

Three Essays on the Effects of Ethical Attributes on Private Label and National Brands

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Abstract

Three Essays on the Effects of Ethical Attributes on Private Label and National Brands

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Ethical attributes and social responsibility initiatives have become an important focus of attention among marketing researchers and practitioners. My dissertation focuses on how consumers respond to introducing product-related social responsibility initiatives/ethical attributes (i.e., attributes that reflect concern about social and environmental issues; Luchs et al. 2010) for different tiers of retailers' private label brands (paper 1), brand attributes (paper 2), and brand concepts (paper 3). In paper one, building on research in social responsibility and evolutionary psychology, we introduce a conceptual model and opposing predictions to explore how social responsibility initiatives can be integrated into different quality tiers (high vs. low) of retailers' private label brands (PLBs). The results of two experiments show that social responsibility initiatives enhanced consumer evaluations of high-tier PLBs but hurt consumer evaluations of low-tier PLBs. These findings were more consistent with an explanation based on resource synergy beliefs rather than costly signaling theory.

In paper two, we focus on other brand attributes that may affect offering ethical attributes to PLBs and manufacturers' national brands (NBs). Building on cue utilization theory (Burnkrant, 1978; Jacoby, Olson, & Haddock 1971), the findings of this paper was twofold. First, ethical attributes enhance PLB evaluations only in the presence of extrinsic cues signaling high quality (i.e., high price or high retailer reputation), and this effect is mediated by consumers' product quality perceptions. Second, ethical attributes do not affect NB evaluations in the presence of ethical attributes regardless of the extrinsic quality cues.

In paper three, we shift our attention to the type of ethical attributes (i.e., symbolic vs. utilitarian) and their congruity with the brand concept of symbolic national brands and utilitarian private label brands. Three experiments show that a congruity between ethical attribute type and brand concept (e.g., a symbolic ethical attribute for a symbolic NB) enhances consumer brand evaluations whereas an incongruity between ethical attribute type and brand concept (e.g., a

symbolic ethical attribute for a utilitarian PLB) mitigates brand evaluations. This effect is mediated by perceived congruity.

Contribution of Authors

This section discusses the authors' contributions for each of the papers contained in this thesis, as required by thesis regulations. I have tried to explain as accurately as possible the contribution of my co-authors. However, if I have made any errors in explaining their share, I do apologize.

The idea for my first paper came up as a term paper in Dr. Bodur's 'Social Responsibility in Marketing' class in the Fall 2011. Dr. Bodur provided extremely thorough and detailed feedback in the idea development, data collection, data analysis, manuscript revisions, and addressing reviewers' comments. This paper was published at the *International Journal of Research and Distribution Management* after the two rounds of revision. I was the first author in the initial submission and both rounds of reviews.

For second paper, Dr. Bodur, Dr. Grohmann, and I contributed extensively. The initial idea of studying the effects of ethical attributes on private label brands (my first paper) was robustly developed and expanded by Dr. Bodur's idea of studying this phenomenon using price and other quality cues as the moderating factors. Dr. Grohmann provided extensive feedback on the underlying processes of these effects, designing the experiments, and manuscript modifications. This paper was submitted to the *Journal of Retailing* and was accepted after three rounds of revisions. Dr. Bodur, Dr. Grohmann, and I discussed and did multiple data collections, data analysis, and manuscript revisions. I was the second author throughout the whole process of submissions and revisions.

For third paper, the idea emerged in one of the meetings that I had with Dr. Bodur and Dr. Grohmann. I collected the data for three studies with the great help and exhaustive feedback of Dr. Bodur and Dr. Grohmann on the experimental designs, data collections, data analysis, and manuscript writings. Dr. Bodur, Dr. Grohmann, and I contributed extensively. This manuscript is complete and will be submitted to a peer-reviewed journal.

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Introduction

Corporate social responsibility and ethical marketing have become an important focus of attention among marketing researchers and practitioners. Ethical attributes (a form of social responsibility initiatives) are defined as product attributes or production processes that promote social or environmental concerns (e.g., child-labor free production; Luchs, Naylor, Irwin, & Raghunathan, 2010). While some research has documented positive consumer responses to ethical attributes (e.g., Arora & Henderson, 2007; Brown & Dacin, 1997; Folse, Niedrich, & Grau, 2010; Lafferty, Goldsmith, & Hult, 2004; Sen & Bhattacharya, 2001; Winterich & Barone, 2011), other research has shown that ethical attributes do not always entail such positive consumer responses (Bodur, Gao, & Grohmann, 2014; Griskevicius et al., 2007; Luchs & Kumar, 2015; Luchs, et al., 2010; White, MacDonnell, & Ellard, 2012).

Considering that consumers evaluate ethical attributes in the context of other brand and product information (e.g., Arora & Henderson, 2007; Bodur et al., 2014; Luchs et al., 2010; Torelli et al., 2012), the current dissertation complements prior research by studying the brand-related factors that affect consumer responses to ethical products. In three essays, we investigate consumers' responses to introducing ethical attributes to different types of retailers' private label brands (PLBs; consumer products that are distributed exclusively by a retailer; PLMA2014) and manufacturer national brands (NBs; consumer products that are owned, advertised, and marketed by manufacturers; AMA 2014).

In the first paper, we specifically focus on two quality tiers of retailers' private labels brands (high vs. low). Building on research in social responsibility and evolutionary psychology, we introduce a conceptual model and opposing predictions to explore how social responsibility initiatives can be integrated into different quality tiers of retailers' private labels brands. The results of two experiments show that social responsibility initiatives enhanced consumer evaluations of high-tier PLBs but hurt consumer evaluations of low-tier PLBs. These findings were more consistent with an explanation based on resource synergy beliefs rather than costly signaling theory. Whereas these findings shed light on the main effect of introducing ethical attribute for different tiers of PLBs, the second paper addressed questions regarding the

underlying mechanism for the asymmetric effects of ethical attributes on national and private label brands. Consistent with cue utilization theory (Burnkrant, 1978; Jacoby, Olson, & Haddock 1971), results suggest that ethical attributes enhance PLB evaluations only in the presence of extrinsic cues signaling high quality (i.e., higher price or higher levels of retailer reputation) because these cues help consumers draw inferences regarding the quality implications of the ethical attributes. Accordingly, higher product quality perceptions mediate this effect. Ethical attributes do not affect NB evaluations because consumers rely on brand name rather than other brand-related information (i.e., ethical attributes) as diagnostic cue in brand judgment.

While these two articles show and explain how consumers respond to PLBs and NBs that offer ethical attributes, there still is a need to investigate the role of different ethical attribute types (i.e., symbolic vs. utilitarian) for these brands. Ethical attributes can be categorized as symbolic (cause-related marketing; e.g., child labor free) or utilitarian (i.e., product performance and quality related; e.g., made from recycled materials). In the third paper, we shift our attention to the type of ethical attributes and their congruity with brand concepts of symbolic national brands and utilitarian private label brands. Three experiments show that congruity between ethical attribute type and brand concept (e.g., a symbolic ethical attribute for a symbolic NB) enhances consumer brand evaluations whereas incongruity between ethical attribute type and brand concept (e.g., a symbolic ethical attribute for a utilitarian PLB) mitigates brand evaluations. This effect is mediated by perceived congruity. Moreover, we show that perceived conspicuousness is a boundary condition to this effect, such that the positive congruity effect of symbolic ethical attribute for symbolic NB is attenuated when the brand consumption is inconspicuous.

Overall, all three papers herein explore novel effects of introducing ethical attributes to different brands on consumers' responses. The following section consists of the article "Social responsibility and its differential effects on the retailers' portfolio of private label brands," published in *International Journal of Research and Distribution Management* (Tofighi & Bodur, 2015).

Paper 1: Social Responsibility and Its Differential Effects on the Retailers' Portfolio of Private Label Brands

Abstract

The purpose of this paper is to explore how social responsibility initiatives can be integrated into different tiers of retailers' private label brands (PLB) and introduces a conceptual model and opposing predictions building on research in social responsibility and evolutionary psychology. The findings of two experiments are more consistent with an explanation based on resource synergy beliefs rather than costly signaling theory. Social responsibility initiatives enhanced consumer evaluations of high-quality PLBs, but hurt consumer evaluations of low-tier PLBs. The empirical evidence from 168 Canadian consumers suggests that retailers should consider the type of PLB (i.e. quality tier) in the introduction of social responsibility initiatives.

Keywords: corporate social responsibility (CSR), costly signaling theory, retailer private label brand, resource synergy beliefs.

Introduction

In recent decades, companies are more sensitive about “doing good” and consumers’ expectation of them to act socially responsible. Based on Brown and Dacin (1997), we define social responsibility initiatives as associations that reflect the retailer’s or its private label brands’ status and activities with respect to its perceived societal obligations. Social responsibility initiatives are reported as a critical component of the core business of the U.K.’s top ten retailers, such as *Tesco*, *J. Sainsbury*, and *Marks & Spencer* (Jones, Comfort, & Hillier, 2005). According to *Edelman’s Good Purpose Survey* (2012), U.S. consumers are expecting more socially responsible behaviors from companies, documented by a 47% increase in monthly purchases of brands that support a social responsibility cause (from 2010 to 2012). The current research focuses on Canadian retailers and consumers. Canadian retailers represent characteristics of the North American market, however, Canadian consumers have increasing concerns about companies’ social and environmental responsibilities, similar to European consumers. For example, according to BDC-Ipsos study (2013), two thirds of Canadians stated that they have made an effort to buy local or Canadian-made products in the past. Half of the Canadian consumers claim that they would buy environmentally friendly products.

Retailers are increasingly utilizing two marketing strategies to gain competitive advantage: (1) implementing social responsibility initiatives (e.g., employee support, environmental practices, and cause-related marketing), and (2) differentiating their private label brands (PLB)—brands owned, controlled, and sold exclusively by a retailer (Sayman, Hoch, & Raju, 2002)—by introducing different-tiers of PLBs (Geyskens, Gielens, & Gijsbrechts, 2010). One of the most used PLB-tier strategy among North American retailers is two-tier strategy where retailers provide a top-tier PLB (premium quality/high price) as well as a low-tier (good quality/low price) PLB. For example, Loblaws, the largest food retailer in Canada, accommodates two-tier PLB strategy by carrying President’s Choice® (PC) as the premium quality/high price PLB and No Name® as good quality/low price PLB. In this regard, earlier studies in marketing literature provide support for the positive effect of social responsibility initiatives on retailers’ performance (Barone, Norman, & Miyazaki, 2007; Ellen, Mohr, & Webb, 2000), retailer image (Loussaïef, Cacho-Elizondo, Pettersen, & Tobiassen, 2014), store loyalty (Gupta & Pirsch, 2008; Mejri & Bhatli, 2014), and PLB’s purchase intentions (Anselmsson &

Johansson, 2007). However, there is a lack of research addressing the impact of introducing social responsibility initiatives on different tiers of PLBs.

It is critical for retailers to understand the factors that increase the success of offering social responsibility initiatives and their role in gaining competitive advantage. Specifically, which retailers' tier of PLB, low-tier PLB (e.g., No Name) or high-tier PLB (e.g., President's Choice), is more likely to benefit from introducing social responsibility initiatives? The current paper contributes to retailing and branding literature in three distinct ways: First, this paper is among the first to integrate branding literature and social responsibility literature in marketing to understand the role of social responsibility strategies in the positioning of private label brands. Secondly, this research introduces alternative predictions based on distinct theoretical approaches (i.e., resource synergy beliefs and costly signaling theory) to address the factors that increase the success of offering social responsibility initiatives for different tiers of retailers' PLBs. Finally, this research presents the initial empirical evidence from two product categories and real brands to identify conditions in which retailers would benefit from introducing social responsibility initiatives through their PLBs.

In this paper, we introduce retailer's PLB-tier as the moderator of the relationship between social responsibility initiative and brand-related outcomes (i.e., consumers' PLB evaluation). Building on resource synergy beliefs (Gupta & Sen, 2013), we propose that adopting social responsibility activities for top-tier (premium quality/high price) PLBs will enhance consumers' evaluations of the brand due to consumers' inferences that the ability to offer social responsibility initiatives are positively related to perceived brand resources (i.e., positive resource synergy). In contrast, offering social responsibility initiatives for low-tier (good quality/low price) PLBs may hurt consumer evaluations of the brand due to consumers' inferences that the retailer promotes costly social responsibility initiatives at the expense of quality (i.e., negative resource synergy) for low-tier PLBs. Consequently, it will lower PLBs' perceived quality and evaluations.

We present alternative predictions based on two different streams of research. Consumers use price as a quality cue to evaluate brands (Rao & Monroe, 1988), particularly when they are less familiar with the retailers' brands. The impact of price on quality inferences can be

automatic and even influence consumers' post-consumption performance levels (Rao, 2005; Shiv, Carmon, & Ariely, 2005). When retailers introduce social responsibility initiatives with a high-priced PLB, consumers' quality inferences would be higher, leading to positive resource synergy beliefs. Therefore, research on price-quality and resource-synergy beliefs would suggest that retailers should keep the PLB's price at a high level. However, social responsibility initiatives can also be construed as costly signals. Costly signaling theory indicates that individuals often engage in behaviors that are costly (i.e., involve significant amounts of economic resources, energy, risk, or time) as a way of signaling to others information about themselves to enhance their social position, desirability and favorability (Bird & Smith, 2005; McAndrew, 2002). Based on costly signaling theory, retailers, through low-priced PLBs, signal that they incur costs by introducing social responsibility initiatives—for the greater good of the society. Therefore, retailers should introduce social responsibility initiatives with low-priced PLBs. We discuss both of these predictions and their implications in greater detail.

This research examines the possible asymmetric effect of social responsibility initiative on consumer evaluations of top-tier and low-tier private label brands using two experiments. Experiment 1 demonstrates that the top-tier PLB benefits from offering a social responsibility initiative whereas such initiatives backfire for the low-tier PLB. Experiment 2 replicates these findings in the context of a different product category. The paper concludes with a discussion of theoretical and managerial implications of these findings.

Conceptual Background

Social Responsibility Initiatives and Retailer Brands

Global companies are increasingly associating themselves with different types of social responsibility activities in the level of corporate, product, or brand. A number of studies have aimed at showing the positive effect of CSR on consumers' product evaluation (Brown & Dacin, 1997; Klein & Dawar, 2004), purchase intention (Lin, Chen, Chiu, & Lee, 2011; Sen & Bhattacharya, 2001) and product choice (Barone, Miyazaki, & Taylor, 2000; Mohr, Webb, & Harris, 2001), but these studies do not specifically investigate the effect of social responsibility communicated through products on consumer evaluations and perceptions of the product. As

Brown and Dacin (1997) showed, corporate social responsibility does not affect product evaluations directly but rather indirectly through corporate evaluations.

Earlier research suggests that social responsibility initiatives can lead to more favorable evaluations of the retailer and its brands (Barone et al., 2007; Ellen et al., 2000). For retailers, commitment to social responsibility can lead to more favorable retailer image (Loussaïef et al., 2014), higher levels of consumer satisfaction and store loyalty (Gupta & Pirsch, 2008), and higher levels of loyalty to retailer brands (Mejri & Bhatli, 2014). Despite recent research demonstrating negative impact of social responsibility initiatives for brands (Luchs, Naylor, Irwin, & Raghunathan, 2010; Torelli, Monga, & Kaikati, 2012), there is no research investigating when social responsibility initiatives are ineffective for retailer brands and when social responsibility initiatives can be integrated into different tiers of PLBs.

Retailers' Multi-Tier Private Label Brands

The market share of PLB is growing rapidly in different product categories. According to Nielsen (2009), the PLB sales in the U.S. increased by 7.4 percent to \$85.9 billion from 2008 to 2009, reflecting 0.7 percent growth in PLB sale over a year. Over the same time period, the PLB's dollar market share in Canada reflects 4% increase to 18.4% (Grier, 2010). Most retailers want to increase their PLBs' shares even further (Steenkamp & Dekimpe, 1997). In terms of price differential, the price of retailer brands is estimated to be on average 30 percent lower than the price of national brands worldwide (Nielsen, 2005). Nevertheless, overall low perceived-quality of PLBs relative to national brands is more important in determining PLBs' smaller market share (Hoch & Banerji, 1993; Sethuraman, 1992). Empirical findings also support this view: Richardson and colleagues (1994) showed that consumers perceive the quality of PLB to be inferior to that of national brand, regardless of whether the same ingredients are used for both PLB and national brand. Richardson and colleagues found that extrinsic cues, such as brand's name, price or packaging, are more crucial in the quality perceptions of PLBs. In brief, consumers' preferences between the PLBs and national brands is largely driven by "perceived quality" that is inferred through extrinsic cues (brand's name, price, appearance, and image) rather than brand's high quality ingredients (Richardson et al., 1994).

It is important to note that not all PLBs are perceived as having the same quality level. Today, many large retailers differentiate their PLBs in multiple quality tiers (i.e., single, two-tier, three-tier, or four-tier PLBs; (Geyskens et al., 2010; Palmeira & Thomas, 2011; Steiner, 2004). In this paper, we only focus on private label brands with two-tier differentiation largely due to the widespread use of this strategy (e.g., Loblaws' No Name and President's Choice Brands, Walmart's Great Value and Our Finest brands). This includes a low-tier which has good quality (comparable to but lower than premium PLB) and lower price and a top-tier which has premium and high quality (comparable to or better quality than national brand) and has close but lower price than national brand's price. Retailers develop these different positioning strategies to compete with national brands. They also use other strategies to position their brands to be comparable to national brands in order to decrease the perceived quality gap between PLBs and that of national brands. Given the growing stream of product social responsibility initiatives by national brands, retailers increasingly use several types of product social responsibility initiatives related to product safety and environment such as locally supplied sources, environmentally friendly products, hazardous-waste free products, pollution control, and recycling (Sen & Bhattacharya, 2001). The interesting question is how consumers view and process the information regarding social responsibility initiatives communicated through products (e.g., locally supplied sources) for different types of PLBs.

In the current research, we mainly focus on these common types of product social responsibility initiatives because they are largely applicable to both national and private label brands and to eliminate any effects that may originate from the novelty of the CSR application. In the next section, we introduce resource synergy beliefs to elaborate on how consumers form perceptions about socially responsible PLBs.

Resource Synergy Beliefs

Resource synergy beliefs can guide consumers' reactions to PLB's use of social responsibility initiatives. Gupta and Sen (2013) argue that two types of consumer beliefs exist regarding the relationship between a company's resources and the effectiveness of its social responsibility activities. Positive resource synergy is consumers' belief that offering social responsibility initiatives adds value in that they allow a company to elevate expertise and

innovativeness, and establish capabilities to manufacture better products. In other words, positive resource synergy suggests that introducing social responsibility initiative enhances product performance. Sen and Bhattacharya (2001) also suggest that social responsibility efforts by a company that is associated with manufacturing expertise and innovativeness may be linked positively to product quality perceptions in consumers' minds. Therefore, we argue that introducing social responsibility initiatives with top-tier PLBs would enhance consumer evaluations of the brand because top-tier PLBs are associated with higher levels of retailer expertise and innovativeness.

H1: Social responsibility initiatives will lead to *more* favorable consumer evaluations of top-tier (premium quality/high price) PLBs.

The second type of resource synergy beliefs consists of negative resource synergy. Consumers with negative resource synergy beliefs hold a zero-sum perspective on a company's resource allocation to core capabilities (i.e., producing high quality products and service versus social responsibility initiatives). They believe that resource allocation to support social responsibility activities diminishes the resources allocated to producing higher quality products and services. In other words, negative resource synergy beliefs suggest that companies sacrifice product performance for doing something good for society or the environment.

Negative resource synergy beliefs become more salient when the inferred quality of the product is low and the introduction of a social responsibility initiative is perceived as a trade-off with regard to product quality. Chernev and Carpenter (2001) show that consumer's expectations of other product attributes (e.g., performance) decrease if the product has ethical attributes. Moreover, Berens, Riel, and Rekom (2007) show that when core capabilities in manufacturing (i.e. brand quality) is low, social responsibility communication cannot compensate for this shortcoming. Based on this argument, when low-tier PLBs offer social responsibility initiatives, consumers will infer that lower quality of the PLB could have been improved instead, leading to less favorable evaluations of the low-tier PLB.

H2: Social responsibility initiatives will result in *less* favorable consumer evaluations of low-tier (good quality/low price) PLBs.

Costly Signaling Theory

Originating in evolutionary psychology, costly signaling theory suggests that animals and humans often engage in behaviors that are costly (i.e., involve significant amounts of economic resources, energy, risk, or time) as a way of signaling to others information about themselves to enhance their social position, desirability, and favorability (Bird & Smith, 2005; McAndrew, 2002). Based on costly signaling theory, individuals engage in altruistic acts to signal to others that they are sacrificing their personal interests, such as money or time, to gain respect and trust. These altruistic behaviors include purchasing products that offer socially responsible initiatives such as green or organic products, fair-trade products, etc. Research on prosocial behavior demonstrates that individuals purchase environmentally friendly, but costly, products to boost their costly prosocial reputation (Griskevicius, Tybur, & Bergh, 2010). In the context of PLBs and social responsibility, this theory has different implications as a high price can be construed as a cost for the consumer, whereas a low price can be construed as a cost for the retailer.

