

**CONSUMER TRUST AND DISTRUST:  
UNDERSTANDING HOW THEY FORM AND DEVELOP**

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## **Abstract**

The main aim of this thesis is to understand how and why consumers come to trust and distrust brands and companies behind brands. Three studies are presented which address three research questions: 1) How and why do consumers decide to trust/distrust brands and companies behind brands? 2) How does information processing order affect consumer trust formation? 3) How do corporate misbehaviors affect consumer distrust?

Four main conclusions emerged from these three studies: 1) consumers evaluate both product and company related aspects for trust/distrust decisions 2) the same aspects are responsible for both consumer trust and distrust 3) higher consumer trust towards new or unknown brands is likely to occur when company information is evaluated first and product information is evaluated second 4) integrity related misbehaviors are most likely to predict consumer distrust.

These findings mainly contribute to existing consumer trust/distrust research, conducted in the context of brands and companies behind brands. But they also contribute to the trust literature, and in particular to the debate around the nature of trust and distrust, by providing evidence that, in the context of brands, consumer trust and distrust are polar opposite constructs in terms of antecedents, since the same aspects are evaluated by consumers for both trust and distrust judgements towards brands.

The findings of this thesis are relevant to practitioners, as they imply that the same strategies should be effective for managing both consumer trust and distrust, and that communicating to consumers about both the products and the company behind a brand might help build higher levels of consumer trust.



## **Declaration**

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning

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# 1 Introduction

## 1.1 Research overview and aims

This thesis focuses on consumer trust and distrust towards brands (brand trust and brand distrust) and towards companies behind brands. The overarching purpose of the thesis is to provide an understanding of why and how consumers come to trust or distrust brands and companies behind brands, by uncovering the aspects consumers evaluate for this purpose and the processes involved in the formation of these two phenomena.

Consumer trust in brands and in the companies behind brands have been important issues for businesses in the last ten years. The 2008 financial crisis, together with frequent corporate scandals, have created an acute need for businesses to understand how consumer trust can be built and how can it be lost. Consulting agencies and NGOs are addressing such needs by commissioning research and focused reports. For example, Edelman issues each year a Trust Barometer report<sup>1</sup>, which shows how public trust in businesses and governments fluctuate. In 2015, the World Economic Forum released a report that shows how trust in businesses can be built (World Economic Forum 2015), while the British Brands Group has issued a similar report with regards to trust in brands (British Brands Group 2015).

In academic research, various aspects related to consumer trust in brands and the companies behind brands have been investigated. First, and within branding research, prior studies have established that consumer trust in brands is important for companies, as it facilitates positive outcomes, such as higher purchase intentions and

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<sup>1</sup> The reports are available at <https://www.edelman.com/insights/intellectual-property/edelman-trust-barometer-archive/>

positive word of mouth communication (Sichtmann 2007; Kang and Hustvedt 2014), but also brand loyalty (Delgado-Ballester and Munuera-Alemán 2005; Delgado-Ballester et al. 2003; Singh et al. 2012; Paulssen et al. 2014). Within relationship marketing, similar positive outcomes were found when consumers trust companies, *exempli gratia* (e.g. thereafter): a good corporate reputation (Walsh et al. 2009), but also consumer commitment and loyalty (Agustin and Singh 2005; Garbarino and Johnson 1999; Morgan and Hunt 1994; Sirdeshmukh et al. 2002).

Second, extant research has identified some determinants of consumer trust in brands and companies behind brands, but mainly by deducing such antecedents from prior research and from existing research models, e.g. customer loyalty models. Two main streams of research related to such antecedents have appeared, one which focuses on product related factors that appear to influence brand trust and one which focuses on corporate related factors that appear to influence brand trust. For example, some of research around product related factors has investigated how the following influence brand trust: consumer satisfaction with a brand (Delgado-Ballester and Munuera-Aleman 2001), a brand's competence and care/benevolence towards consumers (Delgado-Ballester and Munuera-Alemán 2005; Delgado-Ballester et al. 2003; Li and Miniard 2006), differences between brands in terms of attributes (Chaudhuri and Holbrook 2002), a brand's personality (Sung and Kim 2010), and a brand's predictability and reputation (Lau and Lee 1999). Fewer corporate related factors have been investigated by prior research, e.g. consumers' perceptions of the ethicality and transparency of the company behind the brand, and its involvement in social responsibility initiatives (Singh et al. 2012; Kang and Hustvedt 2014). Similar determinants were considered by studies which investigated consumer trust towards companies, and specifically: satisfaction (Garbarino and Johnson 1999; Agustin and

Singh 2005) but also competence, benevolence, and problem solving orientation (Sirdeshmukh et al. 2002).

However, while such approaches do provide a good starting point for understanding the reasons why consumers trust brands and companies behind brands, more research, especially from a consumer perspective, is still needed (Arnott 2007; Kang and Hustvedt 2014). This is because our current understanding of what it means for consumers to trust a brand or the company behind a brand is limited. Specifically, what specific characteristics and behaviors consumers evaluate when deciding to trust a brand and the company behind a brand, has been largely unexplored in prior research. This implies that our current understanding of how consumers evaluate such aspects for trust decisions is also limited, since prior research into the processes involved in the formation of consumer trust towards brands and companies behind brands is also scarce.

With regard the reasons why consumers distrust brands and companies behind brands, the same limitations appear evident, *id est* (i.e. thereafter) the current understanding of what specific characteristics and behaviors consumers evaluate for distrust judgements, and how they evaluate such aspects, is limited. For example, we currently know that consumer distrust can occur due to deceptive advertising and when products do not meet consumers' expectations following deceptive advertising (Darke and Ritchie 2007; Darke et al. 2010). In other words, unethical marketing activities have a negative impact on consumer trust (Leonidou et al. 2013). But we also know what type of corporate misconducts make consumers lose their trust in companies (Davies and Olmedo-Cifuentes 2016). Others have proposed that a lack of competence and benevolence characterizes consumer distrust in a service provider (Singh and Sirdeshmukh 2000).

These studies and a significant body of prior research have considered consumer distrust as being the equivalent of low consumer trust, that is, the polar opposite of trust on a single continuum, with some of these studies being explicit in this matter (e.g. Davies and Olmedo-Cifuentes 2016; Singh and Sirdeshmukh 2000). Yet, to the best of my knowledge, no study has explored empirically if consumer trust and distrust towards brands and companies behind brands are indeed polar opposites or distinct constructs in terms of antecedents, although some tests around this issue exist in other contexts, such as online shopping (e.g. Cho 2006; Dimoka 2010; Ou and Sia 2010). The debate around the nature of trust and distrust emerged in existing trust research, with some proposing that trust and distrust are polar opposite constructs on a single continuum due to the same factors being responsible for trust and distrust (Schoorman et al. 2007), while others arguing that they are actually distinct constructs, with distinct factors responsible for trust as opposed to distrust (Lewicki et al. 1998). It is important to know if consumer trust and distrust are distinct constructs in terms of antecedents, because if this is the case, then different strategies would be necessary for managing them (Saunders et al. 2014).

If we knew what it means for consumers to trust or distrust a brand and the company behind the brand, that is, what specific characteristics and behaviors consumers evaluate when making both trust and distrust judgements, we could formulate a position with regards to the nature of consumer trust and distrust in terms of the antecedents responsible for them. However, such understanding is currently missing. Moreover, our understanding of how consumers might evaluate such characteristics and behaviors for trust and distrust decisions is also limited, although such an understanding would be helpful in devising adequate strategies for managing consumer trust and distrust. Even if consumer trust and distrust are polar opposite

constructs in terms of antecedents, and therefore even if the same strategies are required for managing them, adjustments to such strategies might be needed if different processes underlie these two phenomena. For example, some aspects might be more important than others for consumer trust versus distrust decisions, or consumers might evaluate differently the same aspects depending on context (e.g. unknown brands versus known brands).

I aim to address these limitations in this thesis, and therefore this thesis has the following aims. First, I intend to uncover what characteristics and behaviors consumers evaluate when deciding to trust/distrust a brand and the company behind a brand. This implies that by identifying what characteristics and behaviors are responsible for consumer trust/distrust towards brands and business, I can also establish if the same or different characteristics and behaviors are responsible for consumer trust as opposed to consumer distrust. Second, I aim to uncover how consumers evaluate such attributes and behaviors when deciding to trust/distrust a brand. Specifically, I aim to investigate if different levels of consumer trust and consumer distrust occur depending on how consumers evaluate or perceive specific brand/company characteristics and behaviors. I achieve these aims through three research studies, which are subsequently presented as chapters, that is, chapter four, five and six. These chapters are written in a journal ready format, and therefore this thesis is presented as a journal format thesis. The first two studies focus on consumer trust and distrust towards brands and companies behind brands, while the third study focuses on consumer distrust towards companies only.

Since most prior research has considered consumer trust and distrust as polar opposite constructs, and has deduced factors responsible for both from extant research, which limits the possibility of clarifying the nature of these two constructs,



the first study is qualitative in nature and presented in chapter 4. This study aims to uncover what brand attributes and behaviors consumers evaluate when deciding to trust/distrust a brand, if the same attributes and behaviors are responsible for brand trust and brand distrust, and how consumers evaluate such attributes and behaviors for trust/distrust judgements towards brands. I achieved these aims by using a grounded theory methodology, and by conducting 20 interviews with consumers in which I discussed with my participants the reasons why they trust or distrust well-known brands. The first main research finding is that consumers evaluate both product related aspects (i.e. product information) and company related aspects (i.e. company information) when deciding to trust or distrust a brand. Product related aspects refer to both characteristics and behaviors, and specifically to the quality and reliability of a brand's products/services and how the company behind the brand behaves towards consumers. Company related aspects also refer to both characteristics and behaviors, that is, the ability of the company behind the brand to be successful so that it can provide good quality and reliable products and how the company behind the brand behaves towards other stakeholder groups. The second main finding is that consumers evaluate these aspects in a particular order: consumers evaluate first the quality and reliability of a brand's products, second they evaluate how the brand behaves towards consumers, and third they evaluate company related aspects. In short, product related aspects are evaluated first and company related aspects are evaluated second, because product related aspects appear to be more important to consumers than company related aspects. The third main finding is that the same aspects are evaluated by consumers for both brand trust and brand distrust decisions, and therefore brand trust and brand distrust appear to be polar opposite constructs in terms of antecedents. Also, consumer trust and distrust

towards brands can co-exist, since consumers might evaluate concomitantly several aspects.

Study two is presented in chapter five and mainly tackles the order effect identified in study one, but in the case of new/unknown brands, and therefore in the context of initial trust formation. The study has three main aims. First, the study tests if higher consumer trust towards brands occurs when company related aspects are evaluated first and when product related aspects are evaluated second. I hypothesized that in the case of new/unknown brands the order identified in the first study should be reversed because prior research proposes that in the case of new products, company related information is more diagnostic than product related information (Biehal and Sheinin 2007). Second, study two tests if higher consumer trust towards brands occurs when information about the quality of a brand's products is evaluated first and how the brand behaves towards consumers is evaluated second. Third, it tests if higher consumer trust towards brands occurs when both product and company related aspects are evaluated concomitantly by consumers. Three experiments confirm that higher consumer trust towards a brand occurs when both product related aspects and company related aspects are evaluated by consumers. They also show that higher consumer trust towards a new/unknown brand occurs when company related aspects are evaluated first and product related aspects are evaluated second. Also, no order effect appears evident within product related aspects, that is, similar levels of consumer trust towards a new/unknown brand are likely regardless of whether the quality of a brand's products is evaluated first or second.

In both the first and the second study, company related aspects appear to be an important component of consumer trust/distrust towards brands. Since company related aspects are an important component of consumer trust, and since how

consumer distrust forms is under-researched in the literature, study three (presented in chapter six) focuses on company related aspects and how they affect consumer distrust towards companies behind brands. More precisely, study three focuses on company behaviors, and investigates whether how consumers categorize misconducts for which a company is seen responsible, has a differential effect on consumer distrust towards the company. The study's findings show that different levels of consumer distrust and of consumer future intentions towards a company are likely, depending on how consumers categorize a misconduct for which the company is seen responsible, but that such differences are non-significant for consumer distrust. However, significantly different levels of consumer future intentions are likely depending on how consumers categorize a misconduct for which the company is seen responsible. Also, distrust does not occur when someone else is perceived as misbehaving.

All three studies have in common consumer trust and distrust towards brands and the company behind brands and therefore, trust and distrust constitute the overarching theme of this thesis. The main assumption that underpins these three studies is that consumers develop trust/distrust towards brands and companies behind brands, regardless of whether they see such brands and companies behind brands as inanimate objects towards which they assign human characteristics and behaviors, i.e. anthropomorphize brands (Fournier and Alvarez 2012), or as reflections of the individuals that produce such brands or that work for the company behind brands (Fiske et al. 2012).

## **1.2 My contribution to the research studies presented in this thesis**

University regulations with regards to journal format PhD theses require students to clarify their specific contribution to the research studies included in such theses. For all three studies included here I carried out the literature review. In conjunction with my supervisors I developed the research design for each study, but I was mainly responsible for data collection and analysis. Specifically, and with regards to data collection, I was responsible for recruiting participants for study one and for conducting the interviews for study one. For studies two and three, data were collected through a UK market research agency, and the first supervisor coordinated the relationship with the agency. With regards to data analysis, I performed the data analysis with guidance from my supervisors when needed. The papers were written by me, with my supervisors providing feedback on my written work.

## **1.3 Structure of the thesis**

The thesis is structured as follows. I start with an overview of the literature on trust and distrust (chapter 2), since these two concepts constitute the common themes of the three research studies presented here. The purpose of this overview is to provide an understanding of why I conceptualized trust and distrust as a belief in all of the three research studies. This overview also clarifies the perspective from which I approach trust and distrust in this thesis.

I then discuss some methodological issues (chapter 3) which were not included in the methodology section of each paper, because the discussion of such issues is not usually required when submitting papers for publication.

Each study is presented in a separate chapter, and each study has its own introduction, literature review, methodology, data analysis and conclusion chapters. Inevitably the literature reviews overlap somewhat.

The last chapter presents the overall conclusions and the main limitations of this thesis (chapter 7), with the discussion in this chapter focusing on the overarching theme of this thesis, that is, consumer trust and distrust.

Figure 1 presents an overview of this thesis.

**Figure 1: Overview of the thesis**

Chapter 1: Introduction		
Chapter 2: Overview of the concepts of trust and distrust		
Chapter 3: Methodology		
Chapter 4: Paper 1	Why? How?	Identifies specific aspects which consumers evaluate for trust/distrust decisions, and how they evaluate such aspects
Chapter 5: Paper 2	How?	Tests if the order in which consumers evaluate different types of information about a brand generates different levels of trust
Chapter 6: Paper 3	How?	Tests if how consumers categorize a misconduct for which a company is seen responsible impacts differently their distrust
Chapter 7: Conclusion		

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## **2 Overview of the concepts of trust and distrust**

This chapter provides a background for the overarching theme of this thesis, that is, trust and distrust, with the main purpose of justifying my choice of conceptualizing trust and distrust as a belief across all of the three papers included here.

### **2.1 Trust**

The literature on trust is vast, and spans across many disciplines. Various forms of trust are evident across various disciplines, with each form of trust having its own antecedents. In philosophy, trust is seen as a moral phenomenon that is the result of decisions and behaviors underpinned by ethical principles (Cohen and Dienhart 2013; Hosmer 1995). In political science, trust in political institutions is seen as the result of the characteristics of such institutions and as the result of individuals' characteristics and expectations (Hooghe et al. 2017; Freitag and Bühlmann 2009).

In the business management literature, trust has been researched from various perspectives. Specifically, three main perspectives have been adopted, i.e. sociological, psychological and social-psychological, with the following forms of trust evident due to such perspectives: institutional trust, dispositional trust and trust as a belief/intention/behavior (McKnight and Chervany 2001). However, variations across sub disciplines exist. For example, within the organizational behavior literature, the main emphasis is on the sociological and social-psychological perspectives, and therefore, on understanding institutional trust and trust as a belief/intention/behavior. In the context of e-commerce, a strong emphasis exists on how institutional arrangements and structures can enhance trust on-line, and therefore on the sociological perspective. In the marketing literature, a significant body of work has adopted a social-psychological perspective, with a main emphasis

on understanding what aspects make an exchange partner or a seller trustworthy, and therefore on trust as a belief/intention/behavior. These forms of trust and their antecedents are presented next in more detail.

In general, within the business management literature, trust is seen as a function of the aforementioned forms of trust, with each form of trust providing a different perspective on the factors responsible for trust (McKnight and Chervany 2001; Grabner-Kräuter and Kaluscha 2003). Specifically, institutional trust helps explain how contextual factors influence trust between the trusting party and the trusted party, dispositional trust helps explain how factors within the trusting party influence trust between two parties, while trust as a belief helps explain how factors within the trusted party influence trust between the parties (McKnight and Chervany 2001; Grabner-Kräuter and Kaluscha 2003; Bhattacharya et al. 1998; Bachmann and Inkpen 2011; Mayer et al. 1995). For these reasons, institutional trust is in general considered a form of impersonal trust while dispositional trust and trust as a belief/intention/behavior are considered forms of interpersonal trust (McKnight and Chervany 2001).

***Institutional trust*** refers to trust towards institutions, situations and structures (McKnight and Chervany 2001; Bachmann and Inkpen 2011). It is the result of institutional arrangements, mechanisms and structures such as rules, regulations, contracts, reputation, certifications, accreditations, warranty policies, etc. (McKnight and Chervany 2001; McKnight et al. 1998; Bachmann and Inkpen 2011; Grabner-Kraeuter 2002; Grabner-Kräuter and Kaluscha 2003; Ba and Pavlou 2002).

***Dispositional trust*** refers to trust towards others in general (McKnight and Chervany 2001). It is the outcome of someone's personality, life experiences, and of the

societal culture in which someone lives (McKnight and Chervany 2001; Hsiao 2003; Schoorman et al. 2007; Mayer et al. 1995; Lewis and Weigert 1985; Gurtman 1992).

Both dispositional trust and institutional trust are considered to be relevant in the formation of initial trust beliefs because of the lack of direct experience with, and, the lack of direct knowledge about the party to be trusted (McKnight and Chervany 2001; McKnight and Chervany 2006; McKnight et al. 1998; Lewis and Weigert 1985; Rousseau et al. 1998; Bachmann and Inkpen 2011; Grabner-Kraeuter 2002; Grabner-Kräuter and Kaluscha 2003; Colquitt et al. 2007; Lewicki et al. 1998; Mayer et al. 1995; Schoorman et al. 2007; Gefen 2000; Ba and Pavlou 2002; Bigley and Pearce 1998). However, when unambiguous information about the party to be trusted exists, dispositional trust is less likely to influence trusting beliefs/intentions/behaviors (Gill et al. 2005), and therefore less important.

Dispositional trust, and institutional trust in particular, can help provide possible explanations for why consumers trust or distrust an industry or companies in general (Adams et al. 2010; McKnight et al. 1998; Bachmann and Inkpen 2011).

*Trust as a belief* refers to trust towards a specific party and is mainly the consequence of the attributes and behaviors of such party (McKnight and Chervany 2001). It concerns whether such a party has ability/competence, benevolence and integrity/predictability (McKnight and Chervany 2001; Mayer et al. 1995; Dimoka 2010). Therefore, in general, it is seen as having three dimensions, i.e. ability, benevolence and integrity (see for example Mayer et al. 1995), with others adding a fourth dimension, that is, predictability (McKnight and Chervany 2001). Since it forms by judging information about the attributes and behaviors of the party to be trusted, trust as a belief is considered a form of cognitive trust, even if the

information assessed is about the benevolence of the party to be trusted (McKnight and Chervany 2001; Schoorman et al. 2007; Bhattacharjee 2002; Lewis and Weigert 1985), which is seen as an affective dimension by some (Bhattacharjee 2002; McAllister 1995; Colquitt et al. 2007). Indeed, evidence exists that trust occurs cognitively, and specifically that both ability and benevolence activate cognitive areas within the brain (Dimoka 2010). For others, the ability dimension is a form of cognitive based trust, while the benevolence dimension is a form of affect based trust, because it is the result of emotional linkages between two parties (McAllister 1995; Colquitt et al. 2007). Such emotional linkages were also noted as likely to occur between consumers and symbolic brands, and to facilitate consumer trust in such brands (Elliott and Yannopoulou 2007). But the benevolence dimension can also be influenced by emotions such as happiness or anger (Dunn and Schweitzer 2005), and for this reason, it is sometimes considered that an emotional dimension can complement cognitive dimensions in understanding trust (Schoorman et al. 2007; Lewis and Weigert 1985).

Trust as a belief appears to be similar to the concept of *trustworthiness* in several works, such as in the works of Mayer et al. (1995) or Benamati et al. (2006), and with Gefen et al. (2003) considering the two concepts as similar. Benamati et al. (2006) has defined trustworthiness as a belief about the ability, benevolence and integrity of the party to be trusted. For Mayer et al. (1995), trustworthiness reflects three main characteristics of the party to be trusted and specifically: ability (“group of skills, competencies, and characteristics that enable a party to have influence within a specific domain” pg. 717), benevolence (“the extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive...[and] positive orientation of the trustee towards the trustor” pg. 718-719),

and integrity (“the trustor’s perception that the trustee adheres to a set of principles that the trustor finds acceptable” pg.719). The authors argue that trustworthiness should not be considered to be the same as trust, since for them trust equals trusting intentions, that is, willingness to accept vulnerability and risk in situations characterized by risk and uncertainty (Mayer et al. 1995). Becerra et al. (2008), however, argue that trustworthiness is actually trust, or as they put it “I believe that you are trustworthy” is the same thing with “I trust you” (pg. 708), since their findings suggest that risk is not a necessary condition for trust to occur. Therefore, they argue that trust as an intention is actually an outcome of trust, and that trust should be conceptualized as “the perception of another party’s trustworthiness about specific dimensions” (Becerra et al. 2008, pg. 708), that is, ability, benevolence and integrity. Indeed, the conceptualization of trust as a belief seems to match closely the conceptualizations of trustworthiness that exist in the literature, with both having usually three main dimensions: ability, benevolence and integrity.

Trust as a belief is also considered similar to *trust as an expectancy* (McKnight and Chervany 2001). Lewicki et al. (1998)’s work on trust as an expectancy is one of the most prominent in the trust literature. They define trust as “confident positive expectations regarding another’s conduct” (Lewicki et al. 1998; pg. 439), as it forms based upon the motives and intentions of the party to be trusted, and is expressed through hope, faith and confidence. Many works on trust within the branding and marketing literature have conceptualized trust as an expectation or simply as a belief, with the concept having mainly two dimensions: competence/reliability, and credibility/intentions/benevolence (Delgado-Ballester and Munuera-Aleman 2001; Delgado-Ballester et al. 2003; Delgado-Ballester and Munuera-Alemán 2005; Sichtmann 2007; Sirdeshmukh et al. 2002).

*Trust as an intention* refers to general trust towards a specific party (McKnight and Chervany 2001; Gefen et al. 2003), and is the outcome of trust as a belief/ expectation/ trustworthiness (Mayer et al. 1995; McKnight and Chervany 2001). Risk is the main feature of such trust, and for this reason, trusting intentions are defined as a party's willingness to depend and to rely on the party to be trusted (McAllister 1995; Morgan and Hunt 1994; McKnight and Chervany 2001), and therefore to accept vulnerability and risk (Rousseau et al. 1998; Mayer et al. 1995), in situations where risk and uncertainty are evident (Mayer et al. 1995). Thus, risk does not seem to characterize trusting beliefs since someone can simply express his/her trust beliefs, but it does characterize trusting intentions. For example, while a consumer can simply state whether or not he/she trusts a brand, when the consumer actually intends to buy a brand's products, a potential risk becomes evident for the consumer.

In the trust literature, the most prominent model of trust as an intention is that provided by Mayer et al. (1995). This model has been tested by several works, but it is usually considered in conjunction with the work of Lewicki et al. (1998) for investigating whether trust and distrust are distinct or polar opposite constructs. This is because while for Lewicki et al. (1998) trust and distrust are distinct constructs with different antecedents and consequences, for Mayer et al. (1995) and Schoorman et al. (2007), trust and distrust are polar opposite constructs with the same factors being responsible for trust and distrust.

Trust as an intention is considered similar to conceptualizations of *trust as confidence*, since confidence implies that the trustor is willing to depend or to rely on the trustee, and is the result of the perceived trustworthiness of the trustee (Morgan and Hunt 1994; McKnight and Chervany 2001).

Conceptualizations of trust as an intention are quite common within the marketing literature, where trust is defined as a consumer's willingness to rely on a brand or a seller (Chaudhuri and Holbrook 2001; Lau and Lee 1999; Sung and Kim 2010; Agustin and Singh 2005; Walsh et al. 2009). However, several works within the marketing and branding literatures have adopted conceptualizations of trust as confidence in the reliability and integrity of a brand or of an exchange partner (Morgan and Hunt 1994; Singh et al. 2012; Garbarino and Johnson 1999).

*Trust as a behaviour* refers to an actual assumed risk, and is the outcome of trust as an intention (Mayer et al. 1995; McKnight and Chervany 2001). However, trusting behaviours occur only when trusting intentions are higher than the risk evident in a situation (Mayer et al. 1995).

## **2.2 Distrust**

The literature on distrust is far less vast than that on trust. Distrust has been mainly conceptualized in reciprocal terms with trust despite an on-going debate as to whether they are polar opposite or distinct constructs (see for example Saunders et al. 2014). As such, McKnight and Chervany (2001) and Guo et al. (2017), provide an inventory of the following forms of distrust, which mirror existing forms of trust: institutional distrust, dispositional distrust, and distrust as a belief/intention/behavior. Therefore, distrust is a function of all the above forms of distrust (McKnight and Chervany 2001; Guo et al. 2017). In general, within the trust/distrust literature, mostly the same factors appear to be held responsible for both trust and distrust.

*Institutional distrust* refers to distrust towards institutions, situations and structures and is the result of the same factors that are responsible for institutional trust, that is,



lack of adequate institutional arrangements, mechanisms and structures (McKnight and Chervany 2001).

*Dispositional distrust* refers to distrust towards others in general and is the result of someone's personality, life experiences or societal culture in which someone lives (McKnight and Chervany 2001; Hsiao 2003; Adams et al. 2010; Gurtman 1992).

*Distrust as a belief* refers to distrust towards a particular party and is the result of someone's assessment of the attributes and behaviors of such party, which indicate that the party to be trusted lacks ability, benevolence and integrity (McKnight and Chervany 2001; Dimoka 2010; Guo et al. 2017). Distrust as a belief is considered similar to conceptualizations of distrust as an expectation (Guo et al. 2017), the most prominent being that provided by Lewicki et al. (1998), who defined distrust as "confident negative expectations regarding another's conduct" (Lewicki et al. 1998; pg. 439), and therefore the result of someone's conduct, and expressed through fear, suspicion, wariness and watchfulness.

*Distrust as an intention* refers to someone's unwillingness to take risks (Schoorman et al. 2007) or to depend on the party to be trusted (McKnight and Chervany 2001), and is the result of distrusting beliefs (McKnight and Chervany 2001)

*Distrust as a behavior* refers to actually taking no risks (Schoorman et al. 2007) and is the result of distrusting intentions (McKnight and Chervany 2001).

### **2.3 Trust and distrust in this thesis**

In this thesis, I focus on trust and distrust as beliefs, as the overarching purpose of the thesis is to understand why and how consumers come to trust/distrust a brand and the company behind a brand, that is, what specific attributes and behaviors

consumers evaluate when deciding to trust/distrust a brand and the company behind the brand, and how evaluations of such attributes and behaviors impact consumer trust/distrust. Hence, I adopt a social-psychology perspective on consumer trust and distrust, and, as a consequence, I define consumer trust, in the first two studies, as a consumer belief that a brand has characteristics and behaviors that are likely to be beneficial to consumers (adapted from McKnight and Chervany 2001). Consumer distrust is defined in similar terms, that is, as a consumer belief that a brand (in study 1) or a company (in study 3) has characteristics and behaviors that are unlikely to be beneficial to consumers (adapted from McKnight and Chervany 2001). In other words, I see consumer trust and distrust as a subjective evaluation made by a consumer about the characteristics and behaviors of a brand or a company, and therefore a socially constructed phenomenon.

Although the main focus in this thesis is on trust and distrust as beliefs, I also included some other forms of trust and distrust in each study, for both theoretical and practical reasons. First, in each study I considered purchase intentions as a form of trusting intentions, which as previously discussed, are the consequence of trusting beliefs (McKnight and Chervany 2001). Specifically, in the first study, I discussed with my participants their purchase intentions towards the discussed brands because, in grounded theory, the process through which a phenomenon occurs can be more easily uncovered when the consequences of the phenomenon are considered (Corbin and Strauss 2008). In the second and the third studies I considered purchase intentions besides trusting/distrusting beliefs because for practitioners, purchase intentions are just as, or even more important, than simple trusting/distrusting beliefs. If consumer trusting beliefs are not materialized in actual purchases, then the importance of trusting beliefs for practitioners is likely to diminish. Second, I

considered dispositional trust as a control variable in the second study only, because prior research suggests that it might influence the formation of trusting beliefs when direct experience with the party to be trusted is inexistent (McKnight and Chervany 2001; Mayer et al. 1995).

Finally, I would like to specify that I consider consumer trust/distrust here as a phenomenon that occurs cognitively, because “as one evaluates a trustee’s ability in the domain of interest or considers relevant inputs about a trustee’s integrity, *one is thinking*” (Schoorman et al. 2007, pg. 348, emphasis added). The work included in this thesis follows such reasoning, i.e. participants in study one provide cognitive justifications for why they trust/distrust a brand and such justifications refer to both ability and benevolence aspects, while participants in study two and three form their trust/distrust beliefs based upon information aimed to stimulate cognitive evaluations. With regards to the role of emotional linkages for trust, and especially for the benevolence dimension of trust (McAllister 1995; Colquitt et al. 2007), I believe that emotional linkages are not necessary for a consumer to be able, for example, to judge whether the quality of a brand’s customer service is good enough so that the brand is seen as benevolent. However, while I acknowledge that emotions and emotional linkages might influence how trustworthy a brand might be perceived by consumers, it is not in the scope of this thesis to go beyond a strictly cognitive approach to trust and distrust.

This chapter has drawn upon research on trust and distrust conducted within various areas of the business management literature (organizational behavior, e-commerce, and marketing), to present various forms of trust and distrust and their antecedents, with the purpose of justifying the focus of this thesis on a specific form of both trust and distrust. In the next chapters (i.e. the individual papers), a stronger emphasis is

given to the trust and distrust research conducted in the marketing context, due to the focus of this thesis on consumer trust and distrust in brands and companies behind brands. It is to such research that this thesis mainly aims to contribute through its findings. However, in the last chapter, the findings of the three papers presented here are discussed in the context of the wider literature on trust and distrust.

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### **3 Methodology**

The purpose of this chapter is to discuss some issues of methodology which were not included in the individual papers because they are not usually required in published articles. I will discuss such issues as they relate to each study, that is, issues around grounded theory, experiments, and correlational design.

#### **3.1 Paper 1: Why qualitative research methods?**

The main aim of the first study was to explore the reasons why consumers might trust or distrust brands. This aim implied both an understanding of what specific brand characteristics consumers evaluate when deciding to trust or distrust brands, as well as an understanding of how such evaluations inform consumers' decisions to trust or distrust brands. The purpose was to achieve this aim by exploring consumers' perspectives on these two phenomena, rather than by adopting any existing theoretical models of trust and distrust, that have been previously developed either in the context of brands or in other contexts. This is because the third aim of the first study was to see if different characteristics are evaluated by consumers for trust and distrust decisions towards brands.

The best way to identify a wider range of potentially unique brand characteristics that might be responsible for distrust rather than for trust, is by adopting an exploratory research design rather than by deducing potential factors for distrust from prior research. Such an approach would ensure that a wider range of brand characteristics can be obtained, that go beyond competence or benevolence, which are prevalent in prior research that has investigated consumer trust/distrust towards brands, companies, retailers etc. It is important to understand what it means for consumers that a brand has competence or benevolence, since trust and distrust are

socially constructed phenomena. Also, what it means for consumers that a brand has competence or benevolence might be different than what it means for a manager that an employee has competence and benevolence. In other words, such meanings might vary by context.

