Working Paper 22-077

# Moral Deteriorations Sever Firm Identity

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**CONSUMER RELEVANCE AND CONTRIBUTION STATEMENT**

**(276 WORDS [MAX: 300 WORDS])**

Firms can change in many ways. Which types of changes are most disruptive to a firm's persisting identity over time, as far as consumers are concerned? We find that moral deteriorations are more damaging than moral improvements, brand personality changes, and product changes, because consumers view morally good traits as comprising a firm's very essence. This work extends existing theoretical work on personal identity to the domain of firm identity (Bartels and Urminsky 2011). It also extends the literature on how moral intuitions affect consumption, showing that this can depend on how much consumers weigh properties as essential to a firm's identity. Finally, it contributes to work on brand personality, finding that moral deteriorations are viewed as even greater personality changes than changes along the main brand personality dimensions identified in previous work (Aaker 1997).

This work makes three practical contributions. First, since marketers guard against threats to brand equity, our findings suggest that they should be particularly wary of moral changes, as in brand activism and firm acquisitions. Second, we find that consumers with different moral values have correspondingly different views regarding when a firm has deteriorated, with concomitant effects on perceived firm persistence, willingness to pay and social media behavior. Thus, engaging in brand activism is even risker than previously anticipated (Moorman 2020), since for some customer segments it may be a matter of brand life or death. Third, previous work has found that consumers have negative stereotypes of firms that negatively affect consumption (Aaker, Vohs, and Mogilner 2010). Encouragingly, however, we find that consumers still view *individual* firms positively, suggesting that big firms can combat negative group-based stereotypes via interventions that individuate themselves.

**ABSTRACT (192 WORDS [MAX: 200 WORDS])**

Firms change over time. Which changes are so damaging that consumers believe the firm's very identity ceases to exist? We explored this question using Twitter data and eight experiments involving nearly 3,000 subjects. Consumers judged that moral deteriorations were particularly disruptive to a firm's identity—just as or even more so than moral improvements, product changes, and brand personality changes. This effect occurred because consumers thought that morally good traits were essential to a firm's identity, such that losing these traits seemed to sever the firm's persisting identity. The effect was not explained by whether the firm was viewed as still being in the same category of industry nor by whether a change was viewed as tainting the firm. Whether a change was identity disrupting also depended on individual moral values: liberals viewed changes toward a conservative direction as severing a firm's identity, and vice versa for conservatives. Moreover, consumers acted on these feelings when on social media sites, deactivating their Twitter accounts after Twitter underwent a moral deterioration that seemed to sever its existing identity. Together, these findings have marketing implications for brand management, brand activism, and countering negative firm stereotypes.

*Keywords:* corporate identity; morality; brand activism; social media; business ethics; firm stereotypes

Aside from death and taxes, one constant in life is change. The same goes for firms and their products. Just consider *Intel* (memory chips → microprocessors), *Lego* (wooden toys → build-em-yourself blocks) or *Lamborghini* (industrial tractors → luxury racing vehicles). Moreover, not all changes may seem equally dramatic. For instance, some product changes remain within the same industry (e.g., different instantiations of the Boeing airplane), whereas others span the boundaries between different industries (e.g., Lamborghini tractors to Lamborghini sports vehicles).

Aside from changes in the material products and services that firms offer, firms can change in other ways, such as by manufacturing products with different "personalities". One notorious example is when Harley-Davidson, maker of loud motorbikes, decided to offer its own line of perfumes and fragrances (Haig 2005). Since the move conflicted with the firm's original 'rugged' personality, many of its loyal customers complained, leading the firm to discontinue the perfume line altogether.

Firms can also change morally. They can morally improve, as when the fur coat company *Canada Goose* announced that it would no longer be making its coats using real fur obtained by killing coyotes, but would instead use faux fur (Canada Goose 2021). Conversely, they can morally deteriorate, as when journalists discovered that the popular jean company *Levi's* was making its jeans in part by contaminating a local river source in a South African village (Fashion United 2009). Since moral changes are about the extent to which the firm abides by moral norms in society, they need not be limited to features of a product per se (e.g., using real fur in a product), but can also relate to actions and other policies that affect employees and other stakeholders (e.g., contaminating rivers, obeying safety standards, using child labor).

Here we ask how consumers perceive such changes. Inspired by previous research in psychology (De Freitas et al. 2018b; De Freitas et al. 2017b), we explore the possibility that moral deteriorations are viewed as so dramatic that consumers feel the original firm *no longer exists*, suggesting that consumers view firms as having 'good true selves' that are lost by such changes.

At first blush this seems like a highly unlikely possibility, given that consumers appear to vilify big firms (Bhattacharjee, Dana, and Baron 2017; Cowen 2019; Paharia, Avery, and Keinan 2014). This negative sentiment is captured in the title of Tyler Cowen's recent book *Big business: A love letter to an American anti-hero* (Cowen 2019), as well as in public surveys (Public Affairs Council 2021; Saad 2019). For instance, one 2019 Gallup survey found that a mere 23% said they had "a great deal" or "quite a lot" of confidence in "big business" (Saad 2019). Here we consider the possibility that—despite these negative views of firms as a *group*—consumers view *individual* firms as having good true selves. We predict that when consumers reason about individual firms who either morally improve or deteriorate, they are more inclined to say that a firm is no longer the same after it morally *deteriorates* rather than improves, because deteriorations involve losing the morally good traits that consumers view as comprising a firm's identity.

Our research has three main theoretical implications. First, we contribute to the literature on lay theories of firm identity. While previous research in consumer behavior has focused on the persistence of personal identity (Bartels and Urminsky 2011), the current work is among the first to study the persistence of firm identity. We ask what features of a firm consumers weight most heavily when making identity judgments about firms that have undergone dramatic changes. Second, we extend the literature on how moral intuitions affect consumption, showing that this can depend on how much consumers weigh properties as essential to a firm's identity. Third, we contribute to work on brand personality, by testing whether consumers view moral changes as even bigger personality changes than changes in the five canonical personality dimensions (Aaker 1997).

The research has three main practical implications. A first implication is for marketers, who are wary of making changes that threaten brand equity. If morally good traits are viewed as essential to a firm's identity, then moral deteriorations pose a major risk to this equity, since they amount to (perceived) firm death. To this end, we also quantify the practical significance of this risk, by comparing moral deteriorations to other kinds of changes that a firm may undergo, including to its products or brand personality. A second implication relates to brand activism, i.e., when firms use their corporate or individual brands to take a public stance on divisive issues (Moorman 2020). At the same time, consumers may have different moral values, affecting what kinds of firm changes are viewed as deteriorations or improvements. To this end, we measure consumer reactions to political changes in terms of purchase intent and real account activations and sign ups on a social media site. The third implication relates to how to combat negative firm stereotypes. Despite the negative stereotypes that consumers have of firms as a group, we find (encouragingly) that they still have positive views of firms when considered as individual entities, suggesting that firms can combat negative firms stereotypes by individualizing themselves.

## CONCEPTUAL FRAMEWORK

### Identity and Persistence Judgments

Firms provide most of the conveniences of modern life, often at a remarkably low cost, and yet consumers appear to view them quite negatively in a moral sense (Atkinson and Lind 2018; Bhattacharjee et al. 2017; Cowen 2019; Johnson, Zhang, and Keil 2021; Paharia et al. 2014; Ribstein 2009). Given negative views of firms as a *group*, a natural expectation would be that consumers also view *individual* firms as having bad true selves. Group-based biases are typically highly resilient (Travaglino et al. 2014), and one of the most resilient biases in all of human society is intergroup bias, which is responsible for over 170 million violent civilian deaths (Woolf and Hulsizer 2004).

Furthermore, previous work has found a negativity bias in impression formation, whereby: negative traits are weighed more heavily on liking than positive traits (Skowronski and Carlston 1989); people are more sensitive to situational factors when evaluating positive actions than negative ones (Reeder and Spores 1983); and good acts cannot fully offset negative acts (Johnson and Ahn 2021; Kang, Germann, and Grewal 2016; Trudel and Cotte 2009). Such inferences make sense because norm violations are rarer, and so must be more diagnostic of the firm's underlying character (Johnson and Ahn 2021). Perhaps consumers are also more likely to exhibit such negativity biases when judging firm identity, viewing them as essentially bad.

If consumers view individual firms negatively, then if a firm were to deteriorate, consumers should be inclined to say that the firm is the very same firm it has always been. Yet, we will make the very opposite prediction: consumers are more inclined to say that an individual firm is no longer the same firm after it morally *deteriorates* (rather than improves), because they view morally good traits as essential to firm identity. Put another way, they view firms as having good ‘true selves’.

While no prior work has examined this possibility, previous work has investigated how people think about the temporal persistence of other kinds of entities, such as nations or rock bands (De Freitas et al. 2017b). One study, for example, asked participants to consider a fictional nation named *Bellshore* that originally consisted of some regions that encouraged free speech and other regions that discriminated against people for being different. Participants were then told that over the years *Bellshore* changed its policies such that afterwards all its regions either discriminated against people for being different (moral deterioration) or encouraged free speech (moral improvement), and then participants were asked how much they agreed that the *Bellshore* after the changes was no longer the same country as the *Bellshore* before the changes. Participants were more inclined to say that the *Bellshore* after the changes was no longer the same after it *deteriorated* than after it improved—a valence asymmetry in identity judgments (De Freitas et al. 2017b).

One possible explanation for such findings is that it reflects ‘normative essentialism’ (De Freitas et al. 2017b), a form of psychological essentialism. Psychological essentialism is the cognitive tendency to believe that entities have deep, unobservable properties that comprise their true nature (Medin and Ortony 1989; Newman and Dhar 2014; Newman, Diesendruck, and Bloom 2011). The normative essentialism account says that people specifically view the traits they *value* as comprising an entity’s essence. If this is the case, then these intuitions should also manifest as the feeling that these valued traits are ‘deeper’, ‘more stable’, and ‘true’. Indeed, people’s judgments in these cases also show other hallmark features of psychological essentialism, such as believing that the good traits of an entity are stable and naturally occurring, feeling that there is a boundary between the entity's true self and its more surface/superficial aspects, and describing moral improvements (but not deteriorations) as "expressions" or "reflections" of the entity's true self (De Freitas et al. 2017a).

Here we similarly use identity judgments about firms to get at how consumers think about firms' essences. Thus, we hypothesize:

> **H1:** There is a moral asymmetry in identity judgments about firms, whereby moral deteriorations are viewed as more identity disrupting than moral improvements.

> **H2:** The moral asymmetry is explained by normative essentialism: individual firms are viewed as having good true selves.

## Changing Products and Personality

From a practical standpoint, however, it is not enough to simply know that moral deteriorations are viewed as identity disrupting, but we should also quantify just how disrupting they are in the eyes of consumers. One way to determine this is to compare moral deteriorations to other substantive changes a firm may undergo, such as to its products or the personality of its brands.

Product changes are risky, because a new product may be somehow incompatible with the old one (Aaker and Keller 1990). Furthermore, not all product changes are equally dramatic since some product changes may stay within the same industry (within-industry product changes) whereas others may span boundaries between industries (between-industry product changes).

