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The impact of corporate reputation on brand attitude and purchase intention

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Abstract

The purpose of this study is to explore the influences of the negative corporate CEO and corporate social responsibility reputations on the changes in consumers' brand attitudes and purchase intentions. To perform this study purpose, we proposed the relationships between brand awareness and perceived quality and initial brand attitude and purchase intention by relying on the hierarchy of effects model; then we assessed the changes in brand attitude and purchase intention after providing information on negative corporate reputation. Multiple regression analysis and paired samples T-tests were conducted to test the hypothesized relationships using a convenience sample of 212 respondents. The empirical results support significant effects of brand awareness and perceived quality on brand attitude and purchase intention. Furthermore, respondents' brand attitudes and purchase intentions are reduced after they are being provided with the information on negative corporate reputation. This result confirms that negative corporate reputation significantly aggravates consumers' attitudes and purchase intention. However, the type of reputation is not a decisive factor for consumers' cognitive processes. The results imply that marketing managers need to manage a negative reputation carefully because negative corporate reputation aggravates consumers' cognitive process However, consumers are not influenced by specific type of negative information, thus a company can mitigate the negative impact of their negative reputation by another type of positive reputation.

Keywords: Negative corporate reputation, CEO and CSR reputation, Brand awareness, Perceived quality, Brand attitude, Purchase intention

Introduction

Researchers have agreed that a favorable corporate reputation is one of the most important intangible assets driving company performance (Chun 2005; Fisher-Buttinger and Vallaster 2011; Gibson et al. 2006). Not to be confused with brand identity and image, corporate reputation is often defined as consumers' accumulated opinions, perceptions, and attitudes towards the company (Fombrun et al. 2000; Fombrun and Shanley 1990; Hatch and Schultz 2001; Weigelt and Camerer 1988). In addition, corporate reputation is established by individuals' relative perspective; thus, corporate reputation is closely linked to the consumers' subjective evaluation about the company (Fombrun and Shanley 1990; Weigelt and Camerer 1988).

The effect of corporate reputation on corporate performance has been supported in many articles. Earlier studies have reported that a positive reputation has a significant

effect on a company's ability to reduce costs, set higher prices, and increase profits (Rindova et al. 2005; Roberts and Dowling 2002). Researchers also noted that positive corporate reputations enhance consumers' purchase intention, attitude towards the company and its products, and brand loyalty (Brown 1997; Saxton 1998). Spreng and Page Jr. (2001) found that corporate reputation significantly influences consumers' brand attitude, which in turn influences their satisfaction, purchase intention, and perceived company performance. As such, researchers have provided evidence of the importance of corporate reputation on both brand equity and consumer behavior.

In marketing research, corporate reputation has often been assessed by consumers' perceptions of the quality of products and services offered by the company (Caruana and Chircop 2000; Chun 2005) and brand awareness (Gaines-Ross 1997). In addition, consumers' attitude toward brand (Ahluwalia et al. 2000) and their purchase intention (Siomkos and Kurzbard 1994) have been measured as outcome variables. Thus, we aimed to examine the influence of brand awareness and perceived product quality on attitudes toward brand and purchase intention to determine the impact of the traditional concept of corporate reputation on consumer behavior.

In the marketing literature, most researchers have focused on positive rather than negative reputation and have thus overlooked the situation of a company confronted with a negative reputation (Sohn and Lariscy 2012; Walker 2010). Some researchers have noted, however, that negative information affects consumers' overall evaluation of a product or company more strongly than does positive information (Klein 1996; Skowronski and Carlston 1989). Researchers have also found that negative information is more diagnostic and informative than positive information in consumer decision-making process (Maheswaran and Meyers-Levy 1990; Skowronski and Carlston 1989). As consumers tend to depend on company and product information in order to reduce their perceived risks when making purchasing decisions, negative corporate reputation can be a more prominent characteristic than a positive reputation in the current business environment. Given the significance of a negative reputation, a further aim of this study was to examine the effect of negative corporate reputation on changes in consumers' attitudes toward the brand and their purchase intention.

