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UNIVERSITAT RAMON LLULL

DOCTORAL THESIS

Title	**21st-CENTURY BRANDS: AN INNOVATION OPPORTUNITY AND AN ETHICAL CHALLENGE**
Presented by	**STEFAN MARKOVIC MARKOVIC**
Center	**ESADE BUSINESS SCHOOL**
Department	**MARKETING MANAGEMENT, OPERATIONS MANAGEMENT AND INNOVATION, INFORMATION SYSTEMS MANAGEMENT**
Directed by	**Dr. ORIOL IGLESIAS BEDÓS**

C. Claravall, 1-3 | 08022 Barcelona | Tel. 93 602 22 00 | Fax 93 602 22 49 | info@url.edu | www.url.edu

“Live as if you were going to die tomorrow.
Learn as if you were to live forever.”
Mahatma Gandhi (1869 – 1948)

I dedicate this PhD thesis to all those who love to learn.

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Introduction

This chapter introduces the topic of the PhD thesis,
and presents its structure and content.

1.1. Introduction to the topic of the PhD thesis

Brand management is a field in constant evolution. Since their origins, brands have evolved from being perceived just as names indicating who the manufacturer of a product/good is (Strasser, 1989), to be conceptualized as organic, dynamic, social and conversational entities where multiple stakeholders interact in order to co-create brand value (e.g., Iglesias et al., 2013; Merz et al., 2009). After their initial conceptualization as manufacturer identifiers, brands were defined as sets of functional and symbolic images (Merz et al., 2009) that helped companies to differentiate their products/goods (Aaker, 1996). Yet, with the development of the services sector, brands have started to be seen as relational entities that are based on interactions with customers (Brodie, 2009; Dall'Olmo Riley and de Chernatony, 2000). Almost in a parallel way, however, a corporate approach to brands emerged, enlarging the scope of brand management to an organization level (Gylling and Lindberg-Repo, 2006; Roper and Davies, 2007), and thereby contemplating from a strategic perspective not only the interactions with customers, but also with the rest of stakeholders (Iglesias et al., 2013; Knox and Bickerton, 2003).

The recent exponential advances in information technologies have improved the interconnectivity between brands and their multiple stakeholders, who nowadays interact and maintain relationships mainly in brand communities (Merz et al., 2009; Muniz et al., 2001). This has given brands the opportunity to be closer than ever to their stakeholders, and thereby facilitated co-creation processes (Iglesias et al., 2013; Merz et al., 2009). Previous research in the field of co-creation has predominantly studied the interactions and relationships between brands and customers (Füller, 2010; Füller et al., 2009; Hatch and Schultz, 2010). Scholars have mainly developed this research from the customer perspective (Ind et al., 2013), focusing on customer motivations (e.g., Füller, 2010; Ind et al., 2013), resources (e.g., Arnould et al., 2006; Baron and Harris, 2008; Gummesson and Mele, 2010), and experiences (e.g., Prahalad and Ramaswamy, 2003, 2004; Ramaswamy and Gouillart, 2010). Yet, they have conducted little research on co-creation from the managerial perspective (Frow et al., 2015; Kazadi et al., 2015). This is surprising because, while it is valuable to know about customer motivations, resources and experiences, managers also need to know how to best manage co-creation so as to realize its potential (Frow et al., 2015; Kazadi et al., 2015).

- Accordingly, the first overarching research objective of this PhD thesis is to empirically investigate co-creation from the managerial perspective, in order to figure out how to realize its potential. To achieve this first overarching research objective, the qualitative research methodology is applied.

However, the current improved brand-stakeholder interconnectivity has also turned the environment into a more transparent one, giving rise to ethical concerns in business (Lindfelt and Törnroos, 2006). In such environment, an ethical consumerism is rapidly spreading (Carrigan and Attalla, 2001; Shaw and Shiu, 2002), and customers are increasingly expecting brands to portray their ethical commitment during their interactions and relationships (Balmer, 2001; Ind, 1997; Rindell et al., 2011; Singh et al., 2012). This has emphasized the brand challenge of having an ethical image (Singh et al., 2012). Accordingly, many brands have started to consider ethicality as a strategic dimension (Morsing, 2006) that can help them to improve their image (Fan, 2005). This has led to a growing body of research on business ethics and corporate social responsibility in recent years (Luo and Bhattacharya, 2006, 2009), which has been mostly developed in the field of marketing (Fan, 2005). However, although various scholars have recognized that ethics should be at the core of every corporate brand (e.g., Morsing, 2006; Rindell et al., 2011), there is still a lack of research on business ethics in the context of corporate brands that operate in the services sector (Singh et al., 2012). This is unexpected, because corporate brands are more relevant in the services sector than in the field of products/goods, due to the distinct nature of services (i.e., intangible, heterogeneous, inseparable, and perishable) (e.g., Berry, 1983; Zeithaml et al., 1985), and the subsequent greater number of brand-customer interactions and relationships that services contexts entail (Berry, 2000; Grönroos, 2006).

- Accordingly, the second overarching research objective of this PhD thesis is to empirically examine the effects of customer perceptions of a corporate services brand ethicality on relevant brand and customer outcome variables. To achieve this second overarching research objective, the quantitative research methodology is applied.

All in all, this PhD thesis addresses an opportunity and a challenge that brands have in the current environment, using both qualitative and quantitative research techniques, and thereby providing a comprehensive methodological approach.

1.2. Structure and content of the PhD thesis

This PhD thesis adopts the form of a monograph based on articles, which do not necessarily need to be published yet. Both a detailed structure and a brief overview of the content of this PhD thesis are presented below:

- Chapter 2 contains the overarching framework of this PhD thesis. Concretely, it discusses the theoretical background, identifies the research gaps, and presents the specific research objectives and methodologies that will be addressed in the articles that constitute chapters 3, 4, and 5.

- Chapter 3 deals with the first overarching research objective of this PhD thesis. Specifically, it aims to empirically investigate how managers use co-creation, and what they believe it is best suited to deliver. Moreover, it intends to empirically explore which the barriers to the realization of the potential of co-creation are, and how to overcome them. The article that constitutes this chapter is entitled “The co-creation continuum: from tactical market research tool to strategic collaborative innovation method” and has been written in collaboration with Dr. Oriol Iglesias and Dr. Nicholas Ind. The article is currently under review in the *Journal of Brand Management*.

- Chapter 4 addresses the second overarching research objective of this PhD thesis. Concretely, it aims to empirically examine the effect of customer perceived ethicality of a corporate services brand on the relevant brand outcome variable of brand equity, considering the roles that brand affect and perceived quality have in this relationship. The article that composes this chapter is entitled “Does ethical image build equity in corporate services brands? The influence of customer perceived ethicality on affect, perceived quality, and equity” and has been developed in collaboration with Dr. Vicenta Sierra, Dr.

Oriol Iglesias, and Dr. Jatinder Jit Singh. The article has been accepted for publication in the *Journal of Business Ethics* on 8th September 2015.

- Chapter 5 also addresses the second overarching research objective of this PhD thesis. Specifically, it intends to empirically examine the effect of customer perceived ethicality of a corporate services brand on the relevant customer outcome variables of customer loyalty and customer positive word-of-mouth, considering the roles of employee empathy, customer affective commitment, and customer perceived quality. The article that constitutes this chapter is entitled "How does the perceived ethicality of corporate services brands influence loyalty and positive word-of-mouth? Analyzing the roles of empathy, affective commitment, and perceived quality" and has also been developed in collaboration with Dr. Vicenta Sierra, Dr. Oriol Iglesias, and Dr. Jatinder Jit Singh. The article has been accepted for publication in the *Journal of Business Ethics* on 4th December 2015.

- Chapter 6 contains the conclusion of this PhD thesis. Concretely, it provides an integrated discussion of the theoretical contributions, managerial implications, limitations, and future research opportunities of the articles that compose chapters 3, 4, and 5.

Finally, a unique and combined list of references for all the chapters that constitute this PhD thesis is included at the end of the monograph.

2

Overarching framework

This chapter discusses the theoretical background, identifies the research gaps, and presents the specific research objectives and methodologies that will be addressed in the articles that constitute chapters 3, 4, and 5.

2.1. The evolution of brand management

Since early 1900s, the brand management literature has evolved from an ownership perspective (Strasser, 1989) to corporate and co-creative approaches (Iglesias et al., 2013; Merz et al., 2009). The evolution of brands has been divided by Merz et al. (2009) in four eras. First, in the individual goods-focus brand era (1900s-1930s), brands were defined from the ownership perspective, only as ways to visually recognize products/goods and their manufacturers (Copeland, 1923; Low and Fullerton, 1994; Strasser, 1989). Brand value was considered to be inherent to these products/goods (i.e., output orientation), and therefore created when they were sold (i.e., value-in-exchange perspective) (Fennell, 1978). Customers were perceived as mere receivers of brand value, and thereby as passive actors (i.e., operand resources) in the brand value creation process (Merz et al., 2009).

Second, in the value-focus brand era (1930s-1990s), brands have started to be conceptualized, from the product perspective, as functional images (Jacoby et al., 1971; Park et al., 1986) that constitute a source of information for customers to select those products/goods that are able to satisfy their externally created consumption needs (de Chernatony and McWilliam, 1989; Jacoby et al., 1971). However, scholars noticed that customers were not only pursuing functional benefits when purchasing products/goods, but they were also interested in the symbolic advantages. Accordingly, brands also started to develop as symbolic images that satisfied customer internally generated consumption needs, such as self-enhancement, ego-identification, social position, or group membership (Levy, 1959). Understanding brands as symbolic images weakened the perception that value is embedded in the products/goods themselves, and thereby created when these products/goods are sold. Further, the view of customers as passive actors in the brand value creation process has also been debilitated. However, these output orientation, value-in-exchange perspective, and perception of customers as operand resources were still prevalent until the beginning of the relationship-focus brand era (Merz et al., 2009).

Third, in the relationship-focus brand era (1990s-2000s), brands were defined as customer relationship partners (Fournier, 1998). In the 1990s, the growth of the services sector in developed countries (Lovelock, 1999) has challenged the traditional product approach to the conceptualization of brands (Berry, 2000). As services, by nature, entail a great number of interactions and relationships, brands have started to be conceptualized, from the services perspective, as relational entities that are based on mutually beneficial interactions and relationships with their customers (Brodie, 2009; Dall'Olmo Riley and de Chernatony, 2000). Accordingly, brand value was perceived to be created through these dyadic brand-customer interactions and relationships (i.e., value-in-interaction or value co-creation) (Grönroos and Voima, 2013). Thus, for the fist time in the history of the evolution of brands, brand value creation adopted a process orientation, in which customers were seen as active actors (i.e., operant resources) (Merz et al., 2009). Moreover, customers were also considered to be able to create brand value in their minds through the experiences that they accumulate when using the brand offering (i.e., value-in-use) (Grönroos, 2008, 2011).

In this relationship-focus brand era, several authors argued that the long-term orientation of brand-customer interactions and relationships is largely contingent on the fulfillment of brand promises (e.g., Bitner, 1995; Grönroos, 2006). Although it also applies to product brands, the concept of promises has been at the heart of services brands since Calonius (1988) introduced it, proposing that keeping promises is key for relationships to be successful. Accordingly, various scholars from the field of services (e.g., Bitner, 1995; Grönroos, 1990, 1996, 2006; Kotler, 1997) developed Calonius' (1988) work further, suggesting that services brands first need to make realistic promises to their customers by means of external marketing activities, such as sales, promotions, or advertising. Thereafter, services brands should enable their employees to deliver these promises, which is achieved through an internal marketing process (Berry, 1981; George, 1977; Grönroos, 1978). Internal marketing consists of "attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs" (Berry and Parasuraman 1991, p. 151). It is important that managers invest in developing the marketing skills and knowledge of their employees (Berry, 2001), because these employees are the ones who will embody and portray the brand values during service delivery (Iglesias et al., 2013; Wallström et al., 2008), acting as "part-time marketers" (Gummesson, 1991). During such service delivery, employees engage in an interactive marketing process (Grönroos, 1978), being responsible for fulfilling the promises that services brands have previously made to their customers through external marketing activities. Thus, employees need to take care of every single service encounter or “moment-of-truth” (Normann, 1984), during which they co-produce the service together with customers, and thereby shape the customer experience with the brand (Iglesias et al., 2013).

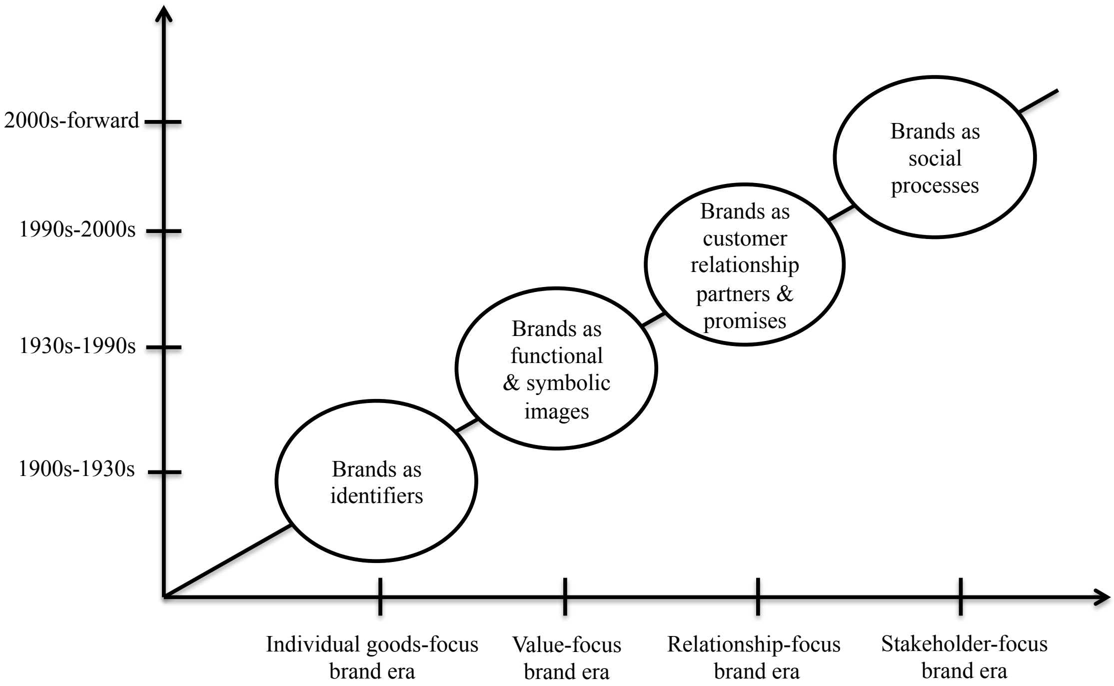
It is especially important to take care of the customer experience with brands that operate in the services sector (Iglesias et al., 2011), because services have a different nature compared to products/goods (Berry, 1983; Zeithaml et al., 1985). Unlike it is the case with products/goods, services are intangible, heterogeneous, inseparable, and perishable (e.g., Berry, 1983; Zeithaml et al., 1985). First, the intangible nature of services refers to the fact that services cannot be sensed (i.e., seen, touched, or tasted), because they are not physical objects (Zeithaml et al., 1985). Second, the heterogeneous nature of services alludes to the impossibility of standardizing the service output, which inevitably varies depending on several factors, such as the customer or the environment (Zeithaml et al., 1985). Third, the inseparable nature of services highlights the unfeasibility of totally separating their production and consumption processes (Grönroos, 2006), thus requiring at least the partial involvement of customers (Booms and Nyquist, 1981). Finally, the perishable nature of services refers to the fact that once a service is used, it cannot be reclaimed or recovered (Thomas, 1978).

This different nature of services emphasizes the greater difficulty in managing services brands in comparison with product brands. Especially because it is impossible for services brands to standardize the brand offering (Zeithaml et al., 1985), services brands need to make an extra effort to provide a uniform level of quality (Berry, 1980; Booms and Bitner, 1981) and a superior customer experience across all the brand-customer interactions and touch-points (Iglesias et al., 2011). Moreover, as these interactions and touch-points are more numerous in the services sector than in the field of products/goods due to the inseparable nature of services (Grönroos, 2006), the role of employees becomes especially important in services brands (Berry et al., 1994; Iglesias et al., 2013). Namely, services brand employees are able to more easily build or destroy the brand during their interactions with customers than product brand employees are, because they usually interact with customers to a greater extent than product brand employees do (Grönroos, 2006).

Finally, in the current stakeholder-focus brand era (2000 and forward), scholars have extended their research focus from the previously predominant dyadic interactions and relationships between brands and customers, to also contemplate multiple other stakeholders (Iglesias et al, 2013; Merz et al, 2009; Vallaster and von Wallpach, 2013). Although it is also present in many recent studies on services brands (e.g., Dall'Olmo Riley and de Chernatony, 2000; Davis et al, 2000; McDonald et al, 2001; Brodie et al, 2006, 2009), this multiple stakeholder approach is especially highlighted in the corporate branding literature (e.g., Balmer, 1995, 2001, 2010, 2012a,b; Balmer and Gray, 2003; Golant, 2012; Harris and de Chernatony, 2001; Hatch and Schultz, 2002). Accordingly, several authors have argued that the literature on corporate brands has broadened the scope of brand management to an organization level (Gylling and Lindberg-Repo, 2006; Roper and Davies, 2007), thereby contemplating from a strategic perspective the interactions and relationships between brands and their multiple stakeholders (Iglesias et al., 2013; Knox and Bickerton, 2003).

Consistently, in the current stakeholder-focus brand era, brands are defined as social processes where multiple stakeholders integrate their resources in order to co-create brand value (Merz et al., 2009). Thus, rather than solely customers, nowadays multiple stakeholders are viewed as active actors in brand value creation processes (i.e., process orientation), and thereby as operant resources (Merz et al., 2009). In addition to customers, these stakeholders also include: employees, investors, suppliers (Morsing and Kristensen, 2001; Schultz et al., 2005), the environment, the local community and economy, the business community, and the overseas community (Brunk, 2010a). However, while multiple stakeholders are able to jointly create brand value (i.e., value-in-interaction or value co-creation), customers are also able to create value on their own, through the experiences that they derive from using brand offerings (i.e., value-in-use) (Grönroos and Voima, 2013). Figure 1 portrays the evolution of the brand management literature, and Table 1 summarizes the main characteristics of brands at each stage of their evolution.

Figure 1. The evolution of the brand management literature



Adapted from Merz et al. (2009)

Table 1. Main characteristics of brands at each stage of their evolution

	Individual goods-focus brand era	**Value-focus brand era**	**Relationship-focus brand era**	**Stakeholder-focus brand era**
Time period	1900s – 1930s	1930s – 1990s	1990s – 2000s	2000s – forward
Predominant branding literature	Product brands	Product brands	Services brands	Corporate brands
Perception of brands	Brands as identifiers	Brands as functional and symbolic images	Brands as customer relationship partners and promises	Brands as social processes
Perception of customers /stakeholders	Customers as operand resources	Customers as operand resources	Customers as operant resources	Stakeholders as operant resources
Orientation of brands	Output orientation	Output orientation	Process orientation	Process orientation
Approach to brand value creation	Brand value created through value-in-exchange	Brand value created through value-in-exchange	Brand value created through value-in-use and value co-creation (value-in-interaction)	Brand value created through value-in-use and value co-creation (value-in-interaction)

Adapted from Merz et al. (2009)

While it is important to be aware of the historical evolution of brands in order to understand how they have become the entities we know nowadays, it is indispensable to delve into the currently prevalent approaches to brands before looking for research opportunities in this field.

2.2. The currently prevalent approaches in brand management

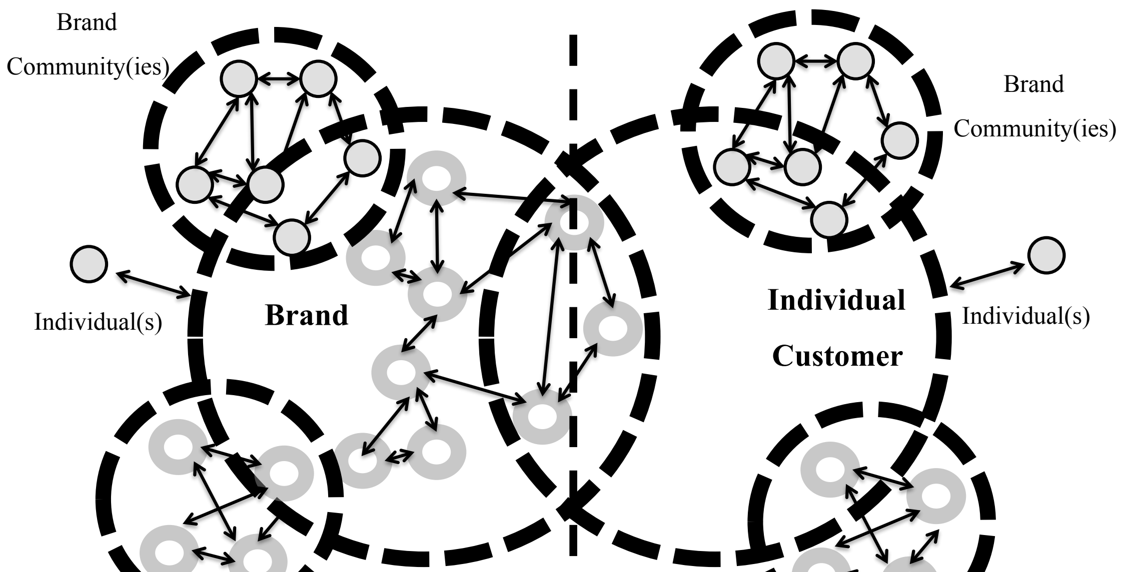
Since mid-1990s, the corporate approach to brands has started to gain attention (e.g., Balmer and Gray, 2003; Hatch and Schultz, 2002), and nowadays has become a predominant one (e.g., Iglesias et al., 2013; Merz et al., 2009). Accordingly, several authors have emphasized that there has been a clear shift in the brand management literature from product and services brands to corporate brands (e.g., Iglesias et al., 2013; Wallström et al., 2008). Multiple scholars have argued that strong corporate brands are able to integrate the interests of both internal (e.g., employees, investors) and external (e.g., customers, suppliers) stakeholders in their business strategies (e.g., Harris and de Chernatony, 2000; Iglesias et al., 2013; Ind, 1997). Internal stakeholders - mainly employees - represent a great source of customer information (Ind, 1997), and are in charge of building successful and long-term relationships with external stakeholders (Balmer and Soenen, 1999; Harris and de Chernatony, 2001; Hatch and Schultz, 2001). Similarly, strong corporate brands do not unilaterally develop the value proposition, but they actively involve their key stakeholders in defining it (Iglesias et al., 2013). Further, strong corporate brands also engage these stakeholders in negotiating the sense of direction of the brand (Iglesias et al., 2013). It is important that corporate brands succeed in involving their key stakeholders in brand-building processes, because strong corporate brands can lead organizations to a wide set of advantages, including: attraction of new customers (Fombrun, 1996) and investors (Srivastava et al., 1997); decrease of costs (Deephouse, 2000; Fombrun, 1996); increase of profitability (Roberts and Dowling, 2002); increase of market share and stock market value (Fan, 2005); formation of competitive barriers (Deephouse, 2000; Fombrun, 1996; Milgrom and Roberts, 1982); and, possibility to charge premium prices (Deephouse, 2000; Fombrun, 1996; Fombrun and Shanley, 1990; Rindova et al., 2005).

Although the literature on corporate brands highlights the relevance of strategically building long-term relationships with the key stakeholders, it also recognizes the particular importance that employees have in brand-building processes (e.g., Balmer, 2010; Balmer and Gray, 2003; Harris and de Chernatony, 2001; Iglesias et al., 2013), as they are able to determine the success of the brand when interacting with customers (Roper and Davies, 2007). In order to build the brand, employees should depict an empathic attitude and positive emotions toward customers during their interactions (Wieseke et al., 2012). This is important because an emotional contagion is likely to take place during every single employee-customer interaction (Hatfield et al., 1994). The concept of emotional contagion, which was coined in social psychology (Gump and Kulik, 1997), suggests that attitudes and emotions can be passed from one person to another, leaving an enduring trace in memory, even in the case of brief interactions (Gump and Kulik, 1997; Hatfield et al., 1994; Rozin and Royzman, 2001). Thus, depicting an empathic attitude and positive emotions toward customers becomes more relevant in the services sector than in the field of goods, because services generally entail a greater number of employee-customer interactions, due to the abovementioned inseparability of their production and consumption processes (Grönroos, 2006). When these employee-customer interactions are successful, they are likely to result in the co-creation of brand value (Iglesias et al., 2013; Merz et al., 2009).

Although most modern corporate brand management models contemplate brand value co-creation (Iglesias et al., 2013), since early 2000s the literature on co-creation has also started to develop as a separate research area within the field of brand management (Prahalad and Ramaswamy, 2000), and nowadays has become another prevalent approach to brands, together with the corporate one (Iglesias et al., 2013). Scholars have consistently argued that the co-creation of brand value fundamentally takes place in the conversational space where customers and brands meet (Grönroos and Voima, 2013; Hsieh and Hsieh, 2015). In such space, customers interact with both the brand interfaces and the brand employees (Iglesias et al., 2013). On one hand, the brand interfaces encompass all the non-human elements present in the brand environment that customers are in contact with, such as the product, the packaging, or the store design. On the other hand, the brand employees are in charge of listening to and addressing customer needs, and of designing operational strategies that reflect the brand values at each brand interface. In spite of the fact that the interactions between brand employees and customers represent the main source of brand value co-creation, brand value can also be co-created with other stakeholders (Iglesias et al., 2013; Ind et al., 2013; Merz et al., 2009) that form networks of relationships mainly in brand communities (Merz et al., 2009; Muniz et al., 2001).

Brand communities have recently become a widely recognized and adopted platform for co-creation (e.g., McAlexander et al., 2002; Merz et al., 2009; Muniz et al., 2001). All brand communities share the characteristics of: common consciousness, rituals, traditions, and a sense of moral responsibility (Muniz et al., 2001). However, the rapid evolution of information technologies has placed special attention on the online brand communities compared to the offline ones, because the former are not geographically bounded (McAlexander et al., 2002; Muniz et al., 2001), meaning that customers and other stakeholders from whatever part of the world can participate in co-creation (Harwood and Garry, 2010; Merz et al., 2009). Thus, online brand communities enable a greater interconnectivity, in terms of both scope and intensity, among the participating stakeholders (Merz et al., 2009; Vallaster and von Wallpach, 2013). Figure 2 depicts the brand value co-creation dynamics in the current environment.