Within-industry product changes already threaten a firm's brands since products and services are core to a firm's business. Consider, for example, when the French luxury bag company *Longchamp* changed from selling bags made solely from leather to also selling bags made of nylon (called *Le Pliage*). This was a highly controversial decision, and experts argued that the change betrayed the essence of *Longchamp* as a maker of leather bags (Avery 2017). Between-industry product changes pose an even greater threat to a firm's brands because the firm is effectively reinventing itself. Staying with the *Longchamp* example, the firm was also considering extending its product portfolio from bags to sunglasses (Avery, Junker, and Beyersdorfer 2017). This was highly controversial because none of the brand's original attributes (e.g., leather, handmade, old) extended easily to sunglasses.

Yet another type of change that firms undergo is to their brand personalities. Many brands have personality traits, e.g., Absolut Vodka (cool, hip, contemporary, 25-year-old) or Dr. Pepper (non-conforming, unique, fun) that come about through the deliberate efforts of marketers. Previous work suggests that the five personality traits that explain most of the variance in individual products are sincerity, excitement, competence, sophistication, and ruggedness (Aaker, 1997). As such, changes between such traits can be perceived as very jarring, as in the Harley-Davidson example noted earlier (Haig 2005).

In sum, both product and brand personality changes pose substantial risks to a firm's valuable brand equity. Thus, such changes provide a strong benchmark against which to measure the impact of moral deteriorations. We propose that moral deteriorations may be just as or even more risky than these other kinds of changes, because morally good traits are viewed as *essential* to a firms' identity. Thus,

> **H3:** Moral deteriorations are at least as identity disrupting as within-industry product changes, between-industry product changes, and personality changes.

The Moderating Role of Values

Finally, if consumers view morally good traits as essential to a firm's identity, then this also implies that consumers with different moral values will exhibit correspondingly different views about what kinds of changes are deteriorations and identity disrupting. This possibility has implications for consumer activism, in which firms use their brands and power to publicly take a stance on divisive political issues, such as by selling gender-neutral clothing, engaging in contracts with the military, publicly supporting conservative or liberal presidents, or advocating for causes like Black Lives Matter (Hydock, Paharia, and Blair 2020; Moorman 2020; Wettstein and Baur 2016). For example, companies like Ben & Jerry's, Starbucks, Google, and Apple have all expressed support for same-sex marriage, to widespread praise and criticism alike (Wettstein and Baur 2016), and several companies have withdrawn from the Russian market in response to Russia's invasion of Ukraine.

Does such corporate activism help or hurt companies? Prior research suggests that corporate activism only benefits a firm when it attracts more consumers who support the action than it repels consumers who oppose it (Hydock et al. 2020; Moorman 2020; Wettstein and Baur

2016). In short, whether corporate activism is 'worth it' from an economic standpoint depends on whether the net effect on consumers is positive.

Previous work has explored one way in which brand activism can be perceived negatively: it is inauthentic. Firms that take a public stance on issues that they do not internally support are viewed as misleading and inauthentic, a phenomenon sometimes referred to as "woke washing" (Vredenburg et al. 2020). These public failures may harm the firm's customer patronage, brand equity, and even how consumers perceive its core business (Chernev and Blair 2015; Hydock et al. 2020). Yet, here we explore another reason that certain kinds of political activism may be undesirable—they involve moral changes that are perceived as deteriorations by some consumer segments, threatening their sense that the firm has a persisting identity. In order to investigate this question, we test whether the usual identity asymmetry interacts with political values in cases where a firm changes toward either a highly conservative or liberal direction. Thus, we predict:

> **H4:** Individual values influence what is viewed as a deterioration: firms' changes toward conservative traits are viewed as deteriorations for liberal participants (and vice versa).

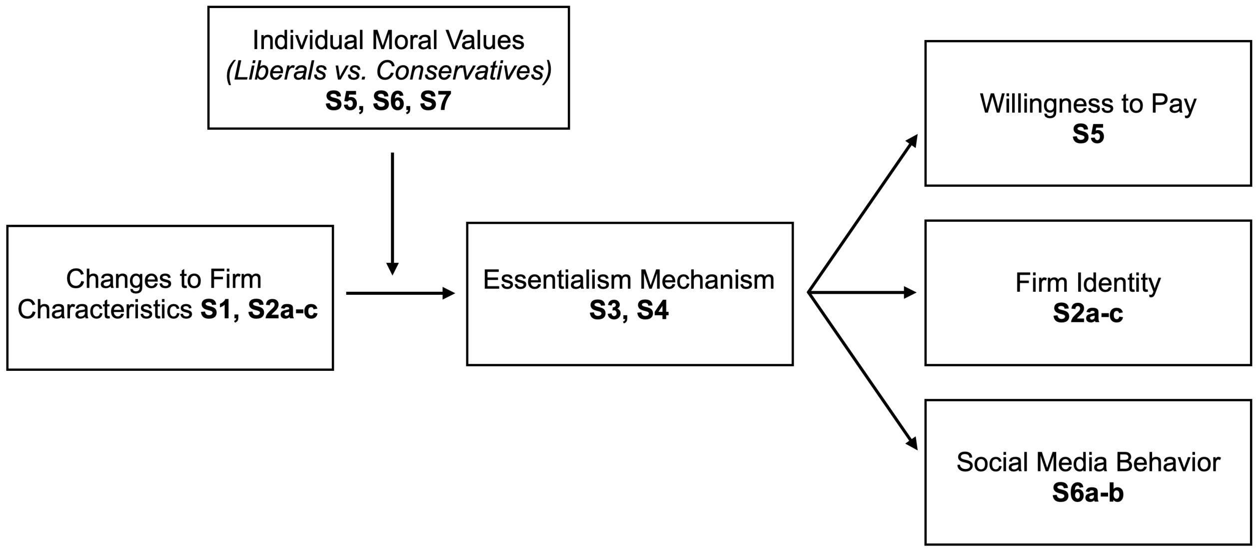
We further expect that these intuitions affect consumer-relevant outcomes, such as purchase intent, whether someone activates or deactivates their social media account, and whether someone keeps following or stops following a firm on social media.

## OVERVIEW OF STUDIES

In the current studies, we test whether, despite viewing firms negatively as a group, consumers still believe that moral deteriorations are more identity-disrupting than moral improvements, suggesting that they view *individual* firms as having good true selves (study 1). Studies 2a–c determine whether moral deteriorations are at least as disruptive to firm identity as within-industry product changes, personality changes, and between-industry product changes. Studies 3–4 then investigate the psychological process underlying these effects, testing for mediational and causal evidence that the psychological process driving the identity asymmetry is normative essentialism. Study 5 explores whether what is viewed as comprising the good true self of firms varies depending on the moral values of the consumer making the judgment. Study 6a leverages Twitter data to test whether consumers are more likely to deactivate their social media accounts when the social media website undergoes a political change that they view as a deterioration, and study 6b tests whether such behavior is indeed driven by intuitions about a firm's identity. Data and code for all experiments are publicly available in the following Github repository [anonymized for review].

**FIGURE 1**

THEORETICAL FRAMEWORK




NOTE.— S1–S6b indicate the experimental studies where the particular factor was tested.

## STUDY 1: MORAL ASYMMETRY

Existing research and public surveys suggest that consumers view firms negatively. Therefore, we might expect that when firms morally deteriorate, then consumers say that it is in line with their existing identity. However, study 1 explores the possibility of the very opposite result (hypothesis 1): consumers are more likely to say that an original company no longer exists if it *deteriorates* (vs. undergoes an improvement of a similar magnitude). If we find this pattern, then it would be consistent with the idea that, even though consumers view companies negatively when construed as a group, they think of individual companies as having good true selves (hypothesis 2).

### Method

We recruited 320 participants from Amazon Mechanical Turk, and excluded 82 ($M_{\text{age}}$ = 41.9, 49.2% females; see exclusion criteria below). Our sample size per condition ($N$=160 per moral valence condition) was identical to a previous study that investigated moral asymmetries in identity judgments of other kinds of entities (De Freitas et al. 2017b). Participants were assigned to one of 16 conditions in a 2 (moral valence: improvement, deterioration) × 8 (firm industry) design. For the sake of robustness, we created scenarios for firms in eight different industries: clothing, cosmetics, apparel, mining, technology, petroleum, tobacco, and makeup. Full materials are provided in the web appendix. Between-subjects, a firm was described as either changing from mostly good to mostly bad traits (e.g., making coats from mostly faux fur → mostly real fur by killing coyotes; a deterioration) or vice-versa (real fur → faux fur; an improvement). Then, participants indicated how much they agreed with the following statement (0 = Completely disagree, 50 = Neither agree nor disagree, 100 = Completely agree):

> *The [firm name] after the changes is not really the same company as the [firm name] before the changes.*

They also indicated whether they agreed more with Person A, who thinks the company is still the same company, or Person B, who thinks it is not (0 = Person A, 50 = Equally agree with both persons, 100 = Person B):

> *Person A thinks that [company name] after the changes is still the same company as [company name] before the changes. Person B thinks that it makes more sense to say that [company name] is no longer the same company it used to be. The way he sees it, the original [company name] no longer exists. Who do you agree with more, Person A or Person B?*

Participants were excluded for failing any attention checks and more than one comprehension check about how they would describe the company before and after the changes.

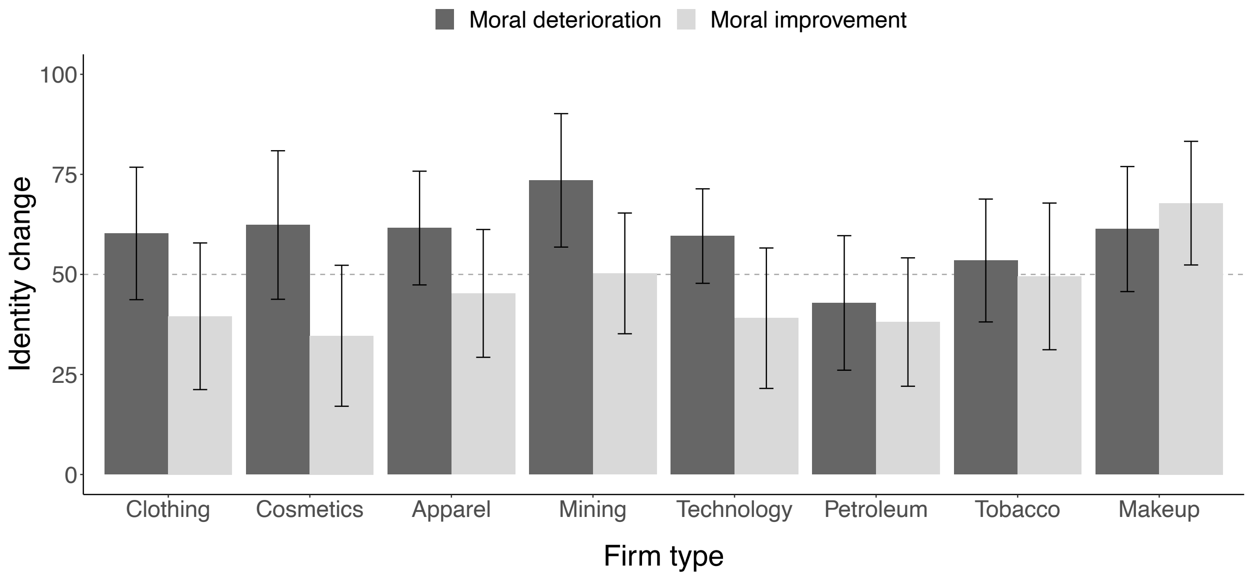
## Results and Discussion

The two items measuring change in identity intuitions showed high internal consistency ($\alpha = 0.92$), so they were averaged to produce a single identity change measure ("Identity change"). Supporting hypothesis 1, participants thought firm identity was disrupted more by moral deteriorations than improvements ($M_{det} = 58.97$; $M_{imp} = 45.65$; $t(236) = 3.45$, $p < .001$, $d = 0.45$ averaging across measures), and exhibited this pattern for seven out of the eight firms (figure 2).

