

**Consumer emotions and perceptions about value-related brand scandals:
insights from a qualitative study**

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Abstract

Brand scandals impact consumers perceptions and their brand attitude, and if mismanaged they led to brand crisis with severe consequences for the brand. However, some scandals are difficult to predict or prevent. Recently, a growing number of value-related scandals are on the news every day and involve many consumers in digital conversations, that could influence their emotional relationship with the brand. So, it is important to better understand their emotional reactions to the scandals, and their expectations on corporate actions (scandal management), that could have an influence on their behavioural outcomes, such as their willingness to forgive and repurchase intention. Our study aims at an in-depth analysis of sentiment and emotions of consumers of four well renowned luxury brand scandals, adopting a grounded theory approach and using the cases' stimuli to evaluate their reactions and expectations of related corporate actions. Data analysis is conducted with text mining through Emoji characters "from emotions to emojis" for creating more appealing and easy to read visual research reporting. Preliminary findings revealed some negative feelings and attitudes towards the scandals, and a consumer dilemma on corporate actions, which is questioning scandal management's credibility and effectiveness. Through this qualitative research, valuable insights are offered to companies to improve their strategies and better satisfy the consumers' expectations.

Keywords: value-related brand scandal, sentiment analysis, consumer emotions, emoji, moral dilemma, corporate actions

1. INTRODUCTION

In the contemporary and highly competitive business landscape, effective risk and crisis management are fundamental for the survival and prosperity of organizations. Such incidents not only lower consumer expectations but also result in adverse consequences, including reputational damage, revenue loss, diminished brand value, unfavorable brand perceptions, reduced purchase intentions, and weakened marketing effectiveness (Coombs, 2007; Huber et al., 2010; Cleeren et al., 2013; Dawar & Pillutla, 2000; Hegner et al., 2014; Huber et al., 2010). Brand Scandals are closely intertwined with Brand Management, directly impacting a company's reputation and consumer perception. Brand Scandal Management involves building, positioning, and sustaining a corporate brand or product to foster customer identification and memorability (Agostinelli, 2023). When a scandal occurs, effective management becomes imperative to mitigate damage and protect the brand's reputation.

In this study, our primary objectives are intertwined, encompassing several key areas of investigation. Initially, we will delve into the pivotal realm of Scandal Management within the corporate landscape, with a specific emphasis on assessing the repercussions of Brand Scandals on the reputation of luxury fashion companies. On identification of these ethical issues, the study focuses on capturing the consumers' emotional reactions and sentiments toward the scandals and the brand. Highlighting the brand wrongdoings and not concentrating on their corrective corporate actions is not justified. The study then emphasizes on underlining the sufficiency of such corporate actions and uncover the probable alternate actions from a consumer's perspective. These post-scandal corporate actions are mainly done to regain the consumer trust and restore the consumer brand relationship. Thus, it became essential to examine the consumer's post-scandal brand willingness to forgive and its relationship with their repurchase intention.

Understanding the direct impact of scandals and corporate actions on consumer perceptions and brand trust is of utmost importance, as it can have long-lasting and potentially irreparable consequences for a company's reputation. Therefore, there is a critical need for effective communication strategies to mitigate the negative effects of scandals and to explore brand forgiveness and repurchase intentions post-scandal. While scandals may incite outrage, they also provide an opportunity to foster public discussions on vital issues, promoting industry accountability and addressing social and moral concerns. The forthcoming section will clarify some of the existing literature and the methodology employed, with the goal of revealing the subsequent findings and conclusions outlined below.

2. LITERATURE BACKGROUND AND GAPS

In their recent study, Kapoor and Banerjee (2020) define a brand scandal as an event that can lead to two significant outcomes: a complete loss of consumer confidence in the brand or consumer hesitancy when considering a purchase. Brand scandals are divided into two categories: value-related scandals, which focus on ethical principles, and performance-related scandals, which concern a brand's functional capabilities (Dutta and Pullig, 2011; Pullig et al., 2006). Notably, research by Liu et al. (2018) suggests that brands associated with harmful values tend to elicit stronger consumer dissociative responses compared to brands facing performance failures. In case of value-related scandals, consumers are touched in their own values and might have different emotional attachments to the negative event in itself. On the other side, consumers are also attached to their loved brand, and could have a positive long term relationship, so these conflicting emotions might cause moral dilemmas (Szekely and Miu, 2015). Additionally, anger, contempt, and disgust