Qualitative research methods appeared appropriate for achieving the main aim of the first study, because such methods are suited for understanding phenomena from the participants' point of view and within the context in which such phenomena occur (Myers 2013). Grounded theory appeared the most suitable for the purpose of the first study that is, exploring why consumers trust/distrust brands and how they come to trust/distrust brands. Although case study and phenomenology help explore the same type of questions with regards to a phenomenon, these methodologies were considered less suitable because: in case study the main emphasis is on how the explored phenomenon influences its environment and vice versa (Creswell 2007; Hartley 2004; Buchanan 2012), while in phenomenology the main focus is on comparing how participants experience a phenomenon (Creswell 2007). In grounded theory, the main focus is on uncovering the main components of a phenomenon in answering 'why' questions, and on the process through which such components contribute to the occurrence of the phenomenon, i.e. 'how' questions (Corbin and Strauss 2008).

Three main variants of grounded theory are evident in the literature; and it is necessary to discuss these to justify the choice of a specific variant of grounded theory for the first study. Researchers need to choose a variant of grounded theory that best fits their purposes and philosophical assumptions (Evans 2013; Goulding and Saren 2010) because methodological consistency helps ensure the credibility of their research (Corbin and Strauss 2008).

The three main variants of grounded theory are: the classic grounded theory proposed by Glaser and Strauss (1967), the variant proposed by Charmaz (2006), and the one proposed by Corbin and Strauss (2008). All three variants have several aspects in common but differ in other aspects (table 1). They all focus on theory development, on uncovering the process through which a phenomenon occurs, and they mainly use the same methods (coding, constant comparisons, theoretical sampling and saturation, memo writing). They differ however in their epistemological and ontological assumptions and therefore, the end result is somewhat different. The first variant has mainly positivist assumptions and the theory developed should reflect such assumptions by proposing verifiable hypotheses. The second variant has mainly constructivist underpinnings, with the theory constructed by the researcher based upon the meanings participants give to the phenomenon under study. Such theory mainly presents patterns about the phenomenon. The third variant has interpretivist underpinnings, and the purpose of the theory developed is to explain the phenomenon based upon the meanings participants give to such phenomenon and based upon how the researcher interprets such meanings. The theory explains the phenomenon through an explanatory scheme that shows the main components of the phenomenon, the relationships between components and the process through which the phenomenon is likely to occur. These three variants also differ in terms of the role of prior literature: in the first variant, prior literature should only be used for positioning the end theory within the wider literature, but prior literature can be used in the second and the third variant to inform initial data collection and analysis.

Table 1: Comparison of the 3 variants of grounded theory\*

	Glaser and Strauss (1967)	Charmaz (2006)	Corbin and Strauss (2008)
Aims	Discover a theory that explains and predicts a phenomenon with verifiable hypotheses	Develop a theory about a phenomenon within its context, with theoretical statements that show patterns	Develop a theory that explains the phenomenon within its context, with a scheme that shows concepts and relationships between concepts (process)
Elements of the theory	Categories, concepts, properties of concepts, relationships between these elements, hypotheses	Categories, concepts, properties of concepts, relationships between these elements, theoretical statements	Categories, concepts, properties of concepts, relationships between these elements, an explanatory scheme
Epistemological & ontological assumptions	Positivism - the theory reflects the reality of the phenomenon	Constructivism – the theory is constructed based upon the meaning participants give to the phenomenon and based upon how the researcher interprets the collected data	Interpretivist – the theory explains the phenomenon based upon the meaning participants give to the phenomenon and based upon how the researcher interprets the collected data
Role of prior literature	Should not influence data analysis and should only be used for positioning the generated theory within the wider literature	Helps develop theoretical sensitivity that guides initial data collection and analysis but preconceived concepts should not be used. To position the developed theory within the literature	Helps develop theoretical sensitivity that guides initial questions, theoretical sampling and initial data analysis; the use of preconceived concepts is acceptable if they fit the data. To position the developed theory within the literature
Methods	Coding Constant comparisons Theoretical sampling & saturation Memos	Coding: initial coding (to generate concepts), selective coding (to integrate concepts in a framework), theoretical coding (develop statements for the theory) Constant comparisons Theoretical sampling & saturation Memos and diagrams	Coding: open coding (to identify concepts), axial coding (to identify relationships between concepts), theoretical integration (arrange concepts in a scheme) Constant comparisons Theoretical sampling & saturation Memos and diagrams Conditional matrix (helps explain context)

\*developed based upon Glaser and Strauss (1967), Charmaz (2006), Corbin and Strauss (2008)

The third (Corbin and Strauss 2008) variant of grounded theory was chosen for the first study because: 1) trust and distrust are socially constructed phenomena and 2) the aim of the study was to uncover the aspects consumers evaluate when deciding to trust/distrust a brand (the components of the two phenomena) and how they evaluate such aspects (the relationships between such components and therefore the processes through which the two phenomena occur) based on what it means to consumers to trust or distrust a brand. The second variant was not deemed suitable because, although it has similar epistemological and ontological underpinnings to the third variant, the main focus of the second variant is on uncovering patterns about the phenomenon.

It is also necessary to discuss here issues with regard to the credibility of grounded theory research, as such issues are not discussed in the paper. Several recommendations provided by Corbin and Strauss (2008) with regard to credibility in grounded theory were followed. First, their variant of grounded theory was followed throughout the first study, and all major procedures of grounded theory were used: open coding, axial coding, theoretical integration, theoretical sampling and saturation, constant comparisons, memos and diagrams. Second, these procedures were used with the purpose of developing an explanatory framework for brand trust and brand distrust and not for the mere description of these two phenomena. However, such explanatory framework involved rich descriptions of the main components of the phenomena and of the relationships between such components, in illustrating how the framework was developed and how the data were interpreted. In other words, raw data were not presented without a detailed interpretation of such data. Third, existing literature was used to develop initial interview questions, to guide initial data analysis, and even to label some concepts

based upon pre-existing concepts (e.g. ability, benevolence, integrity). However, such labelling occurred only after open coding and when it was evident that such pre-existing labels could be used. The reason why pre-existing labels were chosen is because no added value appeared evident by choosing synonym labels for concepts that seem very similar to pre-existing concepts; synonym labels would only have increased the confusion that already exists in the trust literature with regard to trust definitions and trust dimensions. Also, by using pre-existing labels, it was much easier to position the findings within existing research, and to show how they differ and how they add new insights to such research. Fourth, to facilitate constant comparisons, participants were encouraged to compare brands and the reasons why they might trust or distrust such brands. Finally, the findings of the first study reflect the views of all participants, since quotes from all of them were included as much as it was possible, to illustrate such findings.

### **3.2 Why quantitative research methods?**

The fact that trust and distrust are seen as socially constructed phenomena here, does not imply that knowledge about such phenomena can only be developed based on subjective data. On the contrary, both objective and subjective data can help us understand these two phenomena. Subjective data usually form the basis of knowledge developed through qualitative means while objective data form the basis of knowledge developed through quantitative means (Myers 2013). The second and the third study produced knowledge about trust and distrust based on objective data and therefore by adopting quantitative research methods.



### **3.2.1 Paper 2: experiments**

The main purpose of the second study was to investigate if the order in which consumers evaluate information about a brand causes different levels of trust towards a brand, and experiments are best suited for this purpose. Experiments help test if an independent variable is likely to cause the occurrence of a dependent variable, with the researcher manipulating the independent variable to test for such causality (Shadish et al. 2002; Creswell 2012). The main advantage of experiments over other methods, such as correlational methods, is that they help test causal relationships, while correlational methods only test relationships between variables, that is, if a variable is present when another variable is also present (Kirk 2013; Creswell 2012; Shadish et al. 2002). The main disadvantage of experiments is that, although they help test causal relationships, they do not help explain why such causal relationships occur (Shadish et al. 2002).

Experiments should be designed so that threats to validity are minimized (Creswell 2012). Several aspects were considered when designing the experiments for study two so that potential threats to validity were minimized. First, between-subjects randomized experiments were chosen. Randomized experiments, in which participants are randomly assigned to conditions, enhance the internal validity of the study by making groups similar in terms of participants' characteristics (Shadish et al. 2002; Kirk 2013; Howell 2013). Also, between subjects designs enhance the external validity of experiments because participants are not exposed repeatedly to a treatment and therefore they do not become sensitized to the issue under research (Kirk 2013).

Second, when designing the questionnaire (data was collected through a questionnaire in all three experiments), issues with regards to manipulation checks

and common method variance were considered, which are discussed in the methods section of study two. Also, the use of words and questions without clear meaning was avoided, and care was taken so that double-barreled questions were not included (as suggested by De Vaus 2013). The questionnaire was checked for clarity during pre-tests.

Third, the following issues were considered with the purpose of avoiding threats to the validity of statistical conclusions: sample size, reliability of measures, and assumptions of statistical tests (Kirk 2013; Field 2009).

With regard to sample size, the G\*Power software (Faul et al. 2007)<sup>2</sup> was used to determine the required sample size for the second study, in line with Cohen (1992) and Sawyer and Ball (1981). A minimum sample size of 88 was estimated as needed for each group in order to detect differences between conditions ( $\alpha=.05$ ,  $1-\beta=.95$ , medium effect size 0.5). Also, a minimum sample size of 160 was estimated as needed to conduct multiple regression analyses ( $\alpha=.05$ ,  $1-\beta=.95$ , medium effect size 0.15, one predictor and 7 control variables). Therefore, the aim was to have sample sizes of a minimum of 100 participants for each group.

With regard to the reliability of measures, Cronbach's alpha for the scales used (which were adapted from prior research) are reported in the methods section of the second study.

With regard to assumptions for statistical tests, during data analysis it was checked if the assumptions for t-tests and multiple regression were met as suggested by Field (2009) and by Hair et al. (2014). First, the data was examined for missing values and univariate outliers. There were no missing data but an examination of data through

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<sup>2</sup> Available to download from <http://www.gpower.hhu.de/en.html>

boxplots revealed some univariate outliers. Such univariate outliers were checked to see if they were also multivariate outliers, and Mahalanobis  $D^2$  was used to determine multivariate outliers with a threshold value of  $D^2/df > 3.5$  (Hair et al. 2014). The cases which were above this value and were both multivariate and univariate outliers were inspected. These outliers appeared to be valid cases and therefore they were not removed. Second, and before performing statistical tests, the assumptions of parametric data were checked: data was tested for normal distribution (graphs, skewness and kurtosis statistics, Shapiro-Wilk test), homogeneity of variance (Levene test) and linearity (scatterplots). The assumptions of linearity and homogeneity of variance were satisfied but variables appeared as non-normally distributed. However, it was considered that the impact of non-normality might be negligible as sample sizes in each experiments were larger than 200 (Hair et al. 2014). Third, after performing the multiple regression analyses, it was checked if the models met the assumptions for multiple regression. The assumption of independent errors was tenable (value of Durbin Watson statistic close to 2); the collinearity statistics were within accepted limits (VIF below 10 and Tolerance above .20) while residual plots and histograms confirmed the assumptions of normality, linearity and homoscedasticity (Field 2009). The assumptions for t-tests were also met, that is, homogeneity of variance (Lavene test) and independent scores (Field 2009).

### **3.2.2 Paper 3: correlational design**

The purpose of the third study was to investigate if differences in consumer perceptions of a corporate misconduct, together with consumer perceptions of responsibility for the misconduct, help predict differences in consumer distrust towards companies. A correlational design was used for achieving this aim because such design helps predict scores for an outcome based on one or more predictors,

and helps determine how much variance in an outcome is explained by one or more predictors (Creswell 2012). Correlational designs are easier to carry out than experiments since they do not require procedures such as random assignment or the identification of a cause that can be manipulated by the researcher (Shadish et al. 2002). Also, correlational designs are more advantageous than survey designs because of their focus on predicting outcomes, as opposed to survey designs which focus more on describing attitudes, opinions, behaviors, and relationships between them (Creswell 2012).

When designing correlational research, researchers should consider the following: careful crafting of data collection instruments, and potential threats to the validity of statistical conclusions such as sample size, reliability of measures, and assumptions of statistical tests (Creswell 2012; Field 2009).

Data was collected through a questionnaire, which was designed following the same principles as in study 2, that is, clear wording, clear questions, etc. Such clarity was checked during pre-tests.

The G\*Power software was used to estimate the necessary sample size for the study. A minimum sample size of 119 was estimated as needed for conducting multiple regression analyses ( $\alpha=.05$ ,  $1-\beta=.95$ , medium effect size 0.15, 3 predictors and 4 control variables). This requirement was met since the final sample size was 201 participants.

With regard to the reliability of measures, Cronbach's alpha values for the scales used (adopted from prior research) are reported in the methods section of the study.

With regard assumptions for statistical tests, data was examined first for outliers and for missing values. There were no missing values and some outliers appeared evident

but were retained because, under inspection, they appeared as valid cases. The multiple regression models met the assumptions of independent errors (values of Durbin Watson statistic close to 2), the collinearity statistics were within accepted limits (VIF below 10 and Tolerance above .20) while residual plots and histograms confirmed the assumptions of normality, linearity and homoscedasticity (Field 2009).

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## **4 Paper 1: Consumer trust and distrust in brands: exploring how they form and develop**

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\*\*An earlier version of this paper was presented at the Academy of Marketing's 11<sup>th</sup> Global Brand conference 'Brands that do good', Bradford University School of Management, 27-29 April 2016



## **Abstract**

The main aim of this paper is to identify the factors responsible for creating brand trust and brand distrust among consumers. It uses a grounded theory approach to guide the conduct and analysis of 20 semi-structured interviews that yielded 120 descriptions of consumer-brand interactions. The 3 stage model that emerged shows a process whereby consumers prioritise product/service quality information and subsequently consider how the company behind the brand behaves towards consumers in the name of the brand, specifically behaviours signalling its integrity and benevolence. Finally, consumers consider characteristics of the company behind the brand (e.g. its financial status) and how it behaves in its own name towards other stakeholder groups (e.g. employees). The process for distrust mirrors that for trust, implying the two are polar opposites. The data also show that trust and distrust in a brand can co-exist within separate domains.

***Key words:*** brand trust, brand distrust, factors, grounded theory

## 4.1 Introduction

Prior research has established the importance of brand trust: it facilitates consumers' commitment to a brand and brand loyalty; it promotes more positive word of mouth, higher purchase intentions and greater price tolerance (Delgado-Ballester and Munuera-Aleman 2001; Sichtmann 2007; Chaudhuri and Holbrook 2001; Chaudhuri and Holbrook 2002; Lau and Lee 1999; Singh et al. 2012). Trust is helpful in retaining existing customers, in attracting new ones (Sichtmann 2007), and in enhancing corporate reputation (Walsh et al. 2009). In other words, trust is important for marketing success (Sichtmann 2007); so important that, even when it has negative associations, a trusted brand can still succeed (Power et al. 2008).

Many factors can influence brand trust: overall satisfaction with the brand, a brand's competence and credibility, brand personality, brand reputation, brand predictability, brand liking, brand authenticity, consumers' perceptions of the corporate brand, and a brand's engagement with consumers (Delgado-Ballester and Munuera-Aleman 2001; Sichtmann 2007; Sung and Kim 2010; Lau and Lee 1999; Paulssen et al. 2014; Singh et al. 2012; Moulard et al. 2016). However, our current understanding of brand trust formation is limited since this is mainly derived from other domains or substantive areas (e.g. brand loyalty models and the organizational trust literature) and no empirically based model exists as to how trust in a brand is created among consumers.

The current understanding of brand distrust formation is more limited as even fewer studies have focused on factors responsible for distrust. Such studies are mainly within other marketing areas and have mainly treated distrust as the polar opposite of trust. For example, within the relationship marketing literature, Sirdeshmukh et al.

(2002) identified that competence, benevolence and problem solving orientation have asymmetric effects for trust building and trust depletion. Davies and Olmedo-Cifuentes (2016) identified six types of corporate misconduct responsible for loss of trust in a company: bending the law, not telling the truth, not listening to criticism, making mistakes, acting irresponsibly, and acting unfairly. However, both studies focus on loss of trust or trust depletion, which might not necessarily be the same as creating distrust. Within the wider literature on trust, some argue that trust and distrust are polar opposites, implying that the same factors are responsible for both (Mayer et al. 1995; Schoorman et al. 2007), while others argue that they are distinct (albeit negatively correlated) constructs, each with different factors responsible for their creation (Lewicki et al. 1998). It cannot be assumed therefore that how distrust is created is the opposite of how trust is created.

Clarifying if brand trust and brand distrust are polar opposite or distinct constructs in terms of antecedents is important because, if different antecedents are responsible for each, then different strategies are required for managing them (Saunders et al. 2014), and distinct research models and measurement scales are needed to investigate them (Van De Walle and Six 2014). Such an insight can be achieved by exploring what aspects consumers evaluate when deciding to trust and/or distrust a brand, which would be also useful for expanding current understanding of brand trust and brand distrust formation. Additionally, understanding brand trust and brand distrust from the perspective of consumers has the potential to provide practitioners with an insight into what aspects are important for consumers when deciding to trust/distrust a brand.

The aims of this study are then to identify the factors (brand characteristics and brand behaviours) that influence consumers' trust and distrust beliefs in a brand and,

in doing so, to also: 1) uncover how consumers assess such factors, i.e. the processes involved in the formation of such trust/distrust beliefs and 2) identify if brand trust and brand distrust are polar opposite or distinct constructs in terms of the factors responsible for them.

The paper is organised as follows: after a review of the literature, the methodology adopted is described, that of grounded theory. After a summary of findings, the evidence to support them is detailed and used to justify a model of how trust and distrust in brands evolves among consumers. The findings are compared with the existing literature. Finally the implications are drawn for both the study and the practice of branding. But first, a conceptualisation of the two focal constructs.

## **4.2 Theoretical underpinnings: conceptualizations of brand trust and brand distrust**

Various, often conflicting, conceptualizations of brand trust exist in the literature. It has been seen as an intention, i.e. a consumer's willingness to rely on a brand's ability (Chaudhuri and Holbrook 2001), as confidence held by consumers about a brand's reliability and integrity (Singh et al. 2012), as an expectation based on the belief that the brand is competent, consistent, honest and responsible (Delgado-Ballester and Munuera-Alemán 2005; Delgado-Ballester et al. 2003), or simply as a belief that a brand is able to deliver good quality service (Sichtmann 2007).

Conceptualizations of brand distrust are comparatively lacking within the brand management literature, however, distrust has been defined in other domains and mainly in reciprocal terms to that of trust. For example, distrust as a belief that an e-vendor is incompetent, behaves irresponsibly, does not care about customers'

welfare and violates obligations (Cho 2006), or as the buyer being unwilling to be vulnerable to a seller (Dimoka 2010; Benamati et al. 2006).

As the aim here is to identify the brand characteristics and brand behaviours responsible for consumer distrust and/or trust beliefs towards a brand, the perspective of trust/distrust adopted mirrors the broader definitions of McKnight and Chervany (2001) for trusting beliefs and distrusting beliefs. Specifically, in this study, brand trust is seen as a consumer belief that a brand has characteristics and behaviours beneficial to the consumer, and brand distrust as a belief that a brand has characteristics and behaviours that are unlikely to be beneficial to the consumer. Trusting intentions, which occur when the trustor is willing to take a risk by accepting a dependency on the trustee (Mayer et al. 1995; McKnight and Chervany 2001), are the outcome of trusting beliefs (McKnight and Chervany 2001). Here, consumers' decisions to buy from a brand are considered as trusting intentions that are the result of consumer trust/distrust beliefs in a brand. The empirical work that follows aims to identify how consumers develop such beliefs.

### **4.3 The current debate around the nature of trust and distrust**

Traditionally, within the wider trust literature, trust and distrust have been considered as polar opposite constructs. The most cited model of trust and distrust in this tradition is that of Mayer et al. (1995) and revised by Schoorman et al. (2007), both derived in the context of trust within organizations. In this model “the complete lack of trust and distrust are the same thing”, and given that trust is defined as a “willingness to take risk (i.e. be vulnerable) in a relationship” then distrust means that “at the lowest level of trust, one would take no risks at all” (Schoorman et al. 2007, pg. 350). This model of trust implies that the same factors are responsible for

both trust and distrust, with ability, benevolence and integrity being factors responsible for trust and their opposites for distrust. However, the authors posit that ability is domain specific, which allows for trust and distrust to co-exist simultaneously within a relationship, but not within the same domain. The immediate implications of this model are that the same or similar strategies are needed to manage trust and distrust, with trust building strategies helping prevent distrust, and that the same or similar research models and measurement scales can help explore trust and distrust (Van De Walle and Six 2014; Cho 2006; Saunders et al. 2014).

Sitkin and Roth (1993) and Lewicki et al. (1998), however, propose that trust and distrust are distinct constructs. The former claim that different factors are responsible for both: while task reliability is responsible for trust, value congruence is responsible for distrust. For Lewicki et al. (1998) trust and distrust are distinct constructs because relationships are multidimensional and multifaceted, and because prior research suggests that positive-valent and negative-valent attitudes in general are separate and distinct constructs that simultaneously coexist towards the same target. Hence, trust and distrust can occur simultaneously along distinct facets but not within the same facet (Lewicki et al. 1998). They also argue that because trust and distrust are distinct, low trust is not the same as distrust, and that trust and distrust have distinct antecedents and consequences. Therefore, “it is imperative that we systematically explore and understand the nature, antecedents, and consequences of each” (Lewicki et al. 1998, pg.448) because different strategies are necessary to manage them, and because different research models and measurement scales are needed to explore them (Van De Walle and Six 2014; Saunders et al. 2014; Guo et al. 2017)

Research around this matter has produced inconclusive results. For example, Benamati et al. (2006) found support for trust and distrust as distinct constructs that are negatively related but that coexist, due to both positive and negative attributes of the trustee. Cho (2006) identified that, in the context of Internet exchange relationships, trust and distrust are distinct constructs, with different dimensions of trustworthiness affecting trust and distrust, i.e. benevolence mainly relevant for trust and competence relevant for both trust and distrust, and with trust affecting behavioural intentions differently from distrust. Seckler et al. (2015) argue that online trust and distrust are distinct constructs in terms of antecedents, since competence and honesty are relevant for trust and since lack of honesty and lack of benevolence are relevant for distrust. But it is evident that honesty is a common factor for both trust and distrust, and therefore, as in the study of Cho (2006), at least one factor is common to both trust and distrust. Dimoka (2010) used an fMRI study to argue that trust and distrust are distinct constructs as they activate different areas of the brain (trust activates the brain's cognitive areas while distrust activates the brain's emotional areas). However, the same author still viewed trust and distrust as polar opposites "in terms of assessing uncertainty" (Dimoka, 2010 pg. 390), with uncertainty assessed by evaluating a trustee's characteristics.

Saunders et al. (2014) are among the very few to have tested empirically whether trust and distrust are polar opposites or distinct constructs, in terms of expectations and based upon how they are expressed and manifested by individuals within organizations (i.e. whether they entail the same or distinct expectations). Their findings suggests that trust and distrust rarely occur simultaneously and are either/or type evaluations in most cases, with trust precluding the occurrence of distrust. Also, while their data show that trust and distrust are expressed and manifested differently,

it also hints towards some similar factors as being responsible for both trust and distrust, especially since trust and distrust are either/or type evaluations.

Besides providing inconclusive results, prior research that has focused on clarifying the nature of trust and distrust has several limitations. First, as noted by Schoorman et al. (2007), some prior studies that aimed to settle the debate around trust and distrust have used reversed-scored or negatively worded measurement items of trust when measuring distrust (see for example Benamati et al. 2006; Ou and Sia, 2010), which is problematic if trust and distrust are distinct constructs and require distinct measurement items. Second, some studies have only focused on testing whether trust and distrust are distinct in terms of how they are expressed or have used measurement items that refer to how trust and distrust are expressed (see for example Ou and Sia, 2010; Saunders et al. 2014), which are not appropriate for testing if trust and distrust are distinct in terms of antecedents. Third, very few studies with a focus on the nature of trust and distrust are exploratory in nature, which is problematic if distrust is a distinct construct from trust, as identifying factors for distrust is limited to deductive models derived from prior research on trust. Such a limitation hinders the identification of potentially distinct and new factors responsible for distrust. Therefore, exploratory studies are needed to clarify the nature of trust and distrust (Van De Walle and Six 2014). In the particular context of brand trust and brand distrust however, an exploratory study would also have the potential to expand the current limited understanding of brand trust and brand distrust formation.

This study is then one of the very few to explore empirically if trust and distrust entail distinct antecedents by exploring empirically the nature and formation of consumer trust and distrust in brands. It aims to answer three questions: what factors are evaluated by consumers when deciding to trust and/or distrust a brand? How are



such factors evaluated by consumers for forming trust/distrust beliefs? And are the same factors responsible for consumer trust and distrust in brands? By answering these, the study will help clarify how both evolve, and whether distinct strategies and models are needed for managing and researching brand trust and brand distrust and what these might be.

#### **4.4 Method and data**

The approach of Corbin and Strauss (2008) to grounded theory was chosen as suitable for achieving the aims of this study because the emphasis of this approach is on explaining the phenomenon under study based on the meanings participants give to such phenomenon. Here, it was expected that by understanding the meanings consumers give to trust/distrust in a brand, the factors responsible for consumers' trust/distrust in a brand would emerge. But the strength of the method also lies in its ability to help uncover the process responsible for brand trust/distrust formation. To uncover such a process, the potential outcomes of the studied phenomenon should be considered (Corbin and Strauss 2008), in this case consumers' decisions to buy from a brand.

The following procedures for grounded theory were used: theoretical sampling and theoretical saturation, open coding and axial coding, comparative analysis of incidents for identifying properties of concepts and relationships between concepts, the integration of concepts so that the findings can be presented as a set of interrelated concepts with all their properties and relationships, diagrams and memos (Corbin and Strauss 2008).

Data collection and analysis were performed simultaneously to allow for theoretical sampling, i.e. further data collection facilitated the development of concepts (Corbin

and Strauss 2008). Semi-structured interviews of an average duration of 40 minutes were undertaken with 20 consumers (11 males and 9 females, age range 20-45) selected by convenience. The interviews were semi-structured as participants were asked to compare several preselected brands. Encouraging participants to compare brands facilitated the emergence of characteristics and behaviours that distinguish trusted brands from distrusted brands. Several brands were preselected to ensure that participants discussed brands from various contexts/industries, as prior research suggests that consumer trust should be explored across various contexts to help gain richer insights (Sirdeshmukh et al. 2002; Sichtmann 2007). Four industries (retail, airlines, IT and electronics) and three well-known brands from each industry (Debenhams, Zara and H&M for retail; Lufthansa, KLM and Easy Jet for airlines; Apple, Microsoft and IBM for IT; Philips, Sony and Samsung for electronics) were chosen as being relevant to respondents living in the UK. However, our participants were chosen from various cultural backgrounds (American, British, Hungarian, Italian, Malaysian, Norwegian, Romanian, and Sri Lankan) to ensure cultural diversity. Also, discussions were not limited to the preselected brands as participants were encouraged to talk about any other brands of their choice and as many as they wished to, resulting in a total of 120 descriptions of participant-brand interactions for analysis.

The interviews were audio recorded, transcribed and analysed with NVivo 10. Data analysis began with open coding, performed incident by incident, and with labels attached to each incident (see appendix 1.1 for examples of incidents and their labels). Starting with interview 2, constant comparison of incidents within and across interviews was performed so that similar incidents were grouped under the same labels. After the first stage of data collection (interviews 1-7), it became evident that

the incidents referred either to the products offered by a brand or to the company behind the brand. Consequently, they were grouped either under ‘product elements’ or under ‘company elements’. As more and more incidents were gathered and labelled, it appeared that both within ‘product elements’ and within ‘company elements’, some incidents were pointing towards what is labelled as ‘ability’ in the trust literature. Therefore, such incidents were grouped under the ‘ability’ label, with the label being borrowed from existing trust literature. Similarly, some other incidents appeared to refer to what is labelled as ‘benevolence’ or ‘integrity’ in the trust literature, with such incidents evident both at the product level and at the company level. Thus, they were grouped either under the label of ‘benevolence’ or under the label of ‘integrity’, with both labels borrowed again from the existing literature.

It is important to specify that the ability, benevolence and integrity labels were borrowed from Mayer et al. (1995) and their work within organizational contexts, because their generic definitions for ability (“group of skills, competencies, and characteristics that enable a party to have influence within some specific domain”, pg. 717), benevolence (“the extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive”, pg. 718), and integrity (“trustor’s perception that the trustee adheres to a set of principles that the trustor finds acceptable”, pg. 719) reflected the essence of the current data. For example, in the current data, a brand is trusted if it is fair and transparent in the way it or the company behind it deals with consumers. As these can be considered principles to which the brand adheres in its dealings with consumers, a potential definition of ‘integrity’ in this study would mirror the definition for integrity provided by Mayer et al. (1995). However, the reasons why the trustor (i.e. the brand) is perceived as

having ability, benevolence and integrity in this study differ from the reasons why the trustor (i.e. individuals in organizations) was seen as having ability, benevolence and integrity in the study of Mayer et al. (1995) due to the difference in context. For example, a brand has 'ability' if it delivers high quality and reliable products/services (with these properties derived from the current data) while according to Mayer et al. (1995), an individual has ability if he/she successfully performs an analytical task.

The constant comparison of incidents within and across interviews, as well as their classification under a certain label, facilitated the development of an overarching scheme (Figure 2&3) and the delineation of core concepts, sub-concepts, properties for concepts and relationships between concepts (axial coding). For example, as presented in Figure 2&3, it emerged that brand trust has 2 components/levels, which are considered to be core concepts: 'product elements' (characteristics that refer to the products/services offered by a brand and the behaviours of the company behind the brand towards consumers) and 'company elements' (characteristics that refer to the company behind the brand and the behaviours of the company behind the brand towards other stakeholders). Each component/core concept has 3 sub-concepts: 'ability', 'benevolence' and 'integrity'. Each sub-concept has its own properties, such as ability at the product level which is defined by 2 main properties: good quality and reliable products/services. Therefore, the core concepts, the sub-concepts and their properties are derived from the current data, even though pre-existing labels were used for the sub-concepts of 'ability', 'benevolence' and 'integrity'. Appendix 1.1 illustrates how, at the 'product level', the sub-concepts and their properties were derived from the incidents in the current data.

The properties of the 2 core concepts and of the 3 sub-concepts were developed by constant comparisons and by collecting new data. For example, the properties for the core concept 'product elements' were almost fully developed after the first 7 interviews, while the properties of the core concept 'company elements' were only fully developed by the 20<sup>th</sup> interview. Relationships between the 3 sub-concepts and the 2 core categories (brand trust components) also emerged from constant comparisons and by collecting new data. For example, starting with interview 12, new participants were questioned about the order and importance of product elements versus company elements.

Since participants were encouraged to compare several brands with the purpose of distinguishing trusted brands from distrusted brands, incidents and their labels were also grouped under two main categories: trust and distrust. The purpose of such categorization was to identify whether similar or distinct aspects are evaluated by consumers for trust and distrust judgements towards brands. Such aspects appeared similar only as more and more data was gathered, and only by the end of data collection was enough evidence available to conclude that the aspects responsible for trust mirror those responsible for distrust. In other words, participants assessed the same aspects for both trust and distrust judgements towards brands, with participants either trusting or distrusting a brand for a particular aspect, as illustrated in the findings section.

