Lie, Cheat, and Steal:

How Harmful Brands Motivate Consumers to Act Unethically

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Abstract

While brand punishment – through either individual or collective action – has received ample attention by consumer psychologists, absent from this literature is that such punishment can take the form of unethical actions that can occur even when the consumer is not personally harmed. Across three studies, we examine consumers' propensity to act unethically towards a brand that they perceive to be harmful. We document that when consumers come to see brands as harmful – even in the absence of a direct, personal transgression – they can be motivated to seek retribution in the form of unethical intentions and behaviors. That is, consumers are more likely to lie, cheat, or steal to punish a harmful brand. Drawing on these findings, we advance implications for consumer psychologists and marketing practitioners and provide avenues for future research in the area.

In 2015, a group known as The Impact Team unscrupulously hacked into Avid Life Media (AshleyMadison.com), an online service arranging marital infidelity, and released the names of 37 million users. The motivation behind this unethical attack was not merely that Avid Life Media helped promote extra-marital affairs, but that the company engaged in morally dubious business practices (e.g., demanding money to delete a customer's account; Watson, 2015). The event caused a whirlwind of media attention and many lauded the attack. Despite the attention these actions garner, the consumer psychology literature is relatively silent on these types of consumer attacks. In light of this limited research, we seek to understand what drives individuals to demand no financial incentives, act immorally, and even risk prolonged imprisonment to punish a company that had not directly wronged them.

Extant research has demonstrated that when companies and brands commit specific transgressions – such as product or service failures – it typically results in punishment by consumers in the form of diminished positive attitudes (Dawar & Lei, 2009), reduced patronage, fewer repurchases (Huber et al., 2010), and boycotts (John & Klein, 2003). Other research has shown that in response to a direct personal transgression, consumers are likely to punish brands in the form of complaining or negative word-of-mouth (Grégoire & Fisher, 2006, 2008). However, absent from this literature is an examination of consumers' propensity to punish brands by engaging in unethical behavior. Unethical behaviors are those that violate a generally accepted set of moral norms or principles (Reynolds & Ceranic, 2007; Treviño, Weaver, & Reynolds, 2006) and commonly include behaviors such as lying, cheating, and stealing. For example, complaining about a negative consumer experience would not violate the moral principle of honesty, whereas fabricating a negative consumer experience would. Importantly,

while illegal actions tend to be unethical, not all unethical behavior is necessarily illegal (e.g., the act of lying).

The impact of this unethical consumer behavior is emphasized by its effect on firms' bottom lines. For example, consider the $9.1 billion in losses reported each year by US retailers due to legal acts such as consumer wardrobing and return fraud (Prevent Loss, 2015), or the $16.7 billion in losses due to the illegal act of shoplifting (CNBC, 2015). In light of these statistics, the current research explores consumers' perceptions of brand harmfulness to determine whether and how consumers pursue unethical actions to punish brands, and if this behavior occurs even when direct, personal brand transgressions are not present. More specifically, it is predicted that when people feel that a company is harmful, they are more likely to behave unethically towards it. A pilot study (N = 85) was conducted to examine this prediction using real-world retail theft data (Global Retail Theft Barometer, Checkpoint Systems, 2014). Results indicate that retailer category shoplifting rates are significantly correlated with consumer perceptions of retailer harmfulness ($\beta = .086$, $p < .05$; see Methodological Details Appendix (MDA) for Pilot Study): people tend to shoplift more from harmful companies.

Parsing out this issue of unethical consumer behavior, the current research delivers important contributions to research in consumer psychology. First, we demonstrate that consumers are willing to undertake unethical actions to punish brands that they perceive to be harmful. Punishment of harmful brands can occur in many forms (e.g., willingness to lie, cheat, and steal) with consumers feeling no worse or less moral, as a result. Second, we show this punishment via unethical behaviors occurs towards brands that have not committed a transgression that directly impacts the consumer – a mere harmful reputation is sufficient.