are the possible consumer reactions responsible for a brand's social or ethical harm, as studied by Grappi et al. (2013). Romani et al. (2012) also studied six brand-related negative emotions: anger, discontent, dislike, embarrassment, sadness, and worry. The authors gave an interesting insight that sadness and discontent are inactive consumer emotions while anger and complaining are positively related to a brand with negative stimulus. Besides, a value-related scandal generates stronger negative emotions in consumers than a performance-related scandal (Baghi and Gabrielli, 2019). Zhang et al. (2020) explained that consumers' confrontation with the brand scandal results in negative emotional outrage, before eliciting negative consumer behaviour, towards the scandalized brand. In other words, consumers tend to enter a stage of cognitive analysis of brand scandal before rendering negative behavioural actions against the brand (Kapoor and Banerjee, 2021). Our study examines not only similar phenomenon in luxury fashion industry but also extends it by investigating the sufficiency of corporate actions from consumer perspectives, which may influence their willingness to forgive and repurchase the brand.

Furthermore, brand scandals provoke huge cloud conversations online (Banerjee, 2018). The rapid expansion of social media has revolutionized corporate communication and information dissemination. While it has enriched communication channels, the ubiquity of these platforms presents novel challenges for companies, particularly when crises tarnish their reputation. Brand Scandal Management entails vigilant monitoring of a brand's online presence to detect negative sentiments or consumer concerns. This proactive approach empowers companies to take corrective actions aimed at averting scandalous situations. Corrective actions, defined as efforts to eliminate non-conformities and prevent their recurrence (Borges, 2022), should reinforce a brand's core values and competencies (Sotiriadou et al., 2023). The primary objective is to mend the damage wrought by a scandal and rebuild consumer trust. Consequently, understanding the impact of these actions on consumer perceptions serves as invaluable lessons for brand managers, guiding their future strategies. However,

In today's business landscape, brand scandals pose a threat to hard-earned reputations. Brand forgiveness becomes crucial to restore these reputations promptly and prevent lasting damage. The goal is to boost satisfaction, mitigate negative word-of-mouth, and maintain strong customer-brand relationships. Hazeer et al. (2017) suggest that the initial steps involve explaining and empathizing with affected consumers. Rebuilding trust requires transparent brand communication, showcasing progress through actions, and direct customer engagement. A fundamental principle is to admit errors, apologize, and rectify them (Useda, 2022). Recognizing the importance of consumer forgiveness is vital, as it influences repurchase intent (Kapoor et al., 2023). Moreover, achieving brand forgiveness encourages companies to learn from mistakes and implement preventive measures to avoid similar crises.

3. METHODOLOGY

Multiple case study analysis is aimed at analyzing cases, defining them, and exploring their dimensions (Cousin, 2005). Creswell (2013, p.97) explains that the case study method "explores a real-life, contemporary bounded system (a case) or multiple bounded systems (cases) over time, and reports a case description and case themes". Multiple case studies are beneficial as they aid in understanding differences and similarities between cases and enable to analyse the data both within and cross-situations (Baxter & Jack, 2008; Stake, 1995; Yin, 2003). Selecting a case study is based on whether a brand makes non-sustainable communications. We use a convenience sampling technique for data collection (Chen et al., 2021). The study deals with the analysis of perceptions regarding the scandals linked to various fashion brands: Dolce & Gabbana, Burberry, Victoria's

Secret, and Giorgio Armani. These global brand scandals are selected for being very famous, with a big echo on offline and online conversations for many months. Digital footprints of these cases are still alive online, so that they are not completely forgotten in the Internet.