Figure 2. Brand value co-creation dynamics



Adapted from Iglesias et al. (2013)

The current enhanced involvement of multiple stakeholders in co-creation processes has made managers lose a significant degree of power and control over their brands (Haarhoff and Kleyn, 2012; Iglesias et al., 2013). In such a scenario, managers should not insist in imposing the brand views and strategies (Haarhoff and Kleyn, 2012; Iglesias and Bonet, 2012). Rather, they ought to try to support, foster, and guide stakeholder discussions in brand communities, by providing stakeholders with relevant brand-related information that can help them in the co-creation of brand value (Iglesias et al., 2013). This calls into question various classic management assumptions (Payne et al., 2008), and also challenges the traditional power cultures (Iglesias et al., 2013). Accordingly, managers need to rethink the brand strategies that focus on influence, manipulation, and persuasion (Merz et al., 2009).

In the currently prevalent co-creative approach to brands, several authors argue that brands should focus on developing and implementing mechanisms and platforms that facilitate a wide set of stakeholders to contribute their ideas and knowledge (Golant, 2012; Iglesias et al., 2013; Ind et al., 2013). Moreover, scholars suggest that, in order to effectively embrace co-creation initiatives, managers should develop an open and participatory culture (Iglesias et al., 2013; Ind et al., 2013; Li, 2010). Accordingly, managers should open up the brand to the outside, and deal with both internal and external stakeholder network relationships (Lusch et al., 2007; Merz et al., 2009). Thus, managers ought to assume the role of “network orchestrators” (Libert et al., 2015). This will enable them to track the evolution of their brands, and thereby diagnose and anticipate potential brand-related issues (Merz et al., 2009), such as customer dissatisfaction.

All in all, in the currently predominant corporate and co-creative approaches in the field of brand management, brands are conceptualized as organic, dynamic, social and conversational entities that are based on multiple stakeholder interactions oriented toward the co-creation of brand value (e.g., Iglesias et al., 2013; Merz et al., 2009). These interactions fundamentally take place in brand communities (McAlexander et al., 2002; Muniz et al., 2001), where stakeholders form and usually maintain on-going and long-term relationships (Ind et al., 2013; Merz et al., 2009). Managers should support and facilitate the internal and external stakeholder interactions and relationships, by developing an open and participatory culture (Iglesias et al., 2013; Ind et al., 2013; Li, 2010). Table 2 summarizes the main aspects of the currently prevalent theoretical perspectives of what brands are and how they should be built.

Table 2. 21st-century brands

21st-century brands	
Brand era	Stakeholder-focus
Prevalent approaches in the branding literature	Corporate and co-creative
Definition of brands	Organic, dynamic, social and conversational entities
Stakeholders involved	Multiple stakeholders (internal and external)
Type of brand-stakeholder relationships	On-going and long-term
Main location of brand-stakeholder relationships	Brand communities
Role of stakeholders (internal and external)	To interact in order to co-create brand value
Role of managers	To support and facilitate stakeholder interactions and relationships
Type of culture	Open and participatory

As argued above, the currently predominant corporate and co-creative approaches in the branding literature both contemplate a high brand-stakeholder interconnectivity, which presents an opportunity and a challenge for brands.

2.3. An opportunity and a challenge for brands in the current environment

Throughout history, brands have experienced transformations and have adapted to the different socioeconomic environments that have emerged, such as the growth of the services sector (Wikström, 1996). Nowadays, brands face a socioeconomic scenario that is generally characterized by online communities, decentralized organizations, fast and flexible new production facilities, and a rapid evolution of information technologies (e.g., Füller et al., 2009; Lindfelt and Törnroos, 2006; Wikström, 1996). This evolution of information technologies has led to an improved brand-stakeholder interconnectivity (e.g., Iglesias et al., 2013; Merz et al., 2009), which has provided brands with the opportunity of involving their key stakeholders in innovation projects (Füller, 2010; Ind et al., 2013). However, this improved interconnectivity, together with the subsequently increased transparency (Lindfelt and Törnroos, 2006) and the recent growth in ethical consumerism (Carrigan and Attalla, 2001; Shaw and Shiu, 2002), has also provided brands with the challenge of having an ethical image (Fan, 2005; Lindfelt and Törnroos, 2006; Singh et al., 2012).

2.3.1. The opportunity of innovating together

The current enhanced brand-stakeholder interconnectivity has made innovation initiatives more practical than ever (Chesbrough, 2006; Ind et al., 2013). Accordingly, several authors have acknowledged that an effective way in which brands can co-create value together with their customers and other stakeholders is by involving them in innovation projects (e.g., Iglesias et al., 2013; Ind et al., 2013). From this perspective, co-creation is defined as “an active, creative and social process based on collaboration between organizations and participants that generates benefits for all and creates value for stakeholders” (Ind et al., 2013, p. 9). However, despite the fact that scholars have started to focus on co-creation in early 2000s (e.g., Prahalad and Ramaswamy, 2000), co-creation is not a new phenomenon (Bendapudi and Leone, 2003).

The origins of co-creation date back to preindustrial times, in which customers of the products/goods market decided what and how was to be created by the artisan (Wikström, 1996). In the industrial period, however, co-creation was mainly present in the business-to-business market, whereas in the products/goods market co-creation lost its prevalence in favor of the mass-production, as products/goods became more standardized in order to achieve greater cost advantages (Wikström, 1996). In such a mass-production approach, customers were seen as passive actors in innovation projects (i.e., operand resources), and thus co-creation adopted a secondary role (Harwood and Garry, 2010; Ojasalo, 2010). Nevertheless, with the emergence of the current post-industrial era, consumption patterns started to be increasingly heterogeneous, unpredictable and uncontrollable by brands (Firat and Dholakia, 1998), limiting the ability of the mass-production approach to satisfy the idiosyncratic needs of customers.

The increased interconnectivity that characterizes the current environment, however, has allowed co-creation to regain its prevalence in the products/goods market, and thereby enabled brands to better address the individual customer needs (Ind et al., 2013; Wikström, 1996).

Lately, several scholars have acknowledged that customers are not passive receivers of innovations anymore, but they have the skills and expertise that permit them to undertake an active role in co-creation (e.g., Cova and Dalli, 2009; Von Hippel, 2005). Accordingly, the informed, networked, empowered, and active customers of the current environment pursue to participate ideally in every stage of the co-creation process (e.g., Mascarenhas et al., 2004; Payne et al., 2008; Prahalad and Ramaswamy, 2004), from idea generation to implementation (Sawyer, 2008). This movement toward the involvement of customers and a greater organizational openness has nurtured the recent development of open innovation, and open business models and strategies (Chesbrough, 2006; Lafley and Charan, 2008).

Nowadays, brands have identified new ways to become close to and engage customers (Ind et al., 2013). They have started to listen in to brand communities and ask customers to test and comment their offerings (Füller et al., 2008; Gouillart, 2014; Kozinets, 2010; Kozinets et al., 2008). Instead of trying to figure out what customers may want by analyzing market research data or observing them in focus groups, managers are now able to actively and directly involve them in co-creation processes (Iglesias et al., 2013; Ind et al., 2013). This customer involvement has potential benefits for both customers themselves and brands.

On one hand, customers want to take part in co-creation for a variety of self-development, social, and hedonic reasons (Carù and Cova, 2015; Schau et al., 2009). A brand community where customers can participate with similar others in sharing their interests and interact with the brand to develop new ideas represents a stimulating experience (Nambisan and Baron, 2007). Through participation, customers usually feel that they grow as individuals, and develop new insight and understanding (Ind et al., 2013). Customers also believe they can enhance their ability to be creative as they learn to trust their fellows, and share and develop ideas together (Ind et al., 2013). In fact, as customers participate in co-creation, their feeling of closeness to the brand increases, and thus they start to act and think more like brand employees (Cova and Dalli, 2009). Finally, while some customers are concerned with financial rewards for their participation in co-creation, most do not seem to be (Füller, 2010). Instead, most participating customers are intrinsically motivated, and maintain their interest and commitment throughout the whole co-creation process (Füller, 2010).

On the other hand, it is in the best interest of brands to embrace co-creation, as it can lead them to several advantages, such as better insights, more relevant ideas, a stronger feeling of connectivity with their customers, cost efficiencies, speed to market, reduced risk, and competitive advantage (Hatch and Schultz, 2010; Kazadi et al., 2015; Pini, 2009; Ramaswamy and Gouillart, 2010; Sawhney et al., 2005; Swink, 2006). Given these potential advantages from co-creation, a great number of specialist consultancies have appeared, multiple brands have started to use customer immersion labs, many research agencies are offering co-creative approaches, and various scholars are researching and theorizing the field (Jaruzelski et al., 2013).

As it is likely to result in benefits for both parties, previous research in the field of co-creation has mainly studied the interactions and relationships between customers and brands (Füller, 2010; Füller et al., 2009; Hatch and Schultz, 2010). Scholars have predominantly conducted this research from the customer perspective (Ind et al., 2013), focusing on three key areas. First, they have investigated the factors that motivate customers to participate in co-creation (Füller, 2010; Ind et al., 2013; Nambisan and Baron, 2007; Nambisan and Nambisan, 2008; Zwass, 2010). Second, they have researched the resources that customers need to have, combine and integrate, in order to contribute effectively to co-creation (Arnould et al., 2006; Baron and Harris, 2008; Gummesson and Mele, 2010; Lusch and Vargo, 2006; Vargo and Lusch, 2008). Third, they have looked at the idiosyncratic and personalized experiences that customers derive from participating in co-creation (Ind et al., 2013; Prahalad and Ramaswamy, 2003, 2004; Ramaswamy and Gouillart, 2010). Surprisingly, however, scholars have conducted little research on co-creation from the managerial perspective (Frow et al., 2015; Kazadi et al., 2015). This is a relevant research gap because, while it is valuable to know about customer motivations, resources and experiences, managers also need to know how to best manage co-creation so as to realize its potential (Frow et al., 2015; Kazadi et al., 2015). To deal with this research gap, the first overarching research objective of this PhD thesis is to empirically investigate co-creation from the managerial perspective, in order to figure out how to realize its potential. This first overarching research objective is addressed in the following article:

- “The co-creation continuum: from tactical market research tool to strategic collaborative innovation method” (see chapter 3). Concretely, this article aims to empirically investigate how managers use co-creation, and what they believe it is best suited to deliver. This article also intends to empirically explore which the barriers to the realization of the potential of co-creation are, and how to overcome them. These specific research objectives are addressed by conducting 20 in-depth interviews with managers that have led co-creation initiatives in 20 well-known brands from different sectors and geographies.

2.3.2. The challenge of having an ethical image

Apart from providing brands with an opportunity, the current improved brand-stakeholder interconnectivity has also turned ethicality into a more salient, but not new, concern for brands (Lindfelt and Törnroos, 2006). In fact, the origin of the study of ethics dates back to centuries ago. Ancient Greek philosophers viewed ethics as the study of “the good,” and examined questions such as “what aims should a good life have?” and “how should one act in order to live a good life?” (Williams and Aitken, 2011). However, ethics have just recently gained attention in the business world, mainly due to the various economic and corporate scandals that have had global effects (Lindfelt and Törnroos, 2006).

In an ever more interconnected and transparent business world, in which customers are more informed than ever before (Lindfelt and Törnroos, 2006), an ethical consumerism is rapidly spreading (Carrigan and Attalla, 2001; Shaw and Shiu, 2002). Thus, customers are increasingly expecting brands to adopt ethical values and portray their ethical commitment, ideally during every single brand-customer interaction and touch-point (Balmer, 2001; Ind, 1997; Rindell et al., 2011; Singh et al., 2012). This has emphasized the brand challenge of having an ethical image (Singh et al., 2012). Accordingly, many brands have started to consider ethicality as a strategic dimension (Morsing, 2006) that can help them to improve their image (Fan, 2005). The reason is that brands are becoming increasingly aware that, in the current highly networked environment (Iglesias et al., 2013; Libert et al., 2015; Merz et al., 2009), those brands that have an unethical image are likely to be penalized not only by their customers, but also by the rest of their stakeholders (Singh et al., 2012).

The intersection where business ethics meet brand management constitutes the field of ethical branding (Fan, 2005). Despite the fact that several scholars have acknowledged that an ethical brand is the one that behaves with integrity, responsibility, honesty, respect and accountability toward its stakeholders (e.g., Brunk, 2010a,b; Fan, 2005), there is still a lack of a universal agreement on which behaviors are really ethical (Aupperle and Camarata, 2007). Nevertheless, scholars do agree that it is in the best interest of any brand to be perceived as ethical (e.g., Fan, 2005; Story and Hess, 2010), as customers are increasingly valuing that brands address and reflect their ethical concerns (Maxfield, 2008). Accordingly, recent research has introduced the term of "consumer perceived ethicality" (e.g., Brunk, 2010a,b, 2012; Brunk and Blümelhuber, 2011; Singh et al., 2012), defining it as the "consumers' aggregate perception of a subject's (i.e., a company, brand, product, or service) morality" (Brunk and Bluemelhuber, 2011, p. 134). In her widely legitimated framework on "consumer perceived ethicality", Brunk (2012) suggested that consumers are likely to perceive a brand/company as ethical if this brand/company: abides the law; respects moral norms; is a good market actor; acts in a socially responsible way; avoids any type of damaging behavior; weights up positive and negative consequences; and, applies consequentialist and non-consequentialist evaluation principles. Further, Brunk (2010a,b) proposed that consumer perceptions of brand/company ethicality can be influenced by various factors, including employees, other consumers, and the environment.

The importance of these consumer perceptions of ethicality (i.e., ethical image) has resulted in a growing body of literature on corporate social responsibility and business ethics in recent decades (e.g., Luo and Bhattacharya, 2006, 2009), despite the fact that the first studies related to corporate social responsibility and business ethics appeared in the 1960s (De George, 1987). As corporate social responsibility and business ethics are intertwined in nature and objectives (see Brunk, 2010a), scholars have often used the two terms in an interchangeable way (Fan, 2005), and studied the effects of socially responsible or ethical initiatives/practices on: product evaluation (Brown and Dacin, 1997); corporate evaluation (Brown and Dacin, 1997; Sen and Bhattacharya, 2001); customer trust (Swaen and Chumpitaz, 2008); financial performance and market value (Luo and Bhattacharya, 2006); and, purchase intentions or behaviors (Carrigan and Attalla, 2001; Luchs et al., 2010; Sen and Bhattacharya, 2001). Most of these studies have been developed in the field of marketing, concurring with Fan's (2005) observation that ethics are increasingly researched in the fields of marketing and business. Nevertheless, although various scholars have emphasized that ethics should be at the core of every corporate brand (e.g., Morsing, 2006; Rindell et al., 2011), there is still scarce research on business ethics in the field of brand management (Fan, 2005).

This scant body of research includes just a few studies at the crossroads of business ethics and corporate brands. For example, Rindell et al. (2011) conducted a study on "conscientious corporate brands" conceptualizing them as those brands that have ethical values integrated in their business strategies, culture, vision, and value chain. Two years later, Hutchinson et al. (2013) empirically validated Rindell's et al. (2011) model of "conscientious corporate brands," considering the dimensions of external codes of ethics, internal codes of ethics, environmental impact, and climate change. These few studies at the crossroads of business ethics and corporate brands are either conceptual (e.g., Brunk, 2010b; Fan, 2005; Gustafsson, 2005) or have been empirically conducted in relation to the field of products/goods (e.g., Brunk, 2010a; Hutchinson et al., 2013; Rindell et al., 2011). Nevertheless, there is a lack of empirical research at the intersection of business ethics and corporate brands in the area of services (Singh et al., 2012). This is surprising, because corporate brands are more relevant in the area of services than in the field of products/goods, due to the distinct nature of services (i.e., intangible, heterogeneous, inseparable, and perishable) (e.g., Berry, 1983; Zeithaml et al., 1985), and the subsequent greater number of customer-brand interactions and touch-points that services contexts entail (Berry, 2000; Grönroos, 2006). To cover this research gap, the second overarching research objective of this PhD thesis is to empirically examine the effects of customer perceptions of a corporate services brand ethicality on relevant brand and customer outcome variables. This second overarching research objective is addressed in the following two articles:

- “Does ethical image build equity in corporate services brands? The influence of customer perceived ethicality on affect, perceived quality, and equity” (see chapter 4). This article specifically aims to empirically examine the effect of customer perceived ethicality of a corporate services brand on the relevant brand outcome variable of brand equity, considering the roles that brand affect and perceived quality have in this relationship. The hypothesized model is tested with structural equations, using data collected for eight service categories by means of a panel composed of 2179 customers. The test of measurement equivalence between these categories is conducted using generalizability theory. Confirmatory factor analysis marker technique is applied in order to check for common method variance.

- “How does the perceived ethicality of corporate services brands influence loyalty and positive word-of-mouth? Analyzing the roles of empathy, affective commitment, and perceived quality” (see chapter 5). This article, apart from dealing with the pronounced dearth of research at the crossroads of business ethics and corporate services brands, also intends to analyze the role of employee empathy in determining the success of such brands, due to the above-justified key role that employees have in services contexts. Specifically, this article aims to empirically examine the effect of customer perceived ethicality of a corporate services brand on the relevant customer outcome variables of customer loyalty and customer positive word-of-mouth, considering the roles of employee empathy, customer affective commitment, and customer perceived quality. The hypothesized structural model is tested using path analysis, based on data collected for eight service categories using a panel of 2179 customers. The generalizability theory is applied to test for the measurement equivalence between these service categories. The marker variable technique is applied to check for common method variance.

Finally, both the overarching and the specific research objectives of this PhD thesis, and the methodologies with which these objectives are addressed are presented in Table 3.

Table 3. Research objectives and methodologies

Ch.	Overarching research objectives	Specific research objectives	Methodologies
3	To empirically investigate co-creation from the managerial perspective, in order to figure out how to realize its potential.	To empirically investigate how managers use co-creation, and what they believe it is best suited to deliver. To empirically explore which the barriers to the realization of the potential of co-creation are, and how to overcome them.	Qualitative
4	To empirically examine the effects of customer perceptions of a corporate services brand ethicality on relevant brand and customer outcome variables.	To empirically examine the effect of customer perceived ethicality of a corporate services brand on the relevant brand outcome variable of brand equity, considering the roles that brand affect and perceived quality have in this relationship.	Quantitative
5		To empirically examine the effect of customer perceived ethicality of a corporate services brand on the relevant customer outcome variables of customer loyalty and customer positive word-of-mouth, considering the roles of employee empathy, customer affective commitment, and customer perceived quality.	Quantitative

3

The co-creation continuum: from tactical market research tool to strategic collaborative innovation method.

The article that constitutes this chapter aims to address the first overarching research objective of this PhD thesis, by empirically investigating co-creation from the managerial perspective in order to figure out how to realize its potential.

The article that composes this chapter is currently under review in the *Journal of Brand Management*.

3.1. Abstract

Co-creation can open up the brand to the outside and help it to generate relevant innovations. However, there is scarce empirical evidence as to how managers actually use co-creation to connect with customers and other stakeholders, and to build enduring innovation-oriented relationships with them. To better understand this, as well as the assumptions of managers and the barriers they encounter in realizing the potential of co-creation, the authors have conducted 20 in-depth interviews with managers that have led co-creation initiatives in 20 brands. This research finds diverse views of co-creation – from tactical market research tool to strategic collaborative innovation method, and shows that brands can be positioned along a continuum between these two polarities. This article also presents the implications for those that want to seize the potential of co-creation.

Keywords: Brand management; co-creation; innovation; market research; qualitative research.

3.2. Introduction

Any brand that wants to sustain and strengthen its competitive position needs to develop and launch relevant innovations (Sood and Tellis, 2005). From this perspective, it is easy to understand why co-creation has become so widely adopted (Kazadi et al., 2015). Co-creation can open up the brand to the outside and enable it to innovate together with customers and other stakeholders, while generating such potential benefits as cost efficiencies, speed to market, and competitive advantage (Ind et al., 2013; Kazadi et al., 2015; Prahalad and Rawaswamy, 2000).

Most research on co-creation has studied the interactions and relationships between brands and their customers (Füller, 2010; Füller et al., 2009; Hatch and Schultz, 2010). Scholars have mainly conducted this research from the customer perspective (Ind et al., 2013), focusing on customer motivations (e.g., Füller, 2010; Ind et al., 2013), resources (e.g., Arnould et al., 2006; Baron and Harris, 2008; Gummesson and Mele, 2010), and experiences (e.g., Prahalad and Ramaswamy, 2003, 2004; Ramaswamy and Gouillart, 2010). However, there is limited research on co-creation from the managerial perspective (Frow et al., 2015; Kazadi et al., 2015). This is surprising because, while it is valuable to know about customer motivations, resources and experiences, managers also need to know how to best manage co-creation so as to realize its potential (Frow et al., 2015; Kazadi et al., 2015). Thus, the objective of this empirical research is twofold. First, is to investigate how managers use co-creation, and what they believe it is best suited to deliver. Second, is to examine, which the barriers to the realization of the potential of co-creation are, and how to overcome them. This research is exploratory and qualitative in nature, due to the limited previous empirical research in the area. The fieldwork consists of 20 in-depth interviews with managers that have led co-creation initiatives in 20 well-known brands from different sectors and geographies.

Findings show that the majority of brands use co-creation as a tactical market research tool, which is seen to be more effective in getting closer to customers than traditional market research methods. These brands use co-creation mainly to test and refine internally generated ideas with customers. However, some brands have adopted a more strategic approach to co-creation, using it as a collaborative innovation method. These brands see and treat customers and other stakeholders as long-term innovation partners, and pursue to engage them in all the stages of the co-creation process.

This article details the fundamental characteristics of both approaches to co-creation, including: the underlying assumptions, the roles of the different stakeholders, the types of relationships established between insiders and outsiders, the types of culture, and the positions of co-creation within the organization. This study also presents the barriers that can inhibit brands to realize the potential of co-creation. Lastly, this paper includes a set of recommendations for managers to take the greatest advantage of co-creation.

3.3. The development of co-creation

Since the appearance of the article “Co-opting customer competence” in 2000 (Prahalad and Ramaswamy, 2000) both the practice and research in the area of co-creation have grown rapidly. There are numerous specialist consultancies operating in the area, research agencies offering co-creative approaches, brands using customer immersion labs, specialist conferences, and academics conducting analysis and theorizing the field (Jaruzelski et al., 2013). This growth has been fuelled by several factors.

First, scholars and managers have recognized that customers are not necessarily passive recipients of whatever brands choose to provide, but they have the expertise and skills that enable them to take an active part in co-creation processes (Cova and Dalli, 2009; Von Hippel, 2006). Second, the movement toward a greater organizational openness, driven by the quest for competitive advantage, has fostered the development of open innovation, open strategy, and the widespread involvement of organizational outsiders in innovation projects (Chesbrough, 2006; Kazadi et al., 2015; Lafley and Charan, 2008; Whittington et al., 2011). Third, the development of the online world has helped to change the way brands think about themselves and their customers (Füller et al., 2009; Lindfelt and Törnroos, 2006). As customers have become more connected through brand communities, so brands have recognized new ways to become close to and engage them (Füller et al., 2008, 2009). Nowadays, brands can listen in to these brand communities, and ask customers to become testers and commentators of their offerings (Füller et al., 2008; Gouillart, 2014; Kozinets, 2010; Kozinets et al., 2008). Rather than imagining what customers might want by looking at data or observing them in focus groups from behind a one-way mirror, managers are now able to actively and directly involve them in co-creation processes (Iglesias et al., 2013; Ind et al., 2013).

These arguments suggest a definition of co-creation as "an active, creative and social process based on collaboration between organizations and participants that generates benefits for all and creates value for stakeholders (Ind et al., 2013, p. 9)." From the brand/organizational perspective, the potential benefits include: better insights, more relevant ideas, a stronger feeling of connectivity with customers, cost efficiencies, speed to market, reduced risk, and competitive advantage (Hatch and Schultz, 2010; Kazadi et al., 2015; Pini, 2009; Ramaswamy and Gouillart, 2010; Sawhney et al., 2005; Swink, 2006). All in all, brands have long lusted after a stronger connection to their customers, and co-creation provides them with the opportunity to do so.

For their part, customers take part in co-creation activities for a variety of self-development, social, and hedonic reasons (Carù and Cova, 2015; Schau et al., 2009). A brand community, or an extended event, where customers can participate with others in sharing their lives, interacting with the brand and developing new ideas, in an often playful environment, is a stimulating experience (Nambisan and Baron, 2007).

Participants' description of their involvement is surprisingly passionate and intense, with people sometimes revealing to others what they dare not tell family and friends. Thus, co-creation can be an emotional experience that mirrors in its sociality a feeling of re-enacting childhood (Kozinets et al., 2008). Through participation, customers feel that they grow as individuals and develop new insight and understanding. They also believe that they become more creative as they learn to trust their fellow participants, and share and develop ideas together (Ind et al., 2013). As customers participate in co-creation, their feeling of closeness to the sponsoring brand grows, and thus they start to act and think more like brand employees (Cova and Dalli, 2009).

While some participants are concerned with financial rewards for their involvement, most do not seem to be (Füller, 2010). Extrinsic benefits are more often a rationale to justify taking part rather than the primary motivation. The dominant motivating factors for participative individuals are intrinsic. Intrinsically motivated individuals are highly committed and maintain their interest during the whole co-creation process (Füller, 2010). The corollary of this intrinsic motivation is that participants expect high levels of feedback from the brand both during the course of the co-creation activity and after it finishes (Hsieh and Hsieh, 2015). Given that participants might spend some days at a co-creation event, or several months in a brand community, this should not be surprising. Commitment raises expectations. It is also important to note that a failure to deliver on this expectation is the most significant source of irritation for participants (Ind et al., 2013; Skalen et al., 2015). It is a point easily forgotten by brands that suffer from extrinsic motivation bias, and believe that money is the primary driver of participation.

However, even if customers show a desire to participate, and brands want to get closer to their customers, there are barriers to overcome that limit the way brands absorb and then use the knowledge and ideas generated from co-creation. These barriers are both real and psychological. One prevalent belief among managers is that customers lack the knowledge and expertise to make a valid contribution, especially in more technical areas (Nambisan and Nambisan, 2008). These brands believe then that co-creation can improve insight, but not deliver specific solutions. Two viewpoints counter this belief. First, some researchers argue that customers are not limited by a lack of technical knowledge, but rather are liberated by it, being able to develop more original, creative and valuable ideas than professional insiders (Kristensson et al., 2004; Matthing et al., 2004). Second, others, while recognizing that a lack of technical expertise can be a barrier, argue that by connecting customers with internal experts or providing them with the skills (i.e., through up-skilling – for example, training customers to be ethnographic researchers) and the tools to learn from each other and from internal experts, they can realize their ideas (Füller and Kapoor, 2014; Ind et al., 2012; Sawhney et al., 2005). As Füller et al. (2009, p. 93) note, "co-creation tools that lower the level of qualifications required for participation or that enable less skilled customers to make valuable contributions can be considered as empowering tools. From this perspective, selecting and designing appropriate interaction tools must be considered essential for successful co-creation projects." These approaches provide the opportunity for self-development for participants, and for the brand to reap the reward of viable solutions.

