How does negative publicity affect consumer loyalty?

and the Moderating Role of Product Involvement and Prior Satisfaction

Abstract

Negative publicity about brands and companies are very common these days and this negative publicity can harm an organisation by influencing the consumers perception towards a firm or brand. However, there has been no systematic investigation on how negative publicity influences consumer loyalty in specific. In this study the author tries the bridge this gap. By taking into account four different loyalty levels this study provides an understanding of how and where negative publicity affects consumer loyalty. Product involvement and prior satisfaction were introduced as moderators for the effect of negative publicity on consumer loyalty. The findings of this study indicate that the effect of negative publicity on consumer loyalty differs for high and low involvement products. The effect on consumer loyalty was the largest for the low involvement products, whereas the high involvement product was barely affected. However, this study failed to identify any relation between prior satisfaction and the effects of negative publicity on consumer loyalty.

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Chapter 1: Introduction

It is important for a company to acquire loyal customers and to maintain their customers' loyalty. Having loyal customers has several advantages, for example loyal customers buy more, are willing to spend more, are easier to reach and 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; Fornell & Wernerfelt, 1987; Harris & Goode, 2004; Woodruff, 1997). Thus, it is essential for an organisation to keep their customers loyal. Unfortunately, consumer loyalty may be damaged, for example through negative publicity. However, research on how negative publicity influences consumer loyalty in particular has not been done yet.

Negative publicity has undesirable consequences for companies, since it 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 and could damage the way a consumer thinks about a firm (Ahluwalia, Burnkrant & Unnava, 2000; Dean, 2004; Monga & John, 2008) and is likely to have a negative impact on corporate associations (Einwiller et al., 2006). Clearly this is not desirable for a company, mainly because a lot of time and effort is put in building a sustainable relationship with consumers.

Unfortunately, in today's society there is a general rise of corporate distrust (Eisingerich et. al., 2010) and corporate scandals and corporate crises become more and more evident. As a result, incidents of negative publicity are widely prevalent in the marketplace (Ahluwalia, Burnkrant & Unnava, 2000; Xie & Peng, 2009). Through mass media, the internet and social media, a corporate crisis cannot be hold secret for very long (Ward & Ostrom, 2006). An increasing emphasis on Corporate Social Responsibility (CSR) (Sen, Sankar & Bhattacharya, 2001) causes the media and consumers to be keen on any news regarding the way organisations are doing business. When an organisation happens to makes a misstep, it is just a matter of time before the negative news reaches the customers. The large impact of negative publicity is mainly due the fact that it is generated by the media. In general the media is considered as a credible source and therefore is more influential than corporate controlled and marketer-driven communications (Bond & Kirshenbaum, 1998).

In the current literature it is well established that negative publicity has an effect on consumers' overall attitude towards a firm or brand (e.g. Ahluwalia, Burnkrant, & Unnava, 2000; Griffin, Babin & Attaway, 1991; Monga & John, 2008). The strength of the effect of negative publicity on attitude is moderated by several factors, such as; prior reputation for CSR, firm response and responsibility (Dean, 2004; Eisingerich et. al., 2010), firm history and source credibility (Griffin, Babin & Attaway, 1991), level of consumer identification (Einwiller et. al., 2006), level of prior attitude certainty (Pullig, Netemeyer & Biswas, 2006), level of commitment (Ahluwalia, Burnkrant, & Unnava, 2000) and holistic vs. analytic thinking (Monga & John, 2008). However, this field of research lacks studies investigating the effect of negative publicity on actual behaviour. Two studies did report an effect on intentional behaviour. Griffin, Babin and Attaway, (1991) found an moderate effect on purchase intentions and Einwiller et al. (2006) reports that consumers who identify themselves strongly with a company are more likely to invest in that company and still to perform positive Worth of Mouth after an episode of negative publicity. Since the current literature lacks knowledge regarding the effect of negative publicity on behavioural intentions and especially on actual behaviour, this research will make an attempt to fill this knowledge gap.

As mentioned before, the current literature is mainly focused on the effect of negative publicity on attitude. Until now the specific effect on consumer loyalty has been overlooked in the literature. The literature on consumer loyalty discusses how competitors engage consumers through persuasive messages and incentives in order to lure them away from their current preferred brand (Oliver, 1999). However, how negative publicity can achieve the same effect is not yet been discussed. Moreover, consumer loyalty in this case is particular interesting, since the construct of loyalty is measured by two factors; behavioural and attitudinal loyalty. And at least attitude plays a major role in the perspective of negative publicity.