From the retailer's perspective, social responsibility initiatives help the environment and benefit everyone. Therefore, such initiatives serve as a prosocial goal and support the retailer's prosocial reputation. However, the cost of these initiatives can be transferred to consumers through high price of PLBs or absorbed by the retailer by keeping the price of PLBs low. If retailers keep the price of their PLBs high while offering social responsibility initiatives, they communicate to their consumers how costly the social responsibility is, resulting in higher evaluations of the PLBs. The construal of the cost as the consumer's cost (high-priced PLB) leads to hypothesis 1.

However, if the retailer keeps the price of the PLB associated with social responsibility initiatives low, the cost of these initiatives are absorbed by the retailer, signaling that the retailer is serving a prosocial goal at its own expense. The construal of the cost as the retailer's cost (low-priced PLB), leads to the following alternative hypothesis for low-tier PLB.

H3: Social responsibility initiatives will *enhance* consumer evaluations of low-tier (good quality/low price) PLBs.

We now turn to the description of experiment 1 that tests three hypotheses regarding the asymmetric effect of social responsibility initiative on high-tier versus low-tier PLB evaluations. Experiment 2 replicates these effects for a different product category.

Method

Experiment 1 and 2 examine how social responsibility initiative affects different tiers of PLBs (either consistent with resource synergy beliefs or costly signaling theory). In order to increase the generalizability of the results, experiments 1 and 2 use two different product categories (laundry detergent in experiment 1 and ketchup in experiment 2).

Experiment 1: Effects of Social Responsibility Initiatives on PLBs at Different Quality Tier-Levels

Participants, Materials, and Procedure

Experiment 1 used a 2 (social responsibility initiative: present vs. absent) \times 2 (PLB tier: top-tier vs. low-tier) between-participants design. In total, 98 consumers from a Canadian metropolitan area (53% female, between the ages of 20 and 60, $M_{age} = 27.21$, $SD_{age} = 10.59$) answered a paper-and-pencil questionnaire. A team of trained research assistants intercepted consumers in downtown area and asked them to complete a paper-and-pencil questionnaire for a chance to win a \$100 prize. Data collection was completed over the course of two weeks. Participants were randomly assigned to one of the four experimental conditions where each individual viewed an image of a laundry detergent with a product description including brand name and price. In social responsibility initiative-present condition, participants viewed the product description as “Made with natural and locally supplied materials” whereas in social responsibility initiative-absent condition this feature was absent. Loblaw’s top-tier PLB (President’s Choice®) and low-tier PLB (No Name®) were used with \$13.59 and \$8.59 prices respectively. We set the price of low-tier PLB 37% less than the price of top-tier PLB to operationalize the significant price difference between top-tier and low-tier PLBs. After viewing the product’s description and image, participants provided their evaluation of the product by answering the question (“How would you rate the [brand] laundry detergent shown above?” anchored 1 = extremely unappealing, 100 = extremely appealing).

Results

We conducted a two-way ANOVA with PLB type (top-tier, low-tier) and social responsibility initiative (present, absent) serving as between-participants factor. Product evaluation served as the dependent variable. The analysis yielded a significant interaction between social responsibility initiative and PLB type ($F(1, 94) = 9.84, p < .005, \eta^2 = .095$). The social responsibility initiative increased consumer evaluations of the top-tier PLB ($M_{control} = 57.36, SD = 17.62; M_{SocialRes} = 66.94, SD = 15.58; F(1, 94) = 4.75, p < .05, \eta^2 = .048$) while it decreased consumer evaluations of the low-tier PLB ($M_{control} = 47.28, SD = 18.13; M_{SocialRes} = 33.44, SD = 20.33; F(1, 94) = 5.26, p < .05, \eta^2 = .053$). These results support hypotheses 1 and 2 in favor of resource synergy beliefs. Costly signaling explanation-based alternative prediction (H3) was not supported. Figure 1.1 illustrates these results. Furthermore, planned contrast analyses showed a significant main effect for PLB type ($F(1, 94) = 34.09, p = .00, \eta^2 = .266$) but no significant main effect for social responsibility initiative ($p > .1$).

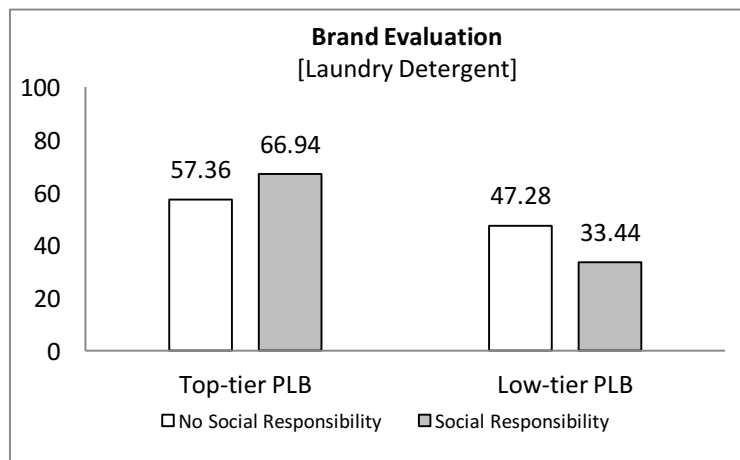


Figure 1.1. The effect of social responsibility initiative on top-tier and low-tier PLBs evaluations (Experiment 1).

Discussion

In support of H1, experiment 1's results show that social responsibility initiative enhances evaluations of a top-tier PLB. This is in line with our proposed theoretical argument that a premium quality/high price PLB leads to positive resource synergy belief and costly signal by the consumers which guide their positive responses toward a socially responsible top-tier PLB. In contrast, in support of the H2 and contrary to the alternative prediction (H3), the results show that social responsibility initiative hurts evaluations of a low-tier PLB which is due to the negative resource synergy belief by consumers. Next, experiment 2 investigates these predictions in a different product category (i.e., ketchup).

Experiment 2: Effects of Social Responsibility Initiatives on PLBs at Different Quality Tier-Levels

Experiment 2 tested whether the positive (negative) outcome arising from the use of social responsibility initiative for top-tier (low-tier) PLB extends to a different product category. Experiment 2 followed the same design, sampling method, procedure and measures as in experiment 1 but used ketchup as the new stimulus. Seventy participants (47% female, between the ages of 19 and 65, $M_{age} = 29.77$, $SD_{age} = 10.75$) viewed an image of ketchup with a description of the PLB name, social responsibility initiative (present or absent), and price (\$4.49 for PC and \$2.89 for No Name). The pricing method follows the same logic as in experiment 1.

Results

Similar to experiment 1, we conducted a two-way ANOVA with PLB type (top-tier, low-tier) and social responsibility initiative (present, absent) serving as between-participants factor. The analysis yielded a significant interaction between social responsibility initiative and PLB type ($F(1, 66) = 10.33$, $p < .005$, $\eta^2 = .135$). The presence of social responsibility initiative enhanced consumer evaluations of the top-tier PLB ($M_{control} = 59$, $SD = 27.68$; $M_{SocialRes} = 72.07$, $SD = 14.73$; $F(1, 66) = 2.78$, $p = .10$, $\eta^2 = .040$) but decreased consumer evaluations of the low-tier PLB ($M_{control} = 46.53$, $SD = 24.85$; $M_{SocialRes} = 24.06$, $SD = 20.14$; $F(1, 66) = 8.31$, $p = .005$, $\eta^2 = .112$). These results support H1 and H2. Figure 1.2 illustrates these results. Furthermore, planned contrast analyses showed a significant main effect for PLB type ($F(1, 66)$

= 29.93, $p = .000$, $\eta^2 = .312$) but no significant main effect for social responsibility initiative ($p > .1$).

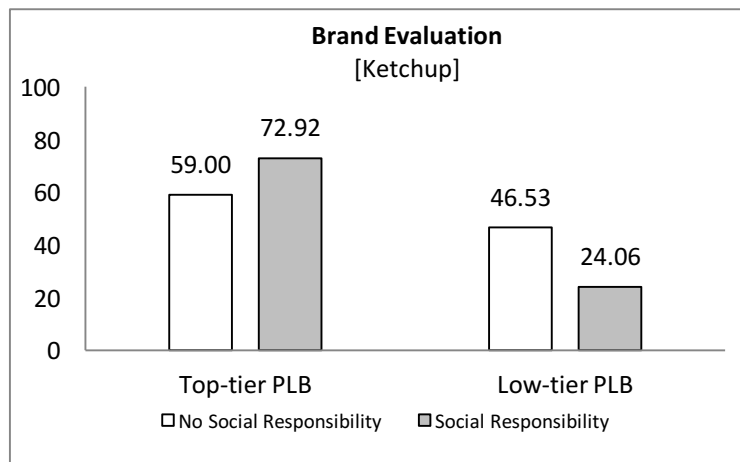


Figure 1.2. The effect of social responsibility initiative on top-tier and low-tier PLBs evaluations (Experiment 2).

Additionally, we pooled the two data sets for laundry detergent and ketchup together to test the hypotheses at the aggregate level. The two-way ANOVA results demonstrated the same significant interaction between social responsibility initiative and PLB type ($F(1, 164) = 21.18$, $p = .000$, $\eta^2 = .114$). The top-tier PLB evaluations boosted by introducing the social responsibility initiative ($M_{control} = 57.98$, $SD = 21.72$; $M_{SocialRes} = 68.61$, $SD = 15.34$; $F(1, 164) = 7.04$, $p < .01$, $\eta^2 = .041$) whereas the low-tier PLB evaluations declined by introducing the social responsibility initiative ($M_{control} = 46.89$, $SD = 21.55$; $M_{SocialRes} = 28.75$, $SD = 20.47$; $F(1, 164) = 14.29$, $p = .000$, $\eta^2 = .080$).

Discussion

Experiment 2 replicated and extended the findings of experiment 1 to a different product category. In line with H1, the presence of a social responsibility initiative enhanced evaluations of a top-tier PLB, but hurt evaluations of a low-tier PLB. Also, these results held for aggregate inclusion of the two data sets for laundry detergent and ketchup.

General Discussion

In this research, we investigate the impact of social responsibility initiatives on the evaluations of retailers' multi-tier PLBs against a backdrop of the growing use of multi-tier PLB positioning strategy and social responsibility endorsement by retailers. In particular, this research contributes to the literature by investigating opposing predictions, based on distinct theoretical approaches, of how offering social responsibility initiatives will affect PLBs. We test these predictions in two experiments with Canadian consumers and existing brands. Overall, these findings support an explanation based on resource synergy beliefs: Consumers responded more positively to social responsibility initiatives when they were communicated through retailers' top-tier (premium quality/high price) PLBs (hypothesis 1), but responded negatively when these initiatives were communicated through low-tier PLBs (hypothesis 2).

From consumer perspective, costly signaling theory would lead to an alternative hypothesis for low-priced PLBs. Specifically, low-priced PLBs would benefit more because consumers may conclude that the cost of these initiatives are absorbed by the retailer, signaling that the retailer is serving a prosocial goal at its own expense (hypothesis 3). Experiment 1 provides support for hypotheses 1 and 2 while reject the alternative hypothesis 3. Experiment 2 replicates these findings for a different product category.

Theoretical and Managerial Implications

This research has managerial and theoretical implications for manufacturers, retailers and consumers. From the theoretical perspective, this research is among the first to propose alternative models of how social responsibility initiatives influence consumer evaluations of retailers' PLBs. In contrast to earlier research in corporate social responsibility, this paper focuses on consumer perspective and proposes how consumers process social responsibility initiatives offered by retailers by using resource synergy beliefs and costly signaling theory. The main proposition suggests that consumers prefer social responsibility initiatives when communicated through top-tier PLBs rather than low-tier PLBs.

From the managerial perspective, it is crucial for retailers pursuing two-tier PLB strategy (top-tier and low-tier PLB) to consider the differential effect of offering social responsibility initiatives for different PLB tiers. Retailers would benefit the most from communicating social responsibility only for premium quality/high price PLBs. In contrast, retailers would be better off

by focusing on increasing product quality of good quality/low price PLBs to increase consumer brand evaluations.

Limitations and Future Research

As in any other research, our research has its own limitations and boundaries. Firstly, our paper only focuses on limited number of retailers' PLB tiers (i.e., two-tier PLB), product category type (only grocery products), and a retail context (only Loblaw's® PLBs in Canada). Future research can address these limitations by testing the hypotheses on three-tier (i.e., low-quality/economy PLB, mid-quality/standard PLB, and top-quality/premium PLB) and four-tier PLB strategies (e.g., Tesco's new 'discount brands' positioned between Tesco's economy and standard PLBs; Geyskens et al., 2010). Moreover, future research may test potential asymmetric effects of offering social responsibility initiatives for PLB tiers in different product categories such as consumer products with symbolic benefits. Depending on the fit between each product category's benefit and social responsibility benefit (Bodur, Gao, & Grohmann, 2014), positive, negative, or mixed effects may arise for PLBs offering social responsibility initiatives.

It should also be noted that our empirical evidence provides an initial insight, but is not conclusive in ruling out costly signaling explanation of how PLBs are evaluated. From retailer perspective, high-priced PLBs would benefit more from promoting social responsibility initiative because retailers communicate to their consumers how costly the social responsibility is for them which should lead to enhanced consumer evaluations of low-tier PLB, which are also priced lower. This explanation was not supported in our research. However, costly signals of retailers may be more relevant in contexts where retailer competition is more salient. Future research can explore whether costly signaling account is supported when competition is made salient.

In addition, costly signaling account has so far been tested in interpersonal context which would suggest that consumers may be more prone to use costly signals to communicate their own status. When viewed in that light, further research is needed to disentangle the opposing explanations introduced in this research and conditions in which costly signaling may be effective. For instance, costly signaling account may be more powerful when there is greater relevance of social signals, such as when the consumption is conspicuous.

Finally, future research may investigate the effective types of social responsibility initiative that retailers can introduce with high- or low-tier PLBs. We suggest that social responsibility initiatives related to products (e.g., environmentally safe product attributes) would enhance evaluations of PLBs more than cause-related social responsibility initiatives (e.g., donations towards a cause). The reason for this argument is that the PLBs need to have higher level of resources and expertise to offer product-related social responsibility initiatives, which will lead to higher perceived performance for PLBs (Gupta & Sen, 2013; Sen & Bhattacharya, 2001). In contrast, cause-related (compared to product-related) social responsibility initiatives are associated with lower level of investment by the manufacturing brand and do not contribute to the PLB's perceived performance or functionality (Arora & Henderson, 2007) . Moreover, the cause-related social responsibility is only effective when there is a fit between the cause benefit and product benefit (Bodur et al., 2014).

Transition between Papers 1 and 2

The first paper examined opposing predictions on the effect of introducing ethical attributes to different PLB quality tiers (high vs. low) and found that ethical attributes enhance consumer evaluations of high-quality PLBs, but hurt consumer evaluations of low-tier PLBs. These findings are more consistent with an explanation based on resource synergy beliefs. While these preliminary findings shed light on the main effect of introducing ethical attributes for different tiers of PLBs, some questions need further research. Specifically, questions pertain to the role of brand attributes of national and private label brands offering ethical attributes and their underlying mechanism. The second paper addresses these questions.

The following section consists of the article entitled “When should private label brands endorse ethical attributes?” published in the *Journal of Retailing* (2015). This paper examines how consumers respond to ethical attributes in the presence of extrinsic quality cues (i.e., brand name, price, retailer reputation) and the underlying mechanism for these asymmetric effects.

Paper 2: When Should Private Label Brands Endorse Ethical Attributes?

Abstract

Ethical attributes (i.e., product attributes that reflect social and environmental issues) do not always increase product evaluations and choice. This article examines whether ethical attributes differentially affect evaluations of retailers' private label brands (PLBs) and manufacturers' national brands (NBs). Two experiments show that ethical attributes enhance consumer evaluations of PLBs (but not NBs) in the presence of extrinsic cues signalling high quality (i.e., high price). In the context of extrinsic cues signalling low quality, (i.e., low price), an ethical attribute hurts PLB (but not NB) evaluations. This effect is mediated by consumers' product quality perceptions. A third experiment replicates these effects of ethical attribute presence on PLB evaluations in the context of retailer reputation serving as an extrinsic cue, and shows a moderating effect of consumers' resource synergy beliefs. Overall, these results suggest that PLBs benefit from offering ethical attributes in the context of higher-priced PLBs or higher retailer reputation.

Keywords: private label brand; national brand; ethical attributes; corporate social responsibility (CSR); resource synergy beliefs.

Introduction

Ethical attributes are product attributes that have positive implications for environmental protection, human rights, animal welfare, and social issues such as disease prevention and the fight against poverty (Gupta & Sen, 2013; Irwin & Naylor, 2009; Luchs, Naylor, Irwin, & Raghunathan, 2010). Ethical attributes can be integrated into the product (e.g., in terms of environmentally friendly or vegan product ingredients) or augment the product (e.g., cause-marketing initiatives in the form of purchase-contingent contributions to a cause). Products with ethical attributes are of increasing importance to consumers and marketers. For instance, a survey of more than 28,000 online consumers from 56 countries revealed that 66% of consumers prefer to buy products and services from companies that give back to society, and 59% are willing to invest in these companies (Nielsen, 2012). As a result, the market share of consumer product brands offering ethical attributes is growing rapidly (Nielsen, 2008). At the same time, there is a global rise in the market share of retailer-owned private label brands (PLBs). PLBs—also called store brands (AMA, 2014)—refer to consumer products that carry the retailer’s name (e.g., Walgreens, CVS) or a brand name created by the retailer (e.g., Costco’s Kirkland or Walmart’s Great Value and Our Finest brands) for exclusive distribution in its stores (PLMA, 2014). PLBs are thus consumer products “branded by organizations whose primary economic commitment is distribution rather than production” (Richardson, Dick, & Jain, 1994; p. 28). In the U.S., private label brands represent 17 percent of total sales and PLB sales are growing by about 13 percent annually (Nielsen, 2011). In Europe, the market share of private label brands exceeds 40% in many countries, such as the UK, Germany, Belgium, and Portugal (PLMA, 2013). The growth of PLBs is typically at the expense of manufacturer’s national brands (NBs). NBs are brands of consumer products that are owned and advertised by manufacturers and marketed nationally or internationally (AMA, 2014; e.g., Tylenol, Lay’s, Oasis). In a recent survey (Nielsen, 2013)¹, 46% of North American respondents declared that they would purchase more PLBs when food prices rise, whereas only 7% would buy NBs. Among European respondents, 35% (8%) stated that they would buy more PLBs (NBs) as prices rise.

1. A survey conducted between February 18 and March 8, 2013 polled more than 29,000 online consumers in 58 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America.

Against this backdrop of growing importance of ethical attributes and rising PLB market share, both NBs and PLBs increasingly offer products with ethical attributes. To shed light on the role of ethical attributes in increasing PLB preferences and to contribute to the literature on the effect of ethical product attributes on consumer responses (Brown & Dacin, 1997; Irwin & Naylor, 2009; Lin & Chang, 2012; Luchs et al., 2010; Bodur, Gao, & Grohmann, 2014), the current research examines whether the inclusion of ethical attributes benefits PLBs and NBs differently, and investigates the influence of price level, retailer reputation, and resource synergy beliefs in consumers' responses to PLBs offering ethical attributes. This article proceeds with a discussion of the conceptual framework underlying the effects of ethical attributes on PLB evaluations, and reports three experiments to test these effects. Experiment 1 shows that PLB price level (high vs. low price) moderates ethical attribute effects on PLBs, and identifies consumers' product quality perceptions as the underlying process. Experiment 2 replicates these results and shows asymmetric effects of ethical attribute presence and price level on PLBs and NBs. Experiment 3 extends the findings to ethical attributes offered by PLBs associated with low or high retailer reputation and finds a moderating effect of consumers' resource synergy beliefs. The article concludes with a discussion of implications and future research directions.

Conceptual Background

Ethical Attribute Effects

Firms increasingly engage in different types of social responsibility activities in the domains of consumer, employee, or environmental welfare (e.g., donations to philanthropic causes or commitment to diversity in hiring). Along with corporate philanthropy and ethical business practices, product-related social responsibility activities are an important component of firm's corporation social responsibility initiatives (Peloza & Shang, 2011). Product-related social responsibility activities (hereinafter more concisely referred to as "ethical attributes") encompass product attributes that address social, environmental, or animal welfare concerns (Gupta & Sen, 2013; Irwin & Naylor, 2009; e.g., products that are child-labor free, environmentally friendly, or involve ingredients that are sustainable, non-toxic, not tested on animals) as well as cause-related marketing (i.e., support of a social or environmental cause that is linked to product sales; Varadarajan & Menon, 1988). Although the presence of ethical attributes is often associated with

more favorable product evaluations (Brown & Dacin, 1997), increased product purchase likelihood (Auger, Devinney, Louviere, & Burke, 2008), increased willingness to pay for the product (Trudel & Cotte, 2009) and product choice (Barone, Miyazaki, & Taylor, 2000; Gupta & Sen, 2013), the impact of ethical product attributes on consumers' product evaluations is not always positive. Expected product category benefits, for example, moderate the influence of ethical attributes on product evaluations: Consumers favor ethical attributes to a greater extent in product categories in which gentleness serves as a core benefit (e.g., baby shampoo), but respond negatively to the presence of ethical attributes in product categories in which strength is an important product attribute (e.g., car shampoos; Luchs et al., 2010). The presence of ethical attributes also impacts consumers' judgment of product effectiveness negatively, and increases product consumption to compensate for perceived lack of effectiveness (e.g., for hand sanitizers; Lin & Chang, 2012). Consumers show less preference for products with ethical attributes if the ethical attributes are incongruent with product category benefits—such as utilitarian ethical attributes (e.g., locally sourced ingredients) in symbolic product categories, and symbolic ethical attributes (e.g., cause-related marketing) in utilitarian product categories—compared to products for which ethical attribute and product category benefits are congruent (Bodur et al., 2014). In addition, the value consumers attach to ethical attributes also depends on contextual and individual difference factors: Ethical attributes are valued more when consumers form a consideration set by using an exclusion task rather than an inclusion task (Irwin & Naylor, 2009). Similarly, the activation of consumers' self-accountability increases their preference for products with ethical attributes (Peloza, White, & Shang, 2013). Finally, the weight consumers attach to ethical attributes and subsequent consumer preference for products featuring ethical attributes depends on consumers' resource synergy beliefs (i.e., the extent to which consumers believe that social responsibility activities enhance or detract from a firm's ability to provide high quality products or services) and the time frame associated with the decision (Gupta & Sen, 2013).

