

# Sustainability claim, environmental misconduct and perceived hypocrisy in luxury branding

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## Abstract

**Purpose** – This paper aims to examine consumers' evaluation of and reaction to the coexistence of brand misconduct and sustainability claims through a series of studies.

**Design/methodology/approach** – The research questions are examined across three studies. Consumer's scepticism of corporate social responsibility (CSR) is considered the driver of brand distance. Brand hypocrisy is postulated to mediate the relationship between scepticism to CSR and brand distance. Furthermore, brand trust and desire for exclusivity are tested as moderators of brand hypocrisy and brand distance.

**Findings** – The findings showed that environmental misconduct leads to perceived brand hypocrisy and brand distancing. When luxury brands take action to remedy their actions, the perceived brand hypocrisy and brand distancing decrease. In addition, brand trust and desire for exclusivity dilute the relationship between brand hypocrisy and brand distance.

**Originality/value** – The findings show that, standing in a contradictory position, brands can still reduce the consumers' perceived brand distance by building a strong consumers' trust toward the brand. At the same time, relating the luxury consumers' yearning for the exclusive products and services, the findings show that the consumers with a strong desire for exclusivity feel a lower level of brand distance even if the brand gets involved in misconduct.

**Keywords** Luxury brand, Corporate social responsibility (CSR), Brand communication, Brand hypocrisy, Brand distance, Sustainability

**Paper type** Research paper

**Reivindicación de la sostenibilidad, mala conducta medioambiental y percepción de hipocresía en las marcas de lujo**

## Resumen

**Propósito** – Este artículo examina la evaluación y la reacción de los consumidores ante la coexistencia de la mala conducta de la marca y las alegaciones de sostenibilidad a través de una serie de estudios.

**Diseño/metodología/enfoque** – Las preguntas de investigación se examinan a través de tres estudios. El escepticismo de los consumidores respecto a la RSC se considera el motor del distanciamiento de las

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marcas. Se postula que la hipocresía de la marca media la relación entre el escepticismo hacia la RSE y la distancia de la marca. Además, se comprueba que la confianza en la marca y el deseo de exclusividad son moderadores de la hipocresía y la distancia a la marca.

**Conclusiones** – Los resultados mostraron que la mala conducta medioambiental conduce a la percepción de hipocresía de la marca y al distanciamiento de la misma. Cuando las marcas de lujo toman medidas para remediar sus acciones, la hipocresía y el distanciamiento de marca percibidos disminuyen. Además, la confianza en la marca y el deseo de exclusividad diluyen la relación entre la hipocresía y el distanciamiento de la marca.

**Originalidad** – Los resultados demuestran que, situándose en una posición contradictoria, las marcas pueden seguir reduciendo el distanciamiento de marca percibido por los consumidores mediante la creación de una fuerte confianza de los consumidores hacia la marca. Al mismo tiempo, relacionando el anhelo de los consumidores de lujo por los productos y servicios exclusivos, nuestros hallazgos muestran que los consumidores con un fuerte deseo de exclusividad sienten un menor nivel de distancia a la marca incluso si la marca se ve involucrada en una mala conducta.

**Palabras clave** Marca de lujo, Responsabilidad social corporativa (RSC), Comunicación de marca, Hipocresía de marca, Distancia de marca, Sostenibilidad

**Tipo de artículo** Trabajo de investigación

奢侈品品牌中的可持续发展主张、环境不端行为和被感知的伪善

### 摘要

**目的** – 本文通过一系列的研究，考察了消费者对品牌不当行为和可持续发展主张并存的评价和反应。

**设计/方法/途径** – 研究问题在三项研究中得到了检验。消费者对企业社会责任的怀疑被认为是品牌距离的驱动因素。品牌伪善被假设为介导对企业社会责任的怀疑和品牌距离之间的关系。此外，品牌信任和对排他性的渴望被测试为品牌伪善和品牌距离的调节因素。

**研究结果** – 研究结果显示，环境方面的不当行为导致了人们对品牌伪善和品牌距离的感知。当奢侈品品牌采取行动补救他们的行为时，被感知的品牌伪善和品牌距离就会减少。此外，品牌信任和对排他性的渴望稀释了品牌伪善和品牌距离之间的关系。

**原创性/意义** – 研究结果表明，站在矛盾的立场上，品牌仍然可以通过建立消费者对品牌的强烈信任来减少消费者感知的品牌距离。同时，联系到奢侈品消费者对独家产品和服务的渴望，我们的研究结果表明，即使品牌涉及到不正当行为，对独家性有强烈渴望的消费者也会感到较低的品牌距离。

**关键词** 奢侈品牌，企业社会责任(CSR)，品牌传播，品牌伪善，品牌距离，可持续性  
文章类型 研究型论文

## 1. Introduction

The past decades have seen companies becoming increasingly visible in their sustainable development and corporate social responsibility (CSR) communication (Amatulli *et al.*, 2018; Rolling and Sadachar, 2018). In particular, the luxury sector has been pressured to address several social issues (Kapfazer and Michaut-Denizeau, 2020), hence luxury brands have systematically started adopting CSR as part of their marketing and communication strategy (Cavender, 2018). While a number of scholars have highlighted the conflicting perceptions between the concept of luxury and CSR (Achabou and Dekhili, 2013), other authors have suggested these misconceptions were due to a lack of understanding by luxury brands on how to communicate and develop CSR activities to engage with modern-day luxury consumers (Amatulli *et al.*, 2018).

Although luxury brands have attempted to reconcile the perceptual differences between luxury and sustainability (Janssen *et al.*, 2014; Amatulli *et al.*, 2018; Rolling and Sadachar, 2018; Perez *et al.*, 2020), a bigger challenge arises when brands engage in unethical behaviour while communicating a sustainability message. In 2018, Burberry touted its sustainability practices and ranked as the leading luxury brand in the Dow Jones Sustainability Index. Yet, in the same year, they were also reported to burn their unsold

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goods (BBC, 2018). Burberry's business practices were reported to conflict with their sustainability principles and have created a rift and debate whether luxury brands are engaging in genuine CSR or are a form of "CSR-washing" (Pope and Waraas, 2016). Furthermore, such discrepancies between a brand's CSR communication and business practices are argued to test brand trustworthiness limits and bring about the question of hypocritical behaviour and brand misconduct.