The research approach relies on the grounded theory methodology, here adopted to analyse semi-structured in-depth interviews to capture any emotional change in consumer attitude and then in purchasing behavior intention, allowing the measurement of the effectiveness of brand image recovery strategies (Glaser & Strauss, 1967). The sample is made up of 45 participants (28 female individuals and 17 male individuals) selected as consumers of these kind of luxury brands. Do to the delicate focus and in order to explore personal sentiment reactions, the interviews were conducted in person, individually and in a confidential environment; each participant was informed about the ethical principles of the research and the guarantee of confidentiality of the answers between the months of May and July 2023. A first research phase for pilot testing and refining research procedures (Maxwell, 2008), required to better select the “social causes” for each respondent, because their personal involvement regarding the social topic was impacting their emotional responses. As such, we added an ethnographic approach (Tracy, 2019) to better profile the participants. In addition, not all the participants were fully aware of different scandals or remember some details, so we provided a phase after the first round for exposing the participants to the stimuli (reminding the case example, with visual or verbal cues). Within the interview protocol, the open questions were designed to cover a wide range of topics, including knowledge of the scandals, attitude toward the scandal, impact on perception of brands, subsequent purchase behaviour and possible repercussions on future brand support. In addition other additional questions were also incorporated to allow participants to freely express their opinions, which were recorded and transcribed for subsequent analysis.

Data analysis for exploring customer sentiment insights with emoji

The emphasis placed within the work concerns perceptions regarding relevant social issues and emojis have played a significant role in synthesizing them effectively. The data analysis with “emoji” provided a visual representation and immediate means of capturing and representing participants' emotional nuances, and reactions to the questions posed during the survey. These small symbols were used as a kind of visual code to quickly express complex and multifaceted feelings, allowing for a more vivid and authentic representation of respondents' reactions. For example, a smiley face can represent approval or satisfaction, while a sad face can indicate disapproval or concern. (An exhaustive index that aims to provide a detailed understanding of the perception associated with each emoji used in the context of the analysis is available upon request, and a summary is presented at IMTC conference.) We must clarify that the research process did not allow participants to select their own emojis. We choose to avoid the cultural difference, because the “use of Emoji could be influenced “by demographic characteristics and individual psychological characteristics” (Bai et al, 2019). This analysis approach is original, because researchers adapted the knowledge on sentiment analysis and text mining through Emoji characters (like a direct connection emojis to sentiment), but we applied the opposite process during the interpretation phase, so “from emotions to emojis” for creating more appealing and easy to read visual research reporting. The sentiment classification technique was the “discourse information”, integrated with emojis/”dictionary based” approach (Liu et al, 2021).

4. PRELIMINARY FINDINGS

Public perception can be shaped by the information available about the brand scandal. If people are well informed about scandals and the details associated with them, they are more likely to have

a negative view of the entity involved. On the other hand, if people are unfamiliar with the scandals or have only limited information available, they may have more positive perceptions or remain neutral. Thus, with our interview we tried to evaluate the impact on the cognitive, affective and behavioural level and in the short-long term on the feelings towards the brands involved in our analysis. (The tables with emojis classification for each selected case are presented at the IMTC conference).

Consumer perceptions about the scandal and the effectiveness of Dolce & Gabbana's strategies: involved consumers addressing issues related to the problem of racism were hurtful, although interconnected to the fashion phenomenon. The study uncovers “anger” and “sadness” as emotional reactions to such a social problem. These emotional reactions were actuated due to feelings of “indignation”, “shame” and “fear of existence” of such racist communications. Multiple apologies as a corporate action was considered sufficiently ineffective, this is because it is interpreted by consumers as mere attempts to manage the scandal and protect the company's image, rather than as a genuine commitment to change and responsibility. Multiple corrective actions were also suggested by respondents as “redefining company policies”, “*Hire specialists to avoid any form of discrimination and prejudice, Make sure the language used in the advert is respectful*”, “*avoiding phrases or concepts that could be interpreted as discriminatory or sexist*” and others. Additionally, respondents that believe scandal to be a momentary phenomenon tend to forgive the brand and may repurchase it in the future later. Conversely, for some people the scandal may have caused a wound so deep that forgiveness becomes unattainable.

