The Effect of Negative Publicity on Consumer Loyalty

A Theoretical Model

Abstract

Negative publicity can harm a organisation in many ways. It can influence the consumers perception towards a firm or brand. This article examines how negative publicity deriving from a corporate crisis influences consumer loyalty. Throughout a literature study the effects of negative publicity and consumer loyalty were examined resulting in a theoretical model showing how negative publicity potentially influences consumer loyalty. The model proposed exists of two parts. The first part dedicated to negative publicity and the second part to consumer loyalty. Consumer loyalty exists of two important constructs. That is, behaviour loyalty and attitudinal loyalty. Both are important for true loyalty to exist. This means that a consumer must have a positive attitude towards a brand or firm in order to be loyal. Most studies on the effects on negative publicity on consumers found out that negative publicity influences consumer attitude. This effect is moderated by both consumer related factors as firm related factors. Most of these factors have in their presence a protective effect against negative publicity. If absent, negative publicity has more room to influence consumer attitude. On theoretical grounds both parts of the model are linked together, forming an overall model which shows how negative publicity influences consumer loyalty. The model proposes that throughout the change in the consumers overall attitude, as a result of negative publicity, attitudinal loyalty is affected and therefore consumer loyalty is affected.

Date: 14-03-2013
Course code: MCB-80912 (HBO upgrade)

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Introduction

It is essential for an organisation to keep their customers loyal and negative publicity has the potency to jeopardize consumer loyalty. However, how negative publicity influence consumer loyalty is not known. There are studies that investigate the effect of negative publicity on consumers attitude, however research on how negative publicity influences consumer loyalty in particular has not been done yet. For a company it is important to acquire loyal customers and to maintain their loyalty. This is because having loyal customers has several advantages, for example it is more cost efficient to maintain a sustainable consumer base. In other words, consumer loyalty is an important determinant in acquiring a sustainable competitive advantage (Dick & Basu, 1994; Woodruff, 1997).

Negative publicity has several undesirable consequences for companies, since it can damage multiple aspects of an organisation (Coombs & Holladay, 2001; Pullig, Netemeyer & Biswas, 2006). For example, negative publicity could change the way a consumer thinks about a firm, in a negative sense. Of course this is not desirable for a company, mainly because a lot of effort is put in building up a sustainable relationship with consumers. Unfortunately, in today's society corporate scandals and corporate crises become more and more evident and as a result, incidents of negative publicity are widely prevalent in the marketplace (Xie & Peng, 2009). Through mass media, the internet and social media, a corporate crisis and negative information cannot be hold secret for very long (Ward & Ostrom, 2006). It is a matter of days before every consumer is aware of any occurring crisis. Because of the increasing emphasis on Corporate Social Responsibility (CSR) (Sen, Sankar & Bhattacharya, 2001) the media and consumers are keen on any news regarding the way organisations are doing business and when an organisation makes a misstep, everyone will know about it in no time.

Recently the impact of negative publicity on consumer loyalty, as a result of a corporate scandal, became clearly visible during the well known Libor scandal. In June 2012 it was revealed that the major bank Barclays Bank was involved in a large scale fraud. Barclays was falsely inflating or deflating their interest rates. In this way the bank could profit more from trades. As a result the bank gave the impression to be more creditworthy than they actually are. This led to enormous wave of negative publicity towards the banking sector and especially towards Barclays. A view months later Barclays revealed that that the banks had made billions of profit and shared hundreds of millions of bonuses among a elite pool of traders and directors. This again led to a wave of negative media attention targeted at Barclays. This resulted in customer protests were Barclays customers cut up their bank cards in front of the bank. The campaign group Move Your Money UK claims that the scandals led to more than 10 million people moving their money to other banks. At the time of the Libor scandal one media source summarized the impact of the scandal in as follows: "Things you're more likely to do than change your bank: get divorced, change job and move your home." (The Huffington Post UK, 2012).

As mentioned before, it is not yet clear how the process from negative publicity to a decline in consumer works. Therefore the aim of this research is to create on theoretical model in order to better understand the effects of negative publicity and in particular the effect on consumer loyalty. To get to a theoretical model, the following main and sub research questions must be answered.

Main research question: How does negative publicity influences consumer loyalty?

1) What are the effects of negative publicity on consumers
2) How is consumer loyalty constructed

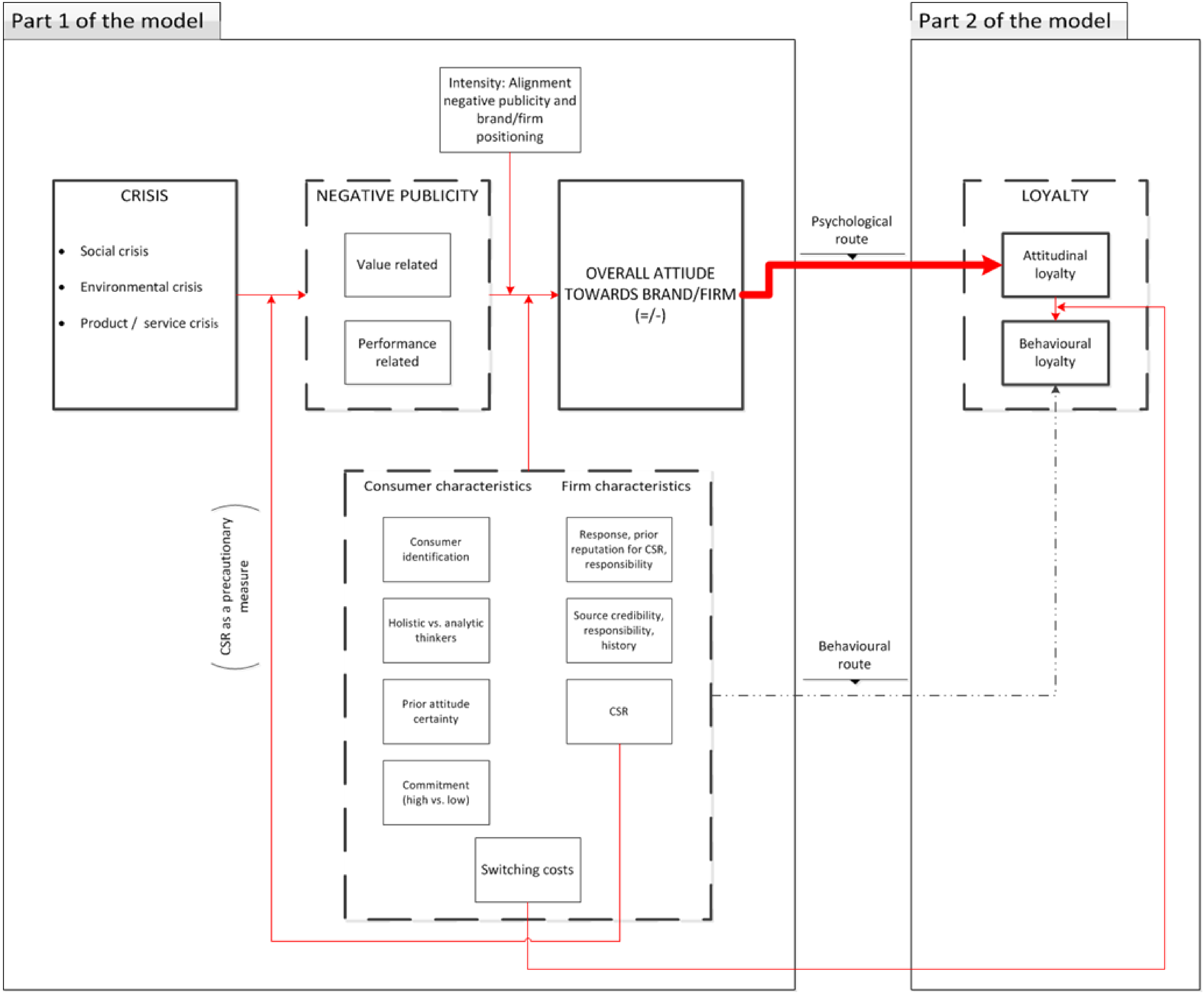
In order to understand how negative publicity influences consumer loyalty, this study will review the current literature on the effect of negative publicity on consumers. Moreover, this study will make an attempt to connect these effects on theoretical grounds to consumer loyalty. Thus, this research will exist of literature study and therefore will be built upon existing literature and theories. The literature will be spilt in two sections, namely literature on the effect of negative publicity on consumer and on the constructs of consumer loyalty. This will finally result in one conceptual model. The first part of the model and the accompanying second chapter, will demonstrates that negative publicity has a main effect on consumer attitude. We will see that several researchers devoted their research on studying which factors potentially moderate the effect of negative publicity on consumer attitude. The second part of the model and the accompanying first chapter will demonstrate the constructs of consumer loyalty. We will see that consumer loyalty can be split into two main constructs, which together form loyalty. Moreover, we will see that several antecedents of consumer loyalty play a potential role in the effect of negative publicity on consumer loyalty. Finally, both sides of the model are joined together on theoretical grounds by linking the effect of negative publicity on consumer overall attitude to attitudinal loyalty.

