduction of offensiveness condition viewed that response as significantly more of an attempt to reduce the offensiveness of the negative event (mean = 6.45) than both the subjects in the denial manipulation group (Mean = 3.78, t-value = 6.91, p-value < 0.01) and the corrective action manipulation group (Mean = 2.84, t-value = 10.11, p-value < 0.01). Subjects in the corrective action condition viewed that event as significantly more of an attempt to correct the problem in the event (Mean = 5.84) than both the denial manipulation group (Mean = 2.89, t-value 8.86, p-value < 0.01) and the reduction of offensiveness manipulation group (Mean = 1.75, t-value = 12.65, p-value < 0.01). Based on the manipulation check results, the manipulations are deemed acceptable and all subjects were used in the analyses.

Assumption Checks

Assumption checks were included in the questionnaire to determine if subjects' cognitive responses were as predicted. As discussed in the conceptualization of study two, subjects are expected to generate cognitive responses when viewing firm responses to the negative events. Source derogation

and counter arguments are expected for subjects viewing a denial response. Counterarguments also are expected for subjects viewing a reduction of offensiveness response. More support arguments are expected for those subjects in the corrective action manipulation condition.

To assess these assumptions, subjects were asked to respond to four seven-point items. Each item was anchored with end points of 1 being "Strongly Disagree" and 7 being "Strongly Agree". The items were designed to measure source derogation ("truthfulness"), counter arguments ("motivated by profit"), and support arguments ("appropriate response" and "in the best interest of the customer"). These items were tested for mean differences between groups with ANOVA and planned contrasts.

Assumption check results generally provide evidence of expected subject cognitive responses. All ANOVA's were significant (all p-values < 0.01). When asked if the firm's response was truthful, subjects in the corrective action group (Mean = 4.80) reported higher mean values than both the denial (mean = 2.25, t-value = 9.33, p-value < 0.01) and the reduction of offensiveness (Mean = 3.16, t-value = 5.96, p-value < 0.01) groups. Also, the reduction of offensiveness response was seen as more truthful than the denial response (t-value = 3.22, p-value < 0.01). The corrective action group also reported a more favorable view of the firm being motivated by profit. This item has been coded so that higher values are more a positive view of the firm and lower value a less positive view of the firm being motivated by profit in this response. Subjects in the corrective action condition had a more favorable view of the firm's profit motivation (Mean = 6.08) than the

reduction of offensiveness group (Mean = 4.84, t-value = 6.86, p-value < 0.01) and the denial group (Mean = 2.59, t-value = 11.06, p-value < 0.01). Corrective action subjects also viewed the response as a more appropriate response (Mean = 5.26) than both the denial group (Mean = 3.11, t-value = 7.03, p-value < 0.01) and the reduction of offensiveness group (Mean = 2.56, t-value = 8.79, p-value < 0.01). Subjects in the denial condition did not view the response as more or less appropriate than the reduction of offensiveness group (t-value = 1.74, p-value > 0.10). Subjects were also asked if they believed the response was in the best interest of the customer. Subjects in the corrective action condition viewed the response as significantly more in the best interest of the customer (Mean = 4.28), than both subjects in the denial condition (Mean = 2.50, t-value = 5.91, p-value < 0.01) and the reduction of offensiveness condition (Mean = 2.21, t-value = 6.84, p-value < 0.01). There was not a mean difference between the reduction of offensiveness and denial conditions on perceptions of the response being in the best interest of the customer (t-value = 0.93, p-value > 0.10). In summary, assumption check results provide evidence of greater source derogation and counterargument for denial and reduction of offensiveness conditions than the corrective action condition. Support arguments were greater for the corrective action condition.

Multivariate Results

To test the hypotheses of Study Two a series of MANOVA's with planned univariate contrasts were conducted. Dependent variables that were significantly correlated (all p-values < 0.01) were run in sets of three for each MANOVA.

The event factor achieves multivariate significance for all sets of dependent variables except for the brand response variables MANOVA in Table 4.13 (see Tables 4.9-4.13). The response factor achieves multivariate significance for all sets of dependent variables (all p-values < 0.05, see Tables 4.9 - 4.13). The event by response interaction is significant for the brand associations, organizational associations, and risk perceptions MANOVA models. Univariate interactions are significant for all but three of the dependent variables, overall liking of the brand, brand uniqueness, and the willingness to pay a price premium. Examination of these univariate interactions indicates that, as predicted, the response manipulations work differently in the two event-type conditions. Examination of the interactions also reveals that the interactions are not disordinal in nature. Having examined the interactions, the analysis moves forward to assess the effects of the firm response conditions within each event type.

Table 4.9 MANOVA - Brand Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Liking	Quality	Value
Main Effects:							
Event (E)	.548	.45	47.09[a]	1	2.54	65.02[a]	38.80[a]
Response (R)	.509	.20	14.78[a]	3	24.68[a]	13.49[a]	45.36[a]
Interactions:							
E×R	.667	.13	8.37[a]	3	1.07	13.69[a]	10.87[a]
Error				173			

[a] $p < 0.01$
[b] $p < 0.05$

Table 4.10 MANOVA - Brand Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	df	Uniqueness	Sincerity	Competence
Main Effects:							
Event (E)	.747	.25	19.33 [a]	1	1.32	1.11	48.91 [a]
Response (R)	.485	.21	16.01 [a]	3	4.60 [a]	55.51 [a]	22.40 [a]
Interactions:							
E × R	.707	.11	7.08 [a]	3	.94	15.06 [a]	10.55 [a]
Error				173			

[a] $p < 0.01$
[b] $p < 0.05$

Table 4.11 MANOVA - Organizational Associations

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	Df	Corporate Social Resp.	Concern for Customers	Corporate Ability
Main Effects:							
Event (E)	.695	.31	24.98 [a]	1	21.94 [a]	3.42 [c]	53.11 [a]
Response (R)	.626	.14	9.81 [a]	3	17.20 [a]	24.23 [a]	9.79 [a]
Interactions:							
E × R	.703	.11	7.20 [a]	3	5.54 [a]	9.58 [a]	8.19 [a]
Error				173			

[a] $p < 0.01$
[b] $p < 0.05$

Table 4.12 MANOVA - Risk Perceptions

	Multivariate Results				Univariate F-Values		
Source:	Wilks' λ	η^2	F-Value	Df	Functional Risk	Social Risk	Psychological Risk
Main Effects:							

(table continued)

Event (E)	.509	.49	54.93[a]	1	138.42[a]	0.10	8.61[a]
Response (R)	.663	.13	8.53[a]	3	14.76[a]	8.61[a]	12.21[a]
Interactions:							
E × R	.635	.14	9.48[a]	3	21.90[a]	5.93[a]	6.05[a]
Error				173			

[a] $p < 0.01$
[b] $p < 0.05$

Table 4.13 MANOVA - Brand Response Variables

	Multivariate Results				**Univariate F-Values**		
Source:	**Wilks' λ**	**η^2**	**F-Value**	**df**	**Consider**	**Price Premium**	**Purchase Intention**
Main Effects:							
Event (E)	.973	.03	1.60	1	0.78	1.28	0.26
Response (R)	.658	.13	8.68[a]	3	22.07[a]	19.28[a]	17.42[a]
Interactions:							
E × R	.928	.03	1.45	3	3.16[b]	1.02	3.39[b]
Error				173			

[a] $p < 0.01$
[b] $p < 0.05$

Hypothesis Testing

H6 concerns the effects of firm response in the product-related event condition. Specifically, H6 predicts that for subjects exposed to a product-related negative event, a corrective action response will result in higher mean values for all dependent variables. Given the significant multivariate and univariate interactions, planned contrasts were used to test this hypothesis. Although not all univariate interactions were significant, a priori planned contrasts were used to test the hypotheses. The mean values for each firm response within the product-related event condition along with contrast t-values are shown in Table 4.14.

Table 4.14 Planned Contrasts for H6 (Product-Related Event)

Dependent Variables:	Response Mean Values				Contrast t-values *					
	No Response Control *(NR)*	Denial *(D)*	Reduction of Offensiveness *(RO)*	Corrective Action *(CA)*	*NR vs. D*	*NR vs. RO*	*NR vs. CA*	*D vs. RO*	*D vs. CA*	*RO vs. CA*
Liking	2.79	2.82	3.73	4.81	0.08	2.44[b]	5.38[a]	2.36[b]	5.30[a]	2.93[b]
Quality	2.14	2.30	3.21	4.91	0.51	2.48[b]	8.68[a]	1.96	8.16[a]	6.23[a]
Value	2.29	2.83	3.48	5.07	1.83	2.96[b]	9.62[a]	1.11	7.73[a]	6.68[a]
Uniqueness	3.99	3.82	3.91	4.91	0.44	0.19	2.53[b]	0.26	2.98[a]	2.76[a]
Sincerity	2.36	2.37	2.57	4.91	0.07	0.77	9.51[a]	0.70	9.44[a]	8.83[a]
Competence	2.31	2.26	2.92	5.11	0.14	1.87	8.71[a]	2.00	8.85[a]	6.89[a]
Corporate Ability	2.30	2.64	3.39	4.70	0.92	3.00[b]	6.72[a]	2.07	5.77[a]	3.70[a]
Corporate Social Resp.	3.16	3.82	3.15	4.40	1.67	0.18	3.23[a]	1.70	1.52	3.29[a]
Concern for Customers	1.86	2.61	2.60	4.88	2.08	2.09	8.63[a]	0.01	6.49[a]	6.58[a]
Functional Risk	2.12	2.30	2.46	4.84	0.56	1.07	8.62[a]	0.50	8.05[a]	7.63[a]
Social Risk	3.96	4.36	4.46	4.33	1.33	1.67	1.27	0.33	0.10	0.44
Psychological Risk	4.35	4.21	4.19	4.68	0.39	0.46	0.97	0.07	1.36	1.45
Consideration of the Brand	2.64	2.68	3.39	6.40	0.60	1.02	5.16[a]	0.95	5.10[a]	4.18[a]
Price Premium	1.48	1.65	1.84	2.89	0.59	1.23	4.91[a]	0.64	4.30[a]	3.69[a]
Purchase Intention	2.09	1.55	2.30	5.00	0.81	0.32	4.47[a]	1.14	5.31[a]	4.19[a]

* One-tailed significance

[a] $p < 0.01$

[b] $p < 0.05$

H6 is partially supported. When exposed to a product-related event, a firm response of correction action resulted in higher mean values than a denial and a reduction of offensiveness response for all dependent variables, except for corporate social responsibility, social risk and psychological risk. (See Table 4.14, column *D vs. CA*, and *RO vs. CA*). For corporate social responsibility, a corrective action response resulted in higher values (Mean = 4.40) than the reduction of offensiveness response (Mean = 3.15, t-value = 3.29, p-value < 0.01), but not the denial response (Mean = 3.82, t-value = 1.52, p-value > 0.10). For social risk and psychological risk there were not mean differences for any type of response for subjects in the product-related condition.

H7 concerned firm response effects given an organization-related negative event. Specifically, H7 predicted that for an organization-related event subjects exposed to reduction of offensiveness response would not have different mean values from the corrective action condition on all dependent variables. Planned contrasts were used to test this hypothesis. The mean values for each firm response within the organization-related event condition along with contrast t-values are shown in Table 4.15.

H7 is supported for all dependent variables except for brand value and corporate social responsibility (See Table 4.15 and column *RO vs. CA*). Subjects exposed to corrective action response reported higher brand value (Mean = 5.18) than did those subjects in the reduction of offensiveness group (Mean = 4.33, t-value = 2.33, p-value < 0.05). Subjects exposed to a corrective action firm response also reported higher values for corporate social responsibility (Mean = 3.47) than those

Table 4.15 Planned Contrasts to Test H7 (Organization-Related Event)

	Response Mean Values				Contrast t-values					
Dependent Variables:	**No Response Control *(NR)***	**Denial *(D)***	**Reduction of Offensiveness *(RO)***	**Corrective Action *(CA)***	***NR* vs. *D***	***NR* vs. *RO***	***NR* vs. *CA***	***D* vs. *RO***	***D* vs. *CA***	***RO* vs. *CA***
Liking	2.88	2.14	3.70	4.23	1.99	2.14[b]	3.72[a]	4.08[a]	5.76[a]	1.42
Quality	5.09	4.36	4.13	4.69	1.72	2.21[b]	0.97	0.53	0.81	1.33
Value	4.07	3.17	4.61	4.95	3.47[a]	2.02	3.43[a]	5.40[a]	7.01[a]	1.27
Uniqueness	4.18	3.21	3.93	4.31	1.98[b]	0.50	0.26	1.44	2.31[b]	0.77
Sincerity	3.23	2.18	3.47	3.85	4.74[a]	1.07	2.90[b]	5.69[a]	7.78[a]	1.72
Competence	4.47	4.17	4.00	4.81	0.79	1.04	0.91	0.27	1.73	1.96
Corporate Ability	4.93	4.50	4.25	4.90	1.07	1.65	0.08	0.61	1.03	1.62
Corporate Social Resp.	2.09	2.00	3.20	4.02	0.26	3.77[a]	5.99[a]	4.94[a]	7.32[a]	4.00[a]
Concern for Customers	3.18	3.21	3.05	3.78	0.07	0.40	1.92	0.47	1.84	2.28[b]
Functional Risk	5.55	4.56	4.62	4.71	2.92[b]	2.69[b]	2.57[b]	0.16	0.45	0.27
Social Risk	3.58	3.41	4.65	5.49	0.37	2.34[b]	4.42[a]	2.70[b]	4.80[b]	1.89
Psychological Risk	3.52	2.74	3.93	5.43	1.78	0.94	4.54[a]	2.67[b]	6.37[a]	3.45[a]
Consideration of the Brand	2.14	1.82	4.90	5.00	0.47	3.94[a]	4.32[a]	4.40[a]	4.80[a]	0.15
Price Premium	1.60	1.55	2.45	2.95	0.14	2.69[b]	4.50[a]	2.85[b]	4.67[a]	1.61
Purchase Intention	1.55	1.09	3.90	3.72	0.67	3.37[a]	3.29[a]	4.02[a]	3.98[a]	0.27

* One-tailed significance

[a] $p < 0.01$

[b] $p < 0.05$

subjects in the reduction of offensiveness condition (Mean = 2.50, t-value = 2.45, p-value < 0.05). For all other dependent variables, there is not a significant difference between reduction of offensiveness response and a corrective action response when subjects are exposed to an organization-related event.