However, there is limited research to date that ascertain the impact of brand misconduct on the legitimacy of sustainability claims (Cavender, 2018; Rolling and Sadachar, 2018) and whether luxury brands are perceived as hypocritical can result in brand distancing by luxury consumers (Arli *et al.*, 2019). Therefore, do consumers perceive a conflict when luxury brands incorporate sustainable practices under conditions of brand misconduct? While luxury consumers gravitate towards the exclusivity and conspicuousness of luxury brands (Shimul *et al.*, 2019; Loureiro *et al.*, 2019), it is unknown whether the exclusivity will suffice to negate negative brand communication (e.g. brand scandals that conflict with brands' CSR communication). Furthermore, brand trust has become imperative to brand success; therefore, inconsistent brand communication and scandals can result in significant reputational damage (Dekhili *et al.*, 2019). As such, does a consumer's desire to distance from a hypocritical luxury brand become greater for those who trust and identify with the brand?

To further investigate this phenomenon, the social identity theory, self-categorisation theory and disidentification theory were used as frameworks to examine the underlying conflict of brand communication by luxury companies on their sustainability and CSR initiatives. Therefore, the following key research questions were posed:

- RQ1. Does the coexistence of brand misconduct and sustainability claims affect consumer perceptions towards luxury brands?
- RQ2. Does a luxury brand's environmental commitment negate consumer perceptions of brand hypocrisy and brand distance?
- RQ3. Do consumer brand trust and desire for exclusivity moderate the relationship between CSR scepticism and hypocrisy perceptions?

## 2. Relevant theories and literature review

### 2.1 Social identity and self-categorisation theories

Social identity theory is derived from the cognitive and motivational basis of intergroup differentiation which motivates individuals to be engaged in in-group vs. out-group comparison and create social boundaries to distinct intergroup differences (Tajfel and Turner, 2004). As an extension of the social identity theory, the self-categorisation theory proposes that individuals categorise themselves as members of various social groups. From a social perspective, self-categorisation enables individuals to position themselves within the various social contexts, allowing them to engage with the social nuances and thus reducing uncertainty in social relationships (Hogg and Terry, 2000). Given the circumstances, it is likely that consumers may use brands to develop their identity (Janssen *et al.*, 2014; Amatulli *et al.*, 2018); therefore, the social identity theory and self-categorisation theory supports the explanations that brands serve different needs following consumers' congruence to their actual or ideal self-concept (Tajfel and Turner, 2004; Hogg and Terry, 2000).

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### *2.2 Disidentification theory and brand avoidance*

Disidentification theory (Wolter *et al.*, 2016) suggests that consumers create their self-concept by disassociating themselves from organisations that they believe are incompatible with their image and values. Thus, the notion of disidentifying means psychological distancing from a threat. By avoiding the hypocritical brand, consumers may develop their self-concept by disassociating the self-concept from negative and incongruent brand meanings (Cheng *et al.*, 2012). For example, consumers who are concerned about social/human well-being will try to avoid products (and the companies that make them) that have, for example, been manufactured using child labour or in ways that otherwise violate human rights or workers' rights. More importantly, hypocrisy perceptions are less threatening to consumers who disassociate or are unconnected with the brand, and this is because they do not use the brand to improve their self-identity. As a result, they are less likely to associate hypocrisy with a strong desire to avoid it.

### *2.3 Corporate social responsibility in luxury branding*

During the past few years, various pro-environmental initiatives have been launched by brands to promote sustainable consumption and practices (de Moraes *et al.*, 2021; Dekhili *et al.*, 2019; Rolling and Sadachar, 2018). Brands in the luxury sector are continuously seeking new ways to differentiate their products in the environmental era, given the necessity and demand of global consumers (Amatulli *et al.*, 2021; Kapferer, 2010). Because the more firms engage in CSR activities, the more they can acquire the loyalty of consumers, such as awareness, attitude and preference. Nowadays more global brands are turning their attention toward environmental sustainability with various CSR activities. By limiting the excessive use of materials that can exceed the world's recycling capabilities, sustainable development may preserve natural resources (Kapferer, 2010). Consequently, brands are taking the advantage of green consumerism in favour of environmentally and socially responsible products and services.

In the luxury sector, past research has traditionally suggested that CSR is not a prominent factor in luxury consumers' decision-making (Arrigo, 2018; Cavender, 2018). From the socio-historic perspective, the integration of sustainability to luxury seems less feasible, as luxury's inherent values such as hedonism, rarity and affluence may contrast with sustainability's inherent ethical values such as altruism, restraint and moderation (Joy *et al.*, 2012). However, other studies suggested that luxury and CSR might be compatible (Janssen *et al.*, 2014), and consumers are increasingly expecting luxury brands to make an effort for sustainability (Rolling and Sadachar, 2018).

### *2.4 Brand misconduct*

Alongside the discussion of consumer ethics for sustainability, ethical efforts from the firms, such as the firm's own commitment to the environment, have also been considered sustainable consumerism (Skarmeas and Leonidou, 2013). Recent trends in the luxury sector have demonstrated that consumers with greater environmental awareness shift their preferences toward ethical and sustainable products, which has increased their expectations of environmental efforts by luxury brands (Achabou and Dekhili, 2013). Although many brands are engaging in various CSR activities to promote sustainability in the marketplace, consumers have also witnessed brand misconduct, such as socially irresponsible behaviours by the firms. Therefore, they perceived such CSR practices as a ploy or insincere. Huber *et al.* (2009, 2010) suggested that brand misconduct may significantly impact consumers' expectations of the brand, resulting in negative consumer responses to the brand.