Conceptual Background

The tendency to punish harmful others has been shown to be generally innate and ubiquitous (Haidt, 2007; Henrich et al., 2001). Importantly, the punishment of harmful entities in the interpersonal domain often occurs even in the absence of a direct personal transgression (Haslam, 2006). The term harmfulness in this research captures an underlying harmful disposition, in which entities can be perceived as being disposed to harmful behaviors, regardless of maliciousness or capacity to act (Piazza, Landy, & Goodwin, 2014). As such research demonstrates, entities can come to be seen as harmful and punished in response to, or in the absence of, a specific personal transgression.

We use the term harmful in the context of harm pluralism, which acknowledges the legitimacy of different varieties of harm and may include violations of fairness, loyalty, or purity (Schein & Gray, 2015). Perceptions of harm can be the result of physical or emotional harm as well as harm that damages society, the environment, or even the perception of harming one's soul (Schein & Gray, 2015; Shweder, 2012). Thus, from this pluralist perspective, consumers' subjective perceptions of harmfulness can be influenced by a variety of sources in the marketplace. For example, factors such as corporate social irresponsibility (Sweetin et al., 2013), poor brand reputation (Walsh & Beatty, 2007), company policy/day-to-day business practices (Forehand & Grier, 2003), and the general industry in which the firm operates (Yoon, Gürhan-Canli, & Schwarz, 2006) all represent possible sources of perceived harmfulness. Since individuals can disagree in good faith about which actions or entities are harmful, for the purpose of this manuscript we focus on individuals' lay perceptions of harmfulness.

There may be no moral intuition more fundamental than the rejection of unwarranted harm and the subsequent need for justified retribution (Greene, 2012; Khamitov, Rotman, &

Piazza, 2016). Those who cause unjustified harm are considered to have violated an implicit social contract and thus are deserving of punishment (Darley & Pittman, 2003; Sousa & Piazza, 2014). Although brand punishment, through either individual (Sweetin et al., 2013) or collective action (Klein, Smith, & John, 2004), has received ample attention by consumer psychologists, we extend this research and posit that consumers can come to see brands as harmful – even in the absence of a direct, personal transgression – and this can motivate them to seek out retribution in the form of unethical intentions and behaviors. That is, consumers will lie, cheat, or steal to punish a harmful brand.

Study 1: Manipulating Brand Harmfulness

Study 1 investigates the effect of harmfulness in a controlled setting using a fictitious brand. Specifically, we manipulate the harmfulness of a brand to examine the downstream consequences on intentions to punish via unethical means and marketplace aggression.

Method

One hundred and seventy participants were recruited via Amazon's Mechanical Turk (52% female, $M_{age} = 35.7$). Nineteen participants were removed for failing an attention check. Participants were randomly assigned to either a more harmful, less harmful or control brand condition. Participants in all three conditions were introduced to Tritan, a pharmaceutical company that produces drugs to treat Parkinson's Disease and Brucellosis. In the more (less) harmful condition, participants were informed that Tritan's marketing analysis determined that a 300% increase in the price of their drugs would generate considerably more profit, despite some customers no longer being able to afford them, and that subsequently, Tritan raised (opted not to

raise) the price. In the control condition, pricing information was not mentioned. Next, participants were asked about their perceptions of harmfulness of Tritan using five adjectives (α = .96; adapted from Piazza et al., 2014). Finally, participants completed dependent measures of punishment intentions (α = .97), marketplace aggression (α = .78; Grégoire, Laufer, & Tripp, 2010), hostile intentions (α = .91; Kähr et al., 2016) and intentions to punish via unethical means, which included participants' willingness to lie, cheat, and steal to punish the brand (α = .90). See MDA for measures, summary statistics, and correlation matrices across studies.

Results

The harmfulness manipulation was successful, $F(2,148) = 100.74$, $p < .001$. Tritan was rated as more harmful in the more harmful condition ($M = 5.95$) than both in the less harmful ($M = 2.54$) and control conditions ($M = 3.39$). A one-way MANOVA yielded a significant multivariate effect of brand harmfulness, $F(8,290) = 16.60$, Wilk's $\lambda = .470$, $p < .001$. Follow-up univariate ANOVAs indicate a significant effect across each dependent variable: punishment intentions $F(2,148) = 59.34$, $p < .001$, marketplace aggression $F(2,148) = 14.24$, $p < .001$, hostile intentions $F(2,148) = 61.21$, $p < .001$, and intentions to punish via unethical means $F(2,148) = 7.05$, $p < .01$. Planned contrasts show that, in line with our prediction, Tritan yielded higher punishment in the more harmful condition ($M = 4.43$) than in the less harmful ($M = 1.66$, $p < .001$) or control conditions ($M = 1.94$, $p < .001$). Consistent contrasts were also found in terms of marketplace aggression, hostile intentions, and intentions to punish via unethical means (p's < .05; Table 1). 11% of participants indicated they or someone close to them suffer from Parkinson's Disease or Brucellosis, however, the results hold without these participants, suggesting the effects are not driven by a personal transgression.

