

Is there really no bad publicity? The impact of negative publicity on brand equity

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Dissertation submitted in partial fulfilment of requirements for the MSc in International Management with specialization in Strategic Marketing, at Universidade Católica Portuguesa and for the MSc in Marketing Management at Bocconi University, September 13th, 2023.

Abstract

English: Is there really no such thing as bad publicity? Is bad publicity really better than no publicity? Reality is very different. This study investigates the complex relationship between negative publicity and brand trust within a diverse consumer context, in a time where information flows rapidly and reputations are both easily made and shattered, understanding how negative media exposure influences consumer perceptions is of utmost importance.

The empirical research of this thesis employed a survey methodology, gathering responses from 118 individuals representing diverse backgrounds and demographics. It investigated the intricate dynamics among key variables, as brand trust, brand image, ambiguity tolerance, product involvement, gender, and age. The study uncovered that negative publicity has indeed, a detrimental effect on brand trust, regardless of the type of negative information consumers are exposed to, self-congruity brand image mediates this relationship, females tend to be more sensible to value-based scandals, so do GenZ consumers, and when a consumer has low/moderate ambiguity tolerance and high/moderate product involvement the negative publicity has a higher impact on their brand trust. By considering the interplay between these variables, marketers gain a deeper understanding of how to navigate and respond to adverse media exposure effectively.

In conclusion, this research underscores the multifaceted nature of brand trust in the face of negative publicity, emphasizing the importance of tailored strategies for different consumer segments.

Portuguese: Será que a má publicidade não existe de facto? A realidade é muito diferente. Este estudo investiga a relação entre a publicidade negativa e a confiança nas marcas num contexto de consumo diversificado. Numa época em que a informação flui rapidamente e as reputações são facilmente construídas e destruídas, é da maior importância compreender como a exposição negativa aos meios de comunicação social influencia as percepções dos consumidores.

A investigação empírica desta tese utilizou uma metodologia de inquérito, recolhendo respostas de 118 indivíduos. Investigou-se a dinâmica entre variáveis-chave, como a confiança na marca, a imagem da marca, a tolerância à ambiguidade, o envolvimento no produto, o género e a idade. O estudo revelou que a publicidade negativa tem, um efeito prejudicial na confiança na marca, independentemente do tipo de informação negativa a que os consumidores estão expostos, a imagem de marca de auto-congruência medeia esta

relação, as mulheres tendem a ser mais sensíveis a escândalos baseados em valores, tal como os consumidores da Geração Z, e quando um consumidor tem uma tolerância à ambiguidade baixa/moderada e um envolvimento com o produto alto/moderado, a publicidade negativa tem um impacto maior. Ao considerar a interação entre estas variáveis, os profissionais de marketing adquirem uma compreensão mais profunda da forma de navegar e responder eficazmente à exposição adversa nos meios de comunicação social.

Em conclusão, esta investigação sublinha a natureza multifacetada da confiança na marca face à publicidade negativa, salientando a importância de estratégias adaptadas aos diferentes segmentos de consumidores.

Title: Is there really no bad publicity? The impact of negative publicity on brand trust.

Título: Será que realmente não há publicidade ruim? O impacto da publicidade negativa na confiança da marca.

Author: Rita Valeria Gonzalez Delgado

Keywords: negative publicity, scandals, brand equity, brand trust, brand image.

Palavras-chave: publicidade negativa, escândalos, equidade da marca, confiança na marca, imagem da marca.

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Acknowledgements

I stand at this academic milestone with immense gratitude in my heart, owing my deepest thanks to those whose unwavering support and belief in me have made this journey possible.

First and foremost, I express my heartfelt appreciation to my parents. Their boundless support, encouragement, and their unwavering belief in my dreams have been the cornerstone of my academic endeavors. They have been the constant guiding light, reminding me to dream big and never lose sight of my goals. Their presence has been my source of strength, and I am endlessly grateful for their love and sacrifices.

I extend my sincere gratitude to my professors, whose wisdom, guidance, and dedication to education have enriched my academic experience. Your mentorship has been invaluable, and I have learned not only from your lectures but also from your passion for knowledge.

A special mention goes to Cristina, thank you for being my number one supporter and keeping me sane through this. Thank you for being there through thick and thin.

To Simon and Gina who have shared this journey with me, thank you for the camaraderie, late-night study sessions, and the laughter that made this experience memorable, there's no one I would have rather gone through this with.

Finally, to anyone whose name isn't mentioned here but has played a part in my academic and personal growth, please know that your contributions are deeply appreciated.

This thesis is not just a culmination of my efforts but a testament to the support, love, and faith that surrounds me. I am truly blessed to have had such wonderful people in my life.

With love,

Rita

1. Introduction

1.1. Background and context of the study

In today's competitive business landscape, brands serve as primary means of differentiating one competitive offering from the other, and as such their impact on the success of a company is significant.

Brand equity represents an intangible asset and portrays consumer perceptions associated with a brand; it includes factors such as brand awareness, brand loyalty, and brand associations (Aaker, 1991). It differentiates a company from competitors, aggregates value, and influences consumer behavior.

Publicity is crucial for raising awareness and creating brand associations. It can be defined as the attention a brand receives from media coverage, social media, and word-of-mouth when something happens that people are interested in. Positive publicity is generally seen as an asset as it enhances brand recognition, and positive brand associations, and increases consumer trust.

However, when it comes to negative publicity, there are controversial opinions regarding its impact on brand equity. Negative publicity can emerge from product recalls, controversies, or media. On the one hand, some argue negative publicity has detrimental effects on brand equity, decreasing consumer trust, hampering brand image, and, ultimately, damaging brand value. On the other one, some contend that negative publicity brings attention to the brand, raising curiosity, and subsequently, increasing awareness, resulting in positive outcomes for the brand.

This research's main objective is to explore the relationship between negative publicity and brand equity, addressing the crucial question: "Is there no such thing as bad publicity?" By reviewing existing literature and conducting empirical research, this study seeks to analyze the effects of negative publicity on different aspects of brand equity, identify potential mediating and moderating factors and provide valuable insights for marketers.

1.2. Problem statement and research gap

While the importance of publicity in building a strong brand is widely recognized, there is an aspect that requires further research: the impact of negative publicity on brand equity.

Existing literature offers valuable insights into the relationship between negative publicity and brand equity, but it lacks consensus and presents some gaps that demand further investigation. Studies present some contradictions regarding the effect of some moderating and mediating factors on the impact of publicity on brand equity. Furthermore, existing research has yet to incorporate key elements such as culture and age, which are crucial in understanding how consumers react to negative publicity and the consequent effects on brand equity. These conflicting findings and diverse perspectives highlight the need for further, more comprehensive investigations.

Addressing this research gap is fundamental for organizations to understand the consequences of bad publicity on brands to manage and mitigate potential risks. Additionally, as negative publicity has become increasingly common in the digital world, with social media amplifying its impact, the implications for brand equity require careful exploration.

1.3. Research objectives and questions

1.3.1 Research Objectives

- To examine the relationship between negative publicity and brand equity.
- To explain how different kinds of negative publicity have different impacts on brand trust.
- To understand how cultural context shape consumers' reactions to negative publicity.
- To determine the role product involvement plays when consumers are confronted with negative publicity.
- To further investigate mediating and moderating factors influencing the effect of negative publicity.
- To provide actionable recommendations for managers in managing publicity crises and mitigating reputational risks.

1.3.1 Research Questions

- How does negative publicity influence consumers' perceptions and associations of a brand?
- How differently does product-based vs value-based negative publicity affect brand trust?
- Do people from different cultures react differently to negative publicity?

- Is the level of consumers involvement with the product relevant when they face negative publicity?
- What factors affect the impact of bad publicity on consumers' perceptions? What is the effect of these factors?
- How can reputational risks emerging from bad publicity be mitigated?

1.4. Significance and relevance of the study

Nowadays, thanks to the internet, information travels at the speed of light reaching millions of consumers in a matter of seconds, consequently, a publicity mishap can easily turn into a publicity crisis leading to a detriment of brand equity.

Take Balenciaga for example, the brand was involved in a publicity scandal in November 2022 after one of its ads showed children holding bondage-themed teddy bears, the ad went viral on diverse social media platforms, with users uploading content destroying their Balenciaga items, celebrity endorsers turned their backs on the brand and eventually, Balenciaga issued an apology and deflected to their publicity agency by suing them, which only increased the discontent of consumers (TheFashionLaw, 2022). This is the perfect example of the importance of understanding how negative publicity will affect consumers' perceptions, how some factors such as brand loyalty, awareness, or trust might mitigate the effect, and finally how a company's response to a crisis is crucial.

Just like this case, there are many more where the different effects of negative publicity can be seen, for instance, when a rumor spread that McDonald's incorporated worm meat in its hamburgers, sales plummeted by over 25% (Greene, 1978). Media coverage of Michael Jackson's eccentric actions and legal issues led to the downfall of his career. The Chairman of Viacom Inc. approximated that negative publicity resulted in Mission Impossible 3 losing more than \$100 million in ticket sales (Burrough, 2006).

This study aims to further investigate the impact of negative publicity on brand equity, shedding light on the mechanisms through which negative publicity influences consumer perceptions, attitudes, and behaviors.

From a practical point of view, the insights provided can guide managers through the decision-making processes regarding publicity crises response and strategies to minimize the harmful impact of negative publicity.

Furthermore, as mentioned before, previous research overlooked the role culture and age play on brand equity and consumer's response to negative publicity, this study intends to breach this gap by including these factors in the research and providing insights to develop effective strategies that resonate with a brand's target audiences.

1.5. Structure of the study

The present study starts with a review of previous literature relevant for its goals and objectives, which start by defining brand equity and its importance for organizations, it continues to explain the relationship between negative publicity and brand equity, more specifically the impact of brand trust is also explained. This is followed by a summary of the most important existing theories related to negative publicity and brand equity, which explain some underlying psychological and cognitive frameworks of how information is processed and why negative publicity affects consumers the way it does. Afterwards, mediating and moderating factors of the relationship between negative publicity and brand trust are explained, based on previous studies, the most relevant factors affecting this relationship are mentioned. With this information hypotheses were formed.

After having explained previous studies and research on the topic, the empirical analysis is explained, first the research method, design and stimuli are explained, followed by the sample description, and hypotheses testing. This is followed by the discussion of the findings, which is then followed by managerial implications and finally conclusions and research limitations.

2. Literature Review

2.1. Brand equity: Definition and components

As the concept of brand equity is relatively new, there is still some ongoing debate as to how to define it, the concept has proliferated into several meanings, with it being defined in terms of both customer-brand and as something that accrues to the brand owner. Feldwick (1996) simplified the concept by classifying the diverse meanings as:

- The total value of a brand as an independent asset, also known as brand value.
- The measure of the strength of consumers' attachment to a brand, often referred as brand loyalty.
- The description of consumers' associations and perceptions towards a brand, which translates into brand image.

Brand equity justifies and explains different results from the marketing efforts of a branded product than if it were not branded (Keller et al, 2019)

Two main brand equity models have heavily influenced brand management, these are: Aaker's brand equity model (1991) and Keller's consumer-based brand equity model (1993).

2.1.1. Aaker's Brand Equity Model

In his model, Aaker identified five assets or liabilities that add or subtract value from a brand:

1. Brand loyalty,
2. Brand awareness,
3. Perceived quality,
4. Brand associations and
5. Other proprietary assets.

Aside from these components, the model also includes indicators of the branding strategy.

2.1.2. Keller's Consumer-Based Brand Equity Model

According to Keller's model, building a brand with strong equity involves four steps:

1. Establishing the proper brand identity by having a deep brand awareness,
2. Creating appropriate brand meaning through positive brand associations,
3. Eliciting favorable brand responses and
4. Forging strong relationships with customers and building customer loyalty.

To achieve these, companies need to establish six brand-building blocks (which Keller illustrates in a pyramid): brand salience, brand performance, brand imagery, brand judgments, brand feelings, and brand resonance.

A more recent model (Baalbaki and Guzman, 2016) goes further on Keller's model and suggests a consumer-perceived consumer-based brand equity scale with four main components: quality, preference, social influence, and sustainability.

These models share similarities and complement each other, they all include behavioral and perceptual dimensions to measure brand equity, companies need to manage these factors to build and strengthen brand equity over time.

2.2. Importance of brand equity for organizations.

Strong brand equity is a key source for building strategic advantages. Brands are the first thing consumers think about when facing purchase decisions, they are the first signal of quality, decrease uncertainty and reduce search costs (Sabine et al., 2018)

Consumers are more likely to remain loyal to brands that have proven to be trustworthy and reliable. Furthermore, a strong brand image is more enduring, and consumers' established ideas and perceptions of a brand may not be easily influenced by external factors.