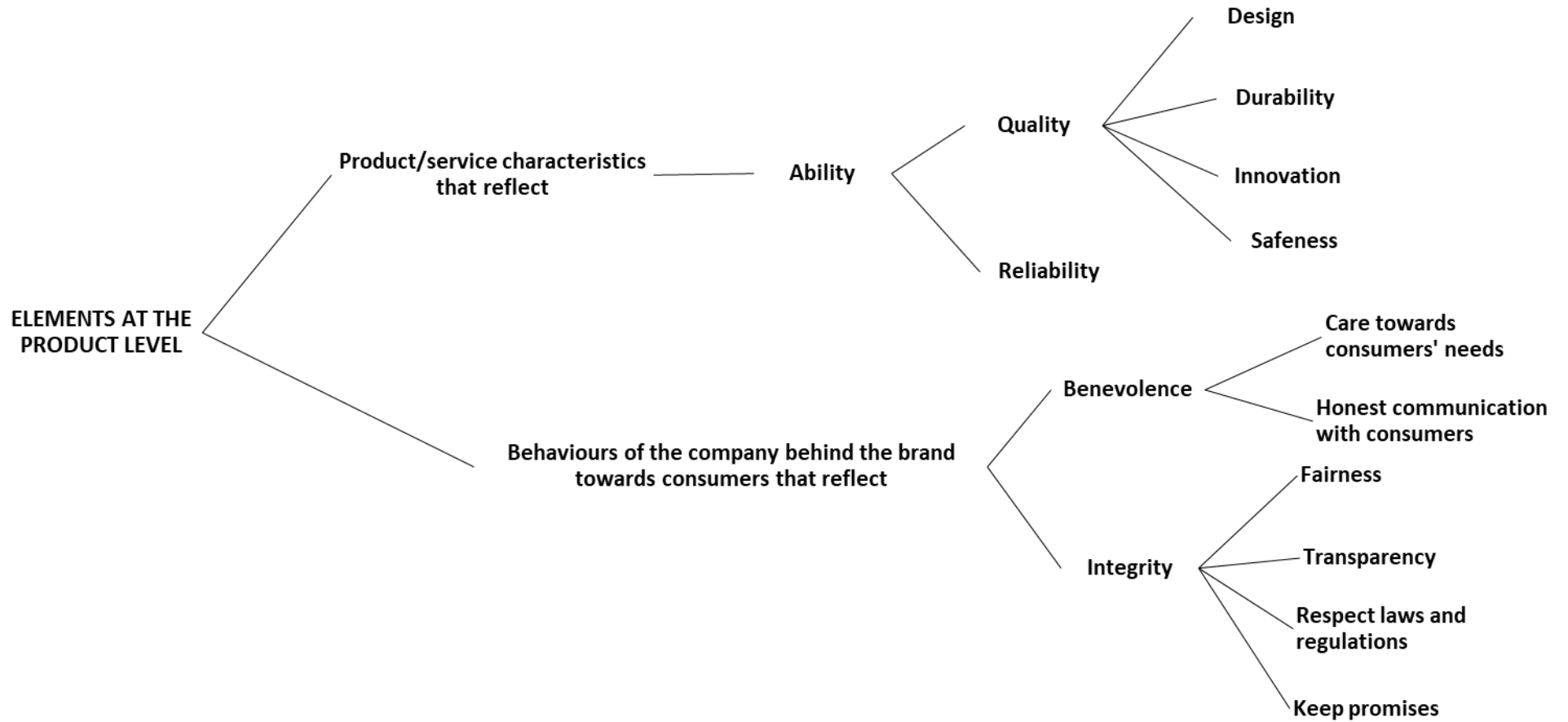
There were 3 main stages in the data collection. In stage 1 (interviews 1-7), characteristics and behaviours relevant at the product level and some characteristics and behaviours at the company level were uncovered. In stage 2 (interviews 8-11), more characteristics and behaviours at the company level emerged. In stage 3 (interviews 12-20), the focus moved to the order and importance of product elements

versus company elements for informing brand trust/distrust. Theoretical saturation was reached in stage 3, as the concepts appeared sufficiently developed in terms of properties and relationships between concepts to provide an understanding of the phenomenon under study (Corbin and Strauss 2008).

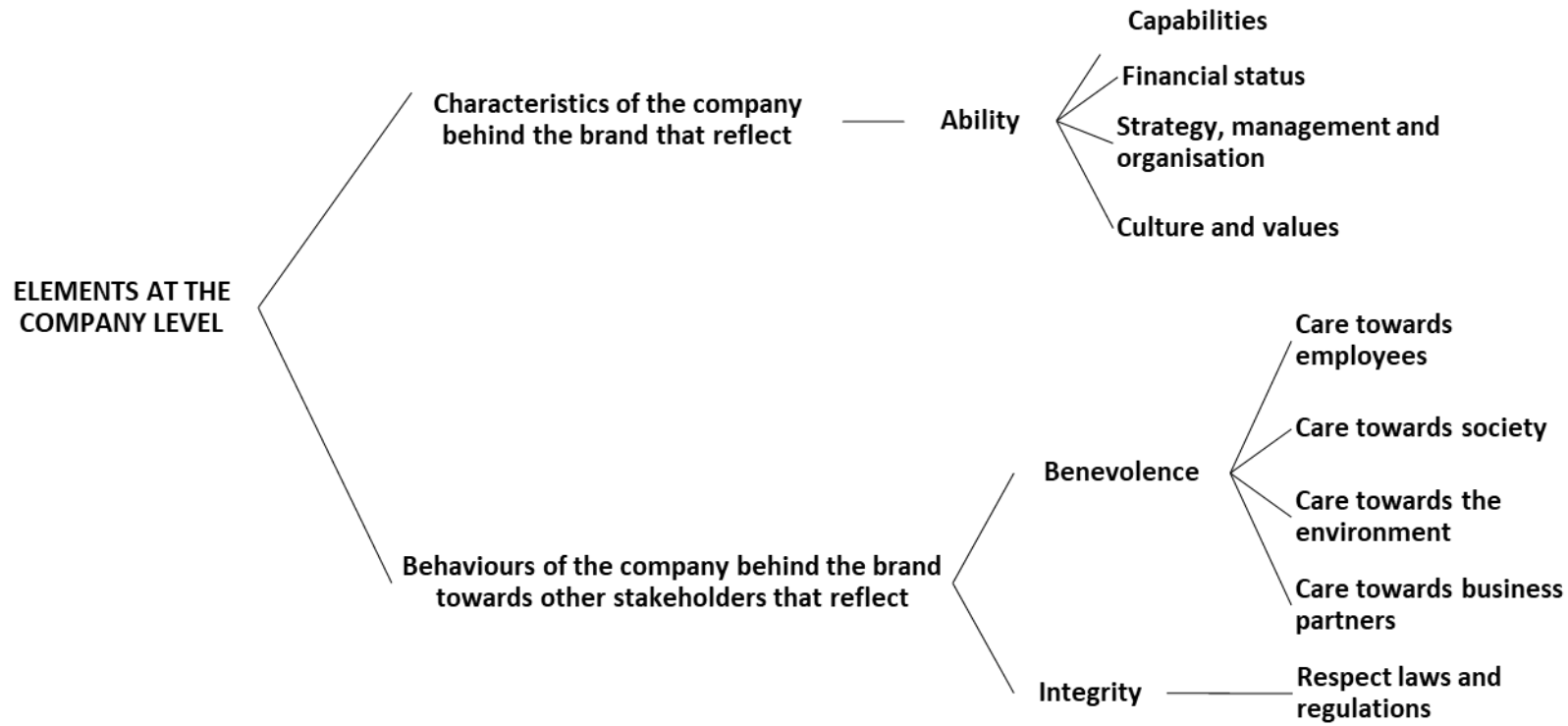
#### **4.5 Summary of findings**

The main outcome from the data analysis is a model of brand trust/distrust formation with two main components/levels, i.e. 'product elements' and 'company elements' (Figure 2&3). When deciding to trust/distrust a brand, consumers evaluate both 'product elements' and 'company elements'. 'Product elements' refer to characteristics of the products/services labelled by a brand (e.g. their quality) and to behaviours of the company behind the brand, in the name of the brand, towards customers or potential customers (e.g. its fairness in dealings with consumers). 'Company elements' refer to characteristics of the company behind the brand (e.g. whether it has capabilities for providing good quality products and for being successful), and to behaviours of the company behind the brand, in its own name, towards other stakeholders including suppliers, employees and the general public. It is the authors' interpretation of the data that in the first instance the company is seen to act via the brand or in the name of the brand, while in the second it is perceived as acting in its own right. The factors relating to the product, both its quality and the customer related company behaviours, are grouped under product elements as such behaviours are directly linked with, or refer to a brand's products/services.

**Figure 2: 'Product elements' responsible for the development of brand trust/distrust beliefs**



**Figure 3: 'Company elements' responsible for the development of brand trust/distrust beliefs**





Second, the brand trust/distrust formation model can be presented as a 3 stage model because there is an order in which various elements appear to inform brand trust/distrust beliefs: consumers appear to evaluate first the characteristics of the products/services offered by a brand, second they evaluate the behaviours of the company behind the brand towards consumers, and then third they evaluate company elements (both characteristics of the company behind the brand and behaviours of the company behind the brand towards other stakeholders). In other words, consumers evaluate first product elements and second, company elements.

Third, the same characteristics and behaviours inform both brand trust and brand distrust beliefs and so, in terms of antecedents, brand trust and brand distrust appear to be polar opposite constructs. In other words, a brand can be either trusted or distrusted because of specific characteristic/behaviour, implying that distrust is the same as low trust and that evaluations of a brand can vary from low trust (distrust) to high trust.

Finally, as several characteristics and behaviours are assessed contemporaneously and as an individual's evaluations may conflict, brand trust and brand distrust beliefs towards a brand can co-exist. Specifically, a brand is either trusted or distrusted for a particular characteristics/behaviour but, at the same time, is either trusted or distrusted for some other characteristic/behaviour.

The evidence to support the four main findings follows. To protect the anonymity of respondents, only a code (P1=respondent 1) was used when presenting quotations.

## **4.6 Detailed findings**

### **4.6.1 Product and Corporate factors matter**

Consumers evaluate both product elements and company elements when deciding to trust/ distrust a brand as illustrated by the following quotes:

“Microsoft I would both simultaneously trust and distrust...because it’s all pervasive and I have to...in terms of software and a bit in terms of hardware stuff...you just can’t get away from it...and to be fair they do have a reasonable amount of responsiveness to consumer demand and to consumer input...but the company is kind of evil...they are really trying to do everything they can to either outcompete by prices at ridiculous levels or to buy up any competitor” (P10).

“I would pretty much trust Lufthansa...they care about customers’ needs....they also care about environmental issues...they provide good service” (P13)

Within both product elements and company elements, brand trust/distrust depends upon positive/negative evaluations of characteristics and behaviours that can be grouped under the concepts of ability, benevolence, and integrity. However, when participants started to discuss trust in a brand, they first talked about the products/services offered by a brand, and in particular about quality issues.

#### **4.6.1.1 Product elements – Characteristics of the products/services labelled by a brand that reflect: Ability**

Ability encompasses judgements of both quality and reliability (figure 2). Both product and service brands were discussed with participants, with quality related aspects (i.e. design, durability, innovation, safeness) being more relevant for trust towards the products offered by a brand, while reliability being relevant for trust towards both the product and the services offered by a brand.

Respondents’ views differed on how they had come to trust a brand’s ability, depending upon whether they had first-hand information and experience with a

brand (i.e. existing customers) or not (i.e. potential customers). However, regardless of the source of information used for making ability assessments, some similar aspects appear to reflect ability for both potential customers and the existing customers of a brand. Specifically, for potential customers, product/service reliability and product durability appear to be relevant aspects for assessing ability. For existing customers, the same aspects are important for assessing ability, but some other aspects are also considered, e.g. the design, safeness and innovativeness of a brand's products. For example, and as presented below, the durability and reliability of a brand's products/services was determined from products' country of origin or from a brand's reputation (including a brand's reputation within an industry) in the case of potential customers, while in the case of existing customers, durability and reliability was determined based on direct experience with the brand's product/services.

When participants did not have first-hand information or prior buying experience with a brand, they appeared to infer the quality and reliability of its products/services based upon stereotypes, reviews or a brand's reputation. Specifically, brands that manufacture their products in countries renowned for producing high quality products (Hong and Kang 2006) are preferred: "I would most likely trust something German made"(P2). More objective information from reviews is also helpful: "trust comes usually from reviews...made by myself or by close friends that I trust...or, simply read online...these are the main things that generate trust...distrust is exactly the same" (P2). But some brands are judged to have ability merely because they appear popular, as "there must be a reason" (P14) why many people buy products from a particular brand. A brand's reputation for specific products is also relevant in assessing ability or lack of ability:

"In terms of hardware I would go for IBM because of its reputation" (P1)

“Philips I only know them because of the shaving tools...and I would never trust them for anything else than shaving tools” (P4).

Within an industry, consumers might see a whole group of brands as having similar ability, generalising from one experience to stereotype a whole group, positively or negatively:

“I would probably for example trust more the regular airlines like Lufthansa and KLM versus Easy Jet...I haven’t flown with KLM but I flew with Lufthansa”, (P2)

“This is a little bit funny because I never flew with Easy Jet<sup>3</sup> but you just have the perception that it is a cheap company, it’s the same as Ryanair and these sort of companies... so I think is not really Easy Jet itself, it’s often mentioned together with Ryanair, Wizzair and these companies ...and they are just part of that group” (P13)

In summary, elements of institutional trust, which provide substitutes for first-hand information and for direct experience with a brand (e.g. reputation, ratings/reviews), and stereotyping (the country of origin effect, generalising from one company to a group) appear to facilitate evaluations with regards to the ability of a brand in the case of potential customers. Both involve assumption and extrapolation, that a reputable brand would provide acceptable quality for fear of public sanction (Bachmann and Inkpen 2011). Corporate reputation is an informal institutional mechanism that conveys the trustworthiness of a company, while ratings/reviews are community structures with the same role (Bachmann and Inkpen 2011). They are known to influence the formation of initial trust beliefs, e.g. when prior experience with the trustee is lacking and when the quality of products/services can be assessed only through such substitutes for information (Grabner-Kraeuter 2002; McKnight et al. 1998), as they can provide an assurance of acceptable quality. Stereotyping has also been seen previously as relevant in the formation of initial trust beliefs for the

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<sup>3</sup> EasyJet and Ryanair are examples of ‘low cost’ airlines who, while seen as relatively cheap, are often perceived as not being customer oriented.

inexperienced (McKnight et al. 1998). Therefore, as Sichtmann (2007) has previously suggested, taking a position on trust is important, not only for existing customers (those within existing consumer brand relationships) as most prior research on brand trust proposes (e.g. Chaudhuri and Holbrook 2002; Delgado-Ballester and Munuera-Aleman 2001; Elliott and Yannopoulou 2007; Kang and Hustvedt 2014; Sung and Kim 2010), but also for potential customers.

Once consumers have experience with a brand, this informs their evaluations of a brand's ability to deliver high quality and reliable products/services. Aspects such as design, durability, innovativeness and safeness are relevant for determining the quality of a brand's products (figure 2). High quality products have "a great look" (P1), are "cool" (P3), and "modern" (P4). High quality products last ("I would trust Philips...because their products seem to run forever", P6) and low quality ones do not as they "break pretty easily"(P9). Brands that have innovative products are trusted ("I think Apple is the first player when it comes to new ideas", P8) while brands that fail to come with innovative products are likely to be distrusted:

"[I distrust Microsoft because] they've had no stellar product in a long time...and when it comes to great innovation or a product that is very successful, they had none..." (P3)

It is also important that consumers perceive a brand's products/services as being safe, as brands that compromise on the safety of their products/services for "saving money" (P5) are likely to be distrusted.

Besides being of high quality, trustworthy products/services are also reliable. Reliable products are the ones that do their "job" (P8) while reliable services are delivered "on time" (P3, P6) and without unpleasant incidents for consumers: "Lufthansa was the only company that didn't lose my luggage, ever" (P7).

#### **4.6.1.2 Product elements – Behaviours of the company behind the brand**

##### **towards consumers that reflect: Benevolence and Integrity**

Benevolence and integrity are essentially behavioural traits that promote trust and were associated with the organisation who owned the brand, rather than with the product or service being branded. A brand has ‘benevolence’ at the product level when it (i.e. the company owning the brand but acting in its name) shows care towards consumers’ needs and when it communicates honestly with consumers (figure 2). Brands should be “aware of what we, the customers want” (P4) by being “client oriented” (P6) and by providing good customer service, while brands that “don’t really care” (P13) about their consumers by engaging for example in customer lock-in tactics, e.g. expensive computer accessories or software, are likely to be distrusted. Such untrustworthy brands will “want to get you hooked in their net” (P2) or “addicted to their products” (P10), which allows them to “exploit their market position...[and] their customers” (P8). Brands that are “client oriented” (P6) on the other hand are “very professional” (P6) when dealing with consumers and “have a reasonable amount of responsiveness to consumer demand and to consumer input” (P10). Such brands “admit mistakes” (P10), take “measures” (P13) to correct their mistakes, and “apologise” for their mistakes (P20), as a sincere apology reflects benevolence and integrity (Xie and Peng 2009):

“[Amazon] they usually had good services like quick delivery and...in the few instances when there were some problems with something that I ordered, everything was sorted out very quickly and very conveniently for me” (P19).

Benevolent brands engage in honest communication with consumers regardless of whether such communication entails brand promotion (“you know what you get with Microsoft as opposed to Apple”, P7) or engagement with consumers when something goes wrong. In such situations, consumers expect the brand to be honest

and to offer consumers with “at least some basic explanation of what happened” (P18). By engaging in honest communication with consumers, the company behind the brand aids its consumers in developing perceptions with regards to its integrity and by doing so builds trust in that brand.

Brands that have ‘integrity’ in dealing with consumers are fair and transparent with regards to their own offerings, keep their promises over time and their offerings meet the standards required by existing laws and regulations (figure 2). A brand is seen as fair and transparent when it is “very correct in everything that they are doing” (P13). Brands that are not transparent and fair in the way they deal with consumers are not “upfront about prices, costs or any fees” (P3) and “put a lot of charges” (P17) onto consumers without pre-informing customers:

“[I distrust Easy Jet because] I was in the position when they cancelled their flights, they said it was weather delays...but there was no weather delay in the incoming or outgoing airport...you know...not being too upfront about baggage costs...which killed me on one flight once” (P3)

Trustworthy brands respect existing laws and regulations that are directly related to their products/services, such as data protection laws (“I am trusting Microsoft for the protection of personal data I would say”, P7) and patent laws, because brands that “copy other features from other products...just to make sales” (P5) are likely to be distrusted.

Trustworthy brands deliver their products/services at the promised level even if they become very successful, “famous” or manage to “build their reputation” (P14), i.e. they are predictable by remaining true to the promises that brought them success and by delivering consistent level of product quality (Lau and Lee 1999):

“I am making a comparison between Lufthansa ten years ago and now or KLM ten years ago and now...their services worsened whereas Easy Jet remained the same...I

mean, yeah, low cost but at least you know you are giving that amount of money and you shouldn't expect, I don't know...free buzz or something else" (P4)

#### **4.6.2 Company elements**

Besides product elements, consumers also evaluate company elements when deciding to trust/distrust a brand. This is because consumers differentiate between decisions to trust/distrust a brand for its products/services and those for the company behind the brand:

"They are entirely different things...whilst the company does reflect and you associate the company in terms of producing good products but there are other actions that are different and separate between the two...their labour practices, their environmental record...I do separate between the two" (P15)

However, "trust with the company...whether they are a good company" is seen as a "secondary" thing (P15) and therefore evaluations around company elements occur only after evaluations around product elements. But they again include both characteristics and behaviours that can be grouped under the same concepts of ability, benevolence and integrity.

##### **4.6.2.1 Company elements – Characteristics of the company behind the brand**

###### **that reflect: Ability**

Whether the company behind the brand is perceived as having 'ability' depends on its capabilities, its financial status, its strategy and organization, and its culture and values (figure 3). This is not unexpected, as Gillespie and Dietz (2009) acknowledge, an organization's leadership and management practice, its culture, strategy, structures and processes influence its perceived trustworthiness. Companies that have adequate capabilities such as "reliable equipment" (P8) or "supporting structures" (P11) are trusted because they are likely to deliver good quality and



reliable products/services. Such companies also have “very well trained” (P8) employees or an admired CEO (“I liked this guy Steve Jobs...I like his ideas...so that’s why I trust [Apple]”, P5). Companies that deliver “good results for many years” (P13), i.e. have good financial performance, are perceived as trustworthy because they can invest in technology and innovation which allows them to “come out with cool things” (P9). A poor financial performance prevents companies from being “creative” (P9) and hence from competing with innovative products in the market. Also, trustworthy companies have cultures and values that allow them to “learn from mistakes” (P20) and hence to “become the best or one of the best” (P9) in the market, i.e. to have ‘ability’.

#### **4.6.2.2 Company elements – Behaviours of the company behind the brand**

##### **towards other stakeholders that reflect: Benevolence and Integrity**

The company behind the brand shows ‘benevolence’ when it cares about its employees, the society, the environment and about its business partners (figure 3). A company should treat its employees well (“Sony I would trust in terms of how well they treat their employees”, P9) because companies that have “bad labour practices” (P15) are likely to be distrusted. Even if a company outsources the manufacturing of its products, consumers still expected it to care about the employees of its manufacturing partners, especially if such manufacturing partners are located in less developed countries, as one participant commented: “ they should do more for the people that work for them in these poor countries” (P12).

Companies should “care about environmental issues” (P8) by being “green” (P6) and should be actively engaged in contributing to society:

“I think it’s important...that they have a certain portion going to charities and these things...that they are giving back to the society not only having rich owners sitting and taking all the credit for the hard work all the employees are doing” (P13)

Companies should also treat their business partners well. Companies that treat their business partners badly, i.e. “exploit the sub firms” or are “sneaky” (P8) in dealings with their business partners, are likely to be distrusted.

The company behind the brand displays integrity when it respects “all the rules in place” (P8) and does not engage in “illegal” (P13) behaviour such as “price arrangements” (P13) or “tax evasion” (P9).

#### **4.6.3 Order effects in brand trust/distrust formation**

Order effects became evident when we discussed with our participants their intentions to buy a product from a brand. In such situations, participants claimed that their main focus is on evaluating and searching for information about product elements. Participants claimed that company information is evaluated only if they come across it by chance, but they are unlikely to search for it:

“[when I am buying a new phone]...I am looking at the price, then on YouTube reviews...I never thought about looking for information about the way those products are made but if I would see something in the news... but I wouldn’t on my own start to research about the way their products are made” (P17)

“[when buying a product, information about the company] is important but only if I know about it...so I would not look for information about the company and then decide...but if there is something I know by accident then I would take that into account...but I wouldn’t do a research” (P19).

The primacy of product elements over company elements appears to be explained by the importance of product information over company information. Such importance derives from the potential risk involved when buying a product from a brand, as a poor product choice “directly affects” (P15) consumers:

“Phones...cost a lot so you do not want to waste a lot of money and have an unreliable product...[so] as a customer once you pay an amount of money for a particular product you want your product to work...[information about the company] it’s not my first parameter to judge” (P14)

“the product comes first...if they produce the best product at the best price and there is no one...it’s a sort of a tipping scale...if two things are equal than you look at the company...as in their environmental [policies]...but they have to be roughly equal...to begin with...” (P15)

The primacy and importance of product elements over company elements becomes even more evident when evaluations around company elements generate distrust, and such distrust does not seem to prevail over trust generated by evaluations around product elements. When participants know that the product/service offered by a well-known brand is good, company information is less relevant for trust judgements, even if such information is negative. In other words, as Power et al. (2008) previously suggested, even when negative associations around a brand exist, it can still be successful if it is trusted to be able to deliver high quality and reliable products/services:

“about Amazon...I read or heard something about...they were very busy and their employees were working long hours...they weren’t paid as much as they should have...it actually influenced me a bit although I have been a very, very big fan of Amazon and I actually shopped way less after that...so [I distrust Amazon] to a certain degree...only to a certain degree I am afraid because they are still convenient for me, I would still use them even if I distrust them...[because] they are great...in terms of how easy it is to shop from them, and they usually had good services like quick delivery and the products were as advertised” (P19)

“I distrust for example companies that do not pay their taxes...Amazon...they are not paying their taxes, yet I still buy from Amazon...I’ve ordered...you know, I know I shouldn’t, but I do not see there is any reasonable alternative in terms of delivering the products at the prices that I want and the service that I want...I don’t approve of Amazon but I still trust them to deliver the products that they say they are going to do“ (P15)

An order effect appears to be also evident at the product level, as a brand’s ability to deliver high quality and reliable products/services appears to be evaluated first while

the brand's benevolence and integrity in dealings with consumers appears to be evaluated subsequently:

“First of all I would have to know that the product is good...[but] how I feel buying that product [is also important]...[because] nowadays...you cannot say that something is really innovative ...[and] I would distrust a company that is not respectful with its customers, lying its customers” (P20)

In summary, the potential risk involved when buying a product seems to prompt consumers to evaluate brand information in a specific order. However, based on the current data, such order appears to be specific for trusting intentions only, i.e. buying decisions in this case. Since trusting intentions are the result of trusting beliefs (McKnight and Chervany 2001), it is possible for such an order to also hold for trusting beliefs. But since trusting beliefs are not characterized by risk, as no risk is apparent for consumers when making simple evaluations as to whether to trust or distrust a brand, any order effects in brand trust beliefs formation might be less evident.

#### **4.6.4 Brand trust and brand distrust as polar opposite constructs that can occur simultaneously**

Participants either trusted or distrusted a brand because of specific characteristics/behaviours, in other words the same characteristics/behaviours inform both trust/distrust beliefs as illustrated here:

“I would trust Lufthansa and KLM...they have better consumer policy...they offer better customer service...whereas Easy Jet...will probably more likely offer less complimentary services to customers” (P2)

“I trust... [a brand when it offers] very good products, good quality products, which have very good reports...[it should also be] very upfront and visible with the costs...[with] very good customer service...[so] I think honesty is important, even if you are offering me...a very good product... distrust is... dishonesty...hiding costs...and obviously selling me a bad product” (P17)

Since several brand characteristics and brand behaviours are evaluated contemporaneously, trust and distrust towards the same brand can co-exist:

“Apple I would both simultaneously trust and distrust... I know that when I am buying an Apple product I am buying something that is overpriced but quality...[in terms of] design, user interface, it’s very intuitive, well-crafted products...[but] its branding seems so overinflated and unrealistic [because]... the hype about Apple...nothing is that good, nothing could be that good...” (P10)

#### **4.7 Discussion and conclusion**

This study explored brand trust/distrust formation and in doing so, four main findings emerged.

The first main finding, that consumers evaluate both product elements and company elements to inform brand trust/distrust beliefs, suggests that our current understanding of brand trust formation is limited. Prior research on consumer trust in brands has tended to focus either on product brand trust (e.g. Chaudhuri and Holbrook 2001; Delgado-Ballester and Munuera-Aleman 2001; Delgado-Ballester and Munuera-Alemán 2005; Elliott and Yannopoulou 2007; Lau and Lee 1999) or on consumer trust towards a corporate brand/supplier (e.g. Kang and Hustvedt, 2014; Power et al. 2008; Sichtmann, 2007; Sirdeshmukh et al. 2002) but not on both simultaneously. While some studies have acknowledged that consumers’ perceptions of the corporate brand affect product brand trust (Singh et al. 2012) or that trust in the company affects product brand trust (Lau and Lee 1999), findings from the current study differ by emphasizing that both trust in the products/services offered by a brand and trust in the company behind the brand are components of brand trust. Therefore, research on brand trust should consider simultaneously consumers’ evaluations around product elements and company elements, and should investigate

how evaluations around these two groups impact overall brand trust. This is important for a better understanding of brand trust/distrust formation because: consumers view the company and its products/services as separate entities (see also Brown and Dacin 1997) and because a brand name encompasses both product associations and company associations (Aaker, 1996). Future research could usefully build upon this and establish the relative importance of individual product elements versus individual company elements for overall brand trust, especially when evaluations around specific elements are negative while some others are positive.

Regarding company elements, prior research acknowledges that information about the company behind the brand, such as its name, image, expertise, transparency, ethical stance and CSR involvement, help consumers develop general attitudes towards the brand and in inferring the quality or other attributes of a brand's products (Lau and Lee 1999; Brown and Dacin 1997; Singh et al. 2012; Kang and Hustvedt 2014). This study adds to this body of knowledge by showing how information about the company behind the brand also helps consumers in developing brand trust or distrust.

Regarding product elements, the findings of this research are consistent with prior research that identified competence, benevolence, reliability and predictability as factors responsible for brand trust (Delgado-Ballester and Munuera-Aleman 2001; Delgado-Ballester et al. 2003; Delgado-Ballester and Munuera-Alemán 2005; Sichtmann 2007; Chaudhuri and Holbrook 2001; Lau and Lee 1999). But it also builds upon such insights by evidencing the specific brand characteristics and behaviours that help consumers infer a brand's ability, benevolence, and integrity or lack of each.

The identification of an order effect in brand trust formation complements existing research by showing the order in which consumers are likely to evaluate various factors. Prior work has shown that competence is more important than credibility for corporate brand trust (Sichtmann 2007), that perceptions of competence better predict willingness to buy (Aaker et al. 2012), and that competence is relevant for consumer trust regardless of context (Sirdeshmukh et al. 2002). For these reasons prior work has suggested that promoting a brand's competence first and its benevolence second may be more effective for long term success (Aaker et al. 2012). Current findings complement such work by showing that consumers evaluate a brand's ability/competence first, that second they evaluate a brand's benevolence and integrity in dealings with consumers, and that third they evaluate company elements. Therefore, our findings also suggest that brands should indeed promote their ability first and benevolence second but future research should test if this is the case. Future research should also explore if the order of processing information about a brand changes when consumers come across information about the company behind the brand by chance.

The third and fourth main findings are relevant to both brand and trust research. The data suggest that within consumer brand interactions, brand trust and brand distrust are polar opposite constructs, as the same characteristics and behaviours inform both brand trust and brand distrust beliefs. The immediate consequence of this finding for brand trust research is that the same research models and the same measurement scales should be adequate for researching brand trust and brand distrust. For trust research, the finding represents a step forward in settling the current debate around the nature of trust and distrust. Specifically, it supports the arguments of Mayer et al. (1995) and Schoorman et al. (2007) that trust and distrust are opposite ends of the

same continuum, rather than distinct concepts at least within the context of brand trust. Low trust is then the same as distrust as a consumer either trusts or distrusts a brand for a specific characteristic or behaviour, a conclusion consistent with Saunders et al. (2014), who found that trust and distrust are either/or evaluations. Also, as consumers assess several characteristics and behaviours contemporaneously, trust and distrust towards the same brand can co-exist. This finding provides further support for the positions of Mayer et al. (1995) and Schoorman et al. (2007) who argue that trust and distrust are likely to occur simultaneously within the same relationship but it is also in line with the argument of Lewicki et al. (1998) that trust and distrust can occur simultaneously but along distinct facets of a relationship. It runs counter to Saunders et al. (2014) who found that trust and distrust are rarely experienced simultaneously by individuals (but within organizations). One possible explanation is that the focus of their study was on the feelings and emotions involved in trust and distrust, with participants reporting either negative or positive feelings/emotions towards change in their organizations.

There are some implications from these findings. First, because of the primacy of ability over benevolence and integrity at the product level, brand trust should be higher when consumers evaluate first a brand's ability to deliver high quality and reliable products versus when consumers evaluate first how the company behind the brand behaves towards consumers. Second, because of the primacy and importance of evaluations around product elements over evaluations around company elements, brand trust should be higher when consumers evaluate first product elements versus when consumers evaluate first company elements, for example when a company chooses to focus on corporate communication. Third, as brand trust is the result of evaluations around both product elements and company elements, the highest level



of trust should occur when consumers evaluate both product elements and company elements. However, such implications are likely to be valid in the case of well-known brands since such brands were discussed in this study. Regardless of whether participants had direct experience with the brands or not, they at least heard about them, and therefore they at least had a vague impression about the company behind the brand, which might have diminished the importance of such a type of information for trust judgements.

#### **4.7.1 Practical implications**

The study's findings are relevant to brand strategists as they specify the aspects that consumers are likely to evaluate when deciding to trust/distrust a brand. Hence, they have the potential to assist brand managers in revising and improving branding strategies. As the same aspects inform both brand trust and brand distrust beliefs, there is no need for different strategies for managing brand trust and brand distrust as brand trust building strategies should also be effective in preventing brand distrust.

The fact that consumers appear to evaluate information about a brand in a specific order has implications for branding strategies. An endorsed branding strategy, i.e. a less visible corporate brand (Berens et al. 2005), such as when using a 'house of brands' strategy, might be more suitable if consumers evaluate product information first. Also, if product elements are more important than company elements, and if competence is evaluated first while benevolence and integrity second, companies should choose for their brands to be endorsed by celebrities known for being first of all expert and then trustworthy (Keel and Natarajan 2012).