Ethical Attributes and Brand Evaluations

The relation between the presence of ethical attributes and consumers' evaluations of product brands offering such attributes is an emergent topic. Research involving national brands in multiple product categories found a positive impact of social responsibility activities on consumers' brand responses: Perceptions of greater brand-level social responsibility resulted in

stronger consumer-brand identification, more positive brand attitudes, purchase intentions, and consumer-based brand equity (Grohmann & Bodur, in press). In an examination of national brands, the brand most strongly associated with social responsibility positioning (i.e., Stonyfield Farm yogurt) benefited from more favorable beliefs regarding the brand's social responsibility, leading to greater consumer-brand identification, and greater brand loyalty and advocacy behaviors, compared to competitor brands positioned on product performance (i.e., Dannon) or merely engaging in social responsibility activities without integrating them into the brand's core positioning (i.e., Yoplait's breast cancer campaign; Du, Bhattacharya, & Sen, 2007). Despite the observed relational advantages (i.e., loyalty and advocacy) arising from the brand's social responsibility positioning, sales did not differ across national brands (Du et al., 2007).

Research on the effects of an embedded premium (EP; i.e., cause-related sales promotions in which a fixed amount or percentage of the price consumers pay for a product is donated to a cause) offered by a national brand carrying the corporate name shows that positive brand associations arising from exposure to the embedded premium do not only benefit the focal product, but carry over to a corporate brand's products in other categories, even if no embedded premium is offered in these categories (Henderson & Arora, 2010). Exposure to embedded premiums offered by the brand in multiple categories did not strengthen this carry-over effect (Henderson & Arora, 2010). In the context of a house-of-brands strategy (i.e., a corporation's brand portfolio consists of multiple brands competing in different categories; Rao, Agarwal, & Dalhoff, 2004), the effectiveness of embedded premiums offered by national brands was inversely related to brand strength in the category, such that brands benefited more from embedded premiums when consumer preferences for brands competing within the category were relatively similar (Henderson & Arora, 2010). In examining the effectiveness of embedded premiums, prior research also found positive embedded premium effects on brand attitude, purchase likelihood, and choice share for both known (i.e., NBs) and unknown (i.e., fictitious) brands (Arora & Henderson, 2007). Importantly, the unknown brand benefited from offering an embedded premium to a greater extent in terms of percentage gains and effect sizes (Arora & Henderson, 2007). This asymmetry has been linked to greater accessibility of the embedded premium as a cue in consumers' evaluation of an unknown brand and a greater potential for positive affect transfer from the embedded premium to the unknown (vs. known) brand (Arora &

Henderson, 2007). Overall, research on ethical attribute effects on consumer responses to NBs suggests that they often entail positive consequences, but depend on the evaluation and competitive context (Arora & Henderson, 2007; Du et al., 2007; Henderson & Arora, 2010) and the type of outcome considered (Du et al., 2007).

To shed more light on brand-level effects of ethical attributes, the current article investigates to what extent ethical attributes benefit retailers' PLBs. It also examines the possibility that consumers respond differently to an ethical attribute offered by PLBs and NBs, investigates the process underlying ethical attribute effects on PLBs, and explores potential moderators. This research seeks to contribute to knowledge regarding the effectiveness of ethical attributes across branding contexts, and to provide guidelines for retail managers who wish to make an informed decision regarding the allocation of resources to the provision of ethical attributes by their PLBs.

Ethical Attribute Effects and PLB Evaluations

In the absence of full information regarding a product's experiential attributes or product performance (i.e. intrinsic cues), consumer evaluations are based on heuristics (i.e., extrinsic cues) such as brand name, price, and retailer reputation (Dodds, Monroe, & Grewal, 1991; Grewal, Krishnan, Baker, & Borin, 1998; Rao & Monroe, 1989). Brand name (e.g., NB versus PLB) has been identified as the most important cue in consumers' inference processes (Dodds et al., 1991; Rao & Monroe, 1989) and in shaping consumer preferences (Richardson et al., 1994). The considerable marketing investment into NBs (e.g., extensive advertising support, sales promotion efforts to encourage trial and direct experience with the brand, innovation, packaging; Steenkamp, Van Heerde, & Geyskens, 2010) results in strongly established NB quality perceptions (Milgrom & Roberts, 1986) and strong consumer-based brand equity perceptions that go beyond high quality inferences (e.g., brand image; Sethuraman, 2003). Relatedly, NB product quality perceptions and willingness to pay for NBs exceed those of PLBs, even if the brands use identical ingredients (Richardson et al., 1994; Sethuraman, 2003). PLBs do not benefit from marketing communications support to the same extent as NBs (Steenkamp et al., 2010) and this may lead to consumer perceptions of PLB quality and non-quality related equity aspect (e.g., brand image) that are less positive compared to NBs (Richardson et al., 1994;

Sethuraman, 2003). More recently, however, retail branding has moved from offering inexpensive generic alternatives to NBs to offering distinct PLBs positioned as “more value for money” as well as multi-tiered PLB strategies (Burt, 2000; Steiner, 2004), including economy (low-price/low-quality), standard (mid-price/mid-quality), and premium (high-price equal or close to the price of a NB/top-quality) PLBs (Geyskens, Gielens, & Gijsbrechts, 2010). Although price serves as an extrinsic cue that strongly affects consumer inferences regarding quality (i.e., price-quality association; Kardes, Cronley, Kellaris, & Posavac, 2004; Monroe & Krishnan, 1985; Rao & Monroe, 1988) and product performance (Shiv, Carmon, & Ariely, 2005), it is a particularly diagnostic extrinsic cue in a multi-tiered PLB strategy context in which higher-priced PLBs are associated with higher quality levels that are comparable to NBs (Burt, 2000).

We propose that—because consumers draw on extrinsic cues when evaluating PLBs—consumers evaluate ethical attributes provided by a PLB in light of extrinsic cues associated with the brand. As a result, positive responses to ethical attribute presence are more likely to arise for PLBs that carry a relatively higher price (e.g., as a high-priced, premium-positioned PLB in a multi-tier PLB portfolio strategy). When consumers perceive a brand to be of higher quality based on extrinsic cues (e.g., high price), they may consider the presence of an ethical attribute as an additional functional (e.g., organic ingredients contribute to product’s healthfulness) or symbolic benefit (e.g., cause-marketing constitutes a contribution to social or environmental welfare) and evaluate the PLB offering an ethical attribute more favorably. We therefore predict that ethical attribute presence enhances consumer evaluations of high-priced (vs. low-priced) PLBs. When it comes to the evaluation of low-priced PLBs, the benefits associated with ethical attributes may not contribute to the brand’s perceived economy (i.e., low price/low quality) positioning, nor compensate for the lower quality levels associated with it (for a similar argument in the corporate social responsibility literature, see Berens, van Riel, & van Rekom, 2007). An ethical attribute introduced by a low-priced PLB may therefore not positively influence brand evaluations, but have detrimental effects, because the ethical attribute is not in line with the PLB’s economy positioning and the PLB could conceivably offer the product at a lower price if it did not incur the costs associated with offering the ethical attribute. We therefore expect that an ethical attribute offered by a low-priced PLB negatively affects brand evaluations.

This pattern of consumer responses to ethical attributes associated with a PLB likely

extends to contexts where retailer reputation serves as an extrinsic cue in consumers' evaluation of the PLB. Retailer reputation reflects a retailers' commitment to quality (Dawar & Parker, 1994; Dodds et al., 1991) in that retailers with a high reputation are motivated to maintain it by continuously offering products and brands of high quality (Purohit & Srivastava, 2001). Brands carried by a highly reputed retailer may thus benefit from the positive quality associated with the retailer. Based on this discussion of the effect of extrinsic cues (i.e., price, retail reputation) on consumers' evaluation of PLBs offering ethical attributes, we hypothesize:

H1: The presence of an ethical attribute and extrinsic cues interact in influencing PLB evaluations, such that the presence (vs. absence) of an ethical attribute enhances evaluations of a PLB in the context of extrinsic cues signaling high quality (i.e., higher price or retailer reputation), whereas the presence (vs. absence) of an ethical attribute decreases evaluations of a PLB in the context of extrinsic cues signaling low quality (i.e., lower price or retailer reputation).

While this hypothesis suggests that the evaluations of PLBs offering ethical attributes are influenced by extrinsic cues (i.e., price, retailer reputation) in the evaluation context, we do not expect that these cues affect consumers' evaluation of NBs offering ethical attributes. Given the weight a NB name carries in consumers' quality and product performance perceptions (Dodds et al., 1991; Rao & Monroe, 1989), consumers' NB evaluations should not be as susceptible to additional extrinsic cues (e.g., price, retailer reputation) as their PLB evaluations might be.

The Mediating Role of Quality Perceptions

The preceding discussion suggests that the extent to which consumers believe that the presence of an ethical attribute might influence overall quality by offering additional benefits may play a critical role in consumers' evaluations of PLBs that offer ethical attributes. We therefore expect that perceived quality mediates the ethical attribute \times extrinsic cue interaction on consumers' PLB evaluations in the following manner: When a PLB offers an ethical attribute in the context of an extrinsic cue signaling higher quality (i.e., higher price or retailer reputation), consumers likely perceive that the ethical attribute positively relates to overall product quality, and subsequently evaluate the PLB more favorably. When a PLB offers an ethical attribute in the context of an extrinsic cue signaling lower quality (i.e., lower price or retailer reputation), the

brand signals economy positioning (Geyskens et al. 2010), and consumers may not consider that the ethical attribute contributes to the expected brand benefits (i.e., offering lower quality but at a more affordable price) and the overall quality of the product offering. This indicates that consumers' quality perceptions mediate the interactive effect of ethical attribute presence and extrinsic cues on consumers' PLB evaluations for extrinsic cues signaling high quality.

H2: Perceived quality mediates the interaction effect of ethical attribute and extrinsic quality cues on PLB evaluations, such that the presence of ethical attribute offered by a PLB in a context of extrinsic quality cues signaling high quality (i.e., higher price or retailer reputation) enhances perceived quality and, in turn, enhances brand evaluations.

The presence of ethical attribute offered by a PLB in a context of extrinsic quality cues signaling low quality (i.e., lower price or retailer reputation) should not influence perceived quality and subsequent brand evaluations.

The Moderating Role of Resource Synergy Beliefs

Consumers' reactions to the use of ethical attributes by NBs and PLBs may also be influenced by resource synergy beliefs—consumer beliefs regarding the relationship between the resources invested in and the value added by social responsibility activities (Gupta & Sen, 2013). Consumers with positive resource synergy beliefs associate social responsibility investments with increases in expertise, innovativeness, and capabilities to provide better products (Gupta & Sen, 2013). Consumers who hold negative resource synergy beliefs, on the other hand, consider that an engagement in social responsibility activities is at the expense of product quality or innovativeness (Gupta & Sen, 2013). In the context of PLBs offering products with ethical attributes, consumers with positive resource synergy beliefs likely perceive that a brand's investment in ethical attributes allows the brand to offer incremental functional or symbolic value. As a result, evaluations of PLBs offering ethical attributes should increase. For consumers with negative resource synergy beliefs, the implied trade-off between the PLB's investments in ethical attributes and product quality is likely to be most salient when the inferred quality of the product is initially low (e.g., based on an extrinsic cue suggesting low quality). Extrinsic cues suggesting higher quality, on the other hand, may reassure consumers with negative resource

synergy beliefs that the ethical attribute does not come at the cost of product performance. As a result, for consumers with negative resource synergy beliefs, the presence of an ethical attribute should harm PLB evaluations in the presence of an extrinsic cue signalling low quality, but not in the presence of an extrinsic cue signalling high quality. In sum, we expect that—for consumers with negative resource synergy beliefs, ethical attribute presence in the context of an extrinsic cue signalling low quality decreases PLB evaluations. For consumers with negative resource synergy beliefs exposed to an ethical attribute in the context of an extrinsic cue signalling high quality, on the other hand, PLB evaluations should not decrease. Consumers with positive resource synergy beliefs should evaluate a PLB offering an ethical attribute positively, regardless of the quality level signaled by an extrinsic cue.

H3: Consumers' resource synergy beliefs moderate the interactive effect of ethical attribute presence and extrinsic cues, such that consumers with negative resource synergy beliefs evaluate a PLB offering an ethical attribute (vs. no ethical attribute) more negatively in the context of an extrinsic low quality cue, but not in the context of an extrinsic high quality cue. Consumers with positive resource synergy beliefs evaluate the PLB offering an ethical attribute (vs. no ethical attribute) more positively regardless of extrinsic cue context.

Contributions of this Research

This research examines to what extent the effectiveness of ethical attributes differs across extrinsic cue levels and brands (PLBs, NBs), to what extent this effect is driven by consumers' quality perceptions, and to what extent consumers' resource synergy beliefs moderate this effect. In focusing on these questions, the current article extends prior research in several ways: First, Arora and Henderson (2007) documented asymmetric effects embedded premiums, with unknown (fictitious) brands benefiting more from their inclusion compared to known (national) brands. This effect was explained in terms of a positive impact of a favorably valenced cue (i.e., the EP) on consumer responses to brands for which consumers had no prior associations. The current research adds to these findings by investigating to what extent brands with prior associations (i.e., PLBs) might benefit from offering ethical attributes and what role price and retailer reputation play in consumers' responses to ethical attributes offered by such brands. As

such, in addition to extending the scope of ethical attributes examined (i.e., product-based ethical attributes rather than cause-marketing such as EP), the current research addresses the interactive effect of factors contributing to the success of ethical attributes that have not received much attention.

Second, this research also extends findings that show that quality is implicated in the relation between corporate social responsibility (CSR) and firm market value (Luo & Bhattacharya, 2006). Previous research based on secondary data found that firms' product quality (as a dimension of corporate ability) influences the relation between CSR and firms' market value to some extent—such that high levels of product quality enhances the market value of CSR, whereas low levels of product quality do not have a detrimental influence on the relation between CSR and firms' market value—with this relation being partially mediated by consumer satisfaction (Luo & Bhattacharya, 2006). Although this research included firms subsuming a wide range of product, service, and retail brands, brand-level implications of social responsibility activities were not considered. The current research examines the role of quality in the relation between ethical attribute presence and brand-related consumer responses from a different perspective in that it focuses on the causal relationship between ethical attribute presence, brand type (PLB vs. NB), and extrinsic quality cues (price, retailer reputation) on consumers' quality perceptions and subsequent responses to the brand in an experimental context involving product brands (both PLBs and NBs). Not only does the current article elucidate the differential role of extrinsic quality cues (moderators) and consumers' quality perceptions (mediator); it also examines the possibility that ethical attributes do not benefit all brands to the same extent and uniquely addresses the need to understand the potential benefits of offering ethical attributes in a competitive context involving PLBs and NBs.

Third, by considering the moderating role of consumers' resource synergy beliefs, the current article adds to current understanding of the extent to which individual difference variables influence the relationship between ethical attributes and consumers' brand evaluations. This research builds on Sen and Gupta's (2013) work by considering the moderating role of synergy beliefs on consumers' evaluations of ethical attributes provided by NBs and PLBs. Gupta and Sen (2013) manipulated consumers' resource synergy beliefs experimentally and examined its moderating role on the weighing of ethical attributes (Experiment 1) and preference

(Experiment 2) of fictitious brands in the context of near versus distant decision time frames. Results suggested that consumers in the negative resource synergy belief condition weighted ethical attributes more heavily and preferred the product offering ethical attributes when considering the brands with regard to a distant (vs. close) timeframe, whereas consumers in the positive resource synergy condition were not sensitive to timeframe information. The current article adds to these findings in that it shows a moderating effect of resource synergy beliefs—treated here as a measured individual difference variable—on consumer responses to ethical attributes of existing brands. More specifically, the current research finds that PLB evaluations of consumers holding negative resource synergy beliefs depend on the nature of additional extrinsic quality cues (i.e., retailer reputation), whereas consumers holding positive resource synergy beliefs respond favorably to a PLB offering ethical attributes regardless of extrinsic cue information.

We now turn to the description of three experiments that empirically test the effect of ethical attributes on PLB evaluations in the presence of extrinsic cues signaling low versus high quality (H1; experiments 1, 2 and 3), the mediating role of perceived quality (H2; experiments 1, 2, and 3), and the moderating effect of resource synergy beliefs (H3; experiment 3).

Experiment 1: Effects of Ethical Attributes on PLBs at Different Price Levels

This experiment examined whether an ethical attribute enhances PLB evaluations in the presence of an extrinsic cue signaling high quality (i.e., high price), but decreases PLB evaluations when there is an extrinsic cue signaling low quality (i.e., low price; H1). This experiment also investigated the mediating role of quality—operationalized here in terms of perceived quality impact of the ethical attribute—in this process (H2). The focus was on the presence (vs. absence) of a product-related ethical attribute (i.e., natural and locally grown ingredients) in the evaluation of potato chips—a product category with strong PLB presence.

Pretest

When consumers evaluate PLBs in a retail context, alternative NBs are usually available. To mimic a multi-brand evaluation context, we presented the focal PLB next to a NB alternative.

To verify that perceived quality level was indeed lower for the PLB and to allow the experimental manipulation of quality perceptions due to an extrinsic cue (i.e., price level), we conducted a pretest. Twenty-two Canadian consumers (35% female, between the ages of 19 and 46, $M_{\text{age}} = 29.18$, $SD = 7.99$) received \$.73 to complete an online pretest via Mechanical Turk (MTurk) in which they rated the perceived quality of a set of NBs and PLBs (1 = *low quality*, 7 = *high quality*). Pretest results indicated that—in the potato chips product category—consumers considered Lay’s ($M = 5.47$, $SD = 1.33$) to be of higher quality than Our Finest offered by Walmart ($M = 3.01$, $SD = 1.07$; $F(1,21) = 32.58$, $p < .01$). In experiment 1, Our Finest thus served as the PLB and Lay’s as the NB.

Method

Experiment 1 used a 2 (ethical attribute: present vs. absent) \times 2 (PLB price: high vs. low) between-participants design with the within-participants presentation of the NB and PLB in all conditions. We counterbalanced PLB presentation (to the left or right of NB). A total of 81 Canadian consumers from a metropolitan area (46% female, between the ages of 19 and 61, $M_{\text{age}} = 25.6$, $SD = 9.56$) completed a paper-and-pencil questionnaire for a chance to win a \$100 prize. Participants were randomly assigned to one of the experimental conditions. Due to missing responses, data from two participants was excluded from the analysis, resulting in a final sample of 79 participants.

Participants saw descriptions of a PLB (Our Finest) and an NB (Lay’s) in the potato chips product category that included or did not include an ethical product attribute for both the NB and the PLB. The PLB price manipulations comprised a high-price condition (PLB priced 5% lower than the NB: \$3.59) or the low-price condition (PLB priced 40% lower than the NB). The NB carried a \$3.79 price tag in both conditions, reflecting the average price of Lay’s chips at several local grocery stores at the time of data collection. Recent research suggests that grocery PLBs are priced around 25% lower than NBs, with frequent price promotions of 20-30% (Volpe, 2011). We also checked potato chips prices at local supermarkets and observed price differences of up to 50% between NBs and PLBs. In light of these observations, the price difference of 5% and 40% between NB and PLB used in this experiment is realistic.

Participants evaluated both the PLB and the NB (“how would you rate [brand] potato

chips?” 1 = *extremely unappealing*, 100 = *extremely appealing*; Bodur et al., 2014), completed a measure of perceived quality impact of the ethical attribute (“how much would the ethical attribute [i.e., made from natural and locally grown ingredients] improve the quality of product?” 1 = *does not improve quality at all*, 7 = *improves quality*), and rated the importance of the ethical attribute (“how important is the following attribute to you: product is made from natural and locally grown ingredients”, 1 = *not important at all*, 7 = *very important*).

Results

The presentation order of PLB (to the left or right of NB) did not have any significant main effect or interaction effects with any of the other factors (all F s < 1, p s > .30). The subsequent analysis is thus based on pooled data. Given this study’s focus on ethical attribute effects on PLB evaluations, we conducted an ANOVA with PLB evaluations as the dependent variable, and ethical attribute presence and price level as the independent variables. Results showed a significant interaction effect of ethical attribute presence and price level ($F(1, 75) = 8.08, p < .01$, partial $\eta^2 = .09$), such that when PLB price was high, the ethical attribute marginally increased PLB evaluations ($M_{\text{NoEthical-HighP}} = 38.94, SD = 22.45; M_{\text{Ethical-HighP}} = 54.17, SD = 25.51; F(1, 75) = 2.97, p < .10$, partial $\eta^2 = .04$). When PLB price was low, however, the ethical attribute reduced PLB evaluations ($M_{\text{NoEthical-LowP}} = 64.40, SD = 29.52; M_{\text{Ethical-LowP}} = 45.39, SD = 26.64; F(1, 75) = 5.39, p < .05$, partial $\eta^2 = .07$). These results support hypothesis 1. Figure 2.1 illustrates these findings. When NB evaluation served as a covariate, the interaction effect remained significant ($F(1, 75) = 7.56, p < .01$) and the interaction pattern was consistent.

