

The Effect of Negative Product Publicity on Corporate Reputation Depending on the Degree of Crisis Responsibility, the Type of Consumer's Self-construal and Product-involvement Level

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Abstract

This study examines how seriously negative publicity about products affects corporate reputation in terms of the degree of direct corporate responsibility, product involvement level, and the type of consumer's self-construal. The results show that negative media news coverage significantly harmed the corporate image. In particular, the corporate reputation was damaged more seriously when the corporate responsibility for public scandals were perceived to be high. However, corporate reputation was irrelevant to the product involvement. The people of interdependent construal or allocentric consumers responded more critically to the negative publicity and gave significantly lower grades to the companies that had a higher reputation for social responsibility. This study implements a two-by-two factorial design consisting of two different types of corporate responsibility and two types of product involvement. News articles with pictorial account depicting corporate behaviors were presented to on-line surveyees randomly. Theoretical and practical implications are suggested in the concluding section.

Keywords: Corporate crisis, Corporate reputation, Product involvement level, Corporate responsibility, Product characteristics

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Introduction

The series of news reports on the emissions scandal of Volkswagen AG in 2015 and Mitsubishi Motors in April of 2016 shocked consumers around the world. The motor companies were blamed for cheating on emissions tests and went through tough times in their corporate history of 78 years for Volkswagen AG and 46 years for Mitsubishi. The US Environmental Protection Agency found that some software installed in Volkswagen diesel vehicles manipulated the results of emission tests. The disturbing news ignited a public uproar globally, and law suits followed in countries like the US and South Korea, raising distrust of the brand image of the motor companies and consequently lowering their stock prices as well as company reputation and value significantly.

Past studies state that organizations are extremely sensitive about the contents of media reports and react preemptively or diligently to how the negative publicity would affect the consumer perception of their products and organizations. Many academic studies have focused on the empirical verification of the effects of negative publicity on consumer reactions and consequent organizational and product changes (Kroloff, 1988; Marconi, 1997; Pearson & Mitroff, 1993). Many of them found a positive link between the negative publicity and its negative effect on corporate image and consumer perception (Huang & Chen, 2006; Wyatt & Badger, 1984; Tybout et al., 1981). However, other studies showed mixed results, insisting that negative publicity does not necessarily create a negative image of the company and its product users (Berger, Sorensen, & Rasmussen, 2010; O'Connell, 2006; Yabroff, 2006). As a result, we intend to explore additional information about negative publicity and its outcomes that the previous studies have not touched on.

First, we researched the different types of corporate crises, which can be classified as those for which the organization is fully or largely responsible or those that the organization is liable for only in a small or minimal degree. No previous studies have included the degree of an organization's direct responsibility into the proposed research model of negative publicity and consumer attitude. For the reason, we intend to empirically test how consumers can respond to negative publicity in terms of the degree of direct corporate responsibility for the crisis.

In addition, the effects of the product types (high or low involvement) on the consumer response will be examined. We assume that the product involvement level (high or low) might present outcomes different from those of the previous studies. In short, both corporate responsibility and product involvement level are factored into this study. This study intends to make both theoretical and practical contributions to the domain of crisis management and consumer attitudes.

Literature Review

Negative Publicity, the Degree of Corporate Direct Responsibility for Crisis, and Product Involvement Level

Crises often result in negative publicity for corporations (Dean, 2004). Behavioral studies have examined how negative information could affect product consumption but have produced mixed results. Not surprisingly but intuitively, negative reviews, messages, or rumors could hurt product evaluations and reduce purchase likelihood and sales (Huang & Chen, 2006; Tybout et al., 1981; Wyatt & Badger, 1984). Negative publicity about products and service has been shown to damage everything from products