Regardless of such order effects however, consumers evaluate both product elements and company elements when deciding to trust or distrust a brand, which suggests

that companies should communicate to consumers about the company behind the brand. This can be achieved for example by adding information about the company behind the brand on product packaging, providing corporate as well as brand information at the point of sale or, for those companies adopting a house of brands strategy, enhancing company visibility through corporate advertising.

#### **4.7.2 Limitations**

This study provides an in-depth understanding of brand trust/distrust beliefs by exploring the meanings 20 consumers give to brand trust/distrust and therefore quantitative approaches are needed to test whether the current results are generalizable.

While the current study invited respondents to consider mainly companies who use the same name for both the product brand and the corporate brand, they were encouraged to discuss any brand of their choice. However, future work might test for any influence on the current model if the company name is not clearly associated with the brand name.

Regarding the method for data collection, the authors assumed that respondents would be happy to discuss being able to trust an inanimate object. Most participants in this study appeared comfortable to assign anthropomorphic associations, motivations and intentions to the brands they were discussing and therefore to an inanimate object (Fournier 1998; Fournier and Alvarez 2012), important to the idea of being able to ‘trust’ a brand. However, one participant explicitly mentioned a lack of trust/distrust beliefs “towards inanimate things” (P18). Yet, the same participant disclosed some techniques of dealing with the potential uncertainty and risk involved when buying new things (trusting behaviour). These techniques involved looking for

“parameters” or “a description, preferably a detailed description of what does it contain, which I am very keen on going through even if it’s very detailed”. These techniques seem to aid the participant in forming some perceptions “towards inanimate things” albeit these perceptions were aimed towards products, i.e. “at the product level”. Moreover, the same participant reported being “pretty disappointed...by the fact that I wasn’t given any explanation” when a low cost flight was delayed which suggests that the participant has expectations from an offering that goes beyond mere “parameters”. These patterns seem to fit with what other participants are describing as happening at ‘the product level’. However, despite these patterns, caution is advised about assuming that all consumers might develop trust/distrust beliefs towards inanimate things, i.e. brands in this case, an assumption inherent in believing that a brand can be trusted.

Finally, this study identified that brand trust and brand distrust are polar opposite constructs in terms of antecedents only and it does not claim that brand trust and brand distrust are polar opposite constructs in terms of how they are expressed or manifested by consumers.

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## **Preface to paper 2**

The first of the three papers presented in this thesis (chapter 4), proposed two main ideas with regards to brand trust formation: that both company and product related aspects are evaluated by consumers when deciding to trust a brand, and that order effects are likely in the formation of brand trust. The purpose of the next chapter and therefore of paper 2, is to test quantitatively these two ideas in the context of initial trust formation, that is, in the case of ‘new/unknown’ brands. For this purpose, I used fictitious brands. The paper uses accessibility diagnosticity theory and prior research findings to propose hypotheses that are tested in three experiments. Therefore, I did not rely on paper 1 when developing the theoretical background of paper 2, since paper 1 is unpublished, and because I wanted to be able to submit for publication both papers independently of each other.

Due to the change in context, that is, well known brands in study 1 and unknown brands in study two, I proposed in study 2 a reversed order with regards to product related aspects versus company related aspects. Specifically, and based on prior research, I proposed that in the case of unknown/new brands, company related aspects might weight more in consumer trust judgements when evaluated first.

## **5 Paper 2: Information processing processes in brand trust formation**

\*A version of this paper is currently under review for publication in the Journal of the Academy of Marketing Science

\*\*An earlier version of this paper was presented at the Academy of Marketing conference, 'Freedom through marketing: looking back, going forward', Hull University Business School, 3-6 July 2017

## **Abstract**

Prior research suggests that consumers evaluate both product and company related information for forming brand trust judgements, with company related information more diagnostic than product related information if evaluated first. Three experiments show that in the case of new or unknown brands, higher brand trust and purchase intentions are likely when consumers evaluate both product and company related information, and when company related information is evaluated first while product related information is evaluated second, confirming the diagnosticity of company related information over product related information. Also, similar levels of brand trust occur regardless of whether consumers evaluate information about a brand's ability or its benevolence first, due to similar levels of diagnosticity, which is contrary to prior work. Our findings have practical relevance for companies which adopt a 'house of brands' strategy, who traditionally have the company behind their brands less evident to consumers.

**Key words:** brand trust, order effects, company related information, product related information, ability, benevolence, accessibility diagnosticity theory

## 5.1 Introduction

In the same way that it takes time to trust a new acquaintance or a new colleague, it takes time to trust a new brand. To be trusted is held to be one of the most valuable attributes a brand can possess (Delgado-Ballester et al. 2003), because trust promotes customer loyalty (Chaudhuri and Holbrook 2001; Singh and Sirdeshmukh 2000; Sirdeshmukh et al. 2002), repurchase (Zboja and Voorhees 2006) and positive recommendation intentions (Vlachos et al. 2009).

But while we know much about the journey a customer makes from brand trust to brand loyalty (Chaudhuri and Holbrook 2001; Delgado-Ballester et al. 2003; Delgado-Ballester and Munuera-Alemán 2005; Paulssen et al. 2014; Singh et al. 2012), how a customer arrives at brand trust in the first instance is less clear, particularly the order in which a potential customer might process information about a brand. Our aim here is to identify how initial consumer trust towards a new brand (i.e. brand trust) occurs and to test empirically for order effects in the factors that can create brand trust. The trust building factors we consider include both product and company related information.

We draw from accessibility diagnosticity theory (Feldman and Lynch 1988; Lynch et al. 1988) and from prior findings from brand trust research and consumer decision making research, to propose hypotheses. Using 3 experiments, we test firstly whether higher brand trust beliefs and higher purchase intentions are created when both product and company related information are accessible to consumers. Secondly, we test whether higher brand trust beliefs and higher purchase intentions are created when company related information is evaluated first and product related information is evaluated second (i.e. there is an order effect in brand trust formation) as we can

expect company related information to be more diagnostic than product related information in the case of new brands. Third, we test whether higher brand trust beliefs and higher purchase intentions occur when a brand's ability to deliver high quality products is evaluated first and a brand's benevolence in dealing with consumers is evaluated second, as information about a brand's ability is likely to be more diagnostic than information about a brand's benevolence in dealing with consumers. We define brand trust beliefs as a consumer belief that a brand has characteristics and behaviours beneficial to the consumer (adapted from McKnight and Chervany 2001).

To the best of our knowledge, this study is the first to test for order effects in brand trust formation, and to see whether a more holistic understanding of brand trust formation can be gained when both product and company related factors are considered contemporaneously as antecedents of brand trust. Therefore, our intended contributions to the brand trust literature are mainly to extend the current understanding of brand trust formation, by investigating the way consumers process information for forming trust judgements towards brands. We therefore also aim to contribute to the consumer information processing literature by providing evidence with regards to message order effects in the formation of consumer trust judgements towards brands.

We begin by providing a review of accessibility diagnosticity theory, of prior research in brand trust formation and on order effects in the development of consumer attitudes towards brands. We then present our experiments and their findings, followed by a discussion that highlights the implications of our findings for theory and practice.

## **5.2 Theoretical background and hypotheses development**

### **5.2.1 Accessibility diagnosticity theory**

Accessibility diagnosticity theory focuses on the information responsible for judgement formation (Meyers-Levy and Malaviya 1999) and predicts that a piece of information is likely to be used for a judgement first of all if such information is accessible in memory, and then if it is more diagnostic than other accessible pieces of information (Feldman and Lynch 1988; Lynch et al. 1988). Accessibility refers to the availability of a piece of information for a judgement, while diagnosticity is the degree to which someone perceives a piece of information as relevant for making a judgement (Feldman and Lynch 1988; Lynch et al. 1988). For example, prior research has shown that accessibility helps consumers recognize a brand (Dens et al. 2012), while diagnosticity helps consumers categorize a product, e.g. either high or low in terms of quality (Herr et al. 1991).

With regard to accessibility, the theory posits that a piece of information is more likely to be accessible for a judgement when the judgment proceeds immediately after information evaluation, due to short time frame between the two processes or a lack of interfering material between the two processes (Feldman and Lynch 1988).

With regard to diagnosticity, the theory posits that when two pieces of information are asymmetrically diagnostic, order effects are likely, with more favourable judgements occurring when the most diagnostic piece of information is evaluated first and the less diagnostic one is evaluated second, that is, there is a primacy effect (Feldman and Lynch 1988; Hogarth and Einhorn 1992; Haugtvedt and Wegener 1994). In other words, in a sequence of two, the most diagnostic piece of information is likely to carry more weight in judgements when it is evaluated first rather than

second. With regard to the relationship between accessibility and diagnosticity, there is evidence that accessible information is less likely to impact judgements when more diagnostic information is available (Herr et al. 1991; Saini and Lynch 2016), and that when the accessibility of a piece of information is low, its diagnosticity will impact judgements (Ahluwalia and Gürhan-Canli 2000). These findings imply that the diagnosticity of a piece of information is most likely to determine its weight in judgements.

Therefore, based upon accessibility diagnosticity theory, we would expect that when two pieces of information about a brand are accessible to consumers, both will be used when forming trust judgments. However, if the two accessible pieces of information have different levels of diagnosticity, we would expect for the more diagnostic one to carry more weight in consumers' trust judgements when it is evaluated first rather than second, that is, to generate an order effect and more specifically a primacy effect. In other words, more favourable consumer trust judgments towards a brand are likely to occur when the most diagnostic piece of information is evaluated first.

#### **5.2.1.1 The accessibility of both product and company information for brand trust formation**

Both potential customers and the existing customers of a brand can develop trust towards a brand (Sichtmann 2007), since trust can develop even based only upon information from an advertisement (Li and Miniard 2006). Several aspects appear to be considered by consumers when deciding to trust a brand, such as a brand's competence to deliver good products and its care towards consumers (Delgado-Ballester and Munuera-Aleman 2001; Delgado-Ballester et al. 2003; Delgado-

Ballester and Munuera-Alemán 2005), or differences between brands in terms of quality and reliability (Chaudhuri and Holbrook 2002). But evaluations of the company behind the brand, or the corporate brand, also influence consumers' trust in a brand. Specifically, factors like a corporate brand's competence and credibility, its ethical treatments of stakeholders, and evaluations of its transparency and social responsibility (Sichtmann 2007; Singh et al. 2012; Kang and Hustvedt 2014), all influence consumers' trust in a product or service brand marketed by the company. Lau and Lee (1999) argue that trust in the company to which brands belong to, influence (product) brand trust and therefore, in the case of new brands, consumers are likely to look at a company's name and image to infer the quality of its products. Therefore, both product and company related aspects appear to be relevant for the formation of consumer trust towards brands. However, most extant research has only considered separately the effects of product related aspects and of company related aspects on brand trust formation, and therefore has not investigated the effects of contemporaneous evaluations of company related aspects and product related aspects on brand trust formation.

Lewicki et al. (1998) argue that trust towards the party to be trusted develops as positive experiences with, and knowledge about such party accumulate, i.e. overall trust will be an aggregate of such positive experiences and knowledge. Such argument is reinforced by the accessibility diagnosticity theory, since it posits that any accessible pieces of information are likely to be used in judgements (Feldman and Lynch 1988). If we extend this argument to the context of brand trust formation, we would expect that consumers' trust towards a brand to be the sum of their positive experiences with, and knowledge about such brand. If such experience is lacking, we would expect that consumers' trust towards a brand to be the sum of all



positive information they have about such a brand (that is, the sum of positive product and company related information in the context of the current study). Hence, higher consumer trust towards a brand should occur when consumers evaluate both positive product and positive company related information, compared with when they evaluate one piece of information only, either positive product or positive company related information only.

We therefore aim in this study to test whether higher levels of brand trust and of purchase intentions occur when consumers evaluate, contemporaneously, positive product related information and positive company related information, given that both pieces of information are available to consumers. We expect for the same effects to be valid for purchase intentions, because purchase intentions are a positive outcome of brand trust (Sichtmann 2007). Therefore, we hypothesize the following:

H1a: Higher levels of brand trust are likely when positive information about both the products offered by a brand and about the company behind the brand is accessible and evaluated contemporaneously by consumers

H1b: Higher levels of purchase intentions are likely when positive information about both the products offered by a brand and about the company behind the brand is accessible and evaluated contemporaneously by consumers

We believe that such a test has both theoretical and practical relevance, as it will show whether brand trust develops based upon both product and company related information, and whether brand trust is the sum of positive information about both the products offered by a brand and about the company behind the brand. If this is the case, then companies should communicate more to consumers about the

company behind the brand at the same time as communicating about its products, if higher levels of brand trust are desired.

#### **5.2.1.2 Order effects in brand trust formation due to information diagnosticity**

Since most prior research has not investigated the effects of contemporaneous evaluations of product and company related aspects on brand trust formation, evidence about order effects in brand trust formation, caused by the importance/diagnosticity of each piece of information for such evaluations, is currently lacking. However, some evidence exists with regards to the importance/diagnosticity of some aspects over some others for brand trust formation and for consumer evaluations. Also, some evidence exists with regards to order effects in the formation of consumer brand preference or of consumer attitudes towards brands. Such evidence is presented next, and we will build upon such evidence and upon the accessibility diagnosticity framework to develop our hypotheses for order effects in brand trust formation.

Order effects occur when people develop different levels of final judgements about a person or object depending upon the order in which they receive two pieces of information about that person or object (Hogarth and Einhorn 1992). There are two types of order effects acknowledged in the literature, i.e. primacy effects and recency effects. Primacy effects occur when the first piece of information in a sequence of two has a stronger impact on people's final judgements, while recency effects occur when the most recent (here the second) piece of information in a sequence has a stronger impact on people's final judgements (Haugtvedt and Wegener 1994; Hogarth and Einhorn 1992; Kardes and Herr 1990).

Existing research has identified both primacy and recency effects in the formation of various consumer attitudes and decisions. For example, recency effects were previously noted in consumer learning (Chylinski et al. 2012) and in the formation of consumer buying intentions (Christodoulides et al. 2012). Primacy effects have been acknowledged in the formation of consumer attitudes towards products and brands. Baker et al. (2004) argue that more positive attitudes towards a brand are likely when the brand's name is provided at the beginning, rather than at the end, of a TV ad. Also, more positive attitudes towards a product occur when the most favourable claims about the product are presented at the beginning of a radio ad (Unnava et al. 1994).

Various factors were considered in the literature as being responsible for such order effects, but Niedrich and Swain (2008) argue that order effects in consumer brand preference formation depend upon brand attributes that are both accessible and diagnostic. Similarly, Simonson et al. (1988) proposed consumers' beliefs about the importance of various brand attributes as a possible explanation for order effects. Such an explanation is in line with the accessibility diagnosticity framework, i.e. the importance/diagnosticity of a piece of information is likely to generate order effects (Feldman and Lynch 1988).

With regards to the importance of various (brand) attributes for consumer evaluations, evidence exists around two main categories: product related aspects versus company related aspects, and competence/ability versus warmth/intentions/benevolence. Competence/ability refers to judgements around a

brand's ability to produce good products while warmth/intentions/benevolence<sup>4</sup> refers to how a brand behaves towards consumers (Aaker et al. 2010; Delgado-Ballester and Munuera-Aleman 2001; Kervyn et al. 2012; Li and Miniard 2006).

The evidence around the importance of product related aspects, versus company related aspects, mainly suggests that company related information is important for the evaluation of new products and brands, since consumers lack information about such new products or brands. For example, Biehal and Sheinin (2007) propose that in the context of brand extensions, company information is more diagnostic than product information and therefore more likely to influence evaluations of a brand's new products, while product information is more diagnostic than company information and therefore more likely to influence evaluations of a brand's existing products. Others found that corporate associations influence new product evaluations because product attributes are inferred from such associations (Brown and Dacin 1997; Brown 1998), while others argue that companies with strong CSR associations are likely to be perceived by consumers as successful at making good products especially when product information is not available when forming such perceptions (Chernev and Blair 2015; Kim 2011). But the credibility of the company behind the brand also influences consumers' brand preference formation (Niedrich and Swain 2003). Lau and Lee (1999) argue that in the case of new brands, trust in the company behind the brand is likely to influence trust in the company's new brands. One possible explanation for such claims can be derived from trust research, where it is argued that institutional based trust forms the basis of initial trust beliefs. That is, appraisals of corporate reputation, brand reputation, or certifications, can provide

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<sup>4</sup> We will use ability and benevolence in the context of the current study to be in line with the terminology used in most trust research (see for example the model of Mayer et al. 1995, which is frequently cited in trust research)

cues about the ability, benevolence and integrity of the party to be trusted, which are essential for initial trust formation since direct knowledge about the party to be trusted is missing (McKnight et al. 1998; Bachmann and Inkpen 2011; Grabner-Kraeuter 2002; Grabner-Kräuter and Kaluscha 2003; Hung et al. 2004). Hence, it is likely that in the case of new brands, company related information is more diagnostic than product related information when direct experience with the products offered by the new brands is missing.

Similarly, with regards to competence versus warmth, competence appears to be more important than warmth for customer satisfaction (Grandey et al. 2005) and therefore for brand trust (Delgado-Ballester and Munuera-Aleman 2001). Also, competence is more important than warmth for willingness to buy or for purchase intentions (Aaker et al. 2010; Aaker et al. 2012). According to the Brands as Intentional Agents Framework, competence and warmth are two dimensions around which consumers develop brand perceptions (Kervyn et al. 2012), and this framework is considered to be a simplified model of trust (Fournier and Alvarez 2012; Aaker et al. 2012; MacInnis 2012). Since competence is more important and therefore more diagnostic than warmth in the context of brand perception, it is assumed in prior research that competence is likely to be evaluated first and therefore should be promoted first, but further research is required to confirm such an assumption (Aaker et al. 2010). Competence information appears to be more important than benevolence information for consumer evaluations regardless of context, that is, well known or unknown brands. Hence, it is also likely that competence/ability is more important than warmth/benevolence in the context of initial brand trust formation.

In sum, and based upon existing evidence, we would expect company related information to be more diagnostic than product related information for brand trust formation in the case of new brands, given that both pieces of information are accessible to consumers and positively valent. Also, we would expect ability information to be more diagnostic than benevolence information for brand trust formation, again given that both pieces of information are accessible to consumers and positively valent. Since the accessibility diagnosticity framework suggests that the most diagnostic piece of information is likely to carry more weight in final judgements when it is evaluated first rather than second, and therefore to generate order effects and more specifically primacy effects (Feldman and Lynch 1988; Haugtvedt and Wegener 1994; Hogarth and Einhorn 1992), we would expect that higher brand trust and higher purchase intentions to occur when the more diagnostic piece of information is evaluated first. Therefore, we hypothesize that:

H2a: Higher levels of brand trust are likely when consumers evaluate first company related information and then product related information.

H2b: Higher levels of brand trust are likely when consumers evaluate first a brand's ability and then its benevolence

And

H3a: Higher levels of purchase intentions are likely when consumers evaluate first company related information and then product related information.

H3b: Higher levels of purchase intentions are likely when consumers evaluate first a brand's ability and then its benevolence

We believe that testing for such order effects has theoretical relevance since evidence regarding order effects in brand trust formation is currently lacking.

Moreover, confirming whether order effects exist in brand trust formation has practical relevance for brand strategy. If consumers evaluate first information about the company behind the brand when they encounter a new brand, then companies who have a stronger emphasis on promoting the corporate brand are more likely to gain higher levels of consumer trust when launching new brands, and consequently higher purchase intentions towards their brands.

### **5.3 Study 1a**

#### **5.3.1 Design and procedure**

To test hypotheses H1a, H1b, H2a, H3a, we conducted a between subjects, randomized experiment with a two level single factor, information order: product information first and company information second, versus company information first and product information second. In other words, we manipulated the order in which product related information and company related information were provided to two groups of participants.

We used a fictitious brand (NatureC) as we were interested in understanding initial trust formation in the case of a new brand. We chose a product with a medium level of risk perceived by consumers when buying such a product, e.g. hand cream (Girard and Dion 2010), as the product offered by our fictitious brand, because trust is more evident in situations entailing risk (Elliott and Yannopoulou 2007; Chaudhuri and Holbrook 2002).

Participants were provided first with either product information only (group 1) or company information only (group 2). Product information described the brand as being reputable, with award winning products, with excellent product reviews from

consumers due to good product quality, and as being a brand that is open and honest when communicating with consumers. Company information described the company behind the brand as having good manufacturing capabilities, as being a good company to work for, as treating its suppliers fairly, as having a good environmental record and as being involved in sponsoring the activities of several charities (appendix 2.1). Immediately after the first piece of information, we measured our dependent variables, i.e. initial brand trust and initial purchase intentions. We then provided our participants with a task not related with the purpose of the research, with the aim of controlling for common method bias (Podsakoff et al. 2003) and to separate the two pieces of information about the brand. Immediately after the non-related task, we provided our participants with the second piece of information (group 1 received company information while group 2 received product information) in order to ensure the accessibility of both the first and the second piece of information in participants' memory. We then measured overall brand trust and overall purchase intentions. Finally, participants answered demographic questions (gender, age) and questions aimed to measure their disposition to trust, perceived risk, expertise, product involvement and purchase decision involvement. We chose disposition to trust and perceived risk as potential control variables since prior research suggests that they are important in the context of trust formation (Mayer et al. 1995), while involvement and expertise are relevant for the consumer decision making process (Hoyer et al. 2013).

We adapted existing scales from the literature to measure brand trust and purchase intentions. For brand trust, participants were asked to rate 8 items, on a 7 point scale, ranging from strongly disagree to strongly agree (appendix 2.2). For purchase intentions, we adapted the Aaker et al. (2010) purchase intentions scale: "Just based



upon what you have just read, how interested would you be in buying a NatureC brand of hand cream?” (1=not at all; 7=very much); “How likely would you be to buy a NatureC hand cream if the price was within your budget?”(1=not at all; 7=very much); “What are your overall impressions of the NatureC brand?” (1=negative; 7=positive). The scales reliabilities were good, i.e.  $\alpha=.96$  for initial brand trust,  $\alpha=.94$  for initial purchase intentions,  $\alpha=.97$  for overall brand trust and  $\alpha=.96$  for overall purchase intentions.

We also measured the control variables with scales taken from existing research and adapted to our context, specifically the disposition to trust scale adapted from Becerra and Korgaonkar (2011), the perceived risk scale adapted from Paulssen et al. (2014), the involvement scales adapted from Mittal (1995), and the expertise scale adapted from Mitchell and Dacin (1996). The scale reliabilities were good,  $\alpha=.95$  for disposition to trust,  $\alpha=.90$  for perceived risk,  $\alpha=.93$  for consumer expertise,  $\alpha=.95$  for product involvement and  $\alpha=.92$  for purchase decision involvement.

### **5.3.2 Respondents**

We conducted pilot tests with 5 respondents and rectified any problems evident during pilot tests, e.g. wording of questions, and product and company information descriptions. We then recruited our respondents online, through a UK market research agency, whose panel is representative of the UK population, the context of our research. In total, 251 participants participated in our study (62.5% females and 37.5% males, all above 18 and from a wide range of age groups; see appendix 2.3 for participants’ characteristics), randomly assigned to groups, with 105 participants in group 1 (product information first and company information second) and 146 participants in group 2 (company information first and product information second).

Although manipulation checks were not needed as, regardless of participants' perceptions, we manipulated the order of the same two pieces of information (O'Keefe 2003), we did check if each piece of information managed to convey the trustworthiness of our brand. We averaged the trust items for this purpose, and, on average, the perceived trustworthiness of the brand based upon the first piece of information only, i.e. either product information or company information only, was above the mid-point of our scales ( $M_{\text{productinformationonly}}=5.13$  vs  $M_{\text{companyinformationonly}}=5.46$ ). Therefore, we concluded that we managed to convey the trustworthiness of our brand through each piece of information.

### **5.3.3 Findings**

To test if consumers' brand trust and purchase intentions are higher when both product and company information are accessible and evaluated by consumers, we conducted a paired samples t-test. Participants' overall brand trust beliefs were significantly higher when they evaluated both product and company information than when they evaluated only one piece of information, either product information only or company information only ( $M_{\text{firstinformationonly}}=5.32$  versus  $M_{\text{allinformation}}=5.41$ ,  $t(250)=-2.67$ ,  $p=.01$ , single tailed). Participants' overall purchase intentions were significantly higher when they evaluated both product and company information than when they evaluated one piece of information only ( $M_{\text{firstinformationonly}}=4.88$  vs  $M_{\text{allinformation}}=4.99$ ,  $t(250)=-2.17$ ,  $p=.02$ , single tailed). Therefore, H1a and H1b are supported.

To test if consumers' brand trust and purchase intentions are higher when they evaluate company information first and product information second, we conducted an independent samples t-test. Participants' overall brand trust was significantly

higher when they evaluated company information first and product information second compared with when they evaluated product information first and company information second ( $M_{\text{productinformationfirst}}=5.19$  vs  $M_{\text{companyinformationfirst}}=5.58$ ,  $t(249)=-2.54$ ,  $p=.01$ , single tailed). Participants' overall purchase intentions were higher when they evaluated company information first and product information second compared with when they evaluated product information first and company information second, but the difference was non-significant ( $M_{\text{productinfofirst}}=4.83$  vs  $M_{\text{companyinfofirst}}=5.10$ ,  $t(249)=-1.27$ ,  $p=.11$ , single tailed). Therefore, H2a is supported but H3a is not.

In sum, the results of study 1a show that participants are more likely to trust the brand and to purchase from the brand when both product and company information are accessible, i.e. when participants evaluate both product and company information, than when only one piece of information is accessible, either product or company information. Also, participants are more likely to trust the brand when they evaluate company information first and product information second. Therefore, in the context of the current study, it appears that company information is more diagnostic than product information for brand trust formation.

## **5.4 Study 1b**

### **5.4.1 Design and respondents**

To test hypotheses H2b and H3b, we followed the same procedures as in study 1a, but we manipulated the order of ability information versus benevolence information, i.e. we conducted a randomized experiment with information order as a two level single factor: ability information first and benevolence information second versus benevolence information first and ability information second. Ability information

described the brand as being reputable, with award winning products, and with excellent product reviews from consumers due to good product quality. Benevolence information described the brand as being open and honest in communicating with consumers (appendix 2.1). We used the same fictitious brand, and data were collected for the same variables. Both brand trust and purchase intentions scales showed good reliabilities ( $\alpha=.96$  for initial brand trust,  $\alpha=.93$  for initial purchase intentions,  $\alpha=.97$  for overall brand trust, and  $\alpha=.95$  for overall purchase intentions). The scale reliabilities of the control variables were also good,  $\alpha=.93$  for disposition to trust,  $\alpha=.92$  for purchase decision involvement,  $\alpha=.96$  for product involvement,  $\alpha=.88$  for perceived risk, and  $\alpha=.94$  for expertise.

As in study 1a, we conducted pilot tests and then we recruited our participants online, through the same UK market research agency. In total, 276 participants were randomly assigned to two groups (60.5% females and 39.5% males; from various age groups, see appendix 2.3). In group 1 (ability information first and benevolence information second) we had 112 participants, while in group 2 (benevolence information first and ability information second) we had 164 participants.

We checked whether our descriptions managed to convey the ability and benevolence of our fictitious brand. For this purpose, we averaged the ability items (appendix 2.2) to assess ability after the first piece of information only; and, we averaged the benevolence items (appendix 2.2) to assess benevolence after the first piece of information only. Group 1, which received the ability information only, perceived the brand as having more ability than did group 2, which received the benevolence information only ( $M_{\text{group1}}=5.14$  vs  $M_{\text{group2}}=4.74$ ,  $t(274)=2.81$ ,  $p=.01$ , single tailed); and group 2, which received the benevolence information only, perceived the brand as more benevolent than group 1, which received the ability

information only, but the difference between the two groups was non-significant ( $M_{\text{group1}}=5.15$  vs  $M_{\text{group2}}=5.26$ ,  $t(274)=-.692$ ,  $p=.25$ , single tailed), suggesting a spill over effect, i.e. ability information also conveyed brand's benevolence for group 1. Spill over effects between ability and benevolence are also evident in prior research, e.g. benevolent brands are perceived as more competent than less benevolent brands and competent brands are perceived as more benevolent than less competent brands (Kervyn et al. 2012).

### 5.4.2 Findings

We conducted an independent samples *t*-test to test our hypotheses. Brand trust was higher when participants received ability information first and benevolence information second, compared to when participants received benevolence information first and ability information second, but the difference was only marginally significant ( $M_{\text{abilityinformationfirst}}=5.28$  vs  $M_{\text{benevolenceinformationfirst}}=5.07$ ,  $t(274)=1.34$ ,  $p=.09$ , single tailed). Also, participants' purchase intentions were higher when participants received ability information first and benevolence information second, compared to when participants received benevolence information first and ability information second, but the difference was non-significant ( $M_{\text{abilityinfofirst}}=4.90$  vs  $M_{\text{benevolenceinfofirst}}=4.77$ ,  $t(274)=.72$ ,  $p=.24$ , single tailed).

We further examined our data with hierarchical multiple regression. First, we considered brand trust as the dependent variable, controlling for age, gender, disposition to trust, perceived risk, involvement and expertise in step 1, including information order as a predictor in step 2, and interaction terms in step 3. The continuous variables were mean centred to allow for the meaningful interpretation of interactions and to prevent multicollinearity (West et al. 1996). The interaction terms

did not contribute significantly to the model,  $F(7,260)=1.48$ ,  $p=.18$ . Therefore, we dropped the interaction terms as well as control variables that did not contribute significantly to our model (age, gender, expertise). We ran the multiple regression again, with disposition to trust, perceived risk, product involvement and purchase decision involvement in step 1, and information order in step 2. Information order contributed significantly to the model, with brand trust significantly higher when ability information was provided first and benevolence information was provided second,  $F(1,270)=3.93$ ,  $p=.05$  (table 2). Therefore, when controlling for disposition to trust, purchase decision involvement, product involvement and perceived risk, H2b is supported.

Table 2: Regression analysis with brand trust as dependent variable

Predictors	Model 1			Model 2		
	Beta	SE	<i>t</i>	Beta	SE	<i>t</i>
Intercept		.28	8.85**	.28		8.34**
Disposition to trust	.19	.06	3.55**	.18	.06	3.50**
Purchase decision involvement	.51	.06	6.62**	.51	.06	6.67**
Product involvement	.15	.05	2.24*	.16	.05	2.36*
Perceived risk	-.19	.08	-2.61**	-.19	.08	-2.66**
Information order				.10	.13	1.98*
F		31.32**		26.11**		
$\Delta F$		31.32**		3.93*		
R <sup>2</sup>		.32		.33		
R <sup>2</sup> <sub>adj.</sub>		.31		.31		
R <sup>2</sup> <sub>change</sub>		.32		.01		
df		4, 271		5, 270		

N=276, \* $p<.05$ , \*\* $p<.01$ ; Group 2 was baseline group for Information Order

Second, we considered purchase intentions as the dependent variable, the control variables in step 1, our predictor in step 2, and the interaction terms in step 3.

Table 3: Regression analysis with buying intentions as dependent variable

Predictors	Model 1			Model 2			Model 3		
	Beta	SE	<i>t</i>	Beta	SE	<i>t</i>	Beta	SE	<i>t</i>
Intercept		.13	37.69**		.14	35.20**		.16	29.54**
Disposition to trust	.13	.06	2.53*	.12	.06	2.49*	.14	.09	2.05*
Purchase decision involvement	.48	.07	6.40**	.48	.07	6.43**	.43	.10	4.40**
Product involvement	-.02	.06	-0.27	-.01	.06	-0.2	-.12	.07	-1.41
Perceived risk	-.24	.09	-3.39**	-.24	.09	-3.40**	-.19	.12	-2.12*
Consumer expertise	.34	.06	4.99**	.34	.06	4.95**	.43	.08	5.20**
Gender	-.03	.16	-.50	-.03	.16	-.51	-.00	.21	-.01
Age	-.05	.15	-1.04	-.07	.16	-1.36	.01	.21	.12
Information order				.07	.15	1.34	.19	.28	2.14*
Disposition to trust*information order							.00	.13	.02
Purchase decision involvement*information order							.09	.15	.85
Product involvement*information order							.24	.13	2.42*
Perceived risk*information order							-.11	.19	-1.22
Consumer expertise*information order							-.21	.13	-2.22*
Gender*information order							-.07	.33	-.76
Age*information order							-.14	.31	-1.68
F		24.66**			21.87**			12.87**	
ΔF		24.66**			1.78			1.96	
R <sup>2</sup>		.39			.40			.43	
R <sup>2</sup> <sub>adj.</sub>		.38			.38			.39	
R <sup>2</sup> <sub>change</sub>		.39			.00			.03	
df		7, 268			8, 267			15, 260	

N=276, \*p<.05, \*\*p<.01; Group 2 was baseline group for Information Order

Participants' buying intentions were higher when ability information was provided first but the difference was non-significant,  $F(1,267)=1.78, p=.18$  (table 3). Dropping the control variables which do not contribute significantly to our model did not improve the results. Therefore H3b is not supported.