Managers are also educated to believe in control, and can find it difficult to stop perceiving customers as a target and start seeing them as a relevant source of creativity and value creation (Ind and Schultz, 2010). Consequently, the idea that customers can have an active role in shaping the design of a product or service is often anathema. Managing co-creation requires a different approach that is itself participatory (Prahalad and Ramaswamy, 2000). If managers are to embrace the idea that customers can become like brand employees and make valid contributions, they have to become willing to listen and learn to value the contributions of others (Ind et al., 2013). Brands not only need a market orientation, but also a participatory one that encourages involvement. However, while sharing brand knowledge with outsiders is an important element for co-creation, it also creates problems of confidentiality and concerns about intellectual property (Ind et al., 2013). Brands believe there is a risk, even within closed communities, of secrets leaking to competitors, and they also have wider concerns as to the lack of clarity about intellectual property rights (Ceccagnoli et al., 2012; Hatch and Schultz, 2010; Kambil et al., 1999).

3.4. Research objectives

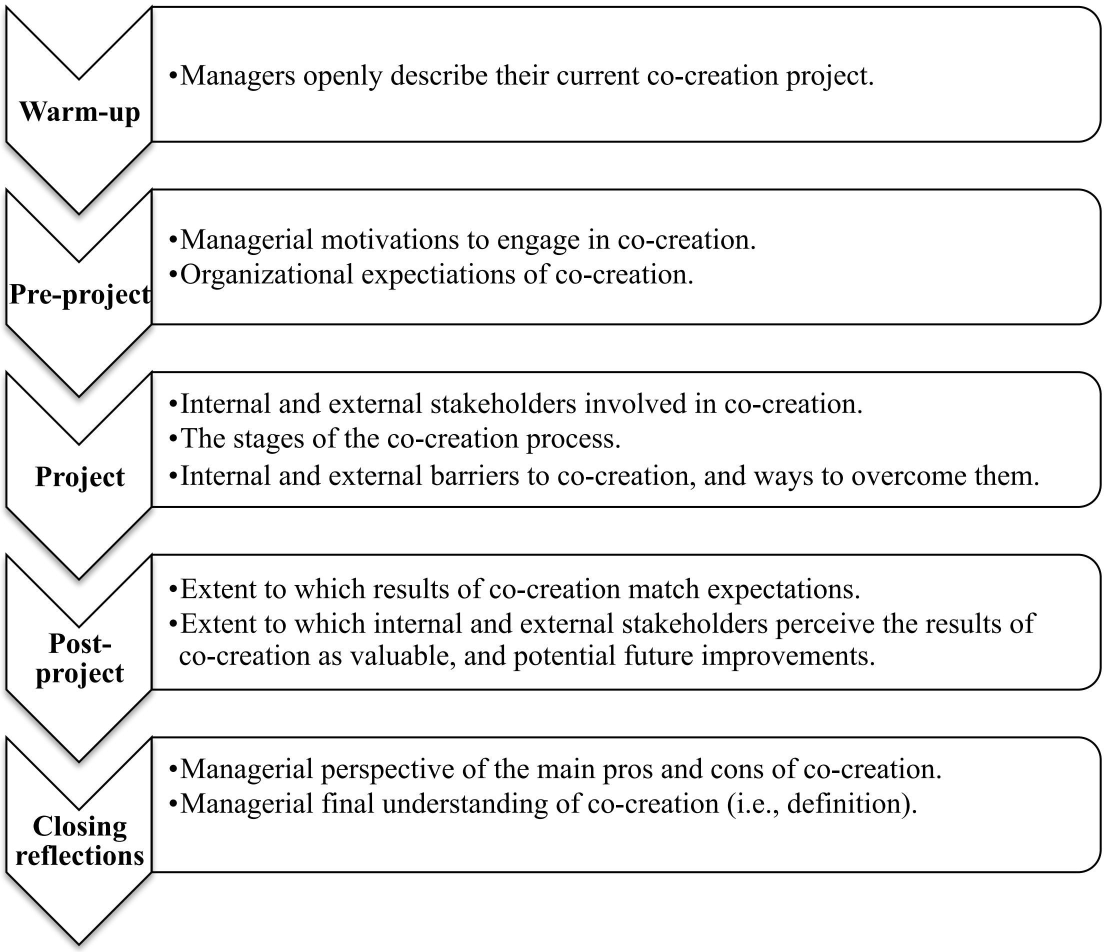
Since early 2000s, scholars have increasingly acknowledged the potential benefits of opening up the brand to the outside and co-creating together with customers and other stakeholders. Research in the field of co-creation has mainly studied the interactions and relationships between brands and their customers (Füller, 2010; Füller et al., 2009; Hatch and Schultz, 2010). Academics have mostly conducted this research from the customer perspective (Ind et al., 2013), focusing on three key areas. First, they have looked at the factors that motivate customers to participate in co-creation (Füller, 2010; Ind et al., 2013; Nambisan and Baron, 2007; Nambisan and Nambisan, 2008; Zwass, 2010). Second, they have investigated the resources that customers need to have, combine and integrate, in order to contribute effectively to co-creation (Arnould et al., 2006; Baron and Harris, 2008; Gummesson and Mele, 2010; Lusch and Vargo, 2006; Vargo and Lusch, 2008). Third, they have assessed the unique and personalized experiences that customers derive from participating in co-creation (Ind et al., 2013; Prahalad and Ramaswamy, 2003, 2004; Ramaswamy and Gouillart, 2010).

However, there is little research on co-creation from the managerial perspective (Frow et al., 2015; Kazadi et al., 2015). This is surprising because, while it is valuable to know about customer motivations, resources and experiences, managers also need to know how to best manage co-creation so as to realize its potential (Frow et al., 2015; Kazadi et al., 2015). Accordingly, the first objective of this research is to empirically investigate how managers use co-creation, and what they believe it is best suited to deliver. The second objective of this study is to explore from an empirical standpoint, which the barriers to the realization of the potential of co-creation are, and how to overcome them.

3.5. Method

Due to the scarce previous empirical research on the topic, this study uses a qualitative research method consisting of 20 in-depth interviews with managers that have led co-creation initiatives in 20 well-known brands from different sectors and geographies. These interviews were conducted in 2014-2015, and structured as presented in Figure 1.

Figure 1. Structure of the in-depth interviews



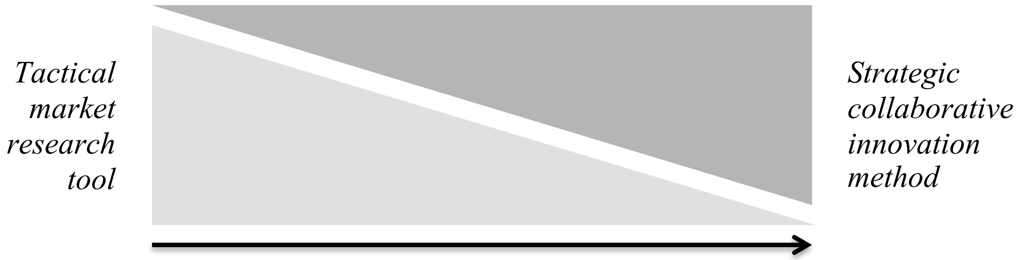
First, in the warm-up stage, the authors asked managers to openly describe the co-creation project they were involved in. Second, in the pre-project stage, the authors interviewed managers about their motivations to engage in co-creation, as well as their expectations and those of their colleagues. Third, in the project stage, the authors posed managers questions about the co-creation process. Here the objective was to obtain information about the type of stakeholders involved, the stages of the process, and the main internal and external barriers and ways to overcome them. The authors asked questions about strategic orientation, organizational structure and culture, knowledge of co-creation, and internal capabilities, expertise and resources required (e.g., time and money), among others. The authors also explored the need for technical competence among participants, and the feasibility of their ideas. Thereafter, in the post-project stage, the authors asked whether the results of co-creation matched organizational expectations, to what extent co-creation was valuable, and what improvements they would make in the future. Here the aim was to find out whether stakeholders (e.g., senior managers, employees, customers) saw the value of co-creation or whether they had reservations as to its validity. Finally, in the closing reflections stage, the authors asked managers to summarize the pros and cons of their co-creation projects, and to provide their own definition of co-creation.

The authors recorded and transcribed all the interviews. The authors also analyzed and interpreted the data using NVivo 10 software by means of a coding process that allowed for the theory to emerge (Creswell, 2007; Goulding, 2005; Strauss and Corbin, 1998). In the first stage, through a line-by-line reading and analysis of the qualitative data, the authors identified patterns, labeled concepts, and examined their properties. In the second stage, the authors compared the previously labeled concepts, and grouped them into categories and sub-categories accordingly. Finally, in the last stage, the authors compared the previously determined categories and subcategories, and theorized the relationships observed among them. As this qualitative approach entailed a constant comparative analysis among the already analyzed and posteriorly collected data, the stages of data collection (i.e., interviewing) and data analysis (i.e., coding) overlapped (Eisenhardt, 1989). This iterative approach enhanced the robustness of the findings (Creswell, 2007; Eisenhardt, 1989; Goulding, 2005; Strauss and Corbin, 1998).

3.6. Findings

The findings of this research show that some brands use co-creation as a tactical market research tool to obtain more and better insights about their customers. They also engage their customers in testing and refining the ideas that emerge internally. By contrast, other brands have successfully developed a more strategic approach to co-creation. These brands use co-creation as a collaborative innovation method that enables them to generate competitive advantage and differentiate themselves from competitors, by engaging customers and other stakeholders ideally in all the stages of the co-creation process. These two ways of using co-creation represent the two extremes of a continuum along which brands can move, from the more tactical extreme to the more strategic one (see Figure 2).

Figure 2. The co-creation continuum



3.6.1. Co-creation as a tactical market research tool

The majority of brands analyzed use co-creation as a tactical market research tool within their portfolio of possible qualitative and quantitative research methods to inform their decision-making. The reason why managers embrace co-creation in preference to more traditional research methods is that it provides deeper insight into the customer experience and creates the opportunity for an active customer participation. Managers see other research techniques, such as focus groups, as constrained by the brevity of the interactions between the brand and the customers, and the dominance of extrinsic rewards as a motivating factor for customer participation. By contrast, a co-creative approach to research offers the opportunity to bring customers closer to the brand, build enduring relationships, and probe beneath the surface of their initial reactions.

> So I think it's also this aspect of keeping it close to the consumer, and when you do focus groups you know you would... yeah, you would go there, you would do the focus groups and maybe you'd test some advertising and that's it (Brand M).

The second benefit of co-creation - specifically when it is online - compared to more traditional market research methods is speed and flexibility. Whenever managers need more insight about a given topic, and once an online platform has been set up, they can immediately turn to their brand community and ask participants more questions. In addition, the same team of brand employees can analyze and interpret results while interacting with customers, without having to wait for results from an external agency. As a consequence, the final research output is richer and more precise, facilitating managerial decision-making later on.

> The key motivations for us were that we wanted to increase the level of consumer insight or the consumer voice in the activities we did but our key challenge is always speed so traditional research activities or ways of gathering research, consumer data or consumer opinions, were too slow (Brand P).

> Co-creation you're in the room and you're working on the strategy with customers there and then so people on the project team get the answer there and then and that way they don't have to wait another three or four weeks down the line to actually get the results back, they can actually see and hear them at the time (Brand D).

Third, co-creation enables greater levels of engagement amongst brand community participants. Given that the possibility for customers to participate is much greater with co-creation than any other market research method, customers are intrinsically and highly motivated to share their ideas and contribute to the community. In addition, when the brand takes the comments of customers into account, provides feedback, and creates new proposals based on their suggestions, customer engagement and creativity increase even further.

> The generosity of customers in terms of what they feed back and their engagement. They get highly engaged with these communities and the subjects and they provide lots and lots and lots of detail. When we ask them to look at individual products they create their own videos, they detail lots of responses, they run their own almost like creative activities, so that's been very surprising (Brand P).

Consequently, the brands that focus on finding a method to become closer to customers and better understand their needs quickly, and more flexibly, have the tendency to locate co-creation within the research and insight department. These brands see co-creation as one technique amongst many - albeit with some clear benefits - that is useful for generating insights. When brands position co-creation in this way, the research and insight department is often responsive, answering requests for knowledge from other departments. The underlying assumptions of managers in these brands are that co-creation can deliver real depth of insight, but customers lack sufficient knowledge and expertise to contribute relevant and previously un-thought of ideas.

> I tend to think the new ideas have to come from visionaries in organizations who know their customers and are shaped into winning ideas by product managers who know their customers. I don't think they come from customers. They rarely come from customers (Brand Q).

From this perspective, the experts are the internal stakeholders. Customers can give the kernel of the insight, but it is internal experts that determine where the focus should be, and how to design and present an offering. Here the role of organizational outsiders is to inspire, work up, refine, and test the ideas that emerge from the internal team.

> We wanted access to people, to help understand their needs and to be able to bounce ideas off them basically and to use them to help us refine our thinking (Brand E).

However, when these brands do open themselves up to the outside world and adopt a co-creation focus, the surprise is that their assumptions about customers sometimes turn out to be wrong. This is especially notable in brands entering new markets or territories about which they have scarce knowledge. Moreover, the amount of feedback they receive from participants surprises many brands.

> Actually some of the things we thought would test well they absolutely hated, absolutely hated, and really were challenging us (Brand B).

> What has amazed me is the amount of comments and feedback that customers give in the community. This has been far bigger than we expected (Brand P).

When the conflict between internal beliefs and feedback from the outside world arises, many brands start to adopt a new view of co-creation.

3.6.2. Co-creation as a strategic collaborative innovation method

Some brands have adopted a strategic view of co-creation. Managers in these brands use co-creation as a collaborative innovation method that helps them to develop and sustain a competitive advantage. This strategic approach to co-creation requires employees to recognize that expert knowledge exists outside the brand. Customers also possess extremely relevant knowledge, and can contribute to improve the business and develop key innovations to ensure the success of the brand.

> The knowledge that our customers have about the business is phenomenal […] their understanding of our operation is as good as lots of people who work here, it really is incredible (Brand E).

In this respect, contacting customers on specific occasions to obtain more insights or to test and refine ideas arising internally is insufficient. These brands see customers as true long-term innovation partners (i.e., as key stakeholders with whom they can develop a collaborative and trusting relationship as equals).

> For me it's really an on-going dialogue, an on-going collaboration with your customers and shoppers. So that's for me […] I think ongoing dialogue, maybe an ongoing collaboration is maybe the right word, with your consumer (Brand M).

When brands use co-creation as a strategic collaborative innovation method, they open themselves up to the external talent, and managers and employees learn to lead innovation projects in conjunction with customers. As a result, internal and external stakeholders can begin a dialogue and develop ideas together.

> Two-thirds of the conversations on our community are started by customers, not by our business (Brand P).

> We say that the community is shaping the innovation because it directs as well the most relevant ideas (Brand O).

The brands with a strategic approach to co-creation take care of and nurture the collaborative relationships with their customers. They provide customers with the opportunity to take part in the entire co-creation process, from idea generation to implementation. But, as brands move toward the right end of the co-creation continuum, they tend to incorporate new stakeholders in their collaborative innovation projects.

> We have athletes that we work with for co-creation, we have retailers, we have high-profile designers, we have customers, we have a lot of different partners (Brand N).

The majority of brands start by using co-creation as a tactical market research tool. However, as they become aware of its potential, they begin to promote a more strategic approach that implies a shift in attitude. Co-creation requires brands to stop seeing customers as objects, and start seeing them as valid collaborators.

> So prior to a few months ago the culture was all ideas came from project managers and we designed the things that we wanted to use and that took us through the first 50-years, but we know that times are changing and that we need to involve the customer […] we had not done research with any users who weren't employees and so, to go from that to disclosing the brand to 200 people on the internet, it was a really big deal, but it was more of a big deal politically and culturally (Brand E).

The co-creation culture has to be open and participatory. Managers talk about the need to share, to develop relationships, and to form partnerships. It is thus fundamental for managers to be humble when promoting this openness, in addition to being receptive to proposals from customers.

> The other thing is that the internal appetite of managers needs to be there. Managers need to be open to the idea of involving customers and need to be educated to the benefits of involving customers (Brand P).

> We are a different type of organization, based on co-operation. […] People don't want to be protective, they want to co-operate and embrace customers (Brand J).

However, even though many managers recognize the need to collaborate strategically with customers, important reservations about sharing key information with the outside remain. Traditional cultures tend to be very guarded regarding their internal knowledge, and not very predisposed to share it with outsiders.

> Because of our sort of confidential culture, we're being very cautious about what we share and how we share it (Brand E).

> I would say, yeah, the barrier I remember actually very, very well, it was more a kind of thing with I think here with intellectual property… (Brand M).

Consequently, it is important to emphasize that the development of co-creation as a strategic collaborative innovation method is likely to run into obstacles. A cultural transformation is not spontaneous. The brand has to realize progressively the potential of co-creation, and encourage its use as a collaborative innovation method. In most of the brands with a strategic approach to co-creation, there is an evangelistic individual (or team) that has promoted the process.

> It was all me basically doing my Martin Luther King speech to be honest, 'I have a dream' (Brand H).

> But I had to sell it, and I had to bring everybody on board (Brand M).

> What we then had to do was […] to go out to marketing managers, sales managers and sell the idea of a community and its benefits (Brand P).

Nevertheless, in spite of the importance of evangelists, there comes a point when the strategic view of co-creation can only prosper if the senior management firmly and explicitly provides support and resources to the champion (or team of champions).

> It needs that buy-in from quite senior stakeholders in terms of committing time and money to going further into it (Brand C).

> Co-creation wouldn't have worked without the commitment of the CEOs. You have to have CEOs behind this (Brand J).

Independent of the investment level (i.e., a factor which facilitates the adoption of co-creation by different departments and organizational levels), co-creation asks for the active participation of both managers and employees – something that is not the norm in traditional market research methods. This direct interface between managers and employees has the power to generate organizational change and unlock the potential of co-creation.

> A key success factor is involving and engaging employees. […] We sold it to employees and then involved them in an online community to personalize the idea. […] So people have to buy-in to the process (Brand J).

Moreover, the brands that want to turn co-creation into a strategic collaborative innovation method also need organizational structures that are flexible and not so hierarchical. In addition, they require cross-functional teams capable of breaking silos and fostering collaboration across the entire organizational structure.

> We are opening up internally more. There are more cross functional teams developing stuff together […] it doesn't matter which level you are (Brand A).

Finally, as this persuasion strategy begins to have an impact, and different departments and teams successfully incorporate collaborative innovation into the way they work, co-creation stops being an instrument used by the research and insight department. It becomes instead a core and distinctive capability of the entire organization, enabling it to orchestrate a collaborative innovation network with insiders and outsiders.

> It's right in the middle of everything really, it's affecting operations and marketing, architecture, everything (Brand K).

3.7. Discussion

The first contribution of this research is the introduction of the co-creation continuum. This is a relevant contribution, because not all brands are capable of realizing the potential of co-creation (Kazadi et al., 2015). In fact, the dominant perspective is of co-creation as a tactical market research tool. Here co-creation serves to obtain greater customer insights, and to test and refine the ideas generated internally. The reason these brands embrace co-creation instead of more traditional market research methods is the opportunity to bring customers closer and gain greater levels of speed and flexibility. By contrast, the brands that have successfully adopted a strategic approach to co-creation, use it as a collaborative innovation method that can be turned into a source of competitive advantage. These brands engage customers and other stakeholders ideally in all the stages of the co-creation process, and consider them as strategic long-term innovation partners. Thus, these brands structure themselves as "network orchestrators" (Libert et al., 2015), and convert co-creation into a strategic resource. Consequently, there is not a single and universal way of using co-creation. The two approaches represent the extremes of a continuum, along which brands can move.

The second contribution is describing the distinct traits of each extreme of the co-creation continuum (see Table 1). The underlying assumption of brands that use co-creation as a tactical market research tool is that expertise resides inside. In this view, customers can improve insights, but not deliver specific and relevant innovations (Nambisan and Nambisan, 2008). These brands involve customers in their research activities, though with significant reservations. Customer participation is limited to testing and refining the ideas generated by internal experts. As a result, this tactical approach to co-creation promotes short-term interactions and relationships with customers when a specific project requires their input. In addition, these brands tend to have fairly closed cultures, and are generally concerned about issues related to the confidentiality of their data and projects. Consequently, co-creation is a tool focused on research and insights. Those responsible often have to try and sell their expertise to the rest of the internal stakeholders.

At the other end of the continuum, brands use co-creation as a strategic collaborative innovation method. Their underlying assumption is that, in addition to internal knowledge, there is valuable information outside the brand that can make significant contributions to innovation. This assumption is in line with Kristensson et al. (2004) who argue that customers can become as, or more, creative than insiders. In addition, these brands not only recognize the potential of incorporating customers in co-creation processes, but they also see the need to involve many other stakeholders whose contributions can be highly valuable (Kazadi et al., 2015). In sum, these brands perceive all stakeholders as relevant collaborators for the internal team, and treat them as true innovation partners. Accordingly, creating long-term relationships with these agents is fundamental, as is developing a culture that enables and fosters such relationships. Openness has to be a core value in the co-creation culture. This culture also has to be participatory, and managers need to be humble and inclusive (Iglesias et al., 2013). In this view, co-creation becomes a strategic asset, allowing brands to orchestrate a collaborative innovation network (Libert et al., 2015) - one that is capable of generating a competitive advantage.

Table 1. Co-creation: tactical market research tool vs. strategic collaborative innovation method

	Tactical market research tool	Strategic collaborative innovation method
Assumptions	Knowledge is inside	Knowledge is inside and outside
Stakeholders involved	Customers - with reservations	Multiple stakeholders
Role of outsiders	Provide insights and test and refine internal ideas	Innovation partners
Relationship	Occasional and short-term	On-going and long-term
Culture	Closed and confidential	Open and participatory
Position	Research and Insight department	Organization-wide

The third contribution is identifying the barriers that can keep brands from taking advantage of the potential of co-creation, and consequently not moving from the tactical approach to the more strategic one. The first obstacle is the high uncertainty regarding the final outcome of investing in a project of this kind. This is particularly true at the outset, due to the lack of prior organizational knowledge on co-creation. The second hurdle has to do with the scope of the investment - both in terms of time as well as money - needed to move the brand toward a more strategic view of co-creation. The third makes reference to cultural elements, which may slow down or even block the development of this strategic view (Sood and Tellis, 2005). On one hand, many brands deeply believe that valuable knowledge is exclusively internal, and that customers can contribute less than brand employees and only at given times. On the other hand, it is also clear that brands have many fears associated with confidentiality and intellectual property issues (Ind et al., 2013). As Gouillart (2014) argues, this resistance is due to the managerial fear and inability to “let go of their company-centric instincts,” and to instead favor an open and participatory culture. The fourth obstacle has to do with heavy, overly hierarchical, and rigid organizational structures, and with the internal silos that limit the ability to create fluid collaborative innovation-oriented relationships.

3.8. Managerial implications

The results of this study have important implications for managers. First, managers have to be aware of the co-creation continuum when planning to adopt and promote co-creation. One option is to embrace co-creation as a tactical market research tool. However, a more strategic alternative is to use co-creation as a collaborative innovation method. The second option has a greater potential to create value, but it also implies greater risks and obstacles. In addition, managers have to consider how the brand sees the role of organizational outsiders in innovation projects, and the added value these outsiders can potentially provide. Even if managers opt for a more strategic approach to co-creation, they should first gain experience in its tactical use.

Second, managers that want to use co-creation as a tactical market research tool have to bear in mind that the key to success lies in the process management. In this respect, it is essential to create a process that builds trust among participants, and between participants and the brand (Ind et al., 2013). If there is regular feedback from the internal experts on the contributions of participants, both the commitment and creativity of participants are likely to increase. This implies the managerial need to create a structure, but then allow freedom to those who participate. The brand ought to nurture and support, but not control the interactions among participants too overtly.

Third, managers interested in developing a strategic approach to co-creation have to understand that they are essentially managing cultural change. Thus, senior managers first need to define this strategic vision, and then lead and promote the cultural transformation of the brand. In doing this, it is essential to have the support of a group of brand champions. In line with the suggestions of Iglesias et al. (2013), the culture needs to be open and participatory. Benchmarking the outputs of co-creation processes to those of traditional market research methods is also important. The aim is to accumulate arguments to persuade others. Sharing the success stories that arise is also a good initiative that can facilitate change.

Fourth, this research suggests that the brands that want to embrace co-creation as a strategic collaborative innovation method need to have fairly flat and flexible organizational structures. Finally, while the different departments need to have sufficient autonomy, they should also promote cross-functional teams and structures that can overcome potential silos and foster transversal collaborations.

3.9. Limitations and future research

This study has some limitations that derive mainly from its qualitative nature. First, although the fieldwork is composed of 20 brands from different sectors and geographies, the generalizability of the findings is still an issue. Thus, future research could extend the number and diversity of brands analyzed, in order to enhance the generalizability of the findings. More specifically, it would be interesting to see whether the findings of this research would remain the same in the business-to-business field, which is usually richer in interactions and relationships than the business-to-consumer area where this research has been conducted (Rackham and DeVincentis, 1998; Webster and Keller, 2004).

Second, although interviews are the primary source of data in qualitative research (Eisenhardt, 1989), they entail an issue of double-hermeneutics: first, respondents interpret reality; and then, researchers interpret respondents' interpretations (Stake, 1995). To deal with this issue, future research could triangulate the data source of interviews, by directly observing co-creation processes. Concretely, future research could observe these processes in brands from each side of the co-creation continuum to further validate and complement the theorized patterns in this study.

In addition to addressing the limitations of this article, future research could also focus on trying to further examine the two key obstacles that have emerged from its empirical fieldwork (i.e., culture and organizational structure), and how to overcome them. Specifically, it would be interesting to understand the mechanisms that can lead to the development of an open and participatory culture, as well as the factors that can facilitate tearing down the internal silos and promoting transversal collaborations.

4

Does ethical image build equity in corporate services brands? The influence of customer perceived ethicality on affect, perceived quality, and equity.

The article that constitutes this chapter aims to address the second overarching research objective of this PhD thesis, by empirically examining the effect of customer perceived ethicality of a corporate services brand on the relevant brand outcome variable of brand equity.

The article that composes this chapter has been accepted for publication in the *Journal of Business Ethics* on 8th September 2015.

Reference of the article:

Sierra, V., Iglesias, O., Markovic, S., and Singh, J. J. (2016, forthcoming). Does Ethical Image build Equity in Corporate Services Brands? The influence of Customer Perceived Ethicality on Affect, Perceived Quality, and Equity. *Journal of Business Ethics.* doi:10.1007/s10551-015-2855-2

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4.1. Abstract

In the current socioeconomic environment, brands increasingly need to portray societal and ethical commitment at a corporate level, in order to remain competitive and improve their reputation. However, studies that relate business ethics to corporate brands are either purely conceptual or have been empirically conducted in relation to the field of products/goods. This is surprising because corporate brands are even more relevant in the services sector, due to the different nature of services, and the subsequent need to provide a consistent high quality customer experience across all the brand-customer interactions and touch-points. Thus, the purpose of this article is to study, at a corporate brand level and in the field of services, the effect of customer perceived ethicality of a brand on brand equity. The model is tested by structural equations, using data collected for eight service categories by means of a panel composed of 2179 customers. The test of measurement equivalence between these categories is conducted using generalizability theory. Confirmatory factor analysis marker technique is applied in order to check for common method variance. The results of the hypothesized model indicate that customer perceived ethicality has a positive, indirect impact on brand equity, through the mediators of brand affect and perceived quality. However, there is not empirical evidence for a direct effect of customer perceived ethicality on brand equity.