INSERT TABLE 1 HERE

Discussion

The results of Study 1 provide experimental evidence that perceptions of brand harmfulness increase intentions to punish via unethical means and marketplace aggression, even when the consumer is not directly harmed. Consumers evaluated the business decision of a brand as harmful to other consumers, which led to an increase in consumers' willingness to punish the brand via unethical means. This suggests that the mere presence of a business decision that puts other consumers at risk may color the brand as harmful and expose it to unethical means of punishment from consumers.

Study 2: Feeling No Worse and No Less Moral about Unethically Punishing Harmful Brands

Models of ethical decision-making suggest that unethical behavior leads to important emotional consequences, in the form of diminished positive affect on the part of the actor (Baumeister et al., 2007; Eisenberg, 2000). When engaging in unethical behavior, individuals justify their actions through rationalization in order to preserve a favorable self-view (Gino, Ayal, & Ariely, 2009). Thus, when individuals act unethically to punish a harmful (vs. non-harmful) brand, they should be able to justify this behavior more easily and, subsequently, should not experience any reduction in positive affect. This positive affect should be related to feeling more moral (Tangney, Stuewig, & Mashek, 2007) and, thus, consumers should feel no less moral acting unethically (vs. ethically) towards a harmful brand. Study 2 directly

manipulates harmfulness through brand reputation and then has participants engage in unethical (vs. ethical) acts of retribution to examine their feelings directly after engaging in brand punishment.

Method

One hundred and eighty undergraduate students (42% female, $M_{age} = 21.4$) were randomly assigned in a 2 (brand harmfulness: harm, no harm) × 2 (consumer action: ethical, unethical) experimental design. Ten participants opted not to complete the task, leaving 170 usable responses (see MDA for condition breakdown of removed participants). Participants were first presented with information from a "Federal Communications Commission *Measuring Fixed Broadband Report*" which differed between conditions to manipulate the perceived harmfulness of internet service providers (ISPs).

In the harm condition, participants were informed that, *on average*, internet speeds experienced by customers in the USA are consistently below advertised speeds, and that this occurs due to a large number of ISPs intentionally capping internet speeds at 20% lower than advertised rates. We intentionally specified "on average" to ensure that no wrongdoing was attributable to any one ISP in particular. In the no-harm condition, participants were informed that, on average, actual internet speeds experienced by customers across the USA meet the speeds advertised by ISPs. Participants then completed a measure of the harmfulness of their own ISP as a manipulation check ($\alpha = .81$).

Next, we directly manipulated the ethicality of the participants' action. Our use of internet service in this study was intentional as it represents an industry in which consumers' experiences vary regularly (e.g., internet traffic, time of day). Evaluating the performance of

one's internet service, therefore, can be ambiguous at best, making it possible to experimentally shift participants' assessments of their experience (see MDA for a post-test verifying this assumption). In the ethical condition, participants were told that they have likely noticed their current internet services *had underperformed* and were asked to sign a letter to their ISP stating they would like to be compensated in the form of 10% off their monthly bill. In the unethical condition, participants were told that, although they likely have not noticed any issue with their internet service, they should sign the letter demanding compensation based on the content of the FCC report. To ensure that participants knew they were acting unethically, we emphasized: *We would like you to lie for effect, as this is more likely to catch the company's attention*.

Participants were then asked to address the pre-written letter to their ISP and endorse it with their name, signature, and email address. To make sure that participants believed their actions had real personal consequences, they were instructed to seal the letter in an envelope and place it in a folder corresponding to their own ISP so that it could be mailed to the appropriate company on their behalf. Letters were verified to ensure that the task had been properly completed by each participant.