In sum, data from study 1b suggest that brand trust is significantly higher when ability information is provided first and benevolence information is provided second; however, purchase intentions are not significantly higher when ability information is provided first and benevolence information is provided second compared with when benevolence information is provided first and ability information is provided second.

## **5.5 Study 2a**

### **5.5.1 Design and respondents**

Study 2a was designed to replicate study 1a but in a different context, i.e. we chose a product perceived by consumers as involving high risk when buying, e.g. automobiles (Girard and Dion 2010). We used the same methodology and the same procedures as in study 1a, and we only changed the brand descriptions. The product information described the brand as having a good reputation for quality and innovativeness in passenger safety, with consumers highly satisfied with the brand's cars due to their performance, design, reliability, effectiveness and safety features. Also, the product information suggested that consumers are highly satisfied with the aftersales servicing and the warranty offered by the brand for its cars, and with the honest way in which the brand communicates information about its cars to consumers. Company information described the company behind the brand as having good manufacturing facilities, as being a good company to work for, as treating its suppliers fairly, as having a good environmental record, and as sponsoring the



activities of several charities (appendix 2.4). We used a fictitious brand, and we measured the same variables by adapting the scales used in study 1a to fit the new context ( $\alpha=.96$  for initial brand trust,  $\alpha=.89$  for initial purchase intentions,  $\alpha=.97$  for overall brand trust and  $\alpha=.92$  for overall purchase intentions).

We conducted pilot tests and rectified the problems identified, i.e. mainly how the product and company information were formulated. We then recruited our participants online, through the same UK market research agency as before. In total, 213 participants were randomly assigned to groups (54% females, 46% males, from various age groups, see appendix 2.3), with 107 participants in group 1 (product information first and company information second), and 106 participants in group 2 (company information first and product information second). We checked if our information managed to convey the trustworthiness of the brand, with both groups having on average a trustworthiness level above the mid-point range of the scale ( $M_{\text{productinfoonly}}=5.00$  and  $M_{\text{companyinfoonly}}=5.32$ ).

### **5.5.2 Findings**

To test H1a and H1b, we conducted a paired samples t-test. Participants' brand trust was significantly higher when they evaluated both product and company information than when they evaluated only one piece of information, either product information only or company information only ( $M_{\text{firstinformationonly}}=5.16$  vs.  $M_{\text{allinformation}}=5.30$ ,  $t(212)=-4.49$ ,  $p<.001$ , single tailed). Participants' purchase intentions were significantly higher when they evaluated both product and company information than when they evaluated only one piece of information ( $M_{\text{firstinfo}}=5.05$  vs.  $M_{\text{allinfo}}=5.19$ ,  $t(212)=-3.23$ ,  $p<.001$ , single tailed). Therefore, H1a and H1b are supported, confirming the findings of study 1a.

To test H2a and H3a, we conducted an independent sample t-test. Participants' brand trust was significantly higher when they evaluated company information first and product information second compared with when they evaluated product information first and company information second ( $M_{\text{productinfofirst}}=5.14$  vs  $M_{\text{companyinfofirst}}=5.46$ ,  $t(211)=-2.03$ ,  $p=.02$ , single tailed). Participants' purchase intentions were significantly higher when they evaluated company information first and product information second compared with when they evaluated product information first and company information second ( $M_{\text{productinfofirst}}=4.97$  vs  $M_{\text{companyinfofirst}}=5.41$ ,  $t(211)=-2.59$ ,  $p=.01$ , single tailed). Therefore, H2a and H3a are supported.

To consolidate our findings regarding order effects across study 1a and 2a, we merged our samples from study 1a and 2a and then conducted an independent samples t-test. Across the two samples, participants' brand trust was significantly higher when they evaluated company information first and product information second, compared with when they evaluated product information first and company information second ( $M_{\text{productinfofirst}}=5.16$  vs  $M_{\text{companyinfofirst}}=5.53$ ,  $t(462)=-3.33$ ,  $p<.001$ , single tailed). Participants' purchase intentions were significantly higher when they evaluated company information first and product information second, compared with when they evaluated product information first and company information second ( $M_{\text{productinfofirst}}=4.90$  vs  $M_{\text{companyinfofirst}}=5.23$ ,  $t(462)=-2.38$ ,  $p=.01$ , single tailed).

In sum, brand trust and purchase intentions are significantly higher when participants evaluate both product and company information, and when consumers evaluate company information first and product information second. Therefore, when both product and company information are accessible to consumers, both types of information will be used in trust judgements. Also, company information is more

diagnostic and carries more weight in trust judgements when it is evaluated first rather than second.

## **5.6 Study 2b**

### **5.6.1 Design and respondents**

In study 2b we replicated study 1b but in the context of automobiles, and followed the same methodology and procedures. The ability information presented the brand as having a good reputation for quality and innovativeness in passenger safety, with consumers highly satisfied with the brand's cars due to their performance, design, reliability, effectiveness and safety features. The benevolence information suggested that consumers are highly satisfied with the aftersales servicing and the warranty offered by the brand for its cars, and with the honest way in which the brand communicates to consumers' information about its cars (appendix 2.4).

We recruited our participants online, through the same UK market research agency. In total, 216 participants were recruited (51.2% females, 48.8% males, from various age groups, see appendix 2.3), with 106 participants randomly assigned to the first group (ability information first and benevolence information second) and 109 participants randomly assigned to the second group (benevolence information first and ability information second). We checked if our information managed to convey to participants the ability and benevolence of our brand, following the same procedures as in study 1b. The group which received the ability information only, perceived the brand as having more ability than the group which received benevolence information only, but the difference was non-significant ( $M_{\text{abilitygroup1}}=5.06$  vs  $M_{\text{abilitygroup2}}=5.03$ ,  $t(213)=-.18$ ,  $p=.43$ , single tailed). The group which received benevolence information only perceived the brand as more

benevolent than the group which received ability information only but the difference was non-significant ( $M_{\text{benevolencegroup1}}=5.13$  vs  $M_{\text{benevolencegroup2}}=5.16$ ,  $t(213)=-.17$ ,  $p=.44$ , single tailed). Therefore, as in study 1b, spill over effects are present, i.e. a brand's ability appears to be inferred by participants from the benevolence information and brand's benevolence appears to be inferred by participants from the ability information.

### 5.6.2 Findings

To test our hypotheses, we conducted an independent samples t-test. Brand trust was higher when benevolence information was provided first and ability information was provided second compared with when ability information was provided first and benevolence information was provided second but the difference was non-significant ( $M_{\text{abilityinfofirst}}=5.30$  vs  $M_{\text{benevolenceinfofirst}}=5.34$ ,  $t(213)=-.24$ ,  $p=.41$ , single tailed). Purchase intentions were higher when benevolence information was provided first and ability information was provided second compared with when ability information was provided first and benevolence information was provided second, but the difference was non-significant ( $M_{\text{abilityinfofirst}}=5.18$  vs  $M_{\text{benevolenceinfofirst}}=5.26$ ,  $t(213)=-.58$ ,  $p=.28$ , single tailed). As in study 1b, we further analysed our data with hierarchical multiple regression by including the control variables in step 1, our main predictor in step 2 (order effects), and the interaction terms in step 3. For both brand trust beliefs and purchase intentions, the results are non-significant,  $F(7,199)=.79$ ,  $p=.60$  and  $F(7,199)=.18$ ,  $p=.99$ . Therefore, H2b and H3b are not supported.

## 5.7 Study 3

### 5.7.1 Design and respondents

Since there was a significant difference between initial purchase intentions in study 1b and 2b following the evaluations of the benevolence information only, i.e. initial purchase intentions for cars versus initial purchase intentions for cosmetics based upon benevolence information only ( $M_{\text{groupcars}}=4.99$  vs  $M_{\text{groupcosmetics}}=4.37$ ,  $t(265)=3.91$ ,  $p<.001$ , single tailed), and since spill over effects were present and more evident in study 2b, study 3 aimed to identify potential reasons for these problems.

The main difference between the benevolence information for cars and the benevolence information for cosmetics was the inclusion of a statement about warranty in the cars study, and therefore we wanted to test the influence of this piece of information on our results. Although we included the warranty information in the context of cars with the initial purpose of conveying the brand's care towards consumers' needs, we suspected that the warranty information also conveyed brand's ability to our participants. Therefore, we conducted a 2 (information order: ability information first and benevolence information second versus benevolence information first and ability information second) x 2 (warranty information: present versus absent) randomized experiment. We chose another product with high risk involved for consumers when purchasing it, i.e. a smart phone (Girard and Dion 2010). We followed the same procedures as in studies 1b and 2b, the only difference being in the brand descriptions (see appendix 2.5 for brand descriptions). We measured the same variables and adapted the scales used in experiment 1b to the

context of the current study ( $\alpha=.95$  for initial brand trust,  $\alpha=.92$  for initial purchase intentions,  $\alpha=.97$  for overall brand trust and  $\alpha=.94$  for overall purchase intentions).

We conducted pilot tests with 5 participants before running our experiment online, and rectified the problems identified, specifically how the brand descriptions were formulated. We then collected our data through the same UK market agency used in studies 1 and 2. In total, 457 participants were randomly assigned to groups (54.5% females, 45.5% males, from various age groups, see appendix 2.3), with 114 participants in group 1 (ability information first, warranty information absent), 115 participants in group 2 (ability information first, warranty information present), 114 participants in group 3 (benevolence information first, warranty information absent), and 114 participants in group 4 (benevolence information first, warranty information present).

For manipulation checks, we conducted a 2 (information type: ability information only vs benevolence information only) x 2 (warranty information: present vs absent) ANOVA with the brand's perceived ability after the first piece of information only as the dependent variable and then with the brand's perceived benevolence after the first piece of information only as dependent variable. As in study 1b and 2b, we averaged the ability items and the benevolence items of the trust scale for this purpose. There was a significant main effect of warranty information on the brand's perceived ability,  $F(1,453)=3.85$ ,  $p=.05$ , because the brand's perceived ability was significantly higher when participants received the warranty information ( $M_{\text{nowarranty}}=4.60$  vs  $M_{\text{warranty}}=4.80$ ). There was a non-significant main effect of information type ( $F(1,453)=.18$ ,  $p=.67$ ) on the brand's perceived ability although as expected, the brand's perceived ability was higher for the groups of participants which received ability information only, compared with the groups of participants

which received benevolence information only ( $M_{\text{abilityinfoonly}}=4.72$  vs  $M_{\text{benevolenceinfoonly}}=4.67$ ). There was a non-significant interaction effect ( $F(1,453)=2.04, p=.15$ ) on the brand's perceived ability. There was a non-significant main effect of warranty information on the brand's perceived benevolence  $F(1,453)=.366, p=.55$ , with the brand's perceived benevolence being similar regardless of whether the warranty information was present or not ( $M_{\text{nowarranty}}=4.92$  vs  $M_{\text{warranty}}=4.99$ ). There was a non-significant main effect of information type on brand's perceived benevolence,  $F(1,453)=3.17, p=.08$ , with the brand's perceived benevolence being higher for the group that received benevolence information only, compared with the group which received ability information only ( $M_{\text{abilityinfoonly}}=4.85$  vs  $M_{\text{benevolenceinfoonly}}=5.05$ ). The effect of the interaction term on the brand's perceived benevolence was only marginally significant,  $F(1,453)=3.55, p=.06$ , suggesting that the brand's perceived benevolence across groups (groups that received ability information only vs groups that received benevolence information only) had similar levels when information about warranty was not provided. However, when information about warranty was present, the brand's perceived benevolence was higher for the groups which received benevolence information only, compared with the groups which received ability information only ( $M_{\text{benevolenceinfoonly}}=5.19$  vs  $M_{\text{abilityinfoonly}}=4.78$ ). Together these findings confirm our assumptions, i.e. that the warranty information conveyed primarily the brand's ability and then more weakly, the brand's benevolence.

### **5.7.2 Findings**

To test H2b, we conducted a 2 (information order: ability information first and benevolence information second versus benevolence information first and ability information second) x 2 (warranty information: present vs absent) ANOVA with

brand trust after all information provided as the dependent variable. There was a non-significant main effect of information order on brand trust  $F(1,453)=.06, p=.81$ , due to similar levels of brand trust regardless of the order in which participants read brand information,  $M_{\text{abilityinfofirst}}=4.99$  vs  $M_{\text{benevolenceinfofirst}}=5.01$ . There was a non-significant main effect of warranty information on brand trust,  $F(1,453)=1.38, p=.24$ , due to almost similar levels of brand trust, regardless of whether participants received the warranty information or not,  $M_{\text{nowarranty}}=4.94, M_{\text{warranty}}=5.07$ . Also, the effect of the interaction term on brand trust was non-significant,  $F(1,453)=.04, p=.84$ . In other words, regardless of whether participants received ability information first or benevolence information first, and regardless of whether they received the warranty information or not, participants' levels of brand trust were similar. Therefore, our data do not provide support for H2b, brand trust is not higher when consumers evaluate ability information first and benevolence information second, and confirm the findings of study 2b.

To test H3b, we conducted a 2 (information order: ability information first and benevolence information second versus benevolence information first and ability information second) x 2 (warranty information: present vs absent) ANOVA with purchase intentions after all information provided as the dependent variable. There was a non-significant main effect of information order on purchase intentions,  $F(1,453)=.22, p=.64$ , with similar levels of purchase intentions between groups regardless of information order,  $M_{\text{abilityinfofirst}}=4.88$  vs  $M_{\text{benevolenceinfofirst}}=4.94$ . There was a non-significant main effect of warranty information on purchase intentions,  $F(1,453)=.42, p=.52$ , with similar levels of purchase intentions regardless of whether participants received the warranty information or not,  $M_{\text{nowarranty}}=4.87, M_{\text{warranty}}=4.95$ . Also, the effect of the interaction term on purchase intentions was non-significant,



$F(1,453)=1.01, p=.32$ . Therefore, H3b is not supported, i.e. purchase intentions are similar regardless of the order in which participants received ability information versus benevolence information, confirming the findings of studies 1b and 2b.

To provide consolidated results across experiments 1b, 2b and 3, we merged the samples of the 3 experiments and conducted an independent t-test. Across all 3 experiments, brand trust is higher when ability information is provided first and benevolence information is provided second but the difference is non-significant ( $M_{\text{abilityinfofirst}}=5.14$  vs  $M_{\text{benevolenceinfofirst}}=5.10, t(946)=.42, p=.34$ , single tailed). Also, purchase intentions are similar regardless of whether ability information is provided first or benevolence information is provided first ( $M_{\text{abilityinfofirst}}=4.96$  vs  $M_{\text{benevolenceinfofirst}}=4.95, t(946)=.04, p=.49$ , single tailed). Therefore, similar levels of brand trust and of purchase intentions are likely, regardless of the order in which participants evaluate ability information versus benevolence information, which suggests similar levels of diagnosticity for ability information versus benevolence information in the context of the current studies.

A summary of our hypotheses and their findings is provided below.

Table 4: Summary of hypotheses and findings

Hypothesis	Findings
H1a: Higher levels of brand trust are likely when positive information about both the products offered by a brand and about the company behind the brand is accessible and evaluated contemporaneously by consumers	Supported
H1b: Higher levels of purchase intentions are likely when positive information about both the products offered by a brand and about the company behind the brand is accessible and evaluated contemporaneously by consumers	Supported
H2a: Higher levels of brand trust are likely when consumers evaluate first company related information and then product related information	Supported
H2b: Higher levels of brand trust are likely when consumers evaluate first a brand's ability and then its benevolence	Not supported
H3a: Higher levels of purchase intentions are likely when consumers evaluate first company related information and then product related information	Supported
H3b: Higher levels of purchase intentions are likely when consumers evaluate first a brand's ability and then its benevolence	Not supported

## 5.8 Discussion

There has been little prior research into the processes involved in brand trust formation and our work aimed to address this gap. Our findings show that consumers' decisions to trust a brand are complex, and such decisions are influenced by the accessibility and diagnosticity of any pieces of information consumers might evaluate about a brand. Our findings contribute to the brand trust literature by showing that higher levels of consumer trust towards a brand are likely when positive information about the products offered by a brand and positive information about the company behind the brand is accessible to consumers, i.e. their effects on

brand trust are additive when they are positive, regardless of their diagnosticity. Also, our findings contribute both to brand trust and to consumer information processing literatures by showing that an order effect, and more specifically a primacy effect, exists in the consumers' trust judgements towards a brand, as higher levels of brand trust are likely when company information is evaluated first and product information is evaluated second. Such an order effect is caused by the diagnosticity of company related information versus product related information, since company related information carries more weight in final trust judgements than product related information, if company information is evaluated first.

We proposed in this study that brand trust forms through consumers' evaluations of both product and company related information, if such information is accessible to consumers, and that such evaluations have cumulative effects on brand trust if such information is positive. Our data provide support for this argument, and therefore, a more holistic understanding of brand trust can be gained in future research if research models are developed so that they accommodate both aspects related to a brand's products/services and aspects related to the company behind the brand. Moreover, by showing that positive product information and positive company information have a cumulative effect on brand trust formation, our study provides support for the claim that trust forms by aggregating positive knowledge around different aspects with the party to be trusted (Lewicki et al. 1998). Hence, brand trust appears to be a continuous variable, with higher levels of brand trust occurring as consumers evaluate more and more positive information about a brand.

Regarding order effects in brand trust formation, our data shows that a primacy effect is likely in the case of new or unknown brands. Specifically, higher levels of brand trust and of purchase intentions occur when company information is evaluated

first and product information is evaluated second, as company information is more diagnostic than product information and carries more weight in trust judgements when is evaluated first. This finding is to some extent in line with Biehal and Sheinin (2007), who proposed that for a brand's new products, corporate messages are more likely to influence product evaluations than product information because if accessible, corporate messages are more diagnostic than product information in such circumstances. It also confirms the importance of corporate related information, not only for new product evaluations (Brown and Dacin 1997) but also for initial trust formation towards a new or unknown brand.

One possible explanation for our finding is that our participants assumed that the fictitious brand is able to deliver good quality products, based only upon information about the company behind the brand, which was mainly described as behaving responsibly towards various stakeholder groups. Indeed, across the two samples of study 1a and 2a, participants' initial trust level was significantly lower for the group that received product information only compared with the group which received company information only,  $M_{\text{productinfoonly}}=5.06$  vs  $M_{\text{companyinfoonly}}=5.39$ ,  $t(462)=-3.09$ ,  $p<.001$  (single-tailed). This suggests that our participants determined whether the brand is likely to meet expectations at the product level based upon company information only (Brown and Dacin 1997; Brown 1998), and is somewhat similar to what Kim (2011) and Chernev and Blair (2015) have previously argued, specifically that a company with a strong CSR record is assumed by consumers as being successful at producing good products.

Another potential explanation for our finding is that we manipulated only positive information about our fictitious brand. It is likely for example that product information becomes more important/diagnostic when it is evaluated first if company

information is negative. This is possible because even when negative corporate associations around a brand exist, the brand can still be successful if it is perceived as competent in delivering high quality and reliable products/services, e.g. Ryanair (Power et al. 2008).

Regarding the order effect proposed for ability information versus benevolence information, our data suggest that no order effect is likely. This finding has particular relevance, since prior research in brand trust and brand perception formation argued that ability/competence is more important than benevolence/warmth for brand trust formation and for purchase intentions, and for this reason, has assumed that competence should be promoted first (Sichtmann 2007; Aaker et al. 2010; Aaker et al. 2012). Our data does not provide support for this assumption, as it shows that regardless of whether ability/competence is evaluated first or second, the same levels of initial brand trust and purchase intentions are likely. Therefore ability/competence information and benevolence/warmth information appear to have similar diagnosticity/importance, at least in the case of new or unknown brands. Also, it appears that the importance of ability versus benevolence does not vary by context, as suggested by prior research (Colquitt et al. 2007; McKnight and Chervany 2001; Sichtmann 2007), since in all three experiments, ability and benevolence information have similar relevance. One possible explanation for our finding are spill over effects between ability/competence and benevolence/warmth, which were acknowledged in prior research (Kervyn et al. 2012) and which also appear evident in our study.

### **5.8.1 Limitations and future research**

One limitation of the current study is that our findings provide support for the importance of company related information only in the context of new or unknown

brands. Future research can usefully build upon our work and test for order effects in the context of well-known brands. Such tests would have both theoretical and practical relevance by providing conditions under which order effects in brand trust formation and development change, for example if company information is more diagnostic/important when evaluated first in the case of new brands while product information is more diagnostic/important when evaluated first in the case of well-known brands.

Second, we used only positive brand descriptions in our experiments. Of both theoretical and practical value would be for future research to test for order effects by manipulating both positive and negative valent information. Such test would show whether the diagnosticity of product related information versus company related information changes due to information valence. Also, such test would be particularly useful for enhancing the current understanding of brand distrust formation, if brand distrust is the polar opposite of brand trust in terms of antecedents.

In this paper we do not discriminate between order effects and the perceived diagnosticity/importance of various pieces of information for consumers. Indeed, we assumed that the most diagnostic/important piece of information for consumers will weigh more in consumer brand trust beliefs when is evaluated first. Hence, since brand trust beliefs and purchase intentions are higher when company information is evaluated first and product information second, it implies that company information is more important and carries more weight for brand trust than product information. However, future research can disentangle the effects of information diagnosticity/importance from order effects, and test if company information is indeed more important than product information for brand trust. This can be

achieved for example by identifying if company related information is a necessary condition for the occurrence of brand trust in the case of both new/unknown and well-known brands.

### **5.8.2 Practical implications**

Our finding that higher consumer trust towards a new brand occurs when consumers evaluate both product and company related information has particular relevance for companies which adopt a ‘house of brands’ strategy (e.g. Unilever with its plethora of product brands, e.g. Dove, Knorr, Lipton just to name a few) for managing their brands, as these companies are more likely to make the company behind the brand less evident. Therefore, to the extent that such companies aim for higher levels of consumer trust towards their new brands, they should consider making company information more easily available to consumers. In addition to the corporate advertising that Unilever and others have introduced, and the inclusion in Unilever’s case of the Unilever logo at the end of individual product ads, such companies should consider moving the company name from the back of the pack to the front of the pack, making it easier for shoppers to associate product and company and to access any company information in memory when shopping.

Our finding that higher levels of consumer trust towards a new brand are likely when consumers evaluate company information first and product information second, should be again of particular relevance to companies that employ a ‘house of brands’ strategy. Our finding suggests that a ‘branded house’ strategy is more likely to generate higher levels of initial trust towards a new brand launched by the company, since the company behind the brand is more evident to consumers. However, because our findings are based upon manipulating positive brand information only, a

'branded house' strategy is likely to generate higher levels of consumer trust towards new brands only to the extent that no negative associations exist around the company behind the brand.



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### **Preface to paper 3**

In both the first and the second studies, company related aspects appear to be an important component of consumer trust. The third paper focuses on this component but in the context of consumer distrust. Specifically, it focuses on corporate misbehaviours in understanding how consumers' perceptions of such misbehaviours might predict consumer distrust.

The paper was developed as an independent body of work from the other two papers presented here, in order to be able to submit the papers for publication independently of each other. Therefore, as previously, the theoretical background of the paper is developed only based upon existing published research.

## **6 Paper 3: The impact of corporate misconducts on consumer distrust**

## **Abstract**

This study investigates whether the misconduct framework of Davies and Olmedo-Cifuentes (2016) can usefully be combined with that of Attribution theory in understanding the negative effects of a company's misconduct on consumer trust and consumer future intentions towards the company. Six generic types of misconducts are used to help participants categorize an incident: 'bending the law', 'not telling the truth', 'not listening to criticism', 'making mistakes', 'acting irresponsibly' and 'acting unfairly'. Our findings show that different levels of consumer distrust and of consumer future intentions are likely depending on how consumers categorize an incident for which the company is seen responsible, but the differences in the relative importance of individual misconducts for predicting distrust are non-significant. Also, trust is not lost when someone else is perceived as misbehaving. Attribution theory and the misconduct framework are found to make independent contributions to the prediction of distrust.

**Key words:** consumer distrust, future intentions, corporate misconducts, attribution theory, crisis

## **6.1 Introduction**

Corporate misconducts have recently become more commonplace and diverse (e.g. corruption scandals, tax avoidance scandals, product/service related scandals), and they are usually linked with negative publicity, crises, and with several negative outcomes for companies. For example, companies who misbehave are likely to lose their customers (Klein and Dawar 2004; Kim 2014) and the trust of their consumers (Davies and Olmedo-Cifuentes 2016; Leonidou et al. 2013; Lee 2004), especially when the misbehavior is publicized by the media (Yannopoulou et al. 2011). Moreover, companies who misbehave are likely to damage their reputation and image (Bradford and Garrett 1995; Coombs 2007b; Coombs 2007a; Cleeren et al. 2017).

Such negative effects are most likely to occur when the company is seen by the public as being responsible for the misconduct or the crisis (Chang et al. 2015; Coombs 2007b; Coombs 2007a; Klein and Dawar 2004; Kim 2014; Lee 2004; Coombs 1998; Claeys et al. 2010). This is because from an attribution theory perspective, people tend to establish causes for why a negative incident occurred (Weiner 2000; Weiner 1985), with a substantive body of work within crisis management literature adopting such a perspective. In such research, attribution of responsibility for a misconduct to a company, alone or in conjunction with other factors, is used to explain the extent of such negative effects. Specifically, Kim (2014) has shown that attributions of blame have negative effects on company evaluations, product evaluations and purchase intentions. Similarly, Klein and Dawar (2004) have shown that attributions of responsibility have negative effects on brand

evaluations and purchase intentions. Others have argued that initial attributions of responsibility for a crisis, together with how many crises the company had and how the company treated its stakeholders prior to a crisis, have negative effects on a company's reputation (Coombs 2007b; Coombs 2007a). Some other factors have also been considered: a company's prior CSR reputation and how the company responds to a crisis (Dean 2004); how severe the crisis is and how the company responds to the crisis (Lee 2004). Therefore, prior research in crisis management has mainly focused on explaining the negative effects of consumer perceptions of the misconduct in terms of who is responsible for the misconduct, without considering other ways in which consumers might perceive a misconduct.

It is important to also consider other ways in which consumers might perceive a misconduct. This is because prior research has shown that consumers' perception of a misconduct, independent of attributions of responsibility for the misconduct, also have negative effects for companies, that is, differences in consumer perceptions of the same misconduct might generate differences in consumer distrust (Davies and Olmedo-Cifuentes 2016). Specifically, if the company is perceived as 'bending the law', higher loss of trust is likely compared with if the company is perceived as 'acting unfairly', in the context of the same crisis (Davies and Olmedo-Cifuentes 2016). Thus, consumers might have different perspectives on corporate misconducts and such perspectives might differ not only in terms of who is responsible for the misconduct but also in terms of the type of misconduct.

We therefore propose in this study that there are different angles from which consumers might look at a misconduct, with consumer perceptions of the type of misconduct being one such angle while consumer perceptions of responsibility for the misconduct being another angle. We also propose that such different angles can

help explain discrepancies in negative outcomes, and in particular in consumer distrust and consumer future intentions towards a company. Therefore, we build upon the typology of corporate misconducts developed by Davies and Olmedo-Cifuentes (2016) and upon prior work in crisis management that used an attribution theory perspective, to provide new insights that are both theoretically and practically relevant. Specifically, this study will bring a new perspective in the crisis management literature by considering not only consumer perceptions of responsibility for a misconduct but also consumer perceptions of the type of misconduct, for understanding how such perceptions impact consumer responses. It will also build upon the work of Davies and Olmedo-Cifuentes (2016) by providing a test of their framework when a specific scenario is given to participants, as the authors have tested their framework in a generic context only. On a more general level, this study will also contribute to the consumer distrust literature, by providing insights with regards to how consumer distrust forms. Additionally, this study will have practical relevance, as its findings will help companies understand, from two distinct angles, how consumers react to negative incidents and how such incidents might affect consumer trust and consumer future intentions towards the company. Such understanding can be then useful for the development of crisis management strategies.

We start by providing some theoretical background on distrust, attribution theory and corporate misconducts, with the purpose of defining our hypotheses. We then report a study where respondents are given a scenario which led to a crisis and asked to attribute its cause to the main players in the scenario and to categorize the misconduct. Finally, we present our findings and we discuss their implications for theory and practice.

## **6.2 Theoretical background**

### **6.2.1 Distrust or low trust**

Various forms of distrust have been identified in the literature, with each form of distrust having a distinct definition. Distrust can be impersonal when directed towards situations or structures such as organizations in general (known as institutional distrust), dispositional when formed based upon attributes of the trustor (known as disposition to distrust others in general), and interpersonal when formed based upon attributes of the party to be trusted, in other words, distrust is directed towards a specific party, which can be a person or object (McKnight and Chervany 2001). In the current study, distrust is considered to occur due to behaviors of the party to be trusted, i.e. corporate misconducts, and therefore defined as a consumer belief that the company behaves in a way which is not beneficial to consumers (adapted from McKnight and Chervany 2001). Such distrusting beliefs are known to be responsible for distrusting intentions and behaviors (McKnight and Chervany 2001), which in the context of the current study are equivalent to consumers' future intentions in terms of willingness to be customers of the company again and to recommend the company to others.

We consider here distrust as the polar opposite of trust in terms of antecedents, that is, corporate behaviors, with consumers either trusting or distrusting a company for a specific behavior. This is because within the marketing research, several works have considered trust and distrust as polar opposite constructs in terms of antecedents, and distinct only in terms of how they are expressed or experienced, i.e. positive versus negative manifestations and expectations (see for example Davies and Olmedo-Cifuentes 2016; Singh and Sirdeshmukh 2000; Sirdeshmukh et al. 2002). But the

main reason for why we consider here consumer trust and distrust as polar opposite constructs in terms of antecedents is because the same assumption underpins the typology of corporate misconducts developed by Davies and Olmedo-Cifuentes (2016), and which constitutes one of the main bases of the current study. Therefore, distrust is equivalent to low trust in the current study.

### **6.2.2 Corporate misconducts and distrust**

Corporate misconducts, defined as company's "unacceptable or improper behavior" (Davies and Olmedo-Cifuentes 2016; pg 1428), are known to have a negative impact on a company's image and on consumer trust in the company. When a company behaves unethically, and when it fails to provide a response to claims of unethical behavior, its corporate image is likely to be negatively affected (Bradford and Garrett 1995). Also, when a company has unethical marketing practices (Leonidou et al. 2013), such as misleading advertising (Darke and Ritchie 2007; Darke et al. 2010), consumer distrust towards the company is likely. This is because people's reactions to such behaviors are determined by how they perceive such behavior, an assumption that underpins research in trust repair following a crisis (e.g. Falkheimer and Heide 2015; Huang 2008; Xia 2013).

How specifically consumers perceive misconducts, and how such perceptions affect consumers trust, has been investigated by Davies and Olmedo-Cifuentes (2016). The authors developed a typology of 6 generic types of corporate misconducts that might damage trust based upon the theory of how trust is created, and showed that, different levels of damage to trust is likely to occur depending upon the type of misconduct. The 6 corporate misconducts are: 'making mistakes', 'not telling the truth', 'acting unfairly', 'not listening to criticism', 'bending the law', and 'acting



irresponsibly'. 'Making mistakes' refers to a company's lack of competence, reliability and predictability; 'not telling the truth' refers to a company's behavior that is deceptive and not as expected; 'acting unfairly' refers to behaviors towards stakeholder groups that are not considered acceptable based on social standards; 'not listening to criticism' refers to a company's reluctance in accepting feedback regarding its actions and on working to improve based on such feedback; 'bending the law' refers to behaviors towards stakeholder groups that lack integrity; and 'acting irresponsibly' refers to a company's unwillingness to engage in CSR initiatives (Davies and Olmedo-Cifuentes 2016). Using conjoint analysis, the authors identify that individual types of misconduct differ in their potential to generate loss of trust because consumers differ in their perceptions of the same crisis, e.g. some might perceive a crisis as 'bending the law' while some others might perceive the same crisis as 'not telling the truth'. Specifically, the authors show that when consumers perceive a misconduct as 'bending the law' or as 'not telling the truth' the highest damage to trust is likely, and that the least damage to trust is likely when consumers perceive the same misconduct as 'acting irresponsibly' or as 'acting unfairly'. Moderate damage to trust is likely when consumers perceive the misconduct as 'making mistakes' or as 'not listening to criticism'. However, their research did not include offering respondents a specific scenario and did not consider the effects of such perceptions in conjunction with other factors on consumer distrust. We refer here to the attribution of responsibility for the misconduct to the company, which is known to affect consumer distrust (Lee 2004), and which can be explained through attribution theory.