H8 predicted that in either event condition the denial response would result in lower mean values on all dependent variables. Due to the significant interactions, examining the contrast values within each event type assesses H8. For a product-related event, H8 is not fully supported. The denial response is not significantly different from the reduction of offensiveness response for all dependent variables except for overall liking (See Table 4.14 and column *D vs. RO*). The corrective action response was significantly different from the denial response on all dependent variables except for uniqueness, social risk, and psychological risk (See Table 4.14 and column *D vs. CA*). For the group exposed to the organization-related event, a denial response resulted in significantly lower mean values than both a reduction of offensiveness and corrective action response for the dependent variables of liking, value, sincerity, consideration of the brand, and purchase intention (See Table 4.15 and column *D vs. RO*). Thus, H8 is only partially supported.

CHAPTER 5: DISCUSSION AND IMPLICATIONS

As discussed in the introduction, there is significant work in the area of how positive brand attitudes are created, however, there is little research in the area of how negative events might affect consumer brand attitudes and behavioral intentions. Moreover, the literature is primarily limited to normative suggestions of how to respond to such events. Accordingly, this dissertation's objectives were twofold. First, the dissertation examined the specific types of brand and organizational associations, risk perceptions, and brand response variables impacted by two different kinds of negative events. Second, the dissertation assessed the effectiveness of three general firm responses in restoring damaged associations, risk perceptions, and behavioral intentions following such negative events. To accomplish these objectives two experimental studies were conducted.

Integration theory (Anderson 1971) provided an overarching theoretical basis for both studies. Consumers were posited to "integrate" the information surrounding the negative event, including the firm's response, with their existing brand attitudes. The issue of how negative event information is integrated with existing brand/organizational images was assessed within the framework of a consumer-brand relationship. Consumers were posited to engage in relational exchange with a brand so long as the brand meets functional, self-esteem, and self-consistency needs as represented by functional, social, and psychological risks. It was proposed that communicated brand and organizational associations form an overall brand identity by which consumers may assess brand relationship feasibility.

Brand and organizational associations were conceptualized as an "associative network" of brand knowledge (Aaker 1996, Anderson 1971, Collin and Loftus 1975, Keller 1993). These associations are seen as facets of an overall concept of consumer-based brand equity that lead to the consumer's differential response to the brand. "Primary" or "core" associations examined in this dissertation include perceived quality, perceived value, uniqueness of brand associations, and overall satisfaction/liking. Important "secondary" associations are the brand's personality and organizational associations. While primary or core associations are more closely linked to important brand response variables, secondary associations may also lead to brand purchase consideration, the willingness to pay a price premium, purchase intention, and purchase behavior. These associations also may be seen as "attribute based", arising from specific product attributes, or "non-attribute based", positive or negative associations unrelated to specific product attributes (Park and Srinivasn 1994). Certain types of negative events (Study One) and firm responses to such events (Study Two) were proposed to have an impact on these associations and the consumer-brand relationship. Findings from the two studies, theoretical and managerial implications, limitations, and areas of future research are now discussed.

Summary of Important Findings

Study One

In Study One, negative events were proposed to affect associations linked to the brand and limit the brand's ability to fulfill the consumer-brand relationship. Two types of events were identified, product-related events involving specific

product attributes and organization-related events that do not involve specific product attributes, but ethical or social issues. Product-related events were posited to primarily impact associations linked to functional benefits and functional risk (i.e., quality, corporate ability). Organization-related events were reasoned to affect associations linked more closely to symbolic and experiential benefits and social and psychological risk (i.e., corporate social responsibility, brand sincerity). While both types of events were proposed to affect brand response variables, a product-related event was posited to have a greater impact on important brand response variables. In addition, a brand with more favorable brand associations was hypothesized to be more resistant to the impact of negative events.

Study One results generally were consistent with the proposed effects suggested by an associative network model of brand knowledge. Specifically, a product-related event had a significant and greater negative effect than an organization-related event on the brand associations of quality, value, and brand competence. An organization-related event had a significant and greater negative effect on the brand association of brand sincerity. Both event types had a significant and equal negative effect on overall liking of the brand. Both events had an impact on value associations, however, a product-related event had a greater effect. This result is consistent with the conceptualization of brand value as arising from both specific product attributes and other non-attribute areas (Zeithaml 1988, Park and Srinivasan 1994). In addition, research in the area of social marketing would support the idea that brand value might be created as well as damaged by socially charged

brand-related information (c.f., Brown and Dacin 1997; Barone, Miyazaki, and Taylor 2000).

The two types of negative events also affected organizational associations. Both an organization-related event and a product-related event had a significant and equal effect on the organizational association of concern for customers. As predicted, however, corporate ability was affected only by a product-related event while corporate social responsibility was impacted only by an organization-related event.

Risk perceptions also were affected by the negative events. As hypothesized, functional risk perceptions were impacted only by the product-related event. Social and psychological risk perceptions were affected only by the organization-related event. Contrary to predictions, the product-related event did not affect social or psychological risk perceptions.

As expected, both event types impacted the conative brand response variables of consideration of the brand, the willingness to pay a price premium, and purchase intention. However, the product-related event had the greatest negative effect on brand response intentions.

The proposed interaction was not supported. More favorable brand attitudes do not appear to be more resistant to the impact of negative events. The effects were parallel for all but one dependent variable, brand quality. For brand quality, the brand with higher pre-event attitudes was more resistant to the impact of the product-related event. Perhaps for the higher image brand, Adidas, subjects held stronger attitudes about brand quality. Attitude strength and attitude structure, as

discussed in the Limitations and Future Research section, is considered for future research.

Study Two

The focus of Study Two was to assess the effects of three general types of firm responses to such an event. While firms may choose from a variety of normative suggestions for how best to respond to a crisis there is little direct evidence of a best course of action for mitigating the impact of negative events and restoring the damaged brand identity. Based in communication theory, three response strategies were identified (Benoit 1997). In response to a negative event a firm might choose to: (1) simply deny the event's basis in fact, (2) attempt to minimize or "reduce the offensiveness" of the negative event, or (3) "take corrective action" in response to the event.

Given consumers are active information processors, subjects were expected to critically analyze the firm's image restoration attempt by comparing it with their existing structure of beliefs and values. Comparison of the firm's image restoration message to beliefs and values was proposed to generate spontaneous cognitive responses or critical thoughts (support arguments, counter arguments and source derogation) that are suggested as primary mediators of message acceptance (Wright 1973). Utilizing a cognitive response approach, attribution and source credibility theories, hypothesized effects of three different firm reactions following a product-related and organization-related negative event were proposed.

As measured by the scaled items in the assumption checks, results provide evidence that cognitive responses are different for the three firm responses. A denial

response generated significantly greater source derogation than both the reduction of offensiveness and corrective action response. As predicted, a corrective action response appeared to generate fewer counter arguments and more support arguments than the reduction of offensiveness as well as the denial response. Subjects did not view the denial or reduction of offensiveness response as significantly different in terms of counter arguments or support arguments.

In addition, the three firm responses also were differentially effective in restoring damaged brand and organizational associations, risk perceptions, and brand response intentions. The effectiveness of the firm response depended, to an extent, upon the nature of the event the firm experienced. Given a product-related event, a corrective action response was significantly more effective in restoring the damaged brand. While H6 was only partially supported, the dependent variables that were not affected by a corrective action response are variables not impacted by the product-related event in Study One, corporate social responsibility, social and psychological risk. Thus, for damaged associations, a corrective action response appears to be more effective. In particular, the results indicate that for the brand quality, value, and competence; corporate ability; functional risk; and all brand response variables the corrective action response was significantly more effective in restoring the damaged brand than any other response including the no response/control condition.

Given an organization-related event, it was proposed that a reduction of offensiveness response would be somewhat effective when compared to corrective action and denial response (H7). Again there was partial support for H7. For the

majority of dependent variables impacted by an organization-related event in Study One, the reduction of offensiveness response was more effective than the denial response. Specifically, the reduction of offensiveness response was more effective than denial in restoring liking of the brand, value, brand sincerity, corporate social responsibility, social and psychological risk, and all brand response variables. The reduction of offensiveness and corrective action responses also were equally effective in restoring these same associations with the exception of corporate social responsibility and psychological risk. For these two dependent variables, the corrective action response was more effective. Apparently the additional actions of the firm in creating a better working environment for their workers reduces the conflict with an individual's own values as represented by psychological risk. These activities also appear to add some positive associations in the area of corporate social responsibility. It is interesting that the corrective action response does not impact social risk perceptions in the same manner. Doing the "right thing" as an organization may have more of an impact in restoring congruity with personal values than concerns over social criticism.

The final question addressed in Study Two was the overall effectiveness of a denial response. It was proposed that a denial response would be the least effective response for either type of event condition. Again, the effectiveness or lack of effectiveness when compared to the other types of responses appears to depend upon the nature of the event the firm experiences. For a product-related event, the denial response was significantly less effective than the corrective action response for all dependent variables impacted by the product-related event in Study One. However,

denial was not significantly less effective than a reduction of offensiveness response, except for overall liking of the brand. For liking, a reduction of offensiveness response was more effective than denial.

For an organization-related event, denial was significantly less effective than both the corrective action and reduction of offensiveness responses on all dependent variables impacted by an organization-related negative event in Study One. In particular, liking of the brand, value, sincerity, corporate social responsibility, social and psychological risk, and all brand response variables were least effectively restored with a denial response. Consequently, a denial response appears to be ineffective for either type of event. However, given a product-related event, the denial and reduction of offensiveness responses are equally ineffective.

In summary, Study Two demonstrated that a denial response is likely to generate more source derogation and counter arguments and be ineffective in restoring the damaged brand. Reduction of offensiveness is likely to generate fewer source derogations than denial and be somewhat effective for an organization-related event. Corrective action is likely to generate the fewest source derogations and the most support arguments. A corrective action response is effective for an organization-related event and the most effective response for a product-related event.

Theoretical Implications

The results for the two studies support several theoretical implications. First, the studies support the conceptualization of brand knowledge as consisting of an associative network of related associations. Such a network consists of nodes

corresponding to the brand and links that connect pairs of nodes that are associated in some way. Activating one node, in this case by way of negative event information, activates related nodes. This research demonstrates that negative information may activate concepts that are related to the nature of the associations. That is, when a brand experiences a product-related (organization-related) event, nodes related to specific product attributes (non-attribute areas) are activated and the event information is integrated into the existing knowledge structure. This existing knowledge structure is conceptualized here as being made up of affective, cognitive, and conative sets of associations related to the brand. The results also support the conceptualization of these elements as related parts of a complete brand attitude.

A second theoretical implication is that more favorable brand attitudes do not appear to be more resistant to the impact of negative event information. Recent evidence suggests that attitude strength or commitment to an attitude may make a brand more resistant to negative event information, at least in the case of negative product information (Ahuluwalia, Unnava, and Burnkrant 2000). This is an area worthy of future research to determine not only the effect of attitude strength on brand resistance to the impact of negative event information, but also the ease with which the damaged brand might be restored.

A third theoretical implication is the apparent related nature of firm responses and generated cognitive responses. Denial responses generated the least favorable cognitive responses. It seems that, in general, simple denial responses are likely to be greeted with a certain level of skepticism rendering them less effective

than other types of responses. Corrective action responses produce more positive thoughts that may make that response more effective.

A fourth theoretical implication is the evidence of a relationship between event type and firm response. As negative event information impacts certain types of brand associations including risk perceptions it seems logical that this integrated or updated knowledge structure is used as one piece of information in evaluating the firm response. For example, a product-related event raises concerns over quality and functional risk. The firm response would be examined for its ability to correct or successfully refute these concerns. For organization-related events, corrective action does not appear to be required to restore damaged brand associations and response intentions. However, a product-related event requires a corrective action response due to concerns over quality and functional risk.

Managerial Implications

Two key managerial implications follow from the results and theoretical implications. First, Study One demonstrates that different types of brand and organizational associations as well as risk perceptions are impacted by a product-related event when compared to an organization-related event. This information should be important to brand managers in understanding the damage done to their brand in terms of specific associations and risk perceptions. This information would allow brand managers to more effectively manage the image restoration process. Brand managers also should note that both a product-related and organization-related event would impact brand response with product-related events having a greater impact.

A second managerial implication relates to firm responses. Given an organization-related event a reduction of offensiveness or a corrective action response would be effective. For a product-related event, a corrective action response is most likely to restore the damaged brand, especially concerns over functional risk. A simple denial appears to be ineffective for either type of event. However, one caveat to these results should be noted. The denial response presented to subjects was a simple denial. A denial response with compelling evidence or presented by an impartial third party might be more effective. This is one area for future research.