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### 2.5 Consumer scepticism and brand distance

Scepticism refers to a person's tendency to doubt, disbelieve and question that can have a powerful effect on marketplace dynamics because it captures individuals' level of doubt, uncertainty and tendency to question the firm's CSR efforts. (Skarmeas and Leonidou, 2013). Previous research suggests that it is a formidable task for luxury brands to be environmentally or socially responsible because consumers may be sceptical about green messages for the environment and sustainability (Skarmeas and Leonidou, 2013). Related studies have well-documented consumer scepticism about green appeals concerning green communication because of the prevalence of green marketing, which may produce negative consequences on a firm's reputation (Arli *et al.*, 2019). This is particularly pertinent in the case of CSR, given that the use of advertising to communicate a firm's CSR activities creates an information-processing climate that exacerbates the potential for scepticism. The more consumers attribute marketing actions to firm-beneficial motives, the more sceptical they are of CSR activities and the more negative their attitudes appear toward sponsoring firms (Foreh and Grier, 2003). Such scepticism may be dispositional when consumers display an ongoing tendency to be suspicious of marketer motives or be situational when they have a momentary state of distrust and suspicion of corporate motives (Foreh and Grier, 2003). In line with the discussion, consumer scepticism may be more significant when consumers identify a mismatch between the firm's CSR practices and the firm's misconduct.

### 2.6 Brand hypocrisy and brand distance

Brand hypocrisy is defined as "a brand perceived as intentionally projecting false or unrealistic appearances, thereby implying the dissimulation or manipulation of attributes, motivations or beliefs" (Guèvremont, 2019, p. 599). It is also perceived as a negative association due to exposure to brand-related information or brand experience interpreted by consumers as a form of hypocrisy. Hypocrisy is attributed to both corporations and brands when consumers believe they claim to be something that they are not. Because consumers typically use both intrinsic and extrinsic cues when evaluating a product or service (Szybillo and Jacoby, 1974), such exposure to brand-related information or brand experience may affect consumer evaluations of a sustainable luxury product as well as a brand image. Moreover, along with the prevalence of green marketing with brand-related information for sustainability, ambiguity and exaggerations regarding green claims have negatively influenced consumers' attitudes toward sustainable products. Therefore, although many brands promote sustainability and green consumerism in advertising, it is still a formidable challenge to encourage consumers to purchase sustainable products to benefit the environment because of brand hypocrisy.

Concerning the attitude of potential consumers toward ethical and sustainable consumption, when brand misconduct and sustainability practices coexist, brand hypocrisy may create brand distance. Although several luxury brands have made significant efforts to build a more sustainable future by promoting sustainable consumption, scepticism toward CSR and brand hypocrisy with misconduct may lead to negative consumers' reactions. In addition, and more importantly, scepticism can have broad negative consequences on a firm's reputation (Arli *et al.*, 2019) and can increase the likelihood of brand distance or avoidance (Guèvremont, 2019), consumer brand boycotts (Zarantonello *et al.*, 2016) and greater levels of distrust and outrage (Lindenmeier *et al.*, 2012). Furthermore, scepticism can increase the perceived level of brand hypocrisy as well as consumers "perception of a firm's corporate social irresponsibility" (Lange and Washburn, 2012). Taken together, the following are hypothesised:

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- H1. Consumers' perceived brand hypocrisy and brand distance will be stronger when a brand engages in misconduct and sustainability practices simultaneously.
- H2. Consumers' perceived brand hypocrisy and brand distance will weaken if the brand announces stopping the misconduct along with an environmental commitment.
- H3. Consumers' scepticism toward CSR will have a significant and positive impact on brand distance.
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- H4. Brand hypocrisy will mediate the relationship between consumers' scepticism towards CSR and brand distance.

### *2.7 Brand trust*

Trustworthiness refers to consumer perceptions of a brand's willingness to honour promises and is recognised in the literature as a component of credibility (Erdem and Swait, 2004). Trust is a psychological state interpreted in terms of relationship or expectancy among entities, associated with some positive outcomes. Consumers who trust a brand's CSR efforts are generally less sceptical and harboured fewer hypocritical thoughts toward the brand and message (Guèvremont, 2019). Consequently, perceived trust toward the brand is essential to the success of a brand's CSR (sustainability) claims and practices.

Past research has found that, specifically in the apparel industry, conflicting messages about concern for the environment and sustainability confuse consumers, leading to a lack of trust regarding the information (Skarmeas and Leonidou, 2013). Such a state of confusion is associated with uncertainty, anxiety, puzzle and indecision, and confused consumers are highly related to distrust (Walsh and Mitchell, 2010). Similarly, when consumers are exposed to negative information by brand misconduct, consumer scepticism toward CSR may lead to distrust of the information or product and influence brand distance. Therefore, the following is hypothesised:

- H5. Brand trust will dilute the positive relationship between brand hypocrisy and brand distance.

### *2.8 Desire for exclusivity*

The desire for exclusivity is defined as a "consumer's pursuit of exclusiveness in consumption" (Kim, 2018, p. 285). Thus, consumers desire to signal superiority over others by having the things many others yearn for but do not have. The desire for exclusivity is closely related to scarcity which can be defined as a real or perceived threat to consumers' ability to meet their needs or desires due to the limited accessibility of goods, services or resources. The scarcity effect literature also suggests that consumers prefer scarce products because of limited supply because they appeal to consumers' desire for exclusive consumption. Related studies also suggest that the effect of perceived scarcity on consumers' response would be more significant for luxury goods than for commodities because concepts such as excellence, exclusiveness and uniqueness are closely related to the core concepts of luxury. Consumers with a strong desire for exclusivity will evaluate luxury experiences more favourably than those with a weak desire for exclusivity (Kim, 2018). Therefore, the following is hypothesised:

- H6. Consumers' desire for exclusivity will dilute the positive relationship between brand hypocrisy and brand distance.

### 3. Current research

This paper addresses the three research questions (RQ) across three studies. The first study examines RQ1 that the consumers' evaluation of and reaction to the coexistence of brand misconduct and sustainability practices. In particular, study 1 predicts that consumers' perceived brand hypocrisy and brand distance will be more pungent when a brand engages in misconduct and sustainability practices simultaneously (*H1*). Building on this, study 2 tests the RQ2 whether consumers' perceived brand hypocrisy and brand distance weaken if the brand announces stopping the misconduct along with an environmental commitment (*H2*). To provide incremental value and rigour to the findings of studies 1 and 2, this research answers RQ3 by examining the relationships among consumers' CSR scepticism, brand hypocrisy and brand distance (*H3* and *H4*) in study 3. In addition, the moderating influence of consumers' desire for exclusivity and brand trust (*H5* and *H6*) are examined in study 3 (Figure 1). The survey instruments and data collection procedures were approved by the authors' University Human Research Ethics Committee (HRE2020-0040).