Strong brands with high levels of brand equity usually yield higher margins, greater customer loyalty, are less vulnerable to competitive attacks, have better responses to communications, and enjoy more cooperation from trade (Singh, 2010).

Hence, brand equity not only provides market advantages but is also an asset that provides better financial results, some define brand equity in financial terms, Srivastava et al. (2018) define it as "the incremental contribution per year obtained by the brand in comparison to the underlying product with no brand-building efforts".

In today's cut-throat business environment, having a strong brand equity is key for an organization to thrive, consumers are influenced by their brand perceptions, which leads them to make certain purchase decisions choosing one brand over the other, whence the product

meets or surpasses their expectations leads to satisfaction and customer loyalty, positive word-of-mouth and subsequently higher sales, and higher profits.

2.3. The role of negative publicity in shaping brand equity

Publicity can be defined as “the attention that a person, product or organization receives from the media when something happens that people are interested in”. More specifically negative publicity refers to the "non-compensated dissemination" of negative information through the media that can potentially hamper a product, service, or organization. (Tong et al., 2023)

Previous research (Bond & Kirshenbaum, 1998) shows that in general, consumers see publicity as more credible than company-controlled communications. Negative publicity has more damaging effects than negative rumors or negative word-of-mouth because publicity is usually confirmed by authorities (Kim et al, 2007). Hence when negative publicity sheds light on a company’s mishaps or mistakes it has the potential to damage corporate image. Furthermore, the negativity effect amplifies the consequences of bad publicity, there is a tendency for negative information to be weighted more than positive information when evaluating people, objects, or ideas (Mizerski, 1982). In addition, the media usually prefers to cover bad news subsequently companies are more likely to receive bad press rather than positive press.

When people are exposed to negative information, they often go through an attribution process, in which they consider the causes of the scandal and weigh who ought to be blamed. The attribution theory underlying idea is that consumers act like naïve scientists, searching causes for everyday events, they are motivated to do so as it helps them establish a sense of control over their environment. (Kelly, 1973) This process influences in different ways brand attitude and brand image, both components of brand equity. Brand image has proven to be more enduring than attitudes (Chelminski and Coulter, 2011), and hence the impact of negative information tends to be less damaging than brand attitudes. However, brand image is likely to be hampered by negative information associated with a brand's endorser, founder, or brand extension, this damage has a direct influence on purchase intentions.

There are two types of negative publicity, both having different impacts on brand equity, performance-related negative publicity which refers to negative information about functional aspects of a brand, and value-related negative publicity refers to negative information about business practices or ethical issues. (Yu et al.,2018)

Consumers' attribution process for product-related publicity has a strong impact on post-purchase evaluations. Furthermore, if a brand was deemed responsible for a product failure, consumers were more likely to spread negative WOM (Curren and Folkes, 1987), in addition, if a consumer believed that a brand was solely responsible for the incident, they were less likely to repurchase the products. The more a consumer thinks a brand should be blamed, the less favorable their brand attitudes and purchase intentions.

The fact of being a current consumer of the brand in question also affects the impact of negative publicity. Keller (1993) found that people who were not brand users were more likely to have negative views of the brand after being exposed to negative information. Winchester and Romaniuk (2008) found that after being exposed to negative publicity, current consumers were more likely to have negative evaluations of a brand and spread negative WOM to non-consumers.

The negative effects of brand publicity can be moderated by several factors such as commitment, and expectations, among others, which will be further explored in other sections of this research.

2.3.1. Negative publicity and brand trust

Brand trust represents the willingness of an average consumer to rely on a brand to fulfill its stated purpose (Chaudhuri and Holbrook, 2001). It is a crucial asset for any brand, as it is a pillar in establishing sustainable consumer-brand relationships, trust reflects perceptions of competence, predictability, benevolence, and integrity (Hegner and Jevons, 2016). Brand trust influences greatly other brand assets such as: it has the capacity to decrease consumers' perceptions of risk (Song et al., 2012), amplifies purchase intentions (Doney and Cannon, 1997), nurture brand loyalty (Naggar and Bendary, 2019), and consequently foster greater brand equity. Brand trust is also a key element if brand credibility in brand equity acceptance (Keller and Aaker, 1992).

Negative information, such as negative publicity, brand hearsay, etc., can influence brand trust through a cognitive process, as explained by Oliver (1980) with his expectancy disconfirmation theory. Consumers establish certain expectations as to how a brand should conduct itself. When

facing negative information, consumers may determine that the brand's actions do not align with their expectations, resulting in eroding trust in the brand (Hegner et al., 2016).

Luhmann (1979), in his sociological theory of trust, perceives trust as a product of accumulated experience and high perceived risk. Translating this to a marketing context, regular exposure and interaction with a brand will result in a better understanding of the brand, which in turn will contribute to the formation of brand trust. However, Luhmann argues for trust to become apparent there needs to be situations where there is a heightened sense of risk, Elliot and Yannopolou (2007), further analyzed this theory and found that genuine brand trust is established only under circumstances of high perceived risk.

Nevertheless, consumers tend to avoid risk, and they employ several tactics to mitigate risks through using and buying well-established brands (Ring, Schriber, & Horton, 1980), as branding offers assurances about quality and security. Therefore, a string brand provides consumers with a sense of safety, allowing them to see and understand the offer in a more effective way, averting the uncertainty and perceived risk related to buying an unfamiliar product. Hence, when a trusted brand is involved in a scandal, consumers risk perception changes consequently hampering brand trust, and when trust is betrayed, emotions such as anger, bewilderment and discomfort arise. (Yannopoulou et al., 2010)

2.4. Existing theories and models related to negative publicity and brand equity.

Extensive research has been made to investigate the impact of negative publicity on brand equity, and theories and frameworks have been established where the effect of different factors on brand equity is studied, in this section some of these frameworks will be introduced.

2.4.1. Expectation – Evidence Framework.

This framework is based on using consumer expectations as a moderator on the effect of negative publicity on brand equity. Research conducted proved that identical firm responses to a crisis would have different effects, depending on consumer expectations.

It suggests that a company's reputation for social responsibility will generate certain expectations about how it will respond to a crisis. A brand perceived as good offering an

inappropriate response will remain regarded as favorable by consumers whereas a brand perceived as bad offering the same response will experience a loss on brand image. (Dawa & Pillutla, 2000)

Furthermore, it supports the idea that consumers prefer to be biased when processing new information to arrive to preferred conclusions (Jain & Maheswaran, 2000).

2.4.2. Fairness Theory

This theory proposes that when presented with a crisis people go through a cognitive process resulting in "Could", "Should" and "Would" counterfactuals directed towards the responsible party.

The "Could" counterfactual states whether the event was realistically under the company's control. The "Should" compares the firm's actions surrounding the event with ethical and moral standards. These two judgments determine the feasibility and morality of holding a brand accountable. And finally, the "Would" compares the state of the involved parties with what might have occurred if the brand had taken any alternative action. The gap between the real and the imagined states will determine the perceived magnitude of the event's impact.

This theory puts forward the idea that corporate responses that decrease the likes of generating "Could" and "Should" counterfactuals should increase perceptions of fairness. Subsequently, responses that suppress these two counterfactuals will be perceived as fairer than those that do not. (Dwane, 2004)

2.4.3. Accessibility – Diagnosticity Framework

This framework focuses on the effect of a scandalized brand on brand extensions. It states that consumers will transfer their attitudes from a parent brand onto the brand extension when associations and beliefs about the parent brand are accessible at the time of evaluation and regarded as diagnostic for the brand extension. The base concept for this framework is the spillover effect, which underlines that negative attitudes towards the scandalized parent brand are likely to spill over to its new brand extension. (Feldman & Lynch, 1988)

2.4.4. Discounting – Augmenting Principle

States that the characteristics of the negative information may influence the attribution process. Discounting refers to a consumer's tendency to give less importance to a potential cause of some behavior when other potential causes are also present, it states that an apparent causal inference will be discounted if an alternative, plausible explanation is present, whereas augmentation is the tendency to attach greater importance to a potential cause of behavior if the behavior occurs despite the presence of other causes.

2.4.5. Brands as Intentional Agents Framework

Suggests that the perceptions of a brand's intentions and abilities generate four types of brand-related emotions, including admiration, envy, contempt, and pity. A brand involved in a scandal is more likely to elicit the emotions of pity and contempt.

Brand information related to values or performance greatly impacts consumer evaluations and attitudes toward the brand, especially when this information is negative and publicized. Values and performance brand publicity can elicit two dimensions of social perception: warmth and competence, these, constitute the basis of judgments about brands.

Diagnosticity is the term that describes the degree to which information is perceived as useful when deciding; negative publicity concerning warmth and competence attributions of a brand will show asymmetry with the perceived diagnosticity.

The cue-diagnosticity theory (Skowronski and Carlston, 1989) suggests that people have a negative tendency in processing values-related information where immoral information is perceived as more diagnostic than moral information, while they have a positive tendency when evaluating performance-related information where positive information is more diagnostic than negative information.

Furthermore, several studies have proved that warmth-related information has a higher impact than competence-related information when forming perceptions. (Wojciszke et al, 1998), hence consumers will have harsher judgements towards a brand involved in a warmth-relevant scandal than one in a competence-relevant scandal.

2.4.6. The Negativity Effect

In the psychology field, extensive research has been conducted in the study of how consumers process and integrate negative information with positive information to form impressions. Findings from this research support the fact that people place more importance on negative than positive information in forming overall evaluations (Fiske 1980; Klein 1996; Skowronski and Carlston 1989). Following the diagnosticity term previously described, the negativity effect could be explained due to the fact that negative information is often considered as more diagnostic than positive information.

2.4.7. Brand Image Congruity

Congruity theory states that consumers tend to have positive attitudes towards a brand when they perceive it to be consistent with what the consumer holds, this is due to a lower level of dissonance between consumer's opinions and the brand. (Osgood and Tannenbaum, 1955).

There are two types of brand image congruity, functional congruity could be defined as the extent to which a brand's functional elements meet consumer expectations (Kressman et al, 2006). Whereas self-congruity refers to the compatibility of a brand image and a consumer's self-concept (Sirgy et al., 2000). Brand image congruity has proven to have a positive impact in brand trust, brand attitudes and brand loyalty.

2.4.8. Search and Alignment Model

Based on research by Pham and Muthukrishnan (2002), this model's main element is judgment revision, it is based on the premise that whenever consumers are exposed to counterattitudinal publicity to a brand they are triggered to perform an internal search for proattitudinal information about the brand, this inner quest can be seen as a search for "ammunition" to defend prior judgements and attitudes. The proattitudinal information retrieved from the memory search is then compared to the counterattitudinal publicity to determine the diagnosticity of the publicity, meaning how much it damages the retrieved brand information. If the information is not deemed as diagnostic, the retrieved information is used to defend the already established brand attitudes, however, if the information is perceived as diagnostic judgements are changed according to the amount of damage perceived in the alignment phase.

2.5. Moderating and mediating factors on the potential impact of negative publicity on brand equity.

There is no universal rule to determine the impact a scandal will have on brands, two different brands might suffer very different consequences from the same scandal, this is mainly due to the fact that there are several moderating factors affecting the effect of negative publicity on brand equity.

In this section the most important of these factors will be analyzed.

2.5.1. Type of Negative Publicity

Research done by Sabine et al. (2018) shows that there are several moderators related to a scandal:

- Negative consumer reactions are higher when the scandal is severe vs moderated.
- Consumers allot less blame to the brand when the product failure is similar vs dissimilar to other failures.
- Negative consumer reactions are less harsh in case of a scandal concerning corporate ability than to CSR issues.

Moreover, negative publicity can be categorized as performance-related, referring to product or quality scandals, this information indicates a brand's failure to meet consumer's expectations regarding quality standards, or value-related which refers to moral and ethical issues, these issues usually conflict with consumers own ethical standards. Past research found that performance-related negative publicity tends to have a significant effect ability-based trust, conversely value-related negative publicity affects benevolence-based trust. A study performed by Tong, Feng and Liu (2023) shows that when consumers are exposed to performance-related negative publicity, their functional congruity perceptions seemed to be more affected than their self-congruity perceptions, the opposite happened when the nature of the information was value-related; both cases had a negative impact on brand trust, however the attribution process and brand image perception was different for each.