To assess feelings of morality, participants completed thought protocols asking how they felt following the task. Two coders coded participants' feelings of moral self-thoughts (1 feeling immoral - 7 feeling moral), and a third coder resolved any discrepancies (Krippendorff's α = .73). Finally, participants completed a measure of positive affect (α = .90; Watson, Clark, & Tellegen, 1988) and indicated their current ISP and their attitudes towards it.

Results

Participants rated their ISP as more harmful ($M = 3.81$) in the harm condition than in the no-harm condition ($M = 3.13$), $F(1,166) = 12.55$, $p < .001$. Importantly, there was no main effect of consumer action condition on perceptions of harmfulness ($p = .93$), nor a significant interaction ($p = .87$). There were also no differences between different ISPs on harmfulness ($p = .89$), providing evidence that our effects were not driven by differential levels of harmfulness across ISPs.

Results indicate a significant harmfulness × consumer action interaction on positive affect, $F(1,166) = 5.86$, $p < .05$, and this effect holds when controlling for attitudes towards participants' ISPs, $F(1,165) = 5.72$, $p < .05$. Planned contrasts indicate that in the no-harm condition participants felt significantly worse after engaging in unethical ($M = 1.99$) compared to ethical action ($M = 2.37$), $F(1,166) = 4.94$, $p < .05$. When the brand was portrayed as non-harmful, participants felt worse when engaging in punishment via unethical (vs. ethical) behavior. However, in the harm condition, there was no difference in affect between the unethical or ethical conditions ($M_{unethical} = 2.22$ vs. $M_{ethical} = 2.02$), $F(1,166) = 1.43$, $p = .23$. That is, when ISPs were portrayed as harmful, participants felt no worse after engaging in punishment via unethical (vs. ethical) behavior (Figure 1). It should be noted that, although directional, participants in the no-harm (vs. harm) condition did not feel significantly worse after engaging in unethical action ($p = .16$). However, we further examine this important contrast in relation to participants' moral thoughts.

INSERT FIGURE 1 HERE

Examining participants' moral thoughts shows a similar interaction, $F(1,166) = 4.50$, $p <$ .05. Echoing the findings for affect, participants in the no-harm condition felt more immoral after engaging in an unethical ($M = 3.66$), compared to an ethical action ($M = 4.17$), $F(1,166) = 6.40$, $p < .05.$, whereas, in the harm condition, there was no difference in moral thoughts between the ethical or unethical conditions ($p = .65$). Importantly, the intuitive finding, that engaging in punishment via unethical behavior would lead participants to feel more immoral in the no-harm condition ($M = 3.66$) compared to the harm condition ($M = 4.09$), was supported in this case, $F(1,166) = 4.93$, $p < .05$ (Figure 2).

INSERT FIGURE 2 HERE

Discussion

Our findings demonstrate that, as one would expect, when a brand is not perceived as harmful, consumers experience reduced positive affect and feel more immoral when engaging in unethical (vs. ethical) action (i.e., lying) to achieve a personal gain at a company's expense. However, when a brand is perceived as harmful, consumers do not feel any worse, or less moral after engaging in an unethical act as compared to an ethical one.

Given the intricacies of directly examining participants' feelings after engaging in unethical lying behavior to punish a brand, this study was not without limitations. First, although it was made clear to participants at the beginning of the study that they did not have to take part in anything that made them feel uncomfortable, it is still possible that inducing participants to act unethically may have triggered a distinct rationalization process that may not have occurred if the behavior was entirely volitional. That is, inducing the behavior may have lead participants to search for means of justifying and feeling better about the behavior they had engaged in, rather

than the participants feeling no worse because of the harmfulness of the brand. Relatedly, it is possible that asking participants to complete the letter-writing task may have provided participants with an additional option to rationalize their unethical behavior (i.e., "because the experimenter asked me to"). However, this was not evidenced by participants' thought protocols. Finally, while it is possible to question the ecological validity of the study, it should be noted that this type of lying or embellishing an experience to amplify its severity is not unheard of in the retail and service industries.