This study provides a substantial contribution to the existing literature, since until now there exists no overall literature study on the effect of negative publicity on consumers. Most important, the link between negative publicity and the effect on consumer loyalty has not been made yet. Like mentioned before, this is a literature study, therefore no primary data is collected in order to enhance the model. This will leave the opportunity for other research to test the model with primary data. On page number 5 the model will be presented, in succession the constructs of loyalty and the effects of negative publicity will be discussed. The paper starts with discussing the second part of the model (consumer loyalty) to make clear the purpose of this research. In the conclusion of this paper the link between negative publicity and consumer loyalty will be discussed.

Methodology:

In order to establish a theoretical basis for the model several literary currents were consulted. Scientific databases like Scopus, Web of Science and Google Scholar were used to collect the necessary literature. Mainly articles published in high quality marketing related journals where used (e.g. Journal of Marketing, Journal of Marketing Research). The criteria that have been used to judge the quality and relevance of the literature are for example; number of citations and the type of journal. The writer of this document has judged the quality of the content as separate element as well. Al the main studies used in developing the first part of the model are presented in table 1: Overview of Study Methodology which can be found in the appendix. The table includes information about the methodology used by these studies and shows the similarities and dissimilarities between the studies. Moreover, the following search terms and combinations and conjugations of these terms were used when consulting the scientific databases; loyalty, negative publicity, effects, consumers, customers, antecedents, etc.

For the first part of the model mainly literature on the effects of negative publicity were used (e.g. Eisingerich *et al.,* 2010; Ahluwalia *et al.* 2000), supported by literature on corporate crisis (e.g. Seeger, Sellnow & Ulmer, 1998) and negative information (e.g. Mizerski, 1982; Henrad, 2002). The second part of the model follows the literature on consumer loyalty and especially on how loyalty it is constructed (e.g. Dick & Basu, 1994).



Part 1 of the model
Part 2 of the model
Intensity: Alignment negative publicity and brand/firm positioning
CRISIS
Social crisis
Environmental crisis
Product / service crisis
NEGATIVE PUBLICITY
Value related
Performance related
OVERALL ATTIUDE TOWARDS BRAND/FIRM (=/-)
Psychological route
LOYALTY
Attitudinal loyalty
Behavioural loyalty
Consumer characteristics
Firm characteristics
Consumer identification
Holistic vs. analytic thinkers
Prior attitude certainty
Commitment (high vs. low)
Switching costs
Response, prior reputation for CSR, responsibility
Source credibility, responsibility, history
CSR
CSR as a precautionary measure
Behavioural route

Chapter 1: Consumer loyalty

In this first chapter the emphasis will be on consumer loyalty and will cover the literature for second part of the model. In order to learn what the effect of negative publicity is on consumer loyalty, it is essential to identify how consumer loyalty is constructed. Therefore, consumer loyalty will be discussed prior to negative publicity.

Why is consumer loyalty important?

During the last five decades consumer loyalty receives much attention in the marketing literature. Studies of for example; Cunningham (1966), Howard and Sheth (1969) and Day (1969) brought customer loyalty to everyone's attention and pointed out its importance for marketing practices. Dick and Basu (1994) state that the development, maintenance, and enhancement of a customer's loyalty towards the products, or services are central objectives in marketing activities. Moreover, customer loyalty is an important determinant in acquiring a sustainable competitive advantage (Dick & Basu, 1994; Woodruff, 1997) and is a key factor for being profitable as a company (Andreassen & Lindestad, 1998). Holding a loyal customer can be ten times cheaper than capturing a new one (Heskett, Sasser & Hart 1990), since loyal customers are more willingly to cooperate, complain less and are not as much price sensitive as none loyal customers (Dick & Basu, 1994; Zeithaml, Berry & Parasuraman, 1996; Fiol & Alcaniz, 2009; Wang, 2010). Thus, acquiring customer loyalty aims to raise sales revenues by increasing the purchase level and by trying to stimulate consumers to buy a larger range of products offered by a company. The second goal can be regarded as a more defensive one, since building a relationship between the brand and consumer is hoped to help maintaining a sustainable consumer base (Uncles, Dowling & Hammond, 2003). Which potentially should be able to endure some negative publicity.

Behavioural and attitudinal loyalty

In early research on consumer loyalty the main focus was on the behavioural aspect of loyalty. Years later an interest for the attitudinal side of loyalty started to grow and researchers started to realize that loyalty has two dimensions. Nowadays there are basically two major schools of thoughts in defining, operationalizing and measuring brand loyalty, namely behavioural loyalty and attitudinal loyalty. This implies that loyalty is a two dimensional concept (Rundle-Thiele & Bennett, 2001) However, besides the two mentioned dimensions there is no universally accepted definition of consumer loyalty in the literature (Pan, Sheng & Xie, 2012).

In the behavioural approach of loyalty, loyalty is measured is by behavioural characteristic (Jacoby & Chestnut, 1978). This type of consumer loyalty is defined mainly with reference to the pattern of past purchases. Thus, the measurement of loyalty is done on the basis of repeated purchase. This data is gathered by observing patterns of consumer buying.

Attitudinal loyalty is defined by the consumers perception towards a brand (Rundle-Thiele, 2005) and consists of favourable set of stated believes towards the brand (Uncles, Dowling & Hammond, 2003). Bandyopadhyay and Martell (2007) operationalized attitudinal loyalty by the number of positive attributes associated with the brand. There are several ways to measure attitudinal loyalty. Examples of measurements scales are: how much is the brand liked, commitment to the brand, recommendations to others, positive believes, positive feelings, preference and intention to purchase (Unlces *et al.,* 2004; Rundle-Thielle, 2005; Dick & Basu, 1994).

There are researchers (e.g. Dick & Basu, 1994; Anime, 1998; Bandyopadhyay & Martell, 2007) who argue that both types of loyalty complement each other in understanding and measuring consumer loyalty and cannot be taken apart. To make thing easier, Oliver (1997, p. 372) incorporated both the behavioural and the attitudinal school of thought in one definition: "a *deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour*." The notion that both behavioural and additional loyalty are needed to understand loyalty can be explained by a simple example. Imagine someone who likes a certain motorcycle brand. This person may have a positive attitude towards this brand and may be loyal to it. However, this person is not allowed to drive a motorcycle yet, or simply does not have the money to buy it. The person may have a positive attitude towards the brand but is not able to express his loyalty in buying the product. This also work the other way around. Imagine someone who encounters negative publicity and as a result the person loses his or her positive attitude towards this certain firm or brand. At this point his or her attitude is low, but from a behaviour perspective he or she may still be loyal towards the firm or brand. Since he is not able to switch because of high switching cost or because of a contract. One may argue that this person is not loyal anymore, but is more or less forced to stay loyal to the company. Bandyopadhyay and Martell (2007) call this a 'constrained consumer'. This is one of the reasons why some researchers say that true loyalty cannot exist without a strong attitudinal commitment (Day, 1969; Jacoby & Chestnut, 1978; Reichheld, 1996). Repurchase behaviour is a good predictor of loyalty, however it is insufficient to explain consumer loyalty without a positive attitudinal loyalty (Amine, 1998). Since loyalty measurements are divided in two camps and there is little data in support of the superiority of a multidimensional over a one-dimensional model of consumer loyalty (Bandyopadhyay & Martell, 2007) both the behavioural and attitudinal measurement of loyalty will be separated in the proposed model. However, I follow the proposition of Dick and Basu (1994) and Rundle-Thiele (2005) by incorporating both types of loyalty to get to true loyalty.