### **6.2.3 Attribution theory for understanding consumer perceptions of responsibility for a misconduct**

Attribution theory explains how people deduce the causes for an incident or for an outcome based upon what information they have (Kelley 1973; Weiner 1985; Folkes 1988; Weiner 2000). Inferences about causes are most likely to occur after a negative incident or outcome, as individuals try to understand why such negative incident or outcome occurred (Weiner 2000). Such causes can be perceived as either internal or external, as either stable or unstable, and as either controllable or uncontrollable (Weiner 1985; Weiner 2000). For example, a corporate misconduct can occur either because of factors within the company or because of factors external to the company, can occur repeatedly or only once, with the company either having or not having the possibility to prevent it. Causes perceived as stable or unstable are usually associated with the likelihood of future incidents, while causes perceived as controllable or uncontrollable and as occurring due to internal or external factors, are usually associated with perceptions of responsibility and moral judgements (Weiner 2000). For example, if a company is perceived consistently as misbehaving, consumers are more likely to expect for such company to misbehave in the future. If a misconduct is perceived as being the result of a cause which could have been controlled by the company, then the company is most likely to be perceived as responsible for such misconduct. Such causal attributions are then likely to negatively impact affective reactions and future behavior (Weiner 2000).

Within crisis management, attribution theory has been used for proposing crisis response strategies based upon consumer attributions of responsibility for a misconduct, and for providing insights with regards to both potential antecedents and consequences of causal attributions.

Situational Crisis Communication Theory was developed based upon attribution theory, and explains how the public might perceive a crisis in terms of causal attributions, how much reputational threat such perceptions are likely to generate, and what type of response a company should adopt to prevent reputational damage (Coombs 1998; Coombs 2007b; Coombs 2007a). The theory proposes that if more responsibility is likely to be attributed to the company, then the company should adopt accommodative communication strategies (e.g. apology and compensation) and, if less responsibility is likely to be attributed to the company, then the company should adopt defensive communication responses (e.g. deny responsibility). Such crisis response strategies are then likely to influence attributions of responsibility for the crisis, to prevent damage to the reputation of a company and to prevent negative consumer behaviors (Coombs 2007b; Coombs 2007a). To date, research has provided evidence for the claims of Situational Crisis Communication Theory, as it has shown that how the company responds to the crisis influences attributions of responsibility for the crisis (Chang et al. 2015) as well as brand evaluations and consumer trust (Dawar and Pillutla 2000; Standop and Grunwald 2009; Huang 2008; Falkheimer and Heide 2015; Xia 2013), with accommodative strategies most suitable for protecting a company's reputation (Claeys et al. 2010).

Besides crisis responses as antecedents of causal attributions, others have also considered severity of failure (Chang et al. 2015), or consumer attachment styles as antecedents of causal attributions (Whelan and Dawar 2016). Others found that information distinctiveness decreases responsibility judgments, that is, attributions of responsibility are reduced when the company communicates that it has a good prior relational reputation and that the company has no crisis history (Yum and Jeong 2015).

With regards to consequences of causal attributions, several negative consequences have been acknowledged in the academic literature as resulting from causal attributions, alone or in conjunction with other factors. Folkes (1984) and Folkes et al. (1987) found that in the case of product failure, consumers' causal attributions for the failure are likely to determine specific reactions and behaviors: when the company is perceived as being responsible for the failure, consumers are more likely to be angry with the company and to complain, and less likely to repurchase again from the company. Others found that when consumers consider a company as responsible for a crisis, negative corporate reputation and consumer behavior are likely (Chang et al. 2015; Coombs 2007a; Coombs 2007b; Coombs and Holladay 1996; Coombs and Holladay 2002; Coombs 2004). And, negative consumer attitudes and lower purchase intentions are likely when consumers' attributions of responsibility and blame are intensified by a company's negative reputation for CSR (Dean 2004; Klein and Dawar 2004).

Hence, it is clear that attributions of responsibility for a misconduct promote negative consumer attitudes, but it is less clear if such attributions negatively impact consumers' trust in a company. Scarce evidence with regards to such effects exists, but as far we know that when a company is seen responsible for a crisis, the company is likely to be distrusted (Lee 2004). Through the current study we aim to provide further evidence for such a link and to see if such an effect occurs concomitantly with how consumers categorize corporate misdeeds. Therefore, our purpose here is to use attribution theory as a way of understanding the effects of consumer perceptions of the misconduct, in terms of who is responsible for the misconduct, together with consumer perceptions of the type of misconduct, on consumer distrust. Our focus here is on attributions of locus as such attributions are

linked to responsibility (Weiner 2000), that is, we aim to understand if consumers' perceptions of the corporate misconduct as due to factors within the company, in conjunction with how they categorize the misconduct, impact their trust in the company and their future intentions towards the company. We would expect, based on Lee (2004), for a negative impact on consumer trust and on consumer future intentions to occur when consumers attribute responsibility for a corporate misconduct to the company. In terms of how consumers might categorize a corporate misconduct and therefore how such categorization might impact consumer trust and consumer future intentions towards a company, we would expect, based on Davies and Olmedo-Cifuentes (2016), for different levels of distrust to occur depending on how consumers categorize the same incident. Specifically, we would expect that when consumers categorize the incident as 'bending the law' or as 'not telling the truth' for the highest damage to consumer trust and to consumer future intentions to be likely. However, we would expect that when consumers categorize the same incident as 'acting irresponsibly' or as 'acting unfairly' for the lowest damage to consumer trust and to consumer future intentions to be likely. Hence, we hypothesize that:

H1: Different levels of consumer distrust towards the company are likely depending on how consumers categorize the misconduct

H2: Different levels of consumer future intentions towards the company are likely depending on how consumers categorize the misconduct

H3: Higher levels of distrust are likely when consumers attribute responsibility for the misconduct to the company

H4: More negative consumer future intentions are likely when consumers attribute responsibility for the misconduct to the company

### **6.3 Research design**

To achieve the aim of this study we used a correlational design in the context of problems that occurred after car servicing, and we gave our participants a questionnaire with 3 main sections. In the first section, we included some screening questions with the purpose of preselecting our participants ('Do you own a car?' and 'Are you responsible for the servicing of your car?'), and some questions aimed at measuring participants' initial level of trust in the garage they normally use for servicing their cars. The items measuring initial trust were adapted from Sirdeshmukh et al. (2002) and Herbst et al. (2012), with participants indicating their answers on a 7-point scale (appendix 3.1,  $\alpha=.93$ ). In the second section of the questionnaire, we provided our participants with a description of a fictitious incident and we asked our participants to relate the incident to the garage they normally use for servicing their cars (see appendix 3.2 for the description of the incident). In summary, in the scenario, Paul Thompson, a customer of the garage the participants use, has been involved in a car accident. Information is provided that might lead the reader to attribute blame to either the garage, the car owner or neither, and that either the customer or the garage might be behaving badly. We used a single item to measure change in trust asking our participants to rate on a 7-point scale whether they strongly disagreed or strongly agreed with the following statement: 'I would not trust my garage as much as I did before'. During data analysis this item was reverse scored, with values below the mid-point of the scale representing distrust, and values above the mid-point of the scale representing trust. Further items ('I would not use the garage again to service my car', 'I would be less likely to recommend the garage

to others' and 'My opinion of my garage would not change') were used to measure consumer future intentions (scale adapted from Aaker et al. 2010 and Brown et al. 2005;  $\alpha=.87$  but the third item proved problematic and was therefore dropped,  $r=.82$ ). For assessing participants' attributions of responsibility for the incident, we asked our participants to rate their answers on the following items: 'Garage X is responsible for what has happened', 'Paul Thompson is responsible for what has happened' and 'Neither Paul nor Garage X are responsible for what has happened' (7 point scale, anchored by 'strongly disagree' and 'strongly agree', adapted from Klein and Dawar 2004). Finally, and still in the second section, we asked our participants to categorize the incident by responding to a range of questions designed to test the typology of corporate misconducts developed by Davies and Olmedo-Cifuentes (2016) (see appendix 3.3). In section 3, we collected demographic data (age and gender) and data for two potential controls, consumer expertise (scale adapted from Mitchell and Dacin 1996;  $r=.82$ ) and product involvement (scale adapted from Mittal 1995,  $\alpha=.90$ ). The questionnaire was pretested with 5 participants and based on the feedback received, some questions were modified to clarify their meaning.

We distributed the questionnaire online, through a UK market research agency, to their panel whose membership reflects the British population as a whole. In total, 201 participants completed the questionnaire, 50.7% males and 49.3% females, from various age groups (51.7% participants were between 18-60 years old and 49.3% were above 60 years old).

## 6.4 Results

Participants' trust in the garage was significantly lower after reading the scenario compared with participants' trust in the garage before reading the scenario ( $M_{\text{finaltrust}}=3.26$ ,  $SD=1.62$  versus  $M_{\text{initialtrust}}=5.82$ ,  $SD=1.05$ ),  $t(200)=20.43$ ,  $p<.001$ .

### 6.4.1 Trust as the dependent variable, responsibility attributed to the garage

We conducted several hierarchical multiple regression models to test our hypotheses, first with regards to trust and when the responsibility for the incident is attributed to the garage. We considered participants' trust after reading the scenario as the dependent variable. We then included participants' trust before reading the scenario in step 1, participants' attributions of responsibility to the garage in step 2, each type of misconduct separately in step 3, and four interaction terms in step 4 (initial trust and responsibility, initial trust and each type of misconduct, responsibility and each type of misconduct; initial trust with responsibility and each type of misconduct). In other words, we ran six hierarchical multiple regression models, one for each type of misconduct, because we wanted to compare how much variation in distrust was explained by each type of misconduct. To facilitate the interpretation of data and interactions, and to avoid multicollinearity we mean centered our continuous variables (West et al. 1996; Aiken and West 1991).

For each type of misconduct the interaction terms did not contribute significantly to the model ( $F(4,193)=1.40$ ,  $p=.24$  for 'making mistakes',  $F(4,193)=.33$ ,  $p=.86$  for 'not telling the truth',  $F(4,193)=1.17$ ,  $p=.33$  for 'acting unfairly',  $F(4,193)=1.17$ ,  $p=.33$  for 'not listening to criticism',  $F(4,193)=.46$ ,  $p=.76$  for 'bending the law',  $F(4,193)=.30$ ,  $p=.88$  for 'acting irresponsibly'). Therefore, the interaction terms were



dropped and we re-ran the six hierarchical multiple regression models but with 3 steps only.

The results showed that in all six models, participants attributed responsibility for the incident to the garage, and that such attributions of responsibility had a negative impact on participants' trust in the garage after the incident,  $F(1,198)=57.89, p<.001$ .

With regards to the impact of the six types of misconducts on distrust, when the garage was perceived as 'not telling the truth' about the incident,  $F(1,197)=17.13, p<.001$ , or when it was perceived as 'acting unfairly' towards Paul Thompson,  $F(1,197)=16.87, p<.001$ , the highest negative impact on trust was likely. When the garage was perceived as 'not listening to the advice of the manufacturer',  $F(1,197)=15.47, p<.001$ , or when it was seen as 'acting irresponsibly'  $F(1,197)=7.22, p=.01$ , moderate negative impact on trust was likely. Finally, when the garage was perceived as 'bending the law',  $F(1,197)=5.20, p=.02$ , or when it was perceived as 'making a mistake' in not using a manufacturer branded part,  $F(1,197)=5.07, p=.03$ , the lowest negative impact on trust was likely. In other words, when a company is seen responsible for a misconduct, the highest level of consumer distrust towards the company is likely to occur when consumers perceive a misconduct as 'not telling the truth'; and, the lowest level of consumer distrust towards the company is likely to occur when consumers perceive the misconduct as 'making mistakes'. The ranking of the  $t$  values for the misconducts offered the same picture with regards to the negative impact of different types of misconduct on trust (table 5). The consideration of controls (age, gender, expertise, and product involvement) did not change significantly our results. Also, the assumptions for multiple regression were met (linearity, independent errors, homoscedasticity, normally distributed errors, no multicollinearity; as suggested by Field 2009).

Table 5: Hierarchical regression with distrust as dependent variable, responsibility attributed to garage, with results for each type of misconduct

Independent Variable	Type of misconduct: not telling the truth			Type of misconduct: acting unfairly			Type of misconduct: not listening to manufacturer's advice			Type of misconduct: acting irresponsibly			Type of misconduct: bending the law			Type of misconduct: making mistakes		
	B	SE	<i>t</i>	B	SE	<i>t</i>	B	SE	<i>t</i>	B	SE	<i>t</i>	B	SE	<i>t</i>	B	SE	<i>t</i>
Intercept	3.26	.10	34.06**	3.26	.10	34.04**	3.26	.10	33.92**	3.26	.10	33.26**	3.26	.10	33.09**	3.26	.10	33.08**
Initial trust	.12	.09	1.32	.16	.09	1.74	.20	.09	2.17*	.17	.10	1.77	.18	.10	1.86	.20	.09	2.15*
Responsibility- Garage	-.30	.08	-3.58**	-.29	.09	-3.47**	-.30	.09	-3.49**	-.36	.09	-4.06**	-.41	.08	-4.91**	-.40	.09	-4.66**
Type of misconduct	-.51	.12	-4.14**	-.51	.12	-4.11**	-.45	.11	-3.93**	-.31	.11	-2.69**	-.25	.11	-2.28*	-.24	.11	-2.25*
F			28.98**			28.86**			28.24**			24.59**			23.70**			23.65**
ΔF			17.13**			16.87**			15.47**			7.22**			5.20*			5.07*
R <sup>2</sup>			.31			.31			.30			.27			.27			.27
R <sup>2</sup> <sub>adj.</sub>			.30			.30			.29			.26			.25			.25
R <sup>2</sup> <sub>change</sub>			.06			.06			.06			.03			.02			.02
df			3, 197			3, 197			3, 197			3, 197			3, 197			3, 197
<i>t</i> rank			1			2			3			4			5			6
Expected rank***			2			6			3			5			1			4

N=201, \*p<.05, \*\*p<.01; \*\*\* based on Davies and Olmendo-Cifuentes (2016); only the third model of each of the six regression analyses is reported, with each column presenting the results of each of the six analyses that differed in terms of the type of misconduct included in step 3

To determine if the six types of misconduct explain a significantly different variance in distrust, we computed the Steiger's Z test (Howell 2013; Meng et al. 1992; Steiger 1980) using the FZT computator<sup>5</sup>. We compared the model of the misconduct which explains the highest variance in distrust, that is, 'not telling the truth' with the remaining five models which explain less variance in distrust. The correlation coefficients based on which the Z values were computed are presented in table 6.

Table 6: Correlation coefficients for consumer distrust and for the predicted values of distrust based on each model

Consumer distrust	M	SD	1	2	3	4	5	6
1 Consumer distrust	3.26	1.62						
2 Garage Not Telling the Truth	3.26	.89	.553**					
3 Garage Acting Unfairly	3.26	.89	.553**	.909**				
4 Garage Not Listening to Criticism	3.26	.89	.548**	.854**	.849**			
5 Garage Acting Irresponsibly	3.26	.84	.522**	.920**	.917**	.904**		
6 Garage Bending the Law	3.26	.83	.515**	.916**	.922**	.901**	.971**	
7 Garage Making Mistakes	3.26	.83	.515**	.884**	.887**	.928**	.945**	.952**

\*\* $p < .001$  (2-tailed)

There was a non-significant difference in the predictive utility of the six models,  $Z=0$  for the 'not telling the truth' and the 'acting unfairly' models;  $Z=.159$ ,  $p > .05$  for the 'not telling the truth' and the 'not listening to criticism' models;  $Z=1.304$ ,  $p > .05$  for the 'not telling the truth' and the 'acting irresponsibly' models;  $Z=1.556$ ,  $p > .05$  for the 'not telling the truth' and the 'bending the law' models;  $Z=1.329$ ,  $p > .05$  for the 'not telling the truth' and the 'making mistakes' models. In conclusion, none of the models predicted distrust significantly better, that is, each type of misconduct does not explain a significantly different variance in distrust. Table 7 presents the predicted values for distrust, for each of the six models. Therefore, although H1 is

<sup>5</sup> Developed by Professor Calvin Garbin from University of Nebraska-Lincoln, and available to download from <http://psych.unl.edu/psycrs/statpage/regression.html>

supported, the differences in consumer distrust depending on how consumers categorize the misconduct are non- significant.

Table 7: Predicted values for distrust for each of the six models (standardized estimates)

Model	N	Minimum	Maximum	Mean	SD
Not Telling the truth	201	1.34	5.54	3.26	.89
Acting unfairly	201	1.31	5.57	3.26	.89
Not listening to criticism	201	1.31	5.67	3.26	.89
Acting irresponsibly	201	1.46	5.34	3.26	.84
Bending the law	201	1.35	5.30	3.26	.83
Making mistakes	201	1.41	5.36	3.26	.83

#### **6.4.2 Consumer future intentions as the dependent variable, responsibility attributed to the garage**

We then ran six hierarchical regression models with consumer future intentions as the dependent variable. We included initial trust in the first step, consumers' attributions of responsibility in step 2, each misconduct separately in step 3, and the interaction terms in step 4. As previously, we ran six hierarchical regression models for each type of misconduct. For each type of misconduct the interaction terms did not contribute significantly to the model ( $F(4,193)=1.86$ ,  $p=.12$  for 'making mistakes',  $F(4,193)=.59$ ,  $p=.67$  for 'not telling the truth',  $F(4,193)=1.23$ ,  $p=.30$  for 'acting unfairly',  $F(4,193)=1.46$ ,  $p=.22$  for 'not listening to criticism',  $F(4,193)=.60$ ,  $p=.66$  for 'bending the law',  $F(4,193)=.77$ ,  $p=.54$  for 'acting irresponsibly'). Therefore, the interaction terms were dropped again and we re-ran the six hierarchical multiple regression models but with 3 steps only.

With regards to consumers' future intentions after the incident, the results were slightly different. Consumers' future intentions were negatively impacted by participants' attributions of responsibility for the incident to the garage,  $F(1,198)=5.89$ ,  $p=.02$ . Of the six types of misconducts, 'acting unfairly' ( $F(1,197)=28.25$ ,  $p<.001$ ) and 'not telling the truth' ( $F(1,197)=27.34$ ,  $p<.001$ ) had the highest negative impact on consumers' future intentions, followed by 'acting irresponsibly' ( $F(1,197)=12.31$ ,  $p<.001$ ) and by 'making mistakes' ( $F(1,197)=10.30$ ,  $p<.001$ ). 'Not listening to the manufacturer's advice' ( $F(1,197)=7.68$ ,  $p=.01$ ) and 'bending the law' ( $F(1,197)=5.80$ ,  $p=.02$ ) had the lowest negative impact on consumers' future intentions. Therefore, when a company is seen responsible for a misconduct, the highest negative impact on consumer future intentions is likely to occur when the misconduct is perceived by consumers as 'acting unfairly' and the lowest negative impact is likely to occur when the same misconduct is perceived as 'bending the law'. The ranking of significance using the  $t$  values for the misconducts offered the same picture with regards to the impact of different types of misconducts on consumer future intentions (table 8).

Table 8: Hierarchical regression with consumer future intentions as dependent variable, responsibility attributed to garage, with results for each type of misconduct

Independent Variable	Type of misconduct: acting unfairly			Type of misconduct: not telling the truth			Type of misconduct: acting irresponsibly			Type of misconduct: making mistakes			Type of misconduct: not listening manufacturer's advice			Type of misconduct: bending the law		
	B	SE	<i>t</i>	B	SE	<i>t</i>	B	SE	<i>t</i>	B	SE	<i>t</i>	B	SE	<i>t</i>	B	SE	<i>t</i>
Intercept	3.27	.10	34.31**	3.27	.10	34.24**	3.27	.10	33.07**	3.27	.10	32.92**	3.27	.10	32.71**	3.27	.10	32.55**
Initial trust	.17	.09	1.87	.13	.09	1.36	.18	.10	1.89	.23	.10	2.37*	.23	.10	2.38*	.20	.10	2.06*
Responsibility-Garage	-.32	.08	-3.79**	-.33	.08	-3.99**	-.40	.09	-4.47**	-.43	.09	-5.06**	-.45	.09	-5.01**	-.49	.08	-5.78**
Type of misconduct	-.65	.12	-5.32**	-.64	.12	-5.23**	-.40	.12	-3.51**	-.35	.11	-3.21**	-.33	.12	-2.77**	-.27	.11	-2.41*
F			41.48**			41.05**			33.90**			32.94**			31.70**			30.80**
ΔF			28.25**			27.34**			12.31**			10.30**			7.68**			5.80*
R <sup>2</sup>			.39			.39			.34			.33			.33			.32
R <sup>2</sup> <sub>adj.</sub>			.38			.38			.33			.32			.32			.31
R <sup>2</sup> <sub>change</sub>			.09			.09			.04			.04			.03			.02
df			3, 197			3, 197			3, 197			3, 197			3, 197			3, 197
<i>t</i> rank			1			2			3			4			5			6
Expected rank***			2			6			3			5			1			4

N=201, \*p<.05, \*\*p<.01; \*\*\* based on Davies and Olmendo-Cifuentes (2016); only the third model of each of the six regression analyses is reported, with each column presenting the results of each of the six analyses that differed in terms of the type of misconduct included in step 3

As previously, we used Steiger's Z test to determine if the six models explain a significantly different variance in consumer future intentions. Table 9 presents the correlation coefficients based on which the Z values were computed.

Table 9: Correlation coefficients for consumer future intentions and for the predicted values of consumer future intentions based on each model

Consumer future intentions	M	SD	1	2	3	4	5	6
1 Consumer future intentions	3.27	1.71						
2 Garage Acting Unfairly	3.27	1.06	.622**					
3 Garage Not Telling the Truth	3.27	1.06	.620**	.896**				
4 Garage Acting Irresponsibly	3.27	1.00	.583**	.902**	.908**			
5 Garage Making Mistakes	3.27	.99	.578**	.862**	.861**	.927**		
6 Garage Not Listening to Criticism	3.27	.98	.571**	.870**	.877**	.932**	.953**	
7 Garage Bending the Law	3.27	.97	.565**	.909**	.906**	.966**	.943**	.947**

\*\* $p < .001$  (2-tailed)

There was a non-significant difference between the first four models ( $Z = .08$ ,  $p > .05$  for 'acting unfairly' and 'not telling the truth';  $Z = 1.576$ ,  $p > .05$  for 'acting unfairly' and 'acting irresponsibly';  $Z = 1.503$ ,  $p > .05$  for 'acting unfairly' and 'making mistakes'). However, the variance explained in consumer future intentions by 'acting unfairly' was significantly different than the variance explained in consumer future intentions by 'not listening to criticism',  $Z = 1.787$ ,  $p < .05$  (single tailed). Also, the variance explained in consumer future intentions by 'acting unfairly' was significantly different than the variance explained in consumer future intentions by 'bending the law',  $Z = 2.367$ ,  $p < .01$  (single tailed).

Since 'acting unfairly' and 'not telling the truth' explained similar variance in consumer future intentions, we further compared the 'not telling the truth' model with the remaining four models. The difference in the variance explained in consumer future intentions by the 'not telling the truth' and the 'acting irresponsibly'

models was non-significant ( $Z=1.54, p>.05$ ). The results are similar for the models ‘not telling the truth’ and ‘making mistakes’ ( $Z=1.428, p>.05$ ).

However, there was a significant difference between the ‘not telling the truth’ and the ‘not listening to criticism’ models in predicting consumer future intentions ( $Z=1.761, p<.05$ , single tailed), and between the ‘not telling the truth’ and the ‘bending the law’ models in predicting the same outcome ( $Z=2.246, p<.05$ , single tailed). We did not perform any further comparisons as the rest of the models appeared to explain similar variance in consumer future intentions. Hence, different levels of consumer future intentions are likely depending on how consumers categorize misconducts, with more significant decrease in consumer future intentions likely to occur when the misconduct is categorized as ‘acting unfairly’ or as ‘not telling the truth’ as compared to ‘not listening to criticism’ or ‘bending the law’. Table 10 presents the predicted values for consumer future intentions for each of the six models. The consideration of controls did not improve the results and the assumptions for multiple regression were met. Hence, H2 is supported.

Table 10: Predicted values for consumer future intentions for each model  
(standardized estimates)

Model	N	Minimum	Maximum	Mean	Std. Deviation
Acting unfairly	201	.97	6.01	3.27	1.06
Not telling the truth	201	1.02	5.95	3.27	1.06
Acting irresponsibly	201	1.16	5.70	3.27	1.00
Making mistakes	201	1.08	5.74	3.27	.99
Not listening to criticism	201	1.12	5.90	3.27	.98
Bending the law	201	1.07	5.65	3.27	.97



### 6.4.3 Trust as the dependent variable, responsibility attributed to Paul

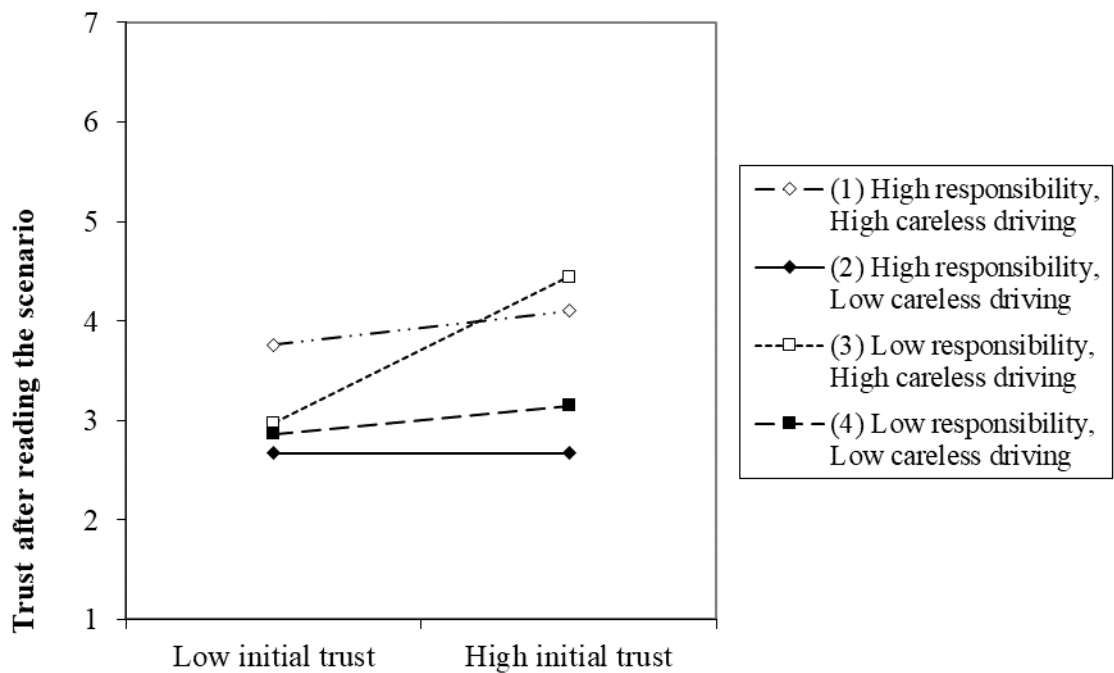
We analyzed participants' perceptions of Paul's responsibility for the incident and of Paul's behavior, and how such perceptions might affect their trust and future intentions towards the garage.

We ran six hierarchical regression models, with each type of misconduct included separately in step 3. Trust after reading the scenario was the dependent variable, trust before reading the scenario was included in step 1, attribution of responsibility to Paul was included in step 2, each type of misconduct was included separately in step 3, and the interaction terms were included in step 4.

The interaction terms did not contribute significantly to the models ( $F(4,193)=.72$ ,  $p=.60$  for 'making mistakes',  $F(4,193)=2.03$ ,  $p=.09$  for 'not telling the truth',  $F(4,193)=1.77$ ,  $p=.14$  for 'acting unfairly',  $F(4,193)=2.11$ ,  $p=.08$  for 'lack of concern for the motorbike rider',  $F(4,193)=1.74$ ,  $p=.14$  for 'acting irresponsibly'). The interaction terms for the model 'bending the law/careless driving' were marginally significant,  $F(4,193)=2.35$ ,  $p=.06$ , but each interaction term did not contribute significantly to the model ( $t(192)= -1.40$ ,  $p=.16$  for the interaction term between initial trust and attribution of responsibility to Paul;  $t(192)= -1.61$ ,  $p=.11$  for the interaction term between attribution of responsibility to Paul and the type of misconduct;  $t(192)=1.59$ ,  $p=.12$  for the interaction term between initial trust and the type of misconduct; and,  $t(192)= -1.16$ ,  $p=.25$  for the interaction term between initial trust, attribution of responsibility to Paul and the type of misconduct). Figure 4 presents the model for 'bending the law/careless driving' with its interaction terms, and shows that for participants with high initial trust in the garage, trust after reading the scenario remained almost similar to their initial trust and above the mean value ( $M_{\text{finaltrust}}= 3.26$ ,  $SD=1.62$ ) when Paul was perceived as being a careless driver.

However, and for the same participants, when Paul was not perceived as a careless driver, their trust in the garage after reading the scenario was slightly below the mean value. For participants with low initial level of trust in the garage, their trust after reading the scenario was slightly below the mean value when Paul was not seen as a careless driver or when Paul was seen as a careless driver but not responsible for the incident. However, their trust after reading the scenario was above the mean value when Paul was perceived as a careless driver and as responsible for the incident.

**Figure 4: Consumer trust/distrust for the 'bending the law/careless driving' model <sup>6</sup>**



Therefore, we re-ran the six hierarchical regression analyses without the interaction terms (table 11).

<sup>6</sup> Graphs 4,5,6 were plotted using the model developed by Professor Jeremy Dawson from University of Sheffield, and available to download from <http://www.jeremydawson.co.uk/slopes.htm>

Table 11: Hierarchical regression with trust as dependent variable, responsibility attributed to Paul, with results for each type of misconduct

Independent Variable	Type of misconduct: acting unfairly			Type of misconduct: not telling the truth			Type of misconduct: acting irresponsibly			Type of misconduct: bending the law (careless driving)			Type of misconduct: making mistakes (driving error)			Type of misconduct: not listening to criticism (lack of concern)		
	B	SE	<i>t</i>	B	SE	<i>t</i>	B	SE	<i>t</i>	B	SE	<i>t</i>	B	SE	<i>t</i>	B	SE	<i>t</i>
Intercept	3.26	.11	30.93**	3.26	.11	30.71**	3.26	.11	30.56**	3.26	.11	30.10**	3.26	.11	30.01**	3.26	.11	29.43**
Initial trust	.19	.10	1.90	.26	.10	2.58**	.23	.10	2.20*	.21	.10	2.04*	.22	.10	2.10*	.20	.11	1.87
Responsibility-Paul	-.11	.09	-1.32	-.08	.09	-.99	-.04	.08	-.46	-.05	.09	-.54	-.10	.09	-1.06	.05	.08	.63
Type of misconduct	.70	.13	5.40**	.78	.15	5.10**	.66	.14	4.87**	.55	.13	4.15**	.61	.15	3.99**	.35	.13	2.79**
F			12.39**			11.29**			10.52**			8.27**			7.82**			5.01**
ΔF			29.17**			25.97**			23.76**			17.22**			15.93**			7.78**
R <sup>2</sup>			.16			.15			.14			.11			.11			.07
R <sup>2</sup> <sub>adj.</sub>			.15			.13			.13			.10			.09			.06
R <sup>2</sup> <sub>change</sub>			.13			.11			.10			.08			.07			.04
df			3, 197			3, 197			3, 197			3, 197			3, 197			3, 197

N=201, \*p<.05, \*\*p<.01; only the third model of each of the regression analyses is reported

In all six models, Paul was not perceived as being responsible for the incident,  $F(1,198)=1.81, p=.18$ . Therefore H3 is supported, higher levels of distrust are likely when consumers attribute responsibility for the misconduct to the garage. And, trust in the garage after reading the scenario remained above the mean value when Paul was perceived as misbehaving (see table 11). In other words, trust is not lost when someone else is perceived as misbehaving. The consideration of controls did not improve the results and the assumptions for multiple regression were met.