Study 3: Engaging in Unethical Actions towards Harmful Brands

Thus far we have explored the effects of brand harmfulness on theft, fraud, and punishment with self-reported or correlational data. In Study 3, we demonstrate this effect using a behavioral dependent measure of unethical action. It is expected that when it comes to harmful (non-harmful) brands, consumers will punish such brands more (less) in the form of cheating for unethical financial gain.

Method

One hundred and ninety-nine undergraduate students (52% female, $M_{age} = 18.5$) were randomly assigned to one of three conditions: (harmful brand, non-harmful brand, control). In the harmful (non-harmful) condition, participants were told the study was being sponsored by Bell Canada (Tim Hortons Canada) and were asked if they currently are, or have ever been, a customer. In the control condition, no brand was assigned.

A pre-test (N = 52) confirmed participants viewed Bell as more harmful ($M = 3.29$) compared to Tim Hortons ($M = 2.67$), $t(50) = 2.46$, $p < .05$. The two brands did not differ on

other attributes such as whether they were seen as a large employer, industry leader, large

corporation, rich, international, well-established, beneficial, or useful. A post-test conducted

using a more robust measure of harmfulness confirmed these perceptions (M_{Bell} = 4.01 vs.

$M_{TimHortons}$ = 2.91), $t(87)$ = 9.05, $p < .001$ (see MDA for Study 3 post-test).

Participants in all conditions were then asked to complete a matrix task (Mazar, Amir, &

Ariely, 2008). The number of matrices solved served as a proxy for cheating behavior and thus

was used as a dependent measure of unethical behavior in this study. The matrix task gauges

how dishonestly individuals behave in terms of over-reporting the actual quantity of matrices

solved (Mazar et al., 2008). Participants were asked to solve as many of 20 numeric matrices as

they could in three minutes. To incentivize participants, they were informed that two participants

would be chosen at random to receive $2.00 for each matrix solved. It was made clear to all

participants they would get to keep their answer sheet to ensure the survey was confidential and

anonymous. This was done to ensure that participants did not think the experimenter would

check answers given on the test sheet, which could curb cheating. Participants were simply asked

to report how many matrices they solved. We also collected a possible mediating measure of

moral worth (Piazza et al., 2014) for exploratory purposes in this study (see MDA for Study 3:

Mediation Analysis).

Results

Consistent with our predictions, results indicate a significant effect of harm on the

magnitude of cheating, $F(2,196)$ = 3.38, $p < .05$. Participants in the harmful condition cheated

more (M = 8.59) than participants in both the control condition (M = 6.43, $p < .05$) and the non-

harmful condition (M = 6.54, $p < .05$). As expected, no differences were observed between the

non-harmful and control conditions ($p > .90$). Furthermore, these findings held when controlling

for past experience with the brand ($p < .05$).

Discussion

The results of Study 3 provide behavioral evidence that a brand's perceived harmfulness

can influence consumer punishment, in the form of unethical behaviors such as cheating.

Specifically, participants cheated more when they were led to believe the study was sponsored

by a harmful brand than either by a non-harmful brand or when it was unsponsored.

General Discussion

Across four studies we find that consumers can lie, cheat, and steal to punish a harmful

brand, even in the absence of any direct, personal transgression. When consumers see a brand as

harmful, they exhibit unethical intentions and behaviors and subsequently feel no worse and no

less moral acting unethically towards the brand.

These findings open up several promising avenues for future research. First, further work

is required to fully understand the underlying mechanism(s). While we provide preliminary

evidence in favor of a moral reasoning account (Gray, Young, & Waytz, 2012) – entities

perceived as harmful are attributed lower moral worth and subsequently deemed deserving of

unethical treatment (see MDA for Study 2b) – other mechanisms could be driving the observed

effects. For instance, in line with extant work on cheating, consumers may engage in unethical

behavior by means of uncoupling their actions from their moral standards (e.g., denying that any

harm was done; Shu, Gino, & Bazerman, 2011), or by justifying their engagement in unethical

actions by dehumanizing the harmful brand (Khamitov et al., 2016). Finally, researchers may

consider other alternative mechanisms such as anger, vengeance, or restoring honor (Grégoire et al., 2010; May, Monga, & Kalaignanam, 2015).

