



Online-Appendix zu

„The Effect of Perceived CEO Overconfidence on Consumers’ Product and Brand Evaluations“

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Page 3 – First half the same for both groups:

In December 2018 the CEO, William Anderson, issued the following statement

- "Over the last month, I have started to implement major changes in business processes concerning R&D, logistics and manufacturing. The effects will become apparent in the next quarter's results as our gross margin will **increase from 40% to around 50%**. Our profit margin will **increase from currently 18% to around 25%**."
- "We are currently designing a pair of Smart Glasses that will revolutionize user's interaction with other mobile devices. We believe they will have the highest technological standard in the market when they launch mid-February."
- "We are going to become the **most bought phone by 2020**"

Page 3 – Overconfidence condition:

In an analyst report issued March 2019 recent financial results and business developments of the company are discussed:

- "**The CEO has not been able to deliver the announced improvements** to the financial structure of the company. The gross margin only improved by 300 basis points compared to the previous quarter and is **now at 43%**. The profit margin has stayed **constant at 18%**."
- "The launch of the virtual reality glasses has been postponed to September after some experts had claimed the new product to "have some fun features but nothing new" after having received exclusive access prior to the planned launch"
- "Jupiter's number of phones sold is **currently 1/3 of Samsung's phone sales** (Samsung is currently the company with the largest market share of sold phones)"

Page 3 – No overconfidence condition:

In an analyst report issued March 2019 recent financial results and business developments of the company are discussed:

- "**The CEO has been able to mostly deliver the announced improvements** to the financial structure of the company. The gross margin improved by 900 basis points compared to the previous quarter and is **now at 49%**. The **profit margin has risen to 26%**."
- "The launch of the virtual reality glasses has been a great success as customers enjoy exciting new features and the user-friendly design. Many experts have reviewed the product and have confirmed its industry-leading technology standard.
- "Jupiter's number of phones sold is **currently 5% lower than phone sales of Samsung** (Samsung is currently the company with the largest market share of sold phones)"

Appendix B

Comparison of the Information Given to the Experimental Groups

CEO Announcements	Analyst Report - G1 Overconfidence Condition	Analyst Report – G2 No Overconfidence Condition
“Gross margin will increase from 40% to around 50% ”	“The gross margin (...) is now at 43% ”	“The gross margin (...) is now at 49% ”
“Profit margin will increase from currently 18% to around 25% ”	“The profit margin has stayed constant at 18%. ”	“The profit margin has risen to 26%. ”
Launch of Smart Glasses: - “they will have the highest technological standard in the market” - “they launch mid-February”	“The launch of the virtual reality glasses has been postponed to September”	“The launch of the virtual reality glasses has been a great success”
“We are going to become the most bought phone by 2020 ”	“Jupiter's number of phones sold is currently 1/3 of Samsung's phone sales ”	“Jupiter's number of phones sold is currently 5% lower than phone sales of Samsung ”
Ability to deliver	“The CEO has not been able to deliver the announced improvements”	“The CEO has been able to mostly deliver the announced improvements”

Appendix C

Survey Questions Participants Received in Part One of the Study

Product Evaluation

Give your overall impression of the phone previously described.

	1	2	3	4	5	6	7	
Dislike	<input type="radio"/>	Like						
Bad	<input type="radio"/>	Good						
Low quality	<input type="radio"/>	High quality						
Not impressive	<input type="radio"/>	Impressive						
Not advanced	<input type="radio"/>	Advanced						

Note. Items based on a scale by Roehm and Sternthal (2001)

Brand Attitude

Give your impression of the following aspects concerning the company producing the phone, Jupiter.

	1	2	3	4	5	6	7	
Unappealing	<input type="radio"/>	Appealing						
Bad	<input type="radio"/>	Good						
Unpleasant	<input type="radio"/>	Pleasant						
Unfavorable	<input type="radio"/>	Favorable						
Unlikable	<input type="radio"/>	Likable						

Note. Items based on scale by Ahluwalia, Burnkrant, and Unnava (2000)

Brand Trust

Give an evaluation of your trust in Jupiter.