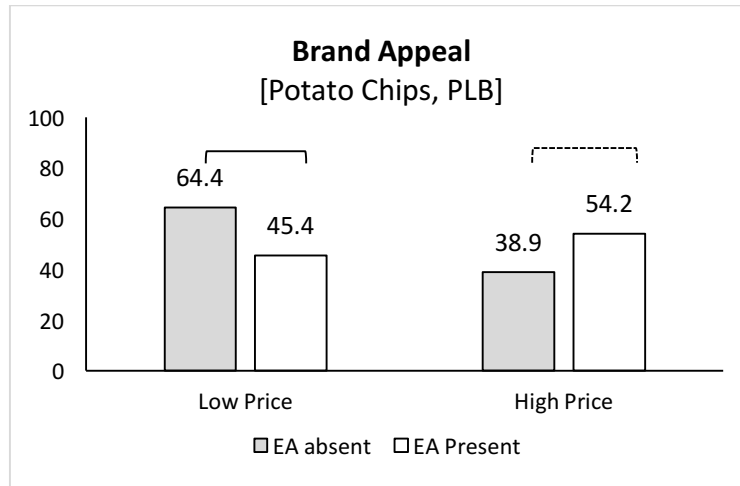


Figure 2.1. The effect of ethical attributes on PLB with different price levels (Experiment 1).

Note: Solid brackets indicate significant differences at $p < .05$ and dashed brackets at $p < .10$.

A follow-up regression analysis—with price, ethical attribute presence, and ethical attribute importance serving as predictors and NB evaluations as control variable—investigated whether ethical attribute importance influenced PLB evaluation. None of the effects involving ethical attribute importance reached significance (all $ps > .15$), eliminating individual differences in weighting of the ethical attribute as a potential explanation for the observed effects.

We further tested the conditional (on price) indirect effect of ethical attribute on PLB evaluations through perceived quality impact of the ethical attribute using PROCESS (Hayes, 2013; model 8, 5,000 bootstrap samples). We included ethical attribute presence as predictor (ethical attribute present = 1, absent = -1), price as the moderator (high price = 1 and low price = -1), PLB evaluation as the criterion, NB evaluation as the control, and perceived quality impact of the ethical attribute as the mediator. In support of H2, there was a significant indirect effect of the highest order interaction (total indirect effect = 1.54, SE = 1.09, 95% CI [.02, 4.50]). When PLB price was high, there was a marginally significant and positive indirect effect through perceived quality influence (conditional indirect effect = 1.36, SE = 1.29, 90% CI [.02, 4.47]). When PLB price was low, however, there was a marginally significant and negative indirect effect (conditional indirect effect = -1.72, SE = 1.35, 90% CI [- 4.76, -.15]). There was a significant interaction effect on perceived quality impact of the ethical attribute ($B = 4.43$, $t = 2.38$, $p < .05$), and perceived quality impact of the ethical attribute had a marginally significant

impact on PLB evaluation ($B = 3.60$, $t = 1.90$, $p = .06$). The direct effect of the ethical attribute was not significant after accounting for the indirect effect.

In regard to NB evaluations, an ANOVA with NB evaluations serving as the dependent variable, and ethical attribute presence as the independent variable indicated that the ethical attribute did not improve NB evaluations ($M_{\text{NoEthical}} = 85.19$, $SD = 13.48$; $M_{\text{Ethical}} = 84.58$, $SD = 14.11$; $F(1, 77) = .04$, $p > .80$). Introducing PLB price as a factor and PLB evaluation as a covariate did not change these results. These results suggest that, although the ethical attribute influenced PLB evaluations in conjunction with price, it did not affect NB evaluations.

Discussion

Experiment 1 demonstrated that an ethical attribute enhanced evaluations of a PLB when a high price (within 5% of NB price) served as an extrinsic cue signaling higher quality. When PLB price was low (40% lower than NB price), however, the ethical attribute hurt PLB evaluations. Perceived quality impact of the ethical attribute mediated the conditional effect of the ethical attribute on PLB evaluations. The importance consumers attached to the ethical attribute did not explain these findings. Overall, experiment 1 suggests that price level is a boundary condition to the positive effect of ethical attribute on PLB evaluation. High PLB price serves as a quality indicator (Monroe & Krishnan, 1985; Rao & Monroe, 1988), such that addition of ethical attribute adds to the perceived quality, and increases PLB evaluations. When the PLB carries a low price, however, addition of an ethical attribute reduced PLB evaluation. These results suggest that ethical attributes benefit high-price PLBs, but harm low-price PLBs.

In this experiment, ethical attributes did not affect NB evaluation. This may be indicative of a ceiling effect: NB evaluations were generally higher than PLB evaluations (84.91 vs. 51.94). As experiment 1 focused on ethical attribute effects on PLB evaluation, NB price was not manipulated and the NB was always presented along the PLB. We address these issues and further investigate the impact of ethical attribute on NB evaluations in experiment 2.

Experiment 2: Effect of Ethical Attributes on PLBs and NBs at Different Price Levels

Experiment 1 revealed that a positive ethical attribute effect on PLB evaluations emerged when the PLB carried a high price, whereas the ethical attribute backfired when the PLB carried

a low price. Experiment 2 replicates these findings in a different product category (orange juice) and examines the effect of ethical attribute and price on PLB and NB evaluations in a between-participants design. To understand the underlying process, we further investigate mediation through overall quality perceptions of the brand, using a direct measure of perceived quality.

Pretest

This pretest identified a national brand and a private label brand that were similar in terms of brand familiarity, brand preference, CSR perceptions of the brand, fit of the ethical attribute with the brand, and quality perceptions, in order to ascertain that the proposed process based on quality perceptions can be attributed to the experimental factors. Twenty-six students (57% female, between the ages of 18 and 28, $M_{age} = 21.19$, $SD = 2.55$) from a large metropolitan university in Canada—recruited from the same population as the main experiment—participated in a PC-based pretest in the lab in exchange for course credit. Participants rated a set of NBs and PLBs in terms of brand familiarity (1 = *low familiarity*, 9 = *high familiarity*), brand quality (1 = *low quality*, 7 = *high quality*), brand preference (1 = *unfavorable*, 7 = *very favorable*), CSR perceptions of the brand ($\alpha = .92$, four items, e.g., “to what extent do you agree that [brand] gives back to the communities in which it does business/is a socially responsible brand”; 1 = *strongly disagree*, 7 = *strongly agree*), and brand-ethical attribute fit (1 = *low fit*, 7 = *high fit*). We selected Oasis as the NB and President’s Choice as the PLB based on paired t-tests indicating that these brands did not differ in brand familiarity ($M_{Oasis} = 8.35$, $SD = 1.33$, $M_{PC} = 8.12$, $SD = 1.18$, $p > .47$), brand preference ($M_{Oasis} = 5.20$, $SD = 1.71$, $M_{PC} = 5.24$, $SD = 1.13$, $p > .91$), CSR perceptions of the brand ($M_{Oasis} = 4.41$, $SD = 1.55$, $M_{PC} = 4.34$, $SD = 1.16$, $p > .79$), brand-ethical attribute fit ($M_{Oasis} = 5.23$, $SD = 1.56$, $M_{PC} = 5.54$, $SD = 1.24$, $p > .37$), and quality ($M_{Oasis} = 5.19$, $SD = 1.65$, $M_{PC} = 5.00$, $SD = 1.41$, $p > .61$). In a second pretest (n = 49, between the ages of 18 and 37, $M_{age} = 22.1$, $SD = 3.40$, 43% females)—conducted as part of an unrelated study with participants from the same population—we measured perceived ethicality of a number of ethical attributes (“how ethical do you think the following attribute is? [ethical attribute description]”, 1 = *not at all ethical*, 7 = *very ethical*). The attribute “made from naturally supplied ingredients/materials” was perceived to be ethical ($M = 5.78$, $SD = 1.45$; compared to scale mid-point (4): $t(48) = 8.47$, $p < .01$) and thus served as the focal ethical attribute in experiment 2.

Method

Experiment 2 used a 2 (ethical attribute: present vs. absent) \times 2 (brand type: PLB vs. NB) \times 2 (price: high vs. low) between-participants design. A total of 197 students (46% female, between the ages of 17 and 39, $M_{\text{age}} = 21.5$, $SD = 3.3$) participated in a PC-based study in exchange for course credit. Participants saw descriptions for a PLB (President's Choice) or NB (Oasis) in the orange juice category. The descriptions either included (EA present) or did not include an ethical attribute (EA absent). The price manipulations were based on the regular prices for three leading brands observed at multiple outlets of three different retailers at the time of data collection. The average of these prices was used as the high price manipulation. The price presented in the low price condition was 40% below the regular price. This depth of promotion is consistent with the range of price promotion depths observed in NB/PLB prices in major supermarket chains (Volpe, 2011) and the depth of price promotions reported in earlier research (Tellis & Zufryden, 1995). Given that the price manipulation was between-participants, low/high price levels were applied to both NB and PLB.

Measures

Brand appeal and brand attitude served as measures of brand evaluation. Brand appeal was measured on a 100-point scale ("how appealing is [brand] orange juice?" 1 = *extremely unappealing*, 100 = *extremely appealing*). The brand attitude measure consisted of three seven-point scales ($\alpha = .95$; "how would you evaluate [brand] orange juice?" 1 = *unfavorable/bad/negative*, 7 = *favorable/good/positive*). We obtained a measure of the overall quality of the brand ("how would you rate the overall quality of [brand] orange juice?" 1 = *low quality*, 7 = *high quality*). As a control variable, we also measured the relevance of the ethical attribute to the brand ("how relevant is offering products made from natural and locally supplied ingredients/materials to [brand]?" 1 = *not at all relevant*, 7 = *very relevant*).

Results

A MANOVA with brand appeal and attitude as the dependent variables revealed more favorable NB evaluations overall (i.e., main effect of brand: $F(2, 188) = 13.32$, $p < .01$, partial $\eta^2 = .12$). This effect was qualified by a three-way interaction of brand, ethical attribute, and price

($F(2, 188) = 4.53, p < .01, \text{partial } \eta^2 = .05$). At the univariate level, results were consistent, with minor differences across the two dependent measures: For brand attitude, there was a significant main effect of brand ($F(1, 189) = 25.85, p < .01, \text{partial } \eta^2 = .12$), a significant two-way interaction of ethical attribute and price ($F(1, 189) = 4.30, p < .05, \text{partial } \eta^2 = .02$), and a three-way interaction of brand, ethical attribute, and price ($F(1, 189) = 6.02, p < .01, \text{partial } \eta^2 = .03$). When the price was high, consumers evaluated the PLB more favorably when it offered an ethical attribute ($M_{\text{PLB-E-HiP}} = 5.55, SD = .77$) versus not ($M_{\text{PLB-NE-HiP}} = 4.90, SD = 1.61; F(1, 189) = 5.04, p < .05, \text{partial } \eta^2 = .03$). When the price was low, the inclusion of an ethical attribute backfired, such that the PLB without the ethical attribute was evaluated more favorably ($M_{\text{PLB-NE-lowP}} = 5.58, SD = 1.18$) compared to the PLB with the ethical attribute ($M_{\text{PLB-E-LoP}} = 4.81, SD = 1.33; F(1, 189) = 5.01, p < .05, \text{partial } \eta^2 = .03$). For the NB, brand attitude did not change with the introduction of the ethical attribute at low or high price level (all F s $< 1, p$ s $> .20$). Figure 2.2 illustrates this interaction.

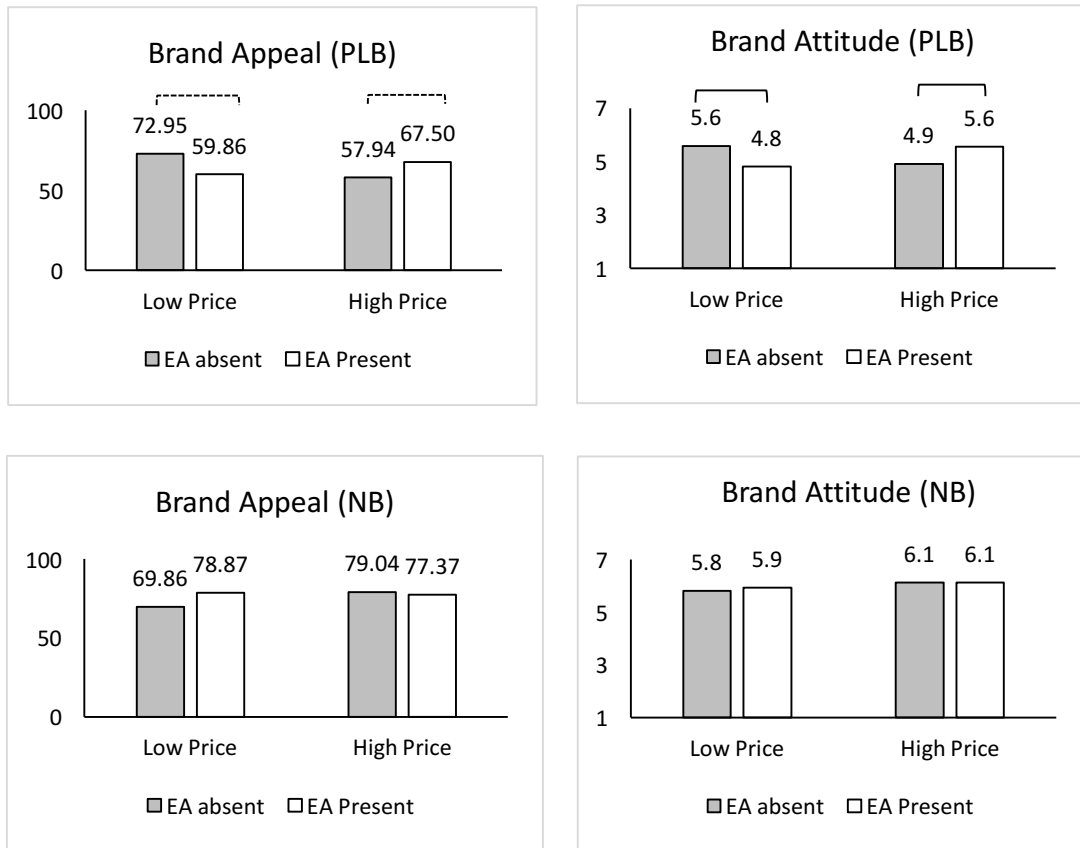


Figure 2.2. Impact of price, ethical attribute (EA), and brand on evaluations (Experiment 2)

When brand appeal served as the dependent variable, there was a significant main effect of brand ($F(1, 189) = 17.29, p < .01, \text{partial } \eta^2 = .08$) and a significant three-way interaction ($F(1, 189) = 8.73, p < .01, \text{partial } \eta^2 = .04$): When the price was high, consumers found the PLB more appealing when it had an ethical attribute ($M_{\text{PLB-E-HiP}} = 67.50, SD = 16.25$) versus not ($M_{\text{PLB-NE-HiP}} = 57.94, SD = 23.96; F(1, 189) = 3.38, p = .07, \text{partial } \eta^2 = .02$). When the price was low, the PLB with the ethical attribute was perceived as less appealing ($M_{\text{PLB-E-LoP}} = 59.86, SD = 25.76$) compared to the PLB without the ethical attribute ($M_{\text{PLB-NE-LoP}} = 72.95, SD = 20.01; F(1, 189) = 4.47, p < .05, \text{partial } \eta^2 = .02$). For the NB, ethical attribute did not have an effect, regardless of whether the price was high or low (all $ps > .12$). The multivariate contrasts were marginally significant, but consistent: The high priced PLB was evaluated more favorably when it had an ethical attribute versus not ($F(2, 188) = 2.82, p = .06, \text{partial } \eta^2 = .03$), whereas the low priced PLB was evaluated less favorably when it had an ethical attribute versus not ($F(2, 188) = 2.60, p = .08, \text{partial } \eta^2 = .03$). For the NB, there were no significant differences at the multivariate level (all $Fs < 1.6, ps > .20$). Overall, univariate and multivariate interaction patterns support hypothesis 1.

Mediating role of quality perceptions. We further tested the conditional (on price) indirect effect of ethical attribute on brand evaluation through perceived quality. PROCESS (Hayes, 2013; model 12, 5,000 bootstrap samples)—with ethical attribute presence as the predictor (ethical attribute = 1 and control = -1), price (high price = -1 and low price = 1) and brand (national brand = 1, PLB = -1) as the moderators, brand appeal as the criterion, and perceived quality as the mediator—indicated that quality perceptions mediated the effect of the highest order (three-way) interaction on brand appeal (total indirect effect = -1.88, SE = .95, 95% CI [- .03, -3.80]). The conditional indirect effect was marginally significant for the PLB at high price (conditional indirect effect = 3.13, SE = 1.96, 90% CI [.06, 6.56]), suggesting that an ethical attribute, when introduced with a high price, improved quality perceptions and consequently, brand appeal. As expected, when the price was low, the indirect effect of the ethical attribute on PLB appeal was negative, but not significant (conditional indirect effect = -4.18, SE = 2.53, $p > .10$). There was a significant three-way interaction effect on perceived quality ($B = -.16, SE = .08, t = -2.01, p < .05, 95\% \text{ CI } [-.01, .33]$) and there was a significant positive impact of perceived quality on brand appeal ($B = 11.47, SE = .94, t = 12.20, p < .01, 95\% \text{ CI } [9.62, 13.33]$).

The results were similar with regard to brand attitude: perceived quality mediated the effect of the highest order (three-way) interaction on brand attitude (total indirect effect = $-.14$, $SE = .07$, 95% CI: $[-.01, -.28]$). When PLB price was high, the conditional indirect effect on PLB attitude was positive and marginally significant (conditional indirect effect = $.23$, $SE = .14$, 90% CI $[.01, .47]$), suggesting that an ethical attribute coupled with a high price improved quality perceptions and subsequent PLB attitude. When the price was low, the indirect effect of the ethical attribute on PLB attitude was negative, but not significant (conditional indirect effect = $-.31$, $SE = .19$, $p > .10$). There was a significant three-way interaction effect on perceived quality ($B = -.16$, $SE = .08$, $t = -2.01$, $p < .05$, 95% CI $[-.01, -.33]$) and a significant positive impact of perceived quality on brand attitude ($B = .84$, $SE = .03$, $t = 25.56$, $p < .01$, 95% CI $[.78, .91]$). The indirect effect of ethical attribute on NB appeal or attitude was not significant in the low and high price conditions. Overall, the mediation results with both dependent variables support hypothesis 2.

Eliminating alternative explanations. An potential alternative explanation for the differential NB versus PLB evaluations is that the ethical attribute may be perceived as more relevant to one of the brands. An ANOVA with relevance of the ethical attribute to the brand as the dependent variable, brand, ethical attribute presence, and price as the independent variables revealed no significant difference between the brands ($p > .10$) and none of the other main or interaction effects were significant. When we included ethical attribute relevance as a covariate in the analysis, there was a significant main effect of ethical attribute relevance on both brand appeal and brand attitude ($F_s > 19$, $p_s < .01$). However, the significance level and the effect size for the three-way interaction reported earlier improved for both brand appeal ($p = .002$, partial $\eta^2 = .050$) and brand attitude ($p = .012$, partial $\eta^2 = .033$). The interaction pattern did not change, ruling out differential relevance of ethical attribute to the brands as an alternative explanation.

Secondly, ethical attributes might be more effective in increasing choice likelihood for unknown brands, such that—if consumers have little knowledge about a given brand—the marginal impact of ethical attribute information on brand evaluations increase (Arora & Henderson, 2007). This explanation cannot account for the current results, as this study employed real brands that were pretested and selected based on similar brand familiarity levels.

Discussion

Experiment 2 showed that the impact of an ethical attribute on brand evaluations depends on the brand type (PLB or NB) and the presence of an extrinsic quality cue (price level), and that quality perceptions mediate the effect of ethical attribute on PLB evaluations at high price levels. For PLBs, the ethical attribute increased brand evaluations only when the extrinsic cue (i.e., high price) signaled higher quality, but hurt evaluations when the extrinsic cue (i.e., lower price) signaled lower quality. This supports H1. Based on pretest results and additional analyses, brand familiarity, CSR perceptions of the brands, brand-ethical attribute fit, and relevance of the ethical attribute to the brand were eliminated as alternative explanations. Notably the ethical attribute did not improve NB evaluations at any price level, which is consistent with experiment 1 results. The absolute level and similarity of preference for NB and PLB determined in the pretest suggests that a ceiling effect in NB evaluations is not a likely explanation of NB related findings.

In experiments 1 and 2, price served as an extrinsic cue, but based on the literature, other extrinsic cues may affect consumers' brand evaluations. One such cue is reputation of the retailer offering the PLB. An investigation of this cue could lead to actionable implications regarding what type of retailer could benefit more from introducing ethical attributes as part of their PLB offering. Experiment 3 addresses this question.