Limitations and Future Research

This research has several limitations and areas for future research. One limitation is the contrived experimental setting. A criticism of this research could be that subjects were able to easily determine the purpose of the study. In doing so they may have just "gone along" with the manipulations treating the information as important (Schwartz 1996). Subjects might not respond in a similar manner in a real world setting and the results found here might not generalize to real events. A related limitation is the use of one product category. The event and firm manipulations could be different for other product/service categories and these results might not generalize to other product categories. Future research should extend the studies to other product categories and attempt to capture real event effects.

Another limitation is the failure to capture how the events, responses, and consumer evaluations of the brand play out over time. In the research design,

evaluations at a single point in time were captured. These events obviously evolve over a period of time. Future research should attempt to capture the time element involved in such occurrences. Are the effects of a negative event diluted by time? Does the time to respond to an event impact the effectiveness of a firm's response? These issues could be examined in future research.

Additional areas of future research include examining corporate versus line branding strategies. In the studies reported here, corporate brands, brands where the company and the brand name are the same, were used. An interesting question would be whether a dilution effect for the impact of a negative event would be observed for a line branding strategy, where brand names are not the same as the company name. Based on the associative network theory of brand knowledge, it would seem logical to find a weaker effect for product-related events on organizational associations such as corporate ability for firms using a line branding strategy. Another interesting question to examine could be the spillover effect on other products made by the company. Again, given a line branding strategy, a product-related event might not spillover to impact other brands the company makes. A company using a corporate branding strategy could see a spillover to other products made under the company name.

An important theoretical and practical question for future research is the moderating role of attitude strength and attitude structure. There is evidence that strong attitudes are more resistant to change because individuals are more likely to recall their prior attitude, and thus construct reasons that support that attitude (e.g., Eagley and Chaiken 1995). Individuals with weak attitudes are less likely to recall

their prior attitude and thus less likely to construct reasons that support the attitude. In the case of strong attitudes, the result is a contrast effect for the new information and little or no effect on the prior attitude. In the weak attitude condition, the result would be assimilation and an effect of the information in forming a new attitude.

The key variable moderating attitude stability, however, could be attitude structure. It has been suggested that the ideal brand attitude is one that is complex and differentiated but evaluatively consistent. There is evidence that complex attitudes are more stable and resistant to change (Wilson and Hodges 1992). There also is a fair amount of evidence that attitudes that are cognitively and affectively consistent are more stable than ones with inconsistent components (e.g., Chaiken and Baldwin 1981). Few studies, however, have examined whether the key moderating variable is attitude strength, complexity, or consistency. It may be that attitude strength and structure interact in producing stability. Future research could examine how negative information is integrated into complex and simple brand knowledge structures of varying strength. This research would lend evidence of how best to construct brand knowledge to not only survive the impact of negative events, but also competitive attack.

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APPENDIX A - PRETESTS

Brand Attitude Pre-Test (Selection of Real Brands)

For each statement below, circle the one number that most closely reflects your own personal opinion/behavior.

	Strongly Disagree						Strongly Agree
Compared to other brands of athletic shoes, **NIKE** is a brand that I really like.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, **Reebok** is a brand that I really like.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, **Converse** is a brand that I really like.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, **Adidas** is a brand that I really like.	1	2	3	4	5	6	7
I can always count on **NIKE** brands of athletic shoes for consistent high quality.	1	2	3	4	5	6	7
I can always count on **Reebok** brands of athletic shoes for consistent high quality.	1	2	3	4	5	6	7
I can always count on **Converse** brands of athletic shoes for consistent high quality.	1	2	3	4	5	6	7
I can always count on **Adidas** brands of athletic shoes for consistent high quality.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, **NIKE** is a good value for the money.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, **Reebok** is a good value for the money.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, **Converse** is a good value for the money.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, **Adidas** is a good value for the money.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
The **NIKE** company is good at manufacturing their product.	1	2	3	4	5	6	7
The **Reebok** company is good at manufacturing their product.	1	2	3	4	5	6	7
The **Converse** company is good at manufacturing their product.	1	2	3	4	5	6	7
The **Adidas** company is good at manufacturing their product.	1	2	3	4	5	6	7
The **NIKE** company really cares about its customers.	1	2	3	4	5	6	7
The **Reebok** company really cares about its customers.	1	2	3	4	5	6	7
The **Converse** company really cares about its customers.	1	2	3	4	5	6	7
The **Adidas** company really cares about its customers.	1	2	3	4	5	6	7
The company that makes **NIKE** is socially responsible.	1	2	3	4	5	6	7
The company that makes **Reebok** is socially responsible.	1	2	3	4	5	6	7
The company that makes **Converse** is socially responsible.	1	2	3	4	5	6	7
The company that makes **Adidas** is socially responsible.	1	2	3	4	5	6	7

Please circle the correct percentage to complete the following statements:

I am willing to pay ___% more for a **NIKE** brand over other brands of athletic shoes.	0%	5%	10%	15%	20%	25%	30% more	or
I am willing to pay ___% more for a **Reebok** brand over other brands of athletic shoes.	0%	5%	10%	15%	20%	25%	30% more	or
I am willing to pay ___% more for a **Converse** brand over other brands of athletic shoes.	0%	5%	10%	15%	20%	25%	30% more	or
I am willing to pay ___% more for a **Adidas** brand over other brands of athletic shoes.	0%	5%	10%	15%	20%	25%	30% more	or

Please place the beginning letter of each brand on a separate line below to reflect your overall regard for the brand (**A=Adidas, C=Converse, N=NIKE, and R-Reebok**).

____	____	____	____	____	____	____	____	____	____	____
0 Low Regard	1	2	3	4	5	6	7	8	9	10 High Regard

Company Profile (Selection of Fictitious Brand Manipulation)

Below is a description of a company and the brand of athletic shoe that they market. Please carefully read this information and respond to the questions on the opposite page.

RINNA, Inc. was founded in 1968 by two Swedish track athletes. RINNA, which is Old Norse for running, began manufacturing their shoes in Sweden. As the company's sales in Europe grew they moved production to Korea in 1982. This move allowed RINNA to remain competitive in the global marketplace as most other brands of athletic shoes are also made in Southeast Asia. RINNA is now being introduced to the North America market and is priced about the same as other popular brands (i.e., NIKE, Adidas, Reebok).

Industry analyst consider RINNA to be an industry leader in shoe design and production having received numerous awards for their quality products. Each year RINNA contributes a percentage of their net profits to charitable organizations in each market area. This percentage is well above industry standards.

Below is a company report card summarizing important company and product information. (A=Far Above Industry Standard, B=Above Industry Standard, C=At Industry Standard, D=Below Industry Standard, F=Far Below Industry Standard):

	"A" Far Above Industry	"B" Above Industry	"C" Industry Average	"D" Below Industry	"F" Far Below Industry
Design and Production Ability	✔				
Brand Quality	✔				
Brand Value		✔			
Corporate Social Responsibility	✔				
Corporate Concern For Customers		✔			

Company Profile

Below is a description of a company and the brand of athletic shoe that they market. Please carefully read this information and respond to the questions that follow.

RINNA, Inc. was founded in 1968 by two Swedish track athletes. RINNA, which is Old Norse for running, began manufacturing their shoes in Sweden. As the company's sales in Europe grew they moved production to Korea in 1982. This move allowed RINNA to remain competitive in the global marketplace as most other brands of athletic shoes are also made in Southeast Asia. RINNA is now being introduced to the North America market and is priced about the same as other popular brands (i.e., NIKE, Adidas, Reebok).

Industry analyst consider RINNA to be average in the industry in shoe design and production. Each year RINNA contributes a percentage of their net profits to charitable organizations in each market area. This percentage is about equal to the industry standard.

Below is a company report card summarizing important company and product information. (A=Far Above Industry Standard, B=Above Industry Standard, C=At Industry Standard, D=Below Industry Standard, F=Far Below Industry Standard):

	"A" Far Above Industry	"B" Above Industry	"C" Industry Average	"D" Below Industry	"F" Far Below Industry
Design and Production Ability			✔		
Brand Quality			✔		
Brand Value			✔		
Corporate Social Responsibility				✔	
Corporate Concern For Customers			✔		

Brand Attitude Pre-Test

Based on the company profile you just read, for each statement below, circle the one number that most closely reflects your own personal opinion/behavior towards the RINNA brand (1=Strongly Disagree and 7=Strongly Agree).

	Strongly Disagree						Strongly Agree
Compared to other brands of athletic shoes, RINNA is a brand that I would really like.	1	2	3	4	5	6	7
RINNA is a brand of shoe that I would hold in high esteem.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, I would think very highly of RINNA.	1	2	3	4	5	6	7
I should be able to count on RINNA brands of athletic shoes for consistent high quality.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, RINNA is most likely of very high quality.	1	2	3	4	5	6	7
RINNA should consistently performs better than other brands of athletic shoes.	1	2	3	4	5	6	7
What I am likely to get from RINNA brands of athletic shoes is worth the cost.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, RINNA will be a good value for the money.	1	2	3	4	5	6	7
All things considered (price, time, and effort), RINNA brands of athletic shoes should be a good buy.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
The RINNA company is good at manufacturing their product.	1	2	3	4	5	6	7
RINNA is an organization with expertise in making athletic shoes.	1	2	3	4	5	6	7

The RINNA company is honest with its customers.	1	2	3	4	5	6	7
The RINNA company really cares about its customers.	1	2	3	4	5	6	7

The company making RINNA is socially responsible.	1	2	3	4	5	6	7
The firm that makes RINNA is a good "corporate citizen".	1	2	3	4	5	6	7

I would be willing to pay a higher price for a RINNA brand of athletic shoe than for other brands of athletic shoes.	1	2	3	4	5	6	7
I would be willing to pay ___% more for a RINNA brand over other brands of athletic shoes.	0%	5%	10%	15%	20%	25%	30% or more

Consider the following two questions as if all athletic shoes are of equal price and RINNA is available in your local market.

The next time I purchase athletic shoes, I would consider the RINNA brand as an option.										
Not Likely At All										Extremely Likely
0	1	2	3	4	5	6	7	8	9	10

The next time I buy a pair of athletic shoes, I intend to buy a RINNA brand.										
Not Likely At All										Extremely Likely
0	1	2	3	4	5	6	7	8	9	10

(Selection of Negative Event Manipulations)

ADIDAS Exploits Child Labor to Make Footwear!

(AP Newswire) Adidas has been accused of alleged sweatshop working conditions involving underage workers at some of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. The human rights group also charges that the child laborers earn less than many of the country's minimum wage (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a shoe in a Korean factory making Adidas shoes.

To what extent is the negative event described in the news release related to a specific problem with a ADIDAS product or brand?

To little or no extent	1	2	3	4	5	6	7 To a great extent

To what extent is the negative event related to the ADIDAS organization and <u>not</u> a specific product defect?

To little or no extent	1	2	3	4	5	6	7 To a great extent

The event described in the news release is:

Important to me	1	2	3	4	5	6	7 Unimportant to me
Means a lot to me	1	2	3	4	5	6	7 Means nothing to me

In your opinion, is the event as depicted in the news release a realistic story?

Not Realistic	1	2	3	4	5	6	7 Very Realistic

Have you ever heard of such and incident associated with the ADIDAS brand? (circle one):

YES NO

ADIDAS Uses Defective Material in Manufacture of Shoes!

(AP Newswire) Adidas has been accused of using a defective lining material in the manufacture of their athletic shoes in many of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are placing a suspect lining material in Adidas footwear. The material which is believed to be cheaper than the competitors is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of Adidas shoes.

To what extent is the negative event described in the news release related to a specific problem with a ADIDAS product or brand?

To little or no extent	1	2	3	4	5	6	7	To a great extent

To what extent is the negative event related to the ADIDAS organization and <u>not</u> a specific product defect?

To little or no extent	1	2	3	4	5	6	7	To a great extent

The event described in the news release is:

Important to me	1	2	3	4	5	6	7	Unimportant to me
Means a lot to me	1	2	3	4	5	6	7	Means nothing to me

In your opinion, is the event as depicted in the news release a realistic story?

Not Realistic	1	2	3	4	5	6	7	Very Realistic

Have you ever heard of such and incident associated with the ADIDAS brand? (circle one):

YES NO

(Selection of Firm Response Manipulations)

ADIDAS Responds To Allegation of Child Labor Abuse!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of child labor abuses:

> "There has never been a time in Adidas's history when child labor has been a problem. These allegations are absolutely false."

	Strongly Disagree						Strongly Agree
The firm's response is an attempt to **deny** the occurrence of the event.	1	2	3	4	5	6	7
The firm's response is an attempt to imply that the event is **not as bad as it seems**.	1	2	3	4	5	6	7
The firm's response is an attempt to **correct the problem disclosed in the news release.**	1	2	3	4	5	6	7
I **believe** the firm's response to the problem.	1	2	3	4	5	6	7
The firm's response is **motivated by profit** alone.	1	2	3	4	5	6	7
The firm's response to the problem is an **appropriate** one.	1	2	3	4	5	6	7
The firm's response is in the **best interest of the customer.**	1	2	3	4	5	6	7

ADIDAS Responds To Allegation of Product Defects!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of product defects:

> "There has never been a time in Adidas's history when product defects or the use of dangerous materials have been a problem. These allegations are absolutely false."