Keywords: brand equity; common method variance; corporate brands; customer perceived ethicality; generalizability theory; services brands.

Abbreviations:
AVE: Average variance extracted
CFA: Confirmatory factor analysis
CFI: Comparative fit index
CMV: Common method variance
CPE: Customer perceived ethicality
CSR: Corporate social responsibility
df: Degrees of freedom
GC: Generalizability coefficient
G-theory: Generalizability theory

4.2. Introduction

Companies operating in the services sector need strong corporate brands in order to build long-term trustworthy relationships with their customers (Dall'Olmo Riley and de Chernatony, 2000). This need derives from the intangible nature of services, and the multiplicity of brand-customer touch-points and interactions that need to be carefully managed and supported at the corporate level if services brands want to deliver an outstanding customer brand experience (Iglesias et al., 2013). In addition, companies aspiring to build strong corporate brands should integrate ethics at the heart of these brands (Balmer, 2001; Rindell et al., 2011). Surprisingly, however, despite the importance of corporate brands and their ethical reputation in the field of services, there is still a dearth of research in this area, demanding more attention from the academic community (Singh et al., 2012).

The growth of the services sector in developed countries (Lovelock, 1999) has challenged the traditional approach to the conceptualization of brands (Berry, 2000). Traditionally, brands were conceptualized from a product perspective (e.g., Aaker, 1996). Accordingly, they were considered as bundles of functional and emotional perceptions (Christodoulides et al., 2006) that allowed customers to distinguish among the products of different companies (e.g., Aaker, 1996). Thus, product brands made customer purchase decisions easier (Jacoby et al., 1977) and served as guarantors of product quality (Dawar and Parker, 1994).

In the new approach, however, brands are defined from a services perspective as relationship partners (Fournier, 1998) with own personality (Aaker, 1997). According to this line of thought, customers actually pursue developing and maintaining relationships with those brands whose personalities provide them with a mean for self-expression, self-definition and self-enhancement (Merz et al., 2009). Services brands are thus defined as relationship builders based on reciprocity and mutual exchange between the customers and the company's employees (Dall'Olmo Riley and de Chernatony, 2000). Hence, services brands provide the interfaces for customer-employee interactions, which largely influence the customer's overall experience with the brand (Iglesias et al., 2013). When this brand experience is favorable, the customer-brand relationships will tend to be more endurable and long-term oriented (Brakus et al., 2009).

Parallel to the evolution of services brands, literature on corporate brands has also gained attention since the 1990s (e.g., Balmer, 1995, 2012a,b; Balmer and Gray, 2003; Harris and de Chernatony, 2001; Hatch and Schultz, 2002) broadening the scope of branding to an organization level, and thereby contemplating the interactions between the brand and multiple stakeholders (Knox and Bickerton, 2003). Apart from the customers and employees, these stakeholders also include: suppliers, investors, citizens (Davies et al., 2010; Morsing and Kristensen, 2001; Schultz et al., 2005), the environment, the local community and economy, the business community, and the overseas community (Brunk, 2010). In fact, the essence of a corporate brand is an explicit covenant between these stakeholders and the firm (Balmer and Gray, 2003). A strong corporate brand can lead companies to advantages such as: the increase of profitability (Roberts and Dowling, 2002), the decrease of costs (Deephouse, 2000; Fombrun, 1996), the formation of competitive barriers (Deephouse, 2000; Fombrun, 1996; Milgrom and Roberts, 1982), the attraction of customers (Fombrun, 1996) and investors (Srivastava et al., 1997), the possibility to charge premium prices (Deephouse, 2000; Fombrun, 1996; Fombrun and Shanley, 1990; Rindova et al., 2005), and the increase of market share and stock market value (Fan, 2005).

Corporate brands are more relevant in the services sector than in the field of products/goods, because of the different nature of services (Dall'Olmo Riley and de Chernatony, 2000; Iglesias et al., 2013). Alike products/goods, services are intangible, heterogeneous, experiential and inseparable (Choudhury, 2014; Zeithaml et al., 1985). A key difference is that while corporate product brands can offer tangible products with standardized levels of quality, the intangible nature of services makes it difficult to homogenize service quality (Berry, 1980; Booms and Bitner, 1981). Moreover, in the services sector, there are many more interactions and touch-points between brands and customers than in goods contexts (Grönroos, 2006), where customers primarily interact with the tangible product. In the case of services, however, customers also interact with the brand employees, who are the ones able to make or break the brand (Roper and Davies, 2007). Thus, the need to ensure a positive and consistent service quality across these interactions becomes essential for those corporate services brands that want to deliver a superior customer experience and build a strong brand equity (Berry, 2000; Iglesias et al., 2011).

In the current socioeconomic environment, it has become relevant for brands to show societal and ethical commitment at a corporate level (Balmer, 2001; Ind, 1997), because an ethical brand improves corporate reputation (Fan, 2005). Therefore, an increasing number of organizations have started to consider ethicality as a strategic factor for defining and promoting their brands. In the same line, morality has also become a relevant component of corporate brands (Morsing, 2006). This has resulted in a growing importance of business ethics and corporate social responsibility (CSR). In fact, because they are linked in nature and objectives (see Brunk, 2010a), business ethics and CSR have become strongly associated and therefore the two terms are often used in an interchangeable way (Fan, 2005). There is a wide body of literature focused on examining both the direct and indirect effects of CSR initiatives or ethicality on: product evaluation (Brown and Dacin, 1997), corporate/company evaluation (Brown and Dacin, 1997; Sen and Bhattacharya, 2001), firm idiosyncratic risk (Luo and Bhattacharya, 2009), market value and financial performance (Luo and Bhattacharya, 2006), product purchase behavior or intentions (Carrigan and Attalla, 2001; Luchs et al., 2010; Sen and Bhattacharya, 2001), and consumer trust towards the company (Swaen and Chumpitaz, 2008).

Most of the previously mentioned studies have been conducted in the area of marketing, which is consistent with Fan's (2005) observation that ethics are increasingly researched in the areas of marketing and business. However, despite the fact that ethics should be at the heart of corporate brands (e.g., Balmer, 2001; Rindell et al., 2011), research on ethics in the area of branding is still scarce (Fan, 2005). Among this limited research, there are a few studies at the crossroads of business ethics and corporate brand management. For example, Rindell et al. (2011) built a conceptual foundation of "conscientious corporate brands," and defined them as those corporate brands where ethical concerns are rooted in the firm's business strategy, value and supply chain, vision and culture. Taking these ethical concerns as the main driver, Rindell et al. (2011) developed a model for "conscientious corporate brands," which has been empirically validated by Hutchinson et al. (2013), and is composed by four dimensions: environmental impact, climate change, internal corporate codes of ethics, and external corporate codes of ethics. Considering ethics a key constituent of corporate brands, Hutchinson et al. (2013) suggested that "conscientious corporate brands" are so to the extent that they do not harm public good.

However, in spite of the above justified relevance of the corporate brands and their reputation in the field of services, the studies that link corporate brand management and business ethics are either purely conceptual (e.g., Brunk, 2010b; Fan, 2005; Gustafsson, 2005) or have been empirically conducted in relation to the field of products/goods (e.g., Brown and Dacin, 1997; Brunk, 2010a; Hutchinson et al., 2013; Rindell et al., 2011; Singh et al., 2012). Accordingly, Singh et al. (2012) called for further empirical research at the crossroads of business ethics and corporate brand management in the services sector. Moreover, Singh et al. (2012) argued that in order to better comprehend whether investing in corporate brand ethics pays off, future research should empirically examine the impact of customer perceived ethicality (CPE) on brand equity. Therefore, this article aims at covering these gaps by studying, at a corporate brand level and in the field of services, the relationship between CPE and brand equity, considering the two mediating variables of brand affect and perceived quality. The model is tested with structural equations, using data collected for a wide variety of corporate services brands by means of an online customer panel.

4.3. Theoretical framework and hypotheses development

4.3.1. The influence of CPE on brand affect and perceived quality, and the influence of perceived quality on brand affect

The field of ethical branding represents an overlap of business ethics and brand management. An ethical brand is the one that avoids harming and promotes public good, as well as behaves with integrity, honesty, diversity, responsibility, quality, accountability, and respect (Fan, 2005). Research has recurrently shown that it is in the best interest of brands to behave in an ethical way (e.g., Story and Hess, 2010), because the customers increasingly expect brands to both embody and reflect their ethical interests (e.g., Maxfield, 2008).

Brunk (2010a, 2012) presented a model of CPE, which can be defined as the aggregate perception that consumers have of the brand/company as acting in an ethical way. More specifically, Brunk (2012) suggested that an ethical brand/company attitude involves: applying consequentialist and non-consequentialist evaluation principles, abiding by the law, respecting moral norms, being a good market actor, acting in a socially responsible way, avoiding any kind of damaging behavior, and weighing up positive and negative consequences. Furthermore, Brunk (2010a,b) identified six domains of CPE origins, which may influence the perceptions of a brand's/company's ethical behavior: consumer, employees, environment, local community and economy, overseas community, and business community.

In her commentary about Brunk's (2010a) work, Shea (2010) acknowledged that, within the framework of CPE, Brunk (2010a) conceptualizes the cognitive component of the consumers' attitude towards the ethical behavior of the companies very well. However, Shea (2010) argued that such CPE framework should be broadened to also contemplate the other two components of attitude – behavioral and affective. Singh et al. (2012) addressed this concern by including in their framework of CPE: brand loyalty as a behavioral, and brand affect as an affective component of consumers' attitude.

Considering that the perceptions of ethical behavior include the company's involvement in CSR campaigns/initiatives (e.g., Godfrey, 2005; Vlachos et al., 2009), Lin et al. (2011) showed that when there is a low perceived CSR, customers' affective identification with the brand is likely to be damaged by negative publicity. Apart from this moderating effect, Lin et al. (2011) found that perceived negative publicity is negatively related to customers' affective identification, whereas perceived CSR is a positive antecedent of customers' affective identification. Likewise, various scholars have provided evidence for a positive influence of CSR on customers' identification with the brand/company (e.g., Du et al., 2007; He and Li, 2011; Lichtenstein et al., 2004; Lii and Lee, 2012; Marin et al., 2009; Martínez and Rodríguez del Bosque, 2013).

If the CSR initiatives coincide with customers' values and self-concept, customers' identification with the company is likely to increase, and result in their commitment to the company (Lichenstein et al., 2004). Accordingly, Currás (2009) found that the CSR-based customer-company identification has a positive impact on customer's commitment to the company. However, various academics have provided evidence for a direct effect of CSR on organizational commitment (e.g., Brammer et al., 2007; Lacey and Kennet-Hensel, 2010; Turker, 2009). Commitment actually has three components (i.e., affective, continuance, and normative) (Meyer and Allen, 1991), among which affective commitment is the most closely associated with CSR, in accordance with the social identity theory (Turker, 2009).

In the context of corporate brands, brand affect is defined as the "brand's potential to elicit a positive emotional response in the average consumer as a result of its use" (Chaudhuri and Holbrook, 2001, p. 82). This positive emotional response is more likely to emerge when the customer perceives the brand as behaving in an ethical manner (Singh et al., 2012). Accordingly, Poolthong and Mandhachitara (2009) showed that CSR has a positive effect on brand affect. Similarly, considering CSR a key component of CPE (see Brunk, 2010a,b), Singh et al. (2012) showed that CPE at a corporate brand level has a positive impact on product brand affect. In line with this discussion, we hypothesize that:

H1: CPE of a corporate services brand has a positive effect on brand affect.

CPE, however, is not just expected to generate brand affect in the services setting. Since more than two decades ago, both researchers and managers have become increasingly interested in examining the customers' perceptions of service quality (e.g., Boulding et al., 1993; Parasuraman et al., 1985, 1988; Zeithaml et al., 1996). Service quality has recurrently been defined as the customers' evaluations of the superiority or excellence of the service (e.g., Bateson and Hoffman, 2002; Parasuraman et al., 1988). In literature, it is widely acknowledged that these customers' evaluations are actually influenced by their previous expectations regarding the quality of the service (e.g., Boulding et al., 1993; Brown and Swartz, 1989; Parasuraman et al., 1985, 1988).

Moreover, scholars have also proposed that quality depends upon perceptions of ethical behavior (e.g., Abdul-Rahman et al., 2014; Besterfield et al., 2003). Accordingly, Enquist et al. (2007) argued that ethics promote value-based service quality. Similarly, Dandy (1996) defended that a complete honesty in the operations and communications with the customers is a route to develop service quality. Considering honesty as part of integrity, Scheuing and Edvardsson (1994) argued that there is a close link between the integrity of the service provider and service quality. Likewise, Holjevac (2008) suggested that the lack of ethics, morality and social responsibility is a fundamental reason for low service quality in the tourism industry. In line with the previous findings that suggest that there is a positive impact of CSR on customers' perceptions of product or service quality (e.g., García de los Salmones et al., 2005; Poolthong and Mandhachitara, 2009), we postulate that:

H2: CPE of a corporate services brand has a positive effect on perceived quality.

Perceived quality has often been linked in literature with the relational construct of affective commitment. Accordingly, in relationship marketing literature, Gruen et al. (2000) proposed that core services performance is positively related to affective commitment. Gruen et al. (2000, p. 38) defined core services performance as "the extent of the quantity and quality of the planning and delivery of the association's primary services." Regarding the quality of services, Fullerton (2005) found empirical evidence for a direct impact of service quality on customer's affective commitment. Similarly, in an online setting, Hsiao et al. (2015) found that e-service quality positively impacts customer's brand commitment. In a business-to-business context, Davis-Sramek et al. (2009) showed that technical service quality and relational service quality have an indirect effect on affective commitment, mediated by satisfaction. Moreover, Davis-Sramek et al. (2009) found a direct impact of relational service quality on affective commitment. In the field of branding, Xie et al. (2015) showed that brand quality is positively related to brand affect. Finally, in services literature, Poolthong and Mandhachitara (2009) provided empirical evidence for an indirect impact of perceived service quality on brand affect. In line with this discussion, we hypothesize that:

H3: In case of a corporate services brand, perceived quality has a positive effect on brand affect.

4.3.2. The influence of brand affect, perceived quality and CPE on brand equity

Brand affect has not only been studied as a consequence of perceived quality, but it has also been related to brand equity (e.g., Baumgarth and Schmidt, 2010; Dwivedi and Johnson, 2013). Brand equity has traditionally been defined as the incremental utility or value added to a product or service due to its brand name (Park and Srinivasan, 1994; Rangaswamy et al., 1993). Similarly, Yoo et al. (2000) defined brand equity as the difference in customers' choice between a branded and a non-branded product, given that both have the same features and characteristics. More recently, however, brand equity has been conceptualized as a relational market-based asset that is built through the interactions between the brands and their customers (e.g., Davcik et al., 2015; Hooley et al., 2005; Srivastava et al., 2001). Thus, strong customer commitment is likely to be positively associated with brand equity (Fournier, 1998; Rego et al., 2009). In this line, Dwivedi and Johnson (2013) showed a direct, positive effect of relationship commitment on brand equity. Similarly, Morgan and Hunt (1994) found a direct, negative influence of such relationship commitment on propensity to leave. Likewise, Fullerton (2005) found that an affective commitment to a brand decreases the switching intentions, and Gundlach et al. (1995) proposed that the positive affect towards a brand is likely to prevent the search for alternatives.

A customer that is not likely to leave the brand, has low switching intentions, and does not look for alternatives can be considered a brand loyal customer. Accordingly, brand loyalty can be conceptualized as the customers' strong commitment to repurchase a product or service of a brand, in spite of any contextual influences or marketing efforts of the competing brands (e.g., Oliver, 1997). Thus, brand loyalty entails customers' willingness to maintain long-term affective relationships with a brand (e.g., Chaudhuri and Holbrook, 2001). A great body of literature actually recognizes brand loyalty as a dimension or component of brand equity (e.g., Aaker, 1996; Biedenbach et al., 2011; Kim and Kim, 2004; Pappu et al., 2005, 2006).

Apart from brand loyalty, scholars have also suggested that affect (Matthews et al., 2014), emotional connection (Christodoulides et al., 2006), identification/attachment (Lassar et al., 1995), and commitment (see Martin and Brown, 1990) between the customers and the brand are dimensions or components of brand equity. For example, Burmann et al. (2009) proposed a brand equity model that integrates internal and external brand strength perspectives, where brand commitment is a component of the internal brand strength (Burmann and Zeplin, 2005). Accordingly, Feldwick (1996, p.11) argued that brand equity can also be defined as "a measure of the strength of consumers' attachment to a brand." However, there is still scarce empirical research examining the impact of brand attachment on brand equity (Park et al., 2010). This scarce research has mainly been conducted in the field of internal branding, where Baumgarth and Schmidt (2010) showed a direct, positive impact of internal brand commitment on internal brand equity, as well as in the organization context, where Allen et al. (2011) found an interaction effect between affective organizational commitment and equity sensitivity. With the aim of gaining insight about this relationship in the area of corporate services brands, we hypothesize that:

H4: In case of a corporate services brand, brand affect has a positive effect on brand equity.

Academics have also widely acknowledged perceived quality as a dimension of brand equity (e.g., Aaker, 1996; Cobb-Walgren et al., 1995; Kim and Kim, 2004; Kimpakorn and Tocquer, 2010; Martin and Brown, 1990; Netemeyer et al., 2004; Pappu et al., 2005, 2006; Yoo et al., 2000). When customers perceive the overall quality of a product/service offered by a brand as superior, they are likely to assign more value to that brand (e.g., Jahanzeb et al., 2013). Accordingly, many researchers have found evidence for both indirect and direct impacts of perceived quality on brand equity.

On the one hand, Nella and Christou (2014) found that service quality has a positive effect on satisfaction, which in turn is a positive antecedent of consumer-based brand equity. Similarly, He and Li (2010) and Jahanzeb et al. (2013) showed that the impact of overall service quality on overall brand equity is partially mediated by perceived value.

On the other hand, most research examining the direct impact of perceived quality on brand equity has been conducted in the field of goods (Jahanzeb et al., 2013). For instance, in the beverage industry, Atilgan et al. (2005) found weak support for the direct impact of the brand equity's dimension of perceived quality on brand equity. Similarly, considering three different product categories (i.e., athletic shoes, camera film, and color television sets), Yoo et al. (2000) showed that the brand equity's dimension of perceived quality had a direct and positive effect on brand equity. Finally, regarding automotive products, Murtiasih et al. (2013) found that perceived quality influenced brand equity in a positive and significant manner.

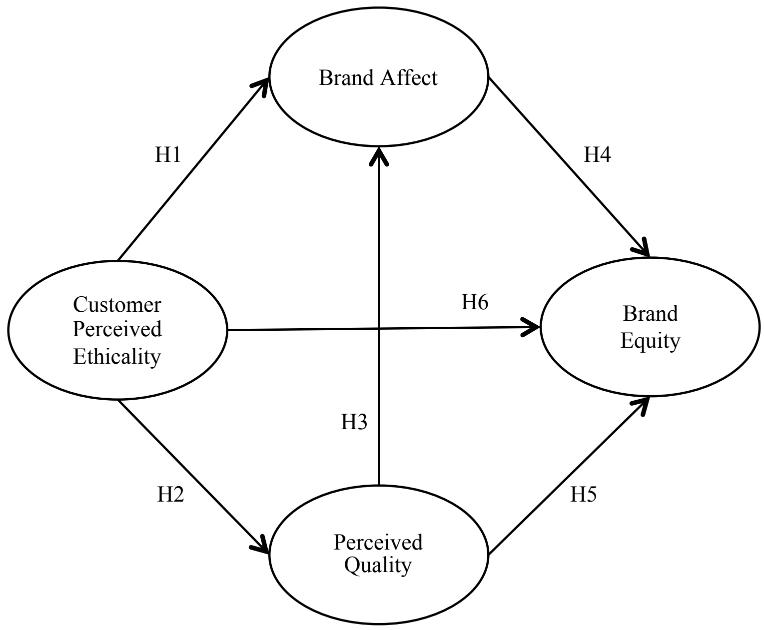
Covering the subsequent research gap in the field of services, Correia (2013), He and Li (2011), and Tsao and Tseng (2011) have recently provided evidence for a direct and positive effect of perceived quality on brand equity. In this line, we hypothesize that:

H5: In case of a corporate services brand, perceived quality has a positive effect on brand equity.

Apart from relating brand affect and perceived quality to brand equity, scholars have also argued that the company's ethical and socially responsible behavior is linked with its brand equity (e.g., Brickley et al., 2002; Hur et al., 2014). Accordingly, Lai et al. (2010) proposed that customer's perceptions of the company as engaging in socially responsible activities can enhance positive brand associations and brand awareness. Similarly, Keller (2003) suggested that CSR marketing is likely to increase brand awareness. In literature, both brand associations and brand awareness are widely recognized as dimensions or components of brand equity (e.g., Aaker, 1996; Lai et al., 2010; Pappu et al., 2005, 2006; Yoo et al., 2000). Recently, in a review of the previous body of literature on CSR, Malik (2015) concluded that the engagement in CSR activities improves brand equity. From an empirical standpoint, in the context of corporate brands, Hur et al. (2014) provided evidence for a positive impact of CSR on corporate brand equity. Likewise, in a services setting, Hsu (2012) empirically showed that CSR initiatives lead to higher levels of brand equity. Finally, in a small-medium enterprises context, Lai et al. (2010) found that buyer's perceptions of the supplier's engagement in CSR activities have a positive impact on supplier's industrial brand equity. In accordance with this discussion, we postulate that:

H6: CPE of a corporate services brand has a positive effect on brand equity.

Figure 1. Hypothesized model



4.4. Methodology

4.4.1. Questionnaire design and measures

The questionnaire was designed using and adapting existing scales from the marketing literature (see Table 1). All answers were rated using a seven-point Likert scale, which ranged from “completely disagree” to “completely agree.” The survey was subjected to a double-blind back translation process so as to translate the items into Spanish.

Table 1. Items used in the questionnaire

Construct	**Items**	**Reference(s)**
CPE	The brand is a socially responsible brand The brand seems to make an effort to create new jobs The brand seems to be environmentally responsible The brand appears to support good causes This brand is more beneficial for the welfare of the society than other brands This brand contributes to the society	Brunk (2012) Walsh and Beatty (2007)

Brand Affect	I enjoy being a customer of this brand I have positive feelings regarding this brand	Mende and Bolton (2011)
Perceived Quality	Overall, I have received high quality service from this brand Generally, the service provided by this brand is excellent	Hightower et al. (2002)
Brand Equity	Even if another brand has the same features as this brand, I would prefer to buy this brand If I have to choose among different brands offering the same type of service, I would definitely choose this brand Even if another brand has the same price as this brand, I would still buy this brand	Yasin et al. (2012) Yoo et al. (2000)

The questionnaire was pre-tested in two ways. First, experts from the areas of brand management and business ethics were requested to assess the questions and the manner in which they were asked to avoid possible misinterpretations for the respondents. Second, some respondents were asked to evaluate the comprehension level of the questionnaire.

4.4.2. Sampling and data collection

The data were collected for the services sector by means of an online customer panel, which took place in Spain. The sample was composed of 2179 customers, who were selected by using a series of filtering questions regarding their engagement in the purchase of different service categories. The age of the respondents ranged from 18 to 65, with a median of 35, and they were 50.1% females. Table 2 shows the distribution of the sample regarding the eight service categories that are present in our study: financial institutions, insurance companies, telephone and internet service providers, supermarket and hypermarket chains, utility companies, clothing retail chains, gas stations, and hotel chains. Each respondent was randomly assigned to one of these categories, and asked to select their top habitual corporate services brand from an extensive list of brands.

Table 2. Service categories

Service categories	n	%
Financial institutions	503	23.1
Insurance companies	402	18.4
Telephone and internet service providers	270	12.4
Supermarket and hypermarket chains	242	11.1
Utility companies	74	3.4
Clothing retail chains	415	19.0
Gas stations	203	9.3
Hotel chains	70	3.2
Total	2179	100.0

4.4.3. Measurement equivalence

The dataset used in this study was collected considering multiple service categories. Hence, measurement equivalence had to be addressed to assess whether the constructs via their related scale items were invariant across these categories (Malhotra and Sharma, 2008). Two prevalent approaches to test measurement equivalence that have emerged from the literature are: confirmatory factor analysis (CFA) (Steenkamp and Baumgartner, 1998) and generalizability theory (G- theory) (Cronbach et al., 1972).

Following Malhotra and Sharma (2008), we assessed the structure invariance of the constructs across the different service categories using G-Theory instead of CFA, because two of the categories did not have enough cases to support CFA. G-theory examines the generalizability of the scales developed to measure latent constructs across groups of interest (e.g., eight service categories). It is essentially an approach to the estimation of measurement precision in situations where measurements are subject to multiple sources of variation. In our design we considered five different sources of variation: items in each scale (low variation indicates item redundancy); service categories (high variation suggests that brands differ compared to the construct means); subjects within service categories (high values indicate that there is variation among subjects within groups); the interaction between service categories and items (low variation indicates that the pattern of responses is the same across groups and increases generalizability); and finally, the error and other confounding sources (low variation enhances generalizability).

We used SPSS to calculate and assess the five sources of variation and the generalizability coefficient (GC) across the eight service categories. The results of the individual sources of variation can be accepted, with the GC ranging from .84 to .97 - quite high values according to Rentz (1987) - providing support for the generalizability of the scales across the different service categories (see Table 3).

Table 3. Measurement equivalence using G-theory

Construct	Category %	Items %	Subjects within category %	Category x items %	Error plus other %	GC
Brand Affect	2.62	3.09	67.14	.90	26.25	.84
Brand Equity	2.12	0.00	76.63	.00	21.26	.88
Perceived Quality	3.03	1.67	77.30	.09	17.90	.97
CPE	3.62	0.54	71.48	.37	23.99	.96

4.5. Results

4.5.1. Construct validation

Confirmatory factor analysis was conducted in AMOS 23 to explore the factor structure using the maximum likelihood method. The initial assessments of absolute and incremental model fit are indicative of a good fitting measurement model ($\chi^2/df = 2.67$, RMSEA = .028, 90% CI for RMSEA= (.022; .033), NFI = .99, CFI = .99 and SRMR= .0106). All values are within their acceptable ranges (Bollen, 1989; Gerbing and Anderson, 1992). Convergent validity was evaluated using the average variance extracted (AVE). This common quality requirement was met by all four constructs, whose values were higher than the threshold value of .6. Individual item's reliability was checked using Cronbach's alpha (ranging from .885 to .948), whereas to test the reliability of the construct, composite reliability was used. The reliability of each construct was satisfactory with a composite reliability value of at least .80. All factor loadings were significant and varied from .84 to .91, satisfying the convergent validity criterion (see Table 4). These results provide evidence for the convergent validity of the constructs used in this study. Finally, discriminant validity was analyzed comparing the squared root AVE of each construct with the correlations that this construct has with the remaining constructs. Table 4 shows that the AVE of each construct is higher than its correlations, suggesting sufficient discriminant validity. Each of the four constructs has good psychometric properties.