This brand delivers what it promises.	
1	7
Totally disagree	Totally agree
This brand's product claims are believable.	
This brand has a name you can trust.	
This brand has the ability to deliver what it promises.	

Note. Items based on scale by Erdem and Swait (2004)

Brand Personality

Please indicate to which extent you believe the following words are descriptive of the brand Jupiter.

Reliable	
1	7
Not at all descriptive	Extremely descriptive
Intelligent	
Technical	
Successful	
Confident	
Leader	

Note. Items based on scale by Aaker (1997)

Purchase Intention

Would you like to try this product?						
1	2	3	4	5	6	7
No - Definitely Not						Yes - Definitely

Would you actively seek out this product in a store/online to purchase it?
--

I intend to buy the product.

Note. Items based on a scale by Baker and Churchill (1977)

Willingness to pay

What is your willingness to pay for the phone previously described? Give your answer in Euro and please state a single amount.

Appendix D

Summary of Simple Regression Analyses of CEO Overconfidence Condition Predicting Consumer Attitude Variable

Variables to be Predicted	CEO Overconfidence	
	β	t
Product Evaluation	-.52	-3.1**
Purchase Intention	-.67	-2.65**
Brand Attitude	-.84	-5.27***
Brand Trust	-1.11	-5.69***
Brand Personality Trait Competence	-.73	-3.81***

Note. N = 120, n = 118, * p = 0.05, ** p = 0.01, *** p = 0.001

Appendix E

Survey Questions Participants Received in Part Two of the Study

Marc Zuckerberg (Facebook)

Give your personal evaluation of the following statements regarding Mark Zuckerberg.

He overestimates his company's success.							
1	2	3	4	5	6	7	
Highly disagree						Highly agree	
He publicly communicates financial and business goals that are unrealistically high.							
The company usually underperforms compared to his statements of anticipated success.							
I believe he is an overconfident CEO.							

Note. Own scale

Facebook

Give your evaluation of the following aspects concerning Facebook.

	1	2	3	4	5	6	7	
Unappealing	<input type="radio"/>	Appealing						
Bad	<input type="radio"/>	Good						
Unpleasant	<input type="radio"/>	Pleasant						
Unfavorable	<input type="radio"/>	Favorable						
Unlikable	<input type="radio"/>	Likable						

Note. Items based on scale by Ahluwalia, Burnkrant, and Unnava (2000)

This brand delivers what it promises.							
1	2	3	4	5	6	7	
Totally disagree						Totally agree	
This brand's product claims are believable.							
This brand has a name you can trust.							
This brand has the ability to deliver what it promises.							

Note. Items based on scale by Erdem and Swait (2004)

Appendix F

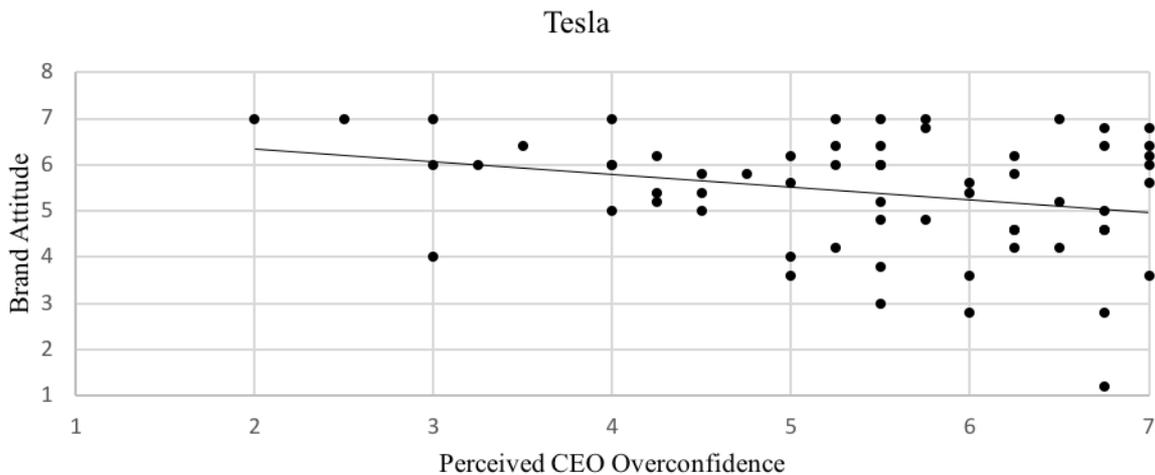
Summary of Simple Regression Analyses of Perceived Overconfidence Predicting Brand Attitude and Brand Trust