This study focused in particular on two different types of negative reputations: CEO reputation and corporate social responsibility (CSR) reputation. Researchers have reported that the reputations of a company's CEO (Ranft et al. 2006; Sohn and Lariscy 2012) and a company's CSR (Jones 2005; Porter and Kramer 2006) have a significant impact on firms' performance and consumer behavior. In this study, the case of "American Apparel" has been used as a stimulus of negative reputation, which can represent CEO and CSR reputation. The company "American Apparel" had long been known for its socially responsible and ethical business practices, enjoying a good reputation as a result (Fisher-Buttinger and Vallaster 2011). This reputation, however, collapsed after it became known that the company received 70 % of its products from third-party suppliers, contrary to their "Made in Downtown L.A." label. Sexual harassment lawsuits against the founder, Dov Charney, brought further criticism, as did the company's allegedly pornographic advertising (Fisher-Buttinger and Vallaster 2011). The case of American Apparel provided research inspiration concerning how a company's negative CEO and CSR reputation can affect consumers' attitude and purchase intention. This research

will play an important role in providing academic and managerial implications regarding consumers' responses to a corporation's negative reputation.

Literature review

The Hierarchy of Effects (HOE) model and negativity bias served as the theoretical frameworks for the current study.

HOE model: brand awareness, perceived quality, attitude, and purchase intention

Corporate reputation and its outcomes are assessed by consumers' perceptions or impressions of the company (Bromley 2002; Chun 2005), such as brand awareness (Gaines-Ross 1997), perceptions of the quality (Caruana and Chircop 2000; Chun 2005), attitudes toward the brand (Ahluwalia et al. 2000), and purchase intentions (Siomkos and Kurzbard 1994). The HOE model elucidates the relationships among those variables. The HOE model posits that consumers perceive, process, and use marketing communication information in three stages: first, cognitively (thinking); second, affectively (feeling); and third, conatively (doing) (Barry and Howard 1990; Vakratsas and Ambler 1999). According to this model, the consumers first attain awareness and knowledge about a product or a brand, subsequently develops positive or negative feelings or attitudes towards the product, and finally acts by buying or rejecting the product or the brand (Kotler and Bliemel 2001). Adopting the HOE model, this study investigates the influence of brand awareness and perceived product quality on brand attitude and purchase intention in each of the three mental stages: the cognitive, the affective, and the conative stage respectively.

Existing evidence from research supports the influence of brand awareness and perceived quality on brand attitude and purchase intention. Earlier studies showed that consumers tend to adopt a decision rule to purchase familiar and well-known brands (Jacoby et al. 1977; Roselius 1971). Especially in low involvement situations it has been demonstrated that basic brand awareness alone may be sufficient to influence the choice of a brand, even in the absence of well-formed attitudes (Bettman and Park 1980; Hoyer and Brown 1990). Macdonald and Sharp (2000) also noted that consumers often rely on their brand awareness in the decision making process because they want to conserve time and make minimal cognitive efforts in their purchasing decisions. Chakravarti and Janiszewski (2003) suggested that raising brand awareness increases the likelihood to consider the brand when making a purchase decision. Washburn and Plank (2002) also found that consumers' brand awareness significantly affects purchase intention. In 2009, Wu and Lo demonstrated the indirect effects of brand awareness on brand attitude and purchase intention mediated through brand image. In a study of CSR, Lee and Shin (2010) found that consumers' awareness of CSR activities significantly influenced their purchase intention. More recently, Huang and Sarigöllü (2012) asserted that brand awareness is greatly related to brand attitude in the study of the relationship between brand awareness and market outcome.

Perceived quality can be defined as consumers' evaluation of products and services, which affects their attitudes toward product/brand and purchase intention (Pappu et al. 2005). Researchers have reported that higher perceived quality leads directly to higher brand attitude (Johnson et al. 2006; Monirul and Han 2012). Moreover, using the HOE

model, researchers have also highlighted the relationship between perceived quality (cognitive stage) and purchase intention (conative stage) mediated through consumers' attitude and satisfaction (affective stage) (Bou-Llusar et al. 2001; Everard and Galletta 2006; Yuan and Jang 2008). Some researchers have found indirect or direct effects of perceived quality on behavioral intention (Boulding et al. 1993; Sweeney et al. 1999; Zeithaml et al. 1996). Other researchers have found a direct effect of perceived quality on purchase intention (Poddar et al. 2009; Žabkar et al. 2010). In the context of apparel market, researchers have also found that consumers' perceived product quality has critical influence on consumers' purchasing decisions (Beaudoin et al. 2000; Eckman et al. 1990; Lang and Crown 1993).