We also explored whether this effect depended on whether the moral change was product-related or not, since three changes were product-related (including changes to fur coats or cosmetics materials), while five changes were not (including changes to the type of labor the firm used or whether it followed legal guidelines). A 2 (condition: improvement or deterioration) × 2 (type of change: product or other) ANOVA with identity judgments as the dependent variable did not yield a significant interaction ($F(1, 234) = 0.01$, $p = .943$), suggesting that the moral asymmetry was not disproportionately driven by a particular type of moral change.

**FIGURE 2**

MEAN RESULTS FOR STUDY 1.




NOTE.—The y-axis is the average of the two identity items ($\alpha$ = 0.92). Error bars are 95% confidence intervals.

Discussion

Supporting the moral asymmetry hypothesis (hypothesis 1), moral deteriorations were viewed as more disruptive to identity persistence than moral improvements.

## STUDY 2a: WITHIN-INDUSTRY PRODUCT CHANGES

How practically significant are moral deteriorations? One way to answer this question is to compare moral deteriorations to other kinds of changes that a firm may undergo. Here, we compare moral deteriorations to changes in the very products that a firm manufactures and sells, which are generally considered core to a firm's business. We focus on product changes that stay within the same industry, which are arguably the most common type of change that products undergo. Previous work has noted that such *within-industry* product changes can be threatening to a firm's brand, as in the *Longchamp* example of changing from selling leather bags to nylon bags. Study 2a contrasted moral deteriorations to such within-industry changes. If morally good qualities are viewed as essential to a firm's identity, then moral deteriorations should be viewed as just as, if not more, identity-disruptive than within-industry product changes (hypothesis 3).

Method

We recruited 320 participants (160 per change condition) from Amazon Mechanical Turk, and excluded 38 using the criteria from study 1 ($M_{\text{age}}$ = 43.1, 53.2% females). Participants were assigned to one of 16 conditions in a 2 (change: moral deterioration, within-industry product) × 8 (firm industry) design, between-subjects. Participants read about firms in the same eight industries from study 1. The firms either deteriorated morally (as in study 1) or changed from selling mostly one product to selling a different product within the *same* industry (e.g., selling mostly lipsticks → mostly eye makeup). Full materials are provided in the web appendix. Participants then answered the same identity questions from study 1. On a new page, they also answered a check about their specific vignette:

> *The [firm name] after the changes is mostly selling to customers in a different type of industry than the [firm name] before the changes.*

We expected that participants would either be just as likely or even more likely to agree with this statement in the within-industry product change condition than the deterioration condition, and yet moral deteriorations would still be viewed as more identity disrupting.

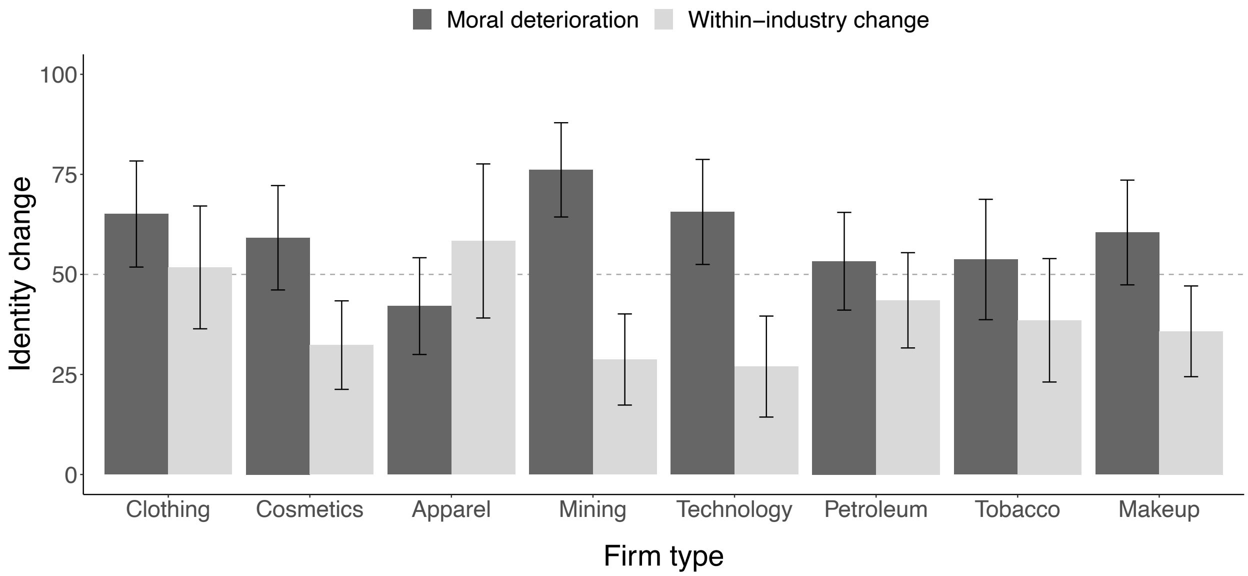
Results

The scores for the two identity questions were averaged as in study 1 ($\alpha = 0.85$; “Identity change”). If anything, participants thought that within-industry changes were more likely than moral deteriorations to sever existing customer ties ($M_{\text{det}} = 36.71$; $M_{\text{cat}} = 44.01$; $t(280) = 2.12$, $p = .035$, $d = 0.25$). Even so, they viewed moral deteriorations as *more* identity-disrupting ($M_{\text{det}} = 58.74$; $M_{\text{cat}} = 38.78$; $t(280) = 6.13$, $p < .001$, $d = 0.73$, averaging across measures), showing this pattern for seven out of the eight firms (hypothesis 4; figure 3).

Furthermore, the differential effect of moral deteriorations vs. within-industry product changes on identity judgments did not depend on whether the moral change was product-related. A 2 (condition: deterioration or within-industry product change) × 2 (type of change: product or other) ANOVA with identity judgments as the dependent variable did not yield a significant interaction, $F(1, 278) = 0.39$, $p = .535$.

**FIGURE 3**

RESULTS FOR STUDY 2a




NOTE.—The y-axis is the average of the two identity items (α = 0.85). Error bars are 95% confidence intervals.

Discussion

In line with hypothesis 3, moral deteriorations were viewed as significantly more disruptive to a firm's original identity than within-industry changes. The results show that moral deteriorations are practically significant and suggest that morally good traits are viewed as more essential to a firm's identity than even the (non-moral) physical attributes of its products.

## STUDY 2b: BETWEEN-INDUSTRY PRODUCT CHANGES

An even more dramatic change that firms may undergo is from making products in one type of industry to making products in an entirely different industry. Such *between-industry* changes are akin to reinventing the business, and so they are less likely to occur. Even so, they provide a particularly strong benchmark: if moral deteriorations are viewed as just as or more identity-disrupting than between-industry product changes, then this constitutes especially good evidence for their damaging effect.

As previously noted, between-industry categories are thought to be highly risky to brand equity, as in the *Longchamp* example of going from making only bags to also making sunglasses. Here we consider an even more dramatic change in which a firm goes from selling a majority of one product to selling a majority of another product in a completely different industry. We compare moral deteriorations to such between-industry changes. As in study 2a, we predict that moral deteriorations will be just as if not more identity disrupting as between-industry changes (hypothesis 3), because we suspect that morally good traits are viewed as essential to a firm's identity (hypothesis 2).

Method

We recruited 320 participants (160 per change condition) from Amazon Mechanical Turk, and excluded 33 using the criteria from study 1 ($M_{\text{age}}$ = 41.0, 52.6% females). Participants were assigned to one of 16 conditions in a 2 (change: moral deterioration, between-industry product) × 8 (firm industry) between-subjects design. Participants saw firms from the same eight industries as in studies 1–2a. The firms either morally deteriorated or changed from selling mostly one product to selling mostly another in a different industry (e.g., selling mostly lipsticks → mostly jewelry). Full materials are provided in the web appendix. Participants answered the same identity questions and vignette-specific manipulation checks from study 2a.

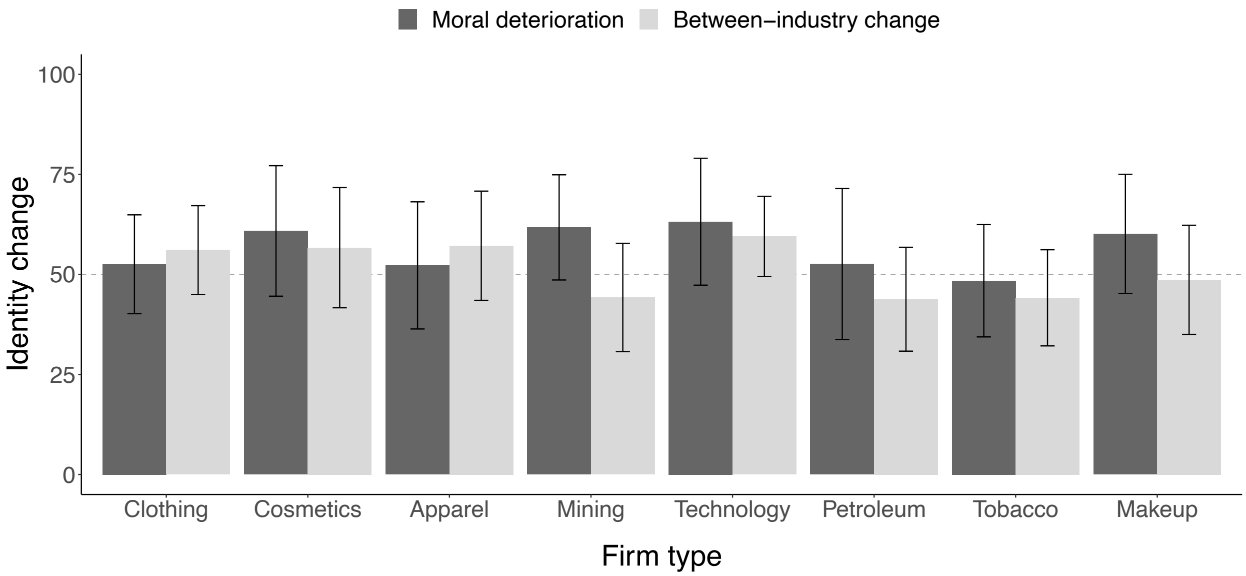
Results

Scores for the two identity questions were averaged as in studies 1–2a ($\alpha = 0.85$; "Identity change"). Supporting hypothesis 3, participants thought that between-industry changes were much more likely than moral deteriorations to sever existing customer ties ($M_{\text{det}} = 31.97$; $M_{\text{cat}} = 57.93$; $t(285) = 7.82$, $p < .001$, $d = 0.92$). Even so, they viewed the two types of changes as *equally* identity-disrupting for six out of eight firms ($M_{\text{det}} = 56.56$; $M_{\text{cat}} = 51.48$; $t(285) = 1.54$, $p = .125$; $d = 0.18$; $BF_{01} = 2.49$[1], averaging across measures; figure 4). If anything, identity disruption was numerically greater in the deterioration condition. In addition, the differential effect of moral deteriorations vs. between-industry product changes on identity judgments did not depend on whether the moral change was product-related, $F(1, 283) = 0.03$, $p = .855$.