and brand evaluation (Berger, Sorensen & Rasmussen, 2010; Herr, et al., 1991; Tybout et al., 1981) to firm net present value and sales (Goldenberg et al., 2007; Reinstein & Snyder, 2005). Negative publicity can influence the success of products by influencing product evaluations, which is the persuasive effect of publicity (Liu, 2006). If a critic gives a book a negative review, customers may think the book is bad and reduce their likelihood of buying it (Berger, Sorensen & Rasmussen, 2010). In addition, negative publicity can damage corporate image (Burrough, 2006; Wyatt & Badger, 1984); because of the combined perception of corporate high credibility of the past as well as the negative effects of publicity, negative information tends to be weighted more than positive publicity (Kim, Cho, & Han, 2007; Mizerski, 1982). Negative movie reviews decrease box office receipts (Basuroy et al., 2003). Similar effects have been shown for consumer reviews: one-star reviews hurt book sales on Amazon.com (Chevalier & Mayzlin, 2006). This is a widely accepted general perception about the effects of negative publicity.

On the other hand, Berger, Sorensen, & Rasmussen (2010) claimed that negative publicity could increase the sales volume, because the publicity per se would elevate product awareness. They claim that in the age of information and hyper competition, whether it is positive or negative information, being noticed and recalled in people's minds is a top priority (Trout, 2000). A wine described "as redolent of stinky socks," for example, saw its sales increase by 5% after it was reviewed by a prominent wine website (O'Connell, 2006). Similarly, although the movie *Borat* made fun of a central Asian nation, a travel website reported a three-fold increase in demands for information about the nation after the film was released (Yabroff, 2006). Although these may be just idiosyncratic examples, they suggest that negative publicity may not always be a bad thing (Berger, Sorensen, & Rasmussen,

2010). Berger, Sorensen, & Rasmussen (2010) specified that bad publicity could be detrimental for well-known writers, but beneficial for unknown authors who have low public awareness.

These mixed results show that negative publicity can result in both negative and positive outcomes. In the past, studies on negative publicity focused on comparing positive publicity with negative ones or finding publicity effects based on different types of products or manufacturers. Some investigated the moderating effect of consumer expectation (Dawar & Pillutla, 2000) or consumer commitment to a brand (Ahluwalia et al., 2000), but none examined the effect of negative publicity using the degree of corporate responsibility in the minds of consumers.

Negative publicity is often a direct result of defective items or a company's failure in delivering the values that they promised to the customers. Crisis is a perceived feeling that is deemed detrimental or unacceptable to people. One of the major responsibilities of media is to monitor and report such misbehavior or scandals in our society in order to protect public safety and welfare. However, recently media companies have tended to be extremely careful about disseminating negative publicity, because such news could trigger direct protests by interest groups and result in legal suits. Here we present the following hypotheses.

H 1: After a company experiences a corporate crisis arising from negative publicity, the corporate reputation will be significantly harmed.

The Degree of Responsibility and Situational Crisis Communication Theory

In the face of crisis, the question of to whom a proportion of responsibility should be attributed is the pivotal factor in

Situational Crisis Communication Theory (SCCT), which embraces attribution theory and comprises three parts: crisis, reaction strategies, and recommendations. Ten reactive strategies are suggested for each of the different degree of crisis responsibility and its attribution (Coombs, 2004; Mitroff & Anagnos, 2001; Coombs, 1998). In SCCT, an organization's reputation is directly affected by the degree of crisis responsibility. When an organization is liable for a crisis directly and completely, its reputation will be damaged to its degree of responsibility and the crisis will be magnified (Coombs, 1998). Three crisis types (victim, accidental, intentional) are identified based on attributions of responsibility (Coombs, 2004), and each type of crisis can be controlled with the same or similar remedies (Mitroff & Anagnos, 2001; Pearson & Mitroff, 1993). Among the three crisis types, "intentional" assigns the largest degree of responsibility to organizations and poses the biggest reputational threat, because the type allocates a high degree of crisis responsibility to organizations (Coombs & Schmidt, 2000; Coombs, 1998). The intentional crisis includes organizational misdeeds, human error accidents, and recalls that are deemed preventable by training and preventative measures by organizations. "Accidental" represents challenges, technical errors, and recalls for which organizations are responsible for crisis morally or ethically but not legally. People perceive that a problem occurred by accident and was not intentional under an organization's limited control. A low degree of crisis responsibility and reputational threat is attributed to victim cluster if the sources of the crisis are rumor, natural disasters, workplace violence, or product tampering by outsiders. In this context, organizations are considered to be the victim because the crisis arose from external factors that are far beyond the organization's control. Consequently, the degree of crisis responsibility by the organization is minimal and corporate

reputation will be less harmed (Coombs & Schmidt, 2000; Coombs, 1998). Thus we suggest that the corporate reputation will be linked to the degree of crisis responsibility.