		Group 2 No Overconfidence	Group 1 Overconfidence	Whole Sample Size
Amazon	Brand Attitude	n.s.	$\beta = -.31, t(43) = -2.53,$ $p < .01$	n.s.
	Brand Trust	n.s.	$\beta = -.47, t(43) = -4.38,$ $p < .001$	$\beta = -.22, t(100) = -2.84,$ $p < .001$
Facebook	Brand Attitude	$\beta = -.65, t(62) = -4.47,$ $p < .001$	$\beta = -.44, t(51) = -3.27,$ $p < .001$	$\beta = -.52, t(115) = -5.27,$ $p < .001$
	Brand Trust	$\beta = -.6, t(62) = -4.6,$ $p < .001$	$\beta = -.3, t(51) = -2.36,$ $p < .01$	$\beta = -.43, t(115) = -4.8,$ $p < .001$
Tesla	Brand Attitude	$\beta = -.27, t(60) = -2.21,$ $p < .01$	n.s.	$\beta = -.26, t(110) = -2.78,$ $p < .001$
	Brand Trust	$\beta = -.57, t(60) = -5.29,$ $p < .001$	$\beta = -.47, t(48) = -3.8,$ $p < .001$	$\beta = -.55, t(110) = -6.71,$ $p < .001$
Apple	Brand Attitude	n.s.	$\beta = -.37, t(42) = -2.51,$ $p < .01$	$\beta = -.18, t(103) = -1.89,$ $p < .05$
	Brand Trust	$\beta = -.31, t(59) = -3.32,$ $p < .001$	$\beta = -.39, t(42) = -2.74,$ $p < .001$	$\beta = -.34, t(103) = -4.29,$ $p < .001$
Microsoft	Brand Attitude	n.s.	n.s.	n.s.
	Brand Trust	n.s.	$\beta = -.41, t(22) = -3.24,$ $p < .001$	$\beta = -.33, t(103) = -3.22,$ $p < .001$

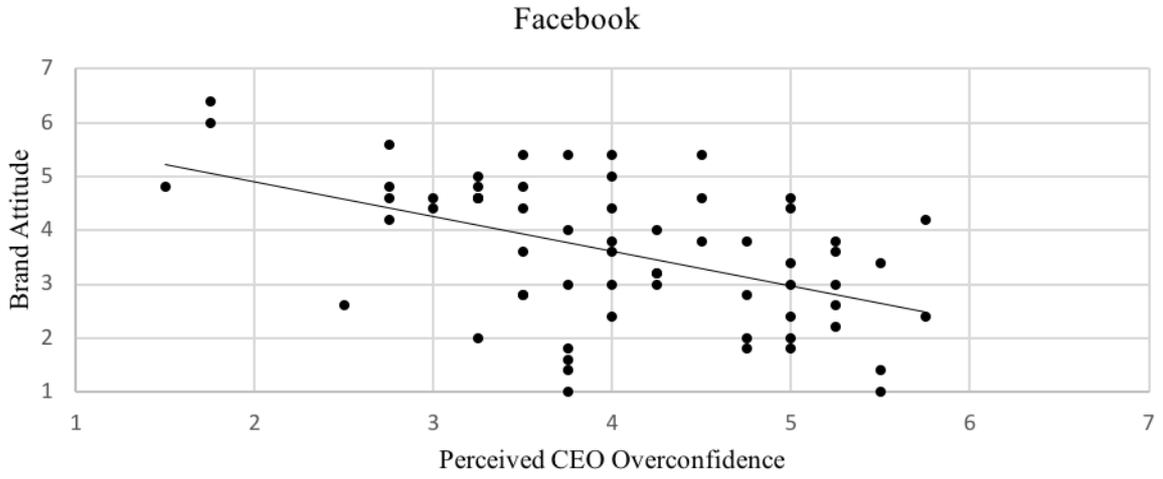
Note. n.s. = not significant. Source: Own table