Furthermore, both types of publicity usually cause two general dimensions of social perception: warmth, which includes empathy, trustworthiness, etc., and competence, which encompasses efficacy, skill, etc. Both perceptions are the base when making judgements about individuals (Wojciszke et al, 1998. Cuddy et al, 2011). Warmth usually refers to how a person sees another person's intentions towards the self, whereas competence refers to whether the other person has the ability to carry on said intentions (Fiske et al, 2002). Previous studies, prove that warmth and competence dimensions can be applied to brands and how consumers perceived them, Kervyn et al (2012) , Brands as Intentional Agents Framework (BIAF), mentioned before, states how brands are usually categorized according to their intentions (warmth) and their ability (competence). Following this logic, value-related negative publicity will diminish a brand's perceived warmth as it deals with a brand's lack of social and moral concerns, conversely performance-related negative information will hamper a brand's competence as it conveys a brand's lack of expertise. As mentioned before, warmth related information has a higher impact when people make judgements, consumers tend to be more sensible to this type of information and usually make warmth judgements faster than competence judgements. Further research by Kervyn et al. (2014), shows that consumers judge harsher a brand affected by a warmth-related scandal than one affected by a competence-related scandal, and that post-scandal image reinstatement is ineffective when a company's warmth image is damaged. As previously stated, BIAF explains how when a brand is the subject of a scandal, it usually elicits feelings of contempt and pity on consumers, warmth related scandals tend to cause feelings of contempt towards a brand, whereas competence related scandals tend to cause pity. (Liu et al, 2018).

2.5.2. Commitment

Consumers are prone to get attached to brands and form relationships with them, however the attitudes consumers attach to these brands tend to vary on strength, the stronger the attitude the higher the resistance to negative information. Commitment plays a huge role on brand attitudes and has been considered one of the two major dimensions of attitude strength, it also plays a crucial part in determining aversion to counterattitudinal information, furthermore, commitment is the basis of brand loyalty. Kiesler (1971) defines it as the psychological attachment to a brand and is considered to be a close predecessor of behavioral loyalty (Beatty, Kahle, and Homer, 1988).

Ahluwalia et al. (2000) studied the role of commitment as moderator in consumer response to negative publicity, the study was focused on negative product-related publicity due to its predominance. Findings of the research support the hypotheses of commitment being an important moderator on consumer response to negative information. Furthermore, the responses of both low- and high-commitment consumers were analyzed, and several differences arose. Firstly, consumers with high commitment levels to a brand instinctively counterargued negative information, low-commitment consumers, contrarily, counterargued the negative information to a lesser extent. Secondly, even though low-commitment consumers appeared to like the brand as much as high-commitment consumers, they showed a greater attitude change when exposed to the negative information, such attitude degradation is due to the perceived diagnosticity of the negative information. Moreover, the negativity effect is more likely to take place when there is a low commitment level, conversely when there are high commitment levels, the negativity effect is absent, and consumers tend to consider positive information as more diagnostic than negative information. In other words, customer commitment not only leads consumers to resist negative information, but it also increases the impacts of positive publicity.

In further research, Ahluwalia et al. (2001) found that commitment also moderates the spillover effect of marketing communications, spillover refers to the degree to which information conveyed in messages changes beliefs regarding attributes that have not been explicitly mentioned in those messages. The authors discovered that when consumers are not familiar with a brand, the spillover effect is stronger, the negative information extends its influence to attributes associated with the main attribute, even if not explicitly addressed in the message. However, this phenomenon does not hold true when dealing with positive information. In contrast, when consumers view a brand favorably, the spillover extends to positive information as well. Furthermore, when consumers are committed to a brand, the spillover of negative information is reduced, commitment serves as a buffer, while it strengthens the spillover of positive information to other related but unmentioned attributes.

Commitment not only reduces the impact of negative publicity, but it also enhances the effects of positive publicity.

2.5.3. Brand image

Brands tend to be positioned according to the benefits offered (symbolic vs functional), such positioning creates a general brand attitude through the creation of brand associations formed in consumers' minds, these associations allow consumers to attach meaning to a brand and to create their own expectations. When exposed to negative information consumers retrieve from their memories the brands associations created by a brands positioning effort (Pullig et al, 2006).

Following the expectation evidence framework, Dean's (2004) research further dives on consumer expectations on brands according to their image or reputation. Expectations for good firms are usually high, while expectations for bad firms are below the neutral point. When forming judgements regarding negative information, the confirmatory biased effect states that consumers will give a good company the benefit of the doubt and maintain their good opinions about the brand, regardless of the brand's response. Whereas a bad company would not enjoy of this benefit of the doubt and would be judged according to their response.

Furthermore, research by Sabine et al. (2018) found that high brand equity helps mitigate performance failures. Consumer evaluations of high-equity brands tend to fall drastically right after the product scandal, but they recover faster to their pre-scandal equity levels compared to low-equity brands. However, once more strengthening the expectation evidence framework, the authors also found that high equity brands are more adversely impacted by a product scandal than low equity ones. High expectations with strong brands turn into a liability when facing a scandal.

Past research suggests that brand attitude also plays an important role when a brand faces a scandal, Greyser (1995) found that some brands have lesser repercussions than others when affected by negative publicity, this due to previously having establishes "capital accounts of positive attitudes" that protect the brands against a scandal.

2.5.4. Corporate Response

According to Ulmer and Sellnow (2000), corporate crisis usually shed light to three main issues. First, the crisis threatens the brand's social legitimacy, the company's social legitimacy will be damaged if consumers see the brand as irresponsible, dishonest or as not caring towards the community. To mitigate any loss of legitimacy the brand should reestablish congruency between its values and behavior and the accepted societal norms. Second, the crisis will also

lead the company to be scrutinized to determine what happened. Finally, there is the blame factor, consumers will need someone to blame and determine the level of responsibility of the company involved. These three issues highlight the importance of having a proper corporate communication strategy at the time of a crisis to mitigate the loss of brand image, brand trust and ultimately, of brand equity.

Research conducted by Dwane (2004), suggests that companies who responded to a crisis being fair and showing compassion for those affected were more highly regarded than those whose responses were missing these attributes and who tried to blame someone else for the failure. Furthermore, Tong et al. (2023), found that brand trust was reinstated to different degrees when the company used different repairing strategies to address value-related negative publicity.

Moreover, having a proper response to a crisis is of utmost importance for a brand to survive due to spillover effects (Han et al, 2020) a brand's scandal can spread to sub-brands or other brands in the same product category or corporate group.

According to Claeys et al., companies usually adopt two approaches when facing a crisis: diminishing and rebuilding. Diminishing involves lessening the severity of negative publicity and decreasing the affected company's responsibility for the negative events. Diminishing is usually not well received by consumers as it often insinuates that a brand is avoiding to acknowledge its responsibility. Conversely, rebuilding is better received by consumers as it is seen as more proactive, and its goal is to restore consumers' trust on the brand (Dutta and Pullig, 2011).

Two tactics used by brands using rebuilding strategies are compensations and public apology, the situational crisis communication theory states that the effectiveness of each of these two tactics depends on the type of negative information (Coombs and Holladay, 2009). Compensation, for instance, concerns consumer's functional value expectations, hence it is an appropriate strategy to use when dealing with performance-related negative information, oppositely, public apologies tend to demonstrate pro-social behavior and are deemed to be more effective when dealing with value-related information.

2.5.5. Culture

Culture is also an important factor to consider when studying consumer responses to negative information, as consumers with different cultural backgrounds may have different reactions and perceptions when exposed to negative publicity.

Geert Hofstede defines culture as “the collective programming of the mind that distinguishes the members of one group of people from others”. Societal culture encompasses underlying values, characterized by broad tendencies to favor specific states of affairs over others. After an extensive research of different cultures Hofstede came up with six dimensions that distinguish cultures, and which differ across countries. These six dimensions are:

1. Power distance related to the different approaches addressing the fundamental issue of human inequality.
2. Uncertainty avoidance associated with the degree of stress in a society when confronted with an unknown future.
3. Individualism versus Collectivism concerns the integration of individuals into primary societal units.
4. Masculinity versus Femininity relates to the allocation of emotional roles between women and men.
5. Long term versus Short Term Orientation pertains to individuals’ preferences in focusing their efforts: either towards future prospects or the current and past circumstances.
6. Indulgence versus Restraint associated with the management of basic human desires related to enjoying life, involving either gratification or moderation.

Previous research has analyzed one of Hofstede’s cultural dimensions, Uncertainty avoidance, and the role it plays on consumer behavior when a scandal occurs.

Uncertainty avoidance refers to “the extent to which members from a culture feel threatened by uncertain, unknown situations or embrace these situations”, it deals with tolerance ambiguity and indicates the extent to which a society is comfortable or uncomfortable in unstructured situations, individuals from uncertainty acceptance cultures tend to be more tolerant of opinions and facts different from what they are used to. (Hofstede, 2011)

Laufer et al. (2005) conducted a study related to product-harm crises, perceived severity, and tolerance for ambiguity. Tolerance for ambiguity can be described as “how an individual perceives and processes information about ambiguous situations or stimuli when confronted

by an array of unfamiliar, complex, or incongruent clues” (Furnham and Ribchester, 1995); furthermore, Furnham and Ribchester proved how Hofstede’s dimension of uncertainty avoidance is strongly related to tolerance for ambiguity. Budner (1962) found that consumers who have a low level of ambiguity tolerance tend to find ambiguous situations as greater sources of threat; moreover, ambiguity tends to increase the perception of risk across individuals (Ghosh and Ray, 1997). The experiment conducted by Laufer et al. observed that perceived severity plays an important role when consumers are attributing blame in a product-harm crises, in addition consumers from low uncertainty avoidance countries were more likely to blame a brand for the negative information as opposed to consumers from high uncertainty avoidance countries, this can be attributed to consumers feeling threatened by ambiguous negative information.

Regarding purchasing decisions post – exposure, Turnbull et al. (2000) found that consumers from low uncertainty avoidance cultures are less willing to make a purchase decision after being exposed to negative information concerning a brand.

2.5.6. Product Involvement

As defined by Zaichowsky (1986), involvement is a motivational construct that is partially dependent on an individual’s values and needs. Involvement is to do with the individual’s sense of relevance, the perceived value in the desired object, an increasing motivation indicative of interest in the desired object and the notion that this motivation can be triggered through communication, the product itself, or the context of the purchase decision. (Foxall and Pallister, 1998)

Involvement can be seen in two levels, firstly it can be seen as affective, which emphasizes a person’s feelings and accomplishments of specific emotional states and is used to depict all emotions, sensations and feelings aroused by an object, affective involvement is viewed as a value-expressed motive, and it is linked to the motivation to showcase an existing or aspirational self-image to the outside world. Secondly, involvement can also be seen as cognitive, which highlights an individual’s activities related to information processing and achievement of idealized states. Cognitive involvement is a utilitarian motive and is grounded in the brand’s practical performance. (Park and Young, 1968; Zaichowsky, 1994).

As mentioned before, consumer involvement can be either towards the product, towards the context of the purchase decision or towards an advertisement, for the purpose of this research only product involvement will be further studied.

Product involvement is the extent of consumers' interests and efforts in the purchase of a product. Firm generated content (FGC) proves to be effective in building favorable brand attitudes among consumers when dealing with high-involvement products. This is mainly because of consumers' heightened willingness to search for information through the internet. Likewise, social media communications (SMC) show a more pronounced impact on high-involvement products compared to low-involvement ones with regards to brand engagement. This is mainly explained by consumer's tendency to use social media for information gathering when making decisions about products that require substantial involvement, such as luxury products (Seo and Park, 2018). In contrast, when dealing with low-involvement products, those typically found in supermarkets, customers tend to lean towards convenience-based judgements rather than performing extensive research. Thus, the level of involvement with a product plays a crucial role in determining the impact of several communication channels (Lin and Chang, 2003). High levels of product involvement are based on quality perception whereas low levels of product involvement are more susceptible to emotion. The degree of involvement directly impacts consumer's attitudes towards a product or brand, research made by Lin et al. (2023), proved that product involvement has a moderating effect on the relationship between social media communications and brand equity, the higher the level of product involvement the higher the impact of social media communications on brand equity, in other words, high-involvement customers play a stronger role in promoting a positive relationship between social media communications and brand equity.