H 2: The corporate reputation when the company's responsibility for the crisis is high will be lowered more than if the company's responsibility is low.

Product Involvement Level and Elaboration Likelihood Model

The level of product involvement can be included in examining the effects of negative publicity, because customer's attitudes can be different for different product types. In this study the product involvement level is used to represent the product type. Product involvement is defined as the level of personal relevance that a product or purchase decision has for a consumer (Howard & Kerin, 2006). Zaichkowsky (1985) explained that highly involved consumers are motivated to scrutinize information, such as prices, more fully, whereas less involved consumers are likely to apply simple heuristics or judgment-relevant cues that are easily understood (Zaichkowsky, 1985; Chen & Chaiken 1999).

The elaboration likelihood model (ELM) indicates that there are two routes of influence on people's attitudinal and behavioral change. One is the central route, the other is peripheral (Brown, Ham, & Hughes 2010; Petty & Goldman, 1981). The central route makes people spend substantial amounts of time and energy on thinking critically about the predictable consequences of an informational message until they reach a decision. The contemplation can include potential benefits, comparison of alternative choices, product or service quality, and opportunity costs. On the peripheral route, people spend far less time and energy on digesting an external message; hence emotional, not

cognitive, effort is used for decision making. The peripheral route depends on simple indicative cues for choosing a target behavior, such as visual appeals, product endorsement by celebrities, and brand image, not the quality of serious arguments or efforts to find substantive information. Kelman (1961) noted that people can form their attitudes and behaviors based on perceived identification with the cue providers. The central route is largely linked to quality arguments, and the peripheral route is associated with ephemeral cues. Thus, in information processing, people are required to make much more cognitive and analytical endeavors in the central route than in the peripheral route (Petty et al. 1981). Petty & Cacioppo (1986) insist that attitudinal and behavioral changes arising thru the central route are longer lasting, more stable, and more consistent, and result in long-term beliefs and behaviors because of thorough and deliberate arguments. On the other hand, changes developed via peripheral cues are short lived, vulnerable to change by new stimuli, ephemeral, and less coherent. Thus changes via the central route are more reliable and enduring. ELM indicates that individuals can process information differently and develop contrasting responses through the two different routes of influence processing, which embrace the different degrees of involvement. Thus we posit that corporate reputation will be linked to the degree of product involvement.

H 3: The corporate reputation for high product involvement will be lower than for low involvement.

Consumer's Self-construal Theory

The origins of self-construal theory are traced to criticisms of research on the ego in areas such as psychology and anthropology. Despite the growing body of psychological and anthropological evidence that people hold divergent views about the self, most of what psychologists currently know about human nature is based on one particular view: the so-called "Western" view of the individual as an independent, self-contained, autonomous entity who (a) comprises a unique configuration of internal attributes (e.g., traits, abilities, motives, and values) and (b) behaves primarily as a consequence of these internal attributes (Geertz, 1975; Sampson, 1988, 1989; Shweder & LeVine, 1984).

Markus & Kitayama (1991) criticized previous research in self-construal theory as focusing only on forms of the ego reflected in Western culture, while ignoring various aspects of the self in different cultures. They identified two categories of self in self-construal theory, which they identified as the independent and interdependent self. People who fall into the independent-self category strongly tend to perceive themselves as independent from others and to prefer expressing their own strength as distinct from those of others. People who fall into the interdependent self-category, in contrast, are greatly influenced by relationships with others and tend to avoid revealing themselves in collective life, focusing mainly on their role in community living (Markus & Kitayama, 1991).