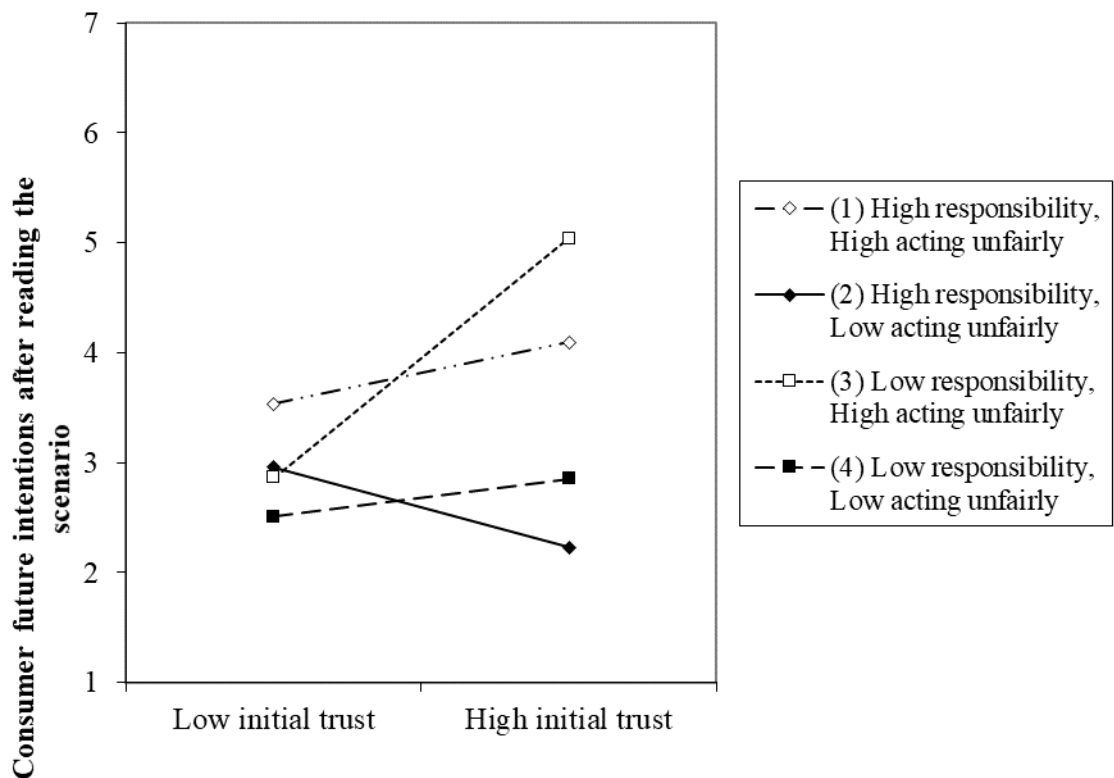
#### **6.4.4 Consumer future intentions as the dependent variable, responsibility attributed to Paul**

We ran six hierarchical multiple regression models for each type of misconduct, with consumer future intentions as the dependent variable, trust before reading the scenario in step 1, attribution of responsibility to Paul in step 2, each type of misconduct separately in step 3, and the interaction terms in step 4. The interaction terms did not contribute significantly to some models ( $F(4,193)=1.63, p=.17$  for ‘making mistakes/driving error’,  $F(4,193)=1.51, p=.20$  for ‘not telling the truth’,  $F(4,193)=1.38, p=.24$  for ‘bending the law/careless driving’,  $F(4,193)=1.27, p=.28$  for ‘acting irresponsibly’).

However, the interaction terms contributed significantly to the ‘acting unfairly’ model,  $F(4,193)=2.85, p=.03$  and to the ‘lack of care for the motorbike rider’ model,  $F(4,193)=2.56, p=.04$ . The ‘acting unfairly’ model (figure 5) shows that for participants with high initial levels of trust in the garage, their future intentions remained above the mean value ( $M_{\text{future intentions}}=3.27, SD=1.71$ ) when they perceived Paul as acting unfairly. However, their future intentions towards the garage were below the mean value when they did not perceive Paul as acting unfairly. For

participants with low initial level of trust in the garage, their future intentions remained below the mean value when Paul was not perceived as acting unfairly or when he was perceived as acting unfairly but not responsible for the incident, but slightly above the mean value when Paul was seen as responsible for the incident and as acting unfairly.

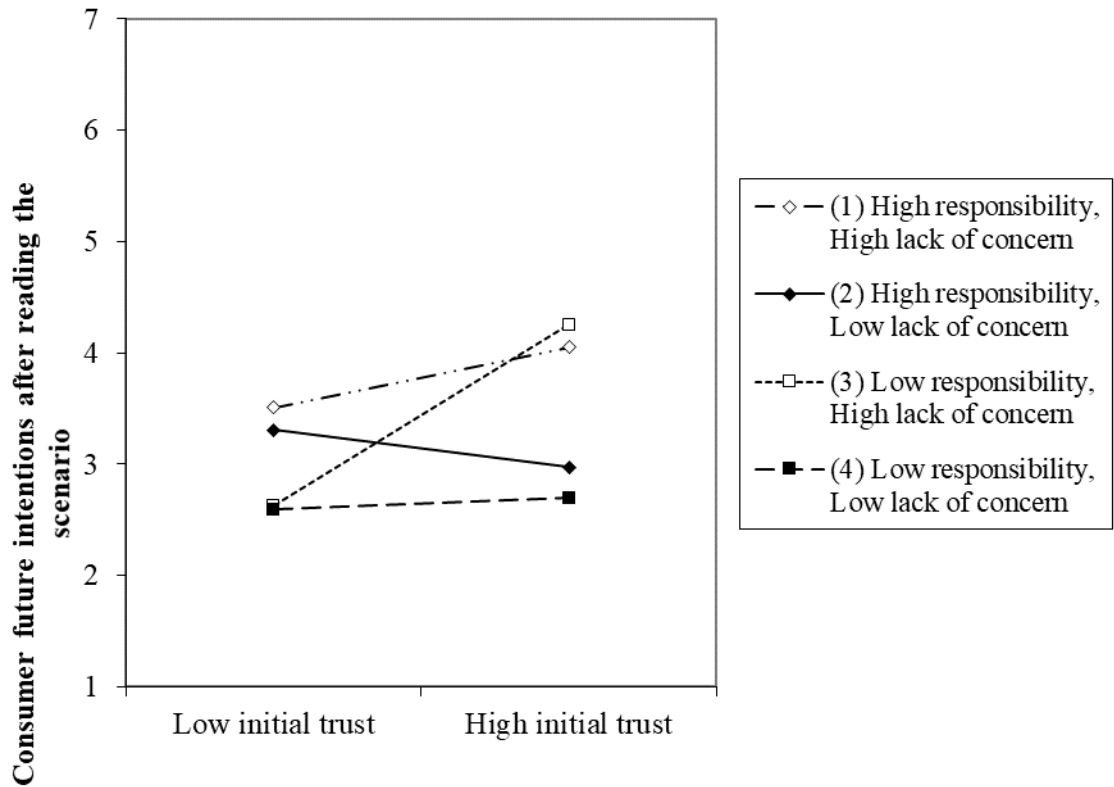
**Figure 5: Consumer future intentions for the 'acting unfairly' model**



The 'lack of concern for the motorbike rider' model (figure 6) shows that in the case of participants with high initial level of trust in the garage, their future intentions towards the garage remained above the mean value when they perceived Paul as lacking concern for the motorbike rider. However, their future intentions towards the garage were below the mean value when they did not perceive Paul as lacking concern for the motorbike rider. For participants with low initial level of trust in the garage, their future intentions towards the garage remained below the mean value

when they did not consider Paul as being responsible for the incident but slightly above the mean value when they considered Paul as being responsible for the incident.

**Figure 6: Consumer future intentions for the 'lack of concern for the motorbike rider' model**



The results of the hierarchical regression analyses for the 'acting unfairly' and the 'lack of concern for the motorbike rider' models are presented in table 12.

Table 12: Hierarchical regression with consumer future intentions as dependent variable, responsibility attributed to Paul, with results for each type of misconduct

Independent Variable	Type of misconduct: acting unfairly			Type of misconduct: lack of concern for the motorbike rider		
	B	SE	t	B	SE	t
Intercept	3.26	.12	27.99**	3.25	.12	27.73**
Initial trust	.28	.11	2.55**	.23	.11	2.00*
Responsibility-Paul	-.04	.09	-.40	.15	.09	1.75
Type of misconduct	.67	.15	4.51**	.39	.13	3.01**
Initial trust*Responsibility Paul	-.23	.09	-2.69**	-.13	.09	-1.43
Initial trust*Type of misconduct	.40	.15	2.75**	.31	.12	2.53**
Responsibility Paul*Type of misconduct	-.00	.08	-.03	-.03	.08	-.42
Initial trust*Responsibility Paul *Type of misconduct	-.05	.07	-.74	-.06	.08	-.74
F			9.19**			4.98**
ΔF			2.85*			2.56*
R <sup>2</sup>			.25			.15
R <sup>2</sup> <sub>adj.</sub>			.22			.12
R <sup>2</sup> <sub>change</sub>			.04			.05
df			7, 193			7, 193

N=201, \*p<.05, \*\*p<.01; only the fourth model of each of the regression analyses is reported

For the models towards which the interaction terms did not contribute significantly, the analyses were re-run with 3 steps only. Participants' attributions of responsibility for the incident to Paul contributed significantly to the models,  $F(1,198)= 4.76$ ,  $p=.03$ . However, the impact of such attributions became non-significant when participants' perceptions of Paul's behavior were taken into consideration (table 13). Participants' future intentions towards the garage remained above the mean value when Paul was perceived as misbehaving (table 13). Therefore, H4 is supported, more negative consumer future intentions towards the garage are likely when

Table 13: Hierarchical regression with consumer future intentions as dependent variable, responsibility attributed to Paul, with results for each type of misconduct

Independent Variable	Type of misconduct: not telling the truth			Type of misconduct: making mistakes (driving error)			Type of misconduct: acting irresponsibly			Type of misconduct: bending the law (careless driving)		
	B	SE	<i>t</i>	B	SE	<i>t</i>	B	SE	<i>t</i>	B	SE	<i>t</i>
Intercept	3.27	.11	29.85**	3.27	.11	29.66**	3.27	.11	29.57**	3.27	.11	29.46**
Initial trust	.29	.11	2.79**	.24	.11	2.24*	.25	.11	2.35*	.23	.11	2.16*
Responsibility-Paul	-.04	.09	-.47	-.11	.10	-1.15	.02	.09	.19	-.02	.09	-.19
Type of misconduct	.92	.16	5.81**	.86	.16	5.56**	.76	.14	5.43**	.72	.14	5.27**
F			15.42**			14.42**			13.94**			13.32**
ΔF			33.72**			30.87**			29.51**			27.74**
R <sup>2</sup>			.19			.18			.18			.17
R <sup>2</sup> <sub>adj.</sub>			.18			.17			.16			.16
R <sup>2</sup> <sub>change</sub>			.14			.13			.12			.12
df			3, 197			3, 197			3, 197			3, 197

N=201, \*p<.05, \*\*p<.01; only the third model of each of the regression analyses is reported



consumers attribute responsibility for the misconduct to the company. The consideration of controls did not improve the results and the assumptions for multiple regression are met.

In sum, our results show that participants lost their trust in the garage and were less likely to use the garage again/recommend it to others when the garage was perceived as responsible for the incident. Different levels of distrust occurred depending on how the misconduct was perceived by participants. Participants' distrust in the garage was higher when the garage was perceived as 'not telling the truth' or as 'acting unfairly', and lower when the garage was perceived as 'bending the law' or as 'making mistakes'. However, such differences in distrust were non-significant. Significantly different levels of consumer future intentions were likely depending on how consumers categorized misconducts, with more significant decrease in consumer future intentions occurring when the misconduct was categorized as 'acting unfairly' or as 'not telling the truth' compared with when the misconduct was categorized as 'not listening to criticism' or as 'bending the law'. Also, participants' trust in the garage and their willingness to use the garage again or to recommend it to others did not decrease when someone else was perceived as misbehaving.

## **6.5 Discussion**

The current study aimed to understand the effects of consumers' perceptions of a company's misconduct and of responsibility for the misconduct on consumer trust and on consumer future intentions towards a company. Our findings show that the two factors, that is, perceptions of attribution of responsibility for the misconduct and perceptions of the type of the misconduct, independently have a negative impact on consumers' trust and future intentions towards the company. Such negative

impact does not occur when someone else and not the company is perceived as misbehaving.

While our results are similar to other research findings in the area of attribution theory, i.e. attribution of responsibility has a negative impact on consumers' trust and intentions, they are somewhat different from the findings of Davies and Olmedo-Cifuentes (2016). Our results are in line with the work of Davies and Olmedo-Cifuentes (2016) in that the amount of distrust likely to occur following an incident depends (not only on attribution of responsibility but also) on how the incident is perceived. However, our findings conflict with theirs in that no significant differences in distrust occur, regardless of how consumers categorize the misconduct. One possible explanation for such finding is that in their study, Davies and Olmedo-Cifuentes (2016) had two levels for each type of misconduct, i.e. the company misbehaved in a specific way either sometimes or frequently. For example, their study described companies as 'making mistakes' either sometimes or frequently. In our study we had only one incident and therefore such distinction is not possible. But the negative impact on trust of either of the six types of misconducts is likely to be different when such misconducts occur only once compared with when they occur frequently. Such a possibility is acknowledged by Davies and Olmedo-Cifuentes (2016), that is, distrust is unlikely to occur when a company 'makes mistakes' sometimes but most likely to occur when the company 'makes mistakes' frequently. Therefore, future research can test if such frequency can explain significant differences in consumer distrust.

Also, we expected 'bending the law' to be more damaging for consumer trust, and 'acting unfairly' to be less damaging for consumer trust, based on Davies and Olmedo-Cifuentes (2016). In the current study, 'bending the law' is less likely to

damage consumer trust while ‘acting unfairly’ is more likely to damage consumer trust. One possible explanation for our finding is that in the current study we described a specific incident with the purpose of identifying how different individuals categorize the incident based on Davies and Olmedo-Cifuentes (2016) typology of misconducts. In their study, Davies and Olmedo-Cifuentes (2016) examined the likelihood of six generic types of misconduct to damage trust, i.e. they did not provide their participants with examples of a specific incident. Another possible explanation for such a finding might be that in the current study the garage was perceived as ‘acting unfairly’ towards the customer, while in the study of Davies and Olmedo-Cifuentes (2016), the company ‘acted unfairly’ in general towards various stakeholder groups.

Our findings contribute to the limited literature on consumer distrust in the business to consumer context by showing what behaviors are most and least likely to negatively impact trust and consumer future intentions. The fact that ‘not telling the truth’ and ‘acting unfairly’ are most likely to damage consumer trust, suggests that companies should avoid being perceived as deceptive or as behaving towards consumers in ways that are considered unacceptable based on social standards. In other words, companies should avoid being perceived as malevolent or as lacking integrity in their dealings with consumers, as such behaviors are most likely to damage trust. But incidents that reveal a company’s lack of competence or reliability, i.e. ‘making mistakes’ are least likely to damage consumer trust. This is an unexpected finding given that prior research emphasizes the importance of competence over benevolence/warmth for trust formation and for consumers’ purchase intentions (Sichtmann 2007; Aaker et al. 2012; Aaker et al. 2010), since “the basic expectations of consumers toward companies are to make good products”

(Kim 2011, pg. 235). However, such finding can be explained by the perceived diagnosticity of positive competence information versus negative competence information, and of positive integrity information versus negative integrity information. Specifically, Kim et al. (2006) showed that trust repair is most likely to occur in the case of integrity trust violation when apology with less assumed responsibility is used, since negative integrity information is more diagnostic than positive integrity information, e.g. a company perceived in general as honest is likely to be perceived as dishonest by a single dishonest behavior. And, trust repair is most likely to occur in the case of competence trust violation when apology with more assumed responsibility is used since positive competence information is more diagnostic than negative competence information, e.g. a company perceived as providing good quality products is less likely to be perceived incompetent by a single product failure. Indeed, prior research has shown that benevolence/integrity and competence have asymmetric effects on trust and distrust (Sirdeshmukh et al. 2002; Cho 2006), and therefore, future research could investigate if and how such asymmetric effects occur in the context of corporate behaviors.

Our findings contribute to the existing literature on corporate misconducts and on crisis management that have used attribution theory to propose ways of understanding the negative effects of corporate misconducts/crises. Specifically, the current research brings a broader consumer perspective to the current understanding of corporate misconducts and of their effects on consumer trust, by considering consumer perceptions of the misconduct and consumer perceptions of the responsibility for the misconduct concomitantly. Prior research has mainly investigated how consumer perceptions of the responsibility for the crisis influence consumer responses (Chang et al. 2015; Dean 2004; Kim 2014; Klein and Dawar

2004; Coombs 2007a; Coombs 2007b; Lee 2004). Our study adds to such research by showing that how consumers categorize an incident, together with consumers' attributions of responsibility for the event to the company, influence their trust and their future intentions towards the company. They also show that it is possible for trust not to be lost when someone else and not the company is perceived as misbehaving. Future research can further build upon our findings and on prior research by investigating how a company's response during a crisis might shape consumers categorizations of an incident and therefore their trust in the company.

Future research can also investigate to what extent a publicized misconduct is more likely to intensify consumers' negative reactions to the extent that differences in consumers' categorization of the incident have a significantly different impact on consumer distrust. This would be important to investigate since prior research has shown that consumers are more likely to lose their trust in a brand following a publicized brand crisis since media coverage of the crisis increases public's perceptions of risk and fear (Yannopoulou et al. 2011).

Future research can also investigate what specific communication content can help buffer the effects of consumer perceptions of the misconduct so that the effects on consumer trust and future intentions is reduced. Prior research has already shown how communication content can decrease consumer perceptions of responsibility for a crisis, that is, responsibility for the incident is reduced and consumer purchase intentions remain positive when the company communicates that the incident is unlikely to occur in the future since the company has no history of past crises (Yum and Jeong 2015).

### **6.5.1 Practical implications**

Our findings imply that in the case of a specific misconduct involving a company and a customer, the public is most likely to attribute responsibility for the incident to the company. Therefore, companies should consider adequate response strategies. For example, prior research suggests that the most adequate response strategy that helps counteract consumer perceptions of responsibility are accommodative response strategies, that is, apology, acceptance of responsibility and compensations (Chang et al. 2015; Claeys et al. 2010; Lee 2004).

Given that how consumers perceive the misconduct is a factor independent from attribution of responsibility that is likely to damage consumer responses, i.e. the negative impact of the misconduct on consumer responses is amplified by consumer categorization of the incident, practitioners should consider such perceptions when devising response strategies. For example, while admitting responsibility for the misconduct, it might be useful for the company to deny that it purposefully acted in a dishonest or unfair way towards its customers.

### **6.5.2 Limitations**

While the current study has investigated the likelihood of various types of corporate misconducts to negatively impact consumer trust in a company, no causal inferences can be deduced from the current study. Also, we used only one incident, and therefore future research can investigate if and how causal effects might operate in the context of different incidents. A larger sample size might have produced significant results in the relative effects of misconduct types on trust.

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## **7 Conclusion**

The value of the work conducted for the purpose of this thesis rests in the fact that it provides insights into both the factors and processes involved in consumer trust/distrust formation.

### **7.1 The factors involved in consumer trust/distrust formation**

Both study one and study two show that consumer trust/distrust in brands has two main components, with each component having three main dimensions, and with spillover effects likely between dimensions and components (visible in study 2). Specifically, consumers evaluate both product and company related aspects for trust/distrust decisions towards both well-known and unknown brands, with ability, benevolence and integrity relevant both at the product and company level (study 1 and 2). Product related attributes can be inferred from company information, ability can be inferred from benevolence information, and benevolence can be inferred from ability information (study 2). For example, a consumer might trust a brand for the reputation for innovation the company behind the brand has (e.g. Apple), with the quality of the brand's products partially inferred from such reputation. This finding is in line with the conceptualization of trust provided by Lewicki et al. (1998), who proposed that trust is multifaceted, multidimensional, with multiple components and with spillover effects between facets and components.

Since the same aspects are evaluated by consumers for both trust and distrust decisions towards brands, and since several aspects are likely to be evaluated concomitantly by consumers, consumer trust and distrust appear to be polar opposite constructs that can co-exist. Lewicki et al. (1998) proposed that since trust and

distrust are distinct constructs that can co-exist simultaneously, the positive predictors of trust are not similar to the negative predictors of distrust. However, study one shows that although trust and distrust towards a brand can occur concomitantly, as a consumer can trust a brand for the quality of its products for example but distrust the same brand for the way it communicates with consumers, it also shows that the positive predictors of trust are the same as the negative predictors of distrust, that is, a consumer either trusts or distrusts a brand for the quality of its products. Hence, by increasing the quality of its products, a brand builds consumer trust and at the same time helps prevent consumer distrust. Consumer trust and consumer distrust would be distinct constructs and therefore would be in line with Lewicki et al. (1998), only if different factors would be responsible for both, for example if competence would be responsible for trust only and benevolence would be responsible for distrust only. Or, for example, if the quality of the products offered by a brand would be a factor responsible for trust only and the way a brand communicates with consumers would be a factor responsible for distrust only.

Since consumer trust and consumer distrust are either/or evaluations that can occur concomitantly, it follows that in terms of specific characteristics and behaviors responsible for consumer trust/distrust, the judgement “either I trust or I distrust” and the judgement “I can trust and distrust at the same time” are not mutually exclusive as suggested by Guo et al. (2017; pg.29). On the contrary, such judgements co-exist, that is, a consumer either trusts or distrusts a brand for the quality of its products but in the same time the consumer can also trust or distrust the same brand for the way it behaves towards consumers. The outcome of such judgements can be that the consumer trusts the brand for the quality of its products but distrusts the brand for the way it behaves towards consumers. Since such judgements co-exist, it follows

that the conceptualization of trust and distrust as polar opposite constructs (Mayer et al. 1995; Schoorman et al. 2007) which is illustrated by Guo et al. (2017) through the judgement “either I trust or I distrust”, should be used in conjunction with the conceptualization of trust and distrust as distinct constructs (Lewicki et al. 1998) which is illustrated by Guo et al. (2017) through the judgement “I can trust and distrust at the same time”, if a better understanding of the nature of trust and distrust is desired. In other words, when examining the nature of trust and distrust empirically, the two models that form the basis of the academic debate within the trust literature with regards to the nature of trust and distrust, appear to overlap somewhat, rather than to be mutually exclusive.

However, although consumer trust and distrust appear to be polar opposite constructs in terms of antecedents, with consumers evaluating the same characteristics and behaviors for both trust and distrust decisions, it is likely that such factors have asymmetric effects on consumer trust and distrust. The third study made evident such possibility since its findings suggest that competence related misbehaviors (e.g. ‘making mistakes’) are least likely to predict consumer distrust while benevolence/integrity misbehaviors (e.g. ‘not telling the truth’) are most likely to predict consumer distrust. In the first study and in prior work (e.g. Sichtmann 2007; Aaker et al. 2010; Aaker et al. 2012) competence related information appears to be most likely to predict trust while benevolence related information appears to be less likely to predict trust. That is, the quality of a brand’s products is most likely to predict trust and least likely to predict distrust, while the way the brand behaves towards consumers is least likely to predict trust but most likely to predict distrust. Indeed, prior research has acknowledged the presence of asymmetric effects in trust/distrust formation (Sirdeshmukh et al. 2002; Cho 2006; Kim et al. 2006).



## **7.2 The processes involved in consumer trust/distrust formation**

The findings of the first two studies with regards to order effects suggest that the processes involved in initial trust formation (i.e. in the case of unknown brands) might be different from the ones involved in trust development at later stages (i.e. in the case of well-known brands), as previously proposed by McKnight et al. (1998). The first two studies bring a new perspective with regards to such processes. Specifically, the second study shows that company related information is likely to be evaluated first in initial consumer trust formation (in the case of unknown brands), but the first study implies that product related information is likely to be evaluated first later on, i.e. when consumers are familiar with the brand and with the company behind the brand, which possibly makes company related information of secondary importance for trust judgements. This is similar to some extent with what Biehal and Sheinin (2007) previously proposed, that is, corporate messages are more important for the evaluation of a brand's new products while product messages are more important for the evaluation of a brand's existing products. But regardless of the order relevant for initial trust formation or for later trust formation, order effects exist and are important in trust formation.

Although different processes might be involved in initial trust development as opposed to later trust development, high levels of trust can occur both in early and later stages of development, that is, both in the case of well-known brands and in the case of unknown brands. Study three shows that participants had a high level of trust towards the garage they normally use for servicing their cars, before reading the scenario. Study two shows that high levels of trust towards an unknown brand can occur based upon one (the first) piece of information only, and therefore in line with McKnight et al. (1998), who argued that high initial trust can occur at the inception

of a relationship. Moreover, study two confirms that consumers do not need direct experience with a brand for high levels of trust towards such brand to occur, which is in line with Li and Miniard (2006) who found that high levels of consumer trust towards a brand can occur based upon information from an advertisement only.

However, even though initial trust formation may be based upon assumptions and second hand information only, with later trust development occurring based upon first-hand information and direct experience (McKnight et al. 1998; McKnight and Chervany 2006), information about the same aspects appears to be relevant for both initial trust formation and for later trust development, that is, both when company information is evaluated first and when product information is evaluated first. In both study one and study two, participants appear to develop trust based upon information that reflects ability, benevolence and integrity, both at the product level and the company level, regardless of whether such information is obtained from direct experience (study 1), or if it is second hand information only (study 2). The brand descriptions for the second study were developed based upon the insights obtained in study one, and aimed to convey the ability, benevolence and integrity of the fictitious brands used in the study, both at the product level and at the company level.

With regards to the importance of these aspects for initial trust formation versus later trust development, this thesis and more specifically study two, mainly provides evidence for such importance in the case of initial trust formation only. Study two shows that, at least in the case of unknown brands, similar levels of trust occur regardless of the order in which ability versus benevolence information is assessed by consumers, since ability and benevolence information seem to have the same relevance for consumers. This is probably because in the early stages of trust

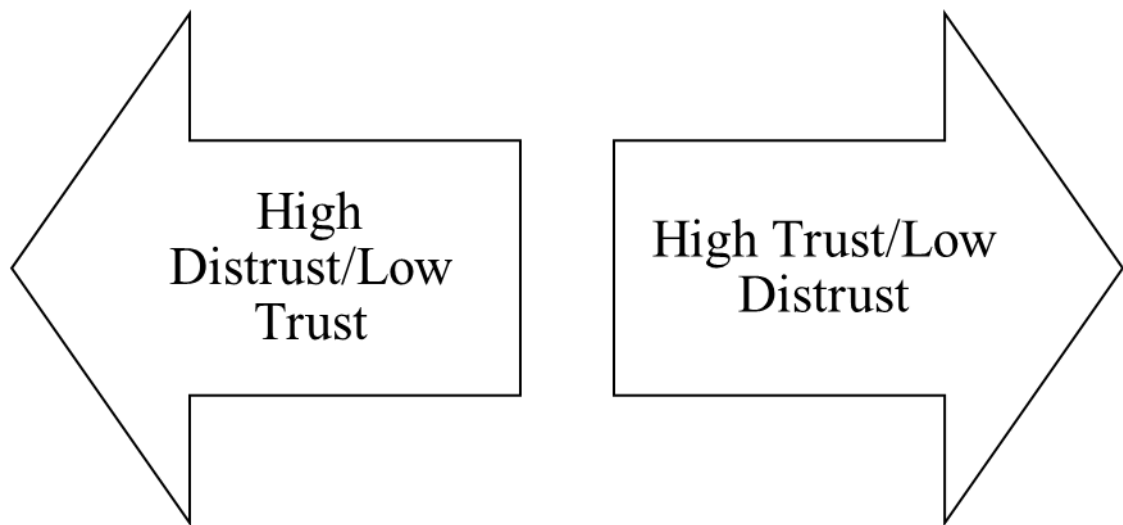
formation spillover effects are most likely, since consumers do not have rich information about the brand so that more clearly defined judgements around ability and benevolence can develop. This possible explanation is derived from Schoorman et al. (2007), who acknowledged that only in relationships that had time to develop, sufficient information around integrity and benevolence is likely to exist so that these factors can independently contribute to trust. This finding is different from what Oliver and Montgomery (2001) proposed, that is, different types of information are relevant for initial trust formation as opposed to later trust development. Specifically, the authors argue that competence related information is more relevant for initial trust formation while benevolence related information is more relevant for later trust development. Similarly, Mayer et al. (1995) and Schoorman et al. (2007) proposed that ability and integrity related information are more relevant for initial trust formation while benevolence related information is more relevant for later trust development.

Besides distinct processes for initial trust formation and for later trust development, distinct processes might also underlie trust and distrust formation. Since prior research suggests that negative information might weigh more than positive information for consumer trust/distrust decisions (Sirdeshmukh et al. 2002; Cho 2006; Kim et al. 2006), it is possible that that the two orders with regards to product related information versus company related information (identified in study 1 and 2) might also change depending on information valence. Therefore, future research can usefully build upon studies 1 and 2 to identify whether distinct processes underlie consumer trust and consumer distrust formation, in the case of both well-known and unknown brands.

### 7.3 Conceptualization of consumer trust/distrust beliefs

Based upon the work conducted for the purpose of this thesis, I see consumer trust/distrust beliefs as a single continuous variable, which is a function of either/or evaluations with regards to various brand/company characteristics and behaviors, bounded by high trust and high distrust, as presented below:

Figure 6.1. Representation of consumer trust/distrust beliefs construct



As consumers evaluate more and more positive information about a brand and about the company behind the brand, their trust towards such brand/company is likely to increase (as evident in study 2), but decrease if they encounter negative information about such brand/company (study 3). Such a decrease can be more abrupt if such negative information weighs more heavily in consumer judgments, i.e. if the negative information refers to benevolence/integrity related aspects (study 3). In other words, on a Likert type scale bounded by 1 and 7 for example, 1 would represent high distrust/low trust and 7 would represent high trust/low distrust.

A neutral position is possible (neither trust nor distrust) either because the consumer has no information about a brand/company or because he/she does not develop

trust/distrust judgements towards inanimate targets (study 1). Such neutral point is also possible when based upon the information they have, consumers cannot/do not want to make a judgement. In both the second and the third study, although participants had information (study 2) or direct experience (study 3) with the brand/company, some participants chose a neither/nor position on the trust/distrust scale. In both the second and the third studies, trust/distrust were measured on a Likert type scale, bounded by 1 and 7 and with a neutral point in between (see appendix no 4).

Also, it is possible for trust and distrust to have overlapping ranges. This is because trust and distrust are a function of either/or evaluations around various characteristics and behaviors. Such evaluations are likely to occur concomitantly, which means that if a consumer trusts a brand for the quality of its products but distrusts the brand for its lack of involvement in CSR initiatives for example, high trust on one dimension overlaps with high distrust on other dimension and therefore overall absolute trust or distrust towards such brand is unlikely to occur. In other words, distrust is not the same as lack of trust but rather is similar to low trust. Even trust/distrust decisions around a particular aspect are unlikely to be categorized as lack of trust/distrust with regards such aspect, since spillover effects between components and dimensions are likely. For example, a complete lack of distrust towards a brand due to its poor customer service is unlikely to occur when a consumer even slightly trusts the brand for the quality of its products. Lack of trust/distrust is then similar to a neutral position.

The present conceptualization of consumer trust/distrust beliefs is a mix of the two models for trust and distrust presented by Guo et al. (2017; pg. 27) in their review of distrust research; the first model presents trust and distrust as having overlapping

ranges, and the second model presents trust and distrust as having a neutral point in between. Such a neutral point was also acknowledged by prior empirical work conducted in the context of organizations (e.g. Saunders et al. 2014).