In the proposed model it is manifest that negative publicity can influence attitudinal loyalty. This is through the effect of negative publicity on attitude (e.g. *psychological route*) and on behavioural loyalty by the effect that negative publicity has on behavioural intentions (e.g. *behavioural route*). The effects of negative publicity on attitude and behaviour will further be discussed in the second chapter.

Important loyalty antecedents

Attitude and behaviour are important aspects of consumer loyalty. However there are more specific factors that play a role in constructing consumer loyalty. There is a wide range of studies trying to clarify these antecedents and determinants of consumer loyalty. Until recently, no comprehensive, empirical work has attempted to assess the general findings across academic studies.

In a meta-analysis Pan *et. al.* (2012) ordered a wide range of antecedents for consumer loyalty. The antecedents discussed by Pan *et al. (2012)* are very useful to get a clear view on by what factors consumer loyalty is influenced and how loyalty is constructed. Nevertheless, at this point not all these antecedents are applicable in this current study. Therefore, based on the findings in chapter 2, only the ones which have a potential link with the effects of negative publicity will be discussed. These are; commitment, brand reputation perceived fairness/justice and switching costs. Pan *et. al.* (2012) proposes trust as the most important antecedent of loyalty, but there is no empirical evidence that negative publicity affects trust, even though this is very likely. Therefore trust is not included in the model yet.

Commitment

Commitment is perceived as one of the more important requirements for loyalty to occur (Bloemer & Ruyterk, 1998). In early research Assael (1987 p. 665) proposed that brand loyalty can be seen as "*commitment to a certain brand*". This commitment arises from a certain positive attitude towards the brand. However, commitment is different from loyalty, because commitment is more about economic and psychological attachment a consumer has towards a brand or organisation (Thomson, MacInnis & Park, 2005). This attachment is important for a loyal relationship to exist, since it determines whether and why a consumer has a relationship with brand or organisation (Beatty & Kahle, 1988). A higher commitment leads to a stronger resistance to negative publicity and *vice versa* (Ahluwalia, Burnkrant & Unnava, 2000). This implies that commitment can be a substantial barricade for negative publicity to overcome.

Reputation

Brand reputation can perceived in two different ways; as a reputation to the actual brand and as reputation to the company owning a brand. However, in the business and service markets it is quite common that the company name is the same as the brand name for a range of product. When this is the case, the company reputation works as an umbrella brand for these product categories (Cretu & Brodie, 2007). This is especially evident in the financial sector. Brand reputation is pointed out to be one of the antecedents of loyalty (Selnes, 1993). Lau & Lee (1999, p. 346) define brand reputation as "*the opinion of others that a brand is good and reliable*". It is not surprising that consumer tend to trust a brand with a good reputation better, opposed to a brand with a poor reputation (Pan *et al.*, 2011). Corporate reputation is perceived slightly different from brand reputation, in a sense that with corporate reputation the emphasis is more on how fair and just the company is (Anderson & Weitz, 1992). Moreover, the integrity of the company is closely related to this. The integrity of a company is defined by how a set of acceptable principles, like being ethical, being honest and keeping promises, is perceived by a consumer. Lau and Lee (1999, p. 348) argue that *"the degree to which a company is judged to have integrity depends on: the consistency of its past actions, credible communications* *about it from other parties, belief that it has a strong sense of justice, and the extent to which its actions are congruent with its words"*. Corporate reputation is acknowledged to have a significant effect on consumer loyalty (Nguyen & Leblanc, 2001). Similar to commitment, this implies that a good brand reputation can be a substantial barricade for negative publicity to overcome.

Perceived fairness/justice

Seiders and Berry (1998) argue that a company can only earn loyalty by establishing an image of fairness. Moreover, especially for service companies fairness is of great importance, because their products are often intangible and therefore difficult to evaluate. Therefore, consumer are forced to rely more on trust. Consumers may experience a sense of injustice when they encounter a violation off their standard of fairness and justice principles. A perception of unfairness may trigger an intense reaction from customers. An unfair response of a company, regarding to a service failure, may consequently result in the spread of negative WOM (worth of mouth) (Blodgett, Granbois & Walters, 1993; Seiders & Berry, 1998). In addition Seider and Berry (1998) and several other researchers (i.e. Clemmer & Schneider, 1996; Huppertz, Arenson, & Evans, 1978; Oliver & Swan, 1989) reported a positive relationship between fairness and satisfaction. Thus, it can be argued that perceived fairness and justice are closely intertwined with trust and satisfaction, which are also important loyalty factors. Therefore, the sense of injustice may lead to dissatisfaction and in the end bringing the exchange relationship to a stop (Seider & Berry, 1998).

Switching costs

In as mentioned before, switching cost can "constrain" consumers to a firm even though they do not have a positive attitude towards the brand or firm. Switching cost can be seen as the last resort for a company to keep their customers with them. It is generally known that companies use switching costs as a corporate strategy to increase consumer loyalty (Dick and Basu, 1994). However, one can argue if this still is true loyalty. This is especially manifest in the banking and insurance sector, were both economic (e.g. transaction costs, search costs) and psychological (e.g. emotional costs, cognitive effort) switching costs are present. This distinction in switching cost originates from the typology of Fornell (1992). However, other researchers suggest three types of witching costs, namely: the procedural cost (i.e. time and effort spent, economic risk, evaluation and set up cost), financial cost (i.e. financial loss, costs and benefits) and relational costs (i.e. psychological or emotional discomfort because of identity loss) (Jones, Mothersbaugh & Beatty, 2000, Burnham, Frels & Mahajan, 2003). Thus, switching costs are defined as "*customer perceptions concerning time, money and effort associated to the change in service providers*" (Jones *et al*., 2000, p. 262). When the switching costs are high, consumers may decide to stay loyal to a company even though they are not satisfied about certain aspects of the company (Pan, *et al*., 2012). In this way the perceived future switching costs prevent costumer for switching to a competitor (Yanamandram & White, 2006). In the model switching costs is placed between attitudinal and behavioural loyalty. Even though attitudinal loyalty may decrease because of negative publicity, a consumer can still be loyal due the high switching costs and thus be loyal purely on the basis of behavioural loyalty. In conclusion, switching cost can broadly be divided in cognitive and financial cost, whereas the latter is created by an organisation and cognitive cost are how a consumer perceives the cognitive load for switching to another brand or firm. Therefore, the factor switching cost is placed on the border between firm and consumer characteristics.

Conclusion:

Loyalty is a difficult concept, and there is no general agreement on how to perceive this concept and there are many ways to determine consumer loyalty to a brand or firm. Consumer loyalty can be perceived from a behavioural and from an attitudinal perspective. Both are essential constructs for true consumer loyalty to exist. That is, a consumer must have a positive attitude towards a brand and will put its loyalty in practice by repurchasing a certain brand or product.