Beyond self-construal theory comes construal level theory (CLT), which claims that people use abstract cues when they process information about future events rather than current ones (Trope & Liberman, 2003). CLT notes that people tend to understand and analyze current objects and events using specific, tangible, vivid, and contextualized information, but perceive

similar or identical events of the distant future with ambiguous and abstract cues and data (Trope & Liberman, 2010; Fisk & Talor, 1991). Past studies have shown that various forms of mental distance arising from temporal, spatial, and relational differences could significantly influence a person's perception of the events and eventually lead to behavioral outcomes (Trope & Liberman, 2003, 2010).

In construal level theory, temporal distance is a focal research concept (Read & Loewenstein, 2000). If the temporal distance is greater, people will form high-level construal, in which events will be perceived by using key abstract and speculative cues, whereas low-level construal is a direct outcome of currently detailed and clear information (O'Donoghue & Rabin, 2000). It is assumed that high-level construal could have a stronger effect on the perception of distant-future events than on near-future occasions. Griffin, Dunning, & Ross (1990) indicated that predictions for the distant future could be overly optimistic, because people use less specific and detailed data.

Further expanding self-construal theory, Arnocky, Stroink, & De Cicco (2007) claimed that high- or low-level construal types showed different behaviors about various critical environmental issues. In their findings, they reported differences in the perspective on environmental issues. They noted that the people with independent self-construal displayed a self-centered and egoistic approach to environmental protection measures and resource sharing, whereas the interdependent self-construal type had cooperative mindsets, including altruistic intentions and support for environmental conservation. With these study results, it is assumed that the responses to negative publicity could differ for each type and level of self-construal. Accordingly, the following hypothesis is presented.

H 4: For the effect of negative publicity on corporate reputation, the interdependent self-construal type will react more negatively to the negative publicity than will the independent self-construal type.

Method

Research Design and Stimuli

This study implemented a two-by-two factorial design consisting of two different types of corporate responsibility and two different product-involvement levels. The two types of corporate responsibility were high or low corporate responsibility for crisis. In this experimental design, instant noodles represented the low-involvement product, and passenger cars were chosen as the high-involvement product. The survey items for dependent variables are taken from the study of Fombrun & Riel (2007) and were sent to the on-line users.

An experimental negative news article was generated for this study. In the story, a car-manufacturing company manipulated the results of car-emissions tests in order to cut down production costs. In another experimental scenario, a car maker was exposed to negative publicity because its supplier (in this case, a headlight manufacturer) delivered defective items. The former represents high corporate responsibility for negative publicity and the latter low corporate responsibility. For the experimental scenario of the low-involvement product (instant noodles) and high corporate responsibility, the government supervising authorities found cancer-causing materials called Benzopyrene in the artificial flavor enhancer of the instant noodles. For the low-involvement product and low corporate responsibility, a consumer sent in a

reader's opinion article to the media company complaining that a small plastic piece was found in the separate noodle-flavor package.

To control extraneous variables, experimental news articles were prepared, which were identical in terms of the length, size, format, and layout of the contents. The articles were written by former newspaper reporters and sent for review to the professors of marketing, advertisement, and public-relations departments. After two rounds of reviews and revisions, the questionnaires were sent to on-line users along with the explanation that anonymity was fully guaranteed. After reading the purpose and procedure of this study, respondents were asked to rate corporate reputation before reading a prepared corporate scandal article. Then four different news articles were presented to the respondents for reading. Respondents were asked to rate corporate responsibility again, which enabled us to compare the difference in corporate image before and after the negative article was presented.

Data Collection and Procedure

This study was conducted in November of 2015 by a professional on-line research company that holds a sample pool of more than 680,000 in South Korea. The e-mail questionnaires were sent to four different experimental groups who had responded to previous survey requests at least once in the past 12 months. To meet the criteria of random sampling, gender and age ratio were proportionately assigned to the four groups based on the Korean government population census of 2010. Each group consisted of 500 subjects, making a total sample size of 2,000. All subjects were mutually independent, and none of them were assigned to more than one group. Out of the 2,000 subjects, only 1,229 (61%) people opened their e-mail; among them, 324 people have not returned

their answers. In addition, 665 people who either failed to complete the survey questions or spent too much time filling out their answers were eliminated. Finally, 60 subjects per group totaling 240 samples were used for statistical analysis.