	Strongly Disagree						Strongly Agree
The firm's response is an attempt to **deny** the occurrence of the event.	1	2	3	4	5	6	7
The firm's response is an attempt to imply that the event is **not as bad as it seems**.	1	2	3	4	5	6	7
The firm's response is an attempt to **correct the problem disclosed in the news release.**	1	2	3	4	5	6	7
I **believe** the firm's response to the problem.	1	2	3	4	5	6	7
The firm's response is **motivated by profit** alone.	1	2	3	4	5	6	7
The firm's response to the problem is an **appropriate** one.	1	2	3	4	5	6	7
The firm's response is in the **best interest of the customer.**	1	2	3	4	5	6	7

ADIDAS Responds To Allegation of Child Labor Abuse!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of child labor abuses:

> "There is no reason for concern. While children as young as 12 are employed in Adidas factories, these jobs provide much more opportunity than they would have otherwise. Pay is at an acceptable wage and working conditions are better than many alternatives. Many of Adidas's competitors make shoes in the same type of factories with the same type of workforce."

	Strongly Disagree						Strongly Agree
The firm's response is an attempt to **deny** the occurrence of the event.	1	2	3	4	5	6	7
The firm's response is an attempt to imply that the event is **not as bad as it seems**.	1	2	3	4	5	6	7
The firm's response is an attempt to **correct the problem disclosed in the news release.**	1	2	3	4	5	6	7
I **believe** the firm's response to the problem.	1	2	3	4	5	6	7
The firm's response is **motivated by profit** alone.	1	2	3	4	5	6	7
The firm's response to the problem is an **appropriate** one.	1	2	3	4	5	6	7
The firm's response is in the **best interest of the customer.**	1	2	3	4	5	6	7

ADIDAS Responds To Allegation of Product Defects!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of product defects:

> "There is no reason for concern. The material used by Adidas is very similar to what others in the industry use. There are not a large number of documented problems and the problems do not seem that severe."

	Strongly Disagree						Strongly Agree
The firm's response is an attempt to **deny** the occurrence of the event.	1	2	3	4	5	6	7
The firm's response is an attempt to **reduce the offensiveness** of the event.	1	2	3	4	5	6	7
The firm's response is an attempt to **correct the problem.**	1	2	3	4	5	6	7
In their response, the firm's version of the problem is **believable.**	1	2	3	4	5	6	7
The firm's response is **motivated by profit** alone.	1	2	3	4	5	6	7
The firm's response to the problem is an **appropriate** one.	1	2	3	4	5	6	7
The firm's response is in the **best interest of the customer.**	1	2	3	4	5	6	7

ADIDAS Responds To Allegation of Child Labor Abuse!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of child labor abuses:

> "Adidas takes seriously its responsibility to provide fair wages and safe working conditions. We have initiated the following steps to remedy the problems that have recently come to light":
>
> 1. Improved factory ventilation to US OSHA standards
> 2. Raised the minimum age for workers to 16
> 3. Providing high school equivalency courses to all workers
> 4. Establishing monitoring systems to prevent physical abuse

	Strongly Disagree						Strongly Agree
The firm's response is an attempt to **deny** the occurrence of the event.	1	2	3	4	5	6	7
The firm's response is an attempt to imply that the event is **not as bad as it seems**.	1	2	3	4	5	6	7
The firm's response is an attempt to **correct the problem disclosed in the news release.**	1	2	3	4	5	6	7
I **believe** the firm's response to the problem.	1	2	3	4	5	6	7
The firm's response is **motivated by profit** alone.	1	2	3	4	5	6	7
The firm's response to the problem is an **appropriate** one.	1	2	3	4	5	6	7
The firm's response is in the **best interest of the customer.**	1	2	3	4	5	6	7

ADIDAS Responds To Allegation of Product Defects!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of product defects:

> "Adidas takes seriously its responsibility to provide a quality product. We have initiated the following steps to remedy the problems that have recently come to light":
>
> 1. A full refund to customers buying styles in question.
> 2. Usage of the defective material has been discontinued.
> 3. In the future, only material that has passed laboratory testing for safety and quality will be used.

	Strongly Disagree						Strongly Agree
The firm's response is an attempt to **deny** the occurrence of the event.	1	2	3	4	5	6	7
The firm's response is an attempt to imply that the event is **not as bad as it seems**.	1	2	3	4	5	6	7
The firm's response is an attempt to **correct the problem disclosed in the news release.**	1	2	3	4	5	6	7
I **believe** the firm's response to the problem.	1	2	3	4	5	6	7
The firm's response is **motivated by profit** alone.	1	2	3	4	5	6	7
The firm's response to the problem is an **appropriate** one.	1	2	3	4	5	6	7
The firm's response is in the **best interest of the customer.**	1	2	3	4	5	6	7

APPENDIX B - PILOT STUDY ONE (REAL BRANDS)

Study 1 Research Design
2 (Brand) × 3 (Event Type)

	No Event/ Control (1)	Organization Event (2)	Product Event (3)
High Pre-Event Associations (1)	High Pre-Event Brand Company Profile (11)	High Pre-Event Brand Child Labor (12)	High Pre-Event Brand Defective Material (13)
Low Pre-Event Associations (2)	Low Pre-Event Brand Company Profile (21)	Low Pre-Event Brand Child Labor (22)	Low Pre-Event Brand Defective Material (23)

ADIDAS Exploits Child Labor to Make Footwear!

(AP Newswire) Adidas has been accused of alleged sweatshop working conditions involving underage workers at some of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. The human rights group also charges that the child laborers earn less than many of the country's minimum wage (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a shoe in a Korean factory making Adidas shoes.

(12)

ADIDAS Uses Defective Material in Manufacture of Shoes!

(AP Newswire) Adidas has been accused of using a defective lining material in the manufacture of their athletic shoes in many of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are placing a suspect lining material in Adidas footwear. The material which is believed to be cheaper than the competitors is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of Adidas shoes.

(13)

Adidas Company Spotlight

(AP Newswire) Adidas was founded by Adi Dassler in 1948. It is still a privately owned company with international headquarters in Germany. The US subsidiary, Adidas America, Inc., is headquartered in New Haven Connecticut. By the late 1970's Adidas operated 24 factories in 17 countries and was selling a wide range of shoes in more than 150 countries including the United States, Canada, and Mexico. In addition, Adidas has now moved into a diverse product line including shorts, jerseys, balls, track suits, and athletic bags. Over 50% of the Adidas brand apparel is now manufactured in the United States and Canada. Currently Mexico factories, located in border cities, are major producers of Adidas caps and T-shirts with the famous Adidas logo.

(11)

REEBOK Exploits Child Labor to Make Footwear!

(AP Newswire) REEBOK has been accused of alleged sweatshop working conditions involving underage workers at some of REEBOK's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, REEBOK's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. The human rights group also charges that the child laborers earn less than many of the country's minimum wage (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a shoe in a Korean factory making REEBOK shoes.

(12)

REEBOK Uses Defective Material in Manufacture of Shoes!

(AP Newswire) REEBOK has been accused of using a defective lining material in the manufacture of their athletic shoes in many of REEBOK's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, REEBOK's Asian contractors are placing a suspect lining material in REEBOK footwear. The material which is believed to be cheaper than the competitors is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of REEBOK shoes.

(13)

REEBOK Company Spotlight

(AP Newswire) REEBOK was founded by two British shoemakers, Joseph and William Foster in 1958. In 1979 REEBOK was purchased by Paul Fireman and moved its international headquarters to Stoughton, Massachusetts. By the mid-1980's REEBOK expanded its international operations to include 24 factories in 17 countries manufacturing and selling a wide range of shoes in more than 150 countries including the United States, Canada, and Mexico. In addition, REEBOK has now moved into a diverse product line including shorts, jerseys, balls, track suits, and athletic bags. Over 50% of the REEBOK brand apparel is now manufactured in the United States and Canada. Currently Mexico factories, located in border cities, are major producers of REEBOK caps and T-shirts with the famous REEBOK logo.

(11)

(Adidas Questionnaire)

While considering the information contained in the news release, imagine that you are evaluating a group of athletic shoes of equal price to ADIDAS's. Then for each statement below, circle the one number that most closely reflects the degree to which the opinion/behavior expressed in the statement is true of your own personal opinion/behavior.

	Strongly Disagree						Strongly Agree
Compared to other brands of athletic shoes, ADIDAS is a brand that I would really like.	1	2	3	4	5	6	7
ADIDAS is a brand of shoe that I would hold in high esteem.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, I would think very highly of ADIDAS.	1	2	3	4	5	6	7
I could count on ADIDAS brands of athletic shoes for consistent high quality.	1	2	3	4	5	6	7
ADIDAS would consistently perform better than all other brands of athletic shoes.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, ADIDAS is most likely of very high quality.	1	2	3	4	5	6	7
All things considered (price, time, and effort), ADIDAS brands of athletic shoes would be a good buy.	1	2	3	4	5	6	7
What I would get from ADIDAS brands of athletic shoes is worth the cost.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, ADIDAS would be a good value for the money.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
ADIDAS brands would be "distinct" from other brands of athletic shoes.	1	2	3	4	5	6	7
ADIDAS would be "unique" from other brands of athletic shoes.	1	2	3	4	5	6	7
ADIDAS would really "stand out" from other brands of athletic shoes.	1	2	3	4	5	6	7
The firm that makes ADIDAS is most likely a good "corporate citizen".	1	2	3	4	5	6	7
The company that makes ADIDAS brands of athletic shoes appears to be socially responsible.	1	2	3	4	5	6	7
The ADIDAS company appears to be honest with its customers.	1	2	3	4	5	6	7
The company that markets ADIDAS brand of athletic shoes seems to really care about its customers.	1	2	3	4	5	6	7
The ADIDAS company appears to be good at manufacturing their product.	1	2	3	4	5	6	7
ADIDAS is an organization with expertise in making athletic shoes.	1	2	3	4	5	6	7
I would be willing to pay a higher price for a ADIDAS brand of athletic shoe than for other brands of athletic shoes.	1	2	3	4	5	6	7
I would be willing to pay ___% more for a ADIDAS brand over other brands of athletic shoes.	0%	5%	10%	15%	20%	25%	30% or more

	Strongly Disagree						Strongly Agree
I am confident that the ADIDAS brand would perform as expected.	1	2	3	4	5	6	7
I could count on ADIDAS brands to work properly.	1	2	3	4	5	6	7
Using ADIDAS brands, there is little or no risk that there would be something wrong with the product.	1	2	3	4	5	6	7

If I were to buy and use ADIDAS brands, I would open myself to criticism by others.	1	2	3	4	5	6	7
People I know would be disappointed in me if I bought ADIDAS brands.	1	2	3	4	5	6	7
Using ADIDAS brands would negatively affect the way others think of me.	1	2	3	4	5	6	7

Buying and using ADIDAS brands would not fit well with the way I think of myself.	1	2	3	4	5	6	7
ADIDAS brands are not consistent with my self-image.	1	2	3	4	5	6	7
If I bought and used ADIDAS brands, I would risk conflict with my own personal values.	1	2	3	4	5	6	7

This may seem unusual, but **think of the human characteristics** associated with the ADIDAS brand. To what extent do the following describe the ADIDAS brand of athletic shoe?

	Not At All Descriptive						Extremely Descriptive
Honest	1	2	3	4	5	6	7
Domestic	1	2	3	4	5	6	7
Genuine	1	2	3	4	5	6	7
Cheerful	1	2	3	4	5	6	7
Trustworthy	1	2	3	4	5	6	7

Down-to-Earth	1	2	3	4	5	6	7
Reliable	1	2	3	4	5	6	7
Responsible	1	2	3	4	5	6	7
Dependable	1	2	3	4	5	6	7
Efficient	1	2	3	4	5	6	7

Answer the following statement assuming that <u>you are in the market for a pair of athletic shoes</u> and <u>all shoes are priced the same</u>.

The next time I purchase athletic shoes, I would consider the ADIDAS brand as an option.

Not Likely At All										Extremely Likely
0	1	2	3	4	5	6	7	8	9	10

The next time I buy a pair of athletic shoes, I intend to buy a ADIDAS brand.

Not Likely At All										Extremely Likely
0	1	2	3	4	5	6	7	8	9	10

	Strongly Disagree						Strongly Agree
The information contained in the news release is very important to me.	1	2	3	4	5	6	7
For me, the information contained in the news release really matters.	1	2	3	4	5	6	7
The information contained in the news release means alot to me.	1	2	3	4	5	6	7

If I want to be like someone, I often buy the same brands that they buy.	1	2	3	4	5	6	7
It is important that others like the products and brands I buy.	1	2	3	4	5	6	7
I like to know what brands and products make good impressions on others.	1	2	3	4	5	6	7

In your opinion, is the information depicted in the news release a realistic story?

Not Realistic At All	1	2	3	4	5	6	7	Very Realistic

Do you own athletic shoes? (circle one) YES NO

Are you? (circle one) MALE FEMALE

How old are you? _____

Please answer the following question **without referring to the news release.**

The news release contained information about a negative event (i.e. bad press about child labor or defective material) associated with ADIDAS (circle one):

YES (If YES, then please go to the questions on the following page.)

NO (If NO, then your task is complete. Thank you and please turn in your booklet.)

Please answer the following questions **without referring to the news release**.

The information in the news release was about ADIDAS using (circle one):							
Child Labor							Defective Material
To what extent was the negative event related to a specific "defect" in a ADIDAS product or brand?							
To little or no extent	1	2	3	4	5	6	7 To a great extent
To what extent was the negative event related to the ADIDAS organization and <u>not</u> a specific product defect?							
To little or no extent	1	2	3	4	5	6	7 To a great extent

You **may refer to the news release** to answer the remaining questions.