Experiment 3: Effects of Ethical Attributes on PLBs across Retailer Reputation Levels

Experiments 1 and 2 showed a positive impact of the ethical attribute on PLB evaluation when high price served as a quality cue for PLB. In experiment 3, we use retailers' reputation regarding quality—hereinafter referred to as retailer reputation—to test whether the ethical attribute improves (weakens) brand evaluation of a PLB offered by a retailer associated with high (low) retail reputation. Based on previous literature (Lin & Chang, 2012), we employed a different ethical attribute (i.e., environmentally friendly ingredients) for personal care and household cleaning products (i.e., hand soap and laundry detergent) in this study. This study also tested H3 regarding the moderating role of consumers' resource synergy beliefs.

Pretest

This pretest sought to identify retailers with differential quality reputations, but similar

levels of familiarity and CSR perceptions. Twenty-four Canadian students (54% female, between the ages of 20 and 39, $M_{\text{age}} = 21.8$, $SD = 3.9$)—recruited independently from the main study sample—received course credit to complete a PC-based pretest. Participants rated a set of retailers on measures relevant to potential confounding factors and the intended manipulation, such as perceived familiarity (1 = *low familiarity*, 7 = *high familiarity*), retailer’s reputation (1 = *low quality*, 7 = *high quality*, retailer’s CSR perception ($\alpha = .79$, four items, e.g., “to what extent do you agree that [retailer] is a socially responsible brand?” 1 = *strongly disagree*, 7 = *strongly agree*), and retailer-ethical attribute fit (“if [retailer] were to introduce environmentally friendly products, how would you evaluate their fit with [retailer]?” 1 = *low fit*, 7 = *high fit*). Based on the pretest findings, we selected the (national) retailers IGA and Maxi for inclusion in experiment 3: The retailer IGA ($M_{IGA} = 6.71$, $SD = 3.41$) was associated with a higher retailer reputation than Maxi ($M_{MAXI} = 5.38$, $SD = 3.47$; $t(23) = 6.22$, $p < .01$), but the retailers did not differ in familiarity ($p > .61$), retailer’s CSR perceptions ($p > .58$), or retailer-ethical attribute fit ($p > .10$).

Method

Experiment 3 employed a 2 (ethical attribute: present vs. absent [control]) \times 2 (retailer reputation: high vs. low) \times 2 (product category: hand soap, laundry detergent) mixed design with ethical attribute and retailer reputation as between-participants factors and product category as within-participants factor. A total of 147 university students from a large Canadian metropolitan area (53% female, between the ages of 17 and 32, $M_{\text{age}} = 21.2$, $SD = 2.7$) participated in this PC-based study in exchange for course credit.

Participants read the descriptions of a fictitious PLB (Labrada) introduced by a retailer with either high retail reputation (IGA) or low retail reputation (Maxi) in the hand soap and laundry detergent categories. The order of product category presentation was counterbalanced. The use of a fictitious PLB allowed us to use an identical PLB manipulation across the two retailers to preclude confounds. Because the introduction of multiple PLBs is a common practice among retailers (Geyskens et al., 2010), this manipulation has ecological validity. The descriptions included an ethical attribute (EA present) or did not (EA absent). To ascertain external validity, the prices presented in this study were determined by obtaining the average regular price of three existing brands in each product category that were readily available at three

different local retailers at the time of data collection.

Measures

In each product category, participants evaluated the PLB on a number of relevant measures, including PLB evaluation (“on a scale of 1-100, how appealing is Labrada [product] offered by [retailer]?”), overall quality of the brand (“how would you rate the overall quality of [brand] [product]?” 1 = *low quality*, 7 = *high quality*), and perceived quality impact of the ethical attribute (“how much would the following attribute influence the quality of [product] [environmentally friendly ingredients]” 1 = *decreases quality*, 7 = *increases quality*). Note that different from experiment 1, we revised the scale anchors to capture perceptions of quality decreases as well as increases. We measured individual-level resource-synergy beliefs, using a five-item scale based on Gupta and Sen (2013; $\alpha = .94$; e.g., “socially responsible behavior by firms is often accompanied by inferior product offerings,” 1 = *strongly disagree*, 7 = *strongly agree*). We also included other measures to assess potential confounding variables, including perceived ethicality of the focal attribute (“how ethical do you think the following attribute [environmentally friendly ingredients] is ...” 1 = *not at all ethical*, 7 = *very ethical*), relevance of the ethical attribute to the retailer (“how relevant is the following attribute to [retailer] [environmentally friendly ingredients]”, 1 = *not at all relevant*, 7 = *very relevant*), brand-self connection ($\alpha = .93$, five items, based on Escalas & Bettman, 2003; e.g., “[brand] reflects who I am,” “I can identify with [brand],” “I consider [brand] to be me,” 1 = *strongly disagree*, 7 = *strongly agree*).

Results

The focal ethical attribute used in this study was perceived to be ethical ($M = 6.21$, $SD = 1.13$; comparison to scale mid-point (4): $t(145) = 23.54$, $p < .01$) and relevant to the retailers ($M = 5.20$, $SD = 1.52$; comparison to scale mid-point (4): $t(146) = 9.58$, $p < .01$). There were no significant differences between the retail reputation conditions in terms of perceived ethicality of the environmentally friendly attribute ($F < .01$, $p > .90$), the relevance of the ethical attribute to the retailer ($F < .50$, $p > .40$), or brand-self connection ($F < .60$, $p > .40$). An initial repeated-measures ANOVA with product category (within-participants factor), ethical attribute presence, retailer reputation, and product category presentation order as independent variables and PLB

evaluation as the dependent variable revealed no significant interactions involving product category or presentation order (all F s < .30, p s > .50). We therefore pooled the data across presentation orders.

A repeated-measures ANOVA with ethical attribute presence and retailer reputation as between-participants factors, product category (hand soap and laundry detergent) as within-participants factor, and PLB evaluation as the dependent variable revealed a significant main effect of ethical attribute presence ($M_E = 61.94$, $M_{NE} = 55.84$; $F(1, 143) = 4.96$, $p < .05$, partial $\eta^2 = .034$), but no significant main effect for retailer reputation ($F(1, 143) = 1.65$, $p > .20$) or interactions involving product category (all F s < 1, p s > .70). The main effect of ethical attribute presence was qualified by a significant two-way interaction involving retailer reputation ($F(1, 143) = 7.27$, $p < .01$, partial $\eta^2 = .048$). Ethical attribute presence improved PLB evaluation when the PLB was offered by the high reputation retailer ($M_{IGA-NE} = 53.90$, $SD = 15.80$; $M_{IGA-E} = 67.40$, $SD = 13.46$; $F(1, 143) = 11.42$, $p = .001$, partial $\eta^2 = .074$), but did not influence PLB evaluations when it was offered by the low reputation retailer ($M_{MAXI-NE} = 57.77$, $SD = 16.62$; $M_{MAXI-E} = 56.49$, $SD = 19.45$; $F(1, 143) = .12$, $p > .70$). The interaction pattern was similar for both product categories and is illustrated in Figure 2.3. Ethical attribute presence improved PLB evaluation when the PLB was associated with a high reputation retailer for both laundry detergent ($M_{IGA-NE} = 54.37$, $SD = 20.19$; $M_{IGA-E} = 67.35$, $SD = 20.49$; $F(1, 143) = 6.16$, $p < .01$, partial $\eta^2 = .041$) and hand soap ($M_{IGA-NE} = 53.43$, $SD = 18.97$; $M_{IGA-E} = 67.44$, $SD = 17.31$; $F(1, 143) = 8.53$, $p < .01$, partial $\eta^2 = .056$). These results support hypothesis 1. The significance of the interaction and the pattern of results did not change when we introduced ethical attribute relevance and brand-self-connection as covariates².

-
2. When we included ethical attribute relevance as a covariate, there was a marginally significant main effect of ethical attribute relevance on brand appeal ($F > 3.52$, $p = .063$). However, the significance level and the effect size for the two-way interaction improved for brand appeal (from $F > 4.53$, $p = .035$, partial $\eta^2 = .031$ to $F > 8.22$, $p = .005$, partial $\eta^2 = .055$) and the pattern of the interaction did not change, ruling out differential relevance of ethical attribute to the brands as an alternative explanation. Similarly, when we included brand self-connection as a covariate, there was a significant main effect of brand self-connection on brand appeal ($F > 5.67$, $p = .019$). However, the significance level and the effect size for the two-way interaction improved for brand appeal (from $F > 4.53$, $p = .035$, partial $\eta^2 = .031$ to $F > 5.70$, $p = .018$, partial $\eta^2 = .039$) and the pattern of the interaction did not change.

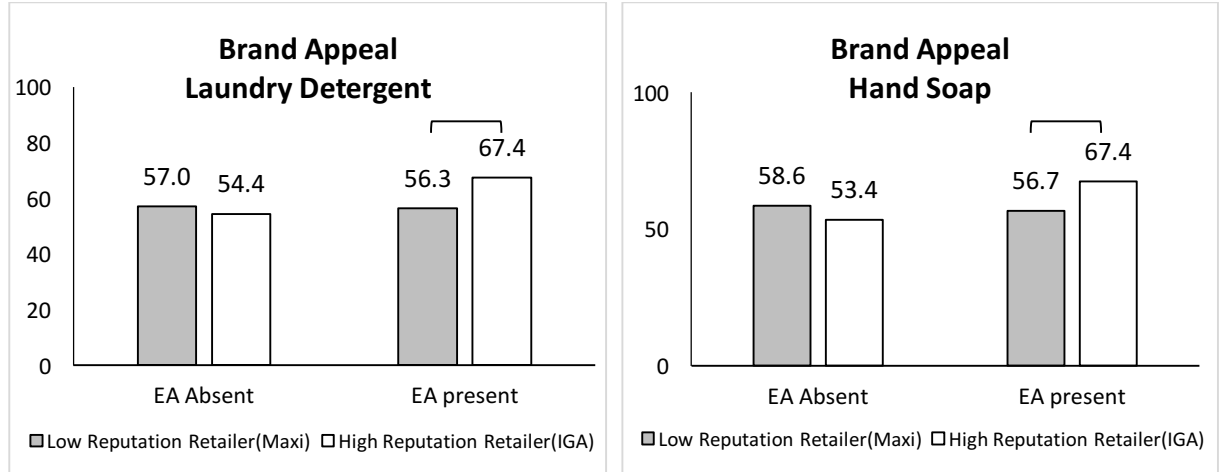


Figure 2.3. PLB evaluations increase for ethical attribute presence at high retailer reputation (Experiment 3).

Note: Solid brackets indicate significant differences at $p < .05$.

Mediating role of quality perceptions. We further tested whether the conditional (on retailer reputation) effect of ethical attribute on PLB evaluations is mediated through perceived quality. PROCESS results (Hayes, 2013; model 8, 5,000 bootstrap samples), with ethical attribute presence as the predictor (ethical attribute present = 1, absent = -1), retailer reputation as the moderator (low = -1, high = 1), quality perception as the mediator, and PLB evaluations as the criterion, revealed a marginally significant indirect effect of the highest order interaction (total indirect effect estimate = 1.05, SE = .67, 90% CI [.06, 2.29]). Consistent with predictions, this effect was driven by high retailer reputation serving as the extrinsic cue: At high retailer reputation, the ethical attribute significantly improved PLB evaluations through quality perceptions (conditional indirect effect = 2.64, SE = .99, 95% CI [.86, 4.75]). When retailer reputation was low, the indirect effect was not significant (conditional indirect effect = .55, SE = .87, $p > .10$).

We also assessed the perceived quality impact of the ethical attribute, as a more specific measure of quality influence of the ethical attributes. Results of a PROCESS analysis (Hayes, 2013; model 8, 5,000 bootstrap samples), with quality impact of the ethical attribute as the

mediator, ethical attribute presence as the predictor, retailer reputation as the moderator, and PLB evaluations as the criterion, revealed a significant indirect effect of the highest order interaction (total indirect effect estimate = .38, SE = .28, 95% CI [.01, 1.16]). When retailer reputation was high, the indirect effect of ethical attribute on PLB evaluations was significant (conditional indirect effect = .57, SE = .37, 95% CI [.06, 1.58]), but not when the retailer reputation was low (conditional indirect effect = -.21, SE = .33, 95% CI [-1.13, .26]). Combined, these results suggest that when the retailer reputation is high, retailer name serves as a quality cue and strengthens the impact of ethical attributes in the evaluation of PLBs. Consistent process findings with both quality perception and quality impact measures support hypothesis 2.

Moderating role of resource-synergy beliefs (RSB). We tested the moderating role of consumers' resource-synergy beliefs in the evaluation of ethical attributes. A regression analysis with ethical attribute, retailer reputation, and RSB (higher scores indicate negative RSB) as the predictors, and PLB evaluation as the criterion across both product categories revealed a marginally significant three-way interaction (PROCESS, model 3, 5,000 bootstrap samples, $B = 1.47$, $SE = .87$, $t = 1.68$, $p < .10$) that supports hypothesis 3. The interaction pattern (Figure 2.4) suggests that for participants with positive RSB (-1 SD), ethical attribute presence had a positive impact on PLB evaluations at both high ($B = 6.70$, $SE = 2.80$, $t = 2.40$, $p < .05$) and low retail reputation ($B = 4.50$, $SE = 2.70$, $t = 1.67$, $p < .10$). For participants with negative RSB (+1 SD), the ethical attribute had a positive impact on PLB evaluation when the PLB was offered by the high reputation retailer ($B = 6.70$, $SE = 3.16$, $t = 2.12$, $p < .05$), but backfired when the PLB was associated with the low reputation retailer ($B = -5.06$, $SE = 2.51$, $t = -2.02$, $p < .05$). The differential effect of ethical attribute on PLB evaluations at low and high levels of retailer reputation was significant for RSB scores above 3.09, based on Johnson-Neyman results.

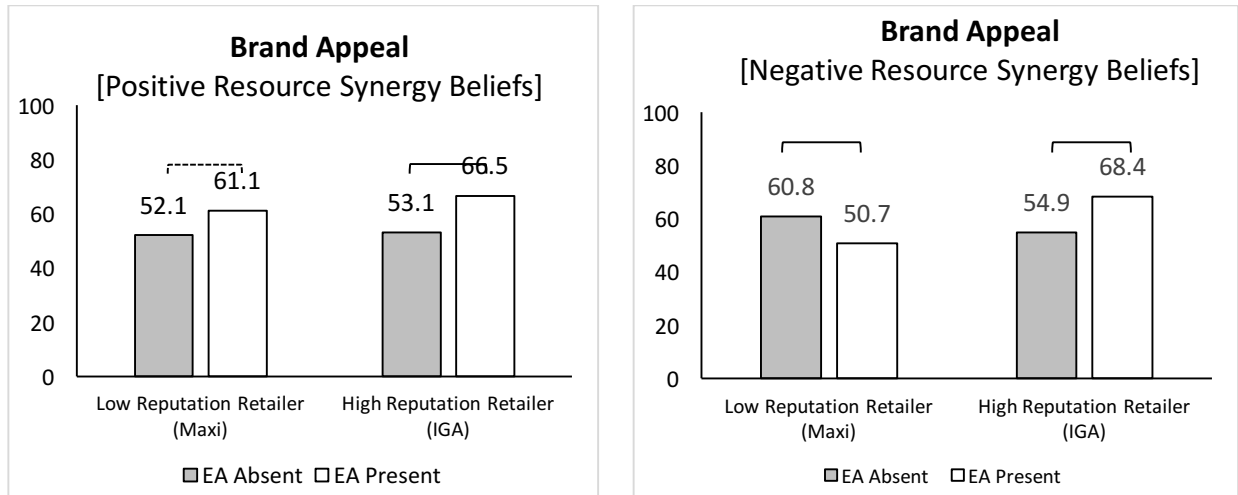


Figure 2.4. Effect of retailer reputation, ethical attribute (EA), and resource synergy beliefs on PLB evaluations (Experiment 3).

Notes: Solid brackets indicate significant differences at $p < .05$ and dashed brackets at $p < .10$.

Discussion

The results of this study show that an ethical attribute improves PLB evaluations—across two product categories—when offered by a retailer with high retail reputation, but not when offered by a retailer with low retail reputation. When retailer reputation is high, the retailer name serves as a quality cue, increasing the positive impact of the ethical attribute on perceived quality and, consequently, PLB evaluation. The mediation through quality perceptions and the quality influence of the ethical attribute provide consistent results and is in line with the mediation results of experiments 1 and 2. Importantly, for individuals with more negative resource-synergy beliefs, ethical attribute presence improves PLB evaluation when offered by a high reputation retailer, but hurts PLB evaluations when offered by a low reputation retailer (supporting H3). For individuals with positive resource-synergy beliefs, ethical attribute presence improves PLB evaluations, regardless of the retailer quality associations. Familiarity with the retailer, retail brand self-connection, CSR perceptions of the retailers, relevance of the ethical attribute to the brand, and fit of the ethical attribute with the retailer are ruled out as alternative explanations.

Conclusion and Implications

Although the inclusion of ethical product attributes frequently entails positive consequences in terms of brand evaluation and choice, its effects are not always favorable. Whereas prior research has identified benefit sought in a product category (Luchs et al., 2010), the congruity between product category benefit and ethical attribute benefit (Bodur et al., 2014), and brand concept (self-enhancement vs. self-transcendence; Torelli et al., 2012) as moderators of the influence of ethical attributes on consumer responses, the current research extends the investigation of moderators that affect consumers' evaluations of products with ethical attributes to brand type (i.e., PLB vs. NB), price level (i.e., high-priced vs. low-priced PLB), and retailer reputation (i.e., low vs. high retailer reputation).

The experiments presented herein used a variety of real national and private label brands (with the exception of the product brand used in experiment 3), different product categories, and different ethical attributes as stimuli, and support the view that adding an ethical attribute to a brand is not always beneficial. The effectiveness of an ethical attribute in enhancing consumers' brand evaluations is contingent upon the type of brand and the price level, such that NBs benefit from ethical attributes to a lesser extent than do PLBs. Moreover, the ethical attribute enhances evaluations of a private label brand only when it is high-priced or offered by a reputable retailer, and this effect is reversed when the PLB carries a low price. Particularly among consumers with negative resource synergy beliefs, PLB evaluations also decrease if an ethical attribute is offered in a context of lower levels of retail reputation. The positive (negative) effect of ethical attributes on consumer evaluations of high-priced (low-priced) PLB is mediated by perceived quality associated with the ethical attribute.

Theoretical Implications

In line with the consideration of both positive and negative effects of ethical attributes on consumers' product and brand evaluations that has emerged in recent literature (e.g., Luchs et al., 2010; Torelli et al., 2012), the current research finds that the ethical attribute-brand evaluation relation depends on factors such as brand type (NB, PLB), price-level, or retailer reputation. Product attributes and brand name play an important role in consumers' judgments of products. When a desirable product attribute—such as an ethical attribute that is associated with functional

(e.g., sustainable ingredients) benefits for consumers—is included in the product offering, this addition may shift the focus from the brand name to itself, and reduces the effect of brand equity on quality judgments (Van Osselaer & Alba, 2003); this effect seems to occur for the PLB to a much greater extent than the NB, however. The current research has theoretical implications for the brand equity literature in that it examines the effect of an ethical attribute on consumer judgments resulting from the difference in brand equity (NB vs. PLB). Experiment 1, in particular, suggests that when price-level—and inferred quality—of a PLB is close to a NB, the desirable ethical attribute shifts the focus from the NB to the PLB, and enhances PLB evaluations in a competitive brand presentation context. Results were similar when the PLB and NB were evaluated in isolation (experiment 2). Finally, the fact that a PLB associated with an extrinsic cue associated with higher quality benefited from the introduction of an ethical attribute extended beyond price cues to retail reputation, and resource synergy beliefs moderated this effect (experiment 3).

Practical Implications

This research has managerial implications regarding the likely success of the introduction of ethical attributes by PLBs versus NBs. The findings suggest that PLBs stand to gain more from the introduction of ethical attributes compared to NBs, particularly when they are high-priced or offered by a reputable retailer. The lift arising from ethical attributes offered by PLBs held across different ethical attributes (i.e., environmental friendliness, natural and locally sourced ingredients), which suggests that retailers have a wide range of choices regarding the ethical attributes they wish to pair with their PLBs. Retailers pursuing a two-tier or multi-tier PLB strategy that provides both high-quality/high price (top-tier quality) PLBs and low-quality/low-price (low-tier quality) PLBs to consumers (Geyskens et al., 2010; Steiner, 2004) and seeking to enhance evaluations of the PLBs might benefit from introducing ethical attributes for their top-tier, higher-priced PLBs. Importantly, for lower-priced PLBs, the introduction of an ethical attribute hurts brand evaluations and is thus not recommended. Similarly, retailers that operate retail store brands associated with differential retailer reputation (e.g., Loblaw's Maxi [low retail reputation] vs. Loblaws [high retail reputation] supermarket chains) could benefit from the introduction of ethical attributes for PLBs distributed through their higher reputation stores to a greater extent, or achieve a greater payoff by focusing the communication and

promotion of ethical attributes offered through their PLBs on higher reputation stores.