**FIGURE 4**

RESULTS FOR STUDY 2b

[1] Here we have supplemented this t-test with a Bayes Factor (Rouder, Jeffrey N., Paul L. Speckman, Dongchu Sun, Richard D. Morey, and Geoffrey Iverson (2009), "Bayesian T Tests for Accepting and Rejecting the Null Hypothesis," *Psychonomic Bulletin & Review*, 16 (2), 225-37.), in order to quantify evidence for the null hypothesis. For example, $BF_{01} = 5.0$ means that the data would be five times more likely under the null hypothesis than under the alternative hypothesis, providing reason to accept the null hypothesis. Our Bayes Factor assumes JZS priors ibid., with a scale factor of 1.




NOTE.—The y-axis is the average of the two identity items ($\alpha$ = 0.85). Error bars are 95% confidence intervals.

Discussion

In line with hypothesis 3, moral deteriorations were just as disruptive to a firm's original identity as between-industry changes. Since between-industry product changes arguably amount to starting a completely different business, this further supports the idea that morally good traits are central to a firm's identity.

## STUDY 2c: BRAND PERSONALITY CHANGES

Study 2c compares moral deteriorations to yet another kind of change that products may undergo—'personality' change (Aaker 1997). As with product changes, there are noteworthy examples of personality changes that have posed risks to brand equity, as in the Harley-Davidson example (Haig 2005). Study 2c compared moral deteriorations to such brand personality changes, drawing on the five main dimensions of brand personality identified in previous research (Aaker 1997). We expected that moral deteriorations would be viewed as more disruptive to a firm's identity than changes in brand personality (hypothesis 3).

## Method

We recruited 320 participants (160 per change condition) from Amazon Mechanical Turk, and excluded 43 using the criteria from study 1 ($M_{age}$ = 41.9, 62.1% females). Participants were assigned to one of 16 conditions in a 2 (change: moral deterioration, personality) × 8 (firm industry) between-subjects design. Participants saw firms from the same eight industries as in studies 1–2b. The firms either morally deteriorated or underwent a brand personality change (e.g., having a rugged brand personality → a sophisticated one). Participants answered the same identity questions from study 1. The personality changes were sampled from the big five personalities of Sincerity, Excitement, Competence, Sophistication, and Ruggedness (Aaker 1997). Full materials are provided in the web appendix.

For exploratory purposes, we tested whether moral deteriorations would be viewed as bigger personality changes than even well-documented personality changes. To this end, participants also indicated (on a new page) the extent to which they agreed with the following statement: *The [firm name] after the changes has a different personality than the [firm name] before the changes*.

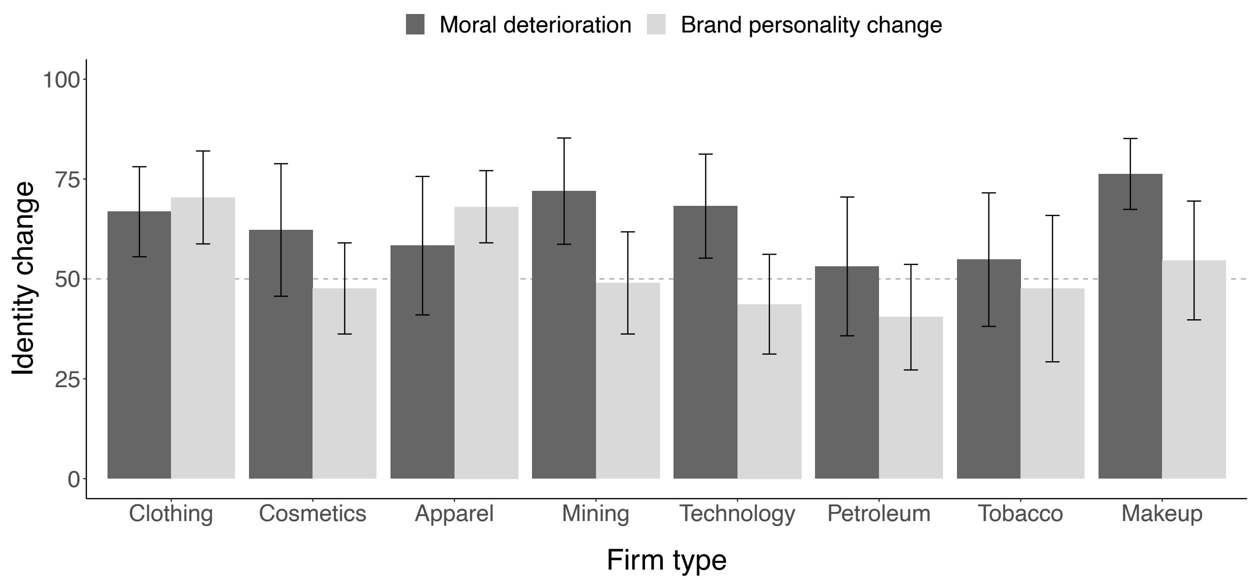
## Results

Scores for the two identity questions were averaged as in studies 1–2b ($\alpha = 0.91$; "Identity change"). Supporting hypothesis 3, participants thought that moral deteriorations were more disruptive to a firm's identity than a complete change in brand personality ($M_{\text{det}} = 63.74$; $M_{\text{per}} = 53.06$; $t(275) = 3.12$, $p = .002$, $d = 0.38$, averaging across measures), showing this pattern for six out of the eight firms (figure 5). Interestingly, moral deteriorations were also perceived as marginally more disruptive to a firm's personality than brand personality changes themselves ($M_{\text{det}} = 66.90$; $M_{\text{per}} = 60.63$; $t(275) = 1.83$, $p = .069$, $d = 0.22$). Additionally, the differential effect of moral deteriorations vs. personality changes on identity judgments did not depend on whether the moral change was product-related, $F(1, 273) = 0.01$, $p = .931$.

To determine whether the greater brand personality disruption for moral deteriorations than personality changes is explained by judgments of identity disruption, we conducted a mediation analysis (PROCESS Model 4; Hayes 2012) with identity disruption as a potential mediator. This analysis indicated that identity disruption did indeed drive brand personality disruption ($b = –4.11$, $SE = 1.32$, 95% CI [–6.72, –1.50]). Analysis for vice versa shows that identity disruption is not mediated by brand personality disruption ($b = –2.40$, $SE = 1.28$, 95% CI [–4.90, 0.14]). Thus, the reason that participants were marginally more likely to say that a firm has a different personality after a moral deterioration than after a brand personality change was that the moral deterioration was more disruptive to the sense of persisting identity.

**FIGURE 5**

RESULTS FOR STUDY 2c




NOTE.—The y-axis is the average of the two identity items ($\alpha$ = 0.91). Error bars are 95% confidence intervals.

## Discussion

In line with hypothesis 3, moral deteriorations were viewed as significantly more disruptive to a firm's identity than changes in brand personality, consistent with the notion that morally good qualities are viewed as essential to a firm's identity.

Interestingly, moral deteriorations were also viewed as marginally more disruptive to personality than brand personality changes themselves. Intuitively this may ring true: someone who becomes evil may be viewed as undergoing a more drastic personality change than someone who has changed from, say, being exciting to rugged. This result suggests that the moral dimension may be neglected in studies of brand personality. This might be due to a methodological artifact. As noted, previous studies have uncovered five dimensions of brand personality, yet these dimensions were determined by pairing personality traits with individual products. The current studies suggest that moral traits may apply to all products, rather than any individual product per se.

## STUDY 3: ESSENTIALISM MECHANISM

What psychological principles explain the moral asymmetry? One possibility is that the reason consumers are inclined to say that a firm is no longer the same after deteriorating is that they view the morally good traits as *essential,* such that losing these traits severs identity (hypothesis 2). Such a possibility is also consistent with previous work on identity judgments about other kinds of entities (De Freitas et al. 2017b).

Study 3 tested whether this essentialism mechanism is responsible for the moral asymmetry in identity persistence judgments found in study 1. It tested this essentialism hypothesis while simultaneously testing the alternative possibility that deteriorations disrupt a firm's category membership (Rhemtulla and Xu 2007). For instance, people may think that a firm no longer has the same identity not because morally good traits are essential to its *individual* identity but to the definition of a superordinate *category* to which it belongs, such as 'car company' or 'real estate agency'. As a result, participants may be less likely to say that an entity that has deteriorated is no longer the same entity because it no longer has the good properties of the category to which it belongs. Thus, we also asked about category membership in this study.

### Method

We recruited 320 participants (160 per change condition) from Amazon Mechanical Turk, and excluded 47 using the criteria from study 1 ($M_{age}$ = 41.8, 60.8% females). Participants were assigned to one of 16 conditions in a 2 (change: moral deterioration, improvement) × 8 (firm industry) design. For half of the change conditions, participants made a prediction judgment which we included for exploratory purposes and so do not analyze here. Participants read one of the same eight vignettes as in study 1. Between-subjects, a firm was described as either morally deteriorating or improving. Further, participants answered different questions in one of two conditions. Participants in the prediction condition judged only whether the firm after the changes would ultimately revert to its previous majority behaviors:

> *It is likely that the majority of [firm name] will intentionally [description of majority behavior before the changes] again.*

Participants in the identity condition answered the usual identity DV and, on a new page, an essentialism question:

> *The [firm name] after the changes no longer reflects the true essence of the [firm name] before the changes*.