Table 4. Measurement model

	Brand Affect	Brand Equity	Perceived Quality	CPE
Standardized factor loadings				
BA 1	.859			
BA 2	.895			
BE 1		.889		
BE 2		.906		
BE 3		.842		
PQ 1			.916	
PQ 2			.934	
CPE 1				.889
CPE 2				.880
CPE 3				.874
CPE 4				.842
CPE 5				.840
CPE 6				.887
Construct correlations and squared root of AVE in the diagonal				
Brand Affect	.877			
Brand Equity	.835	.879		
Perceived Quality	.745	.737	.925	
CPE	.501	.469	.515	.869
Reliability indexes				
CR	.870	.911	.922	.949
AVE	.769	.773	.856	.755
Cronbach's alpha	.885	.917	.922	.948

Since one limitation of the data is that every single respondent has provided multiple response sets, it is essential to test for unacceptable levels of common method variance (CMV). In response to this inherent single-source effect risk, this research was conducted using some best practices widely proposed in the literature regarding questionnaire design and estimation to ensure that the effect of self-report perceptions has not introduced excessive variance so as to alter our findings. Focusing on CMV issues, we considered both ex-ante remedies during the survey design (Podsakoff et al., 2003) and ex-post statistical analysis via multiple analytical tools to study and detect the potential CMV effect.

There are different types of statistical techniques proposed in extant literature to detect and correct CMV. One well-documented set of statistical remedies for CMV is classified as partial correlation techniques (Podsakoff et al., 2003). One particular partial correlation method is the Lindell and Whitney (2001) implementation, now referred to as the correlational marker technique (Richardson et al., 2009), which has received considerable attention from researchers (e.g., Becker et al., 2009; Frazier et al., 2009; Malhotra et al., 2006; Mathwick et al., 2008; Schaller et al., 2015; Williams et al., 2010).

Williams et al. (2010) conducted a flexible implementation of the marker variable technique. The procedure involves the execution of several structural equation models and then the comparison of these models by undertaking χ^2 difference tests. In addition to the traditional CFA-based measurement model with the marker variable, Williams' procedure involves executing: the baseline model (i.e., constructs correlated with one another but not with the marker variable, with substantive items not loading on the marker variable); the method-C model (i.e., constructs correlated with one another but not with the marker variable, and items of substantive variables loading on the marker variable with equal magnitudes); the method-U model (i.e., constructs correlated with one another but not with the marker variable, with construct items loading on the marker variable with unconstrained-unequal magnitudes); the method-R model (i.e., similar model to the method-C or method-U models, but the correlations across constructs are constrained to the values present in the baseline model); and finally, appropriate model comparisons.

Following Williams et al. (2010), we implemented the structural equation analysis with latent variables or CFA marker technique analysis. Specifically, three items related to the psychological risk construct included in the questionnaire were selected to generate the latent marker variable. The model-fit results of the analysis for each model are presented in Table 5, including the χ^2, degrees of freedom (*df*), and comparative fit index (CFI) values. We note that the CFI values were all above the .95 threshold value. The baseline model and method-C model were compared to test the null hypothesis that the method factor loadings (expected to be equal) associated with the marker variable were not related to each of the 13 substantive indicators. The χ^2 difference test showed a not significant value of 2.58 (*df*=1). The comparison of these two models revealed no conclusive results for rejecting the restriction to 0 of the 13 method factor loadings in the baseline model.

Table 5. Common method variance: chi-square, goodness-of-fit values, and model comparison

Model	$\chi2$	*df*	CFI
1. CFA-Marker	653.76	94	.991
2. Baseline Model	471.36	103	.988
3. Method-C	468.78	102	.988
4. Method-U	238.48	90	.995
5. Method-R	238.76	95	.995
Model comparison	$\Delta\chi2$	Δ*df*	Chi square critical values; .05
1. Baseline vs. Method-C	2.58	1	3.84
2. Method-C vs. Method-U	230.3*	12	21.03
3. Method-U vs. Method-R	.28	5	11.07

**p< .001*

The second model comparison was conducted between the method-U and method-C models to determine if the impact of the method marker variable was equal for all of the 13 items loading on the substantive items. The comparison of these two models tested the null hypothesis that the method factor loadings are equal. The χ^2 difference testing provided support for rejecting the restrictions in the method-C model. The comparison yielded a χ^2 difference of 230.3 (*df*= 12), which exceeds the .05 critical value of 21.03. The method-U model, therefore, represents the best model for accounting for marker variance on substantive indicators.

The completely standardized factor loadings for the method-U model are shown in Table 6. The values range from .84 to .93 and all substantive indicators load significantly ($p<.05$) on the constructs they aim to measure. In terms of the method factor loadings from method-U model (marker variable column), 9 of the 13 were statistically significant at the $p<.05$ level, indicating that those items were contaminated by a source of method variance detected by the marker variable. The highest magnitude of factor loadings between significant values was .124. The square of this value indicates that the maximum amount of marker variance in each indicator was 1.5%. Significant method factor loadings were associated with items related with the four substantive factors analyzed.

Table 6. Method-U: standardized regression weights

Items	Substantive constructs				Marker variable
	Brand Affect	Brand Equity	Perceived Quality	CPE	
BA 1	.86*				.096*
BA 2	.90*				-.034
BE 1		.90*			.074*
BE 2		.89*			.050*
BE 3		.86*			.030
PQ 1			.91*		-.124*
PQ 2			.93*		-.100*
CPE 1				.88*	.000
CPE 2				.87*	.063*
CPE 3				.87*	.013
CPE 4				.84*	.064*
CPE 5				.85*	.053*
CPE 6				.89*	.047*
Mk1					.886(a)
Mk2					.893(a)
Mk3					.805(a)

(a) Loading from the baseline model and held constant through the model comparison
*p<.05

The last executed model was the restricted model or method-R model. This model is exactly the same as the method-U model except for the substantive factor correlation parameters that we fixed using the values obtained in the baseline model. The comparison of the method-U and method-R models provides a statistical test to check whether the six correlations were significantly biased by the marker variable method effects. The χ^2 difference test resulted in a not significant difference of .28 (*df*=5). Previous tests indicated that the marker variable effect was significant in the method-U model, but the result of the comparison between method-U and method-R models determined that the effects of the marker variable did not significantly bias factor correlation estimates. As presented in Table 7, there were not significant differences between the estimated correlations of the substantive constructs among the baseline and the method-U models. Finally, all the followed procedures did not suggest any significant common method bias.

Table 7. Baseline and method-U construct correlation

Construct pairs	Baseline estimates	Method-U estimates
CPE – Brand Affect	.545	.543
CPE – Perceived Quality	.530	.539
CPE – Brand Equity	.503	.501
Brand Affect – Perceived Quality	.805	.812
Brand Affect – Brand Equity	.910	.908
Perceived Quality – Brand Equity	.758	.772

4.5.2. Structural model

According to our hypotheses, a structural equation model was developed to assess the statistical significance of the proposed relationships between brand equity, brand affect, perceived quality and CPE (see Figure 1). All the fit measures indicated that the structural model is acceptable (χ^2/df = 2.73, RMSEA = .028, 90% CI for RMSEA= (.023; .034), NFI = .99, CFI = .99 and SRMR= .0104). Along with the model's general fit for the data, its parameters were tested to decide whether to accept the proposed relationships between exogenous and endogenous constructs. The standardized regression weights (see Table 8) showed that five out of the six hypotheses proposed in our model were supported. CPE has a significant and positive effect on both brand affect and perceived quality. Brand affect and perceived quality both have a positive and significant impact on brand equity. Perceived quality has a significant and positive effect on brand affect. Despite the fact that results provide strong support for the positive and direct effects associated with hypotheses H1 to H5, the direct effect of CPE on brand equity (H6) is not significant.

Table 8. Standardized regression weights

Hypotheses	Standardized coefficients	t-value	p-value	Results
Direct effects				
H1: *CPE → Brand Affect*	.166	8.58	.00	*Supported*
H2: *CPE → Perceived Quality*	.532	25.36	.00	*Supported*
H3: *Perceived Quality → Brand Affect*	.717	33.78	.00	*Supported*
H4: *Brand Affect → Brand Equity*	.859	24.89	.00	*Supported*
H5: *Perceived Quality → Brand Equity*	.071	2.46	.01	*Supported*
H6: *CPE → Brand Equity*	.003	.15	.88	*Not supported*

Indirect effects analysis was performed via bootstrapping procedure using 5000 samples. Cheung and Lau (2008) established that structural equation modeling provides unbiased estimates of mediation and suppression effects, and that the bias-corrected bootstrap confidence intervals perform best in testing for mediation and suppression effects. Table 9 summarizes the results regarding the significance of the direct and indirect effects.

Table 9. Results of mediation effects

	Direct effect	**Indirect effect**	**Mediation**
CPE → Perceived Quality → Brand Equity	Significant	Significant	Partial mediation
CPE → Brand Affect → Brand Equity	Not significant	Significant	Full mediation

The standardized indirect effect of CPE on brand equity through perceived quality was .36. The 95% bias-corrected bootstrap confidence interval was between .51 and .64 with a $p<.001$ for two-tailed significance test. As the direct effect of CPE on brand equity controlling for the mediating variable of perceived quality was also significant, perceived quality is a partial mediator. Finally, the standardized indirect effect of CPE on brand equity through brand affect was .501 and significantly different from zero ($p<.001$; two-tailed). The bootstrap approximation obtained by constructing a two-sided bias-corrected 95% confidence interval was between .461 and .542. As the direct path from CPE to brand equity controlling for brand affect was not significant, brand affect is a full mediator of the impact of CPE on brand equity.

4.6. Discussion and conclusion

4.6.1. Theoretical contributions

The findings from this study provide relevant contributions to the fields of brand management and business ethics, because to the best of our knowledge, this is the first empirical research that has studied the effects of CPE in the context of corporate services brands, and thereby responds to the call from Singh et al. (2012) to conduct empirical work at the under-researched crossroads of business ethics and corporate services brands. Previous studies that link business ethics and corporate brand management are either purely conceptual (e.g., Brunk, 2010b; Fan, 2005; Gustafsson, 2005) or have been empirically conducted in relation to the field of products/goods (e.g., Brown and Dacin, 1997; Brunk, 2010a; Hutchinson et al., 2013; Rindell et al., 2011; Singh et al., 2012). Hence, this article implies a novel and relevant contribution, because ethical corporate brands are especially relevant in the field of services, as they act as a guarantee that reduces the associated risk that customers perceive when purchasing services, due to their intangible nature (Berry, 1983; Dall'Olmo Riley and de Chernatorny, 2000). Moreover, if services companies want to deliver an outstanding customer experience, they need strong corporate brands capable of defining a valuable proposition and aligning the different stakeholders involved in the experience delivery (Iglesias et al., 2013).

Second, the results of our hypothesized structural model show that the direct effect of CPE on brand equity is not significant. This finding differs from prior research in the goods context, where a direct impact of the customer perceived ethical or socially responsible behaviors of a firm or a corporate brand on brand equity has been empirically shown (e.g., Hur et al., 2014; Lai et al., 2010). Thus, our result theoretically implies that, in the services sector, perceived quality and brand affect are crucial for translating CPE into brand equity.

Additionally, the findings of the present research show that when customers have positive perceptions of service quality they develop brand affect, which in turn enhances brand equity. This highlights the central role of perceived quality in the context of corporate services brands in comparison to corporate product brands, where perceived quality plays a less relevant role. This is due to the fact that services are intangible and heterogeneous in nature (Zeithaml et al., 1985), and therefore it is more difficult for corporate services brands to recurrently deliver a uniform level of quality (Berry, 1980; Booms and Bitner, 1981), as well as it is more difficult for customers to establish a clear quality evaluation criterion (Athanassopoulos et al., 2001). Moreover, because of the greater number of interactions and touch-points that customers have with corporate services brands than it is the case in goods contexts (Grönroos, 2006), assuring a positive and consistent perceived quality across these interactions and touch-points becomes crucial for building a superior customer experience with the brand

(Iglesias et al., 2011). Hence, perceived quality should be a central concern for those corporate services brands willing to transfer the CPE into brand equity. However, to our knowledge, no previous research has empirically examined this central position of perceived quality in the relationship between CPE of a corporate services brand and brand equity.

Our findings support the need to invest in high quality service experiences (Lassar et al., 1995) and in developing the affective commitment of customers (Singh et al., 2012) if corporate services brands want to leverage on their investments in ethicality. Moreover, when customers are affectively committed to a brand, they are likely to attribute potential service failures to external factors or even to themselves, thereby becoming less sensitive to the poor service performance (Story and Hess, 2010). Despite its subsequent importance in the area of services, to our knowledge, as it is the case with perceived quality, no previous research has studied brand affect as a mediator of the effect of CPE on brand equity. Thus, our study presents novel contributions showing that both perceived quality and brand affect are relevant mediators of the impact of CPE on brand equity, in the services sector. This further emphasizes the differences of corporate services brands and how they need to be managed compared to corporate product brands.

4.6.2. Managerial implications

The findings from this research have important implications for the managers of services companies. First, the indirect impact of CPE on brand equity implies that there is a return on investment for those companies perceived by the customers to operate in an ethical manner, and that engage in ethical practices or CSR initiatives that match their customers' moral identities and ethical concerns. Moreover, the current hyper-connected environment, where the different stakeholders easily detect an unreal or profit-seeking ethical behavior, and rapidly propagate this information through their multiple online and offline networks, pushes even more brands to embrace authentic ethical behaviors and practices.

Second, in the field of services, customers' perceptions of a corporate brand's ethicality are fundamentally built during the customer-brand touch-points, due to the inseparability of the production and consumption of a service. Hence, apart from conducting ethical and CSR campaigns, it becomes crucial for managers of corporate services brands to embed these ethical and CSR initiatives in every single customer-brand touch-point. Thus, managers should transfer these ethical and CSR concerns to the daily behavior of their employees, and ensure that they understand and embody this ethically oriented brand vision, because the employees are those who will interact with the customers during the service encounters, and thereby shape the customers' brand experiences. Therefore, managers should put special focus on the training and alignment of the employees of the brand.

Finally, managers ought to work on developing and improving customers' emotions and affect towards the brand, as well as customers' perceptions of the quality of the services provided by the brand. This is a crucial condition that enables to turn customers' perceptions of the brand's ethicality into a higher level of brand equity.

4.6.3. Limitations and future research

This research has some limitations as well. First, the external validity of the findings is an issue, because the sample is only representative of the Spanish target population. Therefore, future research could replicate this study in different countries, so as to enhance the generalizability of the findings and examine whether customers' perceptions of a corporate brand's ethicality are more important in developed or emerging economies. Second, mono-method bias is an issue, because data were collected only through surveys, and the variables were measured using already existent scales in literature. Hence, future research could develop new measures and apply multiple methods. Third, although this study includes eight service categories, which provides a comprehensive view of the services sector, future research could extend this list of categories in order to obtain even more generalizable findings in the field of services. Fourth, this research only focuses on the attitudinal consequences of CPE. Future research could compare these results to more objective data from the sales/market share metrics.

Apart from dealing with the limitations of the current study, future research could also compare the effect of CPE in the fields of goods and services. In addition, it would also be interesting to examine other widely accepted brand equity dimensions (e.g., brand loyalty, brand awareness, and brand associations) as mediators of the relationship between CPE and brand equity. Moreover, brand attitude could be also an interesting mediator, because it is a behavioral construct, and therefore it would add on the affective one (i.e., brand affect) already used in this research. Namely, future research could investigate which brand attitudes does CPE generate, and how this behaviors impact brand equity.

5

How does the perceived ethicality of corporate services brands influence loyalty and positive word-of-mouth? Analyzing the roles of empathy, affective commitment, and perceived quality.

The article that constitutes this chapter also aims to address the second overarching research objective of this PhD thesis, by empirically examining the effect of customer perceived ethicality of a corporate services brand on the relevant customer outcome variables of customer loyalty and customer positive word-of-mouth.

The article that composes this chapter has been accepted for publication in the *Journal of Business Ethics* on 4th December 2015.

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5.1. Abstract

In the past few decades, a growth in ethical consumerism has led brands to increasingly develop conscientiousness and depict ethical image at a corporate level. However, most of the research studying business ethics in the field of corporate brand management is either conceptual or has been empirically conducted in relation to goods/products contexts. This is surprising because corporate brands are more relevant in services contexts, because of the distinct nature of services (i.e., intangible, heterogeneous, and inseparable) and the key role that employees have in the services sector (i.e., they can build or break the brand when interacting with customers). Accordingly, this article aims at empirically examining the effects of customer perceived ethicality in the context of corporate services brands. Based on data collected for eight service categories using a panel of 2179 customers, the hypothesized structural model is tested using path analysis. The results show that, in addition to a direct effect, customer perceived ethicality has a positive and indirect effect on customer loyalty, through the mediators of customer affective commitment and customer perceived quality. Further, employee empathy positively influences the impact of customer perceived ethicality on customer affective commitment, and customer loyalty positively impacts customer positive word-of-mouth. The first implication of these results is that corporate brand strategy needs to be aligned with human resources policies and practices if brands want to turn ethical strategies into employee behavior. Second, corporate brands should build more authentic communications grounded in their ethical beliefs and supported by evidence from actual employees.

Keywords: Common method variance; corporate services brands; customer perceived ethicality; employee empathy; generalizability theory; word-of-mouth.

Abbreviations:
AVE: Average variance extracted
CAC: Customer affective commitment
CFA: Confirmatory factor analysis
CL: Customer loyalty
CMV: Common method variance
CPE: Customer perceived ethicality

CPQ: Customer perceived quality
CPWOM: Customer positive word-of-mouth
CR: Composite reliability
CSR: Corporate social responsibility
EE: Employee empathy
GC: Generalizability coefficient
G-theory: Generalizability theory
PLS: Partial least squares

5.2. Introduction

Companies that want to foster enduring, long-term relationships with their customers need to build strong corporate brands (Dall'Olmo Riley and de Chernatony, 2000). This is especially relevant in the services sector, because services businesses generally entail a greater number of interactions with customers than goods businesses, due to the inseparability of their production and consumption processes (Grönroos, 2006). Hence, the corporate services brands that want to deliver an outstanding customer experience need to carefully manage these interactions by addressing customer needs and expectations (Iglesias et al., 2013). Moreover, in an ever more interconnected and transparent world, customers are increasingly expecting brands to have ethical values (Carrigan and Attalla, 2001; Shaw and Shiu, 2002). Accordingly, strong corporate services brands must integrate ethics at the center of their business strategies (Morsing, 2006; Rindell et al., 2011), and portray their ethical commitment during interactions with customers (Balmer, 2001; Ind, 1997; Rindell et al., 2011). In this regard, service employees are the ones primarily responsible for these interactions (Roper and Davies, 2007), during which they can transmit an ethical brand image to customers if they are empathic enough. However, in spite of the relevance of corporate brands in the services sector and their need for a strong ethical reputation, there is still a lack of research at the intersection of these areas (Singh et al., 2012).

Brands have evolved from their original focus on product differentiation (e.g., Aaker, 1996) to being conceived as relationship partners (Fournier, 1998) that are especially important at the corporate level and in the area of services (Dall'Olmo Riley and de Chernatony, 2000). In fact, according to the organic view of the brand (Iglesias et al., 2013), brands are built together with multiple stakeholders, and brand managers are just one of the contributors involved in this social process (Vallaster and von Wallpach, 2013). According to a wide body of literature, these multiple stakeholders include customers, employees, investors, suppliers and citizens (e.g., Davies et al., 2010; Morsing and Kristensen, 2001; Schultz et al., 2005). However, among all these stakeholders, employees are the key ones, as they are capable of making or breaking the brand (Roper and Davies, 2007) during their interactions with customers. The reason is that an emotional contagion between employees and customers is likely to occur during these interactions (Hatfield et al., 1994). The concept of emotional contagion was coined in social psychology (Gump and Kulik, 1997), and implies that even by means of a minimal contact, attitudes and emotions can be transferred from one person to another, leaving a long-lasting trace in memory (Gump and Kulik, 1997; Hatfield et al., 1994; Rozin and Royzman, 2001). Accordingly, various scholars have shown that employees can actually pass along their positive emotions to customers (e.g., Howard and Gengler, 2001; Pugh, 2001; Verbeke, 1997). Thus, employees need to adopt an empathic attitude and try to emanate positive emotions during their interactions with customers (Wieseke et al., 2012). This is especially relevant in services contexts, as the number of interactions that take place between employees and customers in such contexts is usually high (Grönroos, 2006).

In parallel, in an ever more transparent and networked world (Lindfelt and Törnroos, 2006), in which ethical consumerism is rapidly spreading, customers are increasingly expecting brands to have ethical values (Carrigan and Attalla, 2001; Shaw and Shiu, 2002). Accordingly, it has become critical for strong brands to portray their ethical and societal commitment when interacting with the customers (Balmer, 2001; Ind, 1997; Rindell et al., 2011). This has resulted in a growing body of literature on business ethics and corporate social responsibility (CSR hereafter) in recent decades. As business ethics and CSR are related in nature and objectives (see Brunk, 2010a), scholars have often used the two terms interchangeably (Fan, 2005) and studied the influences of CSR or ethical initiatives/practices on: customer trust (Swaen and Chumpitaz, 2008), purchase intentions or behaviors (Carrigan and Attalla, 2001; Luchs et al., 2010; Sen and Bhattacharya, 2001), financial performance and market value (Luo and Bhattacharya, 2006), corporate evaluation (Brown and Dacin, 1997; Sen and Bhattacharya, 2001), and product evaluation (Brown and Dacin, 1997).

Most of these previous studies on ethics and CSR have been conducted in the area of marketing, which concurs with Fan's (2005) claim that ethics are increasingly studied in the areas of marketing and business. However, there is still a lack of research on ethics in the area of branding (Fan, 2005), although several authors have argued that ethics ought to be at the core of corporate brands (Morsing, 2006; Rindell et al., 2011). This scant body of research includes just a few articles at the intersection of business ethics and corporate brands. For example, Rindell et al. (2011) conducted a study on "conscientious corporate brands" defining them as those brands that have ethical values integrated in the business strategy, vision, culture, and value chain. Hutchinson et al. (2013) empirically validated the model of "conscientious corporate brands" introduced by Rindell et al. (2011), which contains the dimensions of: internal codes of ethics, external codes of ethics, environmental impact, and climate change.

These studies at the intersection of business ethics and corporate brands are either conceptual (e.g., Brunk, 2010b; Fan, 2005; Gustafsson, 2005) or have been empirically developed in relation to the area of products/goods (e.g., Brunk, 2010a; Hutchinson et al., 2013; Rindell et al., 2011). However, there is very little research at the intersection of business ethics and corporate brands in the area of services (Singh et al., 2012). This is unexpected because, due to the distinct nature of services, corporate brands are more important in services contexts than in the field of products/goods (Dall'Olmo Riley and de Chernatony, 2000; Iglesias et al., 2013; Sierra et al., 2016). Unlike with products/goods, the nature of services is intangible, heterogeneous, and inseparable (e.g., Berry, 1983; Zeithaml et al., 1985). First, the intangibility and heterogeneity of services makes it difficult to standardize service quality (Berry, 1980; Booms and Bitner, 1981), whereas brands operating in the field of products/goods can supply standardized offerings. Second, the inseparability of the production and consumption processes of services makes the employee-customer interactions more numerous in the services sector than in the field of products/goods (Grönroos, 2006), which emphasizes the extra effort that managers and employees of corporate services brands need to put forth in order to deliver an outstanding customer experience and generate customer loyalty to the brand (Iglesias et al., 2013; Singh et al., 2012).

Considering this more challenging nature of services, this paper aims at contributing to the under-researched intersection of business ethics and corporate services brands by examining the indirect effect of customer perceived ethicality of a corporate services brand on customer loyalty, considering the mediating variables of customer affective commitment and customer perceived quality. Moreover, in light of the above-justified importance of employees in corporate services brands, this research also examines employee empathy as a moderator of the impact of customer perceived ethicality on both customer affective commitment and customer perceived quality. In the following sections, first the theoretical framework and the hypotheses are developed. Thereafter, the research methodology, data analysis and results are presented. Finally, the theoretical contributions, managerial implications, limitations, and future research lines are discussed.

5.3. Theoretical framework and hypotheses development

5.3.1. Customer perceived ethicality and customer affective commitment

Ethical branding represents the intersection of the fields of business ethics and brand management. An ethical brand is characterized as one that acts with integrity, responsibility, honesty, respect and accountability toward a wide variety of stakeholders (Fan, 2005). In fact, scholars have repeatedly proposed that it is in the best interest of any brand to be perceived as ethical (Story and Hess, 2010), as in the current environment customers increasingly value that brands address their ethical concerns (Maxfield, 2008). Correspondingly, recent research has presented the term of "consumer perceived ethicality" (Brunk, 2010a), conceptualizing it as the "consumers' aggregate perception of a subject's (i.e., a company, brand, product, or service) morality" (Brunk and Bluemelhuber, 2011, p. 134). This aggregate perception can be influenced by the environment, the employees, other consumers, the local community and economy, the business community, and the overseas community (Brunk, 2010a,b).

Regarding the conceptual framework of "consumer perceived ethicality" (Brunk, 2010a,b; Brunk and Bluemelhuber, 2011), some researchers have acknowledged that the consumer's attitude toward the brand's/company's ethical behavior has an affective dimension (e.g., Shea, 2010; Singh et al., 2012). Namely, when consumers associate the organizational ethical behaviors with a set of their personal values, they are likely not only to feel identified with the organization, but also to develop commitment toward it (Currás, 2009; Lichenstein et al., 2004). Accordingly, multiple scholars have shown that CSR perceptions are positively related to organizational commitment (e.g., Brammer et al., 2007; Lacey and Kennet-Hensel, 2010; Turker, 2009). Similarly, Peterson (2004) provided evidence for corporate citizenship's positive impact on organizational commitment. Developing commitment is important for organizations, because committed customers become less sensitive to price differences in relation to competitors, being willing to pay more for the relational aspect of the brand/organization (Bloemer and Odekeren-Schroder, 2003; Hess and Story, 2005). Moreover, committed customers are likely to assign service failures to external factors or even to themselves, thereby becoming less sensitive to poor brand/organizational performance (e.g., Story and Hess, 2010).