In the following chapter the first part of the model will be discussed, which concerns the effects of negative publicity on consumers. Moreover, we will see how the discussed loyalty antecedents play a crucial role in how negative publicity influences consumers. Subsequently, both parts of the model will be linked together by further exploring the link between the effect of negative publicity on consumer attitude and consumer loyalty

Chapter 2: Crisis And Negative publicity

The second chapter will discuss the literature on corporate crisis and negative publicity. Furthermore, the current knowledge on the effects of the negative publicity on consumers will be investigated. It is key to identify these effects in order to understand the impact of negative publicity on consumer loyalty. This chapter will cover the first part of the proposed model.

Corporate crisis

Corporate scandals and corporate crises become more and more evident in today's society and as a result incidents of negative publicity are widely prevalent in the marketplace (Xie & Peng, 2009). Through mass media, the internet and social media, a corporate crisis and negative information cannot be hold secret for very long (Ward & Ostrom, 2006). It is a matter of days before every consumer is aware of this crisis. Because of the increasing emphasis on Corporate Social Responsibility (CSR) (Sen, Sankar & Bhattacharya, 2001) In this scrutiny sensitive world the media and consumers are keen on any news regarding the way organisations are doing business and when a organisation makes a misstep, everyone will know about it in no time.

Seeger, Sellnow and Ulmer (1998) define a corporate crisis as an unexpected none-routine event that creates uncertainty and threatens an organization's priority goals. One can argue about how 'unexpected' a crisis is as when a organisation is aware of his own doings, but that media attention can come unexpected in beyond doubt.

Types of corporate crisis

Not every crisis is the same and different scholars propose several kind of crises. For example Mitroff (2004, p.46) identifies seven groups of major crisis events.

1. Economic-related. Labour difficulties, Major decline in stock price, hostile takeovers, market crash;
2. Informational-related. Loss of confidential information, tampering with data, loss of customers records etc.;
3. Physical-related. Loss or damage of tangible assets, product failures, poor quality control
4. Human resources-related. Loss of key personnel, vandalism and corporate accidents and workplace violence, corruption;
5. Reputation-related. Slander, gossip, damage to corporate reputation;
6. Psychopathic acts. Product tampering, terrorism, criminal acts, workplace violence;
7. Natural disasters. Fire, flood, gale damage, earthquakes

Not all of these issues affect the consumer directly. For example, a product-harm-crisis put a consumer directly in danger, however the average consumer is not likely to concern them self with a hostile takeover, aside from people with stocks in that particular company. Even though a corporate crisis may not always affect a consumer physically, it still can affect them psychosocially. This is, the crisis may attack consumers values and believes, which can be the case for natural environmental disasters or employee discrimination issues. Moreover, certain types of crisis can be more devastating for one company than for another. The loss of customer information can have a greater impact on a bank or credit card company, opposed to a supermarket. Nevertheless, when an organisation gets in bad weather, due a corporate crisis, no matter what the specifics of the situation are, it typically results in negative publicity (Dean, 2004). In the proposed model this is visualized by a direct line between crisis and negative publicity.

There are many types of crises, therefore I will follow Seeger, Sellnow and Ulmer (1998) definition mentioned above. However, with a nuance on “unexpected”, since certain crises can be seen coming by a firm. I propose that crises related to social, environmental, product-harm and service failure have the largest impact on consumers, since these have a direct influence on consumers, therefore the proposed model will include these overarching types of crises. Corporate crisis will be the starting point of the proposed model, since it is likely to generate negative publicity (Dean, 2004).

CSR as a precautionary measure

As mentioned in the introduction of this chapter, CSR is big business in society. Organisations put more and more effort in CSR activities and start to focus more and more on their social role within society (Bhattacharya & Sen, 2003). This is not without reason. Several researcher explain this growth in CSR as a result of many firms believing that CSR has a positive effect on consumer attitude, satisfaction and enhances costumer-company identification (Berens, Riel & Bruggen, 2005; Bhattacharya & Sen, 2003; Luo & Bhattacharya, 2006), later on we will see that Einwiller *et al.* (2006) also adopts the latter notion in his study on the moderating effect of consumer identification between negative publicity and attitude. Following the generalized exchange theory, which suggests that if a firms commitment to work on socially beneficial activities, it indirectly creates added value for consumers. If a firm acts as a corporate citizen it will have direct benefits for social and environmental stakeholders (e.g. non-profit-organisations). Consumers benefit from this (Sen & Bhattacharya, 2001), since these non-profit organisations ought to represent their values and ideals.

Luo and Bhattacharya (2006) argue that CSR can work like a shield, which protects firms from scrutiny. Firms can lean on their goodwill gained by CSR activities to prevent stakeholders communities and consumers to be critical towards the firm. However, this is not based on empirical research findings, but are founded on the notion that moral capital gained by CSR generate a reservoir of goodwill (Luo and Bhattacharya, 2009). This means that, as Bansal and Clelland (2004, p. 95) note, “in the event of a crisis, CSR can help to protect and decouple the illegitimate activity from the rest of the organization.” Moreover, if a firm maintains a good relationship with social and natural environmental stakeholders, CSR related issues can be discussed and solved behind closed doors. This prevents the crisis issue from becoming public. However, as we will see later on, Eisingerich *et al.* (2010) found out that CSR as protection against negative publicity only works against CSR related negative publicity. In the model CSR potentially can work as protective moderator between corporate crisis and negative publicity. Therefore, it is able to prevent a crisis from generating negative publicity. When CSR related activities fails to kill the issue before it gets public the flow of the model would stop at this point.

In the model CSR as a precautionary measure is defined as a positive CSR reputation, which will prevent a company for scrutiny. Therefore, certain crisis issues will not get the attention which is needed to generate negative publicity. Therefore this factor is placed between the crisis and negative publicity and is placed in the category of firm characteristics.

Negative publicity

In the following paragraphs the general literature on negative information and negative publicity will be discussed.

Negative information

Negative information has a greater influence on consumers and is given greater importance than positive information. This is due the so called 'negativity effect'. This effect makes negative information more salient than positive information (Mizerski, 1982; Henrad, 2002) This is, as Herr, Kardes and Kim (1991) states, due the fact that negative information is perceived as more useful than positive information in the evaluation of people, objects, and ideas. Richey, Koenigs, Richey and Fortin (1975) stated that a single unit of negative information can neutralise five similar pieces of positive information. Hence, it is evident how powerful negative information and presumable negative publicity can be. In earlier research, also related to negative information, Skrowronski and Carlston (1987) state that when negative information is linked to moral aspects, people perceived them as more important in comparison to negative information about aspects related to company abilities. Moral aspects are suggested to have more impact on the final decision of consumers (Skrowronski & Carlston 1987). Moreover, negative information will influence purchase intention more than positive information. This is particular evident in the service sector (Weinberg & Dillon, 1980)

Only little research has been done on specific effects of negative publicity on consumer behaviour. However, there is literature on the effect on negative information, which is not *per se* the same as negative publicity, but it is closely related to it. Negative publicity differs from negative information due the source of the information. In general the media is the source of negative publicity, whereas negative information can come from any source that is not a public media in particular. The distinction can be found in the word "publicity" which implies that the information is "published" by some kind of media source and therefore attracts public notice. Hence, negative publicity is defined as negative information about a firm generated by the media or a third-party like the government.

Value and performance based negative publicity

In addition to the distinction between the two types negative information made by Skrowronski and Carlston (1987) discussed in the previous paragraph, a similar distinction is made by Pullig, Netemeyer and Biswas (2006), who focused on negative publicity in particular. Pulling *et al.* (2006) put forward two different forms of negative publicity, namely 1) performance related and 2) values related negative publicity. These two categories arise from the distinction between product failures and organizational crises that are more social of nature (Marcus & Goodman 1991; Shrivastava & Mitroff 1987). Both types of negative publicity will be discussed shortly. Subsequently I go further in to detail on the effects on consumers.