Attitude and purchase behavior are important and widely studied variables in consumer behavior research (Spears and Singh 2004). Many researchers have proposed that attitude and purchase behavior are distinctly correlated within the cognitive-affective-conative relationships of the HOE model (Lamb et al. 2004; Poon and Prendergast 2006). Attitude is defined as a consumer's evaluation and feelings about a product or service, and it represents an affective dimension in the HOE model (Loudon and Della Bitta 1993). Purchase intention, which is included as a conative dimension in the HOE model, has been defined as a personal behavioral tendency in terms of purchasing products or services (Bagozzi and Burnkrant 1979). Since Fishbein and Ajzen (1975) found a significantly positive relationship between attitude and purchase intention, most research has supported the hypothesis that consumers' attitude directly or indirectly affects purchase intention (Sicilia et al. 2006; Wahid and Ahmed 2011; Wu and Lo 2009). Derived from the HOE model and previous literature, the following research hypotheses were developed:

H1 Consumers' brand awareness and perceived quality of product will have a significant influence on their attitude toward brand.

H2 Consumers' brand awareness and perceived quality of product will have a significant influence on their purchase intention.

H3 Consumers' attitude toward brand will have a significant influence on their purchase intention.

Negativity bias: attitude and purchase intention changes

The concept of negativity bias was used to examine the impact of negative corporate reputation on consumers' responses to brand, such as brand attitude and purchase intention. Researchers have often adopted the concept of consumer biases to examine the consumer information evaluation process, which includes negativity bias, positivity bias, and extremity bias (Anderson 1981; Skowronski and Carlston 1989). Consumers tend to give weight to positive and negative information differently when they evaluate information (Lucking-Reiley et al. 2007). Negativity bias describes the phenomenon whereby people place more value on negative information than on positive information (Klein 1996; Skowronski and Carlston 1989). Researchers found that the impact

of negative information on a company's financial situation and price premiums is more significant than the impact of positive information (Ba and Pavlou 2002; Chevalier and Mayzlin 2006). Ahluwalia et al. (2000) also found that negative information is useful and diagnostic for marketing decisions, as well as for consumers' information processes. Furthermore, existing theories also support negativity bias in explaining the consumer information evaluation process. According to the prospect theory developed by Kahneman and Tversky (1979), for example, consumer decision-making process between alternatives involves perceived risk; thus, people often make decisions based on potential losses rather than future gains and tend to place more weight on negative information. Moreover, category-diagnosticity theory (CDT) further explains why negative information is more heavily weighted than positive information (Skowronski and Carlston 1989). Diagnosticity refers to information's level of usefulness in decision and judgment processes (Jones et al. 2009); people tend to make decisions based on diagnosticity to reduce uncertainty. Negative information is sometimes considered more diagnostic than positive or neutral information. Considering negativity bias and diagnosticity theory, the current study attempted to discover whether the negative reputation of a company influences consumers' attitudes and purchase intention toward that company. Thus, the following research hypotheses were formulated:

H4 A company's negative reputation will have a significant effect on consumers' attitude toward the company.

H5 A company's negative reputation will have a significant effect on consumers' purchase intention.

Moderating effect: types of corporate negative reputation

Corporate reputation has generally been defined as the aggregated perception, opinions, and attitudes of multiple stakeholders including employees, customers, and community members (Fombrun et al. 2000). This perceptual representation of a company is the consequence of a company's past management actions and behavior, and works as a valuable, intangible asset and a competitive advantage for a company (Chun 2005; Fisher-Buttinger and Vallaster 2011; Gibson et al. 2006; Melo and Garrido-Morgado 2012).