	Strongly Disagree						Strongly Agree
ADIDAS was totally responsible for the negative event described in the news release?	1	2	3	4	5	6	7
The negative event described in the news release was all ADIDAS's fault.	1	2	3	4	5	6	7
ADIDAS is to blame for the negative event described in the news release.	1	2	3	4	5	6	7

<u>Thank you very much for your help. I really appreciate your time and effort.</u>

APPENDIX C - PILOT STUDY ONE (FICTITIOUS)

RINNA Exploits Child Labor to Make Footwear!

(AP Newswire) RINNA Inc. has been accused of sweatshop working conditions involving underage workers at some of RINNA's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, RINNA's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. Also, the human rights group charges that the child laborers earn less than many of the countries minimum wages (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a RINNA shoe in a Korean factory.

(12)

RINNA Uses Defective Material in Manufacture of Shoes!

(AP Newswire) RINNA Inc. has been accused of using a defective lining material in the manufacture of their athletic shoes in many of RINNA's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, RINNA's Asian contractors are placing a suspect lining material in RINNA footwear. The material which is believed to be cheaper than the competitors is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of RINNA shoes.

(13)

Company Spotlight

(AP Newswire) RINNA Inc. was founded by Roger Thorson and Reve Eaklan, two Swedish track athletes, in 1968. It is a publicly traded company with US headquarters in New Haven, Connecticut. RINNA began making shoes in Taiwan and Korea in 1982. In 1990, shoe production began in Southeast Asian countries such as Vietnam and Indonesia. RINNA now makes both footwear and apparel that is manufactured in several countries around the world including the United States, Canada, and Mexico. Over 50% of the RINNA brand apparel is now manufactured in the United States and Canada. Currently Mexico factories, located in border cities, are major producers of RINNA caps and T-shirts with the RINNA logo.

(11)

While considering the information contained in the news release, imagine that you are evaluating a group of athletic shoes of equal price to RINNA's. Then for each statement below, circle the one number that most closely reflects the degree to which the opinion/behavior expressed in the statement is true of your own personal opinion/behavior.

	Strongly Disagree						Strongly Agree
Compared to other brands of athletic shoes, RINNA is a brand that I would really like.	1	2	3	4	5	6	7
RINNA is a brand of shoe that I would hold in high esteem.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, I would think very highly of RINNA.	1	2	3	4	5	6	7
I could count on RINNA brands of athletic shoes for consistent high quality.	1	2	3	4	5	6	7
RINNA would consistently perform better than all other brands of athletic shoes.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, RINNA is most likely of very high quality.	1	2	3	4	5	6	7
All things considered (price, time, and effort), RINNA brands of athletic shoes would be a good buy.	1	2	3	4	5	6	7
What I would get from RINNA brands of athletic shoes is worth the cost.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, RINNA would be a good value for the money.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
RINNA brands would be "distinct" from other brands of athletic shoes.	1	2	3	4	5	6	7
RINNA would be "unique" from other brands of athletic shoes.	1	2	3	4	5	6	7
RINNA would really "stand out" from other brands of athletic shoes.	1	2	3	4	5	6	7
The firm that makes RINNA is most likely a good "corporate citizen".	1	2	3	4	5	6	7
The company that makes RINNA brands of athletic shoes appears to be socially responsible.	1	2	3	4	5	6	7
The RINNA company appears to be honest with its customers.	1	2	3	4	5	6	7
The company that markets RINNA brand of athletic shoes seems to really care about its customers.	1	2	3	4	5	6	7
The RINNA company appears to be good at manufacturing their product.	1	2	3	4	5	6	7
RINNA is an organization with expertise in making athletic shoes.	1	2	3	4	5	6	7
I would be willing to pay a higher price for a RINNA brand of athletic shoe than for other brands of athletic shoes.	1	2	3	4	5	6	7
I would be willing to pay ___% more for a RINNA brand over other brands of athletic shoes.	0%	5%	10%	15%	20%	25%	30% or more

	Strongly Disagree						Strongly Agree
I am confident that the RINNA brand would perform as expected.	1	2	3	4	5	6	7
I could count on RINNA brands to work properly.	1	2	3	4	5	6	7
Using RINNA brands, there is little or no risk that there would be something wrong with the product.	1	2	3	4	5	6	7
If I were to buy and use RINNA brands, I would open myself to criticism by others.	1	2	3	4	5	6	7
People I know would be disappointed in me if I bought RINNA brands.	1	2	3	4	5	6	7
Using RINNA brands would negatively affect the way others think of me.	1	2	3	4	5	6	7
Buying and using RINNA brands would not fit well with the way I think of myself.	1	2	3	4	5	6	7
RINNA brands are not consistent with my self-image.	1	2	3	4	5	6	7
If I bought and used RINNA brands, I would risk conflict with my own personal values.	1	2	3	4	5	6	7

This may seem unusual, but **think of the human characteristics** associated with the RINNA brand. To what extent do the following describe the RINNA brand of athletic shoe?

	Not At All Descriptive						Extremely Descriptive
Honest	1	2	3	4	5	6	7
Domestic	1	2	3	4	5	6	7
Genuine	1	2	3	4	5	6	7
Cheerful	1	2	3	4	5	6	7
Trustworthy	1	2	3	4	5	6	7

Down-to-Earth	1	2	3	4	5	6	7
Reliable	1	2	3	4	5	6	7
Responsible	1	2	3	4	5	6	7
Dependable	1	2	3	4	5	6	7
Efficient	1	2	3	4	5	6	7

Answer the following statement assuming that RINNA Shoes are available in local stores, you are in the market for a pair of athletic shoes and all shoes are priced the same.

The next time I purchase athletic shoes, I would consider the RINNA brand as an option.

Not Likely At All									Extremely Likely
0	1	2	3	4	5	6	7	8	9	10

The next time I buy a pair of athletic shoes, I intend to buy a RINNA brand.

Not Likely At All									Extremely Likely
0	1	2	3	4	5	6	7	8	9	10

	Strongly Disagree						Strongly Agree
The information contained in the news release is very important to me.	1	2	3	4	5	6	7
For me, the information contained in the news release really matters.	1	2	3	4	5	6	7
The information contained in the news release means alot to me.	1	2	3	4	5	6	7

If I want to be like someone, I often buy the same brands that they buy.	1	2	3	4	5	6	7
It is important that others like the products and brands I buy.	1	2	3	4	5	6	7
I like to know what brands and products make good impressions on others.	1	2	3	4	5	6	7

In your opinion, is the information depicted in the news release a realistic story?

Not Realistic At All	1	2	3	4	5	6	7	Very Realistic

Do you own athletic shoes? (circle one) YES NO

Are you? (circle one) MALE FEMALE

How old are you? _____

Please answer the following question **without referring to the news release.**

The news release contained information about a negative event (i.e. bad press about child labor or defective material) associated with RINNA (circle one):

YES (If YES, then please go to the questions on the following page.)

NO (If NO, then your task is complete. Thank you and please turn in your booklet.)

Please answer the following questions **without referring to the news release.**

The information in the news release was about RINNA using (circle one): Child Labor Defective Material
To what extent was the negative event related to a specific "defect" in a RINNA product or brand? To little or no extent 1 2 3 4 5 6 7 To a great extent
To what extent was the negative event related to the RINNA organization and <u>not</u> a specific product defect? To little or no extent 1 2 3 4 5 6 7 To a great extent

You **may refer to the news release** to answer the remaining questions.

	Strongly Disagree						Strongly Agree
RINNA was totally responsible for the negative event described in the news release?	1	2	3	4	5	6	7
The negative event described in the news release was all RINNA's fault.	1	2	3	4	5	6	7
RINNA is to blame for the negative event described in the news release.	1	2	3	4	5	6	7

<u>Thank you very much for your help. I really appreciate your time and effort.</u>

APPENIX D PILOT STUDY TWO (REAL BRANDS)

Study 2 Research Design
2 (Event Type) × 4 (Firm Response)

	No Response/ Control (1)	**Denial (2)**	**Reduce Offensiveness (3)**	**Corrective Action (4)**
Organization Event (1)	Organization Event No Response (11)	Organization Event Denial of Problem (12)	Organization Event Reduction of Offensiveness (13)	Organization Event Corrective Action (14)
Product Event (2)	Product Event No Response (21)	Product Event Denial of Problem (22)	Product Event Reduction of Offensiveness (23)	Product Event Corrective Action (24)

ADIDAS Exploits Child Labor to Make Footwear!

(AP Newswire) Adidas has been accused of alleged sweatshop working conditions involving underage workers at some of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. The human rights group also charges that the child laborers earn less than many of the country's minimum wage (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a shoe in a Korean factory making Adidas shoes.

(11)

ADIDAS Uses Defective Material in Manufacture of Shoes!

(AP Newswire) Adidas has been accused of using a defective lining material in the manufacture of their athletic shoes in many of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are placing a suspect lining material in Adidas footwear. The material which is believed to be cheaper than the competitors is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of Adidas shoes.

(21)

ADIDAS Exploits Child Labor to Make Footwear!

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ADIDAS Responds To Allegation of Child Labor Abuse!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of child labor abuses:

> "There has never been a time in Adidas's history when child labor has been a problem. These allegations are absolutely false."

(12)

ADIDAS Uses Defective Material in Manufacture of Shoes!

(AP Newswire) Adidas has been accused of using a defective lining material in the manufacture of their athletic shoes in many of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are placing a suspect lining material in Adidas footwear. The material which is believed to be cheaper than the competitors is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of Adidas shoes.

ADIDAS Responds To Allegation of Product Defects!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of product defects:

> "There has never been a time in Adidas's history when product defects or the use of dangerous materials have been a problem. These allegations are absolutely false."

(22)

ADIDAS Exploits Child Labor to Make Footwear!

(AP Newswire) Adidas has been accused of alleged sweatshop working conditions involving underage workers at some of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. The human rights group also charges that the child laborers earn less than many of the country's minimum wage (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a shoe in a Korean factory making Adidas shoes.

ADIDAS Responds To Allegation of Child Labor Abuse!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of child labor abuses:

> "There is no reason for concern. While children as young as 12 are employed in Adidas factories, these jobs provide much more opportunity than they would have otherwise. Pay is at an acceptable wage and working conditions are better than many alternatives. Many of Adidas's competitors make shoes in the same type of factories with the same type of workforce."

ADIDAS Uses Defective Material in Manufacture of Shoes!

(AP Newswire) Adidas has been accused of using a defective lining material in the manufacture of their athletic shoes in many of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are placing a suspect lining material in Adidas footwear. The material which is believed to be cheaper than the competitors is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of Adidas shoes.

ADIDAS Responds To Allegation of Product Defects!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of product defects:

> "There is no reason for concern. The material used by Adidas is very similar to what others in the industry use. There are not a large number of documented problems and the problems do not seem that severe."

(23)

ADIDAS Exploits Child Labor to Make Footwear!

(AP Newswire) Adidas has been accused of alleged sweatshop working conditions involving underage workers at some of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. The human rights group also charges that the child laborers earn less than many of the country's minimum wage (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a shoe in a Korean factory making Adidas shoes.

ADIDAS Responds To Allegation of Child Labor Abuse!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of child labor abuses:

> "Adidas takes seriously its responsibility to provide fair wages and safe working conditions. We have initiated the following steps to remedy the problems that have recently come to light":
>
> 1.Improved factory ventilation to US OSHA standards
>
> 2. Raised the minimum age for workers to 16
>
> 3.Providing high school equivalency courses to all workers
>
> 4.Establishing monitoring systems to prevent physical abuse

(14)

ADIDAS Uses Defective Material in Manufacture of Shoes!

(AP Newswire) Adidas has been accused of using a defective lining material in the manufacture of their athletic shoes in many of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are placing a suspect lining material in Adidas footwear. The material which is believed to be cheaper than the competitors is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of Adidas shoes.

ADIDAS Responds To Allegation of Product Defects!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of product defects:

> "Adidas takes seriously its responsibility to provide a quality product. We have initaited the following steps to remedy the problems that have recently come to light":
>
> 1. A full refund to customers buying styles in question.
> 2. Usage of the defective material has been discontinued.
> 3. In the future, only material that has passed laboratory testing for safety and quality will be used.

(24)

First we need you to list all thoughts that come to mind while reading the two news releases. Please list thoughts that come to mind as you read no matter how trivial or irrelevant they may seem.

Thoughts about the first news release (negative event):

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

Thoughts about the second news release (firm response):

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

Considering the information contained in both news releases answer the questions regarding ADIDAS's **response** to the negative publicity.

	Strongly Disagree						Strongly Agree
I believe ADIDAS's response to the problem is truthful.	1	2	3	4	5	6	7
ADIDAS's response is motivated by profit alone.	1	2	3	4	5	6	7
ADIDAS's response to the problem is an appropriate one.	1	2	3	4	5	6	7
ADIDAS's response to the problem is in the best interest of the customer.	1	2	3	4	5	6	7

While considering the information contained in the two news releases, imagine that you are evaluating a group of athletic shoes of equal price to ADIDAS's. Then for each statement below, circle the one number that most closely reflects the degree to which the opinion/behavior expressed in the statement is true of your own personal opinion/behavior.