Performance-related negative brand publicity is defined as: "*publicity about specific brand attributes that primarily calls into question a brand's ability to provide functional benefits*" (Pullig, Netemeyer, & Biswas, 2006, p.529). This can for example be the technical failure of a specific iPod model, which has the tendency to explode in your pocket. This kind of performance-related negative publicity are expected to result in a product-harm-crisis or in a service-failure-crisis.

Value related negative publicity is not about failing technical attributes in relation to the use of a product. This form of negative publicity embodies ethical and social issues, such as racial discrimination, child labour or environmental issues. These issues can affect the consumers perception of a brands ability to deliver symbolic benefit (Pullig, Netemeyer & Biswas, 2006). Hence, it can be argued that CSR related publicity can be categorized under value related negative publicity. The effects of performance related negative brand publicity in the form of product crises had quite some attention in recent literature. However, the effects of value related negative publicity is somewhat overlooked.

In the model negative publicity is divided in value related and performance related negative publicity. This is because based on the type negative publicity in combination with the positioning of the brand or firm, the effect of negative publicity will increase or decrease. This issue will be discussed in more detail in the paragraph on prior attitude certainty.

The effect of negative publicity

In this paragraph the specific effects of negative publicity on consumers will be discussed. Negative publicity is capable of damaging multiple aspects of an organisation (Coombs & Holladay, 2001; Pullig, Netemeyer,& Biswas, 2006). For example, Ahluwalia, Burnkrant and Unnava (2000) state that negative publicity can result in major losses of revenue and market share. Moreover, negative publicity has the potency to damage the corporate image (Ahluwalia, Burnkrant & Unnava, 2000; Dean, 2004). The large impact of negative publicity is mainly because it is generated by the media. In general the media is considered as a more credible source and therefore is more influential than corporate controlled and marketer-driven communications (Bond & Kirshenbaum, 1998).

At this point the literature on the effects of negative publicity on consumer behaviour is scarce, however there are studies investigating this specific subject. Virtually all of these studies found out that negative publicity affects consumer attitude, but not directly. The effect of negative publicity on consumer attitude is always moderated by other variables. In the current chapter seven studies will be discussed which address the effect of negative publicity on consumer behaviour.

It is worth mentioning that corporate response tactics to negative publicity is an important moderator for how consumers react to negative publicity. However, it is to some extend out of the scope of this research. This is because the emphasis of this current study is on how consumers react to plain negative publicity, without the interference of the targeted organisation. The influence of corporate response tactics on the consumer is a different research area. This field of research focus more on how the consumer reacts to the corporate response than on the actual negative publicity. Nevertheless, corporate response will be included in the model as a moderator between negative publicity and the effects of negative publicity on consumers. However it will not be discussed separately in this paper. Nevertheless, corporate response will be discussed shortly as a part of the subparagraph on corporate image and responsibility, since it is an important attribute of the presented study. More information on this subject can be found in a paper by Dawar and Pillutla (2000)

Source credibility, firm responsibility and firm history

Griffin, Babin And Attaway (1991) report in their study that source credibility, firm responsibility and the history of the firm are important factors moderating the changes in consumer attitudes as a result of negative publicity. This research showed that when the locus of responsibility was directed to the firm it would cause less attitude change opposed to when the consumer was accounted as responsible. Moreover, a credible source led to a higher change in attitude opposed to a less credible source. In addition, when a company was involved in previous similar negative events, there was a larger change in attitude. In this case, the changes in attitude were negative towards the targeted company. In addition, Griffin and colleague (1991) tried to find a link between these factors and the effect on purchase intentions, but only found a moderate link. Besides this weak effect they do not point out any other specific behaviour occurring from a episode of negative publicity.

For their research Griffin *et al.* (1991) selected a fast food franchise as the targeted organisation, since it would have high personal relevance to the test subjects (collage-age consumers). The scenario presented to the subjects concerned a food salmonella issue, which can be perceived as performance-related negative brand publicity. Griffin *et al.* (1991) manipulated responsibility by improper storage and preparation of the chicken. Source credibility was manipulated by the use of two kinds of sources, namely "city public health officials" or "unconfirmed reports". The history of the firm was manipulated by the presence and absence of similar accidents from the past regarding to the targeted organisation. The response of the organisation was also included in this study, but will not be discussed here, since it is out of the scope of this research.

Commitment

Were Griffin *et al*. (1991) focused more on external moderators (e.g. source credibility and firm responsibility, firm history) for attitude change, Alhuwalia, Burnkrant, and Unnava (2000) looked at how consumer commitment moderates the change in attitude as a result of negative publicity. In a series of two studies they tested the different responses to negative publicity of consumers. Since, they hypnotised commitment as a moderating effect between negative publicity and attitude change, they used in their study consumer who were high and low in their commitment to a certain well-known brand. First of all, Alhuwalia *et al.* (2000) found a significant interaction between commitment and valence (*emotional value associated with a stimulus, i.e. negative publicity*) for attitude change. In addition, they found that low-committed consumers are more vulnerable for negative publicity opposed to high-committed consumers. The first mentioned expressed a significantly greater attitude change after exposed to negative publicity. The high-committed consumers tend to counter argue more in defence of their current attitude and hence resist negative publicity better.

Griffin *et al*. (1991) used for their experiment 68 students (50/50 for high and low commitment). Their task was to evaluate three positive and three negative related newspaper articles related to different products. The targeted product was a well-known sports brand. After reading the articles they filed out a questionnaire.

Because of the limitations of the first study and to enhance the findings of the first experiment, Alhuwalia *et al.* (2000) conducted a second experiment. In their first experiment subjects with an extremely high level of commitment were recruited. The second experiment was designed to find out if the results of the first experiment would be generalizable to a less extreme levels of commitment. Therefore, in the second experiment commitment for a low-shared (less known) brand was manipulated. The results supported the findings of the first experiment and therefore the generalizability of these findings were enhanced. Alhuwalia *et al.* (2000) state clear that that their research is focused on product-related publicity, but do not stress if it was about performance related crisis or a value related crisis. Moreover, Alhuwalia *et al.* (2000) argue that committed consumers can resist negative information which would otherwise likely to cause switching behaviour. Useful to mention, Dick and Basu (1994) and Fournier (1998) proposed that commitment is akin to brand loyalty and at least a important antecedent for consumer loyalty.

Consumer identification

Einwiller *et al.* (2006) found evidence that consumers who encounter negative publicity, but identify them self's strongly with organisation are found to have less negative associations towards an organisation, opposed to consumers who had a relatively weak identification. However, this effect is not present when consumers have to deal with extremely negative publicity. In this case, both types of consumers (low and high in corporate identification) developed equally negative corporate associations. Einwiller *et al.* (2006, p. 185) define corporate associations as "*all the information and believes that a person holds in reference to a particular company"* (derived from Brown & Dacin, 1997; Brown, *et al*., 2006). Later on they link this to attitudes and behavioural intentions.

The data for this study was collected throughout an experiment. During the experiment 210 university students were asked to read a flier from a company that described its strongly held corporate values on social responsibility. Since social responsibility would likely be part of the subjects value system. It was expected that this would be the case for approximately half of the subjects. After answering several questions regarding their identification strength with the company, the subject had to read either a neutral, moderately negative or extremely negative newspaper article. The article was about an alleged annual ranking of mutual funds' earnings related to the company's reputation. The difference in the level of negativity was based on the place on this ranking list. A higher ranking means a more negative reputation and *vice versa*.

