The Impact of Consumer’s Perceived Deception on Brand Trust, Brand Affect, and Brand Loyalty: Deceptive Tactics as an Impediment to Consumer Trust

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ABSTRACT---- Data have been collected in the electronics sector among 310 real consumers concerning their perceptions of deception and how these impact their reactions, in terms of brand trust, brand affect, and brand loyalty. A hypothetical framework is developed and tested. Structural equation modeling (SEM) is used to test the proposed relationships. This paper analyzes the relation between brand trust, affect, and loyalty at product level, and consumer’s perceived deception at corporate level. The results showing that there is a negative relationship between consumers’ perceived deception and brand trust. But brand trust has positive influence on brand affect and brand loyalty. Further, brand affect also positively relate to brand loyalty. This research confirmed that high levels of perceived deception decreases consumer trust toward a brand, which finally has negative impact on brand loyalty. The managerial implications of the outcomes are also discussed.

Keywords--- Brand trust, Perceived deception, Brand affect, Brand loyalty, Structural equation modeling

1. INTRODUCTION

Deception is one of the tactics that negotiators frequently use to increase others compliance and to enhance their personal benefits (Triandis, 2001). The parties concerned in negotiations have partial and confidential information (Gino and Shea, 2012); therefore, negotiators face the temptation to employ deception as a defensive strategy (Dees and Cramton, 1991). Negotiation that contains a viable facet or conflict is possible to engage deceptive tactics, such as misrepresentation (O’Connor and Carnevale, 1997).

In addition to situational elements, deception engages the sender (deceiver) and the receiver (truth-teller) (Buller and Burgoon, 1996). Bond and DePaulo (2008) reviewed that individual differences have been long considered in conventional deception literature, has focused on the dissimilarities of receivers or third-party observers in their individual findings of deception. The research also showed that the result of a deception finding rely moreover on a liars reliability than judges individual differences.

The situation in which deception occurs is an essential part of deceptive statement (Buller and Burgoon, 1996). In the same vein, Giordano et al. (2007) states that how deceivers perform cannot be alienated from the message that they place. Deception research has mainly been paying attention to the monologue background in vis-à-vis communication. Varadarajan et al. (2010) proposed that the Web has consolidated consumer's bargaining situation, handing over them alarming tool to collect information, not just by a few but a lot of.

Companies and retail chains offerings, have conventionally enjoyed a beneficial situation to influence consumer's expectations (Pitt et al., 2002), it has been stated that increasing focus on ethical issues in utilization has seen a reaction from brands depicting themselves as clean and socially responsible (Clegg, 2007).

Moreover, company's deceptive policies impact consumer's behaviors and attitudes in the marketplace (Jehn and Scott, 2008). Research also shows that as a result of deceptive practices, consumers have been distrustful of marketing tactics
So the deception (misrepresentation, misleading) practices raise several questions for companies, decision makers and consumers (Mujtaba and Jue, 2005).

A recent stream of literature has distinguished the significance of studying consumer's personality as potential provenances of different susceptibility to deception (Xie and Boush, 2011; Roman, 2010). According to our literature search, there is little or no documented information on the impact of consumers perceived deception on brand trust at the product brand level below a corporate umbrella. It is a key issue while making an investment on ethical activities at the corporate level, because product level contributed a major part of financial return. Our research addresses it by incorporating emotional (brand affect) and attitudinal/behavioral (brand loyalty) reactions from the consumers viewpoint. It is also very important to know about the matter of selling tactics and their impact on brand trust and brand loyalty in addition to other ethical issues.

![Figure 1: Research model (proposed model)](image)

In the light of these issues, this paper has the objective to examine the link between consumer's perceived deception of a brand and brand trust. Thirdly, this paper seeks to examine the effects of brand trust on brand loyalty at product brand level. Fourthly, to establish how brand influence brand loyalty through a mediating factor brand affect (Figure 1). This study does not mean to inspect all potential moderating variables; fairly it represents an initial step in the development of understanding the moderating impact. Furthermore, this research methodically discourse cues to deception.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS

This paper started through developing a theoretical definition of perceived deception at the micro level. Guided through the perceived deception impact on brand trust, consumers perception toward a brand creating negative/positive affect was also described, and lastly, its impact on brand loyalty in different life domains.