	Strongly Disagree						Strongly Agree
Compared to other brands of athletic shoes, ADIDAS is a brand that I really like.	1	2	3	4	5	6	7
ADIDAS is a brand of shoe that I hold in high esteem.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, I think very highly of ADIDAS.	1	2	3	4	5	6	7
I can count on ADIDAS brands of athletic shoes for consistent high quality.	1	2	3	4	5	6	7
ADIDAS should consistently perform better than all other brands of athletic shoes.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, ADIDAS is of very high quality.	1	2	3	4	5	6	7
All things considered (price, time, and effort), ADIDAS brands of athletic shoes are a good buy.	1	2	3	4	5	6	7
What I would get from ADIDAS brands of athletic shoes is worth the cost.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, ADIDAS would be a good value for the money.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
ADIDAS brands are "distinct" from other brands of athletic shoes.	1	2	3	4	5	6	7
ADIDAS is "unique" from other brands of athletic shoes.	1	2	3	4	5	6	7
ADIDAS really "stands out" from other brands of athletic shoes.	1	2	3	4	5	6	7
The firm that makes ADIDAS is a good "corporate citizen".	1	2	3	4	5	6	7
The company that makes ADIDAS brands of athletic shoes is socially responsible.	1	2	3	4	5	6	7
The ADIDAS company is honest with its customers.	1	2	3	4	5	6	7
The company that markets ADIDAS brand of athletic shoes seems to really care about its customers.	1	2	3	4	5	6	7
The ADIDAS company appears to be good at manufacturing their product.	1	2	3	4	5	6	7
ADIDAS is an organization with expertise in making athletic shoes.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
I would be willing to pay a higher price for a ADIDAS brand of athletic shoe than for other brands of athletic shoes.	1	2	3	4	5	6	7
I would be willing to pay more for ADIDAS than other brands of athletic shoes.	1	2	3	4	5	6	7
I would be willing to pay ___% more for a ADIDAS brand over other brands of athletic shoes.	0%	5%	10%	15%	20%	25%	30% or more

I am confident that the ADIDAS brand would perform as expected.	1	2	3	4	5	6	7
I could count on ADIDAS brands to work properly.	1	2	3	4	5	6	7
Using ADIDAS brands, there is little or no risk that there would be something wrong with the product.	1	2	3	4	5	6	7

If I were to buy and use ADIDAS brands, I would open myself to criticism by others.	1	2	3	4	5	6	7
People I know would be disappointed in me if I bought ADIDAS brands.	1	2	3	4	5	6	7
Using ADIDAS brands would negatively affect the way others think of me.	1	2	3	4	5	6	7

Buying and using ADIDAS brands would not fit well with the way I think of myself.	1	2	3	4	5	6	7
ADIDAS brands are not consistent with my self-image.	1	2	3	4	5	6	7
If I bought and used ADIDAS brands, I would risk conflict with my own personal values.	1	2	3	4	5	6	7

This may seem unusual, but **think of the human characteristics** associated with the ADIDAS brand. To what extent do the following describe the ADIDAS brand of athletic shoe?

	Not At All Descriptive						Extremely Descriptive
Honest	1	2	3	4	5	6	7
Domestic	1	2	3	4	5	6	7
Genuine	1	2	3	4	5	6	7
Cheerful	1	2	3	4	5	6	7
Trustworthy	1	2	3	4	5	6	7
Down-to-Earth	1	2	3	4	5	6	7
Reliable	1	2	3	4	5	6	7
Responsible	1	2	3	4	5	6	7
Dependable	1	2	3	4	5	6	7
Efficient	1	2	3	4	5	6	7

Answer the following statement assuming that <u>you are in the market for a pair of athletic shoes,</u> and <u>all shoes are priced the same</u>.

The next time I purchase athletic shoes, I would consider the ADIDAS brand as an option.

Not Likely At All										Extremely Likely
0	1	2	3	4	5	6	7	8	9	10

The next time I buy a pair of athletic shoes, I intend to buy a ADIDAS brand.

Not Likely At All										Extremely Likely
0	1	2	3	4	5	6	7	8	9	10

Please answer the following questions **without referring to the news release.**

The information in the first news release was about ADIDAS using (check only one):

____ Child Labor ____ Defective Material

To what extent was the information in the first news release related to a specific "defect" in a ADIDAS product or brand?

To little or no extent	1	2	3	4	5	6	7	To a great extent

To what extent was the information in the first news release related to the ADIDAS organization and not a specific product defect?

To little or no extent	1	2	3	4	5	6	7	To a great extent

The information in the second news release appeared to be an attempt by the ADIDAS company to (check only one):

____ Completely deny the problem's occurrence

____ Make the problem seem less serious than it really is

____ Correct the problem

You may answer the following questions while referring to the news releases.

	Strongly Disagree						Strongly Agree
ADIDAS's response seems to be simply an attempt to deny the occurrence of the problem.	1	2	3	4	5	6	7
ADIDAS's response is an attempt to imply that the problem is not as bad as it seems.	1	2	3	4	5	6	7
ADIDAS's firm's response is an attempt to correct the problem disclosed in the news release.	1	2	3	4	5	6	7

ADIDAS was totally responsible for the negative event described in the news release?	1	2	3	4	5	6	7
The negative event described in the news release was all ADIDAS's fault.	1	2	3	4	5	6	7
ADIDAS is to blame for the negative event described in the news release.	1	2	3	4	5	6	7

The information contained in the news releases is very important to me.	1	2	3	4	5	6	7
For me, the information contained in the news releases really matters.	1	2	3	4	5	6	7
The information contained in the news releases means alot to me.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
If I want to be like someone, I often buy the same brands that they buy.	1	2	3	4	5	6	7
It is important that others like the products and brands I buy.	1	2	3	4	5	6	7
I like to know what brands and products make good impressions on others.	1	2	3	4	5	6	7

In your opinion, is the information depicted in the two news releases realistic?

Not Realistic At All	1	2	3	4	5	6	7	Very Realistic

Do you own athletic shoes? (circle one) YES NO

Are you? (circle one) MALE FEMALE

How old are you? _____

Thank you very much for your help. I really appreciate your time and effort.

APPENDIX E - PILOT STUDY TWO (FICTIONS BRANDS)

RINNA Exploits Child Labor to Make Footwear!

(AP Newswire) RINNA Inc. has been accused of alleged sweatshop working conditions involving underage workers at some of RINNA's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, RINNA's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. The human rights group also charges that the child laborers earn less than many of the country's minimum wage (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a shoe in a Korean factory making RINNA shoes.

(11)

RINNA Uses Defective Material in Manufacture of Shoes!

(AP Newswire) RINNA Inc. has been accused of using a defective lining material in the manufacture of their athletic shoes in many of RINNA's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, RINNA's Asian contractors are placing a suspect lining material in RINNA footwear. The material which is believed to be cheaper than the competitors is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of RINNA shoes.

(21)

RINNA Exploits Child Labor to Make Footwear!

(AP Newswire) RINNA Inc. has been accused of alleged sweatshop working conditions involving underage workers at some of RINNA's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, RINNA's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. The human rights group also charges that the child laborers earn less than many of the country's minimum wage (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a shoe in a Korean factory making RINNA shoes.

RINNA Responds To Allegation of Child Labor Abuse!

(AP Newswire) Roger Thorson, owner and founder of RINNA, released the following statement today in response to allegations of child labor abuses:

> "There has never been a time in RINNA's history when child labor has been a problem. These allegations are absolutely false."

(12)

RINNA Uses Defective Material in Manufacture of Shoes!

(AP Newswire) RINNA Inc. has been accused of using a defective lining material in the manufacture of their athletic shoes in many of RINNA's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, RINNA's Asian contractors are placing a suspect lining material in RINNA footwear. The material which is believed to be cheaper than the competitors is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of RINNA shoes.

RINNA Responds To Allegation of Product Defects!

(AP Newswire) Roger Thorson, owner and founder of RINNA, released the following statement today in response to allegations of product defects:

> "There has never been a time in RINNA's history when product defects or the use of dangerous materials have been a problem. These allegations are absolutely false."

(22)

RINNA Exploits Child Labor to Make Footwear!

(AP Newswire) RINNA Inc. has been accused of alleged sweatshop working conditions involving underage workers at some of RINNA's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, RINNA's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. The human rights group also charges that the child laborers earn less than many of the country's minimum wage (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a shoe in a Korean factory making RINNA shoes.

RINNA Responds To Allegation of Child Labor Abuse!

(AP Newswire) Roger Thorson, owner and founder of RINNA, released the following statement today in response to allegations of child labor abuses:

> "There is no reason for concern. While children as young as 12 are employed in RINNA factories overseas, these jobs provide much more opportunity than the children would have otherwise. Pay is at an acceptable wage and working conditions are better than many alternatives. Many of RINNA's competitors make shoes in the same type of factories with the same type of workforce."

(13)

RINNA Uses Defective Material in Manufacture of Shoes!

(AP Newswire) RINNA Inc. has been accused of using a defective lining material in the manufacture of their athletic shoes in many of RINNA's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, RINNA's Asian contractors are placing a suspect lining material in RINNA footwear. The material which is believed to be cheaper than the competitors is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of RINNA shoes.

RINNA Responds To Allegation of Product Defects!

(AP Newswire) Roger Thorson, owner and founder of RINNA, released the following statement today in response to allegations of product defects:

> "There is no reason for concern. The material used by RINNA is very similar to what others in the industry use. There are not a large number of documented problems and the problems do not seem that severe."

(23)

RINNA Exploits Child Labor to Make Footwear!

(AP Newswire) RINNA Inc. has been accused of alleged sweatshop working conditions involving underage workers at some of RINNA's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, RINNA's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. The human rights group also charges that the child laborers earn less than many of the country's minimum wage (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a shoe in a Korean factory making RINNA shoes.

RINNA Responds To Allegation of Child Labor Abuse!

(AP Newswire) Roger Thorson, owner and founder of RINNA, released the following statement today in response to allegations of child labor abuses:

> "RINNA takes seriously its responsibility to provide fair wages and safe working conditions. We have initiated the following steps to remedy the problems that have recently come to light":
>
> 1. Improved factory ventilation to US OSHA standards
> 2. Raised the minimum age for workers to 16
> 3. Providing high school equivalency courses to all workers
> 4. Established monitoring systems to prevent physical abuse

(14)

RINNA Uses Defective Material in Manufacture of Shoes!

(AP Newswire) RINNA Inc. has been accused of using a defective lining material in the manufacture of their athletic shoes in many of RINNA's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, RINNA's Asian contractors are placing a suspect lining material in RINNA footwear. The material which is believed to be cheaper than the competitors is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of RINNA shoes.

RINNA Responds To Allegation of Product Defects!

(AP Newswire) Roger Thorson, owner and founder if RINNA, released the following statement today in response to allegations of product defects:

> "RINNA takes seriously its responsibility to provide a quality product. We have initiated the following steps to remedy the problems that have recently come to light":
>
> 1. A full refund to customers buying styles in question.
> 2. Usage of the defective material has been discontinued.
> 3. In the future, only material that has passed laboratory testing for safety and quality will be used.

(24)

First we need you to list all thoughts that come to mind while reading the two news releases. Please list thoughts that come to mind as you read no matter how trivial or irrelevant they may seem.

Thoughts about the first news release (negative event):

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

Thoughts about the second news release (firm response):

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

Considering the information contained in both news releases answer the questions regarding RINNA's **response** to the negative publicity.

	Strongly Disagree						Strongly Agree
I believe RINNA's response to the problem is truthful.	1	2	3	4	5	6	7
RINNA's response is motivated by profit alone.	1	2	3	4	5	6	7
RINNA's response to the problem is an appropriate one.	1	2	3	4	5	6	7
RINNA's response to the problem is in the best interest of the customer.	1	2	3	4	5	6	7

While considering the information contained in the two news releases, imagine that you are evaluating a group of athletic shoes of equal price to RINNA's. Then for each statement below, circle the one number that most closely reflects the degree to which the opinion/behavior expressed in the statement is true of your own personal opinion/behavior.

	Strongly Disagree						Strongly Agree
Compared to other brands of athletic shoes, RINNA is a brand that I would really like.	1	2	3	4	5	6	7
RINNA is a brand of shoe that I would hold in high esteem.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, I would think very highly of RINNA.	1	2	3	4	5	6	7
I could count on RINNA brands of athletic shoes for consistent high quality.	1	2	3	4	5	6	7
RINNA would consistently perform better than all other brands of athletic shoes.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, RINNA is most likely of very high quality.	1	2	3	4	5	6	7
All things considered (price, time, and effort), RINNA brands of athletic shoes would be a good buy.	1	2	3	4	5	6	7
What I would get from RINNA brands of athletic shoes is worth the cost.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, RINNA would be a good value for the money.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
RINNA brands would be "distinct" from other brands of athletic shoes.	1	2	3	4	5	6	7
RINNA would be "unique" from other brands of athletic shoes.	1	2	3	4	5	6	7
RINNA would really "stand out" from other brands of athletic shoes.	1	2	3	4	5	6	7
The firm that makes RINNA is most likely a good "corporate citizen".	1	2	3	4	5	6	7
The company that makes RINNA brands of athletic shoes appears to be socially responsible.	1	2	3	4	5	6	7
The RINNA company appears to be honest with its customers.	1	2	3	4	5	6	7
The company that markets RINNA brand of athletic shoes seems to really care about its customers.	1	2	3	4	5	6	7
The RINNA company appears to be good at manufacturing their product.	1	2	3	4	5	6	7
RINNA is an organization with expertise in making athletic shoes.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
I would be willing to pay a higher price for a RINNA brand of athletic shoe than for other brands of athletic shoes.	1	2	3	4	5	6	7
I would be willing to pay more for RINNA than other brands of athletic shoes.	1	2	3	4	5	6	7
I would be willing to pay ___% more for a RINNA brand over other brands of athletic shoes.	0%	5%	10%	15%	20%	25%	30% or more

I am confident that the RINNA brand would perform as expected.	1	2	3	4	5	6	7
I could count on RINNA brands to work properly.	1	2	3	4	5	6	7
Using RINNA brands, there is little or no risk that there would be something wrong with the product.	1	2	3	4	5	6	7

If I were to buy and use RINNA brands, I would open myself to criticism by others.	1	2	3	4	5	6	7
People I know would be disappointed in me if I bought RINNA brands.	1	2	3	4	5	6	7
Using RINNA brands would negatively affect the way others think of me.	1	2	3	4	5	6	7

Buying and using RINNA brands would not fit well with the way I think of myself.	1	2	3	4	5	6	7
RINNA brands are not consistent with my self-image.	1	2	3	4	5	6	7
If I bought and used RINNA brands, I would risk conflict with my own personal values.	1	2	3	4	5	6	7

This may seem unusual, but **think of the human characteristics** associated with the RINNA brand. To what extent do the following describe the RINNA brand of athletic shoe?