In conclusion, Einwiller *et al*. (2006) report that a strong consumer-firm identification reduces the effect of moderately negative publicity, however does not weakens the effect of extreme negative publicity. This effect is explained by so called "motivated reasoning". The theory of motivated reasoning argues that that people are driven by two different kind of goals when processing information and forming judgements (Kunda, 1990). The first goal is to arrive at an accurate conclusion and de second goals is to arrive at a desired conclusion (Chaiken, Giner-Sorolla & Chen, 1996; Kunda, 1990). Consumers with a strong company-consumer identification are suggested to be motivated to protect their self-defining believe. Therefore, a defensive way of information processing is evoked, which results in a bias in the direction of the desired conclusion. Consumers with a weak consumer-firm identification will aim at evaluating the information as accurate as possible. In doing so, the consumer will enhance the weight of the negative publicity (Ahluwalia, 2002) and this will likely result in a decline of their positive attitude (Einwiller *et al.,* 2006). Again, when the negative publicity is of an extreme level, even the consumer with a strong consumer-firm identification will result in a decline in of their positive attitude towards the company.

Prior attitude certainty

The next study addressing the effect of negative publicity on attitude towards the targeted brand or firm looks at how prior attitude certainty moderates the effect of negative publicity on brand evaluation. In this study, Pullig, Netemeyer and Biswas (2006) found that consumers with a high certainty prior brand attitude are less affected by negative publicity, opposed to consumers with a low certainty prior brand attitude. Low prior attitude even enhances the effect of negative publicity.

This effect is explained by how motivated consumers are to get into biased or defensive information processing. A consumer who has a lower prior attitude certainty is less motivated to engage biased processing and is likely to accept the new negative information as it is. This is because the negative publicity does not really challenges the existing attitude, since it is already low (Pham & Muthukrishnan, 2002). On the other hand, a consumer with a high prior attitude is more likely to perceive the negative publicity as challenging and will engage in defensive processing, hence they will counter argue the new information, resulting in a more biased information processing (Pullig *et al. 2006)*. Pullig *et al.* (2006, p. 530) defines attitude certainty as the reflection "of a person's subjective sense of conviction in his or her attitude or the extent to which a person's believes that his or her attitude is correct" (Gross, Holtz & Miller, 1995). There are several factors that determine a "high attitude certainty" (see for extended description of these factors Pullig *et al.* 2006, p. 530).

However, how strong this effect is depends on the alignment of the positioning of negative publicity with the positioning of the brand. Both can be positioned as value related or as performance related. If a brand is positioned at a value based dimension and the negative publicity concerns a value based issue the revision of attitude is stronger than when, for example, the negative publicly concerns a performance related issue. The same effect appears when performance related negative publicity aligns with a brand positioned at a performance-related dimension. Pullig *et al.* (2006) explains that when consumers encounter negative publicity they search their memory for prior brand associations. Subsequently, the consumer will align the existing brand associations with the encountered negative publicity and assess its damage. The consumer will elaborate the negative publicity more when it aligns whit the pre-existing associations opposed to non-aligned publicity (Fabrigar & Petty, 1999). Therefore, the effect of negative publicity is stronger when brand positioning and the negative publicity are aligned. In the model we find this effect as a moderator for the intensity between negative publicity and the consumers overall attitude, meaning that the intensity of the negative publicity will increase when both the brand or firm positioning is aligned with the negative publicity.

For this study two experiments were conducted. In the first experiment 188 undergraduate students were used. The participants had to read either value- or performance based information about the brand. At a certain point the participants were interrupted and received a new piece of information containing either value or performance related negative publicity. The change in attitude was measured by the difference between for and after the exposure of negative publicity. The goal of this experiment was to see if alignment of negative publicity with brand positioning would influence attitude change. The second experiment, again with undergraduate students (306), was virtually the same as the first experiments. However, in this experiment the dependent variable was attitude certainty.

Corporate social responsibility (CSR)

Eisingerich *et al.* (2010) demonstrates in two different experiments the protective effect of CSR against negative publicity. They showed that CSR positively affected consumer resistance against negative information. The resistance to negative publicity was measured by if consumer did not change their attitude to the targeted firm, despite of the negative publicity. Thus, CSR can be perceived as moderator between negative publicity its effect on attitude. This is, consumer attitude will not be affected by negative publicity if the company is well protected by its corporate responsible image.

To support their findings, Eisingerich *et al.* (2010) conducted two studies. In the first study data of 854 bank costumers where used. The customers got a survey send to their home address and after filling it in they had to send it back. Subsequently, the respondents received a second assignment were they had to imagine a situation where they encountered some negative information about the firm. The resistance to negative information was measured in the second round. In the first study the content of the negative information was imagined by the respondent and thus were not confronted with actual negative information. Moreover, no specific contend or the nature of the negative information was determined. Because of limitations of the first study, Eisingerich *et al.* (2010) conducted a second study, a laboratory experiment. In this experiment 133 students from a marketing course were used. Eisingerich *et al.* (2010) managed to replicate the findings in the first study. In contribution to the findings of both studies they found out that CSR as protection against negative publicity only works with CSR related negative publicity. This means that CSR is not an all resisting shield against negative publicity in general. Moreover, they showed a that resistance to negative publicity has a positive effect on loyalty, which means that when a consumer resists negative publicity it will not weaken their loyalty towards the company.

In the first study you cannot speak of actual negative publicity, since the participants had to imagine some negative information regarding the targeted organisation. However, in the second study the participants were given an excerpt, describing negative conduct from the New York Times. This can be perceived as negative publicity. The content of the article existed of CSR, customer orientation and quality orientation negative information. However, the final effect is moderated by the consumers level of expertise. The resistance to negative publicity was lower when a consume had a high level of expertise.

<u>Corporate image/reputation and perceived responsibility</u>

Dean (2004) conducted a research in order to study how the company reputation for social responsibility prior to a crisis event, response to a crisis event and responsibility for the crisis event moderates the influences on consumer attitude towards the firm after a event of negative publicity. Dean (2004) found that all three factors had a significant effect on consumer attitude, whereas responsibility explained the largest portion of the effect and firm response the smallest. This is somewhat contradicting with what Griffin *et al.* (1991) found, since they stated that when the locus of responsibility was directed to the firm it would cause less attitude change. However, this is in comparison with a situation where the consumer was accounted as responsible. A company with a solid reputation, obtained by CSR activities, did not protect the firm against a decrease of attitude as a result of negative publicity. However, this is when a company was found responsible for the negative event. Dean (2004) argues that a third-party confirmation will enhance this effect. This is explained by the discounting principle (Kelly, 1973). This principle suggest that, applied to a crisis scenario, when a governmental institution attributes the cause of the crisis to the company, consumers are likely to follow this statement and exclude other possible explanations of the cause of the event.

Even though firm response is out of the scope of this research, it will be mentioned shortly in de coming paragraph, since it is an essential part of Dean (2004) his research and because it is linked directly to consumer attitude. Moreover, this part of Dean's (2004) study contains the moderating role of perceived fairness, which is an important antecedent of loyalty and therefore worth considering. Depending on how a company responds, the effect on attitude change becomes smaller or larger. This is, when a firm responses to a crisis with fairness and compassion towards who is affected by the crisis, this will lead to more positive attitude towards a firm, whereas an opposite reaction will lead to a more negative attitude towards the frim. Dean (2004) argues that his finding are consistent with the fairness theory (Folger and Cropanzan, 1998). The fairness theory suggest that depending on how a person uses counterfactual reasoning as a outcome of negative information to determine the accountability for the negative event. This results in *could*, *should*, and *would* counterfactuals. When a firm successfully succeeds in weakening the likelihood of generating *could* and *should* counterfactuals it will increase the perception of fairness from consumer to the firm. This is, diminishing the idea that the firm could do something about the crisis and that it was beyond their control. *Should* counterfactuals determine the firms actions compared to ethical and moral standards (Dean, 2004).

For this experiment a group of students, who were following a marketing course were used. All the independent variables (e.g. reputation, response and responsibility) were presented as written scenarios. The crisis event was determent as a product harm crisis (performance based). Two different articles were presented from a government agency (credible source), one accounting the firm as responsible for the event and the other one not. To manipulate the corporate image, two articles were presented, one performing CSR activities and the other one not (In this way the firms were positioned on their values).