#### **7.4 Practical implications**

The most relevant finding for practitioners that emerged from this thesis is that consumers evaluate both product and company related information for trust/distrust decisions towards both well-known and unknown brands. Therefore, if brand strategists aim to achieve higher levels of consumer trust in the brands they manage, one option would be to adopt both product and corporate brand advertising campaigns. Such a strategy has been already adopted by Unilever and Procter & Gamble, who in the past 7 years have run both types of advertising campaigns in parallel, even though both companies focus on product branding. Another option would be to include on product packaging or in product advertising campaigns, information about how the products are made, with such information highlighting for example the expertise of the company's employees, or the fact that the raw materials are sourced sustainably. For example, Dior has previously promoted on social media clips that show the craftsmanship that goes into a Dior handbag.

Although findings from study 1 suggest that a house of brands strategy might be more adequate for well-known brands, since in the case of such brands, product related information might weigh more in consumer trust judgements, study 2 shows that a branded house strategy might be more adequate when a well-known company launches new brands. However, since company related information is an important component of consumer trust towards both well-known and unknown brands, making the company behind the brand more visible to consumers should be helpful

in gaining consumer trust regardless of the type of brand architecture a company adopts. For example, when launching a new brand, H&M makes sure its customers know that H&M is behind such new brand. In 2017, H&M launched in the UK their Arket brand, and in the media communications about the launch of the new brand, the two brand names were clearly associated. But a branded house strategy might help provide a 'shortcut' for gaining consumer trust and for achieving higher levels of consumer trust, since the company behind the brand is more likely to be clearly associated with the brand.

Second, practitioners do not need separate strategies for managing consumer trust and distrust, since the same aspects are evaluated by consumers when deciding to trust/distrust brands and companies behind brands. However, they might consider more impactful strategies for counteracting the effects of negative information or of negative incidents, since although consumers evaluate the same aspects for trust and distrust decisions, asymmetric effects on trust and distrust are likely. Specifically, more impactful trust building strategies might be needed after a negative incident, especially when such a negative incident might be perceived by consumers as reflecting a company's lack of integrity or benevolence. While showing care towards consumer needs in general might help built consumer trust towards a brand, communicating with consumers at a more personal level might be needed when problems with the products/services offered by a brand arise. For example, Barclays' advert aimed at increasing customers' awareness with regards to how to protect themselves against possible personal bank account frauds, might help build consumer trust towards Barclays by signaling bank's care towards consumers. However, in the unfortunate event of personal bank account fraud, the bank will need to engage with customers on a more personal level and to minimize the effects

of such frauds for consumers, so that trust in the bank is not lost. For example, TalkTalk lost the trust of its customers and approximately 11% of its customers following the 2015 cyber-attack in which the personal data of its consumers was stolen (Thomas 2016), by failing to communicate quickly and honestly with its customers about what had happened (Glenny, 2015).

Third, this thesis and in particular the first paper provides an inventory of the aspects consumers evaluate when deciding to trust/distrust a brand. Practitioners can use such inventory for reviewing their brands and their brand strategies, if higher consumer trust and purchase intentions are desired.

## **7.5 Limitations**

This thesis focuses only on one form of trust/distrust, that is, trust/distrust as a belief. It aims to understand why and how such trust forms, by focusing on brands and companies behind brands, and without providing significant evidence with regards to how consumers' characteristics (e.g. their disposition to trust) or how institutional trust might explain the formation of such trust beliefs. Future research can usefully build upon the current work by considering consumer trust/distrust as a function of dispositional trust, institutional trust and trusting beliefs/intentions/behaviors, and therefore by bringing in different perspectives on trust, i.e. bring to the current social-psychological perspective, a sociological and psychological perspective, with the purpose of providing a more holistic understanding of consumer trust/distrust formation.

Also, since I adopted in this thesis a cognitive approach to trust, and since existing research has acknowledged the role of emotion/affect in trust formation, future



research can investigate how emotion/affect influence consumer trust/distrust formation.

In all of the three studies presented here, the focus was on the factors and processes involved in consumer trust/distrust formation only. Future research can explore how consumer trust and distrust are expressed, and therefore if they entail different expectations, that is, positive expectations for trust and negative expectations for distrust, and what specific expectations consumer trust and consumer distrust might entail. Prior work conducted within an organizational context, has shown that trust and distrust entail either/or evaluations but that they are distinct constructs in terms of how they are expressed (Saunders et al. 2014).

In both the second and the third study, the samples of participants obtained through a UK market research agency, were not random samples. However, the agency's panel of respondents is representative of the UK population, and participants' characteristics such as age and gender (which might not represent the population as a whole) did not have a significant impact on the results of the two studies.

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**Appendix 1.1. Study 1: Examples of incidents and how they were grouped under properties, sub-concepts and the core concept of ‘product elements’**

Incident	Labels/Properties for sub-concepts	Sub-concept	Core Concept
“I know that when I am buying an Apple product I am buying something that is overpriced but quality...[in terms of] design, user interface, it’s very intuitive, well-crafted products” (P10)	Design/Quality	Ability	Product Elements
“Sony had very good quality radios...I have a Sony radio, is now at my mum, and is more than ten years old and is still running well” (P6)	Durability/Quality	Ability	Product Elements
“When you enter an Apple shop, you really see this is good stuff, high quality, this is top range...I think Apple is the first player when it comes to new ideas” (P8)	Innovation/Quality	Ability	Product Elements
“I know Philips for making baby products...to me, if people are willing to trust the company in terms of how good their product are for their kids, I would say that is quite a trustworthy brand” (P9)	Safeness/Quality	Ability	Product Elements
“I still have an old IBM laptop and it does its job...it’s reliable...so I would trust IBM, they are making good products” (P8)	Reliability	Ability	Product Elements
“Lufthansa is a company you can trust... the flight attendants are always very nice with the client” (P6)	Care towards consumers’ needs	Benevolence	Product Elements

<p>“I trust the most...I would say Microsoft...distrust the most I would say Apple...[Apple] they have very good marketing strategies but not from the consumer point of view...you know what you get with Microsoft as opposed to Apple” (P7)</p>	<p>Honest communication with consumers</p>	<p>Benevolence</p>	<p>Product Elements</p>
<p>“I think I trust Lufthansa...they are very correct in everything that they are doing, if a flight is delayed or whatever they always find an option for you” (P13)</p>	<p>Fairness</p>	<p>Integrity</p>	<p>Product Elements</p>
<p>“I trust Lufthansa ...you are very highly likely to pay the same amount of money to Easy Jet as you are paying to Lufthansa and then for Easy Jet you have to pay for your luggage and so on and so forth” (P4)</p>	<p>Transparency</p>	<p>Integrity</p>	<p>Product Elements</p>
<p>“I am trusting Microsoft for the protection of personal data I would say” (P7)</p>	<p>Respect laws and regulations</p>	<p>Integrity</p>	<p>Product Elements</p>
<p>“I am making a comparison between Lufthansa ten years ago and now or KLM ten years ago and now...their services worsened whereas Easy Jet remained the same...I mean, yeah, low cost but at least you know you are giving that amount of money and you shouldn't expect, I don't know...free buzz or something else” (P4)</p>	<p>Keep promises</p>	<p>Integrity</p>	<p>Product Elements</p>

## **Appendix 1.2. Study 1: Sample of memo**

24.04.2015

I am writing this memo with regards to interview no 8, a very interesting interview which brought two main findings: both company and product elements are considered concomitantly, and trust and distrust towards the same brand co-exist.

The participant was permanently considering both elements regarding to the company behind the brand and elements with regards to the products/services offered by a brand for deciding to trust/distrust a brand. Lufthansa is trusted for its working environment, for caring about consumers' needs, for caring about environmental issues, for providing good service, and because it has well trained personnel. Apple is seen as innovative due to being able to hire the most talented employees that care about consumer needs, but is ruthless towards business partners. IBM is trusted for making reliable products but distrusted for treating badly its business partners.

## **Appendix 2.1. Brand information provided to participants in experiment 1**

### Product information

*NatureC is a brand of cosmetics for both women and men, well-known in other parts of the world and now available in this country. The NatureC range is quite large (new products are introduced regularly) and includes a hand cream designed for both men and women.*

*NatureC hand cream has won several awards worldwide and is the second best-selling hand cream in Europe. NatureC hand cream constantly receives excellent reviews from consumers. This is because most consumers consider that the NatureC hand cream 'significantly improves the skin' by making it look 'less dry and healthier'. More recently, the NatureC brand has won some awards for using natural ingredients in their cosmetics.*

*Also, the NatureC brand has recently won an award in a competition to find Europe's 'Most Agreeable Cosmetics Brand'. The judges explained that NatureC 'provides both positive and negative information about all the ingredients it uses in its products'. They also saw NatureC brand's advertising as being 'refreshingly open and reassuring' more 'like a friend than a brand' in the way it communicates and 'using straightforward language'.*

### Company information

*NatureC is known as a good company to work for as it offers salaries above the average and has a good pension scheme. For these reasons, NatureC has been constantly voted amongst the best places to work for. NatureC is also known for*



*treating its suppliers fairly and are signatories to the Prompt Payment Code. They have a good record on the environment; for example all its packaging is recyclable. Moreover, NatureC is known for sponsoring the activities of several charities and its involvement in local communities is well known and visible especially during the Christmas season. The company's manufacturing approach emphasises quality and meets both American FDA requirements and well as the relevant European ISO standards.*

#### **Ability information**

*NatureC is a brand of cosmetics for both women and men, well-known in other parts of the world and now available in this country. The NatureC range is quite large (new products are introduced regularly) and includes a hand cream designed for both men and women. NatureC hand cream has won several awards worldwide and is the second best-selling hand cream in Europe. NatureC hand cream constantly receives excellent reviews from consumers. This is because most consumers consider that the NatureC hand cream 'significantly improves the skin' by making it look 'less dry and healthier'. More recently, the NatureC brand has won some awards for using natural ingredients in their cosmetics.*

#### **Benevolence information**

*The NatureC brand has recently won an award in a competition to find Europe's 'Most Agreeable Cosmetics Brand'. The judges explained that NatureC 'provides both positive and negative information about all the ingredients it uses in its products'. They also saw NatureC brand's advertising as being 'refreshingly open and reassuring' more 'like a friend than a brand' in the way it communicates and 'using straightforward language'.*

## Appendix 2.2. Brand trust scale

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1. I think I would trust the NatureC brand <sup>1</sup>
2. I think the NatureC brand would be competent <sup>3</sup>
3. I think NatureC products would be effective <sup>3</sup>
4. I would expect any information on NatureC's packaging to be truthful <sup>2</sup>
5. I would expect the NatureC brand to be honest in its claims <sup>2</sup>
6. I would expect NatureC advertising to tell me what I want to know <sup>2</sup>
7. I would expect NatureC advertising to be open <sup>2</sup>
8. The brand's policies would include putting the customer first <sup>4</sup>

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<sup>1</sup> Item adapted from Becerra and Korgaonkar (2011)

<sup>2</sup> Items adapted from Davies et al. (2004)

<sup>3</sup> Item adapted from Aaker et al. (2010)

<sup>4</sup> Item adapted from Sirdeshmukh et al. (2002)

<sup>5</sup> Items 2-3 were averaged for determining brand's ability

<sup>6</sup> Items 4-8 were averaged for determining brand's benevolence

## Appendix 2.3. Participants' characteristics

### Experiment 1

	Experiment 1a				Experiment 1b			
	Group 1		Group 2		Group 1		Group 2	
Participants	<i>n</i> =105	%	<i>n</i> =146	%	<i>n</i> =112	%	<i>n</i> =164	%
Gender								
Female	64	61	93	64	69	62	98	60
Male	41	39	53	36	43	38	66	40
Age								
< 20	2	2	0	0	1	1	0	0
20-29	4	4	2	1	7	6	5	3
30-39	13	12	8	6	20	18	11	7
40-49	24	23	23	16	32	28	26	16
50-59	30	29	41	28	31	28	51	31
> 60	32	30	72	49	21	19	71	43

\*when age and gender are included as controls in multiple regression, their contribution to the models is non-significant

### Experiment 2

	Experiment 2a				Experiment 2b			
	Group 1		Group 2		Group 1		Group 2	
Participants	<i>n</i> =107	%	<i>n</i> =106	%	<i>n</i> =106	%	<i>n</i> =109	%
Gender								
Female	59	55	56	53	54	51	56	51
Male	48	45	50	47	52	49	53	49
Age								
< 20	0	0	0	0	0	0	1	1
20-29	5	5	2	2	1	1	1	1
30-39	20	19	15	14	15	14	21	19
40-49	31	29	27	25	32	30	27	25
50-59	21	19	22	21	25	24	34	31
> 60	30	28	40	38	33	31	25	23

### Experiment 3

Participants	Experiment 3							
	Group 1		Group 2		Group 3		Group 4	
	<i>n</i> =114	%	<i>n</i> =115	%	<i>n</i> =114	%	<i>n</i> =114	%
<b>Gender</b>								
Female	61	54	61	53	60	53	67	59
Male	53	46	54	47	54	47	47	41
<b>Age</b>								
< 20	0	0	1	1	0	0	1	1
20-29	7	6	4	4	3	3	2	2
30-39	15	13	21	18	17	15	19	17
40-49	18	16	20	17	28	24	27	23
50-59	36	32	29	25	31	27	40	35
> 60	38	33	40	35	35	31	25	22

## **Appendix 2.4. Brand information provided to participants in experiment 2**

### Product information

*KAuto is a car manufacturer founded more than 40 years ago, which now offers a full range of cars. Over the years, KAuto managed to expand its market share by establishing an excellent reputation for quality and innovativeness in passenger safety. A survey conducted by a UK independent consumer agency confirmed that consumers are highly satisfied with the performance, design, reliability, durability, and safety features of the KAuto cars. Specifically, consumers described the KAuto cars as 'agile' with 'impressive technology' and 'fine engines' which make them 'smooth and easy to drive'. Consumers were happy with the 'high-tech safety features' of the KAuto cars and with their 'low running costs'. Indeed, the KAuto cars received the maximum five stars in the safety EuroNCAP tests, scored above the average on JD Power reliability tests, and received awards for quality (e.g. The Quality Award by JD Power).*

*Consumers are also highly satisfied with the aftersales servicing and the 5 years warranty that KAuto offers for its cars. Due to the high customer satisfaction with its aftersales service, KAuto received the Gold Winner award from Auto Express in 3 consecutive years. Consumers are also happy with the 'straightforward language' KAuto uses for promoting its cars and for communicating both 'the positives and negatives of their cars'.*

## Company information

*KAuto is known as a good company to work for as it offers salaries above the average and has a good pension scheme. For these reasons, KAuto has been constantly voted amongst the top organizations to work for. KAuto is also known for treating its suppliers fairly and are signatories to the Prompt Payment Code. KAuto has a good environmental record and for its environmentally friendly vehicles it has won the 2015 Environmental Award. Moreover, KAuto is known for sponsoring the activities of several charities and for its involvement in sponsoring projects with focus on road safety. The company's manufacturing approach emphasises quality and meets the relevant ISO standards.*

## Ability information

*KAuto is a car manufacturer founded more than 40 years ago, which now offers a full range of cars. Over the years, KAuto managed to expand its market share by establishing an excellent reputation for quality and innovativeness in passenger safety. A survey conducted by a UK independent consumer agency confirmed that consumers are highly satisfied with the performance, design, reliability, durability, and safety features of the KAuto cars. Specifically, consumers described the KAuto cars as 'agile' with 'impressive technology' and 'fine engines' which make them 'smooth and easy to drive'. Consumers were happy with the 'high-tech safety features' of the KAuto cars and with their 'low running costs'. Indeed, the KAuto cars received the maximum five stars in the safety EuroNCAP tests, scored above the average on JD Power reliability tests, and received awards for quality (e.g. The Quality Award by JD Power).*

## Benevolence information

*Consumers are highly satisfied with the aftersales servicing and the 5 years warranty that KAuto offers for its cars. Due to the high customer satisfaction with its aftersales service, KAuto received the Gold Winner award from Auto Express in 3 consecutive years. Consumers are also happy with the 'straightforward language' KAuto uses for promoting its cars and for communicating both 'the positives and negatives of their cars'.*

## **Appendix 2.5. Brand descriptions for experiment 3**

### Ability information

*Povotech is a consumer electronics manufacturer founded more than 30 years ago, which now offers a full range of computers, laptops and smartphones. Povotech is a well-known brand in the USA, with a good reputation for innovativeness, quality and reliability, and is now available in this country. Existing consumer reviews show that Povotech's smartphones are considered among the best in the market in terms of design, ease of use, performance, battery life and value for money. For these reasons, consumers voted this year Povotech's smartphones as the 'Smartphone of the Year', which follows Povotech's 'Outstanding Innovation Award' granted last year by the European Imaging and Sound Association.*

Benevolence information – warranty information was either present or absent, depending on group

*In a recent survey, consumers reported to be highly satisfied with the aftersales servicing and the 2 years warranty that Povotech offers for its smartphones. For these reasons, consumers voted Povotech's customers service as being one of the best in the electronics domain. Consumers also consider Povotech's advertising as being 'transparent and reassuring' and more 'like a friend' in the way it communicates. Specifically, consumers are happy with the 'straightforward language' Povotech uses for promoting its smartphones and for 'communicating both the positives and negatives of their smartphones'.*



**Appendix 3.1 Items for measuring initial level of trust (7 point scale):**

Thinking about the garage who normally services your car, how much do you trust them? Not at all/Very much

Thinking about the garage who normally services your car, do you think they put their customers first? Not at all/Very much

Thinking about the garage who normally services your car, how competent do you believe them to be? Not at all competent/Very competent

Thinking about the garage who normally services your car, how honest do you believe them to be? Not very honest/Very honest

## **Appendix 3.2. Description of the misconduct provided to participants**

*Please imagine that you have read the following in a local newspaper about the garage you use to service your car. We will refer to them as Garage X.*

### **Should you trust your local garage?**

*Paul Thompson needs his car every day to commute to and from his work. His car, which is now outside of the manufacturer's warranty, was serviced regularly by Garage X. And, up until last month Paul was very happy with the service he was getting. But things went very wrong after the car had its annual service and MOT. A week later, and while driving in heavy wind and rain, Paul was involved in a serious accident. Paul claims he had to brake to avoid a tree branch, torn down by the high winds but that the car's brakes failed to work properly. As a result the vehicle skidded into on-coming traffic, hitting a motor bike. The rider, a local man Phillip Harris, was lucky to escape without serious injury but both the bike and Paul's car were damaged. Worse, Paul is now being investigated by police for careless driving. He blames Garage X and has had his car examined by an independent mechanic who suggested the cause of the braking problem might be due to the garage fitting a non-standard part during the service.*

*A spokesperson for Garage X has denied any responsibility, claiming that, 'We often fit spare parts which are not branded by the manufacturer. This saves our customers money. The parts have the same warranty as those from the manufacturer and we only fit them after telling the customer. This is a clear case of driver error, for which we cannot be held responsible'.*

*The manufacturer of Paul's car entered the fray yesterday, pointing out that, 'We recommend that only our own, warranted parts are fitted to our vehicles. The risks of fitting other brands are just not worth the small savings.' adding, ' We emphasize to those who service our brand that they should only use our parts '.*

*This paper understands that Paul Thompson is being sued by the motor cyclist, calling him 'a danger to all road users.' Paul in turn denies being asked by Garage X whether he was happy with the use of the part and he told us that his insurance company intends suing Garage X for failing in its duty of care. He also points out that he has a clean driving license.*

### **Appendix 3.3. Items used for categorizing the incident**

(5 point scale anchored by 'strongly disagree' to 'strongly agree')

For the garage:

Garage X made a mistake in not using a manufacturer branded part

Garage X is probably not telling the truth about the incident

Garage X is acting unfairly towards Paul Thompson

Garage X should have listened to the advice of the manufacturer

Garage X is bending the law here

Garage X acted irresponsibly

For Paul Thompson:

Paul Thompson probably made a driving error

Paul Thompson is probably not telling the truth about the incident

Paul Thompson is not acting fairly when he blames the garage

Paul Thompson should have been more concerned about the motorbike rider and less about himself

Paul Thompson is probably guilty of careless driving

Paul Thompson probably behaved irresponsibly when driving

## **Appendix 4. Samples of questionnaires provided to participants in study 2 and 3**

### **Questionnaire provided to participants in study 2, experiment 1**

Thank you very much for agreeing to take part in this research. Your participation in this research is highly appreciated, but if you want to stop at any point or you don't want to answer any particular question, you can do so. There are no right or wrong answers so please answer as honestly as possible. All your answers are anonymous and only aggregated data will be used for our analysis.

- A. Imagine that you have just read an article about a cosmetics brand called NatureC. The article contained the following information:

NatureC is a brand of cosmetics for both women and men, well-known in other parts of the world and now available in this country. The NatureC range is quite large (new products are introduced regularly) and includes a hand cream designed for both men and women.

NatureC hand cream has won several awards worldwide and is the second best-selling hand cream in Europe. NatureC hand cream constantly receives excellent reviews from consumers. This is because most consumers consider that the NatureC hand cream 'significantly improves the skin' by making it look 'less dry and healthier'. More recently, the NatureC brand has won some awards for using natural ingredients in their cosmetics.

Also, the NatureC brand has recently won an award in a competition to find Europe's 'Most Agreeable Cosmetics Brand'. The judges explained that NatureC

‘provides both positive and negative information about all the ingredients it uses in its products’. They also saw NatureC brand’s advertising as being ‘refreshingly open and reassuring’ more ‘like a friend than a brand’ in the way it communicates and ‘using straightforward language’.

Please imagine you need to buy some hand cream.

1. Just based upon what you have just read, how interested would you be in buying a NatureC brand of hand cream?

Not at all

Very much

2. How likely would you be to buy a NatureC hand cream if the price was within your budget?

Not at all

Very much

3. What are your overall impressions of the NatureC brand?

Negative

Positive

4. If a friend your age was shopping for a hand cream, how likely would you be to recommend the NatureC brand?

Definitely would not

Definitely would

5. If you were helping a close relative to make a decision on what hand cream to buy, how likely would you be to recommend they try the NatureC brand?

Definitely would not

Definitely would

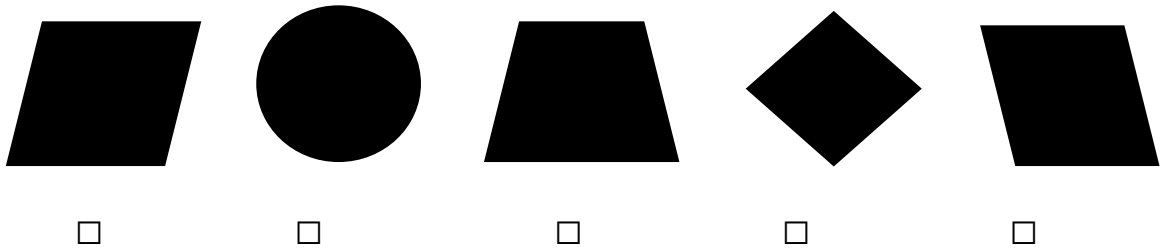
6. Please rate the extent to which you agree or disagree with the following statements:

	Strongly disagree		Neither agree nor disagree		Strongly agree		
I think I would trust the NatureC brand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I think the NatureC brand would be competent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I think NatureC products would be effective	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would expect any information on NatureC's packaging to be truthful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would expect the NatureC brand to be honest in its claims	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would expect NatureC advertising to tell me what I want to know	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would expect NatureC advertising to be open	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The brand's policies would include putting the customer first	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. Please rate the extent to which you agree or disagree with the following statements:

	Strongly disagree		Neither agree nor disagree		Strongly agree		
There is nothing special about NatureC brand that makes it different from the others	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The information provided about NatureC brand was uninformative	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B. Please choose which shape you think is the odd one out



Thinking about holidays, what do you think about Spain as a holiday destination?

	Strongly disagree		Neither agree nor disagree		Strongly agree		
Spain is the best country in Europe for a summer holiday	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
There are many better places than Spain if you want a summer holiday	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would recommend Spain as a summer holiday destination	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C. Please now imagine you have just read another article about the NatureC brand, which contains some more information.



NatureC is known as a good company to work for as it offers salaries above the average and has a good pension scheme. For these reasons, NatureC has been constantly voted amongst the best places to work for. NatureC is also known for treating its suppliers fairly and are signatories to the Prompt Payment Code. They have a good record on the environment; for example all its packaging is recyclable. Moreover, NatureC is known for sponsoring the activities of several charities and its involvement in local communities is well known and visible especially during the Christmas season. The company's manufacturing approach emphasises quality and meets both American FDA requirements and well as the relevant European ISO standards.

Please again imagine you needed to buy some hand cream.

8. Just based upon everything you have read, how interested would you be in buying a NatureC brand of hand cream?

Not at all

Very much

9. How likely would you be to buy a NatureC hand cream if the price was within your budget?

Not at all

Very much

10. What are your overall impressions of the NatureC brand?

Negative

Positive

11. If a friend your age was shopping for a hand cream, how likely would you be to recommend the NatureC brand?

Definitely would not

Definitely would

12. If you were helping a close relative to make a decision on what hand cream to buy, how likely would you be to recommend they try the NatureC brand?

Definitely would not

Definitely would

13. Please rate the extent to which you agree or disagree with the following statements:

	Strongly disagree		Neither agree nor disagree		Strongly agree
I think I would trust the NatureC brand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I think the NatureC brand would be competent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I think NatureC products would be effective	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would expect any information on NatureC's packaging to be truthful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would expect the NatureC brand to be honest in its claims	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would expect NatureC advertising to tell me what I want to know	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would expect NatureC advertising to be open	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The brand's policies would include putting the customer first	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. Please rate the extent to which you agree or disagree with the following statements:

	Strongly disagree		Neither agree nor disagree		Strongly agree		
There is nothing special about NatureC brand that makes it different from the others	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The information provided about NatureC brand was uninformative	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15. Some questions about you please. What is your age?

Less than 20       20-29       30-39       40-49       50-59

60 and above

16. Your Gender

Female       Male

And a bit more about you

17. Please rate to what extent you agree or disagree with the following statements:

	Strongly disagree		Neither agree nor disagree		Strongly agree		
I generally trust others	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I tend to count upon others	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I generally have faith in humanity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I tend to trust even when not knowing it	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trusting others is easy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Of no concern

Of concern to me

Mean a lot to me

Mean nothing to me

Matter to me

Do not matter to me

Significant

Insignificant

23. Please rate the following statements:

	Doesn't apply at all			Applies completely	
It would be a big deal if I bought the wrong hand cream	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It would be really annoying to make an unsuitable hand cream purchase	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For me, a poor hand cream choice would be upsetting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In purchasing a hand cream, I am certain of my choice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I never know if I am buying the right hand cream	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For me, purchasing a hand cream isn't complicated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

24. How familiar are you with hand creams?

Not at all familiar

Very familiar

25. How would you rate your knowledge of hand creams relative to other people?

One of the least knowledgeable

One of the most knowledgeable

26. Please write down any thoughts you have about the NatureC brand

.....  
.....  
.....

Please notice that the NatureC brand does not exist and the name was made up for the purpose of this research. Any similarities with any real brand is coincidental.

Thank you very much for your help! This study is by students and staff at Manchester Business School for research purposes and has no commercial sponsorship.

### Questionnaire provided to participants in study 3

Screening questions:

1. Do you own a car?
2. Are you responsible for the servicing of your car?

Only if the answers are 'yes' to both questions, the participant should continue the questionnaire.

Thank you very much for agreeing to take part in this research, your participation is highly appreciated. There are no right or wrong answers, so please answer as honestly as possible. All your answers are anonymous and only aggregated data will be used for our analysis.

1. In general do you trust smaller independent garages to undertake car servicing?

Not at all

Very much

2. In general do you prefer to have your car serviced by a main dealer?

Not at all

Very much

3. Thinking about the garage who normally services your car, how much do you trust them?

Not at all

Very much

4. Thinking about the garage who normally services your car, do you think they put their customers first?

Not at all

Very much

5. Thinking about the garage who normally services your car, how competent do you believe them to be?

Not at all competent

Very competent

6. Thinking about the garage who normally services your car, how honest do you believe them to be?

Not very honest

Very honest

7. Getting my car serviced at the lowest price is important for me.

Strongly disagree

Strongly agree

**Please imagine that you have read the following in a local newspaper about the garage you use to service your car. We will refer to them as Garage X.**



**Should you trust your local garage?**

*Paul Thompson needs his car every day to commute to and from his work. His car, which is now outside of the manufacturer’s warranty, was serviced regularly by Garage X. And, up until last month Paul was very happy with the service he was getting. But things went very wrong after the car had its annual service and MOT. A week later, and while driving in heavy wind and rain, Paul was involved in a serious accident. Paul claims he had to brake to avoid a tree branch, torn down by the high winds but that the car’s brakes failed to work properly. As a result the vehicle skidded into on-coming traffic, hitting a motor bike. The rider, a local man Phillip Harris, was lucky to escape without serious injury but both the bike and Paul’s car were damaged. Worse, Paul is now being investigated by police for careless driving. He blames Garage X and has had his car examined by an independent mechanic who suggested the cause of the braking problem might be due to the garage fitting a non-standard part during the service.*

*A spokesperson for Garage X has denied any responsibility, claiming that, ‘We often fit spare parts which are not branded by the manufacturer. This saves our customers money. The parts have the same warranty as those from the manufacturer and we only fit them after telling the customer. This is a clear case of driver error, for which we cannot be held responsible’.*

*The manufacturer of Paul’s car entered the fray yesterday, pointing out that, ‘We recommend that only our own, warranted parts are fitted to our vehicles. The risks of fitting other brands are just not worth the small savings.’ adding, ‘ We emphasize to those who service our brand that they should only use our parts’.*

*This paper understands that Paul Thompson is being sued by the motor cyclist, calling him ‘a danger to all road users.’ Paul in turn denies being asked by Garage X whether he was happy with the use of the part and he told us that his insurance company intends suing Garage X for failing in its duty of care. He also points out that he has a clean driving license.*

**Please imagine that this really happened and that Garage X really is the garage you use. We would like to know whether what happened would have changed your attitude towards your garage.**

	Strongly Disagree			Neither agree nor disagree		Strongly Agree		
8. I would not trust my garage as much as I did before								
9. I would not use the garage again to service my car								
10. I would be less likely to recommend the								

garage to others							
11. My opinion of my garage would not change							

12. Please explain your answers to questions 8-11

.....  
 .....

*Thinking about what has happened, please give us your views*

	Strongly Disagree			Neither agree nor disagree	Strongly Agree		
13. Garage X is responsible for what has happened							
14. Paul Thompson is responsible for what has happened							
15. Neither Paul nor Garage X are responsible for what has happened							

**Thinking about what has happened, please give us your opinion about the behavior of Garage X**

	Strongly Disagree		Neither agree nor disagree		Strongly Agree
16. Garage X made a mistake in not using a manufacturer branded part					
17. Garage X is probably not telling the truth about the incident					
18. Garage X is acting unfairly towards Paul Thompson					
19. Garage X should have listened to the advice of the manufacturer					
20. Garage X is bending the law here					
21. Garage X acted irresponsibly					

**Thinking about what has happened, please give us your opinion about the behavior of Paul Thomson**

	Strongly Disagree		Neither agree nor disagree		Strongly Agree
22. Paul Thompson probably made a driving error					
23. Paul Thompson is probably not telling the truth about the incident					
24. Paul Thompson is not acting fairly when he blames the garage					
25. Paul Thompson should have been more concerned about the motorbike rider and less about himself					
26. Paul Thompson is probably guilty of careless driving					
27. Paul Thompson probably behaved irresponsibly when driving					

**Some questions about you please.**

28. What is your age?

- Less than 20     
  20-29     
  30-39     
  40-49     
  50-59  
 60 and above

29. Your Gender?

- Female     
  Male

For you cars are:

30. Important to me

- 

Unimportant to me

- 

31. Of concern to me

- 

Of no concern to me

- 

32. Mean a lot to me

- 

Mean nothing to me

-

33. Matter to me

Do not matter to me

34. How would you rate your knowledge of cars relative to other people?

One of the least knowledgeable

One of the most knowledgeable

35. I know a lot about cars

Strongly disagree

Strongly agree

Thank you very much for your help! This study is by students and staff at Manchester Business School for research purposes and has no commercial sponsorship.