Measures

Self-construal was measured by the 9-point Likert scale developed by Markus & Kitayama (1991). The measures were translated into the Korean language and verified for correct translation and content validity by five marketing professionals and three marketing professors. The seven items are:

- 'I can state my opinion without any difficulty before people.'
- 'I don't feel uncomfortable when I was praised or awarded in a crowd.'
- 'I am honest with new people.'
- 'I remain myself when I am with superiors.'
- 'I want to be unique and different from other people.'
- 'My own identity is very important.'
- 'I can do my best no matter who I am with.'

In the 9-point scale, respondents who marked points higher than 6 are considered to be the independent construal, and points less than 5 are the interdependent construal. Accordingly, among the 240 subjects, 146 people (73%) were classified as the independent construal and 94 (27%) are the interdependent construal.

Corporate reputation was measured by the 9-point Likert scale developed by Fombrun & Riel (1997). The 12 items were also translated into the Korean language and were reviewed for accuracy by eight marketing academics (five graduate students and three faculty members of the marketing department). The items were;

- 'This organization cherishes human values.'
- 'This organization is very interested in the protection of the natural environment.'
- 'This organization is being well managed.'
- 'This organization has many excellent employees.'
- 'This organization is a leader in its industry.'
- 'This organization has a clear vision about its future.'
- 'This organization produces quality products at a good price.'
- 'This organization has a great potential for growth.'
- 'This organization has a low investment risk.'
- 'This organization showed high financial performance.'
- 'This organization generates high profits.'
- 'This organization produces innovative products.'

Frequency analysis and a *t*-test were performed to confirm the adequacy of the experimental stimuli. For to the degree of corporate responsibility for negative news, mean (M) and standard deviation (ST) of high and low corporate responsibility were significantly different ($M = 4.46$, $ST = 2.12$, for high corporate responsibility, and $M = 5.12$, $ST = 1.9,5$ for low corporate responsibility, $p < .05$). With this result, the manipulation test of experimental stimuli was proven effective statistically.

Results

Exploratory factor analysis was conducted to assess common factor loadings and discriminant validity, using principal component analysis and the Varimax method. Threshold values adopted in this study were 0.6 for KMO (Garson, 2001) and 0.6 for commonality (Field, 2000), and 0.4 for factor loading (Goodman, Dolan, Morrison, & Daniels, 2005). Eigenvalues over 1.0 were chosen as an independent factor.

The results indicated that the extraction sums of square loadings were 79.09 percent, well surpassing the required value of 50 percent. In addition, the test for commonality and factor loadings disclosed satisfactory results of over 0.6, showing that discriminant validity was established. In addition, a reliability test was performed to see if the set of variables was consistent with what it should measure. Hair et al. (2006) indicated that the Cronbach's alpha value should be higher than 0.7 to be statistically acceptable. The coefficients were well above 0.7 in this study (Corporate reputation, Cronbach's $\alpha = .963$; Self-construal, Cronbach's $\alpha = .871$).

Hypothesis 1

The *t*-test was performed to verify if there was a statistically significant difference between the pre- and post-survey results for the customer's perception about corporate responsibility. As shown in Table 1, for the high-involvement products and high corporate responsibility, the values of the post-survey results ($M = 4.53$, $SD = 1.73$) were lower than those of the pre-survey ones ($M = 5.48$, $SD = 1.46$); $p < .001$. For the high-involvement products and low corporate responsibility scenario, the values post survey ($M = 4.95$, $SD = 1.75$) were also significantly lower than those of the presurvey ($M = 5.48$, $SD = 1.52$); $p < .001$. For the low-involvement products and high corporate responsibility, the values post survey ($M = 4.26$, $SD = 1.87$) were lower than the pre-survey ones ($M = 5.83$, $SD = 1.45$); $p < .001$. For the low-involvement products and low corporate responsibility scenario, the values post survey ($M = 4.94$, $SD = 1.56$) were lower than those of the pre-survey ($M = 5.85$, $SD = 1.30$); $p < .001$. In overall tabulation, the post-survey results ($M = 4.67$, $SD = 1.75$) for corporate reputation were lower than those of the pre-survey ($M = 5.69$, $SD = 1.43$); $p < .001$. The

comparison of means revealed that the difference between the pre-survey and post-survey results about corporate reputation was significant, showing that high corporate responsibility led to low corporate reputation. With this result, regardless of product involvement types and corporate responsibility levels, the results of the post-survey were significantly lower than those of the pre-survey.