2.1 Consumers perceived deception, Brand trust and Brand affect

Deceptive tactics are common in the marketing area; and even when marketers do not intentionally attempt to deceive consumers, their strategies and messages seem to be misleading or doubtful in some way (Burke et al., 1988). Deception is a common circumstance that can arise in any shape of communication (for example conflict of interest) (Johnson et al., 2001). Deception is a wide array of forms except the undeniable lie, and among the characteristics that differentiate they are aggregate and plenty of information, degree of truthfulness, intent and clarity (Roman, 2010); Whatever the category of deception, it raises a number of ethical issues and questions for customers, companies and the administrations (Jehn and Scott, 2008; Biros et al., 2002; Gibbins, 1992).

Recently, Xie et al. (2014) suggest that the negative impact of perceived deception could be enhanced when the predictable outcome of being deceived is solemn. From Solomon (2009) investigation, deception comprises the intentions, aims, and nature of the prevaricator not just the particular deception. From deception point of view, selling and advertising areas have received special attention. It is unfair and unethical to use deception in the context of marketing practices (Aditya, 2001). Manipulative tactics such as exaggeration of the advantages and features of a product, and throughout selling strategies are the common examples of deception (Ramsey et al., 2007; Roman and Ruiz, 2005). Deceiver's tactical actions and information management caused people to have difficulties to recognize deceptive communication (Buller and Burgoon, 1996). Deception is an interpersonal process in which a lie is transferred from one party to another, and it has numerous negative outcomes for its victims (Kray et al., 2014).
Mostly in information management, oral behavior has been commonly considered as deceptive tactics (Zhou et al., 2014). Earlier literature on deceptive advertising has focused more on determining the specific types of claims that misguide to take a fair decision and its consequences on consumers beliefs, affect, and behavioral intentions (Darke and Ritchie, 2007; Burke et al., 1988). Results from the above stream of literature obtained that deceptive selling tactics have been found to reduce consumer satisfaction and trust.

Our framework focuses on consumer's perceived deception as antecedent to brand trust. Darke and Ritchie (2007) proposed that deceptive advertising instigates consumers distrust. Brand trust and brand affect distinguish the association between risk aversion and loyalty (Matzler et al., 2008). Kumar and Advani (2005) perceived a positive association between brand trust and brand loyalty. So brand trust effect on brand loyalty directly and indirectly through a mediating factor named as brand affect.

Trust is a confidence that a business partner is reliable and behaves with integrity (Morgan and Hunt, 1994). Andaleeb (1992) proposed that in situations of perceived risk, brand trust summarizes customer expectations of brand intentions. In the same vein, Doney and Cannon (1997) and Mayer et al. (1995) state that sincerity, benevolence, reliability and honesty are the facets of trust that are highly developed between two partners or organizations with the passage of time.

Trust is a key construct in relationship research work (Fournier, 1998; Morgan and Hunt, 1994). It is proposed that brand trust is an important medium factor towards customer behaviors before and after the purchase of any commodity or product; and it foundations long term loyalty and strengthens the relation among two parties (Liu et al., 2011). Brand trust can be defined as the willingness of the average consumers to rely on the capability of the brand to perform its defined functions (Chaudhuri and Holbrook, 2001).

**H1:** Consumers Perceived deception at corporate brand is negatively related to product brand trust level.

Brand affect characterizes the relationship among consumers and brand under definite category and it can be characterized as the common evaluations of the consumers for brand (Matzler et al., 2006). Managers have conventionally overlooked the emotional and afffective element of brands and have pinpointed on their rational and practical constituents (Shaw and Ivens, 2002). Barbalet (1996) suggested that emotion forms an important predecessor of trust, and in reality trust is suggested as a social emotion. Though, there is a flourishing body of literature that highlights the deprivation for brands to elicit strong positive emotional response (Payne et al., 2009). Along the same line of consideration, Chaudhuri and Holbrook (2001) described brand affect as a brand's potential to elicit a constructive emotional response in the average consumer as a consequence of its use. Sung and Kim (2010) propose a constructive relationship between brand sincerity and brand affect.