2.6. Contrasting perspectives and findings in the literature

Most existing research supports the idea that negative information has a negative effect on brand equity, especially on brand attitudes and purchase intentions, however there are some studies that show the opposite, Ein-Gar et al. (2012) discovered that a small amount of negative information ameliorate consumers' perceptions of a brand if, they had encountered positive information about the brand before. The authors argue that weak negative information, when encountered after receiving positive information, tends to accentuate or amplify the salience of the positive information, enhancing the positivity of the positive information and cultivating

more positive evaluations. This can be explained with the primacy effect (Asch, 1946), this principle states that when forming perceptions of targets, individuals have a tendency to base impressions more significantly on the initial information they obtained rather than information received later on. This effect is more likely to happen when processing effort is low rather than high, as low-effort processors form their assessments based on initial information and maintain these judgements, even when confronted with subsequent contradictory information. However, the authors also found that this effect does not hold true for high-effort processors, as they showed less favorable judgements when negative information was presented, regardless of its timing.

Similar research was conducted by Berger et al. (2010), where the authors studied the contexts under which negative publicity had a positive effect on product choice and sales. The authors argue that negative publicity might yield positive effects by enhancing product awareness or accessibility, as regardless of whether publicity carries a positive or negative connotation, it can lead to favorable results by boosting consumer awareness or encouraging the product to be top of mind. The authors found that when awareness levels are low negative publicity has, indeed, a positive effect increasing sales, in the experiment conducted sales increase by 45% where there was no previous awareness. In contrast, when awareness is high, negative publicity tends to have a detrimental effect, lowering sales, in this case, sales decreased by 15%.

As seen in the previous two cases, negative publicity may have positive impacts under very specific conditions and contexts, however the majority of literature and research on the subject supports and proves the notion that negative publicity has a negative effect on brand equity and brand performance, these were the only two studies found where this was not proven true.

2.7. Gaps and limitations in current knowledge

Brand based variables have been studied before when researching the effects of negative publicity on brand equity, Ahluwalia et al. (2000) for example, studied how brand commitment serves as a buffer when a company is dealing with a scandal, Pullig et al. studied the effects of brand attitudes and brand images, corporate response effect has also been analyzed. However current literature often overlooks consumer-based variables, such as culture, age or consumer involvement, such variables are key when dealing with a crisis caused by negative publicity as consumers might have different responses to the same information. No existing studies were

found where the effects of product involvement were studied when analyzing negative publicity and brand equity.

Previous studies where consumers' culture is involved when analyzing the effect of bad publicity on brand equity have some gaps, Laufer et al. studied the impact of uncertainty-avoidance on consumer perceptions when dealing with product-harm crises, this study proved to be useful and confirmed that culture does play an important role on how consumers react, however, there are two main limitations; the first one being the experiment was ran on only Mexican students, a homogeneous sample in age, status and nationality, having a more heterogeneous sample may yield different results and provide more insights for managers to understand how to acknowledge and manage a crisis according to their target market. Secondly, the study only used product-harm crisis, as discussed before product-based and value-based negative information have different impact on consumer's attitudes and perceptions, analyzing how culture affects value-based scandals can also be important as usually value-based scandals tend to have greater repercussions and consumers are generally less lenient when the scandal's nature is value-based vs product-based.

Similarly, studies where the effect of negative publicity in brand trust was studied also presented this kind of limitation, Tong et al. (2023) research, for instance, included only Chinese respondents and presented a very homogeneous sample, in addition their experiment was tested using a scandal on a fictitious brand, by not having any awareness or previous knowledge of the brand results might be biased and as discussed before, consumers may be harsher on brands they haven't encountered before, presenting consumers scandals with existing brands may result on different findings that can be closer to real life.

2.8. Hypotheses definition

Based on this secondary research and literature review, the following hypothesis were formed:

H1. Brand Trust will be negatively influenced by both types, value-based and performance-based, of negative publicity.

H2. Brand image mediates the impact of negative publicity on brand trust. More specifically:

H2a. Performance-based negative publicity will mediate functional congruity brand image.

H2b. Value-based negative publicity will mediate self-congruity brand image.

H3. Ambiguity tolerance moderates the impact of negative publicity on brand trust. The lower the ambiguity tolerance the more detrimental the impact of negative publicity on brand trust.

H4. The level of product involvement of consumers serves as moderator on the impact of negative publicity on brand trust.

H5. Gender plays a moderating role between negative publicity and brand trust.

H6. Age moderates the effect of the negative publicity on brand trust, people from different generations will react on different levels to the negative publicity.

The conceptual model can be better appreciated on Figure 1.

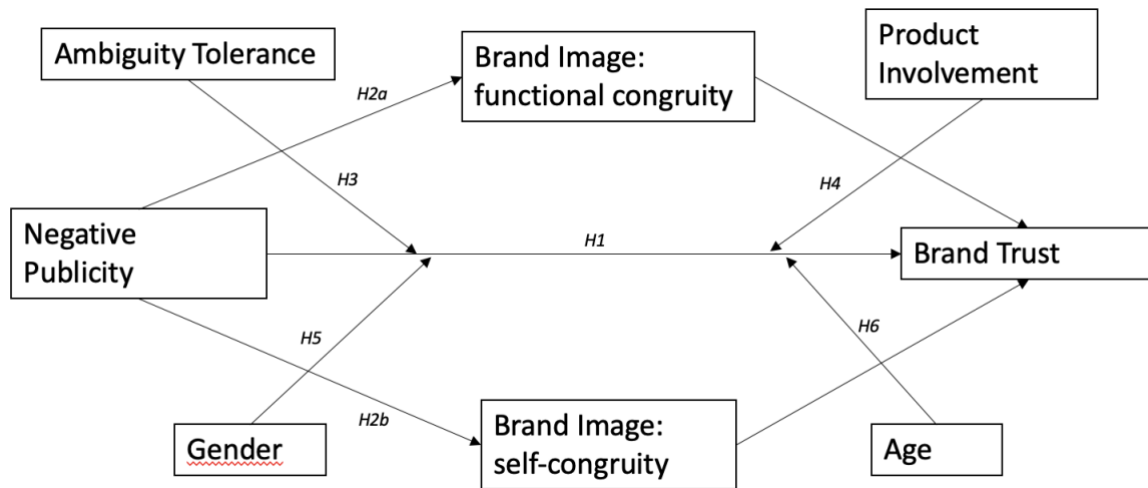


Figure 1

3. Empirical Analysis

3.1. Methodology

3.1.1. Sample definition

The survey was distributed electronically throughout different social media platforms (Instagram, LinkedIn and WhatsApp), the aim was to reach people from different cultural backgrounds and nationalities.

151 responses were collected, an attention check was included in the questionnaire, where respondents were asked to select the option “somewhat agree” if they were paying attention, 33 responses did not pass this check and were therefore removed from the analysis, resulting on a sample size of 118 individuals.

As explained before, one of the main aims of the present study is to further research the effect of culture in the impact of negative publicity on brand trust, for this reason people from different nationalities were the target of this study. The sample ended up having people from 20 countries; 64.4% of the respondents were from Mexico, 10.2% from Italy, 5.9% from Turkey, 4.2% from Colombia, and the remaining 15.3% included people from Argentina, Canada, Chile, Ecuador, Egypt, France, Germany, Honduras, Hungary, India, Lithuania, the Netherlands, Romania, Spain, the USA and Venezuela (Figure 2). Regarding gender, 40.7% of the respondents were males, 56.8% females and 2.5% identified with a third gender (Figure 3) . In terms of age, 52.5% of the people fell in the range of 18-26 years old, making them part of GenZ while 42.4% were between 27-35 years of age, making them Millennials, the remaining 5% were people older than 36 years old (Figure 4). Finally, concerning educational levels, the sample was highly educated, with 39% holding a graduate degree and 50.8% having a bachelor's degree; the other 10.1% had lower education levels (secondary, vocational or some university but no degree). The data was analyzed using SPSS.

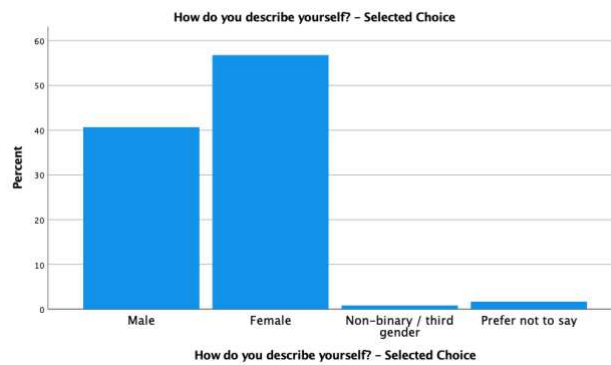
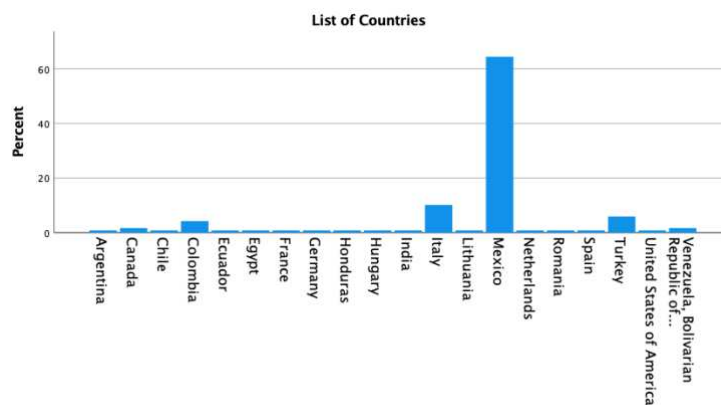


Figure 2



List of Countries
Figure 3

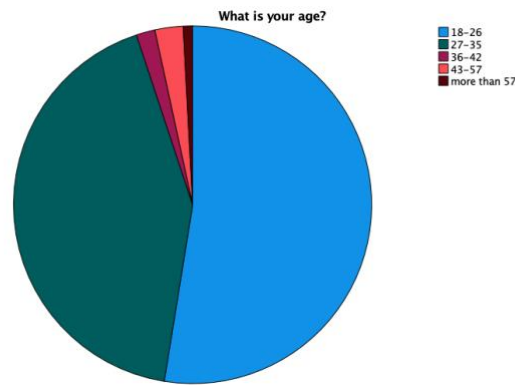


Figure 4

3.1.2. Design and Stimuli

The research design of this study was highly influenced by Tong, Feng and Liu (2023) research on Reparation of Brand Trust and Aluwhalia et al. (2000) research on Commitment as Moderator.

The independent variable chosen was Negative Publicity and it was tested on two levels: Value-based and Performance-based, respondents were randomly assigned one of the two articles, each respondent was exposed to only one type of negative publicity. Both articles presented to the respondents were real-life cases and concerned the same brand: Ferrero. Ferrero was chosen as it is one of the leaders of the category and has international presence in 140 countries, as the sample included people from all over the world a global company known by consumers across countries was needed. Furthermore, a company in the food and beverage industry was chosen as it is the second industry with the most product recalls, with an average claim value of 1.31m euros (Allianz, 2017).

Two dimensions were chosen to study how different scandal sources impact brand equity, as previous literature supports the claim that consumers react differently to performance-based negative publicity vs value-based negative publicity. The performance-based negative information was based on the 2022 Salmonella outbreak caused by Kinder chocolates, where Ferrero was forced to recall all the chocolates made in its Belgian facility (more than 3,000 tons), 150 cases were reported throughout Europe and the UK, most of the impacted ones were children under 10 years of age. (Askew, 2022)

Whereas the value-based negative information will focus on the claims that Ferrero chocolates are tainted by forced labor, including children, as they source around 30% of the hazelnuts used in their chocolates from Turkey, where framers are paid 12 eur for 12 hours of work, less than the legally required minimum wage; an investigation made by BBC found that Ferrero could not assure that the hazelnuts in their chocolates were child labor free. Moreover, the root of the problem is the price Ferrero pays for the hazelnuts, they buy them at 22/23 (1 USD) liras per kilogram and sell them at 23 dollars. (Joly, 2021)

As for the dependent variable, brand trust was chosen, respondents were asked to respond a series of questions regarding this component, then, they were exposed to the negative publicity and asked to answer the same questions again. By doing this, the direct impact of the negative publicity on these factors was studied.

The reason why brand trust was selected as the variable measuring brand equity is mainly because previous research supports the fact that brand trust is at the core of brand equity as it is a crucial attribute to attain any long-lasting relationship (Garbarino and Johnson, 1999). Moreover, Delgado and Munuera (2005) found that for a company to fully enjoy the competitive and economic benefits provided by brand equity as a relational market-based asset, a foundation of brand trust needs to be established first.

Brand image was chosen as a mediator variable, brand image will be studied in two levels: self-congruity and functional congruity. Functional congruity concerns the extent to which a brand's functional attributes meets consumer expectations. On the other hand, self-congruity refers to the congruity between a brand and a consumer's self-concept. Previous research sustains that functional congruity promotes positive evaluations in terms of products, whereas self-congruity has a positive influence in almost all aspects of a brand. In addition, research by Esch et al. (2006) proved the direct impact of brand image on brand trust, and Lehu (2001) confirmed that having a positive corporate image was a main cause of high levels of brand trust. Again, respondents were asked the questions pertaining to both functional and self-congruity before and after the stimulus.