Meyer and Allen (1991) proposed three types of organizational commitment (i.e., affective, continuance, and normative), among which affective commitment is the most strongly related to CSR, in light of the social identity theory (Turker, 2009). Affective commitment is an emotional response that derives from customer identification with and attachment to a brand (Fullerton, 2005). Customers are more likely to develop affective commitment toward a brand when they perceive that such a brand acts in an ethical fashion toward a wide set of stakeholders (Singh et al., 2012). Accordingly, in the context of goods/product brands, Singh et al. (2012) found that customer perceived ethicality of a brand has a positive effect on customer affective commitment toward that brand. Similarly, in the area of banking, Poolthong and Mandhachitara (2009) provided evidence for a positive impact of CSR on brand affect, and Chomvilailuk and Butcher (2014) showed a positive influence of perceived CSR performance on customer affective commitment. In line with these previous findings, we postulate that:

H1: Customer perceived ethicality of a corporate services brand will have a positive impact on customer affective commitment toward the brand.

5.3.2. Customer perceived ethicality and customer perceived quality

Apart from studying the role of the relational construct of customer affective commitment toward brands/companies, scholars have also extensively examined customer perceptions of service quality (Parasuraman et al., 1985, 1988; Zeithaml et al., 1996). In the current socioeconomic environment, service quality is a key driver of business performance (Lin et al., 2009), as it can help brands/companies to achieve competitive advantage (Iacobucci et al., 1994). Apart from being linked with competitive advantage, service quality has also been associated with other concepts related to business performance, such as costs (Crosby, 1979), customer satisfaction (Spreng et al., 1996), financial performance (Buzzell and Gale, 1987), and customer retention (Reichheld and Sasser, 1990).

This relevance of service quality in determining business performance has resulted in the development of a school of thought on service quality (e.g., Grönroos, 1990; Parasuraman et al., 1985, 1988; Reeves and Bednar, 1994). Accordingly, service quality has been widely conceptualized as the customer's overall evaluations of the superiority or excellence of the service provided by a brand/company compared to competing offerings (e.g., Bateson and Hoffman, 2002; Parasuraman et al., 1985, 1988; Zeithaml, 1988). Parasuraman et al. (1985, 1988) defined these customer evaluations as the gap between their previous expectations and their posterior perceptions regarding the service performance level. These customer evaluations are likely to be influenced by customer perceptions of the brand/company as behaving in socially responsible and ethical manner (Brown and Dacin, 1997).

Understanding social responsibility as a part of the company's ethical behavior, Sureschchandar et al. (2001, 2002) suggested that social responsibility is a component of service quality. Moreover, Sureschchandar et al. (2001, 2002) argued that the perception of the company's ethical behavior transmits trust to customers, and thereby influences customer evaluations regarding the service quality received from the company. Similarly, Kim et al. (2010) found that ethical consumption values positively impact customers' overall evaluation of the company, and García de los Salmones et al. (2005) empirically showed that the perception of the company's socially responsible behaviors has a positive effect on customers' overall valuation of the service received from the company.

Apart from relating the company's ethical and socially responsible behaviors to customer evaluations of the service/company, researchers from different fields have related these types of behaviors to customer perceptions of service quality. Accordingly, in the banking services industry, several scholars have provided empirical evidence for a positive impact of CSR initiatives on perceived service quality (e.g., Khan et al., 2015; Mandhachitara and Poolthong, 2011; Poolthong and Mandhachitara, 2009). Likewise, in the cosmetics and sportswear industries, Swaen and Chumpitaz (2008) found that customer perceptions of the company as engaging in CSR activities positively influenced their perceptions of the quality of the products or services that the company offers. In this line, in the tourism industry, Holjevac (2008) proposed that the lack of social responsibility and ethics is a key driver of a poor service quality. In accordance with this discussion, we hypothesize that:

H2: Customer perceived ethicality of a corporate services brand will have a positive impact on customer perceived quality of the service offered by the brand.

5.3.3. The moderating role of employee empathy

In the relationship literature, empathy is a key variable, because it is indispensable for mutual understanding between individuals (Davis, 1996; Kenny and Albright, 1987). More specifically, in services literature, empathy is an important determinant of successful employee-customer interactions (e.g., Aggarwal et al., 2005; Giacobbe et al., 2006). That is the reason why several scholars have suggested that empathy is a fundamental skill for salespeople/employees (e.g., Ahearne et al., 2007; Beatty et al., 1996; Pilling and Eroglu, 1994).

Empathy can be defined as the ability to identify, understand and react to another person's thoughts, feelings, intentions, experiences, and/or perspectives (e.g., Barrett-Lennard, 1981; Goldstein and Michaels, 1985; McBane, 1995; Pilling and Eroglu, 1994). This definition suggests that empathy comprises both a cognitive and an emotional dimension (Duan and Hill, 1996). On one hand, from a cognitive perspective

(Homburg et al., 2009; McBane, 1995) empathy is defined as the capacity to understand other people's thoughts, intentions, and perspectives (Barrett-Lennard, 1981; Goldstein and Michaels, 1985; McBane, 1995). Multiple scholars have argued that those employees with high levels of cognitive empathy are more likely to understand customer needs (e.g., Dawson et al., 1992; Homburg et al., 2009; von Bergen and Shealy, 1982). On the other hand, from an emotional perspective, empathy is conceptualized as the ability to engage in helping behaviors, which are characterized by interpersonal concern and emotional contagion (Coke et al., 1978; McBane, 1995). Accordingly, several researchers have linked empathy with ethical and pro-social behaviors, arguing that empathy evokes the motivation to help others (Agnihotri and Krush, 2015; Bagozzi and Moore, 1994; Batson and Shaw, 1991). In a parallel way, scholars have suggested that customers value being treated in a helpful manner by the brand's/company's employees (Westbrook, 1981).

Burmann and Zeplin (2005) argued that employee empathy toward customers is considered to be a helping behavior, which is a dimension of brand citizenship behavior. Brand citizenship behavior has been strongly identified with CSR and other types of corporate ethical behaviors (e.g., Valor, 2005). Moreover, empathy has often been associated not only with interpersonal concern, but also with mutual support and welfare (e.g., Ahearne et al., 2007). In fact, Tax et al. (1998) proposed that empathy is the most salient component of customer-employee interactional justice, together with courtesy. Similarly, Berry et al. (1994) argued that the higher the level of empathy present during the process of service delivery, the more customers perceive the service as just and fair. Apart from being recurrently linked with CSR, just, fair, and other types of ethical behaviors, employee empathy has also been related to both the customer affective commitment toward the brand/company and the customer perceived quality of the service offered by the brand/company.

On one hand, researchers have found that the customer orientation of service employees is likely to increase customer emotional/affective commitment toward the services brand/company (e.g., Hennig-Thurau, 2004). When interacting with service employees, customers can have different types of emotions, such as anger, worry, pleasure or joy (Machleit and Eroglu, 2000; Menon and Dubé, 2000). Customers are more likely to develop positive emotions toward the brand/company when they perceive that the employees behave in an empathic manner (Lee et al., 2011). In fact, the development of empathy in all employee-customer relationships is important, because customers who have positive emotions tend to create emotional/affective bonds and relationships with the brand's/company's employees (Reynolds and Beatty, 1999). Accordingly, Lee et al. (2011) found a direct impact of employee empathy on customer positive emotions, and an indirect influence of these positive emotions on relationship intention, mediated by relationship satisfaction. Similarly, Hennig-Thurau (2004) suggested that the development of familiarity and affinity with the customers is likely to increase customer emotional commitment toward the service provider. Finally, Daniels et al. (2014) provided empirical evidence for a direct influence of perceived empathy on positive affect.

On the other hand, various scholars have shown that the customer orientation of the service employees is likely to increase customer satisfaction (e.g., Hennig-Thurau, 2004; Stock and Hoyer, 2005) that is largely influenced by customer perceptions of service quality (e.g., Bernardo et al., 2013; Bloemer et al., 1998; Ha and John, 2010; He and Li, 2011). This customer orientation of service employees inevitably entails the development of employee empathy toward customers, which is crucial for understanding customer needs (e.g., Giacobbe et al., 2006; Stock and Hoyer, 2005). Accordingly, researchers suggested that as empathic employees better understand the needs of customers, they are more able to personalize service to each customer (Giacobbe et al., 2006; Jones and Shandiz, 2015). Thus, employee ability to understand and address the needs of each customer is vital for the delivery of service quality (Parker and Axtell, 2001; Puccinelli et al., 2013). When customers perceive employees as behaving in an empathic fashion (i.e., understanding and addressing their needs), they are more likely to evaluate employee performance positively (Wieseke et al., 2012), which significantly influences service quality (Hartline and Jones, 1996). Accordingly, several authors have proposed that empathy plays an important role in defining the customer service experience, and therefore helps customers to evaluate service quality (e.g., Rust and Oliver, 1994; Parasuraman et al., 1985, 1988). Finally, empathy has also been widely acknowledged as a component or dimension of service quality (e.g., Jones and Shandiz, 2015; Kassim and Bojei, 2002; Orwig et al., 1997; Yieh et al., 2007).

Although various authors have chosen to use the construct of employee empathy as a moderator in their studies (e.g., Homburg and Stock, 2005; Stock and Hoyer, 2005), there is a lack of previous research examining employee empathy as a moderator of the impact of customer perceived ethicality on either customer affective commitment or customer perceived quality. Thus, aiming to bridge the subsequent research gap, and in line with the above-discussed previous research that studied empathy in relation to ethical behaviors (e.g., Agnihotri and Krush, 2015), affective commitment (e.g., Daniels et al., 2014), and service quality (e.g., Parasuraman et al., 1985, 1988), we intend to empirically examine the following two moderating effects:

H3: In a corporate services brand context, the higher employee empathy the stronger the impact of customer perceived ethicality of the brand on customer affective commitment toward the brand will be.

H4: In a corporate services brand context, the higher employee empathy the stronger the impact of customer perceived ethicality of the brand on customer perceived quality of the service offered by the brand will be.

5.3.4. Customer affective commitment and customer loyalty

In the discipline of branding, loyalty has traditionally been conceptualized as the customer's strong commitment to repurchase a product or service of a brand, in spite of any contextual influences or marketing efforts of the competing brands (e.g., Oliver, 1997). Accordingly, Gundlach et al. (1995) proposed that the customer's positive affect toward a particular brand is likely to prevent the search for alternatives, subsequently favoring brand loyalty. This initial understanding of loyalty as a continuous act of repurchase of a brand's offerings constitutes its behavioral dimension (McConnell, 1968). More recently, however, authors have started to recognize the attitudinal dimension of loyalty as well (e.g., Kumar and Advani, 2005). Accordingly, it is currently acknowledged that loyalty entails the customer's willingness to maintain long-term affective relationships with the brand (e.g., Chaudhuri and Holbrook, 2001). Morgan and Hunt (1994) found a direct negative influence of such relationship commitment on propensity to leave. Similarly, Hennig-Thurau (2004) showed that the emotional commitment that customers develop toward a service provider and its employees has a positive impact on customer retention.

Multiple scholars from different fields have conducted empirical research relating affective commitment to loyalty. In the business-to-business field, Davis-Sramek et al. (2009) showed a positive and direct impact of affective commitment on loyalty behavior, and Čater and Čater (2010) found a positive and direct influence of affective commitment on both attitudinal and behavioral loyalty. Similarly, in the area of goods/product brands, Iglesias et al. (2011) provided empirical evidence for a direct and positive effect of affective commitment on brand loyalty, and Kim et al. (2008) found that brand commitment is a positive antecedent of brand loyalty. In the same area, Aurier and Séré de Lanauze (2012) showed that affective commitment positively influences attitudinal loyalty, and Chaudhuri and Holbrook (2001) found that brand affect has a positive effect not only on attitudinal, but also on behavioral loyalty.

However, the relationship between affective commitment and loyalty has been mainly researched in the area of services. For example, in a study on organizational citizenship behavior in a services context, Yang (2012) provided empirical evidence for a positive and direct impact of affective commitment on loyalty. In the same vein, in a higher-education services setting, Bowden (2011) found that affective commitment has a strong and direct effect on customer loyalty. Likewise, in a study on service relationships, Evanschitzky et al. (2006) showed a positive influence of affective commitment on both attitudinal and behavioral loyalty. Finally, in an online services context, Ranganathan et al. (2013) provided empirical evidence for a direct impact of customer affective commitment on customer affective loyalty, and Rafiq et al. (2013) found a positive and strong effect of customer e-affective commitment on customer e-loyalty. In line with this discussion, we postulate that:

H5: Customer affective commitment toward a corporate services brand will have a positive impact on customer loyalty to the brand.

5.3.5. Customer perceived quality and customer loyalty

Academics have not only related affective commitment to loyalty, but they have also examined perceived service quality as an antecedent of loyalty (e.g., Chen and Hu, 2013; Dick and Basu, 1994). The relationship between perceived service quality and loyalty has often been studied through their related concepts. On one hand, understanding perceived service quality as the customer's overall evaluations of service superiority or excellence (e.g., Bateson and Hoffman, 2002; Parasuraman et al., 1985, 1988; Zeithaml, 1988), in the mobile telephone services industry, García de los Salmones et al. (2005) provided empirical evidence for a direct and positive impact of the overall valuation of service on customer loyalty toward the company. Similarly, in a setting of fair trade brands, Kim et al. (2010) showed a direct effect of customer overall evaluations on brand loyalty. On the other hand, considering loyalty as a dimension of behavioral intentions, in a multi-company empirical study, Zeithaml et al. (1996) found that service quality is positively related to favorable behavioral intentions. Likewise, various researchers provided empirical evidence for an influence of service quality on behavioral intentions (e.g., Baker and Crompton, 2000; Cronin et al., 2000; Lee et al., 2004, 2007).

Nevertheless, there is also a great deal of literature directly studying the relationship between service quality and loyalty, especially in the area of services. Accordingly, in the airline services industry, Chen and Hu (2013) showed that service quality is a positive and direct antecedent of customer loyalty. Similarly, in the travel industry, Lee et al. (2004) provided empirical evidence for a direct impact of service quality on behavioral loyalty, and Bernardo et al. (2013) found a positive and indirect influence of e-service quality on customer loyalty, mediated by customer satisfaction. Likewise, in the banking services area, multiple scholars showed a positive and direct effect of service quality on loyalty (e.g., Bloemer et al., 1998; Correia, 2014; Mandhachitara and Poolthong, 2011), and Bloemer et al. (1998) also found an indirect impact of service quality on loyalty, through the mediator of satisfaction. Similarly, in the context of retail banking and discount store retail services, Ha and John (2010) provided empirical evidence for a direct effect of perceived quality on brand loyalty, as well as for an indirect one, considering the mediating variable of satisfaction.

In the mobile telecommunication services industry, Aydin and Özer (2005) found a direct influence of perceived service quality on customer loyalty. In the context of international consultancy, Li and Zheng (2013) provided empirical evidence for a positive and direct effect of service quality on both attitudinal and behavioral loyalty. Finally, in the higher education sector, Casidy (2014) showed a positive and direct impact of service quality on loyalty. In line with these numerous and consistent findings from the area of services, we hypothesize that:

H6: Customer perceived quality of the service offered by a corporate services brand will have a positive impact on customer loyalty to the brand.

5.3.6. Customer perceived quality and customer affective commitment

Perceived service quality, however, has not only been related to attitudinal and/or behavioral customer outcome variables (e.g., loyalty). Instead, scholars have proposed that it also has an impact on relational customer outcomes, such as affective commitment. Correspondingly, in relationship marketing literature, Gruen et al. (2000) suggested that affective commitment is positively influenced by core service performance, which has to do with the quality of the service delivered by the company. As a relational variable, affective commitment has also been extensively studied in the area of services. Accordingly, in the banking services sector, various researchers showed a positive impact of perceived service quality on affective commitment or brand affect (e.g., Chomvilailuk and Butcher, 2010, 2014; Poolthong and Mandhachitara, 2009), although Marinkovic and Obradovic (2015) did not find empirical evidence to support such an impact. Likewise, in a study conducted along three services settings (i.e., telecommunications services, financial services, and retail-grocery services), Fullerton (2005) found that service quality is positively related to customer affective commitment.

Affective commitment has also been studied in the business-to-business field, as it involves a great deal of interactions and relationships between buying and selling firms (Webster and Keller, 2004). In this field, Davis-Sramek et al. (2009) empirically showed a direct effect of relational service quality on affective commitment, as well as an indirect effect of both technical service quality and relational service quality on affective commitment, mediated by satisfaction. Similarly, in a study on global and local brands, Xie et al. (2015) provided empirical evidence for a positive influence of brand quality on brand affect. Likewise, in an online environment, Hsiao et al. (2015) found that e-service quality has a positive effect on customer brand commitment, and Ranganathan et al. (2013) showed that e-service quality positively impacts customer affective commitment. Finally, in the advertising sector, Venetis and Ghauri (2004) provided strong empirical evidence for a direct and positive influence of perceived service quality on client affective commitment. In accordance with this discussion, we postulate that:

H7: Customer perceived quality of the service offered by a corporate services brand will have a positive impact on customer affective commitment toward the brand.

5.3.7. Customer perceived ethicality and customer loyalty

In literature, CSR and other types of ethical initiatives/practices have often been related to customer attitudinal and/or behavioral outcome variables, such as loyalty (e.g., Maignan and Ferrell, 2001; Sureschchandar et al., 2001, 2002). Accordingly, Ross et al. (1992) suggested that customers are more willing to buy products/services from brands/companies that actively contribute to social causes. These brands/companies that contribute to social causes and care about the welfare of communities can be catalogued as proactive corporate citizens (Maignan et al., 1999). In an empirical study based on perceptions of marketing executives, Maignan et al. (1999) found a positive impact of proactive corporate citizenship on customer loyalty. In the same line, in an empirical study containing multiple brands from different sectors, Schmalz and Orth (2012) showed that purchase intentions are lower when customers have both strong brand attachment and judgments of unethical firm behavior.

In a context of State enterprises in Taiwan, Lin et al. (2011) provided empirical evidence for an indirect effect of customer perceived CSR of the firm on customer purchase intentions, mediated by customer trust. Likewise, in the banking sector, Pérez and Rodríguez del Bosque (2015) found an indirect influence of perceptions of customer-centric CSR activities on customer repurchase behaviors, mediated by customer-company identification and satisfaction. In the same sector, Khan et al. (2015)

provided empirical evidence for a positive effect of CSR perceptions on repurchase intentions, and Mandhachitara and Poolthong (2011) empirically showed a positive impact of CSR initiatives on customer loyalty. Similarly, in the mobile telecommunications industry, García de los Salmones et al. (2005) empirically found an indirect effect of CSR on customer loyalty, mediated by customers' overall valuation of service. In the same industry, He and Li (2011) showed an indirect influence of CSR on services brand loyalty, through the mediator of customer satisfaction.

Understanding CSR as a crucial indicator of customer perceived ethicality (Brunk, 2010a, 2012), in the context of goods/product brands, Singh et al. (2012) found an indirect and positive impact of customer perceived ethicality of a brand on customer loyalty. In the same vein, in a financial institutions setting, Valenzuela et al. (2010) showed that customer perceived ethicality of a firm is positively related to customer loyalty. Finally, in the cosmetics industry, He and Lai (2014) provided empirical evidence for an indirect influence of customer perceived ethical responsibilities of brands on customer loyalty. In line with these multiple and consistent findings, mainly from the services sector, we hypothesize that:

H8: Customer perceived ethicality of a corporate services brand will have a positive impact on customer loyalty to the brand.

5.3.8. Customer loyalty and customer positive word-of-mouth

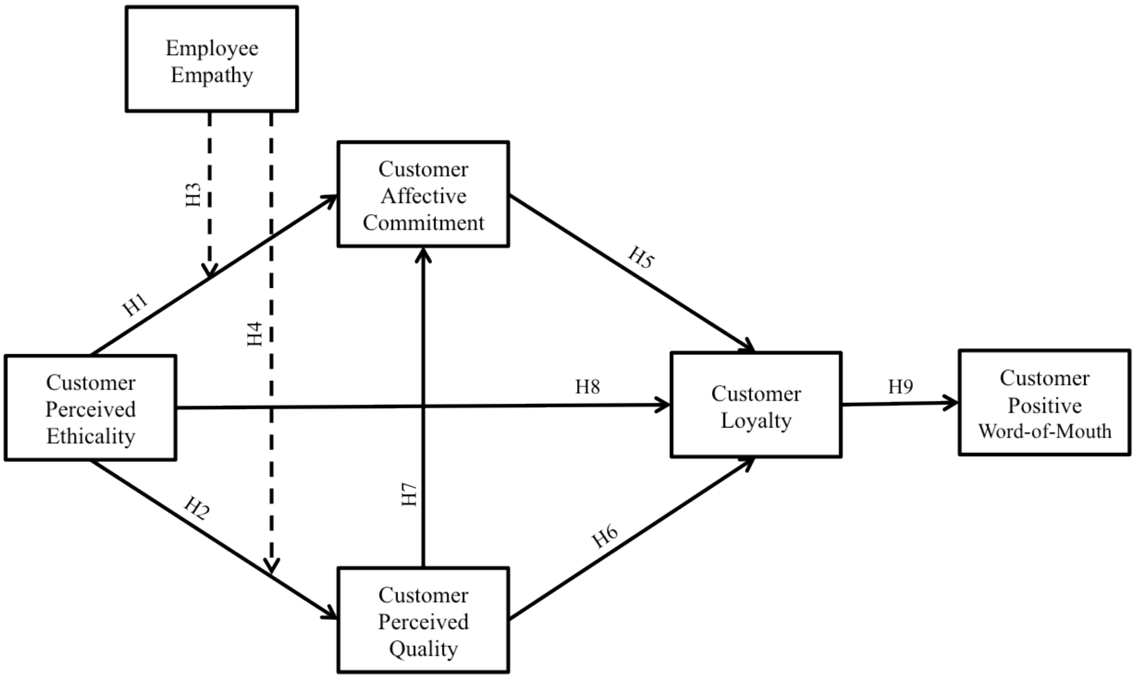
Normally, when customers are loyal to a brand/company, they are likely to transmit their positive feelings toward such a brand/company to other people. The construct of word-of-mouth encompasses these informal conversations about the brand/company and/or its products or services (e.g., Silverman, 1997; Westbrook, 1987). Scholars have repeatedly proposed that word-of-mouth is especially relevant in the area of services (Silverman, 1997; Sweeney et al., 2008), because services entail a high degree of perceived (purchase) risk due to their intangibility (Choudhury, 2014; Eiglier and Langeard, 1977). Moreover, services are difficult to evaluate before they are used, due to their experiential nature (Choudhury, 2014). This experiential nature of services implies many customer-employee interactions and relationships, which are likely to enhance the involvement of customers in word-of-mouth communications (Gremler et al., 2001). When customers evaluate the quality of their relationship with the service employees as positive, they are likely to become advocates of the firm, thereby engaging in positive word-of-mouth (Griffin, 2002; Reynolds and Beatty, 1999).

Due to the importance of customer-employee relationships in the area of services, scholars have recurrently related customer attitudinal and/or behavioral constructs that reflect the quality of these relationships (e.g., loyalty) to word-of-mouth communications. Accordingly, researchers proposed that loyal customers are more likely to engage in positive word-of-mouth (e.g., Dick and Basu, 1994; Hagel and Armstrong, 1997; Selnes, 1993). From an empirical standpoint, in an online setting, various academics showed that e-loyalty is a positive antecedent of positive word-of-mouth (e.g., Hsu et al., 2013; Srinivasan et al., 2002). In the same line, and also in an online setting, Yeh and Choi (2011) found a positive effect of brand loyalty on members' intention to pass along favorable information.

In an empirical study conducted in Greece, Gounaris and Stathakopoulos (2004) showed that loyalty is positively related to word-of-mouth recommendations. Likewise, in a financial institution context, Chen and Jaramillo (2014) provided empirical evidence for a positive impact of loyalty to the service provider on word-of-mouth. Similarly, in the banking industry, Khan et al. (2015) found a direct and positive effect of repurchase intentions on word-of-mouth intentions. Considering repurchase intentions as behavioral loyalty, in a mobile telecom services setting, Roy (2013) provided empirical evidence for a positive and direct influence of behavioral loyalty on positive word-of-mouth. In the higher education sector, Casidy and Wymer (2015) showed that loyalty mediates the impact of satisfaction on positive word-of-mouth. Finally, in an empirical study involving multiple service categories (i.e., restaurants, financial services, cable services, lodging services, airline services, and retailer services), Choi and Choi (2014) found that customer loyalty positively influences word-of-mouth intention. In accordance with these previous findings, which predominantly pertain to the area of services, we postulate that:

H9: Customer loyalty to a corporate services brand will have a positive impact on customer positive word-of-mouth regarding the brand.

Figure 1. Hypothesized model



5.4. Methodology

5.4.1. Survey and measures

The survey was designed taking into consideration constructs that were measured using and adapting existing scale items in the literature (see Table 1). The responses were rated through a seven-point Likert scale, ranging from “completely disagree” to “completely agree.” A double-blind back-translation process was applied to the survey, in order to translate the items into Spanish.

Table 1. Constructs and items used in the survey

Constructs	**Items**	**Reference(s)**
CPE	The brand is a socially responsible brand The brand seems to make an effort to create new jobs The brand seems to be environmentally responsible	Brunk (2012) Walsh and Beatty (2007)

	The brand appears to support good causes The brand contributes to the society The brand is more beneficial for the welfare of the society than other brands	
CAC	I enjoy being a customer of the brand I have positive feelings about the brand I feel attached to the brand	Mende and Bolton (2011)
CPQ	Overall, I have received high quality service from the brand Generally, the service provided by the brand is excellent I think the service provided by the brand is superior in all aspects	Hightower et al. (2002)
EE	The brand employees give customers individual attention The brand employees deal with customers in a caring fashion The brand employees have the customer best interest at heart The brand employees understand the needs of their customers	Parasuraman et al. (1994)
CL	I consider the brand my first choice when I purchase the services they supply I am willing to maintain my relationship with the brand I am loyal to the brand	Dagger et al. (2011)
CPWOM	I say positive things about the brand to other people I recommend the brand to someone who seeks my advice I encourage friends and relatives to do business with the brand	Dagger et al. (2011)

A double pre-test regarding the survey was also conducted. First, various experts from the fields of business ethics and brand management were asked to evaluate the questions, as well as the way in which these questions were posed, in order to avoid potential respondent misinterpretations. Second, a group of target respondents were asked to assess the comprehension level of the survey.

5.4.2. Data collection and sample

The data collection was conducted in Spain, using an online customer panel, for the following eight service categories: financial institutions, clothing retail chains, insurance companies, internet and telephone service providers, hypermarket and supermarket chains, gas stations, utility companies, and hotel chains. Respondents were chosen by using multiple filtering questions regarding their involvement in the purchase of services pertaining to these categories. This resulted in a sample of 2179 customers with the following characteristics: age range from 18 to 65, median age of 35, and 50.1% females. The distribution of this sample across the aforementioned eight service categories that are part of this study is presented in Table 2.