They also answered a category membership question:

> *Plainly speaking, if you had to categorize [firm name] after the changes, you would say that it is a [type] company (as opposed to another kind of company, such as vegetable store, car company, real estate agency, etc.*

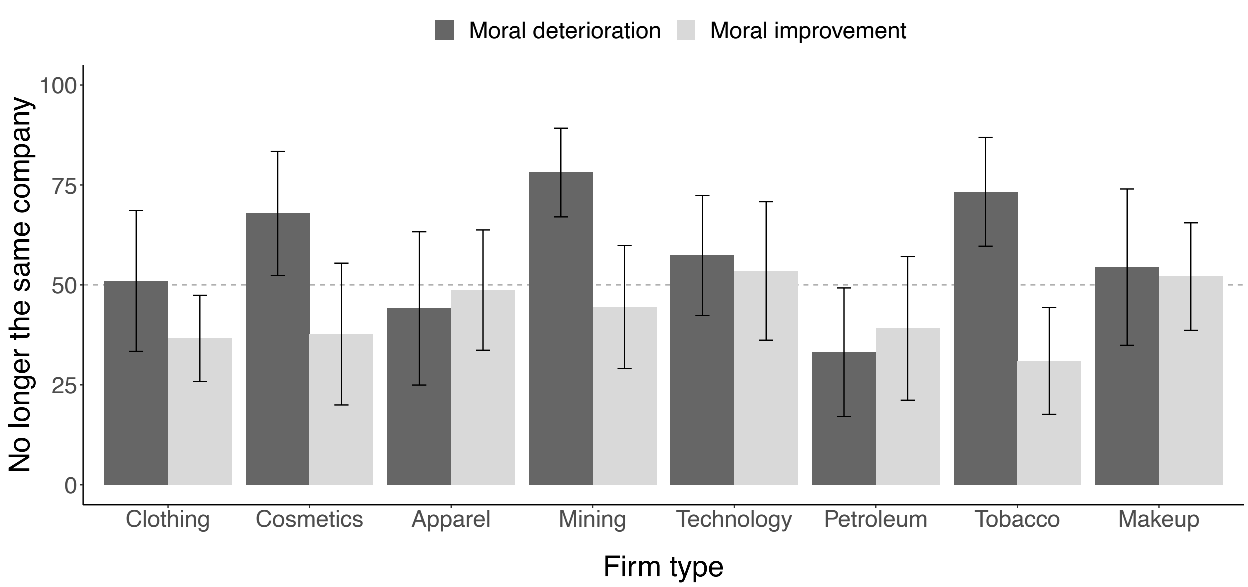
Results

In line with hypothesis 1, participants thought that firm identity was disrupted more by moral deteriorations than moral improvements ($M_{\text{det}}$ = 58.90; $M_{\text{imp}}$ = 43.36; $t(137)$ = 2.96, $p$ = .004, $d$ = 0.50), exhibiting this pattern for six out of eight firms and replicating the moral asymmetry from study 1 (figure 6). Further, in line with studies 1-2c, the effects of product-related moral changes on judgments of identity ($F(1, 135)$ = 0.03, $p$ = .862), essence ($F(1, 135)$ = 0.11, $p$ = .742), and category membership ($F(1, 135)$ = 0.00, $p$ = .984) did not depend on whether the moral change was product-related.

Supporting hypothesis 2, the moral asymmetry was selectively mediated (PROCESS Model 4; Hayes 2012) by intuitions about essentialism ($b$ = –7.45, $SE$ = 1.84, 95% CI [–11.299, –4.026]), but not category membership ($b$ = –0.23, $SE$ = 0.30, 95% CI [–0.978, 0.250]; figure 7).

**FIGURE 6**

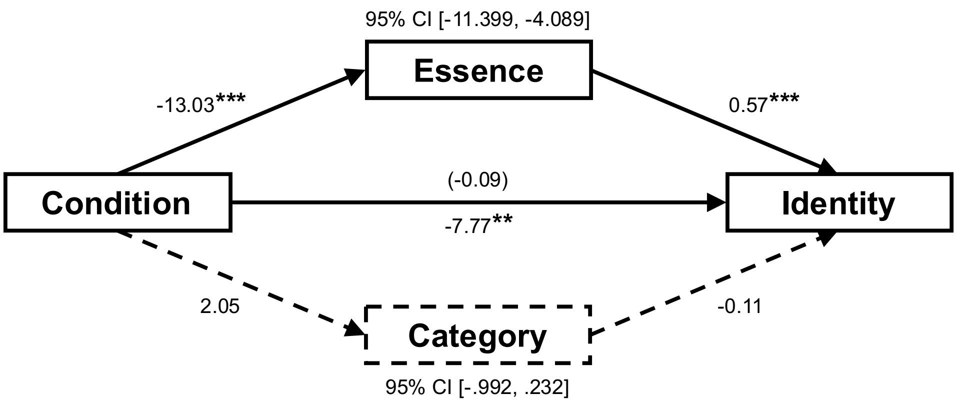
RESULTS FOR STUDY 3




NOTE.— Error bars are 95% confidence intervals.

**FIGURE 7**

THE ESSENTIALISM MECHANISM: MORAL ASYMMETRY IS MEDIATED BY ESSENTIALISM BUT NOT BY CATEGORY MEMBERSHIP




NOTE.— *$p$ < .05; **$p$ < .01; ***$p$ < .001

Discussion

In line with hypotheses 1 and 2, we successfully replicated the moral asymmetry from study 1 and revealed that it is selectively mediated by essentialism, not category membership. Another possible explanation of the results is that people are only indicating that a firm's identity has changed after deteriorating because they disapprove of its resulting negative characteristics; we address this possibility in study 4.

## STUDY 4: CAUSAL MANIPULATION OF ESSENCE

Study 4 explored causal evidence for the essentialism mechanism underlying the moral asymmetry in identity judgments. So far, the findings suggest that consumers naturally assume that the essence of a firm is good, leading them to say that moral deteriorations are more detrimental to the firm's identity persistence than improvements (hypothesis 2). It follows that if we manipulate consumer's views about the essence by convincing them that it is bad, however, their judgments about identity persistence after moral improvement or deterioration should be reversed: An entity with a bad essence should be viewed as being less the same when it *improves* (deviating from its bad true self) than when it deteriorates (staying in line with its bad true self). The current study tests this possibility.

This study also addresses two possible alternative explanations for the findings so far. The first is that people are only indicating that a firm's identity has changed after deteriorating because they disapprove of its resulting negative characteristics. This disapproval account implies that improvements cannot be identity disrupting, and yet we are predicting the very reverse: improvements will be identity disrupting, provided the firm has a bad essence.

The second alternative is that the moral asymmetry is actually a result of tainting by bad properties (Reeder 1993; Reeder and Brewer 1979). That is, any initial bad traits within an entity contaminate its supposedly good essence, such that even when the entity has improved, people say that it has stayed the same because it was contaminated to begin with (Johnson and Ahn 2021). If this tainting account were true, then this would also mean that deteriorations should not be seen as identity-disrupting (conflicting with the results in studies 1 and 3). Most relevant to the current study, the tainting account predicts that improvement should not influence identity judgments for an entity with a bad essence, whereas we predict the exact opposite: improvements are identity disrupting for firms with bad essences.

Method

We recruited 639 participants (160 per condition) from Amazon Mechanical Turk, and excluded 22 using the criteria from study 1 ($M_{age}$ = 40.8 59.6% females). Participants were assigned to one of four conditions in a 2 (change: moral improvement, deterioration) × 2 (essence manipulation: good, bad) design. Participants were told about a firm that sold a mixture of medical supplies, some of which were made from cheap and uninspected materials and others of which were made from high-quality and properly inspected materials:

*In the present day, some companies sell a mixture of products made from cheap and uninspected materials and products made from quality and properly inspected materials. But Medical Connect, a small company that sells medical equipment, is different…*

Between-subjects, participants were then told that everyone who purchased products from the company could tell that the real essence of the company was to sell either the high-quality products (good essence) or the low-quality ones (bad essence), and that any of the other products they sold were just a thin veneer over this more essential part of the company:

*But Medical Connect, a small company that sells medical equipment, is different. Even though it sells a mix of these two kinds of products, everyone who purchases products from the company can tell that the real essence of the company is its focus on using cheap and uninspected materials to maximize profit, with lesser regard for ensuring patient safety [quality and properly inspected materials to ensure patient safety, with lesser regard for maximizing profit]. The products they sell using quality and properly inspected materials [cheap and uninspected materials] are just a thin veneer over this more essential part of the product line.*

At this point, we asked participants a manipulation check question to gauge whether we had successfully convinced them that the essence of the company was either good or bad:

*Based on this information, how would you characterize Medical Connect's "true essence"? (0 = Fundamentally bad, 50 = Neither good nor bad, 100 = Fundamentally good)*

Then, on a new page, participants were told that the company either morally improved or deteriorated (between-subjects) and asked to indicate how much they agreed with the two identity statements from study 3:

*…Then, after a number of years, there is a sudden administrative change. The manager of the company is replaced by a new manager who decides to shake things up in certain ways. Specifically, the new manager decides to completely eliminate all products made from quality and properly inspected materials [cheap and uninspected materials]. Instead, from this day onward, the company always sells products made from just cheap and uninspected materials [quality and properly inspected materials].*

Finally, on a new page, they rated three additional statements on a scale of anchored at 0 and 100. The essence mediator asked:

*Please rate the extent to which you agree with the following statement: Medical Connect after the changes no longer reflects the true essence of the original Medical Connect.*

The remaining two mediators each addressed the tainting explanation by asking participants to indicate the amount of good and bad traits that remained after the changes. If the tainting account is true, then the amount of good vs. bad traits should predict people's judgments, and a tainted entity would be viewed as having more bad traits than good ones:

*After the changes, how much of the product line at Medical Connect contains products made from cheap and uninspected materials?*

*After the changes, how much of the product line at Medical Connect contains products made from quality and properly inspected materials?*

Results

Results from the manipulation check question indicated that we successfully manipulated essence judgments: participants were significantly more likely to rate the company as good when they read the "good" essence stem ($M$ = 59.77, $SD$ = 24.15) than the "bad" essence stem ($M$ = 15.30, $SD$ = 18.05; $t(617)$ = 25.88, $p$ < .001, $d$ = 2.08).

Scores for the two identity questions were averaged as in studies 1–2c ($\alpha$ = 0.87; "Identity change"). A 2 (essence: good vs. bad) × 2 (valence: improvement vs. deterioration) ANOVA indicated a significant interaction between essence and valence, $F(1, 613)$ = 258.20, $p$ < .001. Consistent with our hypothesis, when the company was described as having a good essence, participants were significantly more likely to agree that the entity was no longer the same entity after it deteriorated ($M$ = 78.20, $SD$ = 23.51) than after it improved ($M$ = 60.84, $SD$ = 27.69 $t(309)$ = 5.95, $p$ < .001, $d$ = 0.68). Conversely, when the company was described as having a bad essence, participants were more likely to agree that the company's identity was no longer the same after it improved ($M$ = 76.62, $SD$ = 19.27) than after it deteriorated ($M$ = 29.90, $SD$ = 27.75 $t(304)$ = 17.20, $p$ < .001, $d$ = 1.97; figure 8).