Finally, two moderating variables were chosen; firstly, culture was included in the analysis as there is not enough research about how consumers' cultural background affects their reactions to negative publicity, for this variable, Hofstede's uncertainty avoidance dimension was chosen, as previous research has proven that consumers from low uncertainty avoidance cultures are

probed to put more blame on the brand and are less willing to forgive. To measure this variable, ambiguity tolerance was selected following previous research by Laufer et al. as tolerance ambiguity and uncertainty avoidance have proven to be highly correlated. Secondly, product involvement level will also be analyzed as moderator, following Zaichowsky's previous research and scales on Product Involvement Inventory, consumers will be asked a set of attributes to determine their level of involvement when it comes to chocolate, to further analyze if this has an impact on their perception of the negative publicity.

3.2. Questionnaire design

The constructs used in the present study were based on existing scales. All items, originally written in English were translated into Spanish by a bilingual native speaker. The survey was then published in both languages, English and Spanish, for respondents to choose the language they were more comfortable with.

The survey included a filtering question to determine brand awareness, the study started with "Do you know the brand Ferrero or any of its sub-brands (Kinder, Nutella, etc)?", for the purpose of this research there needed to be previous brand awareness and knowledge of the brand, so if "No" was selected the respondent was sent to the end of the survey, of the 118 valid responses, all of them knew the brand.

Product Involvement was measured using Zaichowsky's revised personal involvement inventory (RPII), composed of 10 bipolar items, such as "To me chocolate and sweets are: unimportant-important, boring-interesting." The two dimensions of brand image were measured as follows, functional congruity with three items derived from research by Sop and Kozak (2019), like "The quality provided by this brand is consistent with what I expect from a chocolate brand." Self-congruity was tested using four items adapted from Liu et al. (2012), such as "Ferrero as a brand is consistent with my identity." Brand trust was evaluated using four items based on research by Chaudhuri and Holbrook (2001), like "I feel confidence in Ferrero." Finally, ambiguity tolerance was measured using Houghton and Grewal's (2000) four-item scale, which include questions such as "I dislike when a person's statement could mean many different things." All of the questions were measured using a 7-point Likert scale, where one was highly disagree and 7 was highly agree. At the end of the survey some demographic questions which included age, nationality and education level were presented. All measures are summarized on Table 1.

Table 1

Variable	Items	Cronbach's alpha reported in source	Source
Product Involvement	<ol style="list-style-type: none"> 1. Unimportant:Important 2. Boring:Interesting 3. Irrelevant:Relevant 4. Unexciting:Exciting 5. Means nothing:Means a lot to me 6. Unappealing:Appealing 7. Mundane:Fascinating 8. Worthless:Valuable 9. Uninvolving:Involving 10. Not needed:Needed 	0.94-0.96	Zaichowsky (1994)
Functional congruity	<ol style="list-style-type: none"> 1. Ferrero meets all my need when eating chocolate. 2. The quality provided by this brand is consistent with what I expect from a chocolate brand. 3. This brand performs well on the functional attributes (flavor, quality, etc.) I value the most for chocolate. 	0.93	Sop and Kozak (2019)
Self-congruity	<ol style="list-style-type: none"> 1. Ferrero as a brand is consistent with my identity. 2. Ferrero as a brand is a reflection of how I see myself. 3. Buying/Eating Ferrero products reflects who I am. 4. Someone who buys Ferrero products is similar to me. 	0.93	Liu et al. (2012)
Brand trust	<ol style="list-style-type: none"> 1. I feel confidence in Ferrero. 2. I could rely on Ferrero. 3. I think Ferrero is honest. 4. I think Ferrero is safe. 	0.94	Chaudhuri and Holbrook (2001)
Ambiguity tolerance	<ol style="list-style-type: none"> 1. I dislike it when a person's statement could mean many different things. 2. I feel uncomfortable when someone's meanings or intentions are unclear to me. 3. I feel uncomfortable when I don't understand the reason why an event occurred in my life. 4. When I am confused about an important issue, I feel very upset. 	0.78	Houghton and Grewal (2000)

3.2.1. Data validity and reliability

To assess the criterion validity, the first method used was correlation analysis and Pearson coefficient was tested.

For the analysis, all questions studying brand trust, functional congruity, and self-congruity, even though the same questions were used before and after the stimulus they were all added in the analysis. In addition, the questions for product involvement and ambiguity tolerance were also included. All questions but one (Ambiguity Tolerance - I feel uncomfortable when someone's meanings or intentions are unclear to me.) presented significance levels of $<.05$, and Pearson Correlation levels of $>.21$, which is the minimum threshold for an item to be considered valid. A detailed depiction of the analysis can be appreciated on Table 2.

As item AT2 resulted on being invalid, the data analysis from now on will be ran twice, one including the item and another without, if significant differences are found on results, the item will be eliminated from the study.

To further analyze internal validity, exploratory factor analysis was used, all the items before the stimulus were tested, the test came up with four different factors, the first one including all items related to product involvement, the second one with all items from ambiguity tolerance, the third one including functional congruity and finally the last one included all items for both brand trust and self-congruity, meaning there is a strong relationship with these two concepts and they share some common aspects. It could be hypothesized that the fact that both are loading onto the same factor means that self-congruity with a brand's image influence the level of brand trust, however this will be further studied during the mediation analysis. Bottomline, the exploratory factor analysis and the Pearson correlation coefficient demonstrated that the items are compatible with each other, complete each other and collectively form a whole.

After having tested the validity of the questionnaire, the reliability of the items was then analyzed, to do so the Cronbach's alpha of each item was calculated, for the constructs that were tested twice, before and after the stimulus, the Cronbach alpha was calculated two times, one for each time the variable was tested, this was for functional congruity, self-congruity, and brand trust. All the results were positive with Cronbach's Alphas over $.70$, meaning the constructs are considered reliable. The results of the reliability test can be better appreciated on Table 2.

Table 2

Construct	Item	Pearson Correlation – Discriminant Validity (BE / AE)	Factor Loadings	Cronbach’s Alpha (BE / AE)
Product Involvement	PI1	.562	.756	0.938
	PI2	.439	.790	
	PI3	.514	.835	
	PI4	.474	.843	
	PI5	.518	.800	
	PI6	.396	.734	
	PI7	.542	.805	
	PI8	.582	.822	
	PI9	.529	.768	
	PI10	.605	.782	
Functional Congruity	FC1	.558 / .609	.808	0.855 / 0.863
	FC2	.530 / .505	.793	
	FC3	.503 / .507	.831	
Self-Congruity	SC1	.559 / .569	.517	0.837 / 0.913
	SC2	.635 / .662	.633	
	SC3	.719 / .700	.683	
	SC4	.546 / .602	.559	
Brand Trust	BT1	.442 / .572	.598	0.744 / 0.913
	BT2	.489 / .544	.639	
	BT3	.464 / .488	.703	
	BT4	.465 / .503	.771	
Ambiguity Tolerance	AT1	.288	.685	0.765
	AT2	.006	.818	
	AT3	.300	.713	
	AT4	.244	.803	

*BE stands for Before Exposure and AE stands for After Exposure

Normality, linearity, and homoscedasticity were also tested by running a linear regression with brand trust after exposure as dependent variable and stimuli, product involvement, ambiguity tolerance, self-congruity and functional congruity as the dependent variables. In the histogram pictured on Figure 5 we can see that the data follows a normal distribution, with most of it being located closer to two and with a range of -2 to 2. As for linearity, Figure 6 depicts the plotted residuals, as it can be observed they are very close to the line and there are no “S” shapes that could mean non-linearity in the data. Finally on Figure 7, the plot indicates a slight level of heteroscedasticity as the residuals do not portray a defined triangle shape, but they are also not evenly distributed along the x-axis. The same test was done with the data before exposure as well and the regression yielded very similar results as the figures and test previously mentioned.

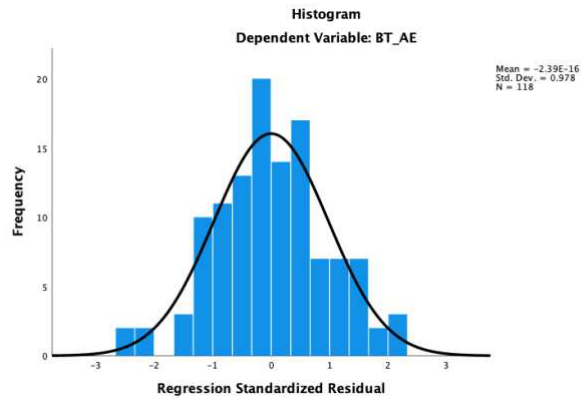


Figure 5

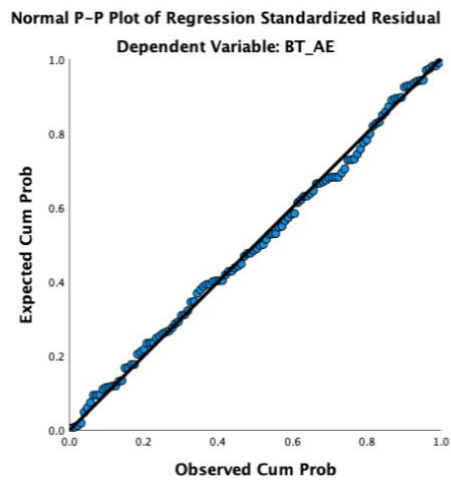


Figure 6

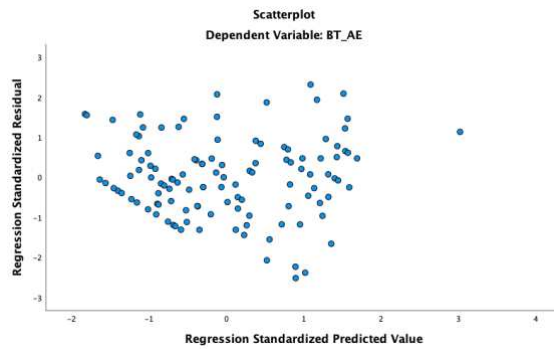


Figure 7

Finally, the data was tested for outliers, using Mahalanobis distance and chi square coefficients for $DF=9$ and $p=.001$, only one outlier was found, where answers after exposure were higher than before exposure, for further research was deleted from the research.

After having proven that the data gather is both valid and reliable, the analysis on the impact of negative publicity on brand trust can be further analyzed and the hypotheses can be tested.

3.3. Hypotheses testing

3.3.1. Negative publicity and brand trust

Results for both stimuli, product-based and value-based, showed that both types of negative publicity have a detrimental effect on brand trust. In the case for the value-based stimulus, the mean of brand trust before exposure was 4.42, and after exposure it dropped to 2.64. Similarly, for the product-based stimulus, the mean for brand trust before exposure was of 4.44, after exposure, this number decreased to 2.94. These findings lead to accept *H1. Brand Trust will be negatively influenced by both types, value-based and performance-based, of negative publicity.* However, when running a test of mean comparison, it was seen that both types of negative publicity affected brand trust similarly, the t-test found no relevant mean difference between the two groups (product-based vs value-based), with significance levels of $p=.900$ for brand trust before exposure and $p=.238$, the equality of means was not rejected. A repeated measures analysis was used to further analyze this fact, where the brand trust change of the product-based stimulus was of 3.69, while for the value-based stimulus it was of 3.53, the product-based stimulus caused a slightly higher difference by only 0.157, with $p=.315 > .05$, confirming yet again that both types of negative publicity equally affect brand trust.

3.3.2. Mediating effect of brand image.

To study the mediating effects of self and functional congruity on brand trust, and to further investigate the underlying processes through which the different types of negative publicity affect brand trust, a mediation analysis using bootstrapping by Hayes (2013), was employed. The PROCESS macro, by Hayes, was used on SPSS, more specifically Model 4 was used, this model is known as simple mediation, in this specific case two mediators were used, self-congruity and functional congruity.

The regression was first run with the variables of brand trust after exposure as dependent variable, stimuli as independent, self-congruity and functional congruity after exposure as mediators, and the variables of brand trust, functional congruity, and self-congruity (all before exposure) as covariates to control for their potential influences on the relationship between negative publicity and brand trust. Afterwards the same model was run with new computed variables, brand trust was included as the difference in brand trust after exposure minus before exposure and the same for functional and self-congruity. Both regressions yielded similar results, however the first regression, using the scales after exposure as variables and the ones

before exposure as covariates had better levels of R-squared and of mean standard errors ($R\text{-sq} = .648$ and $MSE = .520$ vs $R\text{-sq} = .431$ and $MSE = 1.140$), hence the first regression results will be further analyzed.