Notwithstanding that the brand affect is more spontaneous, instant and is realized with less contemplation; brand trust serves as a covering for well thought, designed and considered process (Chaudhuri and Holbrook, 2001). Straightforward if there is no similarity between brand trust and brand affect while the processes are considered; brand trust is one of the important variables that has significance on brand affect (Sung and Kim, 2010; Chaudhuri and Holbrook, 2001).

**H2:** Brand trust is significantly related to brand affect at a product level.

2.2 **Brand trust, Brand affects and brand loyalty**

Brand trust is one of the significant factor which directly influences brand loyalty. The impact of the trust on brand loyalty becomes compatible and extraordinary due to high level of perceived risk and obscurity (Ibanez et al., 2006). Trust plays an important role in increasing brand loyalty and furthermore has an influence on the factor such as sustaining market share (Gommans et al., 2001). Similarly, Chaudhuri and Holbrook (2001) report that, while their sound effects might vary, both brand trust and brand affect absolutely influence both types of loyalty.

Positive brand affect may avert the searching of prospective alternatives, therefore favoring long term relationships (Gundlach et al., 1995). Brand that provides the joys, happiness to the customers, cause a substantial attitudinal dedication and purchase loyalty (Matzler et al. 2006). It is suggest that in the circumstances when the brand affect is high, brand loyalty also desires to be higher (Dick and Basu, 1994).

Taking into account the formation of brand relationship and its sustainability, it is proposed that brand affect should be measured as a significant antecedent of brand loyalty (Matzler et al., 2006). Firstly, brand loyalty was just correlated to regular repurchase; though, many authors later recognized the attitudinal aspect of loyalty (Kumar and Advani, 2005). It has been found that there is a stream of literature enlightening the relationship between brand affect and brand loyalty, while reviewing related literature. These studies propose that brand affect has significant importance on brand loyalty (Matzler et al., 2008; Taylor et al., 2004).
H3: Brand trust is significantly related to brand loyalty at a product level.
H4: Brand affect is significantly related to brand loyalty at a product level.

3. RESEARCH METHODOLOGY

First and foremost, this research explained the data collection and sampling method. Afterwards, the procedure on how to improve the measures and model constructs were discussed. Finally, the subject of method bias was also explained.

3.1 Data collection and sample

The variables incorporated in the model were calculated from pre-existing marketing literature. The scale for loyalty adapted from Oliver (1999), brand trust was calculated with a four-item scale developed by Chaudhuri and Holbrook (2001), perceived deception was measured with a four-item scale adapted from Roman (2010), and product brand affect was calculated with a three-item scale developed by Chaudhuri and Holbrook (2001).

As for product categories, electronics sector (e.g., cell phone, computer, camera etc.) were used in the current research. There were several reasons for selecting this sector. Most people around us have used such needed products and their sensitivity of awareness towards such products was relatively high.

Moreover, electronics sector have been very important for the consumers; particularly for the young people, innovations as well as durability has been their major concern. Besides, these products do not just provide functional benefits as well as psychological benefits. Therefore; through the selection of these products, trust for the brand moreover the affective variable can come to the front position. So it can be proposed that the electronics sector have the potential to impact on consumer’s trust and affect toward a brand.

A survey mechanism was administered to a sample size of 310 real consumers. Respondents were approached randomly with those who passed the data compilation point placed on the pedestrian walkway in a main metropolitan city (Frambach et al., 2007). A random procedure was used to achieve the representation of the sample data, as participants regard to gender. The final sample obtained had the following composition: 54.5% males and 45.5% females.

All responses were measured on a 7-point Likert scale (ranging from strongly disagree-1 to strongly agree-7). The questionnaire was firstly arranged in English and then translated into Chinese, whereas a back translation process ensured that the meaning of the questions was correctly conveyed. Before launching the full questionnaire, it was pre-tested with 15 randomly chosen consumers, revealing no troubles with the full-scale study.