Second, although this research examines consumers' lay perceptions of harmfulness in a variety of contexts (e.g., brand reputation, CSR, firm policies), more work is needed to systematically investigate the antecedents of harmfulness as well as the potential differential effects of these sources on punishment via unethical behavior. As noted, lay perceptions of harmfulness can be related to corporate social irresponsibility and a negative brand reputation, but whether irresponsibility or a poor reputation are sufficient for the perception of harmfulness remains an open question. Consumers may be aware of socially irresponsible business practices, such as the use of FoxConn by Apple, but not see the brand as harmful. A more thorough understanding of the particular triggers that push consumers into the unethical brand punishment realm, and when/why such punitive actions might verge on unethicality, could help establish a more nuanced understanding of diverse phenomena such as adversarial consumer-brand relationships as well as unethical consumption behaviors (e.g., over-claiming on insurance, credit card and electricity fraud, cheating on service guarantees).

Another interesting question that emerges is whether some consumers are not willing to 'cross the line' when it comes to unethical intentions and behaviors towards harmful brands. Although a substantial number of consumers exhibit some level of punishment via unethical behavior across our studies, others simply do not. This may help to explain why, despite demonstrating significant differences in unethical intentions and behaviors across our experimental conditions, the cell means for some of our dependent variables were relatively low in an absolute sense (i.e., below the scale midpoint). Certain consumers may take a deontological view on morality whereby moral rules are black and white, and stealing or cheating is always

considered wrong (Love, Staton, & Rotman, 2016). Conversely, if some consumers are inclined to perceive their unethical treatment of harmful brands as morally justified, then such behaviors should be more likely to emerge among those consumers who are more chronically sensitive to justice violations than among those who are less so (Colquitt, 2001; Schmitt et al., 2010). A supplementary study supports this prediction (see MDA for Study 3b). Other individual differences such as honor values (May et al., 2015) or eagerness for vengeance (Stuckless & Goranson, 1992) may also moderate the above effects, such that individuals who are chronically high on these dimensions may be more likely to engage in unethical behavior to satisfy their needs.

Although we focus on harmfulness, violations of other moral foundations (e.g., fairness or loyalty to the in-group; Graham, Haidt, & Nosek, 2009) may similarly result in punishment via unethical behavior. Recent research has suggested that the moral foundations may be subsumed under the umbrella of harmfulness (Schein & Gray, 2015), and thus violations in these other moral domains should result in a similar pattern of unethical behavior.

Importantly, this research also has substantive implications for practitioners. Consider the explosion of anti-brand websites, from 550 to 10,500 between 1997 and 2004 (Fitzgerald, 2000; Krishnamurthy & Kucuk, 2009). A simple internet search for Walmart yields an online community "Wear your Wrath for Walmart" (hel-mart.com); a Facebook group called "Anti Wal-Mart"; and a poll asking if it is acceptable to steal from Walmart, in which 17.5% of individuals answered "Yes, Walmart is evil and should burn in hell" (escapistmagazine.com). Relatedly, Walmart has reported losses of $3 billion dollars annually because of consumer shoplifting and wardrobing (Matthews, 2015). These consumer actions lend empirical credence to the phenomenon of brand punishment via unethical behavior, even when the consumer is not

personally harmed. Accordingly, we call on other researchers to continue examining how and why consumers engage in unethical actions towards brands. A more precise understanding of which consumers see unethical treatment as morally acceptable and why consumers come to believe a brand is harmful, provides exciting opportunities for consumer psychologists to more fully understand the phenomenon of brand punishment via unethical behavior.