Limitations and Future Research

Several limitations of the current research need to be acknowledged. First, experiment 1 paired a PLB with a NB and required participants to evaluate both brands. Although this design closely approximates a point-of-purchase decision context in which consumers view and compare multiple brands, it may have contributed to the observed lack of an ethical attribute effect on NB evaluations. Participants may have compared the NB to the PLB and may have found it superior to an extent that the ethical attribute did not add incremental benefits to the NB. Experiment 2 sought to address this concern in that it matched the NB and PLB in terms of consumer preference, and in examining whether an ethical attribute benefits a NB when the brand is evaluated in isolation (e.g., placed within end-of-aisle or promotional displays). Experiment 2 also involved a different NB to investigate the robustness of NB results. In line with experiment 1, a positive effect of ethical attribute presence did not arise for the NB. Although this is not inconsistent with prior research that shows mixed effects of ethical attributes for NBs (Arora & Henderson, 2007; Du et al., 2007), the effects of ethical attributes on NBs deserve further attention in future research. To examine whether the current research can shed more light on the contexts in which NBs may benefit from offering ethical attributes, we examined experiment 2 data in more detail. In this experiment, we had assessed to what degree consumers infer quality from price (price-quality beliefs; three items adapted from Netemeyer, Ridgway, & Burton, 1993; e.g., “For [orange juice], the price is a reliable indication of product’s quality.” $\alpha = .90$). A regression analysis with price, brand, ethical attribute presence (EA), and price-quality (PQ) beliefs as predictors and brand attitude as the dependent variable, revealed no significant four-way interaction ($p > .60$), but two significant three-way interactions, namely EA \times price \times brand ($B = -.21, t = -2.60, p = .01$) and EA \times brand \times PQ ($B = .11, t = 1.97, p = .05$). The former interaction is consistent with ANOVA results reported in experiment 2 (i.e., significant positive [negative] impact of EA on PLBs when price is high [low]). An examination of the latter interaction using the Johnson-Neyman technique indicated that for consumers with low price-quality beliefs (≤ 2.1), the EA \times brand interaction was negative and marginally significant, such that an ethical attribute had a more positive effect for the PLB (vs. NB). For consumers with high price-quality beliefs (≥ 6.2), the EA \times brand interaction was positive and

marginally significant, suggesting that ethical attribute had a more positive effect for the NB (vs. PLB). This suggests that consumers who infer quality from price (high PQ belief) also use brand (i.e., NB) as a quality cue and tend to respond to ethical attribute offered by the NB more positively. Consumers who do not rely on price as an extrinsic cue (low PQ beliefs) may be generally more likely to assess quality based on product attributes rather than extrinsic cues; for these consumers, ethical attribute presence had a somewhat more positive effect on PLB evaluations. Although these results are preliminary, they suggest that consumer characteristics may moderate the effect of ethical attributes on NB evaluations.

Second, in order to control for differences in brand associations and credibility of the ethical attribute scenario arising from the use of different, pre-existing brands, we manipulated the price level, but not the brand name of the PLB in the experiments. This means that the same PLB (Our Finest) served as the high-priced as well as the low-priced PLB in this research. Although this increased experimental control—and may in fact have resulted in a more conservative test of the hypotheses because the PLB was not associated with extremely low evaluations in the pretest. An alternative way of approaching the hypothesis tests regarding differences between high-priced versus low-priced PLBs would have involved the use of actual low-price/low-quality PLBs (e.g., Walmart’s Great Value or Price First), but differences in familiarity and prior associations with these brands could have created confounds.

In addition, although we sought to include a range of brands (i.e., NBs: Lay’s, Oasis; PLBs: Our Finest, President’s Choice), product categories (i.e., potato chips, orange juice, laundry detergents, hand soap), and ethical attributes (i.e., made from natural and locally grown or supplied ingredients; environmentally friendly) in the experiments reported herein, the findings of this research are nonetheless based on a limited range of stimuli. Importantly, the product brands represented in this research were grocery products that are associated with relatively low prices (under \$10) and limited price variability. To extend the current findings, it would be insightful to examine whether the pattern of results observed in the current research would arise in the context of higher-priced product categories (e.g., \$100, \$1000, \$10,000 etc.) or product-categories associated with higher price variability across brands (e.g., NB for \$150 and PLB for \$50). Consumers’ information processing strategies are likely to differ in such contexts (e.g., involvement with the product and the choice task increases), and this could affect

the weight given to the presence of ethical attributes.

In regard to the differential benefit arising from ethical attributes for PLBs versus NBs, it is important to acknowledge that attitudes toward private label brands are negatively related to risk aversion (Burton, Lichtenstein, Netemeyer, & Garretson, 1998; Batra & Sinha, 2000). Similarly, perceived risk negatively affects likelihood to adopt PLBs (Richardson, Jain, & Dick, 1996). It is therefore possible that an ethical attribute is more beneficial for PLB than NB in product categories in which perceived risk is low rather than high, as was the case with the commonly purchased grocery products (e.g., chips, orange juice, laundry detergent, hand soap) represented in this research. Perceived risk associated with the product category may thus function as an important boundary condition for the ethical attribute effects observed in this research. An exploration of the effect of adding an ethical attribute in low risk (e.g., grocery products) versus high risk product categories (e.g., baby foods, over-the-counter medication) might therefore be a promising avenue for future research. The marketing literature has only recently begun to consider potential negative effects ethical attributes on consumers' evaluations of products and brands (Lin & Chang, 2012; Luchs et al., 2010; Torelli et al., 2012). Further inquiries regarding moderators of the ethical attribute-brand evaluation relation could therefore contribute to current knowledge regarding ethical attribute effects on products and brands.

Transition between Papers 2 and 3

The second paper demonstrated that PLBs with higher quality extrinsic cues (i.e., higher price or higher retailer reputation) benefits more from offering ethical attributes. This effect is due to the increased perceived quality of PLBs in the presence of extrinsic cues signaling higher quality. However, NBs do not benefit from offering ethical attributes because their brand name is diagnostic enough for consumers to infer higher quality. Therefore, ethical attributes do not affect NB evaluations. The next question would be whether these asymmetric effects for PLBs and NBs will be replicated with any type of ethical attributes. Complementary to paper two, paper three focuses on examining the role of ethical attribute types (symbolic vs. utilitarian) and their congruity with PLBs and NBs' brand concept on consumer brand evaluations. Moreover, this paper introduces conspicuous consumption as the boundary condition to these effects.

The following section presents the third paper entitled "The beneficial congruity effect of ethical attribute type and brand concept". This paper examines how consumers respond to PLBs and NBs that offer symbolic and utilitarian ethical attributes.

Paper 3: The Beneficial Congruity Effect of Ethical Attribute Type and Brand Concept

Abstract

This research sheds light on conditions under which ethical attributes have asymmetric effects on brands. Three experiments show that a congruity between ethical attribute type (i.e., symbolic vs. utilitarian) and brand concept (i.e., symbolic vs. utilitarian) enhances consumer brand evaluations. Experiment 1 documents this asymmetric effect, whereas Experiment 2 shows that this effect is mediated by perceived congruity between ethical attribute and brand concept. Experiment 3 introduces conspicuous consumption as a boundary condition for the positive effect of symbolic ethical attributes paired with a symbolic brand concept.

Keywords: ethical attributes; social responsibility; perceived congruity; conspicuous consumption.

Introduction

Ethical attributes have become an important focus of attention among marketing researchers and practitioners. Ethical attributes are defined as product attributes or production processes that promote social or environmental concerns (e.g., child-labor free production; for detailed explanation see Bodur, Tofighi, & Grohmann, 2015) and can be categorized as utilitarian (i.e., product performance and quality related; e.g., made from recycled materials) or symbolic (cause-related marketing; e.g., child labor free). Utilitarian ethical attributes are product attributes that contribute to the functionality, performance, quality, and safety benefits of the product (Bodur et al., 2014). Symbolic ethical attributes are not related to product performance and show one's concern for ethical issues or affiliation with social responsibility groups or causes (Bodur et al., 2014). Symbolic ethical attributes allow consumers to enhance (Torelli et al., 2012) or express themselves (Chandon et al., 2000; Strahilevitz & Myers, 1998).

While some research has documented positive consumer responses to ethical attributes (e.g., Arora & Henderson, 2007; Brown & Dacin, 1997; Folse, Niedrich, & Grau, 2010; Lafferty, Goldsmith, & Hult, 2004; Sen & Bhattacharya, 2001; Winterich & Barone, 2011), other research has shown that ethical attributes do not always entail such positive consumer responses (Griskevicius et al., 2007; Luchs & Kumar, 2015; Luchs, Naylor, Irwin, & Raghunathan, 2010; White, MacDonnell, & Ellard, 2012) or that the positive impact of ethical attributes depend on other factors (Bodur, Gao, & Grohmann, 2014; Bodur et al., 2015).

To date, the ethical attribute literature has mainly focused on consumer responses to product level ethical attributes (Bodur et al., 2014; Luchs et al., 2010; Strahilevitz & Myers, 1998; White et al., 2012). More recently, research has started to consider consumers' brand-related perceptions and choices based on ethical attributes (Arora & Henderson, 2007; Bodur et al., 2015; Hagtvedt & Patrick, 2015; Torelli, Monga, & Kaikati, 2012). The current research complements the examination of brand-level responses to ethical attributes by investigating the role of brand concept (i.e., the unique meaning associated with a brand in consumers' minds) in conjunction with the type of ethical attribute (symbolic vs. utilitarian) a brand offers. Given the increasing adoption of ethical attributes by brands, an important question pertains to whether some types of ethical attributes are more suitable for certain brand concepts.

This research seeks to answer this question by focusing on how brand concepts (i.e., symbolic vs. utilitarian; Keller, 1993; Park, Jaworski, & MacInnis, 1986; Park, Milberg, & Lawson, 1991) interact with different types of ethical attributes (i.e., symbolic vs. utilitarian; Bodur et al., 2014) to influence brand evaluations. For example, a symbolic brand such as SwissGear may be primarily associated with a consumers' wish to self-express or show group membership, whereas a utilitarian brand such as Starter (i.e., a private label brand by Walmart) may be primarily associated with expected functionality and performance. Considering that consumers evaluate ethical attributes in the context of other brand and product information (e.g., Arora & Henderson, 2007; Bodur et al., 2015; Luchs et al., 2010; Torelli et al., 2012), the current article suggests that congruity between brand concept (i.e., symbolic vs. utilitarian) and ethical attributes (i.e., symbolic vs. utilitarian) asymmetrically affect brand evaluations. Building on congruity theory—which suggests that individuals seek to maintain and favor consistency among cognitive elements (Eagly & Chaiken, 1993; Kamins & Gupta, 1994)—we suggest that a brand with symbolic (utilitarian) brand concept will be favored more when it offers a symbolic (utilitarian) ethical attribute due to enhanced perceived congruity (i.e., a moderated mediation).

Moreover, consistent with congruity theory, conspicuous consumption may emerge as a boundary condition to this effect, such that the positive congruity effect of symbolic ethical attribute for symbolic brand is attenuated when the brand consumption is inconspicuous. The reason for this boundary condition is that inconspicuous brand consumption diminishes the relevance of a symbolic brand concept (i.e., self-expressive signaling to others). In other words, the symbolic brand-ethical attribute match does not provide any added value to the core benefit (concept) of the symbolic brand. Thus, we do not expect any enhancement of offering symbolic ethical attribute for symbolic brand at low levels of conspicuousness of consumption. The positive effect of utilitarian ethical attribute for utilitarian brand concept should not be influenced by the level of consumption conspicuousness because conspicuousness is not a relevant core benefit (concept) of utilitarian brand.

Across three experiments, this research makes several contributions: First, germane to our research is the interaction between brand concept and type of ethical attributes that affect consumers' responses to ethical attributes (Experiments 1, 2, and 3). This paper complements

prior research that documented the moderating role of motivations triggered by brand concept (self-enhancement vs. self-transcendence; Torelli et al., 2012) and ethical attribute types (symbolic vs. utilitarian; Bodur et al., 2014) by showing that certain types of ethical attributes may be roadblocks for certain brand concepts (i.e., when there is an incongruity). Second, best to our knowledge, the current paper is the first to build on congruity theory and empirically show that perceived congruity mediates the positive effect of congruity between brand concept and ethical attribute type (Experiment 2). Third, this research replicates and qualifies the findings of experiments 1 and 2 by demonstrating that a positive congruity effect of matching symbolic ethical attributes with symbolic brand concept emerges only when the brand consumption is conspicuous (Experiment 3).

Conceptual Background

Ethical Attributes and Brand Concepts

Although earlier research in consumer behavior has documented positive consumer responses to ethical attributes and corporate social responsibility (e.g., Brown & Dacin, 1997; Osterhus, 1997; Sen & Bhattacharya, 2001), more recent research shows that there are conditions under which ethical attributes affect consumer responses negatively (Bodur et al., 2014, 2015; Griskevicius et al., 2007; Luchs & Kumar, 2015; Luchs et al., 2010; White et al., 2012). Several product and brand level factors determine consumer responses to ethical attributes.

At the product level, product category benefits moderate the influence of ethical attributes on product evaluations: Consumers favor ethical attributes to a greater extent in product categories in which gentleness (versus strength) serves as a core benefit (e.g., baby shampoos versus car shampoos; Luchs et al., 2010). Relatedly, the type of ethical attribute benefits (i.e., symbolic vs. utilitarian) as well as product category benefits significantly affect consumer responses to ethical attributes (Bodur et al., 2014). Consumers show greater preference for products with ethical attributes that are congruent with product category benefits—such as utilitarian ethical attributes (e.g., locally sourced ingredients) in utilitarian product categories, and symbolic ethical attributes (e.g., support of a cause) in symbolic product categories (Bodur et al., 2014). However, other research shows that ethical attributes (e.g., fair-trade product and

charity incentive) are more effective when paired with hedonic, rather than necessity, products (Strahilevitz & Myers, 1998; White et al., 2012). In a context where consumers need to make a trade-off between product sustainability and hedonic value (versus utilitarian value), consumers tend to prefer sustainability over hedonic value rather than a utilitarian value (Luchs & Kumar, 2015). The preference for sustainable products is more robust when the product attribute is perceived to be central (e.g., a computer's CPU) versus peripheral (e.g., a computer's sound card; Gershoff & Frels, 2015). Our findings support those of Gershoff and Frels (2015) by showing that the congruent ethical attributes are central to the product whereas incongruent ethical attributes are peripheral. However, our research diverges from their work by investigating the effect of ethical attributes on evaluations of branded products (e.g., backpack) as an entity rather than on separate product features (i.e., outside lining vs. zippers).

At the brand level, research on how consumers respond to ethical attributes in the context of other brand-related factors (e.g., brand name, price, retailer reputation, and brand concept) is only emerging. In the context of known versus unknown brands, Arora and Henderson (2007) empirically show that an unknown (i.e., fictitious) brand benefits from offering an ethical attribute to a greater extent than a known brand (i.e., manufacturer national brand). Building on this research, Bodur et al. (2015) show that extrinsic quality cues (e.g., price, retailer reputation) serve as a quality signal for brands with less stronger brand image (i.e., retailers' private label brands). As a result, private label brands benefit from offering ethical attributes in the context of higher price or higher retailer reputations due to higher perceived quality to a greater extent than manufacturers' national brands.

Perceived effectiveness of ethical attributes is also contingent on brand concepts (i.e., self-enhancement vs. self-transcendence). Luxury brands do not benefit from offering corporate social responsibility initiatives due to the motivational conflict between CSR information induced self-transcendence (e.g., concerns regarding welfare of society) versus self-enhancement goals (i.e., dominance over people and resources) that are central to the positioning of luxury brands (Torelli et al., 2012). If a luxury brand is willing to offer charity donation, the point of purchase (i.e., the late stage of the decision cycle) is the best time to do so since it will mitigate consumers' experienced guilt with luxury purchase (Hagtvedt & Patrick, 2015). Whereas

previous research has focused on the prestige brand concept, an examination of the role of other often employed brand concepts (i.e., symbolic vs. utilitarian) and their pairing with ethical attributes (i.e., symbolic vs. utilitarian) may be informative.

Brand concept is the unique meaning associated with a brand in consumers' minds, and is based on brand attributes consumers observe (e.g., high price, premium quality, or expensive-looking design; Keller, 1993; Park et al., 1986, 1991). Brands can position themselves in terms of symbolic (value-expressive) or utilitarian (functional) concepts. A symbolic brand concept allows consumers to self-express or affiliate with a desired group through brand consumption, whereas a utilitarian brand solves functional needs (Park et al., 1991). For example, in the backpack product category, Starter (i.e., a private label brand by Walmart) is perceived as a functional brand because the brand's good quality and low price mostly serve everyday purposes. SwissGear (i.e., a manufacturer national brand), on the other hand, is perceived as a more symbolic brand because consumers associate this brand with a particular group (e.g., outdoor enthusiasts) or self-image (e.g., ruggedness and competence).

Congruity theory posits that individuals seek to maintain and positively favor consistency and harmony among cognitive elements (Eagly & Chaiken, 1993; Eagly & Diekmann, 2005, Kamins & Gupta, 1994). In marketing literature, there are mixed results on the positive response to congruity and incongruity between marketing activities. Some research show more support toward the positive effect of congruity between marketing activities on company or product evaluations. For example, Ellen and colleagues (2006) show that consumers evaluate a company more favorably if it offers congruent (vs. incongruent) CSR with its core business. Similarly, Menon and Kahn (2003) show that supporting a cause that is congruent with the sponsor is favored more when the elaboration on the congruity levels is high. Moreover, Chandon and colleagues (2000) show that sales promotions that are congruent with product category benefits are more effective than incongruent promotions.

However, research also shows a positive effect of incongruity between marketing elements on consumer response. For example, Meyers-Levy, Louie, and Curren (1994) argue that moderately incongruent brand name extensions are more preferred over congruent or extremely incongruent ones because moderate incongruity leads to moderate and resolvable

elaboration which is rewarding and satisfying. Overall, in the CSR literature, there is ample empirical support for a positive congruity effect on consumer responses (Bodur et al., 2014; Chandon et al., 2000; Ellen et al., 2000; Forehand & Grier, 2003; Strahilevitz & Myers, 1998; Menon & Kahn, 2003).

Therefore, we expect that the congruity between ethical attribute and brand concept (e.g., utilitarian brand concept paired with utilitarian ethical attribute) to result in more favorable brand evaluations because it helps consumers maintain consistency with prior brand attitudes (cognitive schema) and reinforces the benefits of the brand offering ethical attribute with similar benefits. In the incongruity condition, we do not expect any positive or negative change of consumer evaluations from offering an incongruent ethical attribute because an ethical attribute per se is a positive attribute but an incongruent one is not rewarding enough to contribute to the value and benefits of the brand. Therefore, offering an incongruent ethical attribute is unlikely to change consumer evaluations. This leads to the following hypotheses:

H1: Consumers react more favorably to a *utilitarian* brand when the brand offers a *utilitarian* ethical attribute than when it offers a *symbolic* ethical attribute.

H2: Consumers react more favorably to a *symbolic* brand when the brand offers a *symbolic* ethical attribute than when it offers a *utilitarian* ethical attribute.

H3: Perceived congruity mediates the positive effect of congruity between brand concept and ethical attribute type on brand evaluation.

The Moderating Role of Conspicuous Consumption

Conspicuous consumption involves symbolic presentation of a product or brand for the purposes of social status or self-identification (Shipman, 2004; Veblen, 1899). In conspicuous consumption, symbolism is the prime consideration (Mason, 1985). In the context of a symbolic brand, conspicuousness of brand consumption is expected to influence the effect of an ethical attribute on brand evaluations. In line with congruity theory, we expect a positive effect of congruity between a symbolic brand concept and a symbolic ethical attribute to emerge particularly strongly when consumption of the product is conspicuous. This is because

conspicuous consumption allows consumers to benefit most from the symbolic benefits offered by both brand and ethical attribute in terms of signaling personal values (i.e., social responsibility) and group affiliation (i.e., being an ethical consumer). When consumption is inconspicuous, we expect that congruity between symbolic brand concept and a symbolic ethical attribute affects brand evaluations to a significantly lesser degree, because brand-ethical attribute congruity does not provide any added value to the core benefit (concept) of the symbolic brand. We therefore hypothesize the following:

H4: Product conspicuousness moderates the effect of ethical attributes on brand concepts in a way that positive effect of symbolic ethical attribute on symbolic brand concept only holds for highly conspicuous brand consumption.

Experiment 1: Effect of Ethical Attributes on Different Brand Concepts

Experiment 1 examined whether congruity between ethical attribute type and the brand concept influences brand evaluations.

Method

Experiment 1 used a 3 (ethical attribute: utilitarian vs. symbolic vs. control) \times 2 (brand concept: utilitarian vs. symbolic) \times 2 (product category: backpack, hoodie) mixed design with ethical attribute and brand concept as between-participants factors and product category as within-participants factor.

Brand pretests. Based on the prior literature (Chandon, et al., 2000), symbolic and utilitarian brand concepts were operationalized in terms of a manufacturer's national brands (NB) and a retailers' private label brand (PLB) respectively. A pretest identified a (symbolic) NB and a (utilitarian) PLB that were similar in terms of brand familiarity. Participants rated a set of NBs and PLBs in terms of brand familiarity (1 = *low familiarity*, 9 = *high familiarity*) and perceived utilitarian/symbolic benefit of the brand (In your opinion, what is the main benefit of [brand]? 1 = *the brand is functional (i.e., is practical)*, 9 = *the brand is symbolic (i.e., shows your identity)*). For evaluations of brands in the backpack product category, 42 consumers (47.6% female, age: 21-65 years, $M_{\text{age}} = 32.76$, $SD = 9.72$) were recruited on Amazon Mechanical Turk

and compensated by \$1.00. Swissgear was selected as the symbolic NB and Walmart's Starter as the utilitarian PLB because they did not differ in brand familiarity ($M_{Swisg} = 3.00, SD = 2.60, M_{Start} = 2.83, SD = 2.72, p > .72$). The PLB was perceived as utilitarian ($M_{Start} = 3.48, SD = 1.73$; compared to scale mid-point (4.5): $t(41) = 3.84, p < .01$) and more utilitarian than the NB ($M_{Swisg} = 4.55, SD = 1.73; t(41) = 2.89, p < .01$). The NB was perceived as more symbolic than PLB ($M_{Start} = 2.60, SD = 1.34; M_{Swisg} = 3.13, SD = 1.56; t(41) = 2.30, p < .05$; Four items: e.g., "to what extent do you agree that ... the [brand] helps me express myself/identify myself"; 1 = *strongly disagree*, 7 = *strongly agree*; $\alpha = .94$; Wilcox, Kim, & Sen, 2009).