Structural equation modeling was used to analyses the proposed model and the hypothesized relations between the constructs. This statistical technique is appropriate for this study as: (1) it permits measurement of relations between constructs in a holistic manner; (2) it unambiguously estimates the measurement error through calculating the fit of the model; and (3) it adopts a confirmatory factor analysis (CFA) of the data rather than an exploratory (Hair et al., 2006). We applied maximum likelihood estimation to get the estimates of different parameters on a covariance matrix in (LISREL 8.80) standard software (Joreskog and Sorbom, 1999), which followed a two-step process, (1) testing the measurement model (CFA); and (2) testing the structural regression (SR) model.

3.2 Measurement model

First, measurement model reported ($\chi^2$ (71) = 97.10, p < 0.022), indicating significant statistically. The other indexes signify a fairly good fit also e.g. Comparative fit index (CFI) = 0.991; Normed Fit Index (NFI) = 0.967; Root Mean Square Error of Approximation (RMSEA) = 0.0339; Standardized RMR = 0.0348, because the estimated fit indexes for the measurement model are favorable so the fit hypothesis is not discarded. But the measurement indicated few obvious problems regarding the fit of the model. As an example, in calculation (LISREL) few absolute correlation exceeded .10. These residuals were for different pairs among the indicators of subjective well organism.

In second analysis, the measurement model was modified by allowing the indicators covariances (CPD4/X4 and BA1/Y5, BA1/Y5 and BL2/Y9, BL2/Y9 and CPD2/X2, CPD1/X1 and CPD4/X4) to be freely estimated because it seems rational that the five indicators just mentioned might be the source for a common omitted cause (as show in table 2). This re-specified measurement model reported fit on the bases of fit statistics. The facts are statistically improved than that of the earlier model. The exact-fit hypothesis is not discarded for the modified measurement model ($\chi^2$ (67) = 84.58, p = .072); because the $\chi^2$ was found to be considerable and the sample size to the sensitivity of this index found to be fit too (Hair et
al., 2006). As all values were fit in the generally accepted significant levels and the output of the alternative fit indexes for the model are indicated favorable (Byrne, 2006) such as RMSEA = .028, SRMR = .032, CFI = .994, NNFI = .992.

### Table 1 Correlation matrix

<table>
<thead>
<tr>
<th></th>
<th>Brand Trust</th>
<th>Brand Affect</th>
<th>Brand Loyalty</th>
<th>Consumer’s perceived Deception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand trust</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand affect</td>
<td>0.879</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand loyalty</td>
<td>0.967</td>
<td>0.956</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Consumer p deception</td>
<td>-0.192</td>
<td>-0.145</td>
<td>-0.141</td>
<td>1.000</td>
</tr>
</tbody>
</table>

A correlation matrix was estimated to test the general image of associations among the constructs (Table 1). Correlations among latent constructs (e.g., brand trust, brand affect, and brand loyalty) were all positive and quite high. Remarkably, no correlation coefficient was above .75 among consumer perceived deception and other latent constructs (e.g., brand trust, brand affect, and brand loyalty), which indicates a lack of multicollinearity in the data.

### 3.3 Controlling intended Method Bias

In order to control intended method bias (CMB) in the model, used a CFA approach to the Harman method, which is more standard and exact than the EFA test (Podsakoff et al., 2003). Doing this, we computed a confirmatory factor model (CFA), constrained the 4 factors and 10 construct indicators used in our measurement model to load on a single factor. The results of this model reported a very poor model fit (i.e., \( \chi^2 (77) = 733.95, p = .00 \); CFI = .76; NNFI = .72; and RMSEA = .16; SRMR = .13). Consequently, the outcomes indicate that CMB does not pretense a trouble in this study.

### 3.4 Structural Regression model results

The initial structural regression model (\( \chi^2 (73) = 121.37, p = .001 \)), indicated significant statistically. The standard errors furthermore were adjusted to degree of the non-normality. In an effort to build up an improved fitting model the post hoc model re-specifications were performed. Two residual covariances were calculated (BL1/Y8 and BA2/Y6, BT3/Y3 and brand loyalty), according to the Lagrange multiplier test, and theoretical application. Because of these additional paths, model was notably improved (Table 2).