To define corporate reputation, there have been discussions emphasizing several key attributes of it in prior literature. First of all, corporate reputation is developed based on the aggregate perception of all a company's stakeholders (Fombrun et al. 2000; Walker 2010). According to Chun (2005), prior literature has generally classified the major stakeholders into internal and external stakeholders, and marketing literature has focused on customers as internal stakeholders. It triggers us to examine the influence of corporate reputation on the customer evaluation process. The second attribute of corporate reputation is its range from positive to negative (Walker 2010). In prior studies, it has been empirically supported that a positive reputation enhances customer satisfaction and company's performance (Chun 2005) but the critical effects of negative reputation have

been under-researched even though a negative reputation can aggravate the significant effects of positive reputation (Sohn and Lariscy 2012; Walker 2010).

Third, there has not been an attempt to develop the typology of corporate reputation in prior literature. Rather, most corporate reputation-related studies have examined the effects of specific incidents of a company on customers' perception of corporate reputation. As those incidents that lead corporate reputation, researchers tend to focus on CEO-related (Ranft et al. 2006; Sohn and Lariscy 2012) and CSR-related issues (Jones 2005; Porter and Kramer 2006). As prior studies have thoroughly examined the effects of CEO and CSR issues on perceived corporate reputation based on empirical evidence, this study attempts to classify the typology of corporate reputation into CEO and CSR reputations. Related to CEOs, reputation has generally included the CEO's competency and ethics (Sohn and Lariscy 2012), and this study focuses on the ethical dimension. The construction of CSR has also been examined in multiple dimensions, such as employee relation issue, diversity issue, product issue, and environmental issue (Hillman and Keim 2001). In prior literature, CSR practices also include sponsorship, cause-related marketing, and philanthropy (Lii and Lee 2012).

Fourth, corporate reputation has often been studied as either a dependent variable (Walker 2010) or as a mediating variable between various independent variables and brand equity (Hur et al. 2013). However, the effect of corporate reputation on consumers' decision processes may be more varied and unique. Wang et al. (2006) noted that corporate reputation might interact with brand equity to enhance corporate performance, which may strengthen or weaken the effect of brand equity. Nevertheless, the relationships among those variables with corporate reputation have seldom been examined, and the moderating effect of corporate reputation, which assesses the interaction between corporate reputation and other variables, has not especially been studied, even though it has been found to affect consumers' attitudes and companies' success (Galbreath 2005; Schwaiger 2004; Wang et al. 2006). Therefore, this study examined the moderating effect of corporate reputation (Fig. 1).

H6 The effects of corporate negative reputation on consumers' brand attitude and purchase intention differ across the type of corporate negative reputation such as CEO and CSR reputation.