Appendix G

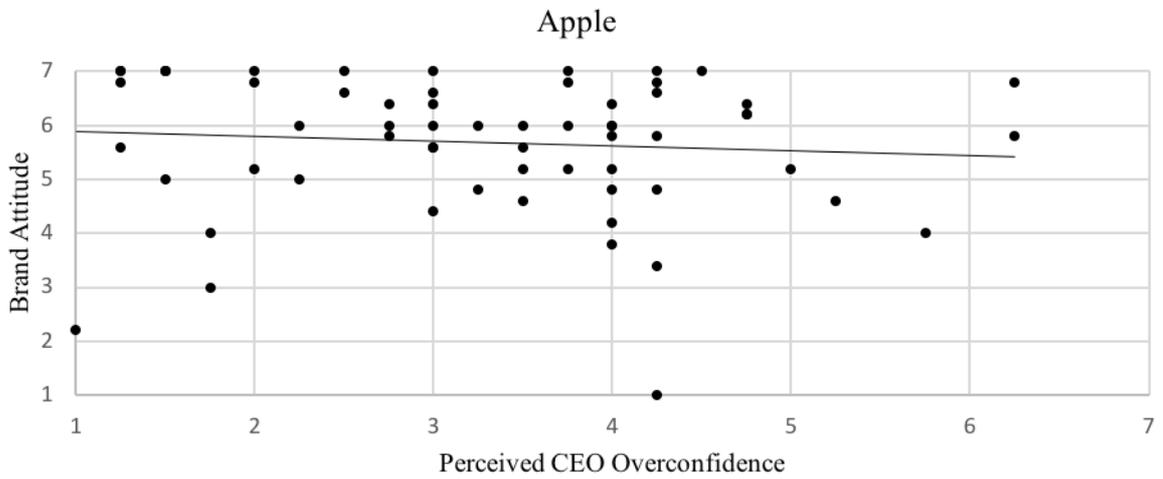
Linear Regression Graphs of Perceived Overconfidence on Brand Attitude



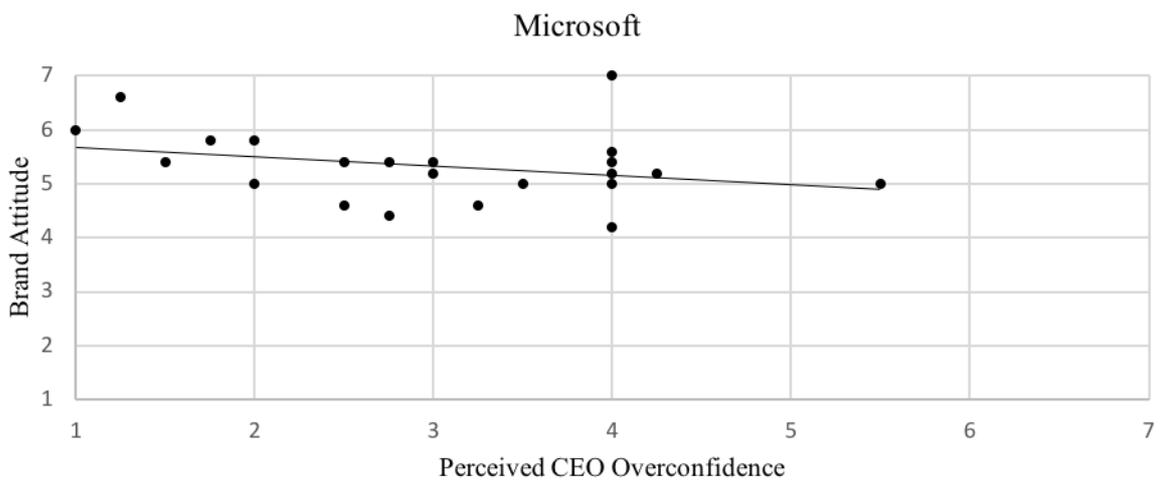
Note. beta = $-.27, t(60) = -2.21, p < .05$