### 4. Study 1

A total of 150 participants were recruited through an online consumer panel in Australia. Of the valid and useable 134 responses, 52% were female, and 46.3% were aged 18–50 years (Table 1).

#### 4.1 Research design

Burberry was selected as the focal brand in this research. Three different types of stimuli were prepared as the experimental instruments of this study. The first stimulus presented a collage of Burberry products without any misconduct or sustainability claim (Condition A; Table 2). The second stimulus, aimed at brand misconduct, showed a news clip entitled “Burberry burns bags, clothes and perfume worth millions” (Condition C; Table 2). The third stimulus shows the brand's sustainability practices (Condition B; Table 2).

#### 4.2 Pre-test

The stimuli were pre-tested to ensure whether they elicited the intended message. A group of undergraduate students ( $n = 67$ ,  $M_{age} = 21$ , Female = 53.7%) participated in the pre-test. Following the conceptualisation of Huber *et al.* (2010), the perceived brand misconduct was measured with the statement that “Burberry's action of destroying unsold items violates consumers' desired value of ethical norms and expectations from the brand”. The participants reported the perceived sustainability claim from the provided stimulus with the

*H1*. Simultaneous misconduct and sustainability practices => Perceived brand hypocrisy and brand distance  
*H2*. Announcement of stopping misconduct => Perceived brand hypocrisy and brand distance

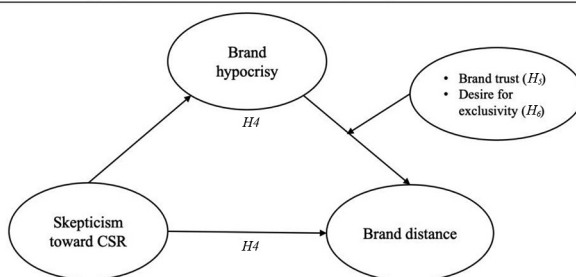


Figure 1.  
Research framework

| Characteristics        | Study 1  | Study 2  | Study 3  |
|------------------------|----------|----------|----------|
| <i>Gender</i>          |          |          |          |
| Male                   | 72 (48%) | 47 (37%) | 58 (45%) |
| Female                 | 78 (52%) | 80 (63%) | 72 (55%) |
| <i>Age</i>             |          |          |          |
| 18–24                  | 5 (3%)   | 10 (8%)  | 11 (9%)  |
| 25–30                  | 15 (10%) | 13 (10%) | 13 (10%) |
| 31–40                  | 25 (16%) | 23 (18%) | 26 (20%) |
| 41–50                  | 26 (17%) | 23 (18%) | 31 (24%) |
| Over 50                | 81 (54%) | 58 (46%) | 49 (38%) |
| <i>Education</i>       |          |          |          |
| Primary                | 2 (2%)   | 1 (1%)   | 2 (2%)   |
| High school            | 32 (22%) | 23 (18%) | 24 (19%) |
| Undergraduate          | 39 (26%) | 28 (22%) | 31 (24%) |
| Postgraduate           | 47 (31%) | 51 (40%) | 42 (32%) |
| Others                 | 29 (19%) | 24 (19%) | 31 (24%) |
| <i>Income (AUD)</i>    |          |          |          |
| Below 7,800            | 2 (2%)   | 6 (5%)   | 2 (2%)   |
| 7,800 – 12,999         | 6 (4%)   | 4 (3%)   | 7 (5%)   |
| 13,000 – 20,799        | 9 (6%)   | 9 (7%)   | 8 (6%)   |
| 20,800 – 31,199        | 11 (8%)  | 12 (9%)  | 11 (9%)  |
| 31,200 – 41,599        | 11 (8%)  | 5 (4%)   | 7 (5%)   |
| 41,600 – 51,999        | 20 (13%) | 13 (10%) | 13 (10%) |
| 52,000 – 67,599        | 18 (12%) | 21 (17%) | 17 (13%) |
| 67,600 – 83,199        | 14 (9%)  | 15 (12%) | 14 (11%) |
| 83,200 – 103,999       | 21 (14%) | 21 (17%) | 18 (14%) |
| 104,000 and above      | 31 (21%) | 16 (13%) | 25 (19%) |
| Do not want to specify | 7 (5%)   | 5 (4%)   | 8 (6%)   |

**Table 1.**  
Profile of  
respondents *n* (%)

notion that “After reading this news snippet, I feel that Burberry is a sustainable brand”. The responses were recorded with a seven-point Likert scale (1 = Strongly disagree, 7 = Strongly agree). The results showed that both the brand misconduct (Mean = 5.02, SD = 1.08) and sustainability claim (Mean = 5.61, SD = 1.06) stimuli were appropriate to use.

#### 4.3 Measures and procedure

A self-administered online survey questionnaire was used for data collection. In the first section, the participants were briefly informed about the privacy and confidentiality of their responses. Then, the participants’ brand recognition was assured by using the image of a Burberry bag with no logo attached. Next, the participant expressed their attitude toward the Burberry brand (Brown and Dacin, 1997) and scepticism toward CSR (Obermiller and Spangenberg, 1998). In the following section, the participants were randomly assigned to one of the four conditions with the stimuli. Based on the stimuli, next, they responded to brand hypocrisy (Guèvremont, 2019) and brand distance (Grégoire *et al.*, 2009). The final section of the survey enquired about consumers’ basic demographics. Table 3 reports the measurement items.