Table 1. Mean Difference of Corporate Reputation between Pre-exposure and Post-exposure about Corporate bad news

Dependent variable	Involvement level	Corporate responsibility	Pre vs. Post exposure	N	Mean	Standard Deviation	Mean difference [(1)-(2)]	Sig.			
Corporate Reputation	High	High	(1)	60	5.59	1.46	1.60	.000***			
			(2)	60	4.53	1.73					
		Low	(1)	60	5.48	1.52					
			(2)	60	4.95	1.75					
		Low	High	(1)	60	5.83			1.45	1.57	.001***
				(2)	60	4.26			1.87		
	Low	Low	(1)	60	5.85	1.30	0.91				
			(2)	60	4.94	1.56					
	Total			(1)	240	5.69	1.43	1.02	.000***		
				(2)	240	4.67	1.75				

Note: * $p < .05$ ** $p < .01$ *** $p < .001$

(1) Pre-exposure about Corporate bad news

(2) Post-exposure about Corporate bad news

Hypothesis 2

The *t*-test was performed to see if there was a difference in corporate reputation depending on the high or low corporate responsibility for a crisis. Table 2 shows that corporate reputation went down significantly when corporate responsibility was high ($M = 4.40$, $SD = 1.80$) compared to when corporate responsibility was low ($M = 4.94$, $SD = 1.65$); $p < .05$. With this result, corporate

reputation is inversely related to the increment of corporate responsibility.

Table 2. Mean Difference of Corporate Reputation between High and Low Corporate responsibility about Corporate bad news

Dependent variable	Corporate responsibility	N	Mean	Standard Deviation	Mean difference [(1)-(2)]	Sig.
Corporate Reputation	High(1)	120	4.40	1.80	-0.54	.015*
	Low(2)	120	4.94	1.65		

Note: * $p < .05$ ** $p < .01$ *** $p < .001$.

Hypothesis 3

The *t*-test showed that there is no significant difference between high-involvement products ($M = 4.74$, $SD = 1.75$) and low-involvement products ($M = 4.60$, $SD = 1.75$); $p < .001$. With this result, product-involvement levels have no effect on the corporate image.

Table 3. Mean Difference of Corporate Reputation between High and Low Product Involvement about Corporate bad news

Dependent variable	Product involvement	N	Mean	Standard Deviation	Mean difference [(1)-(2)]	Sig.
Corporate Reputation	High(1)	120	4.74	1.75	0.14	.531
	Low(2)	120	4.60	1.75		

Note: * $p < .05$ ** $p < .01$ *** $p < .001$

Hypothesis 4

The results of the *t*-test showed that the subjects with interdependent self-construal ($M = 4.15$, $SD = 1.49$) gave lower scores than those of independent self-construal ($M = 5.00$, $SD = 1.82$, $p < .001$),

indicating that the people with interdependent self-construal were more negatively influenced than those with independent self-construal when it comes to evaluating corporation reputation.

Table 4. Mean Difference of Corporate Reputation between independent self and interdependent self about Corporate bad news

Dependent variable	Self construal	N	Mean	Standard Deviation	Mean difference [(1)-(2)]	Sig.
Corporate Reputation	Independent(1)	146	5.00	1.82	0.85	.000** *
	Interdependent(2)	94	4.15	1.49		

Note: * $p < .05$ ** $p < .01$ *** $p < .001$

Discussion and Conclusion

This study intended to assess the relationship between perceived corporate reputation, product-involvement level, and degree of corporate responsibility. Product-involvement level includes such factors as the search time spent on collecting product information, perception of post-purchase risk, price, and various product purchase contexts. The product-involvement level leads to different consumer perceptions of corporate reputation. This study hypothesized and intended to empirically verify that the intentionality of unethical corporate behaviors would have a significant effect on consumer's perception of corporate reputation. The following are both theoretical and practical implications of this study.