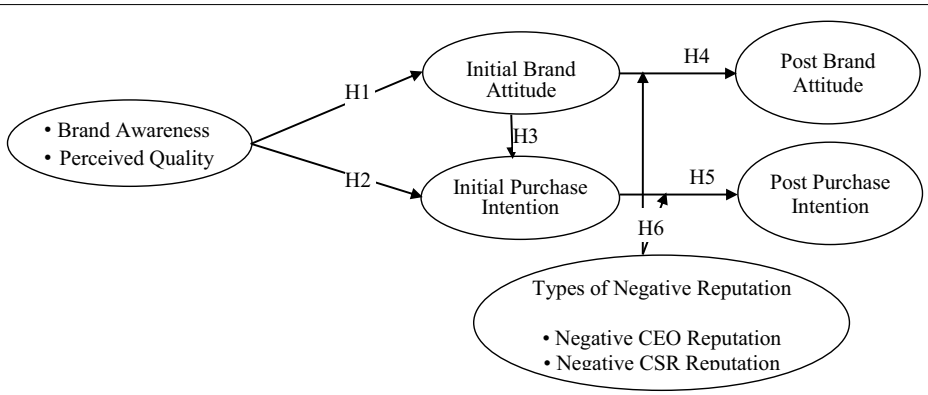

Fig. 1 Research model

Methods

Scenarios

This study employed a scenario-based experimental survey to control for participants' biased responses related to prior experience, involvement, and rationalization tendencies (Grewal et al. 2004). To represent the corporate negative reputation and enhance the realism and reliability of participants' responses (Lii and Lee 2012), this study used two actual news reports of negative publicity for American Apparel that fairly represented the CEO and CSR reputation separately as stimuli. In 2008, Dov Carney, CEO of American Apparel, became involved in sexual harassment lawsuits; meanwhile, the brand's "Made in Downtown L.A." slogan was revealed as untrue (Fisher-Buttinger and Vallaster 2011). Their corporate reputation was ruined; thus, American Apparel's story was a well-suited case for measuring the effects of both the negative reputation of its CEO and CSR. Survey participants were first divided into two groups, each with 106 participants: CEO reputation scenario and CSR reputation scenario. Subsequently, those in each group were instructed to read a negative news article about either the American Apparel CEO's scandal and lawsuits or the brand's CSR blunder of American Apparel.

To ensure that research participants clearly understood and identified the research setting and perceived the stimuli differently, we conducted a manipulation check, using three questions to assess their perceived negativity of each scenario: (1) Considering the news reports you reviewed, how would you rate this news? (2) Considering the news reports you reviewed, how would you rate this company? (3) Compared to other apparel brands, how would you rate this company's reputation? These items were modified from original item, which was adapted from Fombrun and Shanley (1990) for the research setting of this study and they were measured using a seven-point (1–7) Likert-type scale anchored by "very negative" and "not negative." According to the result of analysis of variance (ANOVA), the respondents perceived those scenarios differently in their negativity ($F_{1,210} = 5.405$, $p < .21$). That is, the scenarios of this study were perceived differently as intended.

Sample selection and data collection

A structured online questionnaire was developed to collect data for the current study. Using Qualtrics, 212 participants were recruited. The participants consisted of 72.6 % females and 27.4 % males, and the mean age of respondents was 29 with ages ranging from 19 to 54. More than half (62.7 %) of the respondents were between the ages of 20 and 30. Most of the respondents were highly educated, with 61.2 % holding a college or graduate degree and 20.8 % studying at the college level. In total, 66.5 % of the respondents were Caucasian, while 33.5 % represented other ethnic groups (e.g., African American or Hispanic). A majority of the participants were single (58.0 %), while 38.2 % of the respondents were married. Nearly two-thirds (63.2 %) had full-time or part-time jobs, whereas 22.2 % of the respondents were not employed at all. Nearly half of the participants (46.7 %) stated that their income level was between $25,000 and $75,000.

Measurement

Participants were first asked to answer the questions about whether they have heard of or know about American Apparel in order to select those who know the brand (company), while screening out those who do not know the brand.

Perceived product quality

Respondents were asked to indicate their perceived quality of product from American Apparel. Three items ("American Apparel is of very good quality," "The products of American Apparel are always good in quality," and "The likelihood that the products of American Apparel will function well is very high") were adapted from Wang et al. (2006). The items were presented on a seven-point Likert scale (1 = strongly disagree; 7 = strongly agree). The reliability coefficient of these scales was .82.

Brand awareness

Brand awareness was measured with three items adapted from Chang and Chen (2008). Examples of the scale items included "I am familiar with American Apparel (1 = not at all familiar; 7 = very familiar)," "American Apparel is a well-known apparel brand for me (1 = not known at all; 7 = very well known)," and "I can recognize American Apparel among other apparel brands (1 = not recognizable at all; 7 = very recognizable)." The reliability coefficient for these scales was .92.

Initial brand attitude and purchase intention

Respondents' initial attitude toward the brand (i.e., American Apparel) was measured by three items adapted from Roehm and Tybout (2006): "How good of a corporate citizens is American Apparel (1 = extremely bad; 7 = extremely good)," "How much do you like American Apparel (1 = dislike very much; 7 = like very much)," and "How would you describe your feelings about American Apparel? (1 = negative; 7 = positive)." Respondents' intention to purchase products from American Apparel was measured by three items adapted from Lii and Lee's (2012) study ("It is likely that I will buy apparel items from this company," "I would consider buying this brand next time when I need apparel items," and "I will try to buy apparel items from this company"). The responses were based on a seven-point Likert scale (1 = strongly disagree; 7 = strongly agree). The scale reliabilities of brand attitude and purchase intention were .86 and .94, respectively.