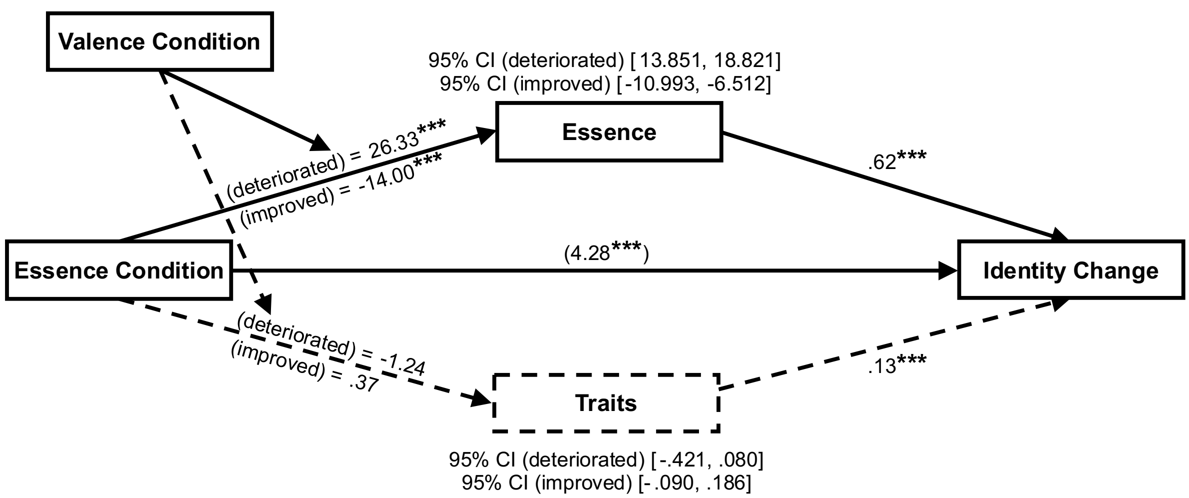
**FIGURE 8**

MEANS BY CONDITION IN STUDY 4


To determine whether the interaction effect was explained by beliefs about essence—that is, to determine whether the extent to which an improvement or deterioration impacting identity judgments depended on whether the firm had a good or bad essence—we conducted a moderated mediation analysis (PROCESS Model 7; Hayes 2012). The independent variable was essence condition, the dependent variable was ratings of change, the potential mediators were (a) essence and (b) the average of the amount of positive traits and (reverse coded) negative traits (since answers to these questions were highly correlated, $r(615) = -.96$, $p < .001$, before reverse coding), and the moderator was valence condition on the paths *a* to both mediators (figure 9). This analysis indicated that the effect of the interaction on identity judgments was indeed significantly mediated by essence ($b_{\text{det}} = 26.33$, $SE = 1.61$, $p < .001$; $b_{\text{imp}} = -14.00$, $SE = 1.57$, $p < .001$), but not by the amount of good and bad traits after the changes ($b_{\text{det}} = -1.24$, $SE = 0.79$, $p = .120$; $b_{\text{imp}} = 0.37$, $SE = 0.78$, $p = .636$). Importantly, valence condition moderated the effect of essence condition on the essence mediator ($F(1, 613) = 321.25$, $p < .001$ , $\eta^2 = .33$), but not the effect of essence condition on traits ($F(1, 613) = 2.08$, $p = .150$, $\eta^2 = .00$).

**FIGURE 9**

MEDIATION RESULTS FROM STUDY 4




Discussion

As predicted, essentialism was causally responsible for judgments about identity persistence (hypothesis 2). Whether deterioration was viewed as identity-disrupting depended on the original essence of a firm: if a firm's essence was good, then deterioration was more disruptive; if its essence was bad, then improvement was more disruptive. This last result also shows that participants in previous studies were not simply saying that deteriorations were identity disrupting because they were motivated to say nice things, but because they were tracking whether a firm lost traits that they deemed essential to its identity.

Importantly, the fact that consumers only viewed a firm's essence as bad when it was directly manipulated (with predictable consequences for identity judgments), underscores that *by default* consumers view firms as having good true selves.

## STUDY 5: THE ROLE OF VALUES

Study 5 begins to test moderating effect of individual values. If the moral asymmetry is driven by a loss of what consumers judge as being morally valuable in a firm, then we should expect consumers to have different views about identity in cases where they have different moral values (hypothesis 4). This idea is especially relevant to recent debates around brand activism, in which firms take a public stand on divisive sociopolitical issues. For instance, one prominent survey suggests that consumers increasingly expect companies to take a public stance on sociopolitical issues (Edelman 2021), and yet managers are hesitant to do so lest they misstep (Vredenburg et al. 2020). Managers may also be skeptical of how much they should listen to what consumers say in public surveys. So, what should managers do?

Although several factors affect whether brand activism pays off (Hydock et al. 2020), there is largely a consensus that it depends on whether taking a stance on the political issue adds more value for the firms' customers who support the cause than it loses value for the customers who do not support it (Moorman 2020; Mukherjee and Althuizen 2020; Vredenburg et al. 2020; Wettstein and Baur 2016).

Study 5 investigated whether liberals and conservatives in the US have differing views on whether a change toward a liberal versus conservative direction constitutes an identity disruption for the firm (hypothesis 4). Inspired by the phenomenon of *buycotting*, in which consumers buy more from a firm as an act of “purchase activism” (Friedman 1996; Paharia et al. 2014), we also measure purchase intent to get at the practical repercussions of these changes.

## Method

We recruited 320 participants (160 per change condition) from Amazon Mechanical Turk, and excluded 20 using the criteria from study 1 ($M_{\text{age}}$ = 42.3, 62.3% females). Participants were assigned to one of 4 conditions in a 2 (change: toward liberal, conservative) × 2 (firm industry) design. In a between-subjects design, participants were told about a firm which initially has a mix of liberal and conservative traits and then changes toward either a liberal or conservative direction. As a robustness check, we solicited judgments about firms in two different industries (also presented between-subjects). The first was a fictional company that sells books teaching survival and life skills for young scouts, which, over time, changes toward either mostly selling books about being God-loving (“change toward conservative”) or eliminating all such books from its repertoire (“change toward liberal”). The second was an investment firm that originally invests in small companies working on climate change and military defense technology, but then maxes out its investment on only one of these.

In addition to the usual identity judgments, participants indicated their willingness to purchase a product from the firm (“To what extent would you be willing to buy [company name]’s products”). On a final page, they then indicated their political orientation (0 = Highly liberal, 50 = Neither liberal nor conservative, 100 = Highly conservative).

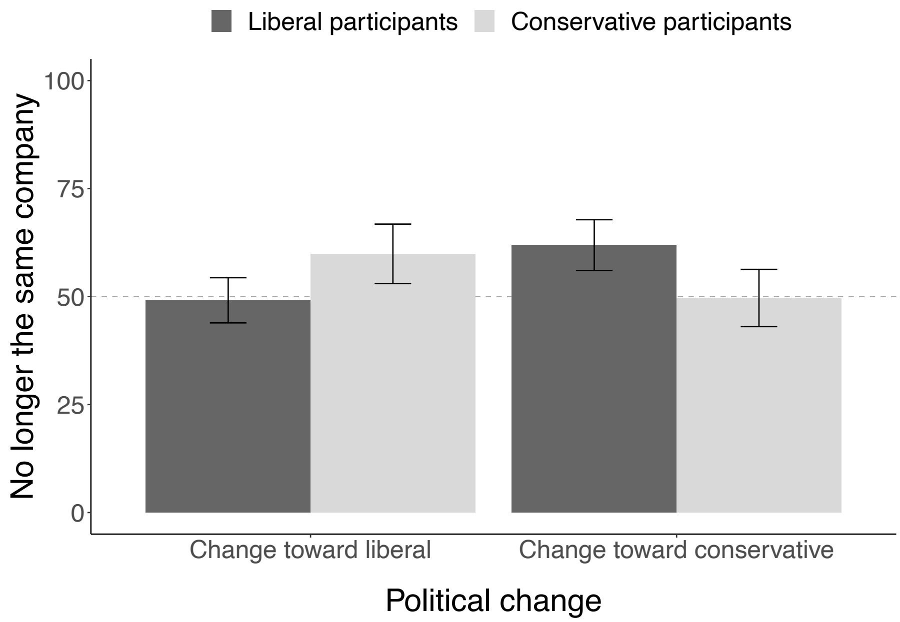
## Results

The sample was slightly liberal leaning ($M$ = 42.01, $SD$ = 30.49; median = 42.50). For our initial analysis, we averaged participant ratings across firm types for each of the "change toward liberal" and "change toward conservative" conditions. Supporting hypothesis 4, the interaction between condition and political values on identity judgments was significant ($F(1, 296) = 15.24$, $p < .001$, $\eta^2 = .05$).

We then conducted two separate regressions in which change was regressed on political orientation for each of the valence conditions. In the "change toward liberal" condition, conservatives were significantly more likely than liberals to say that the company is not really the same after the changes ($b$ = 0.22, $SE$ = 0.07, $p$ = .002; figure 10). Conservatives were also significantly less likely than liberals to purchase from the company ($b$ = –0.29, $SE$ = 0.07, $p$ < .001; figure 11). In the "change toward conservative" condition, liberals were significantly more likely than conservatives to say that the company is not really the same after the changes ($b$ = –0.18, $SE$ = 0.08, $p$ = .020; figure 10). Liberals were also significantly less likely than conservatives to purchase from the company ($b$ = 0.44, $SE$ = 0.08, $p$ < .001; figure 11).

**FIGURE 10**

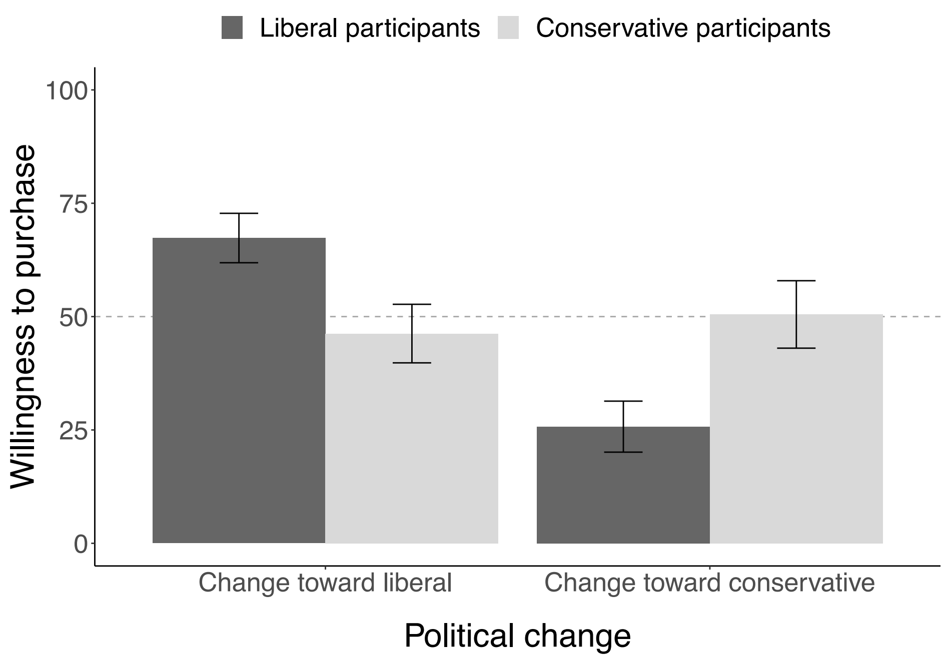
IDENTITY RESULTS FOR STUDY 5




NOTE.— Political group is assigned based on midpoint of political orientation scale.

**FIGURE 11**

WILLINGNESS TO PURCHASE RESULTS FOR STUDY 5




NOTE.— Political group is assigned based on midpoint of political orientation scale.

Discussion

In line with hypothesis 4, whether participants viewed losses of liberal or conservative traits as identity-disrupting depended on their own political values. The results suggest that the reason deteriorations are viewed as identity-disrupting is that they entail a loss of what consumers subjectively view as morally valuable in a firm. Losing these traits in the eyes of the consumer also had practical implications for purchase intent.