The fit statistics of the final structural regression model indicated a good fit (\( \chi^2 (71) = 83.02, p = .15 \)), the overall outcomes prove that the detailed model indicates a good fit to the data (e.g., RMSEA = .023, SRMR = .033, CFI = .996, NFI = .972 NNFI = .995).

### Table 2 Results of the measurement model

<table>
<thead>
<tr>
<th>Factors</th>
<th>Standardized loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer’s perceived deception (CPD)</td>
<td></td>
</tr>
<tr>
<td>CPD1</td>
<td>.71 m</td>
</tr>
<tr>
<td>CPD2</td>
<td>.80 (11.75)</td>
</tr>
<tr>
<td>CPD3</td>
<td>.75 (11.40)</td>
</tr>
<tr>
<td>CPD4</td>
<td>.78 (11.61)</td>
</tr>
<tr>
<td>Brand trust (BT)</td>
<td></td>
</tr>
<tr>
<td>BT1</td>
<td>.70 m</td>
</tr>
<tr>
<td>BT2</td>
<td>.42 (6.94)</td>
</tr>
<tr>
<td>BT3</td>
<td>.58 (9.29)</td>
</tr>
<tr>
<td>BT4</td>
<td>.78 (12.15)</td>
</tr>
<tr>
<td>Brand affects (BA)</td>
<td></td>
</tr>
<tr>
<td>BA1</td>
<td>.49 m</td>
</tr>
<tr>
<td>BA2</td>
<td>.80 (8.4)</td>
</tr>
<tr>
<td>BA3</td>
<td>.73 (8.2)</td>
</tr>
<tr>
<td>Brand loyalty (BL)</td>
<td></td>
</tr>
<tr>
<td>BL1</td>
<td>.67 m</td>
</tr>
<tr>
<td>BL2</td>
<td>.34 (5.72)</td>
</tr>
<tr>
<td>BL3</td>
<td>.70 (10.94)</td>
</tr>
</tbody>
</table>

Goodness of fit statistics (\( \chi^2 (67) = 138.58, p = .072 \); RMSEA = .028, SRMR = .032, CFI = .994, NNFI = .992. M t values for the un-standardized answer are in parenthesis N Item fixed to scale
The fit statistics, standardized regression weights and t values for the links are presented in Table 3. The relationships presented by all the hypotheses (e.g., H1 and H2, H3 and H4) are supported. The results show that consumer’s perceived deception has a significant and negatively related to brand trust ($\beta = -0.12$, $t = -2.69$, $p < .001$). Brand trust is significantly and positively related to brand affect ($\beta = 0.85$, $t = 7.63$, $p < .001$), and brand loyalty ($\beta = 0.56$, $t = 3.44$, $p < .001$). Lastly, brand affect has a significant and positive relationship among brand loyalty ($\beta = 0.53$, $t = 3.21$, $p < .001$).

### 4. DISCUSSION AND CONCLUSION

This study has made a relevant contribution to the business, marketing ethics, and brand management. First, it focused on the often neglected connection between consumer's perceived deception and consumer trust towards a brand, which is a main problem in building victorious buyer-seller relationship. It likewise examines the relationship of consumer trust and brand loyalty at a product level in the context of consumer’s perceived deception at corporate level.

Our research confirmed that business performing in a deceptive way may lose consumer trust. Indeed, business acting in a deceptive manner can hurt the feeling of reliability, integrity, and safety that consumers have for them, which are basic essentials for building trust. Low levels of trust were found in this research, which tend to decrease the degree of consumer's loyalty with the brand.

Our findings also demonstrated a direct relationship between the consumers’ perceived deception of a corporate brand and the recognition of product brand below a corporate umbrella. Negative consumer’s perceived deception of corporate brand is conveyed into a negative assessment of product brand loyalty and product brand trust.