Using the same procedure and measures, a second pretest identified a (utilitarian) PLB and a (symbolic) NB for the hoodie product category. Thirty nine students (48.7% female, age: 19-35 years, $M_{age} = 21.72, SD = 3.47$) were recruited in exchange for course credit. American Apparel was selected as the symbolic NB and Loblaws' Joe Fresh as the utilitarian PLB because they did not differ in brand familiarity ($M_{Amer} = 7.87, SD = 1.22, M_{JoFr} = 7.49, SD = 1.05, p > .08$). The PLB was perceived as utilitarian ($M_{JoFr} = 2.90, SD = 1.59$; compared to scale mid-point (4.5): $t(38) = -6.31, p < .01$) and the NB was perceived as symbolic ($M_{Amer} = 6.39, SD = 1.76$; compared to scale mid-point (4.5): $t(37) = 6.62, p < .01$). The NB was perceived as more symbolic than PLB ($M_{Amer} = 3.94, SD = 1.57; M_{JoFr} = 2.62, SD = 1.27; t(38) = 5.35, p < .01$).

Ethical attribute pretests. In a third pretest, the participants ($n = 26$; 50% female, age: 21-53 years, $M_{age} = 32.27, SD = 9.96$) evaluated several ethical attributes based on perceived utilitarian/symbolic benefit of the ethical attribute (In your opinion, what is the main benefit of [attribute]? 1 = *the attribute is functional (i.e., is practical)*, 9 = *the attribute is symbolic (i.e., shows your identity)*).

For the backpack product category, the attribute "supports the World Wildlife Fund" ($M = 6.23, SD = 2.50$) was chosen as the symbolic ethical attribute and "made from recycled materials" as the utilitarian ethical attribute ($M = 4.19, SD = 2.21; t(25) = 3.35, p < .01$). For the hoodie product category, the attribute "child-labor free" ($M = 5.12, SD = 2.78$) was chosen as the symbolic ethical attribute and "produced with low-waste printing technology" as the utilitarian ethical attribute ($M = 4.04, SD = 2.09; t(25) = 1.98, p = .06$).

Sample and measures. Undergraduate students ($n = 188$; 55.9% female, age: 18-42 years, $M_{\text{age}} = 20.98$, $SD = 2.88$) participated in a computer-based study in exchange for course credit. Participants read the descriptions of a PLB (Starter for backpack and Joe Fresh for Hoodie) and a NB (Swissgear for backpack and American Apparel for hoodie). The descriptions included a symbolic (“supports the World Wildlife Fund” for the backpack category, and “child labor free” for the hoodie category) or utilitarian (“made from recycled materials” for the backpack category, and “produced with low-waste printing technology” for the hoodie category) or no ethical attribute (control). To ascertain external validity of the stimuli, the prices presented in this Experiment (\$30 for backpack and \$25 for hoodie) were determined by obtaining the average regular price of three existing brands in each product category that were readily available at different local retailers at the time of data collection. In each product category, participants provided brand evaluations (1= *extremely unattractive*, 100= *extremely attractive*).

Results

A repeated-measures ANOVA with ethical attribute (including control condition) and brand concept as between-participants factors, product category (backpack and hoodie) as within-participants factor, and brand evaluation as the dependent variable revealed a significant main effect of ethical attribute ($F(2, 182) = 4.50$, $p < .01$, partial $\eta^2 = .05$), a significant main effect of product category ($F(1, 182) = 36.00$, $p < .01$, partial $\eta^2 = .17$), and a marginally significant interaction of product category and ethical attribute ($F(2, 182) = 2.74$, $p < .10$, partial $\eta^2 = .03$). There was no significant main effect of brand concept ($p > .10$) or other interactions involving product category ($p > .79$). The main effect of ethical attribute was qualified by a significant two-way interaction between brand concept and ethical attribute ($F(2, 182) = 7.53$, $p < .01$, partial $\eta^2 = .08$). The interaction pattern was similar for both product categories and is illustrated in Figure 3.1.

Utilitarian PLB evaluations improved when the PLB was paired with a utilitarian, compared to a symbolic or no ethical attribute in the backpack ($M_{\text{UtilEA-PLB}} = 54.43$, $SD = 23.16$; $M_{\text{SymEA-PLB}} = 40.96$, $SD = 24.65$; $M_{\text{NoEA-PLB}} = 37.68$, $SD = 29.06$; $F(2, 182) = 3.51$, $p < .05$, partial $\eta^2 = .04$) and hoodie category ($M_{\text{UtilEA-PLB}} = 64.29$, $SD = 13.81$; $M_{\text{SymEA-PLB}} = 51.92$, $SD = 22.50$; $M_{\text{NoEA-PLB}} = 56.76$, $SD = 19.56$; $F(2, 182) = 3.22$, $p < .05$, partial $\eta^2 = .03$).). These results

support hypothesis 1. Symbolic NB evaluations improved when the NB was paired with a symbolic ethical attribute in the backpack ($M_{UtilEA-NB} = 48.03, SD = 25.19; M_{SymEA-NB} = 60.47, SD = 24.31; M_{NoEA-NB} = 37.85, SD = 26.78; F(2, 182) = 6.51, p < .01, \text{partial } \eta^2 = .07$) and hoodie category ($M_{UtilEA-NB} = 58.27, SD = 18.16; M_{SymEA-NB} = 66.65, SD = 12.74; M_{NoEA-NB} = 57.94, SD = 19.85; F(2, 182) = 2.50, p < .10, \text{partial } \eta^2 = .03$). These results support hypothesis 2.

Further contrast analysis on the ethical attributes and the control condition reveals differential effects across product categories. In the backpack category, when the brand concept is utilitarian, a symbolic ethical attribute does not affect brand evaluations compared to the control condition ($M_{SymEA-PLB} = 40.96, SD = 24.65; M_{NoEA-PLB} = 37.68, SD = 29.05; p > .62$). When the brand concept is symbolic, however, the positive impact of the utilitarian ethical attribute on brand evaluation compared to the control condition approaches significance ($M_{UtilEA-NB} = 48.03, SD = 25.19; M_{NoEA-NB} = 37.85, SD = 26.78; p = .11$). Moreover, in the hoodie category, when the brand concept is utilitarian, a symbolic ethical attribute has no effect on brand evaluations when compared to control ($M_{SymEA-PLB} = 51.92, SD = 22.50; M_{NoEA-PLB} = 56.76, SD = 19.56; p > .31$) nor does offering a utilitarian ethical attribute for symbolic brand ($M_{UtilEA-NB} = 58.27, SD = 18.16; M_{NoEA-NB} = 57.94, SD = 20.42; p > .94$).

This implies that utilitarian ethical attribute benefits backpack brands regardless of brand concept, whereas a symbolic ethical attribute only enhances brand evaluations for brands with a symbolic brand concept. In the hoodie category, however, a utilitarian ethical attribute does not benefit a symbolic brand. This positive effect of the utilitarian ethical attribute for the backpack may be due to the fact that backpack may be perceived as a more utilitarian product category than hoodies. The product category-ethical attribute congruity in terms of functionality may improve brand evaluations regardless of brand concept. These results are consistent with findings pointing to a positive congruity effect of product category and ethical attribute benefits (Bodur et al., 2014).

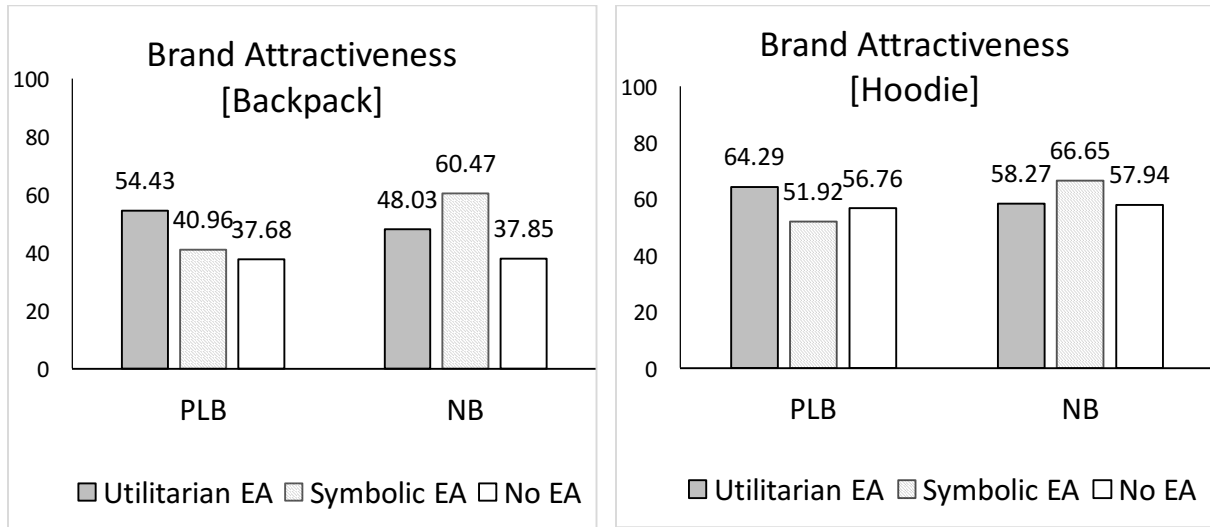


Figure 3.1. The effect of ethical attribute on utilitarian PLB and symbolic NB evaluations (Experiment 1).

The figure reflects brand attractiveness on a 100-point scale.

Discussion

In experiment 1, congruity between ethical attribute type and brand concept enhanced brand evaluations across two product categories (i.e., backpacks and hoodies). For a symbolic brand, the ethical attribute increased brand evaluations when it was symbolic, but not when it was utilitarian. For a utilitarian brand, the ethical attribute enhanced brand evaluation when it was utilitarian, but not when it was symbolic. These findings are in line with congruity theory, and support H1 and H2.

Experiment 2: Process Effects

Experiment 2 seeks to replicate the congruity effect of ethical attribute effects and brand concept, and explores the mediating effect of perceived congruity (H3) on two measures of brand evaluation (brand attractiveness and brand appeal).

Method

Experiment 2 used a 2 (ethical attribute: utilitarian vs. symbolic) × 2 (brand concept: utilitarian PLB vs. symbolic NB) × 2 (product category: backpack, hoodie) mixed design with

ethical attribute and brand concept as between-participants factors and product category as within-participants factor.

Sample and measures. A sample of 180 students (52.2% female, age: 18-51 years, $M_{age} = 23.01$, $SD = 4.59$) participated in a computer-based study in exchange for course credit. Participants saw the same stimuli (brands, ethical attributes, and products) that were employed in experiment 1. Experiment 2 measures comprised brand attractiveness (1= *extremely unattractive*, 100= *extremely attractive*) and brand appeal (1= *extremely unappealing*, 100= *extremely appealing*) as brand evaluation measures, and perceived congruity (two items: “to what extent do you agree that ... the [attribute] reflects what the [brand] stands for/is consistent with the [brand]”; 1 = *strongly disagree*, 7 = *strongly agree*; $\alpha = .92$) as mediator.

Results

A MANOVA with brand attractiveness and brand appeal as the dependent variables revealed no significant main effect of brand or ethical attribute for the backpack ($ps > .1$) or hoodie category ($ps > .07$). There was a significant two-way interaction of brand and ethical attribute for the backpack ($F(2, 176) = 4.04$, $p < .05$, partial $\eta^2 = .04$) and hoodie category ($F(2, 176) = 4.63$, $p = .01$, partial $\eta^2 = .05$). Next, we present univariate and repeated measures ANOVA results.

Univariate-Level ANOVA: At the univariate level, results were consistent, with minor differences across the two dependent measures:

Backpack. For brand attractiveness, there was a significant main effect of brand ($F(1, 176) = 4.37$, $p < .05$, partial $\eta^2 = .02$) and a significant two-way interaction of brand and ethical attribute ($F(1, 176) = 8.12$, $p < .01$, partial $\eta^2 = .04$). Consumers evaluated the utilitarian PLB more favorably when it offered a utilitarian ethical attribute ($M_{UtilEA-PLB} = 55.00$, $SD = 26.58$) versus a symbolic ethical attribute ($M_{SymEA-PLB} = 44.51$, $SD = 22.04$; $F(1, 176) = 4.28$, $p < .05$, partial $\eta^2 = .02$). Consumers evaluated the symbolic NB more favorably when it offered a symbolic ethical attribute ($M_{SymEA-PLB} = 62.22$, $SD = 19.07$) versus a utilitarian ethical attribute ($M_{UtilEA-PLB} = 52.27$, $SD = 27.66$; $F(1, 176) = 3.85$, $p = .05$, partial $\eta^2 = .02$).

For brand appeal, there was a significant main effect of brand ($F(1, 176) = 3.93$, $p < .05$,

partial $\eta^2 = .02$) and a significant two-way interaction of brand and ethical attribute ($F(1, 176) = 6.70, p = .01$, partial $\eta^2 = .04$). Consumers evaluated the PLB more favorably when it offered a utilitarian ethical attribute ($M_{UtilEA-PLB} = 55.07, SD = 25.73$) versus a symbolic ethical attribute ($M_{SymEA-PLB} = 46.67, SD = 20.82; F(1,176) = 3.86, p = .05$, partial $\eta^2 = .02$). Consumers evaluated the NB more favorably when it offered a symbolic ethical attribute ($M_{SymEA-PLB} = 62.13, SD = 17.51$) versus a utilitarian ethical attribute ($M_{UtilEA-PLB} = 54.02, SD = 25.80; F(1,176) = 2.87, p < .10$, partial $\eta^2 = .02$).

Hoodie. For brand attractiveness, there was a significant main effect of brand ($F(1, 176) = 5.19, p < .05$, partial $\eta^2 = .03$) and a significant two-way interaction of brand and ethical attribute ($F(1, 176) = 6.20, p < .05$, partial $\eta^2 = .03$). Consumers evaluated the utilitarian PLB more favorably when it offered a utilitarian ethical attribute ($M_{UtilEA-PLB} = 58.96, SD = 21.63$) versus a symbolic ethical attribute ($M_{SymEA-PLB} = 51.29, SD = 24.34; F(1,176) = 2.80, p < .10$, partial $\eta^2 = .02$). Consumers evaluated the symbolic NB more favorably when it offered a symbolic ethical attribute ($M_{SymEA-PLB} = 66.74, SD = 20.47$) versus a utilitarian ethical attribute ($M_{UtilEA-PLB} = 58.27, SD = 20.24; F(1,176) = 3.41, p < .10$, partial $\eta^2 = .02$).

For brand appeal, there was a significant main effect of brand ($F(1, 176) = 4.20, p < .05$, partial $\eta^2 = .02$) and a significant two-way interaction of brand and ethical attribute ($F(1, 176) = 8.73, p < .05$, partial $\eta^2 = .05$). Consumers evaluated the utilitarian PLB more favorably when it offered a utilitarian ethical attribute ($M_{UtilEA-PLB} = 59.64, SD = 21.38$) versus a symbolic ethical attribute ($M_{SymEA-PLB} = 50.40, SD = 23.11; F(1,176) = 4.12, p < .05$, partial $\eta^2 = .02$). Consumers evaluated the symbolic NB more favorably when it offered a symbolic ethical attribute ($M_{SymEA-PLB} = 66.52, SD = 21.03$) versus a utilitarian ethical attribute ($M_{UtilEA-PLB} = 56.73, SD = 20.86; F(1,176) = 4.62, p < .05$, partial $\eta^2 = .03$).

Repeated-measure ANOVA: When brand attractiveness served as the dependent variable, a repeated-measures ANOVA with ethical attribute and brand type as between-participants factors, product category (backpack and hoodie) as within-participants factor, and brand attractiveness as the dependent variable revealed a significant main effect of brand type ($M_{PLB} = 52.44, M_{NB} = 59.88; F(1, 176) = 9.94, p < .05$, partial $\eta^2 = .05$), but no significant main effect of ethical attribute ($M_{UtilE} = 56.13, M_{SymE} = 56.19, p > .90$) or interactions involving product category

(all $ps > .6$). The main effect of brand type was qualified by a significant two-way interaction ($F(1, 176) = 15.02, p < .01, \text{partial } \eta^2 = .08$). The interaction pattern was similar for both product categories.

PLB evaluations benefitted from the presence of a utilitarian ethical attribute compared to a symbolic ethical attribute in the backpack ($M_{UilEA-PLB} = 55.00, SD = 26.58; M_{SymEA-PLB} = 44.51, SD = 22.04; F(1,176) = 4.28, p < .05, \text{partial } \eta^2 = .02$) and hoodie categories ($M_{UilEA-PLB} = 58.96, SD = 21.63; M_{SymEA-PLB} = 51.29, SD = 24.34; F(1,176) = 2.80, p < .10, \text{partial } \eta^2 = .02$). NB evaluations increased when the ethical attribute was symbolic in both the backpack ($M_{UilEA-NB} = 52.27, SD = 27.66; M_{SymEA-NB} = 62.22, SD = 19.07; F(1,176) = 3.85, p = .05, \text{partial } \eta^2 = .02$) and hoodie categories ($M_{UilEA-NB} = 58.27, SD = 20.24; M_{SymEA-NB} = 66.74, SD = 20.47; F(1, 176) = 3.41, p < .10, \text{partial } \eta^2 = .02$). These results support hypothesis 1 and 2.

When brand appeal served as the dependent variable, a repeated-measures ANOVA with ethical attribute and brand type as between-participants factors, product category (backpack and hoodie) as within-participants factor, and brand appeal as the dependent variable revealed a significant main effect of brand type ($M_{PLB} = 53.19, M_{NB} = 59.85; F(1, 176) = 9.94, p < .01, \text{partial } \eta^2 = .05$), but no significant main effect of ethical attribute ($M_{UilE} = 56.62, M_{SymE} = 56.43, p > .90$) or interactions involving product category (all $ps > .80$). The main effect of brand type was qualified by a significant two-way interaction ($F(1, 176) = 16.49, p < .01, \text{partial } \eta^2 = .09$). The interaction pattern was similar for both product categories.

PLB evaluations were more favorable when the ethical attribute was utilitarian, compared to a symbolic ethical attribute, for both the backpack ($M_{UilEA-PLB} = 56.07, SD = 25.73; M_{SymEA-PLB} = 46.67, SD = 20.82; F(1,176) = 3.86, p = .05, \text{partial } \eta^2 = .02$) and hoodie categories ($M_{UilEA-PLB} = 59.64, SD = 21.38; M_{SymEA-PLB} = 50.40, SD = 23.11; F(1,176) = 4.12, p < .05, \text{partial } \eta^2 = .02$). NB evaluations improved when the ethical attribute was symbolic for both the backpack ($M_{UilEA-NB} = 54.02, SD = 25.80; M_{SymEA-NB} = 62.13, SD = 17.51; F(1,176) = 2.87, p < .10, \text{partial } \eta^2 = .02$) and hoodie categories ($M_{UilEA-NB} = 56.73, SD = 20.86; M_{SymEA-NB} = 66.52, SD = 21.03; F(1, 176) = 4.62, p < .05, \text{partial } \eta^2 = .03$). These results support hypothesis 1 and 2.

Mediating role of perceived congruity. We further tested the conditional indirect effect of ethical attribute on brand evaluations through perceived congruity (PROCESS model 8, 5,000

bootstrap samples; Hayes, 2013). Ethical attribute served as the predictor (symbolic = 1, utilitarian = -1), brand as the moderator (symbolic NB = 1, utilitarian PLB = -1), brand evaluation as the criterion, and perceived congruity as the mediator.

In the backpack product category, there was a significant indirect effect of the highest order (two-way) interaction (total indirect effect = .65, $SE = .45$, 95% CI [.02, 1.89]). When the brand was a PLB, there was a marginally significant and negative indirect effect through perceived congruity (conditional indirect effect = -.75, $SE = .60$, 90% CI [-2.17, -.08]). When the brand was a NB, there was a marginally significant and positive indirect effect (conditional indirect effect = .54, $SE = .48$, 90% CI [.04, 1.78]). There was a significant interaction effect on perceived congruity ($B = .25$, $t = 2.63$, $p < .01$), and perceived congruity had a marginally significant effect on brand attractiveness ($B = 2.56$, $t = 1.83$, $p < .10$).

Brand appeal results were similar. Perceived congruity mediated the effect of the highest order interaction on brand appeal (total indirect effect = .75, $SE = .47$, 95% CI : [.09, 1.97]). When the brand was a PLB, the conditional indirect effect on brand appeal was negative and significant (conditional indirect effect = -.87, $SE = .61$, 95% CI [-2.69, -.07]), suggesting that a utilitarian ethical attribute coupled with a PLB improved brand congruity and subsequent brand appeal. When the brand was a NB, the indirect effect of the ethical attribute on brand appeal was positive and marginally significant (conditional indirect effect = .63, $SE = .50$, 90% CI [.05, 1.79]). Perceived congruity had a significant effect on brand appeal ($B = 2.97$, $t = 2.26$, $p < .05$). Overall, the mediation results support hypothesis 3.

