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Forgiveness In The Face Of Brand Scandals: How Opinions About Corporate Actions And Pre-Scandal Trust And Experience Play A Role

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Research Background

- It has been widely demonstrated that scandals before they become real crises, may severely impact companies' performance and affect consumer behavior.
- **Corporate actions (CA)** seem to be essential when an organization is expected to strategically manage a scandal before, during, and after its occurrence.
- **Brand forgiveness (BF)** may be influenced by actions taken by firms to mitigate the negative effects of scandals.
- when a brand scandal occurs, consumer reactions are unpredictable. It is due to the capability of the **consumer's brand experience (BE) and trust (BT)**
- **Research Gap:** the unaddressed scope of understanding the **consumers' opinions about corporate actions** in the case of a brand scandal



Research Objectives

- To explore the existence of a **sequence of events** during a brand scandal
- Investigate consumers' opinions about corporate actions
- To identify the influence of CA initially on consumers understanding of the event- brand scandal
- To not undermine the importance of BF especially when appropriate corporate actions are taken at the time of BS
- To identify the unexplored mediating effects of consumers' pre-scandal brand trust and brand experience



Theoretical Framework

The study leverages and contributes to multiple theoretical frameworks

- **Expectancy Violation Theory:**
 - Unmet expectations are expectation violations
 - Individuals expect certain behaviors in certain situations, and deviating from one's expectations causes cognitive arousal and heightened attention, also leading to the re-evaluation of the source of the message
- **Situational Crisis Communication theory**
 - Multiple corporate communication response strategies are formulated like bolstering, denying, delaying, and others
- **Information Integration Theory**
 - External and memory-based information is gathered through experiences combined with consumers' existing memories
- **Defensive Attribution theory**



Research Methodology

- **Research Design:** Quantitative Study
- **Sampling type:** Purposive Sampling
- **Sample size:** 717 Respondents
- **Research Context:** Nestle's Maggi
- **Instrument:** Structured Survey (7-point Likert Scale)
- **Analysis:** Structured Equation Modeling (AMOS)
- **Reliability:** Cronbach's Alpha; Composite Reliability (CR); Indicator Reliability
- **Validity:** Convergent, Content, Discriminant, Criterion, Common Method Bias



Key Findings

- Confirmed the importance of adopting the principles of **corporate scandal management**
- Consumers have been influenced by **corporate actions** (Nestlé) during Maggi's uncontrollable brand scandal in India. It further implies that the corporate actions were effective.
- Consumers' favorable attitude towards the brand scandal actuates their **brand forgiveness**
- Consumers' opinions about corporate actions influence those with **favourable pre-scandal BE** and **a high level of pre-scandal BT**, ultimately impacting their favourable attitude about the brand scandal.



Academic Contribution

- **Corporate actions** are essential because any negative publicity about the brand can create negative brand associations, especially for consumers with existing brand trust
- Application of the **information integration theory** to attitude change
- An **adverse event** could be perceived differently, and consumers challenge their brand **perceptions and mature** their attitude towards a scandalized brand while corporate actions influence their attitude.
- This study helps to highlight **two different violations concerning the Expectation**

Violation theory:

- The first violation refers to the brand wrongdoings when a scandal is a disconfirming event, and the previous brand schema congruity affects the perceived valence of violation in a negative effect
- The second violation occurs on corporate actions, which, if effective, timely, and relevant for the consumer, the situation-specific expectation violation is positive.