Based on the findings of Pullig *et al.* (2006), who proposed that the effect of negative publicity is higher when the positioning of the brand and the negative publicity are aligned, it can be argued that if Dean (2004) aligned the positioning of the chosen firm and the negative publicity he could have found a larger effect for his findings. However, by not doing so he proofed that, even though brand positioning and publicity are not aligned it still has a significant effect on consumer attitude, which is a valuable finding.

Note: Dean ,(2004) uses in his article the word “regard”, to indicate the overall attitude towards a firm. For the consistency of this paper the term attitude is used.

Holistic vs. Analytic thinkers

Monga and John (2008) found that the type of information processing style migrates the effect of negative publicity on consumers and therefore reason differently about negative incidents. They argue that holistic thinkers are less affected by negative publicity as analytic thinkers, meaning that holistic thinkers are less likely to change their positive attitude toward a brand opposed to analytic thinkers. However this effect depends on several moderating factors, like the salience of the contextual factors or the cognitive load (Monga & John, 2008). Monga and John (2008) use the definitions for holistic and analytic thinking proposed by Nisbett *et al.* (2001). Nisbett *et al.* (2001, p. 293) defines holistic thinking as “involving an orientation to the context or field as a whole, including attention to relationships between a focal object and the field, and a preference for explaining and predicting events on the basis of such relationships”. Analytic thinking “involves a detachment of the object from its context, a tendency to focus on attributes of the object to assign it to categories, and a preference for using rules about the categories to explain and predict the object's (Nisbett *et al.,* 2001, p. 293). In other words, holistic thinkers tend to focus more on the context as a whole, whereas analytic thinkers detach the object from the context and are more focused on its attributes in order to evaluate certain behaviour of a brand or firm (Monga & John, 2008).

Monga and John (2008) conducted three different experiments using students. All the experiments virtually had the same design, expect from the extra manipulations. The type of negative publicity they used was performance based and the negative publicity was presented by articles. The first study investigated the plain difference in attitude change for holistic and analytic thinkers. In the remaining two studies the salience of the contextual factors the cognitive load for the respondents were manipulated.

The first study showed that after being exposed to negative publicity the holistic thinkers did not show a decline in their overall brand evaluation, opposed to analytic thinkers. This difference is explained by the idea that holistic thinker are more likely to consider contextual factors in explaining the crisis and therefore are more likely to attribute the negative event to external factors. Whereas analytic thinkers do not look so much at the contextual factors and therefore attribute the negative event to the brand or firm (the object) itself. However they did not find a difference between the specific attribute "brand attitude" for both type of thinkers because, as Monga and John (2008) argue, the manipulations for style of thinking were not strong enough. Therefore they conducted two more experiments, since they argue that "the ability to think analytic and holistic can-co exist within an individual" (Monga & John, 2008, p. 324).

In the second study the researchers manipulated the salience of the contextual factors by providing the participants with additional information (articles) and instructed them to find out why the firm discussed in the negative publicity had quality problems. The control group (low salient condition) did not receive any context based information. The results showed that when contextual factors were made salient there was no difference in attitude change between holistic and analytic thinkers. In the low salient condition the result where the same as in the first study. This means that analytic thinkers behave similar as holistic thinkers when contextual factors are salient.

In the last experiment Monga and John (2008) manipulated the cognitive load. During the experiment the participant had to memorize certain words, which they heard at the beginning of the experiment. By manipulating the cognitive load the cognitive resources available the for processing information was reduced. The holistic thinkers respond to the negative publicity similar as analytic thinkers, since they did not have the cognitive capacity left to analyse all the contextual factors. For the final two experiments Monga & John (2008) found an effect on the specific attribute "brand attitude". For managers this knowledge can be very use full. In order to reduce the effect of negative publicity on consumers a firm can enhance the contextual factors of the negative events, so analytic thinkers may process the information as holistic thinkers, since holistic thinkers are less susceptible.

Conclusion

In the following chapter both the conclusion of the second chapter and the overall conclusion of this paper will be discussed.

Based on the seven studies discussed in the previous chapter, it can be concluded that negative publicity has a potential effect on consumers overall attitude towards brands or firms. However, this effect is not straight forward and may not always be harmful. As visualized in the model, the effect of negative publicity on attitude is moderated by several factors, namely; commitment (high vs. low), consumer identification (high vs. low), prior attitude certainty (high vs. low), thinking type (annalistic and holistic) and factors like; source credibility, firms responsibility and the firms history, reputation and CSR. In the literature the emphasis seems to be more on the moderating effects regarding to the effect on attitude than on specific behavioural outcomes. Only two studies report behavioural intentions as a result of the effect of negative publicity on attitude. Griffin *et al.* (1991) reported that a change in attitude has a moderate effect on purchase intentions. Furthermore, Einwiller et al. (2006) reported that consumers who identified themselves strongly with a company are more likely to invest in that company and to perform positive Worth of Mouth. The effects of the presented moderators can in their presence decrease or in their absence increase the effect of negative publicity on consumer overall attitude. Strong consumer identification, high commitment, strong prior attitude certainty, all have protective effects, whereas an absence or a lower/lesser form of these factors will give negative publicity sufficient room to negatively influence consumer attitude. This means that negative publicity can be harmful for consumers attitude, but this may not always be the case.

I propose that the discussed moderators can be divided in two categories, namely; *consumer characteristics* and *firm characteristic*. Firm characteristic are characteristic a firm embodies and are part of the firm. These characteristic include; prior reputation for CSR, firm response, responsibility, firm history and source credibility. The latter can be both part of the firm as from an external source. Consumer characteristics are factors which moderate the impact of negative publicity on the consumers and are embodied in the consumer. These factors are; consumer identification, prior attitude certainty, commitment and holistic vs. analytic thinking. Several of the firm and consumer characteristics have in their presence a potentially protective effect against negative publicity, however in their absence they give negative publicity room to damage consumer attitude towards the targeted brand or firm. When negative publicity is not blocked by any of these characteristics, it will eventually influence consumers overall attitude towards the targeted brand or firm.

Knowing that negative publicity has an effect on attitude and knowing that attitude is an important construct of loyalty, I propose that there is a potential link between negative publicity and loyalty. In other words, negative publicity does potentially influence consumer loyalty. However, the main research question is; "*How does negative publicity influences consumer loyalty?",* this question will be answered next. Since attitudinal loyalty has to be positive for true loyalty to exist, a negative change in attitude caused by negative publicity has the potency to damage consumer attitudinal loyalty. I propose that this happens throughout the *psychological route*. This means that the psychological state of mind, in this case the attitude for a brand or firm, determines the effect of negative publicity on consumer attitudinal loyalty. Moreover, negative publicity can influence consumer loyalty throughout the *behavioural route*. This means that the direct behaviour resulting from negative publicity potentially influences behavioural loyalty. Research on the effect of negative publicity on behavioural intentions is limited, thus at this point the effect can only be stated as a weak effect. Therefore, the behavioural route is visualized as a dashed line in the model. Although, when the negative publicity is resisted by certain consumer or firm characteristics it will cause no overall attitude change and therefore it will most likely not influence consumer loyalty. Moreover, when attitudinal loyalty is negatively influenced a consumer may still stay loyal to the brand or firm on the basis of behavioural loyalty when switching costs are high. One can argue about if this is still true loyalty. Switching cost can be the last resort for a company to keep their customers (behavioural) loyal, and therefore is the last moderating factor in the model. The model proposes that negative publicity has an effect on consumer attitude towards a firm or brand and trough this it may potentially influence consumer loyalty. However, this effect is moderated by many factors which can in their presence form a barricade against negative publicity in influencing consumer overall attitude. In conclusion, throughout the negative change in attitude towards a brand or frim, caused by negative publicity, negative publicity has a potential negative effect on consumer attitudinal loyalty.

Discussion

This research exists of a theoretical study and no primary data in support of the direct link between negative publicity and consumer loyalty has been collected, therefore the proposed model is a theoretical model. More research is needed on several aspects is needed to enhance the model and to get a better understanding of the effect of negative publicity on consumer loyalty.