#### 4.4 Results

We tested the consumers’ perceived brand hypocrisy and brand distance across four conditions based on brand misconduct versus no misconduct and sustainability claim versus no sustainability claim. In particular’ the four conditions were:



| Condition   | Context   |
|-------------|---|
| Condition A | <i>No misconduct + No sustainability claim</i><br><i>A photo collage of Burberry designer bags, shoes and accessories</i>   |
| Condition B | <i>No misconduct + Sustainability claim</i><br><i>Headline: Burberry is the most sustainable luxury brand, according to Dow Jones index.</i><br><i>Body text: The British heritage label has been included in the index's "Textiles, Apparel and Luxury Goods" sector for the fourth year running due to a series of eco-friendly initiatives such as the recent pledge to stop destroying unsold clothes, which it previously did as a way of preserving its exclusive image. The brand also announced that it would no longer be using real fur in its products and will be phasing out existing products made from real fur</i><br><i>Source: ABC News</i>   |
| Condition C | <i>Misconduct + No sustainability claim</i><br><i>Headline: Burberry burns bags, clothes and perfume worth millions</i><br><i>Body text: Burberry, the upmarket British fashion label, destroyed unsold clothes, accessories and perfume worth £28.6m last year to protect its brand. It takes the total value of goods it has destroyed over the past five years to more than £90m. Fashion firms including Burberry destroy unwanted items to prevent them from being stolen or sold cheaply</i><br><i>Source: ABC News</i>   |
| Condition D | <i>Misconduct + Sustainability claim</i><br><i>Headline: Burberry is the most sustainable luxury brand, according to Dow Jones index.</i><br><i>Body text: The British heritage label has been included in the index's "Textiles, Apparel and Luxury Goods" sector for the fourth year running due to a series of eco-friendly initiatives such as the recent pledge to stop destroying unsold clothes, which it previously did as a way of preserving its exclusive image. The brand also announced that it would no longer be using real fur in its products and will be phasing out existing products made from real fur</i><br><i>Source: ABC News</i><br>AND<br><i>Headline: Burberry burns bags, clothes and perfume worth millions</i><br><i>Body text: Burberry, the upmarket British fashion label, destroyed unsold clothes, accessories and perfume worth £28.6m last year to protect its brand. It takes the total value of goods it has destroyed over the past five years to more than £90m. Fashion firms including Burberry destroy unwanted items to prevent them from being stolen or sold cheaply</i><br><i>Source: ABC News</i> |

**Table 2.**  
Conditions and context of the studies

- (1) no misconduct + no sustainability claim (Table 2);
- (2) no misconduct + sustainability claim (Table 2);
- (3) misconduct + no sustainability claim (Table 2); and
- (4) misconduct + sustainability claim (Table 2).

Participants' CSR scepticism, brand attitude and age were controlled, and they were invariant across the four groups. The mean scores, standard deviations of consumers' perceived brand distance and brand hypocrisy under the four conditions are presented in Table 4. The analysis of variance results showed that consumers' perceived brand hypocrisy differed across four groups:  $F(3, 130) = 11.625, p < 0.001$ . In particular, perceived brand hypocrisy was the highest when the brand was involved in misconduct and claimed sustainability practices. The results also showed that perceived brand hypocrisy was significantly higher when the brand involved misconduct than in controlled conditions (i.e. no misconduct and no sustainability). The differences of perceived hypocrisy between condition A and C (SE = 0.269,  $p < 0.001$ ), A and D (SE = 0.267,  $p < 0.001$ ), B and C (SE = 0.289,  $p = 0.004$ ) and B and D (SE = 0.287,  $p = 0.002$ ) were statistically significant. Similarly,

| Measurement constructs   | Factor loading |         |         |
|--|----------------|---------|---------|
|  | Study 1        | Study 2 | Study 3 |
| <i>CSR scepticism</i>  |                |         |         |
| <i>(Reliability: Study 1 = 0.88, Study 2 = 0.89, Study 3 = 0.88)</i>   |                |         |         |
| In general – I do not trust companies to deliver on their social responsibility promises                       | 0.84           | 0.85    | 0.86    |
| In general – Companies are usually dishonest about their real involvement in social responsibility initiatives | 0.89           | 0.92    | 0.88    |
| In general, I am not convinced that companies will fulfil their social responsibility objectives               | 0.90           | 0.84    | 0.90    |
| <i>Brand hypocrisy</i>   |                |         |         |
| <i>(Reliability: Study 1 = 0.93, Study 2 = 0.94, Study 3 = 0.93)</i>   |                |         |         |
| Burberry is not true to its word   | 0.64           | 0.72    | 0.67    |
| Burberry pretends to be something it is not  | 0.61           | 0.72    | 0.71    |
| Burberry acts contrary to stated principles  | 0.66           | 0.70    | 0.71    |
| Burberry promotes unrealistic images   | 0.66           | 0.80    | 0.76    |
| Burberry promises something unattainable   | 0.63           | 0.80    | 0.75    |
| Burberry pushes consumers towards unrealistic goals  | 0.68           | 0.75    | 0.75    |
| Burberry supports social responsibility activities inconsistent with its mission                               | 0.77           | 0.73    | 0.68    |
| Burberry engages in social responsibility activities which do not reflect its values                           | 0.80           | 0.78    | 0.81    |
| Burberry engages in social causes for marketing purposes only  | 0.69           | 0.73    | 0.79    |
| <i>Brand distance</i>  |                |         |         |
| <i>(Reliability: Study 1 = 0.98, Study 2 = 0.97, Study 3 = 0.97)</i>   |                |         |         |
| I will keep the largest distance between Burberry and me   | 0.86           | 0.83    | 0.83    |
| I will avoid buying Burberry in the future   | 0.89           | 0.87    | 0.89    |
| I will not use Burberry  | 0.92           | 0.89    | 0.91    |
| I will avoid Burberry  | 0.92           | 0.88    | 0.91    |
| I will stay away from Burberry   | 0.92           | 0.89    | 0.91    |
| <i>Brand attitude</i>  |                |         |         |
| <i>(Reliability: Study 1 = 0.93, Study 2 = 0.95, Study 3 = 0.96)</i>   |                |         |         |
| Very favourable  | 0.87           | 0.94    | 0.91    |
| Extremely positive   | 0.90           | 0.86    | 0.84    |
| Very good  | 0.93           | 0.95    | 0.92    |
| <i>Brand trust</i>   |                |         |         |
| <i>(Reliability: Study 3 = 0.87)</i>   |                |         |         |
| Burberry delivers what it promises   |                |         | 0.73    |
| Burberry claims are believable   |                |         | 0.75    |
| Over time, my experiences with Burberry have led me to expect it to keep its promises, no more and no less     |                |         | 0.68    |
| Burberry has a name you can trust  |                |         | 0.87    |
| Burberry doesn't pretend to be something it isn't  |                |         | 0.81    |
| <i>Desire for exclusivity</i>  |                |         |         |
| <i>(Reliability: Study 3 = 0.93)</i>   |                |         |         |
| I like unique and scarce products  |                |         | 0.77    |
| I enjoy products more when only a few people possess them  |                |         | 0.84    |
| I like to be in good company with access to things beyond the average person's access                          |                |         | 0.74    |
| Products do not seem to hold much value for me when they are purchased regularly by everyone                   |                |         | 0.81    |
| I enjoy having things that others do not   |                |         | 0.86    |
| I am more likely to buy a product if it is scarce due to limited supply  |                |         | 0.84    |
| I often try to avoid products or brands that can be easily duplicated  |                |         | 0.80    |

**Table 3.**  
Exploratory factor  
analysis loading and  
reliability

the brand distance was higher in the conditions with misconduct. However, the results suggest that brand distance can be reduced with additional sustainability practices. The differences of perceived brand hypocrisy across four conditions are follows: A and C (SE = 0.429,  $p = 0.002$ ), A and D (SE = 0.426,  $p = 0.044$ ), B and C (SE = 0.461,  $p = .032$ ) and B and D (SE = 0.429,  $p = 0.002$ ). Thus, *H1* is supported.