Consumer perceptions about the scandal and the effectiveness of Burberry's strategies: involved consumers interpreting the brand communication as promoting suicide and lead to arousal of strong emotions such as “sadness”, “fear”, “anguish” and “bewilderment”. The respondents believed the post-scandal corporate actions like public apology, the admission of guilt regarding the superficial treatment of the topic as well as the withdrawal of the product not only from the collection but from the market in general to be superficial and insufficient. Besides, they suggested corporate actions like in-depth market research on possible emotional and mental health implications and awareness campaigns on suicide before the product launch. Additionally, the respondents recognized that forgiveness and the possibility of change takes time, but with a respectful and responsible approach, the company could get a second chance.

Consumer Perceptions about the scandal and the effectiveness of Victoria's Secret strategies: involved perceiving women as stereotypical being beautiful but unreal. These female respondents showcased “disappointment” while men believed the models to be beautiful, appreciable and almost necessary to advertise the brand's products and brand name felt “displeasure” after encountering the scandal news. However, a section of respondents were “neutral” to the scandal due to information overload, lack of personal reference or tendency to relegate such issues to the public rather than personal sphere. Additionally, the post-scandal corporate actions involving more inclusive and body positive advertising campaigns developed since 2022 were perceived strategic than a true commitment to representing beauty in all its forms. Rather the respondents suggested demonstration of real change in mindset and practice, being more transparent about inclusivity initiatives and campaigns as more appreciable corporate actions. In continuum, respondents (GenX > GenZ) tend to forgive such a brand and purchase its products than Gen Y showcasing no correlation between brand forgiveness and purchase intention.

Perceptions about the scandal and the effectiveness of Giorgio Armani's strategies: captures violence against women as another theme for brand scandal to which respondents expressed feelings of “discontent” (GenY) and “anger” (GenX). However, the statement that hurt the consumer sentiments was believed to not worsen the situation further into a crisis rather it could be

a source of learning on what not to propagate in future. Additionally, respondents expect corporates to create a culture of respect and zero tolerance in the fashion industry, implement rigorous and independent protocols to report and investigate any abuse, and ensuring that those involved feel safe and protected in reporting such events. While GenZ showed lack of correlation between forgiveness and the decision to repurchase a brand involved in a scandal, for GenY forgiveness is not automatic, as young adults of this generation tend to demand greater social responsibility from companies. In Generation X, on the contrary, a clear correlation is observed between forgiveness and the decision to buy back a brand involved in a scandal. This generation is known for their ability to give second chances and to forgive companies that demonstrate they have learned from their own mistakes.

All the respondents agreed that exposure of information through social media on any of the abovementioned themes could have an adverse impact on consumer perceptions especially for the GenZ.

5. CONCLUSION

The research focuses on the perceptions of consumers about the ethical brand scandals involving four well-known luxury fashion brands such as Dolce&Gabbana, Burberry, Victoria's Secret and Giorgio Armani and the ineffectiveness of the strategies implemented by these companies to mitigate the negative effects of the negative event. Consumers expect an immediate admission of responsibility and a tangible commitment to change. Actions following scandals are critical to demonstrate a sincere willingness to address problems, and when such actions are perceived as superficial or insincere, the company's reputation can suffer further damage. This demonstrates the importance of an authentic and responsible approach to dealing with scandals, not only in the fashion industry, but in any sector, to rebuild consumer trust and preserve brand integrity.

The study captured racism as the most critical issue followed by commodification of female body, absence of concern for the environment, and suicides. The role of social media in addressing such ethical issues is not limited to disseminating information, but extends to creating a transparent and engaging narrative that influences the public's perception of the brand. However, with the right sensitivity and attention to the consumers' perceptions, brands can exploit the power of social media effectively and constructively. In conclusion, managing brand communications in the fashion industry requires a balance between creativity and artistic expression on the part of brands and careful consideration of possible reactions and perceptions of the consumers. Post-scandal communication and corrective actions are key to effectively managing the scandal and restoring public trust. It also demonstrates that the company is willing to learn from its mistakes and take concrete steps to ensure compliance with ethical standards and best business practices. Furthermore, it enhances the consumer's brand forgiveness that is highly correlated with their brand repurchase intention. Finally, thanks to this research approach, in particular the data mining technique, we propose a precise sentiment classification, which in further research will enable us to define a sentiment score for any brand scandal.

6. REFERENCES

References will be provided upon request.