	Not At All Descriptive						Extremely Descriptive
Honest	1	2	3	4	5	6	7
Domestic	1	2	3	4	5	6	7
Genuine	1	2	3	4	5	6	7
Cheerful	1	2	3	4	5	6	7
Trustworthy	1	2	3	4	5	6	7

Down-to-Earth	1	2	3	4	5	6	7
Reliable	1	2	3	4	5	6	7
Responsible	1	2	3	4	5	6	7
Dependable	1	2	3	4	5	6	7
Efficient	1	2	3	4	5	6	7

Answer the following statement assuming that RINNA shoes are available in local stores, you are in the market for a pair of athletic shoes, and all shoes are priced the same.

The next time I purchase athletic shoes, I would consider the RINNA brand as an option.

Not Likely At All										Extremely Likely
0	1	2	3	4	5	6	7	8	9	10

The next time I buy a pair of athletic shoes, I intend to buy a RINNA brand.

Not Likely At All										Extremely Likely
0	1	2	3	4	5	6	7	8	9	10

Please answer the following questions **without referring to the news release**.

The information in the <u>first news release</u> was about RINNA using (check only one): ____ Child Labor ____ Defective Material
To what extent was the information in the <u>first news release</u> related to a specific "defect" in a RINNA product or brand? To little or no extent 1 2 3 4 5 6 7 To a great extent
To what extent was the information in the first news release related to the RINNA organization and <u>not</u> a specific product defect? To little or no extent 1 2 3 4 5 6 7 To a great extent

The information in the <u>second news release</u> appeared to be an attempt by the RINNA company to (check only one): ____ Completely deny the problem's occurrence ____ Make the problem seem less serious than it really is ____ Correct the problem

You may answer the following questions while referring to the news releases.

	Strongly Disagree						Strongly Agree
RINNA's response seems to be simply an attempt to deny the occurrence of the problem.	1	2	3	4	5	6	7
RINNA's response is an attempt to imply that the problem is not as bad as it seems.	1	2	3	4	5	6	7
RINNA's firm's response is an attempt to correct the problem disclosed in the news release.	1	2	3	4	5	6	7
RINNA was totally responsible for the negative event described in the news release?	1	2	3	4	5	6	7
The negative event described in the news release was all RINNA's fault.	1	2	3	4	5	6	7
RINNA is to blame for the negative event described in the news release.	1	2	3	4	5	6	7
The information contained in the news releases is very important to me.	1	2	3	4	5	6	7
For me, the information contained in the news releases really matters.	1	2	3	4	5	6	7
The information contained in the news releases means alot to me.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
If I want to be like someone, I often buy the same brands that they buy.	1	2	3	4	5	6	7
It is important that others like the products and brands I buy.	1	2	3	4	5	6	7
I like to know what brands and products make good impressions on others.	1	2	3	4	5	6	7

In your opinion, is the information depicted in the two news releases realistic?								
Not Realistic At All	1	2	3	4	5	6	7	Very Realistic

Do you own athletic shoes? (circle one) YES NO

Are you? (circle one) MALE FEMALE

How old are you? _____

Thank you very much for your help. I really appreciate your time and effort.

APPENDIX F – MAIN STUDY ONE

Study 1 Research Design
2 (Brand) × 3 (Event Type)

	No Event/ Control (1)	**Organization Event (2)**	**Product Event (3)**
High Pre-Event Associations (1)	High Pre-Event Brand Company Profile (11)	High Pre-Event Brand Child Labor (12)	High Pre-Event Brand Defective Material (13)
Low Pre-Event Associations (2)	Low Pre-Event Brand Company Profile (21)	Low Pre-Event Brand Child Labor (22)	Low Pre-Event Brand Defective Material (23)

ADIDAS Exploits Child Labor to Make Footwear!

(AP Newswire) Adidas has been accused of alleged sweatshop working conditions involving underage workers at some of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. The human rights group also charges that the child laborers earn less than many of the country's minimum wage (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a shoe in a Korean factory making Adidas shoes.

(12)

ADIDAS Uses Defective Material in Manufacture of Shoes!

(AP Newswire) Adidas has been accused of using a defective lining material in the manufacture of their athletic shoes in many of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are placing a suspect lining material in Adidas footwear. The material which is believed to be cheaper than the competitors is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of Adidas shoes.

(13)

Adidas Company Spotlight

(AP Newswire) Adidas was founded by Adi Dassler in 1948. It is still a privately owned company with international headquarters in Germany. The US subsidiary, Adidas America, Inc., is headquartered in New Haven Connecticut. By the late 1970's Adidas operated 24 factories in 17 countries and was selling a wide range of shoes in more than 150 countries including the United States, Canada, and Mexico. In addition, Adidas has now moved into a diverse product line including shorts, jerseys, balls, track suits, and athletic bags. Over 50% of the Adidas brand apparel is now manufactured in the United States and Canada. Currently Mexico factories, located in border cities, are major producers of Adidas caps and T-shirts with the famous Adidas logo.

(11)

CONVERSE Exploits Child Labor to Make Footwear!

(AP Newswire) CONVERSE, Inc. has been accused of alleged sweatshop working conditions involving underage workers at some of CONVERSE's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, CONVERSE's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. The human rights group also charges that the child laborers earn less than many of the country's minimum wage (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a shoe in a Korean factory making CONVERSE shoes.

(22)

CONVERSE Uses Defective Material in Manufacture of Shoes!

(AP Newswire) CONVERSE has been accused of using a defective lining material in the manufacture of their athletic shoes in many of CONVERSE's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, CONVERSE's Asian contractors are placing a suspect lining material in CONVERSE footwear. The material, which is believed to be cheaper than the competitors, is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of CONVERSE shoes.

(23)

CONVERSE Company Spotlight

(AP Newswire) CONVERSE was founded by Marquis M. Converse in 1908. After years as a family owned company, CONVERSE is now a publicly traded company with international headquarters in North Reading, Massachusetts. Converse is probably most well known for introducing one of the world's first basketball shoes, the all canvas "Chuck Taylor All Star". By the late 1970's Converse operated 24 factories in 17 countries manufacturing and selling a wide range of shoes in more than 150 countries including the United States, Canada, and Mexico. In addition, CONVERSE has now moved into a diverse product line including shorts, jerseys, balls, tracksuits, and athletic bags. Over 50% of the CONVERSE brand apparel is now manufactured in the United States and Canada. Currently Mexico factories, located in border cities, are major producers of CONVERSE caps and T-shirts with the famous CONVERSE logo.

(21)

While considering the information contained in the news release, imagine that you are evaluating a group of athletic shoes of equal price to ADIDAS's. Then for each statement below, circle the one number that most closely reflects the degree to which the opinion expressed in the statement is true of your own personal opinion.

	Strongly Disagree						Strongly Agree
Compared to other brands of athletic shoes, ADIDAS is a brand that I really like.	1	2	3	4	5	6	7
ADIDAS is a brand of shoe that I hold in high esteem.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, I think very highly of ADIDAS.	1	2	3	4	5	6	7
I can count on ADIDAS brands of athletic shoes for consistent high quality.	1	2	3	4	5	6	7
ADIDAS consistently performs better than all other brands of athletic shoes.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, ADIDAS is of very high quality.	1	2	3	4	5	6	7
All things considered (price, time, and effort), ADIDAS brands of athletic shoes is a good buy.	1	2	3	4	5	6	7
What I would get from ADIDAS brands of athletic shoes is worth the cost.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, ADIDAS would be a good value for the money.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
ADIDAS brands are "distinct" from other brands of athletic shoes.	1	2	3	4	5	6	7
ADIDAS is "unique" from other brands of athletic shoes.	1	2	3	4	5	6	7
ADIDAS really "stands out" from other brands of athletic shoes.	1	2	3	4	5	6	7
The firm that makes ADIDAS is most likely a good "corporate citizen".	1	2	3	4	5	6	7
The company that makes ADIDAS brands of athletic shoes is socially responsible.	1	2	3	4	5	6	7
The ADIDAS company appears to be honest with its customers.	1	2	3	4	5	6	7
The company that markets ADIDAS brand of athletic shoes seems to really care about its customers.	1	2	3	4	5	6	7
The ADIDAS company appears to be good at manufacturing their product.	1	2	3	4	5	6	7
ADIDAS is an organization with expertise in making athletic shoes.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
I would be willing to pay more for Adidas than other brands of athletic shoes.	1	2	3	4	5	6	7
I would be willing to pay ___% more for a ADIDAS brand over other brands of athletic shoes.	0%	5%	10%	15%	20%	25%	30% or more
I would be willing to pay a higher price for a ADIDAS brand of athletic shoe than for other brands of athletic shoes.	1	2	3	4	5	6	7
I am confident that the ADIDAS brand would perform as expected.	1	2	3	4	5	6	7
I could count on ADIDAS brands to work properly.	1	2	3	4	5	6	7
Using ADIDAS brands, there is little or no risk that there would be something wrong with the product.	1	2	3	4	5	6	7
If I were to buy and use ADIDAS brands, I would open myself to criticism by others.	1	2	3	4	5	6	7
People I know would be disappointed in me if I bought ADIDAS brands.	1	2	3	4	5	6	7
Using ADIDAS brands would negatively affect the way others think of me.	1	2	3	4	5	6	7
Buying and using ADIDAS brands would not fit well with the way I think of myself.	1	2	3	4	5	6	7
ADIDAS brands are not consistent with my self-image.	1	2	3	4	5	6	7
If I bought and used ADIDAS brands, I would risk conflict with my own personal values.	1	2	3	4	5	6	7

This may seem unusual, but **think of the human characteristics** associated with the ADIDAS brand. To what extent do the following describe the ADIDAS brand of athletic shoe?

	Not At All Descriptive						Extremely Descriptive
Honest	1	2	3	4	5	6	7
Domestic	1	2	3	4	5	6	7
Genuine	1	2	3	4	5	6	7
Cheerful	1	2	3	4	5	6	7
Trustworthy	1	2	3	4	5	6	7

Down-to-Earth	1	2	3	4	5	6	7
Reliable	1	2	3	4	5	6	7
Responsible	1	2	3	4	5	6	7
Dependable	1	2	3	4	5	6	7
Efficient	1	2	3	4	5	6	7

Answer the following statements assuming that <u>you are in the market for a pair of athletic shoes</u> and <u>all shoes are priced the same</u>.

The next time I purchase athletic shoes, I would consider the ADIDAS brand as an option.

Not Likely At All										Extremely Likely
0	1	2	3	4	5	6	7	8	9	10

The next time I buy a pair of athletic shoes, I intend to buy an ADIDAS brand.

Not Likely At All										Extremely Likely
0	1	2	3	4	5	6	7	8	9	10

	Strongly Disagree						Strongly Agree
The information contained in the news release is very important to me.	1	2	3	4	5	6	7
For me, the information contained in the news release really matters.	1	2	3	4	5	6	7
The information contained in the news release means alot to me.	1	2	3	4	5	6	7

ADIDAS was totally responsible for the negative event described in the news release?	1	2	3	4	5	6	7
The negative event described in the news release was all ADIDAS's fault.	1	2	3	4	5	6	7
ADIDAS is to blame for the negative event described in the news release.	1	2	3	4	5	6	7

Most business' are the same, just with different brand names and labels.	1	2	3	4	5	6	7
Unethical practices are widespread throughout business.	1	2	3	4	5	6	7
Business' prime objective is to make money rather than satisfy the consumer.	1	2	3	4	5	6	7
It is not unusual to find out that business has lied to the public.	1	2	3	4	5	6	7

In your opinion, is the information depicted in the news release a realistic story?								
Not Realistic At All	1	2	3	4	5	6	7	Very Realistic

Do you own athletic shoes? (circle one)	YES	NO
Are you? (circle one)	MALE	FEMALE
How old are you? _____		

Please answer the following question **without referring to the news release.**

The news release contained information about a negative event (i.e. bad press about child labor or defective material) associated with ADIDAS (circle one):

YES (If YES, then please answer the questions below.)

NO (If NO, then your task is complete. Thank you and please turn in your booklet.)

The information in the news release was about ADIDAS using (circle one):

Child Labor Defective Material

To what extent was the negative event related to a specific "defect" in a ADIDAS product or brand?

To little or no extent	1	2	3	4	5	6	7	To a great extent

To what extent was the negative event related to the ADIDAS organization and <u>not</u> a specific product defect?