#### 4.5 Discussion

The results support our prediction that consumers' perceived brand hypocrisy and brand distance will be stronger when a brand engages in misconduct and sustainability practices simultaneously. Specifically, when compared with the baseline condition (i.e. no misconduct and no sustainability), the perceived brand hypocrisy and distance are higher when the brand involves in misconduct. However, consumers' brand distance decreases; and brand hypocrisy increases if sustainability claims are included with misconduct. In the subsequent study, we extend our findings with the question of whether the consumers' perceived brand hypocrisy and distance dwindle if the brand announces actions aiming at stopping the misconduct.

### 5. Study 2

One hundred and twenty-seven participants were recruited through an online consumer panel in Australia. Of the participants, 63% were female, and 54.3% were aged 18–50 years (Table 1).

#### 5.1 Research design

This study extends condition 4 (burning unsold products and claiming sustainability practices together) of study 1 within the context of Burberry. Two additional stimuli were prepared to present "Burberry stops burning unsold goods" and "Burberry continues burning unsold goods". The first stimulus (Action 1; Table 5) included a news clip entitled "Burberry to stop unsold items after green criticism". The other stimulus (Action 2; Table 5) had a news clip entitled "Burberry ignores green criticism and will continue burning unsold goods".

#### 5.2 Measures and procedure

Data were collected through a self-administered online survey questionnaire. Similar to study 1, the questionnaire provided information about the survey. Participants were filtered out through brand recognition questions, and then CSR scepticism and brand attitude were measured. In the next section, participants were randomly assigned to one of the conditions (i.e. Burberry stops versus Continues burning unsold goods). Based on the narratives of the stimulus, the participants reported their perceived brand hypocrisy and brand distance. The final section of the survey consisted of the basic demographic questions.

| Construct       | Condition                               | <i>n</i> | Mean | Std. deviation | Std. error |
|-----------------|---|----------|------|----------------|------------|
| Brand distance  | No misconduct + no sustainability claim | 37       | 3.16 | 1.85           | 0.30       |
|                 | No misconduct + sustainability claim    | 28       | 3.47 | 1.68           | 0.31       |
|                 | Misconduct + no sustainability claim    | 34       | 4.74 | 1.85           | 0.31       |
|                 | Misconduct + sustainability claim       | 35       | 4.29 | 1.80           | 0.30       |
| Brand hypocrisy | No misconduct + no sustainability claim | 37       | 3.34 | 1.22           | 0.20       |
|                 | No misconduct + sustainability claim    | 28       | 3.54 | 1.15           | 0.21       |
|                 | Misconduct + no sustainability claim    | 34       | 4.54 | 1.05           | 0.18       |
|                 | Misconduct + sustainability claim       | 35       | 4.60 | 1.08           | 0.18       |

**Table 4.**  
Consumer's  
perceived Brand  
distance and Brand  
hypocrisy (study 1)

| Action   | Context   |
|--|---|
| Action 1: Burberry stops burning unsold products | <p>Headline: Burberry to stop burning unsold items after green criticism</p> <p>Body text: Burberry is to end its practice of burning unsold clothes, bags, and perfume and will also stop using real fur after receiving criticism from environmental campaigners. British fashion label Burberry says it will no longer burn millions of dollars' worth of unsold luxury goods or use real fur in its collections after a furore over its environmental record</p> <p>Source: <i>ABC News</i></p> |
| Action 2: Burberry ignores green criticism       | <p>Headline: Burberry ignores green criticism and will continue burning unsold goods</p> <p>Body text: Burberry is to continue its practice of burning unsold clothes bags and perfume and also will be using real fur after receiving criticism from environmental campaigners. British fashion label Burberry says it will burn millions of dollars' worth of unsold luxury goods and use real fur in its collections in the upcoming years</p> <p>Source: <i>ABC News</i></p>                    |

**Table 5.**  
Actions from the  
brand after criticism

### 5.3 Results

An independent sample *t*-test was conducted to examine the differences in consumers' evaluation of and reaction to the brand based on the types of the announcement from the brand. The results showed that there was a significant difference in the consumers' perceived brand hypocrisy for continuing the burning ( $n = 62$ , Mean = 5.17, SD = 0.83) and stopping the burning ( $n = 65$ , Mean = 3.66, SD = 1.01) conditions;  $t(125) = -9.17, p < 0.001$ . A statistically significant difference was also found in the consumers' brand distance for the continuing the burning ( $n = 62$ , Mean = 5.23, SD = 1.36) and stopping the burning ( $n = 65$ , Mean = 3.77, SD = 1.65) conditions;  $t(125) = -5.41, p < 0.001$ . Thus, *H2* is supported. Noteworthy, consumers' brand attitude and CSR scepticism were invariant across the two types of conditions.

### 5.4 Discussion

The findings show that consumers' perceived brand hypocrisy and distance are decreased if the brand announces to stop the misconduct. Referring to the findings of studies 1 and 2, it might be imperative to ask what the brands can do to reduce hypocrisy and distance while continuing brand misconduct and sustainability claims. We answer this question in study 3. In particular, we examine whether consumers' CSR scepticism impacts perceived brand hypocrisy and brand distance. Also, we test whether the consumers' desire for exclusivity and brand trust impact the relationship between brand hypocrisy and brand distance.