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Table 1: Study 1 Summary Statistics

Dependent Variable	Harmful (N = 53)		Control (N = 44)		Non-Harmful (N = 54)	
	Mean	SD	Mean	SD	Mean	SD
Punishment Intentions	4.43_a	1.66	1.94_b	1.20	1.66_b	1.35
Marketplace Aggression	2.41_a	1.34	1.64_b	.98	1.34_b	.79
Hostile Intentions	3.99_a	1.47	1.86_b	1.02	1.53_b	1.13
Unethical Punishment	2.11_a	1.60	1.56_b	.98	1.27_b	.78

a, b: for each DV, means with different subscripts denote a statistically significant difference ($p < .05$)
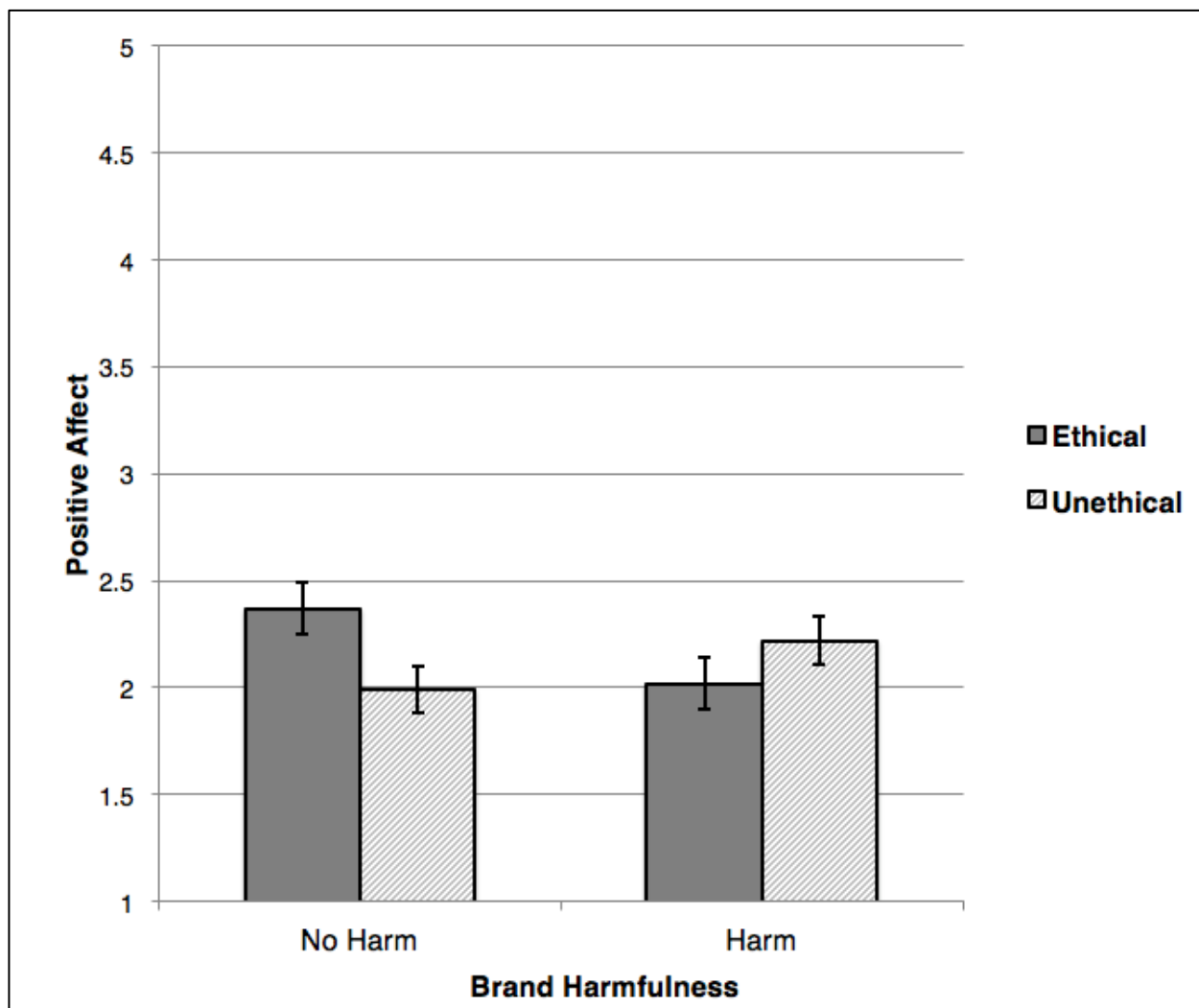
Figure 1: Harmfulness X Action Ethicality on Affect (Study 2)

Figure 2. Harmfulness X Action Ethicality on Moral Thoughts (Study 2)