To little or no extent	1	2	3	4	5	6	7	To a great extent

<u>Thank you very much for your help. I really appreciate your time and effort.</u>

APPENDIX G - MAIN STUDY TWO

Study 2 Research Design
2 (Event Type) × 4 (Firm Response)

	No Response/ Control (1)	**Denial (2)**	**Reduce Offensiveness (3)**	**Corrective Action (4)**
Organization Event (1)	Organization Event No Response (11)	Organization Event Denial of Problem (12)	Organization Event Reduction of Offensiveness (13)	Organization Event Corrective Action (14)
Product Event (2)	Product Event No Response (21)	Product Event Denial of Problem (22)	Product Event Reduction of Offensiveness (23)	Product Event Corrective Action (24)

ADIDAS Exploits Child Labor to Make Footwear!

(AP Newswire) Adidas has been accused of alleged sweatshop working conditions involving underage workers at some of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. The human rights group also charges that the child laborers earn less than many of the country's minimum wage (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a shoe in a Korean factory making Adidas shoes.

(11)

ADIDAS Uses Defective Material in Manufacture of Shoes!

(AP Newswire) Adidas has been accused of using a defective lining material in the manufacture of their athletic shoes in many of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are placing a suspect lining material in Adidas footwear. The material, which is believed to be cheaper than the competitors, is alleged to not hold up under normal use. In addition, the material may cause severe skin irritation when worn. Customers in several mid-western states have reported problems with new styles of Adidas shoes.

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ADIDAS Exploits Child Labor to Make Footwear!

(AP Newswire) Adidas has been accused of alleged sweatshop working conditions involving underage workers at some of Adidas's footwear plants in Asia. The charges stem from an investigation by Global Watch, a consumer and human rights group based in the US. According to Global Watch, Adidas's Asian contractors are using underage workers in unsafe working conditions. Factories expose workers to dangerous fumes from glue used to make shoes. The human rights group also charges that the child laborers earn less than many of the country's minimum wage (under $1.00 per day) and that the children suffer physical punishment at the hands of their supervisors. One documented incident involves the beating of a 12 year-old boy with a shoe in a Korean factory making Adidas shoes.

ADIDAS Responds To Allegation of Child Labor Abuse!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of child labor abuses:

> "There has never been a time in Adidas's history when child labor has been a problem. These allegations are absolutely false."

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ADIDAS Responds To Allegation of Product Defects!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of product defects:

> "There has never been a time in Adidas's history when product defects or the use of dangerous materials have been a problem. These allegations are absolutely false."

(22)

ADIDAS Exploits Child Labor to Make Footwear!

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(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of child labor abuses:

> "There is no reason for concern. While children as young as 12 are employed in Adidas factories, these jobs provide much more opportunity than they would have otherwise. Pay is at an acceptable wage and working conditions are better than many alternatives. Many of Adidas's competitors make shoes in the same type of factories with the same type of workforce."

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ADIDAS Responds To Allegation of Product Defects!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of product defects:

> "There is no reason for concern. The material used by Adidas is very similar to what others in the industry use. There are not a large number of documented problems and the problems do not seem that severe."

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ADIDAS Exploits Child Labor to Make Footwear!

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ADIDAS Responds To Allegation of Child Labor Abuse!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of child labor abuses:

> "Adidas takes seriously its responsibility to provide fair wages and safe working conditions. We have initiated the following steps to remedy the problems that have recently come to light":
>
> 1. Improved factory ventilation to US OSHA standards
> 2. Raised the minimum age for workers to 16
> 3. Providing high school equivalency courses to all workers
> 4. Establishing monitoring systems to prevent physical abuse

ADIDAS Uses Defective Material in Manufacture of Shoes!

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ADIDAS Responds To Allegation of Product Defects!

(AP Newswire) Peter Moore, CEO of Adidas North America, released the following statement today in response to allegations of product defects:

> "Adidas takes seriously its responsibility to provide a quality product. We have initiated the following steps to remedy the problems that have recently come to light":
>
> 1. A full refund to customers buying styles in question.
> 2. Usage of the defective material has been discontinued.
> 3. In the future, only material that has passed laboratory testing for safety and quality will be used.

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First we need you to list all thoughts that come to mind while reading the two news releases. Please list thoughts that come to mind as you read no matter how trivial or irrelevant they may seem.

Thoughts about the first news release (negative event):

1. _____

2. _____

3. _____

4. _____

5. _____

Stop: Now read the second news release on the opposite page.

Thoughts about the second news release (firm response):

1. _____

2. _____

3. _____

4. _____

5. _____

Considering the information contained in both news releases answer the questions regarding ADIDAS's **response** to the negative publicity.

	Strongly Disagree						Strongly Agree
I believe ADIDAS's response to the problem is truthful.	1	2	3	4	5	6	7
ADIDAS's response is motivated by profit alone.	1	2	3	4	5	6	7
ADIDAS's response to the problem is an appropriate one.	1	2	3	4	5	6	7
ADIDAS's response to the problem is in the best interest of the customer.	1	2	3	4	5	6	7

While considering the information contained in the two news releases, imagine that you are evaluating a group of athletic shoes of equal price to ADIDAS's. Then for each statement below, circle the one number that most closely reflects your own personal opinion/behavior.

	Strongly Disagree						Strongly Agree
Compared to other brands of athletic shoes, ADIDAS is a brand that I really like.	1	2	3	4	5	6	7
ADIDAS is a brand of shoe that I hold in high esteem.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, I think very highly of ADIDAS.	1	2	3	4	5	6	7
I can count on ADIDAS brands of athletic shoes for consistent high quality.	1	2	3	4	5	6	7
ADIDAS consistently performs better than all other brands of athletic shoes.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, ADIDAS is of very high quality.	1	2	3	4	5	6	7
All things considered (price, time, and effort), the ADIDAS brand of athletic shoes is a good buy.	1	2	3	4	5	6	7
What I would get from ADIDAS brands of athletic shoes is worth the cost.	1	2	3	4	5	6	7
Compared to other brands of athletic shoes, ADIDAS would be a good value for the money.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
ADIDAS brands are "distinct" from other brands of athletic shoes.	1	2	3	4	5	6	7
ADIDAS is "unique" from other brands of athletic shoes.	1	2	3	4	5	6	7
ADIDAS "stands out" from other brands of athletic shoes.	1	2	3	4	5	6	7
The firm that makes ADIDAS is most likely a good "corporate citizen".	1	2	3	4	5	6	7
The company that makes ADIDAS brands of athletic shoes is socially responsible.	1	2	3	4	5	6	7
The ADIDAS company appears to be honest with its customers.	1	2	3	4	5	6	7
The company that markets ADIDAS brand of athletic shoes seems to really care about its customers.	1	2	3	4	5	6	7
The ADIDAS company appears to be good at manufacturing their product.	1	2	3	4	5	6	7
ADIDAS is an organization with expertise in making athletic shoes.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
I would be willing to pay a higher price for an ADIDAS brand of athletic shoe than for other brands of athletic shoes.	1	2	3	4	5	6	7
I would be willing to pay ___% more for an ADIDAS brand over other brands of athletic shoes.	0%	5%	10%	15%	20%	25%	30% or more
I would be willing to pay more for ADIDAS than other brands of athletic shoes.	1	2	3	4	5	6	7

I am confident that the ADIDAS brand would perform as expected.	1	2	3	4	5	6	7
I could count on ADIDAS brands to work properly.	1	2	3	4	5	6	7
Using ADIDAS brands, there is little or no risk that there would be something wrong with the product.	1	2	3	4	5	6	7

If I were to buy and use ADIDAS brands, I would open myself to criticism by others.	1	2	3	4	5	6	7
People I know would be disappointed in me if I bought ADIDAS brands.	1	2	3	4	5	6	7
Using ADIDAS brands would negatively affect the way others think of me.	1	2	3	4	5	6	7

Buying and using ADIDAS brands would not fit well with the way I think of myself.	1	2	3	4	5	6	7
ADIDAS brands are not consistent with my self-image.	1	2	3	4	5	6	7
If I bought and used ADIDAS brands, I would risk conflict with my own personal values.	1	2	3	4	5	6	7

This may seem unusual, but **think of the human characteristics** associated with the ADIDAS brand. To what extent do the following describe the ADIDAS brand of athletic shoe?

	Not At All Descriptive						Extremely Descriptive
Honest	1	2	3	4	5	6	7
Domestic	1	2	3	4	5	6	7
Genuine	1	2	3	4	5	6	7
Cheerful	1	2	3	4	5	6	7
Trustworthy	1	2	3	4	5	6	7

Down-to-Earth	1	2	3	4	5	6	7
Reliable	1	2	3	4	5	6	7
Responsible	1	2	3	4	5	6	7
Dependable	1	2	3	4	5	6	7
Efficient	1	2	3	4	5	6	7

Answer the following statement assuming that ADIDAS shoes are available in local stores, you are in the market for a pair of athletic shoes, and all shoes are priced the same.

The next time I purchase athletic shoes, I would consider the ADIDAS brand as an option.

Not Likely At All									Extremely Likely
0	1	2	3	4	5	6	7	8	9	10

The next time I buy a pair of athletic shoes, I intend to buy a ADIDAS brand.

Not Likely At All									Extremely Likely
0	1	2	3	4	5	6	7	8	9	10

Please answer the following questions **without referring to the news release.**

The information in the **first news release** was about ADIDAS using (check only one):

____ Child Labor ____ Defective Material

To what extent was the information in the first news release related to a specific "defect" in an ADIDAS product or brand?

To little or no extent	1	2	3	4	5	6	7	To a great extent

To what extent was the information in the first news release related to the ADIDAS organization and not a specific product defect?

To little or no extent	1	2	3	4	5	6	7	To a great extent

The information in the **second news release** appeared to be an attempt by the ADIDAS company to (check only one):

____ Completely deny the problem's occurrence

____ Make the problem seem less serious than it really is

____ Correct the problem

To what extent does a defect in the Adidas product reflect a problem with the organization itself?

To little or no extent	1	2	3	4	5	6	7	To a great extent

To what extent does an organizational scandal (i.e., harassment or discrimination) reflect a problem with the making of the Adidas product?

To little or no extent	1	2	3	4	5	6	7	To a great extent

	Strongly Disagree						Strongly Agree
ADIDAS's response seems to be simply an attempt to deny the occurrence of the problem.	1	2	3	4	5	6	7
ADIDAS's response is an attempt to imply that the problem is not as bad as it seems.	1	2	3	4	5	6	7
ADIDAS's firm's response is an attempt to correct the problem disclosed in the news release.	1	2	3	4	5	6	7

You may answer the following questions while referring to the news releases.

	Strongly Disagree						Strongly Agree
The information contained in the news releases is very important to me.	1	2	3	4	5	6	7
For me, the information contained in the news releases really matters.	1	2	3	4	5	6	7
The information contained in the news releases means a lot to me.	1	2	3	4	5	6	7

Most businesses are the same, just with different brand names and labels.	1	2	3	4	5	6	7
Unethical practices are widespread throughout business.	1	2	3	4	5	6	7
Business' prime objective is to make money rather than satisfy the consumer.	1	2	3	4	5	6	7
It is not unusual to find out that business has lied to the public.	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
ADIDAS was totally responsible for the negative event described in the news release?	1	2	3	4	5	6	7
The negative event described in the news release was all ADIDAS's fault.	1	2	3	4	5	6	7
ADIDAS is to blame for the negative event described in the news release.	1	2	3	4	5	6	7

In your opinion, is the information depicted in the two news releases realistic?

Not Realistic At All 1 2 3 4 5 6 7 Very Realistic

Do you own a pair of athletic shoes or sneakers? (circle one) YES NO

What is your favorite brand of athletic shoe/sneaker? _____

How loyal are you to this brand?

Not Loyal At All 1 2 3 4 5 6 7 Very Loyal

What is your gender? (please circle one) MALE FEMALE

What is your age? _____

Education (please check one):
( ) High School ( ) Some College ( ) College Graduate

Annual Household Income (please check one):
( ) Under $20,000 ( ) $20,000-35,000 ( ) $35,000-50,000 ( ) Over $50,000

Thank you very much for your help. I really appreciate your time and effort.

VITA

Chris P. Pullig was born in Sweetwater, Texas, a small community in West Texas. Upon graduation from high school, he studied accounting at Angelo State University in San Angelo, Texas. He received a bachelor's of business administration in 1981. From San Angelo, he moved to Lubbock, Texas, where he studied law at Texas Tech University. In 1983, he left law school to become a principal in a retail business located in San Angelo, Texas. He remained in the retail industry for a period of twelve years operating a chain of 18 retail stores with 250 employees. In 1996, he received his master's of business administration while working in the Small Business Development Center at Angelo State University. His master's thesis received two Best Paper awards and was published in the Journal of Business and Entrepreneurship. After completing his MBA, he entered the doctoral program in marketing with a minor emphasis in experimental statistics at Louisiana State University. As a doctoral student, he received two awards for his dissertation research and has published articles in the Journal of Business Research and the Journal of Public Policy and Marketing. His research interests include consumer processing and use of brand information, price information, and public policy concerns as they relate to branding and pricing policies of the firm. The degree of Doctor of Philosophy will be conferred in May 2000.

DOCTORAL EXAMINATION AND DISSERTATION REPORT

Candidate: Chris Pullig

Major Field: Business Administration (Marketing)

Title of Dissertation: The Effect of Negative Events and Firm Responses on Brand Associations, Organizational Associations, and Brand Evaluations

Approved:

Major Professor and Chairman

Dean of the Graduate School

EXAMINING COMMITTEE:

Date of Examination:

March 24, 2000