## 6. Study 3

One hundred and thirty participants were recruited through an online consumer panel in Australia. Of the participants, 55.4% were female, and 62.3% were aged 18–50 years (Table 1).

### 6.1 Research design

This study examines *H3–H6* under the notion that Burberry ignores green criticism and will continue burning unsold goods while claiming the brand's sustainability practices. Relevant stimuli from studies 1 and 2 were used in study 3.

### 6.2 Measures and procedure

Data were collected through a self-administered online survey questionnaire. The questionnaire followed a similar structure to study 2. Participants' brand recognition, brand attitude and CSR scepticism were measured at the beginning of the survey. Then participants were exposed to three stimuli entitled "Burberry burn unsold bags [...]", "Burberry is the most sustainable luxury brand" and "Burberry ignores green criticism and will continue burning unsold goods". In the next section, the participants reported their perceived brand hypocrisy and brand distance. Then the participants' trust toward the Burberry brand (Erdem and Swait, 2004) and desire for exclusivity (Kim, 2018) were measured. The final section of the survey consisted of the basic demographic questions.

We conducted the discriminant and convergent validity for the constructs used in study 3. We tested the measurement model in SPSS AMOS 26.0. The model achieved good fit with  $\chi^2 = 576.94$ ,  $df = 361$ ,  $\chi^2/df = 1.60$ , comparative fit index = 0.93, standardized root mean squared residual = 0.06, Root mean square error of approximation = 0.06 (Kline, 2011). In addition, convergent validity was achieved as the average variance extracted (AVE) values were higher than 0.50 for the constructs. The discriminant validity was assured as the inter-construct correlations were less than the square root of the AVE values.

### 6.3 Results

This study postulates that perceived brand hypocrisy would mediate the relationship between CSR scepticism and brand distance. In addition, participants' age was entered as a covariate. This assumption was tested with Hayes's (2017) PROCESS macro (Model 4).

The results show that CSR scepticism is positively related to brand hypocrisy ( $\beta = 0.25$ ,  $t = 3.09$ ,  $p = 0.003$ ). Additionally, the impact of brand hypocrisy on brand distance was significantly positive ( $\beta = 0.85$ ,  $t = 6.36$ ,  $p < 0.001$ ). However, the relationship between CSR scepticism and brand distance was not statistically significant ( $\beta = 0.08$ ,  $t = 0.70$ ,  $p = 0.477$ ). The impact of age on brand distance was non-significant ( $\beta = 0.08$ ,  $t = 0.79$ ,  $p = 0.432$ ). Taken together, brand hypocrisy mediated the relationship between CSR scepticism and brand distance (indirect  $\beta = 0.21$ ,  $CI = [0.074, 0.374]$ ). Thus,  $H4$  is supported.

To test the moderating impact of brand trust and desire for exclusivity on the relationship between brand hypocrisy and brand distance, we used PROCESS macro (Model 14) with a bootstrapping of 5,000 times and a 95% confidence interval. The results of the moderation tests are shown in Table 6. Our analysis found that the interaction term (product) of brand hypocrisy and brand trust had a significant impact on brand distance ( $\beta = -0.216$ ,  $t = -2.08$ ,  $p = 0.040$ ).

| Predictor                    | Model 1 (Brand hypocrisy) |          | Model 2 (Brand distance) |          | Model 3 (Brand distance) |            |
|------------------------------|---------------------------|----------|--------------------------|----------|--------------------------|------------|
|                              | $\beta$ (95%CI)           | $t$      | $\beta$ (95%CI)          | $t$      | $\beta$ (95%CI)          | $t$        |
| Scepticism toward CSR        | 0.248 (0.089, 0.406)      | 3.093*** | 0.078 (-0.141, 0.297)    | 0.702    | 0.015 (-0.159, 0.189)    | 0.170      |
| Brand hypocrisy (BH)         |                           |          | 0.853 (0.587, 1.119)     | 6.345*** | 0.537 (0.230, 0.844)     | 3.466***   |
| Desire for exclusivity (DFE) |                           |          |                          |          | -0.517 (-0.820, 0.214)   | -3.372***  |
| BH X DFE                     |                           |          |                          |          | -0.357 (-0.404, 0.310)   | -14.057*** |
| Brand trust (BT)             |                           |          |                          |          | -0.659 (-1.051, 0.268)   | -3.334***  |
| BH X BT                      |                           |          |                          |          | -0.216 (-0.422, 0.010)   | -2.080***  |
| $R^2$                        | 0.078                     |          | 0.086                    |          | 0.518                    |            |
| $F$                          | 11.985***                 |          | 9.569***                 |          | 38.036***                |            |

Note: \*\*\* $p < 0.001$

**Table 6.** Testing the moderation effect of brand trust and desire of exclusivity

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Also, the interaction term of brand hypocrisy and desire for exclusivity had a significant predictive effect on brand distance ( $\beta = -0.357, t = -14.057, p < 0.001$ ). In particular, both brand trust and desire for exclusivity diluted the relationship between brand hypocrisy and brand distance. Thus, the *H5* and *H6* are supported.

#### *6.4 Discussion*

The results show that consumers' CSR scepticism increases their perceived brand hypocrisy. However, it does not alone create a distance between the consumer and brand. Thus, brand hypocrisy mediated the relationship between CSR scepticism and brand distance. The findings also suggest that consumers who have a stronger desire for exclusive products hold a weaker brand distance. Also, the positive relationship between perceived brand hypocrisy and brand distance weakens when the consumers have a higher level of trust toward the brand.