When looking at each individual path from the independent variable (Stimulus shown) to each of the moderators, the stimulus is significant for self-congruity with $b = -.501$, $t(112) = -2.613$, $p = .010$, and $CI [-.880, -.121]$. In other words when respondents were shown the product-based scandal, which in this case was represented with the salmonella outbreak, their ratings after exposure were lower by .501 points, than those that were exposed to the value-based scandal. However, this does not hold true for functional congruity as the stimulus is not significant with $p = .348$, meaning that the brand trust decreased at same levels regardless of which stimulus the respondents were exposed to. Going further, when observing the whole model, the stimulus is not relevant, strengthening once more what was discussed in *HI* testing, negative publicity affected brand trust equally for both stimuli. Nevertheless, both self-congruity and functional congruity proved to have a significant effect on brand trust, for self-congruity with $b = .713$, $t(110) = 8.286$, $p = .000$, and $CI [.543, .884]$ and for functional congruity with $b = .261$, $t(110) = 3.921$, $p = .000$, and $CI [.129, .393]$, this can be translated as: when self-congruity was high, brand trust after exposure was higher by .713 points as compared to when self-congruity was low, equally, when functional congruity was high, brand trust after exposure was .261 points higher than when it was low. Finally, when looking at the indirect effects of negative publicity on brand trust, where we can confirm the mediating effect, it is confirmed that self-congruity does indeed play a mediating role ($CI [-7.67, -.064]$), this supports once more the findings of the factor analysis where brand trust and self-congruity were allocated to the same factor, meanwhile functional congruity does not mediate the relationship between negative publicity and brand trust ($CI [-.200, .076]$). In conclusion, regardless of the type of negative publicity people were exposed to, functional congruity decreased in the same amount, resulting on same levels of brand trust after exposure for both stimuli, nevertheless when people were exposed to the product-based scandal their self-congruity decreased to higher levels leading to a higher decrease on brand trust.

To further strengthen these results a paired-sample t-test was conducted and the results showed a greater difference in means for self-congruity before and after exposure than for functional congruity. Results can be observed in Table 3.

Table 3

Stimulus Shown			Paired Differences				
			Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference	
						Lower	Upper
Product-based	Pair 1	Control Group - BT_AE	1.50000	1.39274	.18447	1.13046	1.86954
	Pair 2	Function - FC_AE	1.31579	1.20913	.16015	.99496	1.63661
	Pair 3	Self - SC_AE	.74123	1.01985	.13508	.47062	1.01183
Value-based	Pair 1	Control Group - BT_AE	1.77459	1.42792	.18283	1.40888	2.14030
	Pair 2	Function - FC_AE	1.43169	1.73562	.22222	.98718	1.87621
	Pair 3	Self - SC_AE	1.15164	1.28556	.16460	.82239	1.48089

These findings lead to accept *H2*. *Brand image mediates the impact of negative publicity on brand trust*. While it proves *H2a* and *H2b* wrong, as these hypothesized

That performance-based negative publicity would mediate functional congruity brand image, and value-based negative publicity would mediate self-congruity brand image, which as previously discussed, does not hold true for the data analyzed.

3.3.3. Moderating effects of product involvement and ambiguity tolerance.

The PROCESS macro was also used to test the moderating effect of both product involvement and ambiguity tolerance, for this purpose Model 3: simple moderation with 2 and 3-way interaction was chosen, to better analyze the interdependence among the different variables, brand trust after exposure was chosen yet again as the dependent variable, the stimuli was the independent variable and as moderators the variables of ambiguity tolerance and product involvement were chosen, as in the previous model, brand trust before exposure was added as covariate to control its effect on the dependent variable.

The model proved to be significant at $p=.000$, with a MSE of 1.530 and an R-squared of .236. When analyzing each of the variables individually, stimuli proved to be significant with $b=-.487$, $t(108)=-2.051$, and CI $[-.958, -.016]$. Ambiguity tolerance also proved to have a significant effect on brand trust with $b=-.280$, $t(108)=-2.361$, and CI $[-.515, -.045]$. Nevertheless, product involvement had a non-significant effect with $p=.856$.

Moving forward, as previously mentioned, the model included 2 and 3-way interactions, hence it analyzed 4 intercepts: 1. stimuli x ambiguity tolerance, 2. stimuli x product involvement, 3.

ambiguity tolerance x product involvement and, 4. stimuli x ambiguity tolerance x product involvement.

Intercept 1 is significant at $p < .10$ but not at $p < .05$ with a $p = .069$. intercepts 2 and three are not significant, with p values of $.272$ and $.700$. However, intercept 4 proved to be significant with $p = .014$, $b = .534$ and $CI [.110, .958]$, this interaction is further strengthened when looking at the test of highest order unconditional interaction, which tests the interaction between the independent variable and the moderators, which is significant $ap = .014$, with a R-squared change of $.044$. Diving deeper, when studying the conditional effects of the focal predictor (Stimulus) at values of moderators it is seen that not all levels of ambiguity tolerance and product involvement are significant and moderate the stimulus effect on brand trust, for them to be considered moderators ambiguity tolerance has to be at means level of -1 standard deviation, while product involvement has to be at mean levels or $+1$ standard deviation. This means, that when consumers have moderate or high product involvement combined with average or low tolerance to ambiguity the type of negative publicity, they are exposed to is significant and it affects the impact it has on brand trust, this effect at different levels of both moderators is portrayed in Table 4

Table 4

AT	PI	Effect	se	t	p	LLCI	ULCI
-1.020	.000	-.933	.345	-2.700	.008	-1.618	-.248
-1.020	1.172	-1.837	.586	-3.137	.002	-2.998	-.676
.000	.000	-.487	.238	-2.051	.043	-.958	-.016
.000	1.172	-.753	.345	-2.184	.031	-1.437	-.070

These results prove *H3. Ambiguity tolerance moderates the impact of negative publicity on brand trust. The lower the ambiguity tolerance the more detrimental the impact of negative publicity on brand trust*, and *H4. The level of product involvement of consumers serves as moderator on the impact of negative publicity on brand trust* wrong. However, a new revised hypothesis is formed: Ambiguity tolerance when low or moderate, combined with a moderate or high product involvement moderates the impact of negative publicity on brand trust.

3.3.4. Moderating effects of age and gender.

To test *H5. Age and gender moderate the effect of the negative publicity on brand trust, people from different generations will react on different levels to the negative publicity*, age and gender were transformed into dummy variables, as out of the 117 replies 62 were Gen-Z, aged between 18 and 26, and 50 were Millennials, Gen-X and Boomers were only 2 respondents and older people only one, it was decided that only Gen-Z and Millennials would be included in the analysis. As for gender, as only one respondent identified as a third gender only female and male respondents were included in the analysis. To test the moderating effect of gender and age a univariate analysis of variance was chosen, where estimated marginal means and pairwise comparison were used to analyze how different groups reacted to the different stimuli and to further analyze the interaction between the variables.

When looking at the variables individually, again stimulus shown proves to have an insignificant effect with $p=.065$ and a mean difference of 0.487 points (product based – value based), brand trust after exposure ranked slightly higher when respondents were exposed to product-based scandal against a value based, however this difference proved to be insignificant. Age, also appeared to be insignificant with $p=.935$, and mean difference of 0.021, meaning that both GenZ and Millennials reacted similarly to negative publicity and their trust levels were affected in similar ways. Conversely, gender proved to be significant with $p=0.019$, and a mean difference of 0.629 (male – female), meaning in general females had lower scores for brand trust after exposure to the negative publicity.

Diving deeper, two interactions were studied, gender*stimuli and age*stimuli. When looking at the interaction of gender and stimuli, which results can be observed in Tables 5 and 6, it can be seen that for female the means after being exposed to the scandals are very similar, whereas for male when they were exposed to the product-based scandal the levels of brand trust were on average 0.683 points higher compared to those exposed to value-based negative publicity. Furthermore, in Table 6, for product-based scandal, it can be appreciated that the difference of means between the genders is significance with $p=.034$, when exposed to product-based scandal, females scored on average 0.825 points lower than men did. This proves *H5. Gender plays a moderating role between negative publicity and brand trust*, as true, as gender does have an impact on the effect negative brand publicity has on brand trust.

Table 5

Estimates	
Dependent Variable: BT_AE	

Stimulus Shown	Gender	Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
Product-based	female	2.674 ^a	.219	2.240	3.108
	male	3.499 ^a	.313	2.878	4.120
Value-based	female	2.383 ^a	.253	1.882	2.884
	male	2.816 ^a	.253	2.314	3.317

a. Covariates appearing in the model are evaluated at the following values: Control Group = 4.4393.

Table 6

Pairwise Comparisons							
Dependent Variable: BT_AE							
Stimulus Shown	(I) Gender	(J) Gender	Mean Difference (I-J)	Std. Error	Sig. ^b	95% Confidence Interval for Difference ^b	
						Lower Bound	Upper Bound
Product-based	female	male	-.825 [*]	.383	.034	-1.584	-.065
	male	female	.825 [*]	.383	.034	.065	1.584
Value-based	female	male	-.433	.358	.229	-1.142	.277
	male	female	.433	.358	.229	-.277	1.142

Based on estimated marginal means

*. The mean difference is significant at the 0.05 level.

b. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

When analyzing the interaction of stimuli and age, something similar can be observed, results for this interaction are portrayed in Tables 7 and 8. When looking at the means of millennials across the two different scandals the difference is very low, brand trust was 0.282 points higher when people were exposed to the product-based scandal compared to those exposed to the value-based. For GenZ, this difference is higher, as people exposed to the product-based scandal had a brand trust score after exposure 0.693 points higher than those exposed to the value-based one, moreover, the stimulus shown for GenZ respondents proved to be significant with $p=.048$. In other words, Millennials reacted on the same levels for both types of negative publicity, brand trust was affected equally, nevertheless this does not prove true for GenZ, as trust levels decreased in higher amounts after being exposed to the value-based scandal compared to the product-based one. With this, *H6. Age moderates the effect of the negative publicity on brand trust, people from different generations will react on different levels to the negative publicity*, is proved to be true, as GenZ and Millennials reacted to different extents when exposed to the two types of negative publicity.

Table 7

Estimates						
Dependent Variable: BT_AE						
Stimulus Shown	age	Mean	Std. Error	95% Confidence Interval		
				Lower Bound	Upper Bound	
Product-based	Millennial	2.995 ^a	.258	2.483	3.506	
	GenZ	3.179 ^a	.280	2.622	3.735	
Value-based	Millennial	2.713 ^a	.294	2.129	3.296	
	GenZ	2.486 ^a	.202	2.084	2.888	

a. Covariates appearing in the model are evaluated at the following values: Control Group = 4.4393.

Table 8

Pairwise Comparisons						
Dependent Variable: BT_AE						

age	(I) Stimulus Shown	(J) Stimulus Shown	Mean Difference (I-J)	Std. Error	Sig. ^b	95% Confidence Interval for Difference ^b	
						Lower Bound	Upper Bound
Millennial	Product-based	Value-based	.282	.391	.472	-.494	1.058
	Value-based	Product-based	-.282	.391	.472	-1.058	.494
GenZ	Product-based	Value-based	.693*	.346	.048	.007	1.379
	Value-based	Product-based	-.693*	.346	.048	-1.379	-.007

Based on estimated marginal means

*. The mean difference is significant at the 0.05 level.

b. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

4. Discussion

The main goal of the present study was to further research the impact of negative publicity on brand equity, more specifically, on brand trust, studying the role several different factors, such as brand image, ambiguity tolerance and product involvement, play on this relationship.

As most of previous research on the topic (Ahluwalia et al., 2000; Yu et al. 2018; Liu et al., 2018; Tong et al., 2023) the experiment in this study proved that negative publicity has a detrimental effect on brand trust, as in both scenarios presented to respondents the levels of brand trust decreased significantly after being exposed to the negative publicity, regardless of the type of such publicity (value-based vs product-based). Once again demystifying the popular thoughts of “Bad news is better than no news” and “There is no such thing as bad publicity”, as bad publicity is indeed harmful for brands and their relationships with consumers, when consumers are exposed to scandals and negative publicity from a brand they trust, they feel betrayed and negative emotions such as anger and discomfort arise (Yannopoulou et al., 2010).