#### Table 3 Standardized regression weights

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Expected sign</th>
<th>Standard estimate</th>
<th>t value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: CP Deception → Brand trust</td>
<td>–</td>
<td>–0.12</td>
<td>–69</td>
</tr>
<tr>
<td>H2: Brand trust → Brand affect</td>
<td>+</td>
<td>0.85</td>
<td>7.63</td>
</tr>
<tr>
<td>H3: Brand trust → Brand loyalty</td>
<td>+</td>
<td>0.56</td>
<td>3.44</td>
</tr>
<tr>
<td>H4: Brand affect → Brand loyalty</td>
<td>+</td>
<td>0.53</td>
<td>3.21</td>
</tr>
</tbody>
</table>

Goodness of fit statistics ($\chi^2$ (71) = 83.02, $p = .15$); RMSEA = .023, SRMR= .033, CFI = .996, NFI = .972, NNFI = .995

The third important hypothetical input is the mediating position of brand affect and brand trust in the link between brand loyalty and consumers perceived deception of a corporate brand. It supports to do investment on ethical activities of a corporate brand such as CSR. This similarly effect reinforces the need to improve the emotional proportions of the brand knowledge that can impact the useful responses of all brand stakeholders. The sentiment of distrust caused by deceptive practices would generate a perception of discrimination among consumers that would decrease the chances of repurchases. An angry consumer may resort to other damaging actions e.g., portraying a bad image about the brand or boycott it.

The results of this study have relevant managerial implications are that retail chains may place special focuses on their sales people’s ability to give professional and helpful information to potential buyers. Managers of a corporate brand must invest in ethical activities to portray themselves as green, clean, and sociable. Marketers should provide plentiful and helpful information to their brand communities in order to secure repeated visits and highly brand trust by customers (Jung et al., 2014). These can be achieved through training programs (e.g., product knowledge for sales peoples) and behavior based command and control (so the salespeople provide all the essential information related to a product while negotiating with buyers).

A deception free approach could bind the relationships among consumers, as deceptive practices may put them off. In this flow, it is essential for managers to plan integrated communication strategies to avoid the non-deceptive manner. It has been indicated that managers should be more responsive to some further measures such as trust (Habibi et al., 2014). Therefore, it is significant to thoroughly observe target consumers (e.g., conduct some surveys to analyze consumers attitude, trend, satisfactions etc.) to know how they perceive deception throughout firm's activities.

This research also provides an attempt to investigate the impact of the consumer perceived deception on the brand loyalty of a corporate brand. Brand loyalty is a key that raising the likelihood of future repurchases and suggestion (Kumar and Advani, 2005). Brand loyalty is a sign of customer retention, future repurchases, suggestion, and favorable cross selling. As we are generally interested in biased perceptions and evaluations of the consumers, we support the suitability of this...
method for this research. Though, future research must think about samples from other stakeholder groups, multiple methods, and alternative measures.

Furthermore, as self-reported dimensions of loyalty might not be a true reflection of real actions, to further analyze the impact of a deceptive image, it will be exciting to consider objective dimensions (for example market shares) and correlated metrics (such as outcome variables) and other company inputs (e.g., antecedent variables).

5. ACKNOWLEDGEMENT

This research is supported by National Natural Science Foundation of China (Grant No. 70971091) and Foundation for Fostering Young Scientists of Sichuan Province of China (Grant No. 2013DTPY0020).

6. APPENDIX (QUESTIONNAIRE)

Please tick a box on each line to indicate how much you agree or disagree with each of the following statements.

What did you purchase recently (any electronics product) and brand name?

Consumers perceived deception
CPD1: online/offline store exaggerates the benefits and characteristics.
CPD2: It uses misleading tactics to convince consumers.
CPD3: It misrepresents product characteristic.
CPD4: They take advantage of less experienced consumers to take them purchase.

Brand trust
BT1: I trust this brand.
BT2: This brand is harmless.
BT3: This brand is sincere.
BT4: This brand is useful for my needs.

Brand affect
BA1: This brand is delightful for me.
BA2: This brand is according to my needs.
BA3: I feel good when I have this brand.

Brand loyalty
BL1: This brand has high quality products.
BL2: I love this brand.
BL3: I would wait for this brand more than that another one.

What is your sex? Male  Female

7. REFERENCES