First, regardless of product-involvement level and the degree of corporate direct responsibility, the corporate reputation after the survey was lower than before the survey. This indicates that although a company had boasted about its positive long-term relationships with the consumers, negative publicity can

immediately damage the corporate image. When the company's responsibility was high, the gap between before and after the survey became significantly wider.

The Volkswagen emissions scandal of 2015 was deemed detrimental to the trust in and image of the global automaker. As shown in this study, corporate deception inflicted a serious blow to the brand image and diluted communication efforts that the company has built for a long time. When corporate direct responsibility is high, consumers disclose their negative feeling clearly. This confirms the theoretical and practical implications of earlier research (e.g., Kroloff, 1988; Marconi, 1997; Pearson & Mitroff, 1993) that negative publicity arising from corporate misbehavior results in a negative corporate reputation.

Second, product-involvement level did not affect corporate reputation. The hypothesis that high-involvement products, which entail longer product search time, purchase risk, and purchase costs, are more susceptible to negative publicity was not supported. This implies that a company should never incur the wrath of consumers regardless of the product-involvement type.

Third, the corporate reputation went down more significantly when the corporate responsibility was high and evident. Hence a company should do its best to serve consumers genuinely while improving operational effectiveness or technological innovation. Otherwise, for example, if the unethical activities of companies were spread through negative media publicity, corporate efforts to build positive relationships with consumers can collapse overnight by just one fatal mistake. Therefore, from the field workers to the top executives, a company should prevent all employees from deceiving their consumers or betraying the consumer trust in any circumstance.

Fourth, interdependent self-construal was more susceptible to negative publicity than was independent self-construal,

indicating that people who cherish altruism, service, and social responsibility feel more betrayed and enraged by corporate misconduct.

More than anything else, this study contributes to existing theories of relationship marketing and the product-customer linkage, because product-involvement level does not have a positive effect on corporate reputation. This result also suggests that customer equity theory, which was extended and developed from the relationship marketing philosophy, asserts that the amount of time and efforts associated with positive product-consumption experiences is not applicable with interdependent construal individuals. Current societal marketing concepts that have gained popularity increasingly debilitate many past study results.

Limitations and Future Research

This study intended to examine both theoretical and practical implications about the effect of negative publicity on corporate reputation in terms of corporate responsibility and the product-involvement level. Some limitations and advice for future research are as follows.

First, in this study only motor companies were used to represent the high-involvement products, and a noodle manufacturer was used for low-involvement products. If manufacturers of different industries were included in this study, the results could further secure the generality of the study. Electronic companies, mobile-phone manufacturers, and construction companies can be considered candidates for high-involvement products, whereas low-involvement producers such as soft drinks, food, or low-priced clothing could be included to increase the generalization of the study in the future.

Second, corporate responsibility was measured in the experiment in terms of corporate intentionality of the scandal, the degree of supplier's responsibility, and the quality of raw materials a company took in. However, corporate responsibility can be measured by other variables, such as internal human-resource management, community service, and commitment to environmental protection. Future studies can take these elements into account.

Third, although the manipulations of the experimental stimuli for this research should be checked, they were not, because of the clear distinction between high-involvement products (automobiles) and low-involvement products (noodles). However, in order to secure better reliability and objectivity of scientific research while minimizing measurement errors, manipulation checks of the experimental stimuli should be done under theoretical guidance.

Fourth, the experimental stimuli used for this study were newspaper articles. Videos or motion pictures can better measure a subject's opinion, because moving visual cues are more effective and eye-catching for consumers.

Fifth, the sample of this study was limited to Koreans. Including people with different backgrounds both internally and externally across the Korean national border can be an intriguing idea in the global era.

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