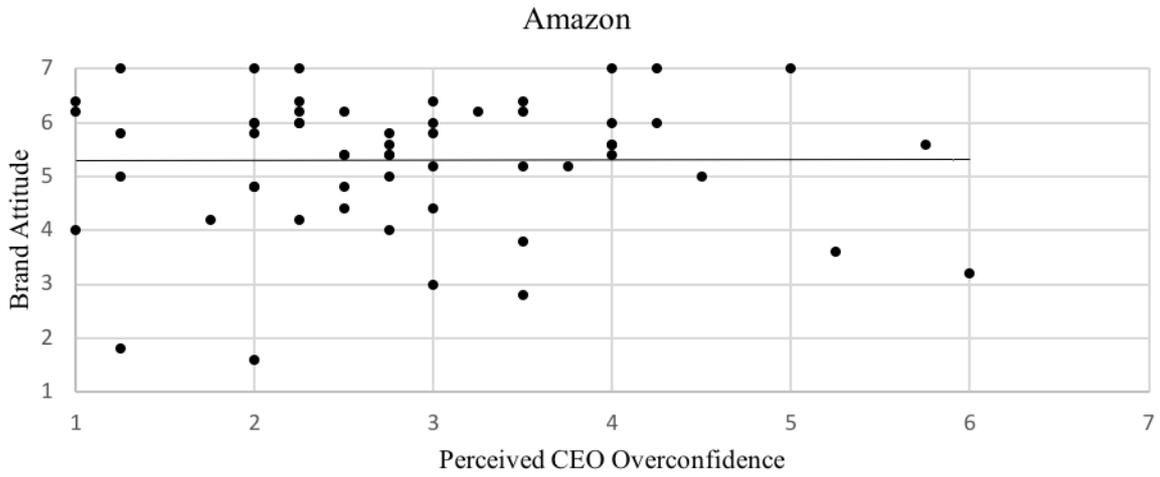
Note. $\beta = -.65$, $t(62) = -4.47$, $p < .001$



Note. $\beta = -.08$, $t(59) = -.66$, n.s.



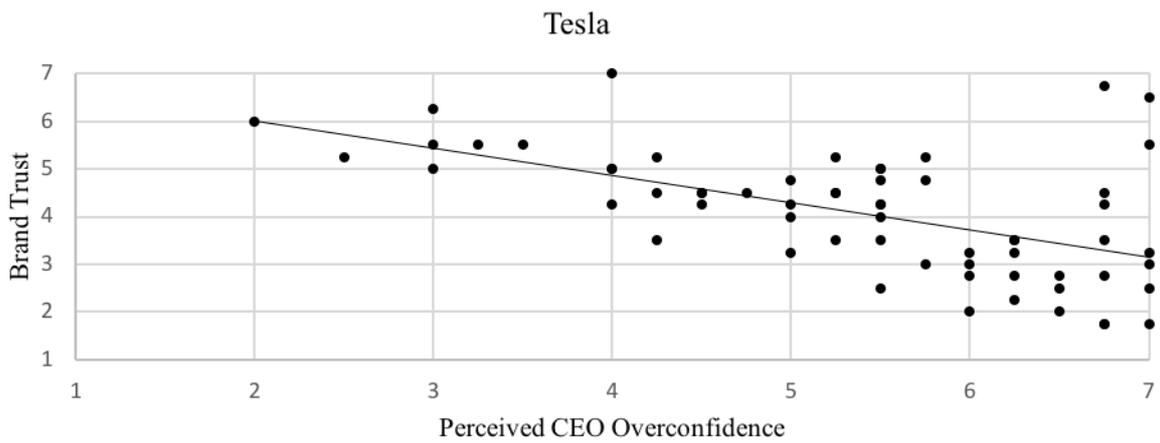
Note. $\beta = -.18$, $t(19) = -1.43$, n.s.



Note. $\beta = .01$, $t(55) = .02$, n.s.