In the hoodie product category, there was a marginally significant indirect effect of the highest order (two-way) interaction (total indirect effect = 1.02, $SE = .64$, 95% CI [.15, 2.27]). When the brand was a PLB, there was a marginally significant and negative indirect effect through perceived congruity (conditional indirect effect = -.95, $SE = .67$, 90% CI [-2.43, -.14]). When the brand was a NB, there was a marginally significant and positive indirect effect (conditional indirect effect = 1.08, $SE = .71$, 90% CI [.16, 2.55]). There was a significant interaction effect on perceived congruity ($B = .37$, $t = 4.52$, $p = .00$), and perceived congruity had a marginally significant effect on brand attractiveness ($B = 2.76$, $t = 1.85$, $p < .10$).

Brand appeal results were similar. Perceived congruity mediated the effect of the highest

order interaction on brand appeal (total indirect effect = 1.12, $SE = .66$, 95% CI : [.03, 2.61]). When the brand was a PLB, the conditional indirect effect on brand appeal was negative and significant (conditional indirect effect = -1.04, $SE = .68$, 95% CI [-2.77, -.06]), suggesting that a utilitarian ethical attribute coupled with a PLB improved brand congruity and subsequent brand appeal. When the brand was a NB, the indirect effect of the ethical attribute on brand appeal was positive and significant (conditional indirect effect = 1.19, $SE = .75$, 95% CI [.05, 3.08]). Perceived congruity had a significant effect on brand appeal ($B = 3.03$, $t = 2.05$, $p < .05$). Overall, the mediation results support hypothesis 3.

Discussion

Experiment 2 replicated findings of experiment 1 and showed that the impact of an ethical attribute on brand evaluations (measured in terms of brand appeal and brand attractiveness) depends on the type of brand concept and type of ethical attribute (i.e., symbolic vs. utilitarian). This supports H1 and H2. Moreover, perceived congruity mediates the positive (negative) effect of (in)congruity between ethical attribute and brand concept (H3).

Experiment 3: Effect of Ethical Attribute and Brand Concept on Different Levels of Product Conspicuousness

The results of experiments 1 and 2 suggest that symbolic ethical attributes benefit symbolic brand. The extent of symbolic benefits consumers derive from a symbolic brand concept may be influenced by contextual factors related to brand consumption, however. One such context is conspicuous consumption: When consumption is conspicuous, consumers benefit from the symbolic associations of the brand concept and ethical attribute to the greatest extent. When consumption is inconspicuous, however, the benefits of brand concept-ethical attribute congruity may be reduced as their signaling potential is limited. Experiment 3 tests the three-way interaction between ethical attribute, brand concept, and product conspicuousness (H4).

Method

Experiment 3 employed a 2 (ethical attribute: utilitarian vs. symbolic) \times 2 (brand concept: utilitarian PLB vs. symbolic NB) between-participants design.

Ethical attribute pretests. Based on the pretest to experiment 1, the attribute “supports the Free the Children Canada Foundation” ($M = 5.77$, $SD = 2.21$) was chosen as a symbolic ethical attribute, and “made with eco-friendly materials” ($M = 3.77$, $SD = 1.73$; $t(25) = 3.64$, $p = .00$) as the utilitarian ethical attribute.

Brand pretests. Using the same procedure and measures as in pretest 1, a separate pretest identified a (utilitarian) PLB and a (symbolic) NB for the sport socks product category. Twenty-four consumers (37.5% female, age: 21-49 years, $M_{\text{age}} = 31.46$, $SD = 7.93$) were recruited on Amazon Mechanical Turk and compensated by \$1.00. Diesel was selected as the symbolic NB and Walmart’s George as the utilitarian PLB because they did not differ in brand familiarity ($M_{\text{Diesel}} = 4.46$, $SD = 2.06$, $M_{\text{Georg}} = 5.33$, $SD = 2.62$, $p > .14$). The PLB was perceived as utilitarian ($M_{\text{Georg}} = 3.29$, $SD = 1.97$; compared to scale mid-point (4.5): $t(23) = -3.01$, $p < .01$) and the NB was perceived as symbolic ($M_{\text{Diesel}} = 5.50$, $SD = 2.04$; compared to scale mid-point (4.5): $t(23) = 2.40$, $p < .05$). The NB was considered more symbolic ($M_{\text{Diesel}} = 3.72$, $SD = 1.55$; $M_{\text{Georg}} = 2.92$, $SD = 1.51$; $t(23) = 2.28$, $p < .05$).

Sample and measures. Undergraduate students ($n = 104$; 49% female, age: 18–36 years, $M_{\text{age}} = 21.2$, $SD = 2.54$) participated in a computer-based study in exchange for course credit. Participants provided brand evaluations (three items: 1= *unfavorable/bad/negative*, 7= *favorable/good/positive*; $\alpha = .94$) and completed a measure of perceived conspicuousness of brand consumption (four items: 1= *visible/noticeable/conspicuous/public*, 7= *non-visible/unnoticeable/inconspicuous/private*; $\alpha = .79$) for sport socks.

Results

Interaction effect. An ANOVA with brand evaluation as the dependent variable, and ethical attribute and brand concept as the independent variables showed a significant interaction effect of ethical attribute and brand concept ($F(1, 103) = 11.03$, $p < .01$, partial $\eta^2 = .10$). Consistent with hypothesis 1, PLB evaluations improved when the brand was paired with a utilitarian ethical attribute ($M_{\text{UtilEA-PLB}} = 4.71$, $SD = 1.11$; $M_{\text{SymEA-PLB}} = 3.80$, $SD = 1.33$; $F(1,100) = 7.64$, $p < .01$, partial $\eta^2 = .07$). NB evaluations were more positive when the brand provided an ethical attribute that was symbolic ($M_{\text{UtilEA-NB}} = 4.51$, $SD = 1.25$; $M_{\text{SymEA-NB}} = 5.17$, $SD = 1.16$; $F(1,100) = 3.79$, $p = .05$, partial $\eta^2 = .04$). Figure 3.2 illustrates this interaction.

Moderating role of conspicuousness. A PROCESS model (model 3, 5,000 bootstrap samples) tested the moderating role of conspicuousness in the evaluation of ethical attribute-brand concept pairings. Ethical attribute, brand concept, and perceived conspicuousness served as predictors, and brand evaluation as criterion. Consistent with hypothesis 3, a significant interaction of ethical attribute, brand concept, and conspicuousness emerged ($B = .19$, $SE = .085$, $t = 2.22$, $p < .05$). The interaction pattern (Figure 3.3) suggests that the positive congruity effect between brand type and ethical attribute only emerges at high levels of conspicuousness (+1 SD) ($B = +.65$, $SE = .16$, $t = 3.96$, $p = .00$). At low levels of conspicuousness (-1 SD), there was no effect of congruity between ethical attribute and brand concept on brand evaluation ($p > .50$). Johnson-Neyman results suggest that the positive effect of congruity between ethical attribute and brand concept was significant for conspicuousness scores above 3.17.

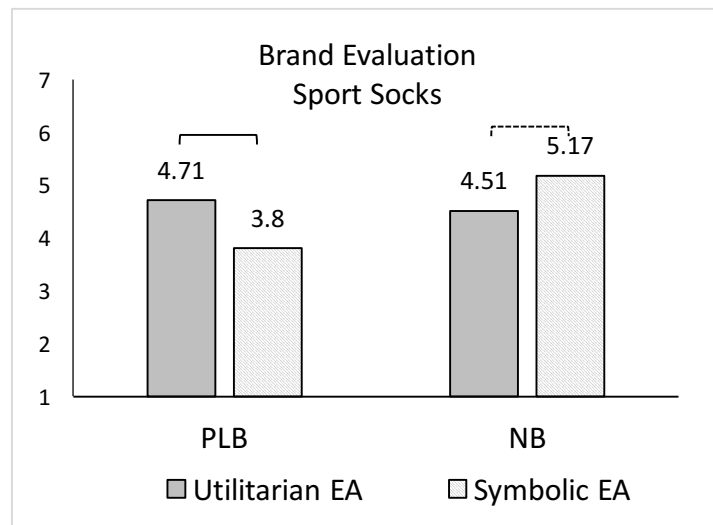


Figure 3.2. The effect of ethical attribute on utilitarian PLB and symbolic NB evaluations (Experiment 3).

Note: Solid brackets indicate significant differences at $p < .01$ and dashed brackets at $p = .05$.

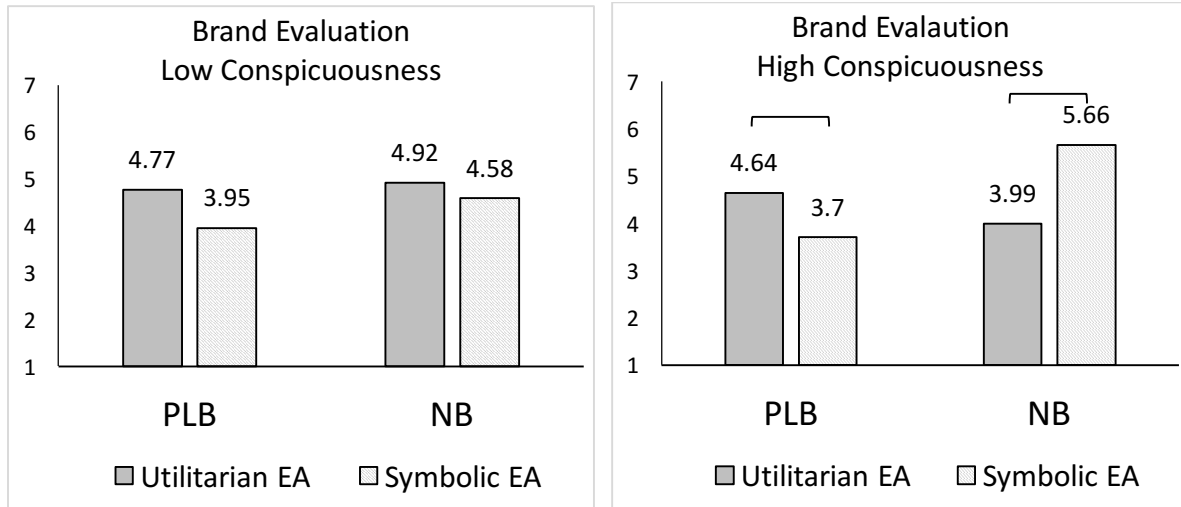


Figure 3.3. *The effect of ethical attribute on utilitarian PLB and symbolic NB evaluations on different levels of conspicuous consumption (Experiment 3).*

Note: Solid brackets indicate significant differences at $p < .05$.

Discussion

This experiment demonstrates that product conspicuousness moderates the positive congruity effect of brand type and product ethical attribute on brand evaluations. The presence of a symbolic ethical attribute increased evaluations of a symbolic brand when consumption is perceived to be conspicuous. This is consistent with the benefits consumers derive from the use of symbolic brands in terms of their identity signaling or group affiliation functions. These benefits arise to a greater extent as conspicuousness increases. Moreover, the results also show that a utilitarian ethical attribute improves evaluations of a utilitarian brand regardless of perceived brand conspicuousness. This is in line with the functional benefits consumers derive from utilitarian brands; such benefits arise independent of the level of visibility of the brand. These findings support H4.

Conclusion and Implications

Building on congruity theory, three experiments use real brands and an experimental framework to investigate the interactive effect of brand concept (i.e., symbolic vs. utilitarian) and ethical attribute type (i.e., symbolic vs. utilitarian) on brand evaluations. Experiment 1 demonstrates that congruity between a brand concept and an ethical attribute (e.g., a symbolic brand offering a symbolic ethical attribute) leads to enhanced consumer brand evaluations. However, incongruity between a brand concept and an ethical attribute (e.g., a symbolic brand providing a utilitarian ethical attribute) results in more negative brand evaluations compared to a congruent brand concept-ethical attribute pairing. Experiment 2 replicated these findings and supported the prediction that the positive (negative) effect of the (in)congruity between brand concept and ethical attributes is mediated by perceived congruity. Experiment 3 shows that the positive effect of a symbolic ethical attribute paired with a symbolic brand emerges only when the brand consumption is perceived to be conspicuous. Evaluations of utilitarian brand concept-ethical attribute pairings were unaffected by the level of conspicuousness of brand consumption.

Theoretical Implications

This research provides insights into consumer responses to brand concepts paired with ethical attributes. The contribution of this research to the ethical attribute literature is fourfold. First, we contribute to the more recent research demonstrating that ethical attributes may elicit negative consumer responses (Griskevicius et al., 2007; Luchs & Kumar, 2015; Luchs et al., 2010; White et al., 2012). In line with prior studies (Torelli et al., 2012), this research shows that brand concept has an important influence on ethical attributes effectiveness. Distinctively, our research looks at brand concept from a different perspective (i.e., utilitarian/symbolic rather than self-enhancement/self-transcendence) and show that certain types of ethical attributes may be roadblocks for certain brand concepts. Second, the majority of articles in the CSR and ethical attribute literature focus on symbolic ethical attributes (Arora and Henderson, 2007; Folse, et al., 2010; Hagtvedt & Patrick, 2015; Lafferty et al., 2004; Winterich & Barone, 2011). This research is one of the first to demonstrate the important role of ethical attribute type (symbolic vs. utilitarian) on consumer responses to ethical attributes.

Third, although prior research has examined the degree of fit between brand and CSR activity as the moderator of CSR outcomes (Ellen, Webb, & Mohr, 2006; Menon & Kahn, 2003), this research is the first to empirically document that perceived congruity serves as the underlying process of the match between brand concept and ethical attribute benefits. Fourth, this research complements prior research investigating the contextual factors influencing hedonic or luxury brands that are paired with ethical attributes (Hagtvedt & Patrick, 2015; Torelli et al., 2012). This article focused on the moderating role of conspicuousness of consumption in the evaluation of symbolic brands providing symbolic ethical attributes.

Managerial Implications

In terms of managerial implications, this research supports the notion that managers should consider the type of ethical attributes in conjunction with brand concepts to enhance brand evaluations. It is noteworthy that an ethical attribute/brand concept matching strategy is more effective for products and brands that are highly associated with conspicuous consumption, such as automobiles, apparel, or luxury brands. Moreover, these findings provide insightful directions for retailers by providing empirical evidence that they could benefit from offering utilitarian ethical attributes for their private label brands regardless of consumption conspicuousness.

It is also noteworthy that the results of experiment 1 for the backpack product category indicate that a utilitarian ethical attribute enhances brand evaluations regardless of the brand concept, whereas a symbolic ethical attribute only improves evaluations of a symbolic brand ($p > .62$). In the hoodie product category, however, a utilitarian ethical attribute did not have a positive effect on evaluations when it was provided by a symbolic brand. These results point toward a moderating role of product category benefits on consumer responses to ethical attributes (Bodur et al., 2014). Backpacks may be perceived as more utilitarian than hoodies, and utilitarian ethical attribute may have enhanced brand evaluations due to a relatively high level of product category-ethical attribute benefit congruity. These results suggest that for products with more salient utilitarian benefits, managers may benefit from offering utilitarian ethical attributes regardless of brand concept. This effect may be the result of enhanced perceived quality

(performance) due to introducing utilitarian ethical attribute for utilitarian product (Bodur et al., 2015).

Limitations and Future Directions

This research has several limitations. First, in all studies of this paper, a private label brand was used as the utilitarian brand and a national brand as the symbolic brand. One may argue that it is possible for some national brands to be more dominant in one concept while some in another. The same argument can be made for private label brands. Further research is needed to investigate whether the same congruity results would emerge within national and private label brands.

Second, to ascertain external validity and rule out the confounding effect of price, the same prices were presented as an average regular price of three existing brands in each product category. Considering the fact that higher price and higher quality affect perceived brand concepts (Keller, 1993; Park et al., 1986, 1991) and higher priced (versus lower priced) private label brands benefit more from ethical attributes (Bodur et al., 2015), it is likely that higher-priced PLBs are perceived to be associated with symbolic brand concept whereas lower-priced PLBs to be associated with utilitarian brand concept. Further research is needed to shed light on the moderating effect of price.

Third, in experiment 3, we show the moderation effect of conspicuousness consumption by measuring it across participants due to the multi-functionality and subsequent objective visibility of sport socks product category. Future research can address this issue with manipulating low/high conspicuous consumption by introducing different scenarios or different product categories.

Overall Conclusion

Consumers evaluate ethical attributes in the context of other brand and product information (e.g., Arora & Henderson, 2007; Bodur et al., 2014; Luchs et al., 2010; Torelli et al., 2012). This dissertation complements prior research by studying the brand-related factors that affect consumer responses to product-related social responsibility initiatives/ethical attributes. Findings of three essays demonstrate that the effectiveness of ethical attributes is contingent upon the type of brands (retailer's private label brand or manufacturer national brand; papers 1, 2, and 3), the quality tiers of private label brands (high vs. low; paper 1), brand attributes (brand name, price, or retailer reputation; paper 2), and type of ethical attributes (symbolic vs. utilitarian; paper 3). The findings of these three essays are consistent with prior research showing that ethical attributes do not always entail positive consumer responses (Griskevicius et al., 2007; Luchs & Kumar, 2015; Luchs, et al., 2010; White, MacDonnell, & Ellard, 2012).

Paper one studies the effect of social responsibility initiatives on different quality tiers of private label brands (PLBs) and proposes opposing predictions based on a review of literature in social responsibility and evolutionary psychology. This paper suggests that social responsibility initiatives have asymmetric effects for different tiers of retailers' PLBs. Specifically, the results of two experiments showed that high-tier PLBs were favored more when offering social responsibility initiatives whereas low-tier PLBs elicited more negative consumer evaluations. These preliminary findings were more consistent with an explanation based on resource synergy beliefs rather than costly signaling theory.

Paper two extends these findings by investigating brand attributes that affect effectiveness of ethical attributes for PLBs and the underlying mechanism for these asymmetric effects. Furthermore, this paper examines the effect of ethical attributes on NBs. Building on cue utilization theory (Burnkrant, 1978; Jacoby, Olson, & Haddock 1971), the findings of this paper show that ethical attributes enhance PLB evaluations only in the presence of extrinsic cues signaling high quality (i.e., high price or high retailer reputation) because these cues help consumers draw inferences regarding the quality implications of the ethical attributes. Accordingly, higher consumers' product quality perceptions mediate this positive effect.

Consistent with cue utilization theory, ethical attributes do not affect NB evaluations because brand name is diagnostic enough for consumers to use it as a heuristic in brand judgment and rely less on other brand-related information (i.e., ethical attributes).

Paper three complements these two papers by studying the role of ethical attribute types (symbolic vs. utilitarian) in consumer brand evaluations of PLBs and NBs. Three experiments show that a congruity between ethical attribute type and brand concept (e.g., a symbolic ethical attribute for a symbolic NB) enhances consumer brand evaluations whereas a incongruity between ethical attribute type and brand concept (e.g., a symbolic ethical attribute for a utilitarian PLB) mitigates brand evaluations. This effect is mediated by perceived congruity. Moreover, we show conspicuous consumption as a boundary condition to this effect, such that the positive congruity effect of symbolic ethical attribute for symbolic NB is attenuated when the brand consumption is inconspicuous.

Overall, the three papers herein explore novel effects of introducing ethical attributes to different private label brands and national brands on consumers' responses. This dissertation contributes to the branding and ethical marketing literature by providing evidence that NBs did not benefit from product-related ethical attributes to the same extent PLBs did. The ethical attribute effects observed in this research are also in line with findings regarding asymmetric ethical attribute effects for unknown versus known brands (Arora & Henderson, 2007). Moreover, it provides empirical findings that verify previous research documenting the important role of resource synergy beliefs (Gupta & Sen, 2014) in predicting consumer response to ethical attributes. Furthermore, counterintuitive to the common sense of expecting favourability of offering ethical attributes to low-priced PLBs, this research builds on cue utilization theory (Dodds, et al., 1991; Grewal, et al. 1998; Rao & Monroe, 1989) and show that ethical attributes do not benefit low-priced (or low retailer reputation) PLBs. Finally, while the majority of articles in the CSR and ethical attribute literature focus on symbolic ethical attributes (Arora and Henderson, 2007; Folse, et al., 2010; Hagtvedt & Patrick, 2015; Lafferty et al., 2004; Winterich & Barone, 2011), this research is one of the first to demonstrate the important role of ethical attribute type (symbolic vs. utilitarian) on consumer responses to ethical attributes.

This research provides helpful guidelines for retailers and global manufacturers by addressing how to benefit more from offering ethical attributes. First, retailers should differentiate the way they accommodate social responsibility initiatives based on the type of their PLBs. Specifically, the beneficial effect of social responsibility initiative only exist for high-tier PLBs rather than low-tier PLBs. Second, if retailers intend to be more sustainable by offering ethical attributes across all product/brand lines, they would benefit more by increasing the price of low-tier PLBs that offer ethical attributes or introduce a medium-tier PLB with good quality and higher price than low-tier PLB. Third, retail organisations that develop different tiers of retailers (e.g., Loblaw's Maxi [low reputation] vs. Loblaws [high reputation] supermarket chains) would benefit more if they focus more on growing sustainability of their retailers with higher reputation. Finally, manufacturers and retail managers should consider the type of ethical attributes and their congruity with brand concept of PLBs and NBs. Retail managers can profit from offering utilitarian ethical attributes (e.g., made from recycled materials) for their utilitarian PLBs whereas global manufacturers can profit from offering symbolic ethical attributes (e.g., supporting World Wildlife Fund) for their symbolic NBs.

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