First of all, in general there is still only little known about the direct effects of negative publicity on consumers and how consumers respond to it and process such information (Ahluwalia, Burnkrant, & Unnava, 2000, Matos & Veig, 2004; Pullig, Netemeyer and Biswas, 2006; Xie & Peng, 2009). Therefore, more research has to be done in order to fully understand the effects of negative publicity on consumer behaviour. The studies used in this research all discussed one specific moderator to measure a predetermined outcome, namely attitude. There is need for a broader approach to reveal the wider scale of the direct effect of negative publicity. Moreover, only little is known about the behavioural intentions as a result of negative publicity, which are an important aspect to get a full understanding of the effect of negative publicity. In addition, this data is needed in support of the behavioural route from negative publicity to behavioural loyalty. Thus, more research is needed on which other factors moderate the effect of negative publicity on consumer attitude, but perhaps also on other psychological processes, like trust. Especially trust seems important, since it is perceived to be one of the more important factors for consumer loyalty (Pan, Sheng & Xie, 2012). No research on the moderating effect of trust between negative publicity and attitude has been done yet and the current literature does not make any suggestions to this subject. This is surprising since trust is perceived as an important consumer characteristic in consumer.

Secondly, the model proposes that the alignment between the positioning of negative publicity and brand and firm positioning will enhance the impact of negative publicity, however this is only tested in combination with prior attitude certainty. In order to generalize this effect, it has to be tested in different conditions.

Thirdly, it is not clear to what extend both types of characteristics (consumer and firm) form a barricade for negative publicity to reach consumer attitude. Even though, for consumer identification it has been shown that it can work as buffer effect against negative publicity, but in cases of extreme negative publicity this protective shield will not withstand (Einwiller et al, 2006). Einwiller *et al.* (2006, p. 191) states: “there is comes a point at which enough is enough”. It is not known which of the consumer or firm characterises will explain the largest protective effect against negative publicity. However, it is known that an absence will cause a negative overall attitude change more easily. In this same area, there is need for more research on the difference between the effect of value and performance based publicity in order to understand which of the two has a greater effect on consumers.

Fourthly, getting back to the effect of the protective frim and consumer characteristics, the question remains; what happens when a consumer or firm possesses all these protective moderators? Do these moderators together form an impenetrable shield? We already know that even a strong consumer-firm identification cannot withstand extreme negative publicity (Einwiller *et al*. 2006). It is possible that this works just the same for the remaining consumer or firm characteristics. Moreover, CSR will only protect a firm from CSR related negative publicity (Eisingerich *et al.,* 2010), and when the firm is not the one to blame for the crisis event (Dean, 2004). Here we find a gap in the literate, since there is not yet any research done on the interaction between these consumer and firm characteristics. It is not known if these factors work together in forming a protective shield against negative publicity. It would be valuable to know which of the presented moderators explain the largest variance of in the change of consumer overall attitude. Dean (2004) for example, found evidence that from the three factors he used to explain attitude, that responsibility explained the largest portion and response the smallest. Thus, an overall research on the moderators between negative publicity and attitude is needed to find out which of the moderators explain the largest of smallest portion of attitude change. This knowledge will be useful in order to better understand the effect on attitude and to determine which factors has the largest protective value and which one the least. This knowledge can be very useful for managers in order to know on which consumer or firm characteristics to focus to ensure a strong protective shield against negative publicity.

Fifthly, all the studies used in this research where based on experimental data and used scenarios to simulate negative publicity. Of course this is unfortunate, but it is understandable that one cannot create a real crisis in order to evoke negative publicity on behalf of one's research. This also downgrades the proposed model, since it is built on this experimental data. Moreover, this model is thus far theoretically and needs to be tested.

The final and the most important point of discussion is the proposed connection between change in attitude and attitudinal loyalty. That is the connection between the first and the second part of the model, needs to be investigated more thoroughly. At this point the connecting part between the first and the second part of the model is based on theoretical line of reasoning. The connecting part is essential for the model to maintain and therefore essential for the model to work. Therefore primary data must be collected in order to proof or disproof the potential link between change in overall consumer attitude and consumer attitudinal loyalty as a result of negative publicity. This can be done by creating an experimental setting with two points of measurement. In the first stage of the experiment the subjects overall attitude and attitudinal loyalty towards a company or brand will be me measured. Were after the overall attitude will be manipulated with the use of negative publicity about that brand or company. In the second stage the change and overall attitude and attitudinal loyalty will be measured. The results of this kind of experiment can be used to see if the proposed link between the first and the second part of the model is valid.

Impactions for further research:

Summarized, I propose the following points of attention for further research:

1) Research on de moderating effect of trust
2) More research on the effect of negative publicity on behavioural intentions
3) More research on enhancing effect of the alignment between the positioning of negative publicity and brand and firm positioning
4) More research on the protective effect of the firm and consumer characteristics in case of extreme publicity
5) Research on the interaction between the consumer and firm characteristics as a protective shield against negative publicity.

6) Research on the link between change in overall attitude and the effect on attitudinal loyalty.

Managerial implications

For managers It is very valuable to understand the effect negative publicity has on their customers. Moreover, a better understanding of consumers reactions to negative publicity may enable marketers to more effectively deal with threats of negative publicity (Griffin et. al., 1991). The different factors that moderate the impact of negative publicity may give managers strategic insights on which aspects to focus to maintain their customers loyal or to reduce the impact of negative publicity.

Appendix:

Table 1: Overview of Study Methodology

Study	Type of study	Procedure	Type of participants	Type of negative publicity	Measurement attitude	Measurement attitude change
Pullig *et al.* (2006)	Experiment 1,2	Scenario, articles, fake brand	Undergraduate students (188),(306)	Performance + value based	7 point scale	Difference for and after the exposure
Dean (2004)	Experiment	Scenario. articles	Students of introductory marketing course	Performance based (product harm crisis)	9 point scale	Difference for and after the exposure
Eisingerich *et al.* (2010)	Experiment 1 (field experiment)	Imagine negative publicity	Bank customers (854)	Unknown	9 point scale	Measured on the basis of resistance to negative publicity
	Experiment 2	Scenario, articles	Undergraduate students (133)	Value based (CSR)	9 point scale	Measured on the basis of resistance to negative publicity
Ahluwalia *et al.* (2000)	Experiment 1,2	Scenario, articles	Students of introductory marketing course (68),(71)	Performance based	9 point scale	Difference for and after the exposure
Einwiller *et al.* (2006)	Experiment	Scenario	Shoppers (210)	Value based	11 point scale	At one point
Griffin *et al.* (1991)	Experiment	Scenario	Students (188)	Performance based	Unknown number of scales	Difference for and after the exposure
Monga & Rundle – Thiele (2008)	Experiment 1,2,3	Article	Students (44), (44), (44)	Performance based	7 point scale	Difference for and after the exposure

<u>Note:</u>

As can be seen from the table there is a consistency between the discussed studies on several aspects. All the studies used an experimental design and 8 out of 9 studies used students as respondents. Moreover, all the studies had more or less the same kind of design, using scenarios and articles to create the research environment. Their measurement of attitude was always conducted by scales, varying from a five point measurement scale to a nine point scale. The measurement for attitude was virtually always done before and after the manipulation. However, there was no consistency in the type of negative publicity used in these studies. The studies including CSR aspects used value based negative publicity, whereas the remaining studies uses performance based negative publicity. Only in the study by Pullig *et al.* (2006) used both kind of publicity. This is not surprising, since Pullig *et al.* (2006) proposed this distinction between negative publicity themselves. The similarity between the studies enhances the statement that negative publicity has an potential impact on consumer attitude, even though there is no consistency in the type of negative publicity. Therefore another point of further research will be to further explore the difference between the effect of value and performance based negative publicity on consumer attitude.

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