Post brand attitude and purchase intention

After measuring participants' initial brand attitude and purchase intention, two stimuli were given to investigate the effects of negative corporate reputation on consumers' brand attitude and purchase intention. After reading the stimuli, participants' attitude and purchase intention were measured once again by the same items used for measuring initial brand attitude and purchase intention before providing the news article. The reliability coefficients of theses scales were .91 and .93 respectively.

To test the common method bias, we conducted Harman's single-factor test, which is one of the most widely used techniques (Podsakoff et al. 2003). Using exploratory factor analysis with unrotated factor solution, we found that different scale items did not load into one common factor. In this analysis, four factors were extracted, which collectively

explained approximately 80 % of the total variance. Our research model contained six constructs of continuous variables. The difference in this analysis result was because the brand attitude and purchase intention were measured twice, once before the negative corporate reputation was given and once after.

Results and discussion

Brand awareness, perceived quality, attitude, and purchase intention

Two sets of multiple regression analyses were implemented to examine the influence of brand awareness and perceived quality on brand attitude and purchase intention (H1 and H2). In these analyses, the independent variables were brand awareness and perceived product quality and the dependent variables in each multiple regression analysis were brand attitude and purchase intention. The regression model for the relationship between brand awareness and perceived product quality and brand attitude (H1) was significant, with $F\ (2, 209) = 169.46$, $p < .001$, indicating that 61.9 % of the variance in brand attitude was explained by two independent variables. Thus, Hypothesis 1 was supported. The test of the relative contributions of independent variables to explain respondents' brand attitudes showed that brand awareness ($\beta = .16$, $p < .01$) and perceived product quality ($\beta = .72$, $p < .001$) were significant determinants. This result implies that respondents tend to have positive brand attitude when the level of brand awareness and perceived product quality offered by the company rise.

The regression model for the relationship between two independent variables and purchase intention (H2) was significant, with $F\ (2, 209) = 95.56$, $p < .001$, indicating 47.8 % of the variance in purchase intention was explained by brand awareness and perceived product quality. Thus, Hypothesis 2 was supported. The test of the relative contributions of independent variables revealed that both brand awareness ($\beta = .25$, $p < .001$) and perceived quality ($\beta = .57$, $p < .001$) were significant. The multiple regression analyses results for H1 and H2 are reported in Table 1.

A bivariate regression analysis was implemented to examine the relationship between brand attitude and purchase intention. The regression model for the relationship between brand attitude and purchase intention (H3) was significant: ($\beta = .775$, $p < .001$), with $F\ (2, 210) = 315.74$, $p < .001$.

Table 1 Multiple regression analysis predicting initial brand attitude and initial purchase intention

	Initial brand attitude			Initial purchase intention		
	***M* (*SD*)**	***B***	***t***	***M* (*SD*)**	***B***	***t***
Brand awareness	5.009 (1.372)	.156**	3.454	5.009 (1.372)	.251***	4.743
Perceived quality	4.764 (1.296)	.721***	15.929	4.764 (1.296)	.566***	10.692
R^2	.619			.478		
F	169.46***			95.56***		

* $p \leq .05$; ** $p \leq .01$; *** $p \leq .001$

Negative corporate reputation

Paired samples t-tests were conducted to compare the effects of a company's negative reputation on consumers' attitudinal change toward the brand (H4) and changes in purchase intention (H5). As Table 2 shows, there were statistically significant changes in brand attitude after reading an article on the negative reputation of the CEO ($t = 9.17$, $p < .001$) and CSR reputation ($t = 10.56$, $p < .001$). In addition, there were significant changes in purchase intention after reading an article on the negative reputation of the CEO ($t = 6.64$, p < .001) and CSR reputation ($t = 8.65$, p < .001). These results suggest that a company's negative reputation negatively influence consumers' brand attitude and purchase intention.