### **7. General discussion**

Do brand misconduct and sustainability claim live together within the luxury consumer-brand relationship? A stream of prior studies has argued that luxury and sustainability are contradictory (Kapferer and Michaut-Denizeau, 2020; Joy *et al.*, 2012). However, the relevance of sustainability in luxury branding has been emphasised over the past decade (Winston, 2016; Kapferer and Michaut-Denizeau, 2020; Arrigo, 2018). Our research shows that even though luxury brands engage in sustainability practices, environmental misconduct generates perceived hypocrisy amongst consumers, followed by a brand distance subsequently. Our research findings validate the arguments of past studies that consumers do not see luxury and sustainability together (Joy *et al.*, 2012). This notion has been evident in our study 1, whereby consumers' perceived brand hypocrisy and distance elevated from baseline condition to condition B with the inclusion of sustainability claims. However, does it mean that consumers do not care about the brand's environmental misconduct aimed at maintaining its exclusivity and luxuriousness? Our findings show that consumers consider a brand hypocrite if it continues the misconduct and claims sustainability practices simultaneously. However, in such a situation, the consumers' perceived brand distance is lower than the condition of having misconduct without sustainability. The plausible explanation could be attributed to the consumers' cognitive and affective evaluation of the brand (Grégoire *et al.*, 2009). The impact of the consumers' consciousness toward the brand's pro-environmental actions has been evident in the study whereby we found that consumers' perceived brand hypocrisy and distance decrease if the brand announces to stop the misconduct. Despite this empirical support towards the benefits of pro-environmental actions, brands often find it challenging to attain the desired sustainability practices (Cowburn *et al.*, 2018). Our findings show that standing in this contradictory position, brands can still reduce the consumers' perceived brand distance by building a strong consumers' trust towards the brand. At the same time, relating to the luxury consumers' yearning for exclusive products and services, this paper shows that the consumers with a strong desire for exclusivity would feel a lower level of brand distance even if the brand gets involved in misconduct.

### **8. Implications**

#### *8.1 Theoretical implications*

Conceptually, this is one of the first studies to consider how hypocrisy perceptions influence the attitude and behaviours of consumers that are:

- affected by the luxury brand's actions; and
- closely connected to the luxury brand.

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Our findings extend research on brand hypocrisy perceptions and consumer intention to distance themselves from the brand (by demonstrating that luxury consumers who value exclusivity and who are closely connected to the brand are likely to disassociate with luxury brands that portray a high level of misconduct (such as communicating contradictory messages regarding their CSR activity). While our research validates the conflicting views of luxury brands communicating sustainability and CSR initiatives, the findings indeed emphasise the need for luxury brands to be open and honest with consumers. Consumers' distrust of brands grows when corporations are inconsistent and suspicious in their CSR initiatives. In particular, luxury consumers who are closely connected with the brand are highly sensitive to hypocrisy perceptions of brands positioned explicitly on social responsibility as these consumers view hypocrisy as a threat to their self-evaluation. This disengagement results in the desire to stay away from the contaminated brand to maintain a positive self-image. Therefore, in line with the self-categorisation theory and the disidentification theory, our study suggests that in cases of hypocrisy perceptions, consumers with a high level of brand trust are likely to disengage and thus worsens the impact of brand misconduct on consumer reaction, tarnishing brand–consumer relationship.

### *8.2 Managerial implications*

Managerially, the findings have implications for luxury brand communication in relation to managing CSR communication and also the importance of consistency between communication and business strategy. Firstly, in the case of how consumers perceive sustainability and luxury brands, the notion that luxury brands can be genuinely sustainable is in its early days. Although the luxury sector has made a significant effort by dedicating resources to communication channels on CSR communication, luxury brands will need to provide evidence and consistency to convince consumers that they are genuinely committed. Therefore, luxury brands only communicating sustainability claims are insufficient to be seen as sustainable luxury brands; the brand will need to consider its business practices. For CSR to take root in luxury brands, it would need to integrate into a luxury brand's business strategy rather than as only a part of its communication strategy. Secondly, the implications of a disparity between claiming it are committed to sustainability and, on the contrary, is reported to have misconduct or a scandal has a detrimental effect on consumers' evaluations and reaction. In particular, consumers' perceived hypocritical brand behaviour flows onto brand distancing. The risk of reputation damage could outweigh the initial intent of jumping onto the sustainability bandwagon. Thirdly, in the event of a misconduct report, a more significant concern is when luxury brands do not take action to remedy the situation. Based on our findings, when luxury brands are caught in a scandal involving environmental misconduct, they will be perceived as a brand hypocrite when they persist by not demonstrating a brand commitment to the sustainable cause. If remedial action is taken, consumers tend to perceive the brand as less hypocritical, resulting in lower brand distancing. Therefore, the implication for communication managers is to take immediate action, deliver on the sustainability claims and discontinue the misconduct. Lastly, brand trust and desire for exclusivity are essential for luxury brands to maintain and consistently communicate. The findings revealed that brand trust could reduce brand distancing in a misconduct scandal, which means that the relationship with the brand can weather a communication crisis. In the case of luxury brands, it is not the communication that will detract consumers' trust in a luxury brand, but the consistent interactions with consumers that can elicit a strong brand trust that is important. A summary of key conclusions and implications is presented in [Table 7](#).

**Table 7.**  
Conclusions,  
theoretical and  
managerial  
implications

| Conclusions   | Theoretical and managerial implications   |
|---|---|
| Environmental misconduct created by luxury brands generates misinformation and negative emotional sentiments such as hypocrisy and distancing | <ul style="list-style-type: none"> <li>• Consumer–brand relationship is judged based on how the luxury brand framed its sustainability claims</li> <li>• In hypocritical situations, consumers are likely to disengage and distance themselves from the luxury brand as a negative behavioural response</li> <li>• To avoid offending customers by inadvertently appearing to greenwash, luxury brands must be ready to embrace the market opportunity that sustainability provides</li> <li>• Transparency matters in luxury brands' philanthropic efforts</li> <li>• Two factors, namely, consumer trust and exclusivity together are a remedy for brand hypocrisy and distance</li> <li>• Implementing this positioning strategy can increase the dissemination of reliable communication and help luxury brands weather a communication crisis</li> </ul> |
| The combination of brand trust and desire for exclusivity is key for negating consumer-brand tension caused by hypocrisy                      |   |

## 9. Limitations and future directions

This research has some limitations. Although the study was centred on a luxury brand, it was an example that might have limited generalisability to the product categories within the industry. For example, the use of Burberry is a fashion brand, whereas the implications for the findings may not be the same in CSR communication by a jewellery brand (e.g. diamonds). Also, the research stimuli were focused on replicating only one format of message communication which was designed to mirror a mock-up of a generic news clip. To replicate the CSR communication received by consumers, the dissemination of the sustainability claim using a permutation of different communication platforms, e.g. social media or websites, might provide better immersion and realistic replication of CSR communication by luxury brands. Therefore, future research can test consumer evaluation and reaction to CSR communication and the dissemination of misconduct through a combination of communication platforms and also sources.

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