## STUDY 6a: TWITTER FOLLOWERS

Study 6a examined the role of values in a real-world setting: by tracking the number of Twitter followers gained or lost by United States senators after the firm was acquired by billionaire Elon Musk. On April 25, 2022, Musk struck a deal to purchase the firm on the grounds of wanting to grant more “free speech” on the platform (Isaac and Hirsch 2022). Fortune magazine noted that some prominent liberal politicians lost a noticeable number of followers after this announcement, whereas some conservative politicians noticed an uptick in followers (Mellor 2022), which could have been due to mass account deactivations by liberal consumers and activations by conservative consumers. This pattern would make sense, given that nine in ten of conservatives expressed in one 2020 public survey that social media platforms tend to censor controversial viewpoints, whereas only 59% of liberals expressed this view (Vogels, Perrin, and Anderson 2020).

But why would a political change lead some consumers to the drastic step of deactivating their accounts? In line with the current theorizing, liberal consumers may have viewed the change as a moral deterioration, whereas conservative consumers may have seen it as a moral improvement. Those who viewed it as a moral deterioration may have felt that the original Twitter they loved ceased to exist, causing their drastic actions. As a first step toward assessing the possibility, the current study investigated whether there was indeed a systematic change in the followers of prominent politicians, by focusing on all US senator accounts.

## Method

We used the Social Blade API to scrape the number of followers from the Twitter accounts of all 100 United States senators in 2022—once for the day before the deal was struck (April 24, 2022) and once for the day after (April 26, 2022). As a comparison, we also scraped the number of tweets by these senators for these two days.

## Results

In line with hypothesis 4, the change in number of Twitter followers between liberal and conservative senators was significantly different in the predicted direction, with conservative senators gaining followers and liberal senators losing followers ($M_{con}$ = 3642.24; $M_{lib}$ = -2188.68; $t(98) = 3.47$, $p < .001$, $d = 0.69$). We see this pattern even though there was no significant difference in the number of tweets by these two groups ($M_{con}$ = 4.50; $M_{lib}$ = 4.42; $t(98) = 0.08$, $p = .936$, $d = 0.02$), suggesting that the pattern was not driven by tweet count.

In the above analyses, we grouped the two Independent senators (Angus King and Bernie Sanders) with Democratic senators, given that they generally caucused with Democrats, to form the "liberal" group (Jacobson 2020; O'Keefe 2012). Even so, the results also hold when these Independent senators are excluded from the analyses: number of followers ($M_{con}$ = 3642.24; $M_{lib}$ = -1858.13; $t(96)$ = 3.28, $p$ = .001, $d$ = 0.66; figure 12, left) and number of tweets: ($M_{con}$ = 4.50; $M_{lib}$ = 4.54; $t(96)$ = -0.04, $p$ = 0.967, $d$ = -0.01; figure 12, right). Figure 13 shows the results for all 100 senators.

**FIGURE 12**

SENATOR FOLLOWER RESULTS (LEFT) AND TWEET RESULTS (RIGHT) FOR STUDY 6a

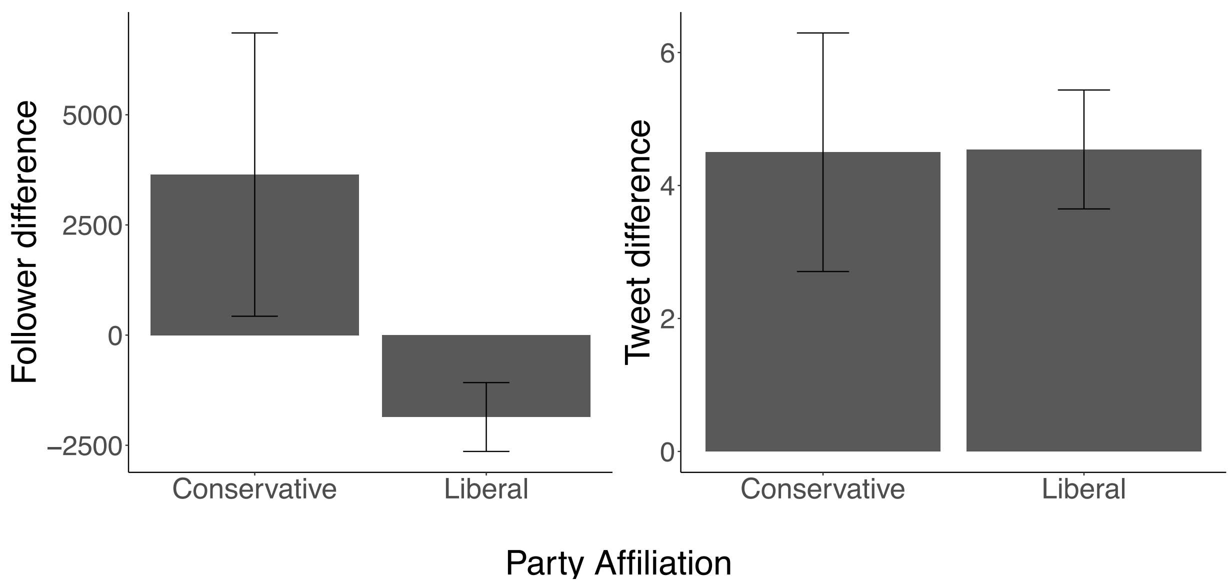
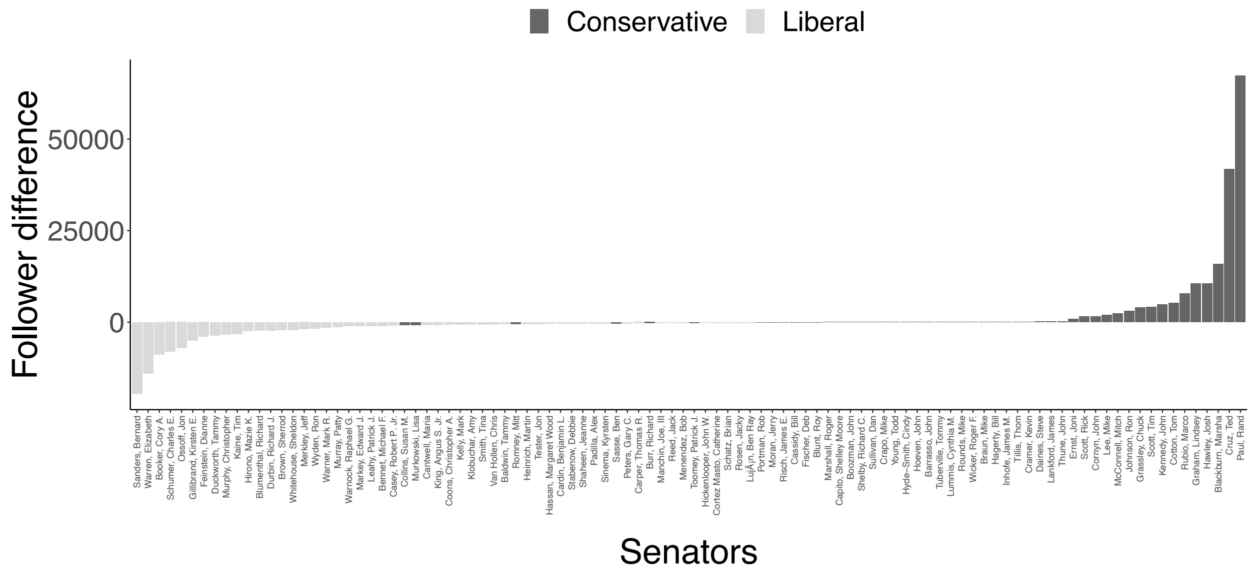



**FIGURE 13**

DIFFERENCE IN TWEETS AFTER VS BEFORE ANNOUNCEMENT THAT ELON MUSK WOULD PURCHASE TWITTER




Discussion

In line with hypothesis 4 and the results of study 5, whether US senators gained or lost followers on their Twitter accounts depended on whether they were liberal or conservative. This result is in line with the hypothesis that Elon Musk's announced acquisition of Twitter was viewed as a moral deterioration by liberals and a moral improvement by conservatives.

## STUDY 6b: IDENTITY INTUITIONS AS THE DRIVER OF TWITTER FOLLOWERS

Study 6b investigated whether the normative essentialism mechanism (hypothesis 2) based on individual values (hypothesis 4) is driving the Twitter deactivation findings of study 6a.

Method

We recruited 320 participants (160 per condition) from Amazon Mechanical Turk and excluded 3 using the criteria from study 5 ($M_{\text{age}}$ = 38.2, 47.6% females). Participants were assigned to one of 2 conditions (change: toward liberal, conservative). In a between-subjects design, participants were asked to image that Twitter was acquired by either a conservative-leaning CEO (Elon Musk) or liberal-leaning CEO (Warren Buffett):

> *On April 25, 2022, Elon Musk [Warren Buffett] struck a deal with Twitter to buy the company for $44 billion. Musk states that his goal in acquiring Twitter is to allow for more free speech [censorship] on the platform, reducing censorship so that users can tweet whatever they want [reducing free speech that is clearly harmful to others or to democracy].*
>
> *Currently, Musk's [Buffett's] acquisition of Twitter is "on hold". Still, imagine what you would do if the deal went through successfully and Musk [Buffett] does as he has promised—dramatically reducing [increasing] censorship on the platform.*

Participants were then asked how likely they would be to deactivate their account if the deal went through (0=Extremely unlikely, 100=extremely likely): "If Elon Musk [Warren Buffett acquires *Twitter* and implements his intended changes, how likely would you be to deactivate or delete your *Twitter* account?". Then, on a new page, they indicated the extent to which they agreed with our intended mediator item (0=Completely disagree, 100=Completely agree) "If Elon Musk [Warren Buffett] acquires *Twitter* and implements his intended changes, then *Twitter* after the changes will no longer reflect the true essence of the original *Twitter.*" Finally, they provided their political orientation, and answered two comprehension questions regarding what they were asked to imagine and the nature of Twitter after the acquisition.

Results

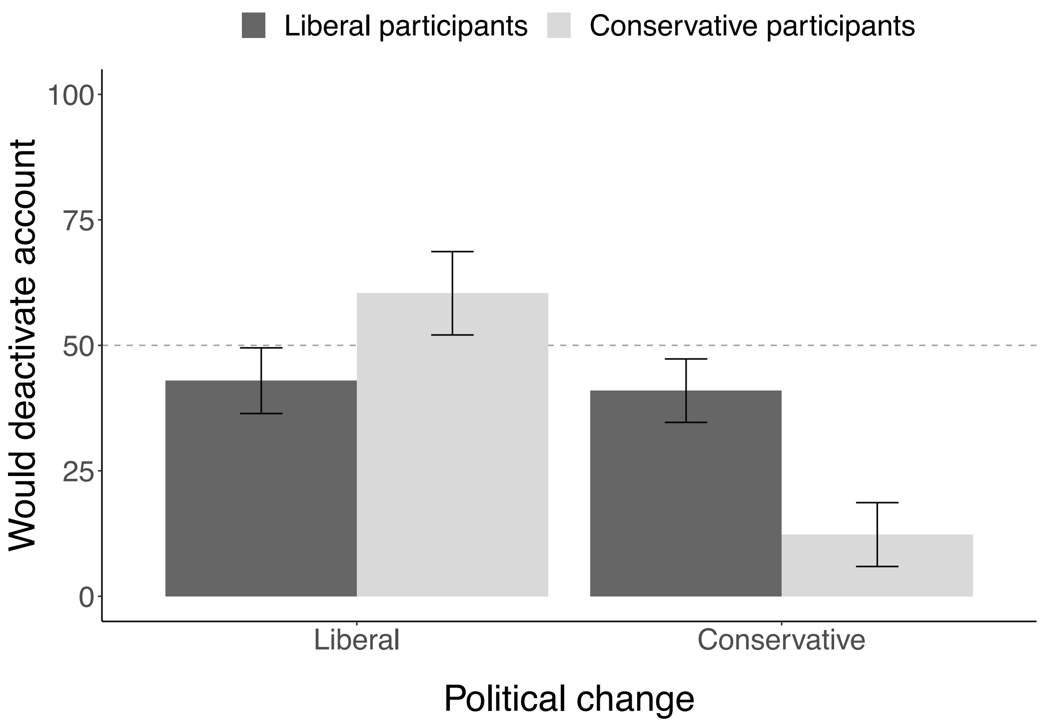
The sample was slightly liberal leaning ($M$ = 38.27, $SD$ = 28.33; median = 40.00). For our initial analysis, we averaged participant ratings across firm types for each of the "change toward liberal" and "change toward conservative" conditions. Supporting hypothesis 4, the interaction between condition and political values on identity judgments was significant ($F(1, 313) = 45.26$, $p < .001$, $\eta^2 = .13$).