Types of corporate negative reputation

Types of reputation were expected to impact the extent to which initial brand attitude predict brand attitude after receiving negative reputation and to which initial purchase intention predict purchase intention after receiving negative reputation (H6). Thus, we conducted a regression analysis to explore a possible interaction between types of reputation, initial brand attitude, and initial purchase intention to confirm the moderating effects of the types of reputation between brand attitude and purchase intention before and after receiving a negative reputation. The regression results represented that the models were statistically significant ($R^2 = .434$, F (3, 208) = 53.08, $p < .001$). Initial brand attitude and types of negative corporate reputation explained 43 % of the variance in post brand attitude after receiving negative reputation. However, there was no significant interaction effect between initial brand attitude and types of reputation. In addition, there was also no significant interaction effect of initial purchase intention and types of negative reputation on post purchase intentions of which after receiving negative reputation, even though the model was statistically significant ($R^2 = .518$, F (3, 208) = 74.64, $p < .001$). Thus, Hypothesis 6 was rejected as Tables 3 and 4 represented.

Conclusion

First, we attempted to investigate the effects of brand awareness and perceived quality on brand attitude and purchase intention. The results support brand awareness and perceived quality as positive influences on brand attitude (H1) and purchase intention (H2). In addition, the relationship between attitude and purchase intention was also supported (H3). These results are consistent with the prior research, which found that brand

Table 2 Negative CEO and CSR reputation means for initial and post brand attitude and purchase intention

	Brand attitude		*t*	*df*	Purchase intention		*t*	*df*
	Initial	Post			Initial	Post		
Negative CEO reputation	4.41 (1.24)	3.36 (1.46)	9.17***	105	3.98 (1.83)	3.23 (1.76)	6.64***	105
Negative CSR reputation	4.75 (1.30)	3.47 (1.69)	10.56***	105	4.66 (1.68)	3.43 (1.74)	8.65***	105

Standard deviations appear in parentheses below means

* $p \leq .05$; ** $p \leq .01$; *** $p \leq .001$

Table 3 Multiple regression analysis accessing moderating effect of the types of corporate reputation

	Model 1 Post brand attitude		Model 2 Post brand attitude	
	B	***t***	***B***	***t***
Initial brand attitude	.661***	12.555	.490***	2.900**
Type of reputation	−.058	−1.098	−.058	−1.092
Attitude × type			.180	1.069
R^2	.431		.434	
F	79.00***		53.08***	

The reference group for the type of reputation is CEO reputation; The focal group for the type of reputation is CSR reputation

* $p \leq .05$; ** $p \leq .01$; *** $p \leq .001$

Table 4 Multiple regression analysis accessing moderating effect of the types of corporate reputation

	Model 1 Post purchase intention		Model 2 Post purchase intention	
	B	***t***	***B***	***t***
Initial purchase intention	.729***	14.877	.878***	5.798
Type of reputation	−.081	−1.644	−.080	−1.627
Purchase intention × type			−.157	−1.040
R^2	.516		.518	
F	111.38***		74.64***	

The reference group for the type of reputation is CEO reputation; The focal group for the type of reputation is CSR reputation

* $p \leq .05$; ** $p \leq .01$; *** $p \leq .001$

awareness intensely affects the consumer decision-making process (Huang and Sarigöllü 2012; MacDonald and Sharp 2000) and that perceived quality significantly influences consumers' attitudes and purchase intentions (Pappu et al. 2005). The result confirmed that brand attitude and purchase intention in the current study were systematically accumulated through consumers' existing brand awareness and perceived quality; thus, the deterioration of attitude and purchase intention caused by negative information would be decisive and meaningful changes that would harm brand equity and corporate intangible asset which was accumulated over a long time.

Second, we examined consumers' responses toward negative corporate reputation and, in particular, to what degree negative corporate reputation would aggravate consumers' brand attitude and purchase intention. There have not been many empirical findings regarding the relationship between negative corporate reputation and consumers' cognitive process (Ahluwalia et al. 2000). Thus, the current study will contribute to bridging the gap in the literature on corporate reputation through the results we reported in this study. In the paired samples *t* test analysis, the results demonstrated that brand attitude and purchase intention deteriorate with the negative corporate reputation (H4 and H5). This result is consistent with prior research supporting the significant effects of corporate reputation on brand equity and consumer behavior (Brown 1997; Saxton 1998). This

further implies that individuals tend to rely on negative information for their cognitive process (Ahluwalia et al. 2000) and the negative information is regarded as more diagnostic than is positive information as prior research has supported (Klein 1996; Lucking-Reiley et al. 2007; Skowronski and Carlston 1989). In view of what has already been established, this study confirms that the negative corporate reputation has significant influence on consumers as diagnostic and useful information.