Regarding the role of brand image, the experiment further proved that consumers with higher levels of brand image pre-exposure had higher levels of brand trust post exposure, a positive brand image served as a buffer on brand trust when encountering a scandal. When studying the underlying mechanisms of the impact of the different types of negative publicity on brand trust, it was found that functional congruity brand image does not mediate the relationship between brand trust and negative publicity, while self-congruity does, when participants were exposed to the product-based scandal their self-congruity perceptions were more negatively influenced than their functional congruity levels, and functional congruity levels were equally influenced regardless of the type of scandal shown. This differs from the findings of Tong et al. (2023), where it was found that product-based scandals have higher impacts on functional congruity perceptions whereas value-based scandals have a higher impact on self-congruity perceptions, these differences could be attributed to the fact that experiments in both studies were of

different nature, firstly, because Tong et al. decided to focus solely in the Chinese market, chose mobile phones as product to study, and showed fake scenarios presenting negative publicity, whereas this study chose a more international sample, chocolate as product to study and real life cases of negative publicity, further research could be conducted where two types of products are studied durable vs nondurable goods to study to a greater extent the impact of negative publicity in both kinds of products. Another important aspect that might have caused results to be different is the severity of the scandal presented, this study presented as product-based negative publicity a scandal about a salmonella outbreak affecting mainly children, children usually seen as a vulnerable group tend to elicit heightened emotions, meanwhile in the other study researchers opted for a product-based scandal concerning technical issues with phones. Yu et al. (2018) studied the impact of mild vs severe negative publicity on brand image and brand attitudes, and it was found that, when exposed to mild negative publicity, brand image had direct and indirect effects (via brand attitudes) on purchasing intentions, whereas when dealing with severe negative publicity, brand image did not have a significant effect on brand attitudes nor on purchase intentions, proving once more that the perceived level of severity of a scandal plays an important role on the impact it will have on brand equity.

Moreover, when analyzing the role of product involvement and ambiguity tolerance levels and their impact on brand trust, ambiguity tolerance proved to be relevant for brand trust, people with lower levels of ambiguity tolerance had lower levels of brand trust, however when the effect of ambiguity tolerance as moderator was studied it proved to be insignificant, the same happened for product involvement, both variables by themselves proved to have no relevant effect on the relationship between negative publicity and brand trust. However, a very interesting finding was that when both variables were combined at different levels, they proved to have an important effect on brand trust, when respondents had moderate and low levels of ambiguity tolerance and moderate and high levels of product involvement they reacted more negatively to the scandal, more specifically when ambiguity levels are low and involvement levels are high the reaction to the negative publicity is the worst, and it has the highest impact on brand trust. As mentioned before, ambiguity tolerance is directly linked to Hofstede's uncertainty avoidance dimension, which means that people from high uncertainty avoidance cultures tend to have low ambiguity tolerance levels, previous research by Laufer et al. proved that people from high uncertainty avoidance tend to put higher blame on the company and tend to have higher severity perceptions when dealing with negative publicity, the sample of this study was made up of mainly Mexicans, Colombians, Italians and Turkish, all countries with

high levels of uncertainty avoidance, ranging from 75 to 85, proving once more that they might have perceived the negative publicity as more severe. As for product involvement, previous research by Ha (2002), demonstrated that, in the online context, word-of-mouth information was more likely to influence individuals when their product involvement levels were high. Additionally, a study by Xue (2011) indicated that when consumers have low product involvement their trust level towards negative vs positive information about a brand is similar, while consumers with high levels of product involvement tend to have higher trust levels on negative information than on positive one. No previous research was found where both ambiguity tolerance and product involvement were studied under the same settings as the present study, further research would have to include more respondents from low uncertainty avoidance cultures and products with low involvement levels to better study the differences these two variables make on the impact of negative publicity on brand trust.

Lastly, the impact of demographics was also analyzed, and the moderating role of age and gender was studied. In the survey, age was a categorical value, there were 5 categories each with the age range of each generation, as previously explained, for the analysis, only Millennials and GenZ were studied, as for gender, only male and female respondents were analyzed. Surprisingly, when looking at the whole model the interactions were insignificant, however when looking at the marginal means of each of the interactions there were significant differences both among genders and among generations.

When talking about gender, women tended to have lower brand trust levels after exposure than men did, specifically when being exposed to the product-based scandal, female levels of brand trust were more than 0.800 points lower than male levels, overall women are more sensitive to scandals and prone to feel more betrayed resulting on a higher damage to brand trust. Even though between genders the impact of the negative publicity is quite different, within genders things are somewhat different, women's brand trust was similar when exposed to both types of negative publicity, regardless of the kind of scandal, female's brand trust decreased on the same levels. Conversely, males showed a significant difference according to the scandal they were exposed to, the analysis showed that men are more sensitive to value-based scandals than to product-based ones, as their brand trust levels varied significantly after exposure, when presented with the value-based scandal brand trust levels were almost 0.700 lower than when exposed to product-based scandals. Previous research on how the genders differ when processing information explains this finding, Putrevu (2001) found that these differences arise

from both biological and sociological factors, the Selective Hypothesis, suggests that gender-based differences in information processing arise because males focus on general message themes while females focus on detailed elaboration of messages, in other words, men are seen as “selective processors” and as such, they rely on important cues, while women are referred as “comprehensive processors” and they tend to assimilate all available information before forming judgements. Moreover, Meyers-Levy and Maheswaran (1991), describe females process information in a more intricate and imaginative way than males do, hence, women tend to form more associative links of knowledge about a brand when evaluating publicity and products, which can influence how they respond to negative information. In addition, the importance assigned to salient attributes and information sources when evaluating brands and products also differs across genders, the Social Role Theory (Moschis, 1985), states that women tend to be more receptive to marketplace-related information from social agents, while men are more skeptical and self-focused. This can be explained because of women’s tendency to be accommodating to others’ needs, while men mainly focus on self-related information. Consequently, females consider a broader range of cues, blurring the lines between self and object, whereas men, being more focused and logical, tend to discard information that does not concern their narrowly defined concepts. Moreover, elaborating on the previously mentioned diagnosticity theory (Skowronski and Carlston, 1989) where negative information carries more weight than positive one, women, as detailed processors, have a tendency to elaborate more on negative emotions because they give greater diagnostic value to these emotions (Maheswaran and Meyers-Levy, 1991). On the other hand, men tend to overemphasize positive information, and value positive emotions over negative ones.

Regarding generational differences, the empirical research proved that Millennials reaction to both scandals was similar, as there were no big differences in the means of the two types of scandals, regardless of what the negative publicity was about, brand trust decreased to same levels after being exposed to it. However, things were different for respondents from GenZ, as brand trust after exposure presented significant differences across the two types of negative publicity, respondents brand trust levels after exposure were higher when exposed to the product-based scandal compared to those exposed to the value-based scandal. In simpler terms, millennials’ brand trust was affected on the same way by both scandals, but GenZ response was worse for the value-based scandal than for the product-based one, GenZ consumers are more sensitive to value-based negative information. These generational differences when presented with negative publicity have been studied in the past, Awasthi and Mehta (2020), researched

the impact of negative publicity on strong brands in the short and long term and how both generations react to it. It was found that when it comes to quality and performance both generations have the same opinions and perceptions, however when analyzing emotional attachment the authors found that GenZ consumers tend to be more emotionally attached to the brands they use regularly than millennials, this explains why when presented with value-based negative publicity which relates to warmth-trust respondents belonging to GenZ reacted in larger scales than millennials or than those exposed to the product-based scandal, this is further supported by the brands as intentional agents framework (Kervyn et al, 2012), which states that value-based negative information has a more detrimental effect when consumers are making judgements as consumers tend to be more sensible to this kind of information compared to product-based negative information. Finally, it is important to mention that GenZ is the generation with biggest concerns for social causes, and as opposed to previous generations, they are well educated about brands and expect that a company's actions match its ideals, their consumption is anchored on ethics, a study made by McKinsey showed that 80% of their GenZ respondents refused to buy goods from companies involved in scandals, and 70% said they try to purchase products from companies they consider as ethical (Francis and Hoefel, 2018), the value-based scandal had a more detrimental impact on respondents belonging to GenZ because it concerned a social cause, it presented inequality, and abuse from the corporation towards people in a developing country.

4.1. Hypotheses testing summary

Hypothesis	Result
H1. Brand Trust will be negatively influenced by both types, value-based and performance-based, of negative publicity.	Accepted
H2. Brand image mediates the impact of negative publicity on brand trust.	Partially accepted
H2a. Performance-based negative publicity will mediate functional congruity brand image.	Rejected
H2b. Value-based negative publicity will mediate self-congruity brand image.	Accepted

H3. Ambiguity tolerance moderates the impact of negative publicity on brand trust. The lower the ambiguity tolerance the more detrimental the impact of negative publicity on brand trust.	Partially accepted
H4. The level of product involvement of consumers serves as moderator on the impact of negative publicity on brand trust.	Partially accepted
H5. Gender plays a moderating role between negative publicity and brand trust.	Accepted
H6. Age moderates the effect of the negative publicity on brand trust, people from different generations will react on different levels to the negative publicity.	Accepted

5. Managerial implications

The main aim of the present study was to investigate the effect of negative publicity on brand equity, showing, with a real-life example, how consumers perceptions, judgements, and perceived trust on a brand change after being exposed to a scandal concerning a brand they know. The empirical research conducted yielded results which led to important implications for managers and companies.

Firstly, managers should have in mind that regardless of the kind of negative publicity, consumers' attitudes towards a brand will change after being exposed to it, having a direct impact in the brand equity and, consequently, in their brand trust which affects brand loyalty and purchase intentions. Managers must keep in mind that media and word-of-mouth are the most trusted sources of information, as consumers see them as unbiased, additionally media tends to cover more negative publicity than good one, adding the fact that social media makes a lot of these scandals viral, reaching millions of people, negative publicity is a bomb waiting to explode, and it can have huge impacts in sales and financial performance.

Secondly, companies should not wait until negative publicity hits to take action, as it was shown in the results, a strong brand image, and a strong congruity between consumers and the brand, buffer the impact of the scandal on brand trust. In other words, companies should not only be reactive to a crisis but also proactive, they should invest in building a strong brand image which is relatable to consumers, building a brand consumers identify with, by doing so a stronger bond will be built making it more difficult to break. Moreover, as seen in the literature review, brand positioning is everything, and builds consumer expectations, if the brand fails to meet these expectations and is wrongly positioned, consumers will feel betrayed and, again, their trust will be damaged. Brands should build positioning strategies according to what they are able to deliver, being truthful to what they offer and who they are, building a strong brand image and, consequently, a strong relationship with consumers.

Thirdly, a lot of research has been done concerning the type of negative publicity or the brand strength, however not much research has been done regarding consumers, their characteristics and background, which is essential to know and study so that companies can come up with appropriate crisis management strategies and manage to repair the brand trust damage. This study analyzed this by adding ambiguity tolerance, product involvement levels, age, and gender. The empirical research proved that it is fundamental for companies to know their target market, more specifically the segment of their market being more affected by the negative publicity. For instance, the country of where the scandal is taking place is an essential thing to take into consideration when creating repair strategies as people from low uncertainty avoidance cultures react differently from people from high uncertainty avoidance cultures, as such, the company's approach for crisis management should be adapted to each country, it is not a one-size-fits-all kind of thing. Moreover, the level of involvement of consumers is also an important thing to consider, as with low involvement products consumers priorities are in functional attributes whereas in high involvement is more about self-reflection and hedonistic reasons, following this line of thought it is reasonable that consumers who have high involvement levels will be more affected by the negative publicity than those with low levels, managers should identify how is their product perceived, again coming back to brand image, and how involved consumers are with their brand, take for example, chocolate, anyone would have thought that it is a low involvement product, it checks all the boxes: not a big expense, wide and diverse offer, available at pretty much any place, etc. however, results from this study proved that for the consumers interviewed, chocolate is indeed, a high involvement product, furthermore involvement goes farther than that as involvement could not only be towards a product, but

also towards a brand or even towards an advertisement. Managers should know how involved their consumers are with their company, to have a better idea of the impact the negative publicity will have on their relationship with them. Another characteristic important when dealing with a scandal is the age or generation of the target market of the company, managers should know that different generations will react differently to a scandal and that, the nature of the scandal will also affect the impact it will have, as seen before, GenZ is the generation more concerned with social causes, moreover they use social media to voice this concerns and fight for this causes, consequently a value-based scandal will be more detrimental when dealing with consumers from this generation, when responding to a crisis, managers should see who is talking about the scandal, who is interacting and being affected by it, and where are they talking about it, to better understand their consumers concerns, to better reach them and to have a more efficient and effective strategy to repair the trust that was broken because of the negative publicity.