We then conducted two separate regressions in which change was regressed on political orientation for each of the valence conditions. In the "change toward liberal" condition, conservatives were significantly more likely than liberals to say that they would deactivate their accounts after the changes ($b$ = 0.28, $SE$ = 0.09, $p$ = .002; figure 14). In the "change toward conservative" condition, liberals were significantly more likely than conservatives to say that they would deactivate their accounts after the changes ($b$ = –0.55, $SE$ = 0.08, $p$ < .001; figure 14).

Supporting hypothesis 2, the moral asymmetry was mediated (PROCESS Model 4; Hayes 2012) by intuitions about essentialism ($b$ = –9.81, $SE$ = 1.39, 95% CI [–12.620, –7.218]).

**FIGURE 14**

IDENTITY RESULTS FOR STUDY 6b


Liberal participants
Conservative participants
Would deactivate account
100
75
50
25
0
Liberal
Conservative
Political change

## GENERAL DISCUSSION

We found that consumers view moral deteriorations of firms as highly identity disrupting, because they believe that morally good traits make up a firm's individual identity. Surprisingly, we uncovered this tendency despite the fact that previous work finds that consumers otherwise vilify firms.

Our first hypothesis was that, despite viewing firms as *a group* negatively, consumers are more inclined to say that an *individual* firm is no longer the same firm anymore after it morally deteriorates versus improves, consistent with the idea that they view individual firms as possessing good true selves. Study 1 found this pattern both on aggregate and for 7 of 8 firm types we tested.

Our second hypothesis was that this moral asymmetry is explained by the tendency to preferentially ascribe morally good traits to the essence of the firm. Both our mediation and causal results (studies 3, 4 and 6b) supported this view. The moral asymmetry was selectively mediated by essentialism but not category membership, tainting, or motivational biases and causally making the firms' essence bad led to a reversal in the direction of the moral asymmetry, whereby moral improvements were now more identity disrupting.

Our third hypothesis was that, because morally good traits are viewed as essential to a firm' identity, they should be just as if not even more identity disrupting than other kinds of brand-threatening changes that firms may undergo. Supporting this view, studies 2a-c found that moral deteriorations are more identity disrupting than both within-industry product changes and personality changes, and just as identity disrupting as between-industry product changes.

Our fourth hypothesis was that individual values influence what kinds of moral changes are viewed as deteriorations and (thus) identity disrupting. Studies 5 and 6b supported this view, finding that firms which become liberal are more likely to be viewed as no longer the same by conservatives than liberals, and vice versa for firms that become conservative. Liberals were also more willing to buy from firms that became liberal, and similar for conservatives and firms that became conservative. Together, studies 6a–b also suggest that these same intuitions were likely behind the mass social media account activations and deactivations following the acquisition of Twitter by a conservative-seeming Elon Musk.

## Normative Essentialism of Firms

How can it be that consumers exhibit a valence asymmetry for individual firms when they otherwise vilify them as a group? One possibility is that this tendency reflects a more fundamental way in which people think of entities. Specifically, people appear to view good traits as comprising the ‘essence’ or ‘true self’ of an entity (De Freitas et al. 2017a, 2018a). The current studies suggest that it is for this reason that when a firm gains good traits then it is viewed as the same firm, whereas when it loses good traits it is viewed as no longer the same firm.

One possible concern that can be raised about these results, however, is that they may simply reflect an individualistic or optimistic bias. The studies have been conducted with Western participants, who are known to have a more independent social orientation (Grossmann and Na 2014; Heine 2001; Kung, Eibach, and Grossmann 2016; Markus and Kitayama 1991; Varnum et al. 2010) and to optimistically enhance their self-esteem relative to members of other cultures (Baumeister, Tice, and Hutton 1989; Crary 1966; Dunning, Meyerowitz, and Holzberg 1989; Taylor and Brown 1988; Zuckerman 1979). Or perhaps the participants in these studies are simply motivated to say positive things because they infer that this is what the experimenter would like for them to do. Speaking against these alternative accounts, however, here we find that the valence asymmetry also holds for an entity whose group is typically viewed negatively. With that said, it would be worth exploring whether consumers make similar judgments if they come from interdependent cultures that are less optimistic and individualistic.

For now, the current results suggest that consumers have a nuanced intuitive theory of firms. Although consumers may have negative stereotypes of such firms as a group, they nonetheless view individual firms as having good essences that they either live up to or betray.

## Other Theoretical Contributions

More broadly, the current work contributes to the literature on lay theories of firm identity, effects of moral intuitions on consumer behavior, and brand personality.

While existing research in consumer behavior has focused on the persistence of *personal* identity (Bartels and Urminsky 2011), this work is among the first to study the persistence of *firm* identity. We find that consumers do not make firm persistence judgments by simply summing all a firm's traits before and after it changes and then taking the difference. Rather, they weight morally good features more heavily than other traits, in line with normative essentialism. Thus, moral improvements are viewed as a realization of a firm's good true self, whereas moral deteriorations are viewed as a loss or departure from its true self that leads to the intuition that it no longer has the same identity.

Regarding how moral intuitions affect consumer behavior, we find that consumers do not simply evaluate firms 'as is' but view the traits that they morally value as comprising a firms' very essence. Put another way, moral intuitions affect views of firms from the 'inside out', since consumers specifically measure whether a firm lives up to the good true self they ascribe to it. Taking this view best explains our pattern of identity judgments across studies as well as why moral deteriorations turn out to be just as identity disrupting as even the most dramatic of product or brand changes (study 2b).

Regarding brand personality, we find that a moral deterioration is viewed as an even bigger personality change than moving between the five main personality traits identified in previous work on brand personality. The fact that the moral dimension is less discussed in this literature might be a methodological artifact. The existing brand dimensions were uncovered via factor analysis, which determined which dimensions account for variance among individual brands (Aaker 1997). Yet with factor analysis there may be little variance on the moral dimension if it applies to *all* products, as it would if consumers essentialize firms, and so we would not expect morality to emerge as an explanatory variable in such an analysis. Future work could incorporate moral valence as a key dimension of brand personality.

## Practical Contributions

The findings have practical implications for brand equity management, brand activism, and countering negative firm stereotypes.

Since brands are among a firm's most valuable assets, marketers are wary of causing them reputational damage. Our findings suggest that moral deteriorations are particularly threatening because they are weighed heavily when tracking a firm's identity. So, firms should plan for moral changes carefully or even avoid them altogether—perhaps especially after moral factors are publicized through efforts like corporate social responsibility (Chernev and Blair 2015), brand activism (Vredenburg et al. 2020), or firm acquisitions (Harrison et al. 2020).

Indeed, we find that firms which change in a highly conservative direction are viewed as no longer the same firm by liberals, and vice versa for firms that change in a highly liberal direction, with concomitant effects on purchase intent. Similarly, we find that a social media acquisition by a conservative-seeming CEO apparently led to mass account deactivations by liberals, and mass account activations by conservatives (studies 6a–b). These results provide a cautionary tale for managers: the very political changes that they view as moral improvements may be viewed as the very opposite by certain consumer segments, leading to perceptions of 'brand death' and to decrements in purchase intent and brand loyalty.

Finally, the findings have implications for countering negative firm stereotypes, which can negatively affect consumer behavior toward firms. Previous work finds that consumers have various such stereotypes, such as believing that non-profits are incompetent but warm, and that for-profits are competent, cold, and harmful to society (Aaker et al. 2010; Bhattacharjee et al. 2017). Perhaps on a more optimistic note, we find that consumers still think of *individual* firms as having good essences, suggesting that marketers can individualize firms in order to exploit this positive bias, e.g., make every product unique, provide founding stories, and concretely talk about a firm's operations. More broadly, it may be wise for marketers to assume that consumers will vilify their firms unless marketing campaigns take deliberate efforts to counter negative group stereotypes. Of course, the negative biases toward firms are rooted not just in cognition but in broader cultural portrayals of firms, and so firms could also combat this cultural stereotype more broadly. Indeed, perhaps many of the sorts of interventions that have been effective in reducing intergroup bias between human groups are also effective at combating group-based biases against firms.

## Limitations and Future Directions

The usual limitations of running studies using online panels limited to the U.S. apply to the current work. Now that the moral asymmetry has been robustly documented for firms, a natural follow up is to test the extent to which these effects hold in other cultures—especially ones with highly negative or positive cultural views of firms. It would also be interesting to test whether people with higher levels of business expertise, e.g., business academics or managers, have different views than the lay views uncovered here.

The current work also raises open questions related to the existence of bad essences. At the individual firm level, we found that consumers assume that even tobacco, alcohol and mining firms have good true selves. With that said, we did manage to get consumers to ascribe bad essences when they learned that the underlying goal/purpose of the firm was to do the bad thing. Do consumers naturally come to similar conclusions about firms whose purpose is clearly advertised as bad, e.g., firms that manufacture cluster bombs? When, if ever, do consumers assume that a firm's essence is evil? The current studies provide a litmus test: for such firms, consumers should be more inclined to say that the firm is no longer the same after *improving*.

Finally, the fact that consumers exhibited positive individual-based views about firms should be reconciled with previous work on impression formation, which suggests that negative behaviors are more diagnostic of underlying character because they involve rarer norm violations (Johnson and Ahn 2021; Reeder and Spores 1983; Skowronski and Carlston 1989). Evidently, despite viewing firms *in general* in a negatively light, consumers hold firms to a morally good standard. Future work should investigate the extent to which negativity biases ever extend to ascriptions of negative essences, and whether consumers behave more negatively toward firms framed as groups and more positively toward firms framed as individuals.

## CONCLUSION

Despite the tendency for consumers to vilify firms as a group, their pattern of identity judgments suggested that they viewed individual firms as having good true selves. Moral deteriorations were viewed as especially disruptive to a firm's persisting identity—more so than product and personality changes—and consumers with different moral values had different views about when a firm lost its identity, which affected their purchase intent and social media behavior. Marketers may leverage these findings to protect their brand equity, carefully navigate brand activism and firm acquisitions, and counter negative firm stereotypes.

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