Then, we further examined which type of negative corporate reputation would have more influence on consumers' attitude and purchase intention by hypothesizing the moderating effects of the type of corporate reputations on consumers' brand attitudes and purchase intentions (H6). Sohn and Lariscy (2012) confirmed the significant strategic power of CEO reputation, and several studies have examined the indirect effect of CSR on brand equity (Hur et al. 2013; Lai et al. 2010). However, most studies have examined the effects of favorable reputation, and no studies have compared the effects of CEO and CSR reputation on brand attitude and purchase intention. This study is the first attempt to compare the impacts of the types of negative reputation on consumers' responses. According to the results, this study failed to support the significant moderating effects of the types of negative reputation on changes in brand attitude and purchase intention. In other words, negative publicity definitely affects consumers, but the type of negative information does not.

The results concerning the impact of corporate reputation provide considerable managerial implications to practitioners who seek ways to effectively manage their company's reputation. The results of the current study ascertain that negative publicity that can aggravate consumers' attitudes and the company should carefully manage a negative reputation to avoid damaging established consumers' attitudes and purchase intentions. The results of this study further suggest that consumers definitely process the negative corporate reputation, however, the types of reputation should not be decisive. Any kinds of negativity would damage the relationship with consumers. The stimuli of this study, which represent CEO and CSR reputation, are related ethical issues according to the description of the ethical dimension of reputation. Carroll (1979) and Sohn and Lariscy (2012) describe the ethical dimension of reputation as relating to morality, honesty, and integrity and corresponding with social norms. Thus, based on the results of this study, we can imply that ethical reputation can be perceived as a homogeneous attribute that damages brand equity regardless of the type of reputation, such as those of a CEO or CSR. This also implies the critical strategic cues that one type of ethical reputation can mitigate the negative impact of another type of reputation and recover damaged brand equity, because consumers are aware of different type of reputations as compatible information about the company. As the case of Microsoft shows, Bill Gates's personal philanthropic reputation compensated for a damaged brand equity resulting from the company's violation of antitrust laws (Sohn and Lariscy 2012). As this example demonstrates, a company can mitigate negative impacts to its reputation by actively managing the favorable ethical reputation of other aspects of the company. Any kind of favorable ethical reputation interchangeably recovers brand equity damaged by negative ethical reputation. Furthermore, a company needs to effectively communicate with consumers to manage a reputation crisis through a resource-based perspective. Even though consumers homogeneously consider the negative ethical reputation, a company should

heterogeneously communicate with consumers based on the company's core strategic resource. The brand manager should strengthen the other dimensions of reputation that consumers highly value, such as reasonable prices and quality products, even if brand equity has been damaged by a negative ethical reputation.

Limitations

The current study contributes considerable implications for brand management by providing empirical evidence that can enhance the understanding of corporate reputation. Nevertheless, this study is by no means free of limitations. This study confined the stimulus to only one brand of apparel (American Apparel), therefore limiting the generalization of the results. Future researchers may need to investigate the research framework of this study in different product types and other brands to generalize the findings across brands and product types. In addition, the current study focused on only CEO and CSR reputations as examples of negative reputation. Future researchers may want to test the effect of different types of corporate reputation and ensure that the participants' negativity perceptions are measured by an appropriate pretesting procedure. Further to this, examining different types of CEO and CSR reputation and different levels of negative reputation may also lead to interesting results regarding different consumer responses, and it would enrich the empirical research of corporate reputation. On the other hand, future research could also consider an examination of how consumers' brand awareness and their perceptions of product quality influence the negative effects of negative corporate reputation. This could be examined in a different research setting to enrich the generalizability of findings related to corporate reputation.

Authors' contributions
NYJ and YKS carried out the corporate reputation studies and drafted the manuscript. Both authors read and approved the final manuscript.

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