Bottomline, managers should understand that not all consumers react equally to the negative publicity, that different types of negative publicity will affect differently the consumers according to things like culture, generation, gender, product involvement. Crisis management is not a one-size-fits-all field, they cannot use the same strategy as someone else did or as they used before, every scandal is particular, and as seen in the literature review, some strategies work best when dealing with value-based scandals than with product-based and vice versa, the same strategy that might have worked in a country with high tolerance to ambiguity won't work in a country with low tolerance, equally, a crisis response that worked for older generations most likely will not work with younger ones, or one that worked with female consumers will not have the same effect as it did with male consumers. When being subject of a scandal, and in the eye of the media due to negative publicity, brands many times rush to issue a response, without carefully analyzing the complexity of the situation, they act in a reactive way. Managers should be proactive, having measures in place to protect themselves from any kind of negative publicity, additionally they should have crisis management strategies in place before anything happen, making emphasis in strategies in plural, they should have several options and strategies for different scenarios, analyze their inner operations, supply chain, management strategies, identify the risks of each and develop risk and crisis management strategies for each of them, so that they can be prepared if ever exposed to a scandal.

6. Conclusions

One too many times the phrases “There is no such thing as bad publicity, all publicity is good publicity” or “Bad news is better than no news” have been said, this study has proven that those phrases couldn’t be farther from the truth, bad publicity, in most of the cases, has no benefits for a brand, it actually has the opposite effect, it hampers and damages brand equity, brand trust and consequently purchase intentions.

Brands are complex things, and managing them is no easy thing, moreover consumers are also complex beings, understanding why they do what they do or how they think is something that has been studied in the marketing and psychology fields for many years now. The present study tried to understand the relationship between brands and consumers and how it is affected by negative publicity, while also analyzing brand factors such as brand image and brand trust and consumer traits such as ambiguity tolerance, product involvement, age, and gender.

It was proven that negative publicity has a direct detrimental effect on brand trust, as consumers trust levels on a brand decreased significantly after being exposed to either of the scandals. Moreover, it was observed how self-congruity has a mediating effect on this effect, while functional congruity does not, meaning that when consumers relate and identify with a brand, the negative publicity affects this brand image which then affects brand trust levels.

Furthermore, ambiguity tolerance and product involvement when seen separately didn’t have an effect on the relationship of negative publicity and brand trust, however when analyzing them as a whole it was found that it did, in fact, affected this relationship, as people with moderate/low levels of ambiguity tolerance and moderate/high product involvement showed lower brand trust levels after exposure than those with high ambiguity tolerance and low product involvement. Strengthening once more previous studies where the importance of nationality and cultural background of consumers was stressed.

It was also analyzed how demographics, such as age and gender, have a moderating effect on the relationship between negative publicity and brand trust. And the findings were consistent with previous literature, women and men react differently to the different types of publicity as their ways of thinking, making judgements and creating perceptions is different, women are more sensible to value-based negative publicity than men are. When looking at the age factor,

it was proved that while millennials reacted similarly to both types of publicity, GenZ consumers were more affected by value-based negative publicity, proving once more how this generation cares more for social causes and inequality.

In conclusion, negative publicity has several detrimental effects on brand equity, particularly in brand trust, and this relationship may sound simple however it is more complex than it sounds as a lot of contextual, personal and business factors are involved and affect the level of damage the negative publicity might have. This is heightened by the fact that with social media a company mishap can turn into a crisis in matter of seconds, which is why companies and brands should have repair strategies in place tailored to their consumers and products so that they are more effective and brand trust can be repaired as better as possible.

7. Limitations

As all other research papers, this study has some limitations that would require further research.

Firstly, even though the sample turned out to be heterogeneous most of the respondents came from high uncertainty cultures, which may have biased the results, having a wider sample with people from low uncertainty cultures might yield better insights on the role of culture when a brand is suffering from a scandal. Additionally, most of the respondents showed high involvement levels, again having a more diverse sample with different levels of involvement would complement this research and add to these findings.

Secondly, just one brand and product were studied, consumers might have different responses to strong vs weak brands, or familiar vs unfamiliar brands, similarly their reactions might be different when dealing with durable vs non-durable goods. Further research should be done analyzing these differences.

Furthermore, by asking the same questions before and after the stimuli consumers might have gotten an idea of what was being studied and results might have been biased, in the future, asking different questions for the same constructs before vs after the stimulus can help eliminate such bias.

Finally, further research can be done including the variable of corporate response and strategies to repair brand trust, analyzing how different strategies work with different consumers and with different scandals, giving a valuable insight on how companies should build such strategies.

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9. Appendix

9.1 Survey

Impact of Negative Publicity on Brand Equity

Start of Block: Block 11

Q25 Thank you for participating in this survey.

This study is being conducted as part of my master's thesis for the International Msc in Management with specialization in Marketing at Católica-Lisbon and for the Msc in Marketing Management at Bocconi.

The survey will take an approximate of 6 minutes to finish and it is completely anonymous. There are no right or wrong answers. Your responses will be kept confidential and will only be used for research purposes.

If you have any questions or concerns don't hesitate to reach out to me via email at rita.gonzalez@studbocconi.it

Thanks again for helping me complete my thesis!

x

Rita

End of Block: Block 11

Start of Block: Default Question Block

Q1 Do you know the chocolate brand Ferrero, or any of its sub-brands (Kinder, Nutella, etc)?

Yes (1)

No (2)

Skip To: End of Survey If Do you know the chocolate brand Ferrero, or any of its sub-brands (Kinder, Nutella, etc)? = No

End of Block: Default Question Block

Start of Block: Product Involvement

Q25 To me chocolate and sweets are:

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	
Unimportant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Important
Boring	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Interesting
Irrelevant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Relevant
Unexciting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Exciting
Means nothing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Means a lot to me
Unappealing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Appealing
Mundane	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Fascinating
Worthless	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Valuable
Uninvolving	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Involving
Not needed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Needed

End of Block: Product Involvement

Start of Block: Brand Image

Q6 In this section please select the option that represents best how you feel regarding the statements presented.

	Highly disagree (1)	Disagree (2)	Somewhat disagree (3)	Either agree or disagree (4)	Somewhat agree (5)	Agree (6)	Highly agree (7)
Ferrero meets all of my needs when eating a chocolate. (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The quality provided by this brand is consistent with what I expect from a chocolate brand. (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This brand performs well on the functional attributes (flavor, quality, etc.) I value the most for chocolate. (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q7 In this section please select the option that represents best how you feel regarding the statements presented.

	Highly disagree (1)	Disagree (2)	Somewhat disagree (3)	Either agree or disagree (4)	Somewhat agree (5)	Agree (6)	Highly agree (7)
Ferrero as a brand is consistent with my identity. (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ferrero as a brand is a reflection of how I see myself. (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Buying/Eating Ferrero products reflects who I am. (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Someone who buys Ferrero products is similar to me. (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

End of Block: Brand Image

Start of Block: Brand Trust

Q9 Please indicate your agreement level on the following statements:

	Highly disagree (1)	Disagree (2)	Somewhat disagree (3)	Either agree or disagree (4)	Somewhat agree (5)	Agree (6)	Highly agree (7)
I feel confidence in Ferrero. (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I could rely on Ferrero (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think Ferrero is honest (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think Ferrero is safe (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

End of Block: Brand Trust

Start of Block: Block 8

Q13 Next up, you will be shown an article regarding Ferrero, please read it carefully as some questions will follow.

End of Block: Block 8

Start of Block: Stimuli

Q8 More than 300 sick in Ferrero chocolate Salmonella outbreak.

More than 300 people from 16 countries have been sickened in a salmonella outbreak linked to Kinder chocolate made by Ferrero in Belgium.

A total of 324 cases have been reported from Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Spain, Switzerland, Sweden and the UK.

The number of people sick has more than doubled since a previous assessment in April by the European Centre of Disease Control and Prevention (ECDC) and European food safety Authority (EFSA). Most of the people impacted are children under 10 years of age, and "many children" have been hospitalised, EFSA revealed. Children have also been most at risk for severe infection among reported cases.

The UK is the main country affected with 109 monophasic salmonella typhimurium patients, France has 81, Belgium has 64, and Switzerland has 43.
The United States and Canada both have one case each.

Almost 200 people have been interviewed and 170 reported consumption of chocolate products made by Ferrero.

Q8 Italian company Ferrero accused of exploiting hazelnut pickers.

Turkish hazelnut farmers are paid €12 a day for 12 hours of work, which is less than the minimum wage that Turkey requires for a 45-hour week. Turkish hazelnut producers, who account for 70% of the world's hazelnut production, are denouncing the poor working conditions of Italy's Ferrero.

Kneeling from dawn till dusk, the Turkish farmers picking most of the hazelnuts going into Nutella spreads complain of exploitation and meagre pay, setting up a clash over labour rights.

They are paid \$14 (€12) a day for 12 hours of work, which is less than the minimum wage that Turkey requires for a 45-hour week.

Ferrero has six facilities and employs more than 1,000 people in Turkey, where it has been sourcing hazelnuts for the past 35 years. In 2014, it acquired Turkey's Oltan Group, a local market leader that procures, processes, and sells nuts.

"They have a monopoly, they have a free hand," said Aydin Simsek, 43, a local producer. "You see our conditions, how hard we work," he added, explaining that the price he gets for a kilogramme of hazelnuts

has dropped to 22.5 liras (€2). "This year, I will not sell my hazelnuts to Ferrero."

End of Block: Stimuli

Start of Block: After Exposure

Q10 After having read the previous articles, the questions that were previously asked will be asked again, please be as sincere as possible with your answers.

End of Block: After Exposure

Start of Block: Brand Image AE

Q14 In this section please select the option that represents best how you feel regarding the statements presented.

	Highly disagree (1)	Disagree (2)	Somewhat disagree (3)	Either agree or disagree (4)	Somewhat agree (5)	Agree (6)	Highly agree (7)
Ferrero meets all of my needs when eating a chocolate. (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The quality provided by this brand is consistent with what I expect from a chocolate brand. (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This brand performs well on the functional attributes (flavor, quality, etc) I value the most for chocolates. (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If you are paying attention please select somewhat agree for this statement (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q15 In this section please select the option that represents best how you feel regarding the statements presented.

	Highly disagree (1)	Disagree (2)	Somewhat disagree (3)	Either agree or disagree (4)	Somewhat agree (5)	Agree (6)	Highly agree (7)
Ferrero as a brand is consistent with my identity. (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ferrero as a brand is a reflection of how I see myself. (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Buying/Eating Ferrero products reflects who I am. (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Someone who buys Ferrero products is similar to me. (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

End of Block: Brand Image AE

Start of Block: Brand Trust AE

Q18 Please indicate your agreement level on the following statements:

	Highly disagree (1)	Disagree (2)	Somewhat disagree (3)	Either agree or disagree (4)	Somewhat agree (5)	Agree (6)	Highly agree (7)
I feel confidence in Ferrero. (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I could rely on Ferrero (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think Ferrero is honest (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think Ferrero is safe (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

End of Block: Brand Trust AE

Start of Block: Ambiguity tolerance

Q3 Please select the option that best resonates with you

	Highly disagree (1)	Disagree (2)	Somewhat disagree (3)	Either agree or disagree (4)	Somewhat agree (5)	Agree (6)	Highly agree (7)
I dislike it when a person's statement could mean many different things. (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel uncomfortable when someone's meanings or intentions are unclear to me. (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel uncomfortable when I don't understand the reason why an event occurred in my life. (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When I am confused about an important issue, I feel very upset. (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

End of Block: Ambiguity tolerance

Start of Block: Demographics

Q16 How do you describe yourself?

- Male (1)
 - Female (2)
 - Non-binary / third gender (3)
 - Prefer to self-describe (4) _____
 - Prefer not to say (5)
-

Q17 What is your age?

- 18-26 (1)
 - 27-35 (2)
 - 36-42 (3)
 - 43-57 (4)
 - more than 57 (5)
-



Q1 Please select your nationality

▼ Afghanistan (1) ... Zimbabwe (1357)

Q24 What is the highest level of education you have completed?

- Less than Primary (10)
- Primary (11)
- Some Secondary (12)
- Secondary (13)
- Vocational or Similar (14)
- Some University but no degree (15)
- University - Bachelors Degree (16)
- Graduate or professional degree (MA, MS, MBA, PhD, Law Degree, Medical Degree etc) (17)
- Prefer not to say (18)

End of Block: Demographics