Table 2. Sample distribution across service categories

Service categories	**n**	**%**
Financial institutions	503	23.1
Clothing retail chains	415	19.0
Insurance companies	402	18.4
Internet and telephone service providers	270	12.4
Hypermarket and supermarket chains	242	11.1
Gas stations	203	9.3
Utility companies	74	3.4
Hotel chains	70	3.2
Total	2179	100.0

5.5. Data analysis and results

To simultaneously test the relationships present in the hypothesized model (see Figure 1), we conducted the non-parametric structural equation modeling technique via partial least squares (PLS hereafter) analysis. In PLS analysis, the structural parameters and measurements are estimated in an iterative fashion, combining both simple and multiple regressions. As PLS analysis does not require a distributional assumption of the items, we implemented a PLS structural model to estimate unbiased path coefficients regarding the non-normality condition of the moderating latent effects. As a prelude to hypothesis testing, we analyzed the adequacy and equivalence of the measures, and we checked for common method variance (see Appendix A).

5.5.1. Structural model evaluation

In order to test the statistical significance of the model parameters, we applied the bootstrap technique (Efron, 1979). The estimated values of the path coefficients provided empirical support for all the direct effects postulated in our model, at a significance level of .05, except for the direct moderating effect of employee empathy on the relationship between customer perceived ethicality and customer perceived quality (see Table 3).

Accordingly, results showed that customer perceived ethicality has a positive and direct effect on customer affective commitment (b_1=.135; p=.000), customer perceived quality (b_2=.163; p=.000) and customer loyalty (b_8=.031; p=.017), thereby providing empirical support for H1, H2, and H8 respectively. Customer perceived quality has a positive impact on both customer loyalty (b_6=.512; p=.000) and customer affective commitment (b_7=.466; p=.000), which empirically supports H6 and H7 respectively. Customer affective commitment has a positive effect on customer loyalty (b_5=.387; p=.000), which in turn positively impacts customer positive word-of-mouth (b_9=.744; p=.000), supporting H5 and H9 respectively. Despite the fact that employee empathy positively moderates the impact of customer perceived ethicality on customer affective commitment (b_3=.047; p=.002), we did not find empirical support for the moderating effect of employee empathy on the relationship between customer perceived ethicality and customer perceived quality (b_4=.013; p=.163). Therefore, H3 is empirically supported, whereas H4 is not statistically significant.

Table 3. Path coefficient results

Direct effects	Original sample	Standard error	p-value	Result
H1: CPE → CAC	.135	.019	.000	*Supported*
H2: CPE → CPQ	.163	.017	.000	*Supported*
H5: CAC → CL	.387	.020	.000	*Supported*
H6: CPQ → CL	.512	.021	.000	*Supported*
H7: CPQ → CAC	.466	.028	.000	*Supported*
H8: CPE → CL	.031	.014	.017	*Supported*
H9: CL → CPWOM	.744	.014	.000	*Supported*
Moderating effects				
H3: EExCPE → CAC	.047	.016	.002	*Supported*
H4: EExCPE → CPQ	.013	.013	.163	*Not supported*

The indirect effects present in the hypothesized model were analyzed using the Sobel test (see Table 4), which is appropriate because we have a large sample (n= 2179). Results indicated that the standardized indirect effect of customer perceived ethicality on customer loyalty was .052 (p=.000) through customer affective commitment, and .084 (p=.000) through customer perceived quality. As the direct effect of customer perceived ethicality on customer loyalty was also significant, customer affective commitment and customer perceived quality are partial mediators. The standardized indirect impact of customer perceived quality on customer loyalty was .180 (p=.000) through customer affective commitment. As the direct impact of customer perceived quality on customer loyalty was also significant, customer affective commitment is a partial mediator.

Table 4. Results of the indirect effects

Indirect effects	Coefficient	p-value	Result
CPE → CAC → CL	.052	.000	Partial mediation
CPE → CPQ → CL	.084	.000	Partial mediation
CPQ → CAC → CL	.180	.000	Partial mediation

5.6. Discussion and conclusion

5.6.1. Theoretical contributions

The results of this research represent relevant contributions to the field of ethical branding, which stands at the intersection of business ethics and brand management (Fan, 2005). First, there is very scarce research on the effects of customer perceived ethicality at a corporate brand level (Singh et al., 2012), even if it has been suggested that strong corporate brands must integrate ethics at their core (Morsing, 2006; Rindell et al., 2011) and portray their ethical commitment during their interactions with customers (Balmer, 2001; Ind, 1997). Moreover, there is a major need to study the impact of customer perceived ethicality in services contexts, due to the specific characteristics of services and the singularities of corporate services brands, when compared to corporate product brands (Singh et al., 2012). Services are intangible, heterogeneous, and inseparable (Zeithaml et al. 1985). This means that customers can largely determine the success of the service during their interactions with the brand employees (Grönroos, 2006). This is not necessarily the case in goods contexts where customers primarily interact with tangible products (Berry, 1983). Thus, this article represents a significant contribution to the literature by shedding light on the under-researched area of corporate brand ethicality and, more specifically, on the effects of customer perceived ethicality in services contexts.

Second, this article contributes to the field of ethical branding by providing empirical evidence for the indirect impact of customer perceived ethicality on customer loyalty, considering the mediating variables of customer affective commitment and customer perceived quality. A key difference between corporate product brands and corporate services brands is that while the former can offer tangible goods/products with standardized levels of quality, the intangible nature of services makes it difficult for the latter to standardize service quality (Berry, 1980; Booms and Bitner, 1981). Hence, service quality should become a central issue for those corporate services brands aiming to create strong customer loyalty. Additionally, corporate services brands involve many more customer-brand interactions than corporate product brands (Grönroos, 2006). This further reinforces the need to ensure adequate and consistent service quality across these customer-brand interactions if corporate services brands want to build customer loyalty

(Iglesias et al., 2011). Moreover, the development of customer affective commitment toward the brand is more important in the services sector than in the area of goods/products, not only due to the difficulty that corporate services brands have in standardizing service quality (Berry, 1980; Booms and Bitner, 1981), but also due to the challenge that customers have in evaluating service quality (Athanassopoulos et al., 2001). Accordingly, when customers develop affective commitment toward the brand, they become less sensitive to weak service performance, tending to associate potential service failures with external circumstances (Story and Hess, 2010).

Subsequently, this article considers two of the most relevant constructs in the services literature (i.e., customer perceived quality and customer affective commitment) for building a specific theoretical model on the effects of customer perceived ethicality on customer loyalty, and contributes to the literature by providing some additional results to the existing ones in the area of services. For example, prior research in services contexts found positive and indirect effects of ethical/CSR initiatives on customer loyalty, mediated by customer satisfaction (He and Li, 2011) and customer overall valuation (García de los Salmones et al., 2005). The results of our hypothesized model extend this list of relevant mediators by empirically showing that the impact of customer perceived ethicality on customer loyalty is mediated by customer perceived quality and customer affective commitment. This highlights the need to invest in both providing a high quality customer experience with service (Lassar et al., 1995) and developing customer affective commitment toward the brand (Singh et al., 2012) if corporate services brands aim at leveraging their investments in ethicality. This is a novel finding that also emphasizes the concrete differences of corporate services brands and how they should be managed relative to corporate product brands.

Third, this paper shows that employee empathy positively moderates the impact of customer perceived ethicality on customer affective commitment. This finding resonates with the services literature that suggests that employees are the principal stakeholders in corporate services brands (e.g., Balmer, 2010; Brodie, 2009; Harris and de Chernatony, 2001; McDonald et al., 2001), having the ability to either build or destroy these brands (Roper and Davies, 2007) during the touch-points and interactions where they co-produce the service together with customers (Grönroos, 2006). Thus, employees should embrace an empathic attitude during their interactions with customers (Wieseke et al., 2012). When customers perceive that employees are empathic, they are more likely to develop positive emotions toward the brand (Lee et al., 2011) and create affective bonds (Reynolds and Beatty, 1999). The findings of our research support these views, and suggest that in services contexts employee empathy is also crucial for those corporate brands that want to leverage their investments in customer perceived ethicality. This is a relevant finding that further emphasizes the important differences that exist between corporate product brands and corporate services brands.

5.6.2. Managerial implications

The results of this research also have relevant implications for managers of brands/companies operating in the services sector. First, in order for corporate brand ethicality to be successfully built internally and communicated externally, employees must embrace an ethical commitment and behave accordingly. On one hand, this means that corporate brand strategy needs to be aligned with the human resources policies and practices (Iglesias and Saleem, 2015). Thus, it becomes essential for the human resource department to implement recruitment, training, and promotion policies and practices that allow for ethicality to flourish and turn into employee behavior. Corporate services brands require employees who behave in an empathic and ethical manner during every single interaction and touch-point with customers. Therefore, managers need to revert the current tendency of hiring poorly skilled, minimum-wage service employees (Hennig-Thurau, 2004), and start to both hire and train qualified employees with high levels of empathy and ethicality. On the other hand, corporate brand strategy also needs to be aligned with brand operations. This means that it is also essential for service blueprints and daily routines to reflect the ethical commitment of the corporate brand and facilitate its translation into employee behavior.

Second, corporate brands willing to successfully communicate their ethical and CSR initiatives need to move away from the traditional empty rhetoric of corporate brand and ethics/CSR reports, and instead utilize more authentic communications. In the current highly interconnected environment, customers are pushing brands to adopt authentic ethical behaviors and are also using social media postings to inform their acquaintances about the unethical practices or the inauthentic communications they detect. Hence, corporate brands should invest in building a good narrative grounded in their ethical beliefs and supported by evidence from actual employee behavior. Furthermore, corporate brands ought to also encourage their customers to engage in this narrative by sharing their personal experiences when interacting with employees that portray ethical behavior, and by posting them on the corporate brand's social media channels.

5.6.3. Limitations and future research

Notwithstanding its theoretical contributions and managerial implications, this study also has certain limitations. First, the sample is only representative for the Spanish population, and thereby the generalizability of the findings is a concern. Customers from different cultures usually focus on different factors when evaluating services brands (Imrie, 2005). For example, Spanish customers, as well as those in South America, tend to give a great deal of importance to personal relationships, and thus are closer to collectivistic cultures (e.g., China and other Eastern countries) than to individualistic ones (e.g., United States) (Liu and McClure, 2001; Liu et al., 2001). Customers from more individualistic cultures are very demanding and more likely than those in collectivistic cultures to complain when they receive poor service quality (Liu and McClure, 2001; Liu et al., 2001). Regarding their evaluation criteria for a services brand, customers in Western cultures take tangible cues into account more than do those in Eastern cultures, while the latter devote more attention to intangible cues (Mattila, 1999). Accordingly, future research could test our model in different countries with significant cultural differences. Concretely, it would be interesting to investigate whether the moderating effect of employee empathy on the impact of customer perceived ethicality on customer affective commitment is higher in collectivistic cultures or in more individualistic ones. Moreover, it would be interesting to see how the effect of customer perceived ethicality on customer perceived quality varies across cultures.

Second, the sample is solely representative for the service categories present in this study, and thus the external validity of the findings is a concern. Despite the fact that this research encompasses a fair variety of categories, they all pertain to the business-to-consumers field. Thus, future research could also examine whether the results of this paper would remain the same in the business-to-business area. This is an interesting future research avenue because the interactions and relationships in business-to-business markets are usually more cooperative and long-term oriented than is the case in business-to-consumer fields (Rackham and DeVincentis, 1998; Webster and Keller, 2004), which is likely to influence the customer outcome variables (e.g., customer loyalty). Accordingly, several authors have found that, in the business-to-business services context, the quality of industrial relationships (i.e., usually measured by customer satisfaction) positively influences customer loyalty (e.g., Hsu et al., 2013; Lam et al., 2004). Hence, future research in the business-to-business services context could examine to what extent customer loyalty is influenced both by the relationship quality constructs present in this study (i.e., customer affective commitment and customer perceived quality) and by the customer perceived ethicality of a brand.

Third, the data for this research were only collected by means of surveys, and therefore the mono-method bias is a concern. Accordingly, future research could triangulate this data collection technique by gaining qualitative insights into the customer perceived ethicality framework, for example through in-depth interviews or focus groups.

In addition to addressing these limitations, there are other very interesting avenues for further research. First, future studies could investigate how customers form their ethical perceptions. Identifying and understanding the antecedents of customer perceived ethicality would help managers to better structure their corporate brand strategies and ethical/CSR initiatives. Second, in accord with emerging co-creative approaches and multiple stakeholder perspectives in the field of brand management (Iglesias et al., 2013), future studies could investigate the roles of the different internal and external stakeholders in forming customer ethical perceptions. Third, future research could focus on providing empirical evidence for the impact of customer perceived ethicality, not only on customer attitudes and intentions, but also on business outcomes such as market share or stock price.

Appendix A. Measurement assessment, measurement equivalence, and common method variance

Measurement assessment

In order to assess the adequacy of the measures, we estimated both the convergent (see Table 5) and the discriminant validity (see Table 6). On one hand, we evaluated convergent validity using the following three measures: item reliability, construct reliability, and average variance extracted (AVE hereafter). First, we evaluated item reliability based on the factor loadings of the measures on their respective constructs. All the factor loadings were higher than the threshold value of .6, thereby supporting convergent validity. Second, we evaluated construct reliability using both Cronbach's alpha coefficients and composite reliability (CR hereafter) values. All the Cronbach's alpha coefficients and CR values were higher than both the threshold value of .7 and the strictest threshold value of .8, thus supporting convergent validity. Third, we evaluated the AVE, which is a summary indicator of convergence. All the AVE values were higher than the threshold value of .5, thereby supporting convergent validity.

Table 5. Item descriptive and measurement assessment

Construct	**Items**	**Mean**	**SD**	**Loadings**	**Cronbach alphas**	**CR**	**AVE**
CPE	CPE1	4.104	1.120	.90	.95	.96	.79
	CPE2	3.980	1.091	.89			
	CPE3	4.067	1.056	.90			
	CPE4	3.947	1.087	.87			
	CPE5	4.040	1.031	.88			
	CPE6	4.020	1.066	.91			
CAC	CAC1	3.854	1.699	.92	.89	.93	.81
	CAC2	4.102	1.642	.91			
	CAC3	3.544	1.775	.88			
CPQ	CPQ1	4.551	1.567	.94	.93	.96	.88
	CPQ2	4.505	1.551	.95			
	CPQ3	4.179	1.585	.92			
CL	CL1	4.135	1.771	.93	.91	.95	.85
	CL2	4.510	1.639	.91			
	CL3	4,085	1.711	.93			
CPWOM	CPWOM1	4.301	1.733	.96	.96	.98	.93
	CPWOM2	4.234	1.758	.97			
	CPWOM3	4.103	1.778	.96			
EE	EE1	4.348	1.585	.90	.91	.94	.78
	EE2	4.774	1.540	.86			
	EE3	4.012	1.644	.86			
	EE4	4.487	1.535	.92			

On the other hand, we evaluated discriminant validity comparing the square root of the AVE of each construct with all the correlations among constructs (Anderson and Gerbing, 1988; Morgan et al., 2007). As all the square root values of the AVE were higher than all the correlations among constructs, discriminant validity was supported.

Table 6. Discriminant validity

	CPE	EE	CPQ	CAC	CL	CPWOM
CPE	.89[a]					
EE	.23[b]	.88				
CPQ	.27	.64	.94			
CAC	.26	.50	.58	.90		
CL	.25	.55	.68	.62	.92	
CPWOM	.23	.47	.57	.53	.56	.96

a. Squared root of AVE on the diagonal
b. Pearson correlation between constructs

Measurement equivalence

As data were collected for multiple service categories, the measurement equivalence test needs to be conducted in order to evaluate if the constructs via their related scale items do not vary across service categories (Malhotra and Sharma, 2008). Two widely recognized techniques to conduct the measurement equivalence test are generalizability theory (G-theory hereafter) (Cronbach et al., 1972) and confirmatory factor analysis (CFA hereafter) (Steenkamp and Baumgartner, 1998).

Because two service categories did not include enough cases to conduct CFA (i.e., sub-sample size lower than 75), the structure invariance of the constructs across service categories was evaluated using G-theory, as suggested by Malhotra and Sharma (2008). G-theory is useful for evaluating the generalizability of the scales that measure constructs across different groups of interest (i.e., service categories). In fact, G-theory enables us to estimate the precision of the measurements in contexts where these measurements are exposed to various sources of variation. The potential sources of variation in our study are the following: service categories (i.e., a high variation would indicate that brands differ when compared to the means of the constructs), customers within service categories (i.e., high values would suggest that there is variation among customers pertaining to each service category), items within each scale (i.e., a low variation would indicate that there is redundancy among items), interaction among items and service categories (i.e., a low variation would suggest that the pattern of responses is homogeneous among service categories, and would enhance generalizability), and finally, the error and other confounding sources (i.e., a low variation would increase generalizability).

We implemented a mixed ANOVA for variance decomposition in SPSS to calculate these five sources of variation, and the generalizability coefficient (GC hereafter) to assess the equivalence across the eight service categories present in our study. Although all the sub-samples did not have the same size, Malhotra and Sharma (2008) argued that the results from G-theory are comparable in both cases: when using equal or unequal sub-sample sizes. The results presented in Table 7 indicate that all the sources of variation follow the above-described patterns, thereby enhancing generalizability. Moreover, all the GCs ranged from .84 to .97, which are quite high values according to Rentz (1987). This further supported the generalizability of the scales across the eight service categories.

Table 7. Measurement equivalence using G-theory

Construct	**Category %**	**Items %**	**Subjects within category %**	**Category x items %**	**Error plus other %**	**GC**
CPE	3.62	0.54	71.48	.37	23.99	.96
CAC	2.62	3.09	67.14	.90	26.25	.84
CPQ	3.03	1.67	77.30	.09	17.90	.97
CL	1.24	1.88	75.27	.40	21.24	.91
CPWOM	4.18	0.23	85.27	.03	10.42	.96
EE	2.42	3.65	65.65	.81	27.31	.91

Common method variance

Because all the data in our study were collected from the same respondents (i.e., customers), a potential issue of common method variance (CMV hereafter) may arise. In order to address this potential issue, we applied the marker variable technique suggested by Lindell and Whitney (2001). This technique uses a theoretically unrelated construct (i.e., the marker variable) first to determine the estimate of CMV, and then to adjust the correlations among all the constructs present in the model. We considered the marker variable of customer psychological risk, which contained three items introduced by Keh and Pang (2010). A high correlation between the marker variable and any construct would indicate the existence of CMV. Lindell and Whitney (2001) argued that the lowest of the absolute correlations between the marker variable and all the constructs (r_s) is the estimate of CMV. Because an unadjusted correlation is not only influenced by the true covariance but also by CMV, the r_s is a conservative estimate (Lindell and Whitney, 2001). For our sample, r_s is .055 (see Table 8), which corresponds to an R^2 of .003, indicating low common source effect shared between constructs.

Table 8. Correlation coefficients and R^2 between marker and constructs

Construct	**Correlation coefficient**	**R^2**
CPE	.063	.004
CAC	.192	.037
CPQ	.127	.016
CL	.176	.031
CPWOM	.055	.003
EE	.130	.017

In order to control for CMV, we adjusted all the correlations among the constructs, using the r_s=.055 previously estimated. If the significant unadjusted correlation coefficients remained significant after adjusting for CMV, the results are not seriously affected by CMV. Table 9 shows that all the correlation coefficients remained significant after adjusting for CMV. This is, after correcting the correlation coefficient regarding the level of common variance shared between the marker variable and the constructs, the adjusted correlation - removing some different degrees of common variance computed with the unrelated marker variable - remained significant. Moreover, we conducted a test of differences between the adjusted and unadjusted correlations, in order to check for possible statistical differences (Steiger, 1980). All coefficients were not significant, providing further support to the results obtained by applying the marker variable technique. All in all, we can conclude that the estimations of the parameters of the hypothesized model are not biased by CMV.

Table 9. CMV-Adjusted estimates and test of differences between correlation coefficients

Pearson correlation	**Unadjusted estimate coefficient[a]**	**CMV-Adjusted estimates[b]**		**Test of differences between correlations**
		Coefficient[a]	**95% CI**	**p-value**
CPE - EE	.23	.19	(.15; .23)	.17
CPE - CPQ	.27	.23	(.19; .27)	.17
CPE - CAC	.26	.22	(.18; .26)	.17
CPE - CL	.25	.21	(.17; .25)	.17
CPE - CPWOM	.23	.19	(.15; .23)	.17
EE - CPQ	.64	.62	(.59; .65)	.30
EE - CAC	.50	.47	(.44; .50)	.22
EE - CL	.55	.52	(.49; .55)	.19
EE - CPWOM	.47	.44	(.41; .47)	.23
CPQ - CAC	.58	.56	(.53; .59)	.36
CPQ - CL	.68	.66	(.64; .68)	.25
CPQ - CPWOM	.57	.54	(.51; .57)	.18
CAC - CL	.62	.60	(.57; .63)	.32
CAC - CPWOM	.53	.50	(.47; .53)	.20
CL - CPWOM	.56	.53	(.50; .56)	.18

[a] All adjusted and unadjusted correlation coefficients are significant at a $p<.05$ level
[b] Adjusted estimates using $r_s = .055$

6

Conclusion

This chapter contains an integrated discussion of the theoretical contributions, managerial implications, limitations and future research opportunities of the articles that compose chapters 3, 4, and 5.

6.1. Theoretical contributions

This PhD thesis has addressed an opportunity and a challenge that brands have in the current environment, which is largely characterized by an improved brand-stakeholder interconnectivity. On one hand, by addressing the brand opportunity of innovating together with customers and other stakeholders, this PhD thesis has contributed to the field of co-creation. On the other hand, by dealing with the brand challenge of having an ethical image, this PhD thesis has contributed to the field of ethical branding, which stands at the crossroads of the areas of business ethics and brand management.

6.1.1. Theoretical contributions to the field of co-creation

The current improved brand-stakeholder interconnectivity has given brands the opportunity to be closer than ever to their customers and the rest of their stakeholders, and thus better engage them in co-creation processes (e.g., Iglesias et al., 2013; Merz et al., 2009). Previous research on co-creation has mainly studied the interactions and relationships between brands and customers (e.g., Füller, 2010; Füller et al., 2009; Hatch and Schultz, 2010). Academics have predominantly conducted this research from the customer perspective (Ind et al., 2013), focusing on customer motivations (e.g., Füller, 2010; Ind et al., 2013), resources (e.g., Arnould et al., 2006; Baron and Harris, 2008; Gummesson and Mele, 2010), and experiences (e.g., Prahalad and Ramaswamy, 2003, 2004; Ramaswamy and Gouillart, 2010). Surprisingly, however, they have conducted little research on co-creation from the managerial standpoint (Frow et al., 2015; Kazadi et al., 2015). This is a relevant research gap because, while it is important to know about customer motivations, resources and experiences, managers also need to know how to best manage co-creation so as to realize its potential (Frow et al., 2015; Kazadi et al., 2015). Accordingly, the first overarching research objective of this PhD thesis was to empirically investigate co-creation from the managerial perspective, in order to figure out how to realize its potential. To address this first overarching research objective, chapter 3 has empirically investigated how managers use co-creation, and what they believe it is best suited to deliver. Moreover, it has empirically explored which the barriers to the realization of the potential of co-creation are, and how to overcome them.

Chapter 3 first contributes to the literature by introducing the concept of the co-creation continuum. Although the previous literature has generally contemplated co-creation as a tactical research tool to obtain occasional inputs from customers on specific internal projects (e.g., Nambisan and Nambisan, 2008), it has recently recognized a more strategic approach to co-creation that consists of building long-term innovation-oriented relationships with customers and other stakeholders (e.g., Ind et al., 2013; Libert et al., 2015). Chapter 3 empirically builds on and reconciles these two approaches to co-creation by placing them on the two extremes of a continuum along which brands can move, from the more tactical extreme to the more strategic one. This is a relevant contribution, because although brands have the opportunity to involve organizational outsiders in every stage of their co-creation processes, from idea generation to implementation (Sawyer, 2008), not all of them are able to realize the potential of co-creation and use it a strategic collaborative innovation method (Kazadi et al., 2015).

Second, chapter 3 contributes to the literature by describing the distinct traits of each extreme of the co-creation continuum. On one hand, the managers that use co-creation as a tactical market research tool consider that, while brand employees are the ones who have the required expertise for developing innovations, customers can just improve insights, and test and refine internally generated ideas. This result resonates with the previous literature suggesting that customers do not have the technical capabilities to generate concrete and relevant innovations (e.g., Nambisan and Nambisan, 2008). Accordingly, when managers use co-creation in a tactical way, customer-brand relationships are short-term in nature, and customers are only involved in co-creation processes on an ad-hoc basis when brands need them. Consistently, these brands generally have a closed culture, and tend to be concerned about the confidentiality of their innovation projects. This finding is in line with and further builds, from an empirical standpoint, on the previous literature that suggests that co-creation processes raise issues related to intellectual property and mutual dependency (e.g., Stanislawski, 2011; Williams and Aitken, 2011).

On the other hand, the managers that use co-creation as a strategic collaborative innovation method generally consider that, in addition to brand employees, customers can also valuably contribute their knowledge and creativity to the creation of relevant innovations. In fact, many customers are real brand experts, and they know even more about the brand than brand employees themselves. This finding concurs with the previous literature that proposes that customers, and especially lead-users, can be more aware of the functionality of the brand offerings than many internal stakeholders (Füller et al., 2006). Moreover, customers can be more creative than brand employees, because their thinking is not bounded by the technological limitations of the brand (Kristensson et al., 2004; Matthing et al., 2004). Thus, brands should stop considering customers as targets of their offerings, and start seeing them as valuable innovation partners (Ind and Schultz, 2010). The brands that see customers as innovation partners generally have an open and participatory culture that enables and fosters collaborative interactions and relationships. This result is aligned with and empirically complements the recent conceptual research that suggests that brands should see co-creation as a strategic asset that facilitates the creation of a collaborative innovation network (Libert et al., 2015).

Third, chapter 3 contributes to the literature by empirically identifying four key obstacles to the realization of the potential of co-creation (i.e., for moving from using co-creation as a tactical market research tool, to use it as a strategic collaborative innovation method). The first and most empirically supported obstacle is the high uncertainty regarding the final outcome of co-creation. The second barrier is the large scope of the investment – in terms of both time and money – that brands need to make in order to move toward the right extreme of the co-creation continuum (i.e., co-creation as a strategic collaborative innovation method). The third issue is related to the cultural elements that impede the adoption of a strategic view of co-creation (Sood and Tellis, 2005). An important cultural element that can inhibit realizing the potential of co-creation is the abovementioned prior assumption of some brands that customers do not have the required technical knowledge to participate in the creation of relevant innovations (Nambisan and Nambisan, 2008). Another important cultural element that can obstruct the strategic approach to co-creation is the fear that some brands associate with co-creation, such as the fear of sharing internal information with organizational outsiders (e.g., Ind et al., 2013; Stanislawski, 2011). The fourth impediment are the hierarchical and rigid organizational structures that limit the fluid, collaborative and enduring interactions and relationships with such outsiders (e.g., Ind et al., 2013).

