

Abstract from Unique Research Project

'The Reciprocal Effects of Corporate Reputation and Brand Perceived
Ethicality, with Relevance to Strategic Portfolio Management'

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Abstract

With the continued rise of consumers' expectations, and an increase in brand transparency due to information availability through the internet, it is irrefutable that brands are expected to apply ethical and socially responsible business approaches, in order to build brand equity and foster a positive reputation. However, when brand architecture is considered, as a result of differences in the ways that corporate brands and product brands interact, building an ethical reputation can become complex. Three key questions are apparent when examining the available literature. First, from a strategic brand management perspective, should the corporate brand or the product brands be more prominent in social responsibility initiatives? -Is there an interactional effect between the two? Thirdly, given the critical importance of managing a portfolio of brands, how do effects differ across brand architecture strategies? There is a paucity of research in these areas, particularly on how product brand ethicality affects the corporate brand, and the evaluation of brand perceived ethicality through different brand architecture strategies.

In light of the proliferation of interest in ethicality and social responsibility, and in response to the identified research gaps, this study determines if reciprocal effects exist between the perceived ethicality of corporate brands and the ethical perceptions of product brands, and how this differs between two brand architectures: Endorsed and House of Brands (Shadow Endorser). The study evaluates consumer perceptions of two corporate fast-moving consumer goods (FMCG) brands, Unilever and Nestlé, and a total of eight product brands. Through in-depth analysis of data collected through an online self-administered survey (n=302), results ascertain evidence of reciprocal effects between corporate and product brands in both brand architecture strategies, with a stronger effect in an Endorsed strategy. Moreover, the results of this study yield novel insight with evidence that brand social responsibility initiatives have a far stronger effect on both the corporate and product brand perceptions than corporate social responsibility (CSR) initiatives, and can even enhance perceptions of brands deemed less ethical. The findings have both literary and managerial implications, concluding that companies that wish to build an ethical reputation would benefit from ethical action at both levels, with a strategic focus on the ethical positioning of its product brands, as well as increasing corporate brand presence (i.e. through an Endorsed strategy).