

Perceived Corporate Hypocrisy: Impact on Moral Emotions and Brand Loyalty

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Market research indicates an upward trend in the ethical consumerism movement wherein consumers expect brands to be morally responsible (Hunt, 2021). Corporate moral responsibility (CMR) explains brands' normative core obligations towards stakeholders and focus on stakeholder relationships (Hormio, 2017). While some brands not only undertake CMR initiatives and do a good job at communicating such to their consumers, others are often in the forefront of news-media about their immoral actions or actions inconsistent to their CMR promises (National Resources Defense Council, 2019). Such inconsistencies generate negative reactions among consumers. This study focused on understanding how such inconsistencies between CMR claims and media reports impacts consumer perceptions, and how they form relations with the brand.

Literature indicates that while consumers support brands who undertake CMR initiatives and live up to their CMR promises, any inconsistency between brands' CMR promises and actions lead consumers to question the legitimacy of brands' true moral intentions potentially generating perceptions of corporate hypocrisy (CH) towards the brands' CMR initiatives (Goswami, Ha-Brookshire, & Bonifay, 2018). Therefore, we hypothesize (H1) that inconsistencies related to CMR claims and actions generate CH among consumers. In addition, consumers perceive CMR inconsistencies as unjust and as a threat to themselves and/or others, which evokes a host of moral emotions. Moral emotions are defined as the emotional reactions linked to the welfare either of society or of other individuals and provide the impetus to do good and to avoid doing bad (Kroll & Egan 2004). In this light, three major categories of moral emotions are considered for this study (Haidt, 2003) namely other-condemning emotions (contempt, anger, disgust), self-conscious emotions (shame, embarrassment, guilt) and the other-praising family of emotions (gratitude, awe, elevation). Other-condemning emotions are reactions to moral violations of others that express disapproval for the actions of other people, when these actions violate moral standards and motivate violators to change their behaviors (Romani, Grappi & Bagozzi, 2013). Self-conscious emotions provide immediate punishment (or reinforcement) of one's own behavior providing feedback on one's social and moral acceptability (Tangney, Stuewig & Mashek, 2007). Finally, other-praising moral emotions are experienced when observing the admirable deeds of others, which motivates the observer to engage in admirable deeds themselves (Tangney *et. al*, 2007). These moral emotions are essential in understanding one's behavioral adherence (or lack thereof) to their moral standards. Therefore, when consumers perceive a brand to be a hypocrite based on their CMR promise-action inconsistency, it may evoke a myriad of negative (positive) moral emotions in them, as a motivational force to avoid doing bad (or do good). Thus, we hypothesize: CH positively impacts

participants' other condemning emotions (H2a) and self-conscious emotions positively (H2b) while negatively impacting other-praising emotions (H2c).

Finally, when negative moral emotions are evoked, consumers see the brand as unjust, exploitative and unethical (Hollenbeck & Zinkhan, 2006), and tend to avoid the brand to rectify the wrongdoings. On the other hand, if positive moral emotions are evoked, consumers tend to further support the brand in order to continue doing good. Given that brand loyalty is a parameter for measuring brand patronage, we hypothesize that other condemning (H3a) and self-conscious emotions (H3b) influence brand loyalty negatively while other praising emotions (H3a) influence brand loyalty positively.

Adult U.S. retail consumers ($n = 650$) were recruited for an online experiment involving 2 (inconsistency: present/absent) X 10 (message replications). Stimuli messages were designed as marketing messages from brands advertising their CMR initiatives followed by news reports indicating that the brands followed through their CMR promises (inconsistency absent) or did not keep their CMR promises (inconsistency present). For message replications, five sets of messages were created focusing on issues related to workers, shareholders, community, consumers, and environment (JustCapital, 2019). Further, two message versions were developed per issue, altering the text. This resulted in ten messages per treatment condition. Note, the aim of the study was not to see the difference between the five issues or the two messages under each issue but to generalize across a wider population of CMR messages (Thorson et al., 2012). After seeing a randomly assigned stimuli set (one CMR message followed by a news report), participants answered questions related to CH (6 items from Wagner *et al.*, 2009) followed by moral emotions: other-condemning emotions (10 items from Romani *et al.*, 2013), self-conscious emotions (8 items from Kim, 2009) and other-praising emotions (6 items from Xie, Bagozzi & Grønhaug, 2019). All items were measured using 7-point scale anchored at 1: very weak to 7: very strong. Finally, participants answered brand loyalty questions (3 items from Carrol & Ahuvia, 2006).

Hypotheses tests using PROCESS macro (Hayes, 2018) revealed that inconsistency positively impacted PCH (partially standardized $b = 1.24$, $p < .001$, $CI_{95} = 1.75, 2.13$), supporting H1. CH impacted participants' other condemning emotions positively ($b = 0.61$, $p < .001$, $CI_{95} = 0.59, 0.74$), self-conscious emotions positively ($b = 0.22$, $p < .001$, $CI_{95} = 0.11, 0.29$), and other-praising emotions negatively ($b = -0.51$, $p < .001$, $CI_{95} = -0.56, 0.41$), supporting H2. Next, other-condemning emotion did not significantly impact participants' brand loyalty ($b = 0.05$, $p = 0.36$, $CI_{95} = -0.03, 0.08$), lacking support for H3a. However, self-conscious emotions significantly impacted brand loyalty *positively* ($b = 0.25$, $p < 0.001$, $CI_{95} = .11, 0.21$), lacking support for H3b. In addition, other-praising emotions significantly impacted brand loyalty positively ($b = 0.18$, $p < 0.001$, $CI_{95} = .06, 0.17$), supporting H3c.

The study has important implications. First, the results indicated that any inconsistency (present vs absent) between CMR promises and actions led consumers to perceive higher CH.

Given that CH can lead to negative consumer perceptions, marketers should be careful not to overpromise but truly undertake CMR initiatives to avoid contradictory/negative media publicity. Second, when consumers perceived higher CH, they felt higher other-condemning emotions, higher self-conscious emotions, and lower other-praising emotions towards the brand. Given moral emotions are essential in understanding consumers' behavioral adherence (or lack thereof) to their moral standards, and ultimate support of the brands' CMR initiatives, brand managers need to pay attention to what emotions their CMR messages are generating or risk negative consumer reactions. Finally, consumers' self-conscious emotions *positively* impacted brand loyalty which can be explained by the fact that consumers may have taken the blame for not being morally responsible upon themselves, thus feeling emotions such as shame, guilt and embarrassment. Therefore, they would continue to be committed to the brand and would not hold the brand accountable for any inconsistency between their CMR promises and actions. In addition, consumers' other-praising emotions significantly impacted brand loyalty positively, indicating that when consumers felt more gratitude, awe or elevation, they expressed higher loyalty to the brand. Therefore, it is essential that brand managers invest resources in cultivating emotional connections with their customers to eventually garner long-term brand loyalty.

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