Appendix H

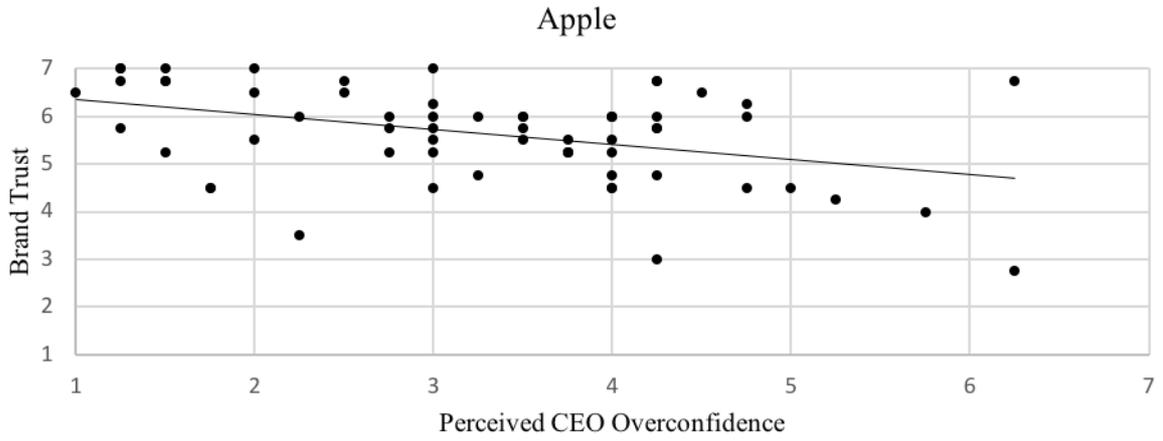
Linear Regression Graphs of Perceived Overconfidence on Brand Trust



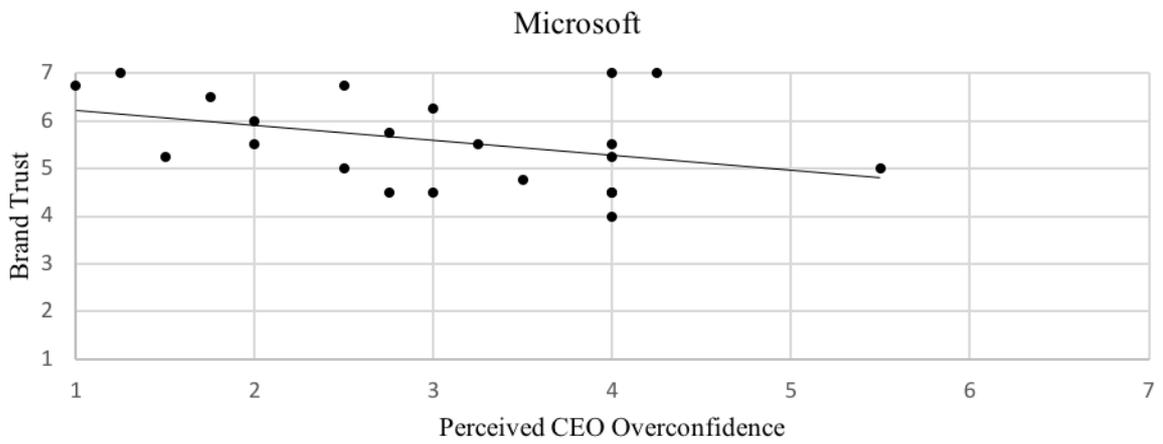
Note. $\beta = -.57$, $t(60) = -5.29$, $p < .001$



Note. $\beta = -.6$, $t(62) = -4.6$, $p < .001$



Note. $\beta = -.31$, $t(59) = -3.32$, $p < .01$



Note. $\beta = -.27$, $t(19) = -1.58$, n.s.



Note. $\beta = -.06$, $t(55) = -.56$, n.s.

Appendix I

Summary of the Mean Perceived CEO Overconfidence and Familiarity with the CEOs

	Perceived Overconfidence		Rate of Familiarity
	Mean	SD	
Elon Musk (Tesla)	5.4	1.3	95%
Mark Zuckerberg (Facebook)	4	1	98%
Tim Cook (Apple)	3.3	1.3	95%
Satya Nadella (Microsoft)	3	1.2	33%
Jeff Bezos (Amazon)	2.9	1.2	88%

Note. *SD*= standard deviation. Values only from data of G2. Source: Own table