Finally, chapter 3 contributes to the literature by empirically identifying two ways to overcome these barriers to the realization of the potential of co-creation. First, brands should adopt a strategic view of co-creation, and integrate it at the center of their identities. It is important that this strategic view of co-creation spreads across the whole organization, and is well understood and adopted by brand employees, because brand employees are the ones who will primarily interact with organizational outsiders during co-creation processes. Second, brands ought to build an open and participatory culture, and support a humble and inclusive leadership style. This is important because it can facilitate the creation of enduring and long-term relationships with customers and the rest of stakeholders, and thereby foster their active and continuous involvement in co-creation processes.

6.1.2. Theoretical contributions to the field of ethical branding

In addition to giving brands the opportunity of engaging outsiders in co-creation, the current improved brand-stakeholder interconnectivity has also turned the environment into a more transparent one, giving rise to ethical concerns in business (Lindfelt and Törnroos, 2006). In such environment, customers are increasingly expecting brands to depict their ethical commitment during their interactions and relationships (Balmer, 2001; Ind, 1997; Rindell et al., 2011; Singh et al., 2012). This has emphasized the brand challenge of having an ethical image (Singh et al., 2012). Accordingly, many brands have started to consider ethicality as a strategic dimension (Morsing, 2006) that can help them to improve their image (Fan, 2005). This has resulted in a growing number of studies on business ethics and corporate social responsibility in recent years (Luo and Bhattacharya, 2006, 2009), which have been mostly developed in the field of marketing (Fan, 2005). However, in spite of the fact that several authors have recognized that ethics should be at the center of every corporate brand (e.g., Morsing, 2006; Rindell et al., 2011), there is still a dearth of research on business ethics in the context of corporate services brands (Singh et al., 2012). This is a relevant research gap, because corporate brands are more important in the services sector than in the field of products/goods, due to the different nature of services (i.e., intangible, heterogeneous, inseparable, and perishable) (e.g., Berry, 1983; Zeithaml et al., 1985), and the consequent greater number of brand-customer interactions and relationships that services settings encompass (Berry, 2000; Grönroos, 2006). Accordingly, the second overarching research objective of this PhD thesis was to empirically examine the effects of customer perceptions of a corporate services brand ethicality on relevant brand and customer outcome variables. To address this second overarching research objective, chapter 4 has empirically investigated the effect of customer perceived ethicality of a corporate services brand on the relevant brand outcome variable of brand equity, considering the roles that brand affect and perceived quality have in this relationship. In addition, chapter 5 has empirically examined the impact of customer perceived ethicality of a corporate services brand on the relevant customer outcome variables of customer loyalty and customer positive word-of-mouth, considering the roles of employee empathy, customer affective commitment, and customer perceived quality.

Chapters 4 and 5 are the first articles to empirically examine the effects of customer perceived ethicality in the context of corporate services brands. More specifically, chapter 4 contributes to the literature by showing that customer perceptions of a corporate services brand ethicality have a positive effect on brand equity. However, unlike it has been previously found in the field of goods (e.g., Hur et al., 2014; Lai et al., 2010), this effect is not direct. This implies that, in the area of services, relevant mediators for the impact of customer perceived ethicality on brand equity are required. Accordingly, chapter 4 shows that, in the services sector, developing perceived quality and brand affect is key for transferring customer perceptions of corporate brand ethicality into brand equity. Considering the same mediators (but terming them as customer perceived quality and customer affective commitment, respectively), chapter 5 complements chapter 4 by adopting the customer outcome perspective. Namely, chapter 5 is the first paper to show that, in the services sector, developing customer perceived quality and customer affective commitment to a brand is essential for translating customer perceptions of corporate brand ethicality into customer loyalty. This further emphasizes the importance of the mediating variables of customer perceived quality (or perceived quality in chapter 4) and customer affective commitment (or brand affect in chapter 4) in the context of corporate brands operating in the services sector.

On one hand, customer perceived quality should be a fundamental concern for those corporate services brands that want to improve brand equity and customer loyalty. The main reason is that while corporate product brands can supply offerings with a standardized level of quality, the intangible nature of services makes it difficult for corporate services brands to homogenize their offerings (Berry, 1980; Booms and Bitner, 1981). Moreover, corporate services brands entail a greater number of customer-brand interactions and touch-points than corporate product brands do (Grönroos, 2006), which further highlights the need to ensure a positive and consistent service quality across these interactions and touch-points if corporate services brands want to build brand equity and customer loyalty (Berry, 2000; Iglesias et al., 2011).

On the other hand, customer affective commitment ought to also be a fundamental concern for those corporate services brands that intend to enhance brand equity and customer loyalty. The reason is that, in addition to the difficulty that corporate services brands have in standardizing their offerings (Berry, 1980; Booms and Bitner, 1981), customers also face the challenge of evaluating service quality mainly due to the lack of tangibility of services offerings (Athanassopoulos et al., 2001). Thus, it becomes crucial that corporate services brands work on developing customer affective commitment, because then customers become less sensitive to the possible poor service performance and tend to relate potential service failures to external causes or even to themselves (Story and Hess, 2010).

Apart from showing the relevant mediating effects of customer perceived quality and customer affective commitment in the services sector, both chapters 4 and 5 also provide empirical evidence for a direct impact of customer perceived quality (or perceived quality in chapter 4) on customer affective commitment (or brand affect in chapter 4). This finding further highlights the need for corporate services brands to work on developing customer quality perceptions of services offerings. Moreover, the lack of standardization of services offerings leads customers to largely rely on the emotions and affect that they have toward the brand (Gruen et al., 2000). Accordingly, findings show that when customers develop quality perceptions of services offerings and/or have positive affect toward the brand, brand equity (chapter 4) and customer loyalty (chapter 5) are likely to increase. This is important because, as chapter 5 shows, when customer loyalty increases, customers engage in positive word-of-mouth communications regarding the brand. A positive word-of-mouth is particularly relevant in the services sector (Silverman, 1997; Sweeney et al., 2008), because the intangibility of services offerings increases customer perceived purchase risk (Choudhury, 2014; Eiglier and Langeard, 1977), making customers mainly rely on the opinions and recommendations of others. All in all, studying the effects of customer perceived quality (or perceived quality in chapter 4) and customer affective commitment (or brand affect in chapter 4) on brand equity and customer loyalty, and the impact of customer loyalty on customer positive word-of-mouth has highlighted many particularities of corporate services brands and how they ought to be managed in comparison with corporate product brands.

However, the main particularity and management challenge that corporate services brands have in relation to corporate product brands are employees. More specifically, employee empathy adopts a central role in services settings, being the key determinant of successful employee-customer interactions (e.g., Aggarwal et al., 2005; Giacobbe et al., 2006). Although the role of employee empathy has been investigated in the services literature (e.g., Aggarwal et al., 2005; Giacobbe et al., 2006), there is a lack of previous research studying it in the context of corporate services brands. Covering the subsequent research gap, chapter 5 provides empirical evidence for a positive influence of employee empathy on the impact of customer perceived ethicality on customer affective commitment. This novel finding resonates with the previous literature that suggests that during employee-customer interactions, employees ought to adopt an empathic attitude (Wieseke et al., 2012), because when customers perceive that employees behave in an empathic manner, they are likely to create positive emotions and affect toward the brand (Lee et al., 2011; Reynolds and Beatty, 1999). Moreover, this novel finding suggests that employee empathy is essential for those corporate services brands that aim to leverage their investments in ethicality.

6.1.3. Transversal theoretical contributions

Apart from their specific contributions to the fields of co-creation and ethical branding, the chapters that constitute this PhD thesis also entail two key transversal contributions among these fields. The first transversal theoretical contribution is related to the key role of employees in both co-creation processes and corporate services brands. On one hand, many brands, and specifically those that use co-creation as a tactical market research tool, consider that employees are the main contributors to co-creation processes, because they usually have the required skills and expertise for developing relevant innovations. This finding is in line with the previous literature that suggests that employees have a central role in co-creation processes (e.g., Iglesias et al., 2013; Ind et al., 2013), and especially in those that take place in technology-based businesses that require a high level of specialized technical knowledge that most customers do not have (Kristensson et al., 2008; Nambisan and Nambisan, 2008). On the other hand, employees are also crucial in corporate services brands, because of the great number of employee-customer interactions that services contexts entail (Grönroos, 2006). Accordingly, the key role of employees has been repeatedly highlighted in the literature on services brands (e.g., Balmer, 2010; Brodie, 2009; Harris and de Chernatony, 2001; McDonald et al., 2001). When delivering the service, employees can make or break the brand (Roper and Davies, 2007). That is the reason why employee empathy becomes crucial in services contexts (e.g., Aggarwal et al., 2005; Giacobbe et al., 2006), which is not necessarily the case in products/goods contexts where customers mainly interact with tangible products (Berry, 1983). However, regardless of the context, the role of employees is inevitably surrounded by the culture of the brand.

The second transversal theoretical contribution is related to the encompassing role that culture adopts in both co-creation processes and corporate services brands. On one hand, the brands that want to realize the potential of co-creation need to develop an open and participatory culture that enables and fosters long-term relationships with customers and other stakeholders. Consistently, the managers of these brands need to adopt an inclusive and humble leadership style, and thus value and take into account the inputs of organizational outsiders. These results concur with the previous literature that proposes that the ideal brand environment for co-creation to flourish is both open and participatory (Iglesias et al., 2013; Ind et al., 2013). On the other hand, the brands that want to have an ethical image also need to develop an open culture that listens to and integrates in the business strategies the ethical concerns of customers. This is especially emphasized in the current hyper-connected and transparent environment (Lindfelt and Törnroos, 2006), where an ethical consumerism is rapidly spreading (Carrigan and Attalla, 2001; Shaw and Shiu, 2002), and customers are increasingly expecting brands to portray their ethical commitment at a corporate level (e.g., Rindell et al., 2011; Singh et al., 2012).

6.2. Managerial implications

The findings of chapters 3, 4, and 5 of this PhD thesis entail relevant managerial implications. In broad terms, findings suggest that it pays off for brands to innovate together with customers and other stakeholders (chapter 3), and to invest in being perceived as ethical (chapters 4 and 5).

Chapter 3 shows that brands can obtain several benefits (e.g., relevant innovations, competitive advantage) by involving organizational outsiders in co-creation processes. However, managers need to be aware of the co-creation continuum before starting to use co-creation. They can either embrace co-creation as a tactical market research tool or as a strategic collaborative innovation method. Managers should decide whether to use co-creation in one way or the other, depending on how their brands see the role of organizational outsiders in innovation projects, and the added value that these outsiders can potentially provide (i.e., specific knowledge and skills). While adopting co-creation as a strategic collaborative innovation method has a greater potential to result in the creation of relevant innovations, it also entails greater risks and obstacles. Although managers may opt for adopting the strategic approach to co-creation, they should first gain experience in its tactical use, and move gradually along the co-creation continuum toward realizing its potential.

On one hand, for managers that intend to use co-creation as a tactical market research tool, it is essential to bear in mind that the key success factor for co-creating with organizational outsiders is an effective process management. Accordingly, they should design a co-creation process that builds trust between the brand and these outsiders (Ind et al., 2013). Moreover, they need to ensure that brand employees deliver regular feedback on the contributions of the participating outsiders, as this is likely to enhance the creativity of participants and their willingness to further contribute in an active manner. Thus, managers ought to create a structure for co-creation that allows creative and intellectual freedom to organizational outsiders. Accordingly, brands should nurture and support the interactions among these outsiders, rather than try to control and restrict them.

On the other hand, for managers that pursue to use co-creation as a strategic collaborative innovation method, it is crucial to take into account that the key success factor for co-creating with organizational outsiders is an effective cultural change management. Accordingly, managers first need to define the strategic brand vision, placing collaborative innovation at the center of such vision. Then, they ought to manage and promote the cultural transformation of their brands toward such an innovation-oriented strategic vision. To successfully achieve this, it is essential that managers have the support of brand champions (i.e., brand employees that have the informal power within the organization, and are usually charismatic and empathic). Thus, managers and brand champions should develop arguments to convince others about the benefits of using co-creation as a strategic collaborative innovation method. For this purpose, they ought to benchmark the outputs of co-creation to those of traditional market research methods. Further, they should share success stories of other brands that have realized the potential of co-creation (i.e., used co-creation as a strategic collaborative innovation method), as this is likely to facilitate change.

The brands that want to realize the potential of co-creation should develop fairly flat and flexible organizational structures. This means that the different departments ought to have autonomy but, at the same time, promote cross-functional teams and structures that can overcome potential silos and foster transversal collaborations within the organization. Moreover, these brands should embrace an open and participatory culture, and an inclusive and humble leadership style. First, open and participatory cultures are those in which managers value the ideas of customers and the rest of stakeholders, and are willing to share information and develop long-term and trustworthy relationships with them. In these cultures, managers, employees, customers and other stakeholders interact and integrate each other’s ideas and resources in order to jointly co-create relevant innovations. Second, inclusive and humble leadership styles are those in which managers listen to, consider and reconcile the ideas and opinions of employees, in order to reach a solution that is legitimated across the whole organization. Inclusive and humble managers should be empathic as well, because by understanding the feelings and emotions of employees, they will be able to create strong affective interpersonal bonds with such employees that are likely to support and reinforce their job-related interactions and relationships.

For those brands that involve customers and other stakeholders in co-creation processes, it is especially important to behave ethically. The main reasons are that the number of employee-stakeholder interactions is higher than in brands which do not involve organizational outsiders, and that the involved stakeholders expect a special treatment as a response to their active participation in co-creation. Moreover, the current increased brand-stakeholder interconnectivity has turned the environment into a more transparent one (Lindfelt and Törnroos, 2006), in which customers and other stakeholders (e.g., NGOs) can easily detect not only the unethical brand behaviors, but also the unreal or profit-seeking ethical ones, and rapidly propagate this information through different online and offline networks and communities. This highlights the need for brands to both embrace and communicate real ethical behaviors if they want to remain competitive in an environment where information, and especially the negative one, is spreading more rapidly than ever (Lindfelt and Törnroos, 2006). In order to successfully communicate their ethical behaviors, brands need to abandon the traditional empty rhetoric of ethics and/or corporate social responsibility reports, and instead engage in more authentic communications. To build these more authentic communications, brands should develop a good narrative grounded in their ethical beliefs and supported by evidence that reflects their ethical commitment. Moreover, brands need to portray such ethical commitment ideally during every single interaction and touch-point with their customers (Balmer, 2001; Ind, 1997). This is especially relevant for services brands, because in the services sector, customer perceptions of brand ethicality are mainly formed during brand-customer interactions and touch-points, due to the inseparability of the production and consumption processes of a service (Grönroos, 2006).

The main responsible stakeholders for guaranteeing successful brand-customer interactions are employees (chapters 3, 4 and 5) (e.g., Iglesias et al., 2013; Ind et al., 2013). Thus, if managers want to effectively build brand ethicality internally and communicate it externally, they ought to ensure that employees embrace the ethical commitment of the brand and behave accordingly (chapters 4 and 5). This means that managers need to align the ethical brand strategy with human resources policies and practices (Iglesias and Saleem, 2015). Thus, human resources departments should apply recruitment, training and promotion policies and practices that enable ethicality to emerge and turn into employee behavior. Moreover, they should implement policies and practices that favor an empathic employee behavior. During their interactions, employees ought to portray empathy toward customers, as this can improve both customer perceptions of service quality (Parasuraman et al., 1985, 1988; Rust and Oliver, 1994) and customer affective commitment toward the brand (Hennig-Thurau, 2004), which is essential for turning customer perceptions of brand ethicality into a higher brand equity (chapter 4) and customer loyalty (chapter 5). Thus, managers should revert the current trend of recruiting poorly skilled and minimum salary service employees (Hennig-Thurau, 2004), and start to hire and train qualified employees with high levels of ethicality and empathy. Finally, apart from aligning it with human resources policies and practices, managers also need to align the ethical brand strategy with brand operations. Accordingly, service blueprints and daily routines should reflect the ethical commitment of the brand, and enable its translation into employee behavior.

6.3. Limitations and future research

Notwithstanding its theoretical contributions and managerial implications, this PhD thesis also has several limitations. The first limitation is related to methodologies. On one hand, for addressing the first overarching research objective of this PhD thesis, the qualitative research methodology was used. This methodology is suitable for studying largely under-investigated fields (Eisenhardt, 1989; Gummesson, 2000; Jaakkola and Hakanen, 2013) with a relative lack of robust theory (Yin, 2009). Qualitative research allows to develop theory inductively, by recognizing patterns of relationships in the field, and generalizing them on a broader level (Eisenhardt and Graebner, 2007; Woodside and Wilson, 2003). Moreover, it enables the description of complex social processes and particularities of contextual settings (Eisenhardt, 1989; Yin, 2009). However, qualitative methods have certain limitations as well. Namely, the generalizability of the findings is an issue, and the interpretation of data is subjective (Gummesson, 2000). In order to deal with these limitations, future research could develop quantitative studies on co-creation. Concrete future research avenues are presented below.

On the other hand, for addressing the second overarching research objective of this PhD thesis, the quantitative research methodology was used. This methodology is adequate for testing patterns of relationships in the field, and contributes to the robustness of the theory (Eisenhardt and Graebner, 2007; Gummesson, 2000). Quantitative research enables a high generalizability, and offers precise results that are not contingent on the subjectivity of interpretation (Gummesson, 2000). Nevertheless, quantitative methods have several limitations as well. Namely, unlike it happens with qualitative methods, the quantitative ones are not able to capture complex social phenomena and idiosyncrasies of contextual settings (Eisenhardt, 1989; Yin, 2009). So as to deal with these limitations, future research could develop qualitative studies on customer perceived ethicality. Specific future research opportunities are discussed below.

The second limitation has to do with data sources. On one hand, for addressing the first overarching research objective of this PhD thesis, the data source used were in-depth interviews. Interviews are the primary source of data in qualitative methods, because they enable the detection of deep respondents' insights about their social realities (Eisenhardt, 1989; Eisenhardt and Graebner, 2007). However, they entail an issue of double-hermeneutics (i.e., double process of interpretation): first, respondents interpret reality; and then, researchers interpret respondents' interpretations (Stake, 1995). Although it cannot be completely solved, this limitation has been minimized by applying researcher triangulation (i.e., the three co-authors of the article that constitutes chapter 3 have first interpreted the data individually, and then they have compared and discussed their interpretations, always trying to keep high levels of objectivity). However, future research could further deal with this limitation by triangulating the in-depth interviews with other qualitative data sources, such as ethnographies, focus groups or direct observations (Eisenhardt, 1989; Eisenhardt and Graebner, 2007; Stake, 1995; Yin, 2009). Specifically, it would be interesting to directly observe co-creation processes in brands from each side of the co-creation continuum to further validate and complement the theorized patterns in chapter 3. This is an important future research avenue, because direct observations can provide specific brands with concrete findings and recommendations regarding co-creation, in order to take the greatest advantage of it. In addition to triangulating the in-depth interviews with other qualitative data sources, future research could also collect data through surveys using the recently introduced scale of co-creation (Nysveen and Pedersen, 2014). This is an interesting future research opportunity, because it would enable to measure the level of customer participation in co-creation processes at different points of the co-creation continuum (i.e., from tactical market research tool to strategic collaborative innovation method), and thereby figure out how customer participation grows (e.g., progressively, exponentially) as brands move along the continuum. This would also help brands to be aware of where they are positioned along the co-creation continuum.

On the other hand, for dealing with the second overarching research objective of this PhD thesis, the data source used were surveys. Surveys are the main source of data in quantitative methods, and they do not entail issues regarding ambiguity of interpretation (Gummesson, 2000). However, surveys cannot offer rich and thick descriptions of the social realities of respondents (Eisenhardt, 1989; Yin, 2009). To address this limitation, future research could conduct in-depth interviews, or focus groups, with a set of customers to explore how they form their perceptions of corporate brand ethicality. This is a relevant future research avenue, because exploring the antecedents of customer perceived ethicality would help managers to better orchestrate the corporate brand strategies around ethical initiatives. Moreover, in accord with the rapidly spreading multiple stakeholder perspective in the field of brand management (e.g., Iglesias et al., 2013; Ind et al., 2013; Merz et al., 2009; Vallaster and von Wallpach, 2013), future research could investigate the roles of the different internal (e.g., employees) and external (e.g., distributors, NGOs) stakeholders in the formation of customer perceived ethicality of corporate brands.

The third limitation is related to samples. On one hand, for addressing the first overarching research objective of this PhD thesis, the sample used was composed of 20 managers that have led co-creation initiatives in 20 brands. Although this is a fair sample size for qualitative methods, and brands are from different sectors and geographies, the generalizability of the findings is still an issue. Thus, future research could extend the number and diversity of managers and brands, so as to further enhance the generalizability of the findings. Concretely, it would be interesting to see whether the findings of chapter 3 would remain the same in brands operating in the business-to-business field, which is characterized by more cooperative and long-term oriented interactions and relationships than the business-to-consumer area (Rackham and DeVincentis, 1998; Webster and Keller, 2004), to which the brands that are part of chapter 3 belong. This is a relevant future research opportunity, because the different nature of interactions and relationships that characterize the business-to-business field can influence how managers use co-creation. Thus, it would be interesting to empirically investigate whether managers from the business-to-business field are more likely to embrace co-creation as a strategic collaborative innovation method than those from the business-to-consumers area. Moreover, future research could empirically explore if the role of employees in co-creation processes is more important in the business-to-business field or in the business-to-consumers area. This would help managers to elaborate hiring, training, and promotion strategies accordingly.

On the other hand, for dealing with the second overarching research objective of this PhD thesis, a sample composed of 2179 customers of corporate services brands was used. Although it entailed a great number of customers, the sample was only representative for the Spanish target population, and thus the external validity of the findings is an issue. To address this limitation, future research could replicate the studies that compose chapters 4 and 5 across different cultures. This is an important future research avenue, because there are very few empirical cross-cultural studies linking brand ethicality or social responsibility with brand equity (e.g., Torres et al., 2012) or customer loyalty, and even fewer in the area of services. This is surprising, because customers from different cultures tend to focus on different factors when evaluating brands that operate in the services sector (Imrie, 2005). For instance, Spanish customers, as well as South American ones, usually give a lot of importance to the personal relationships when evaluating brands, and thereby are closer to collectivistic cultures (e.g., China, other Eastern countries) than to individualistic ones (e.g., United States) (Liu and McClure, 2001; Liu et al., 2001). Customers from collectivistic cultures (e.g., Spanish, South Americans, Asians) are generally less demanding and less likely to complain when they receive poor service quality than those from individualistic cultures (e.g., United States) (Liu and McClure, 2001; Liu et al., 2001). Moreover, when evaluating a service, customers from Western cultures take tangible cues more into account, whereas those from Eastern cultures give more importance to the intangible ones (Mattila, 1999). Therefore, future research could examine whether the effects of customer perceived ethicality would remain the same in countries with pronounced cultural differences. Concretely, it would be interesting to investigate whether the impact of customer perceived ethicality on both customer perceived quality and customer affective commitment varies across individualistic and collectivistic cultures. Further, future research could examine to what extent the influence of employee empathy in corporate brand contexts differs across Western and Eastern cultures.

In addition to being solely representative for the Spanish target population, the sample used for addressing the second overarching research objective of this PhD thesis is also only descriptive for eight service categories (i.e., financial institutions, clothing retail chains, insurance companies, Internet and telephone service providers, hypermarket and supermarket chains, gas stations, utility companies, and hotel chains) that belong to the business-to-consumers area. Although this is a fair variety of service categories, future research could extend the list further. As it is the case with chapter 3, it would be interesting to examine whether the results of chapters 4 and 5 would remain the same in the business-to-business field. This is a relevant future research opportunity, because the highly cooperative and enduring nature of interactions and relationships in the business-to-business field can influence both brand outcome variables (e.g., brand equity) (chapter 4) and customer outcome variables (e.g., customer loyalty) (chapter 5). Accordingly, various scholars found that, in the business-to-business context, the quality of industrial relationships (i.e., usually measured by customer satisfaction) has a positive influence on brand equity and/or on customer loyalty (e.g., Hsu et al., 2013; Lam et al., 2004). Thus, future research could empirically examine if, in the business-to-business context, the relationship quality constructs present in chapters 4 and 5 (i.e., perceived quality/customer perceived quality and brand affect/customer affective commitment) also have a positive influence on brand equity and/or on customer loyalty.

Apart from addressing the aforementioned limitations by undertaking the proposed or other future research opportunities, there are many other interesting avenues for future research. On one hand, to further address the first overarching research objective of this PhD thesis, future research could investigate, in different environments, ways to overcome the two key obstacles to the realization of the potential of co-creation that have emerged from the empirical framework of chapter 3 (i.e., culture and organizational structure). Concretely, it would be interesting to identify the mechanisms that are likely to lead to the development and implementation of an open and participatory culture. Furthermore, future research could identify the factors that can facilitate both overcoming the rigidities of organizational structures and promoting transversal collaborations across the different departments of the organization. These are important future research avenues, as they can help managers to open up their brands to external talent and foster collaborative dynamics, which is likely to result in more relevant co-created outcomes.

On the other hand, to further deal with the second overarching research objective of this PhD thesis, future research could extend the list of the relevant mediators used in chapters 4 and 5 (i.e., perceived quality/customer perceived quality and brand affect/customer affective commitment) by including other important constructs from the services literature, such as brand associations (e.g., Biedenbach et al., 2011) and brand awareness (e.g., Berry, 2000). In fact, these two constructs are widely acknowledged as dimensions of brand equity (e.g., Aaker, 1996; Pappu et al., 2005, 2006), which further increases the interest of studying them as mediators of the impact of customer perceived ethicality on brand equity. This is an interesting future research opportunity, because it can figure out whether, in addition to being dimensions of brand equity, brand associations and brand awareness also work as antecedents of brand equity. Moreover, future research could study brand attitude as a mediator of the impact of customer perceived ethicality on both brand equity and customer loyalty, because it is a behavioral construct, and thus would complement the affective one (i.e., brand affect/customer affective commitment) already used in chapters 4 and 5. Finally, as chapter 4 has shown some different results in the area of services to those already existing in the field of goods, future research could recompile, systematically compare, and substantively discuss the effects of customer perceived ethicality of corporate brands across goods and services settings. This is a relevant future research avenue, because it would further highlight the differences of corporate services brands, and how they ought to be managed in comparison with corporate product brands.

Finally, in addition to the future research opportunities to further address the first and the second overarching research objectives of this PhD thesis, there is also an interesting future research avenue at the crossroads of the fields of co-creation and ethical branding. Accordingly, future research could investigate the ethical implications and challenges of involving customers and other stakeholders in co-creation. This is a relevant future research opportunity, because ethics should especially be a concern for those brands that actively and recurrently involve organizational outsiders in co-creation processes, because of the mutual dependency that interactions and relationships imply (Stanislawski, 2011; Williams and Aitken, 2011).

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