In the first mentioned, loyalty is measured by behavioural characteristic (Jacoby & Chestnut, 1978). This type of consumer loyalty is defined mainly with reference to the pattern of past purchases. Therefore, the measurement of this is done on the basis of repeated purchase and patterns of consumer buying behaviour. Attitudinal loyalty is defined by the consumers' perception towards a brand (Rundle-Thiele, 2005, Dick & Basu, 1994) and consists of favourable set of beliefs towards the brand (Uncles, Dowling & Hammond, 2003). However, several researchers (Anime, 1998; Bandyopadhyay & Martell, 2007; Dick & Basu, 1994) argue that both dimensions cannot be seen separately; in their presence they complement each other in creating true loyalty.

Moreover, loyalty is driven by several antecedents (e.g. trust, commitment, brand reputation) There is a wide range of studies trying to clarify these antecedents and determinants of consumer loyalty. Pan, Sheng and Xie (2012) ranked in their meta-analysis the antecedents for consumer loyalty and reported that satisfaction is one of its most important antecedent. At the beginning of this chapter several factors have been mentioned that moderate the effect of negative publicity on attitude. However, satisfaction has not been taken into account as a possible moderator with respect to the effect of negative publicity on consumers.

Finally, researchers suggest that there is a link between the consumers' involvement and loyalty (Quester & Lim, 2003). High involvement should go hand in hand with a high loyalty and vice versa for low involvement. However, does this higher loyalty state for high involvement products mean that high involvement products are better protected against negative publicity (versus low involvement products)? Overall, in the literature on the effects of negative publicity on consumers no distinction has yet been made between these two type of product involvement.

Consumer attitude is affected by negative publicity and a positive attitude is an important factor for true loyalty to exist, that is loyalty consisting of both a positive attitude and repurchase behaviour (Day, 1969; Jacoby & Chestnut, 1978; Reichheld, 1996). This means that without a positive attitude one cannot truly be loyal to a firm or brand. However, to understand the complete effect of negative publicity on consumer loyalty the behavioural component must also be taken into account, since both types of loyalty complement each other in understanding and measuring consumer loyalty (Anime, 1998; Bandyopadhyay & Martell, 2007; Dick & Basu, 1994). Therefore, the aim of this research is to find out how negative publicity influence attitudinal and behavioural loyalty and how product involvement and satisfaction moderates this effect. In order to achieve the aim of this research the main and sub research questions on the next page must be answered.

How does negative publicity influence consumer loyalty?

- 1) How does negative publicity influences attitudinal loyalty
- 2) How does negative publicity influences behavioural loyalty
- 3) How do high or low involvement product moderates the effect of negative publicity on consumer loyalty
- 4) How does prior satisfaction moderates the effect of negative publicity on consumer loyalty

Through this study, I aim to make several contributions to the loyalty and negative publicity literature, by giving a comprehensive understanding of the relationship between negative publicity and consumer loyalty. First, I add to the contemporary state of knowledge by exploring the effects of negative publicity on consumer loyalty. Second, I move further into the effect of negative publicity on actual behaviour. Last, satisfaction will be added as a moderator which builds on the current literature on the effects of negative publicity on consumers. New insights on this subject can help organisations and their managers and better to arm themselves against the impact of negative publicity on their customers or may even motivate them to prevent any form of negative events concerning their organisation.

1.1. Structure of the thesis

Chapter 2 of consist of a literature study. The following subjects will be discussed sequentially; negative publicity in general, the effect of negative publicity on consumers, consumer loyalty. At the end of chapter 2 the hypotheses will be discussed and the conceptual model will be presented. In chapter 3 the methodology of this study will be described. In the final chapter the result of the experiment will be presented and discussed. Finally, in the appendix all the instruments used in this study are included. For an extend overview of all the sub-paragraphs one can consult an elaborate table of content on the second page of this report.

Chapter 2: Literature review

In this chapter the following subjects will be discussed: first, a general literature overview of negative publicity, second an overview of studies researching the effect of negative publicity on consumers. Third, a literature overview of consumer loyalty, followed by the hypotheses and conceptual model.

2.1. Negative publicity

Before discussing the topic of negative publicity, first the effects of negative information will be discussed shortly. Research shows that negative information has a greater influence on consumers and is given greater importance than positive information. This is due to the so called 'negativity effect' or the disproportional influence of negative information (Mizerski, 1982). This effect makes negative information more salient than positive information (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 et. al. (1975) stated that a single unit of negative information can neutralise five similar pieces of positive information. Moreover, in the context of disconfirmation-based satisfaction models, research has shown that an unit of negative disconfirmation has a much greater effect on dissatisfaction than a unit of positive information has on satisfaction (Anderson & Sullivan, 1993; DeSarbo, et al, 1994). This is in particular interesting since satisfaction is an important antecedent of consumer loyalty (Oliver, 1999; Pan, Sheng & Xie, 2012). However, as we will see in the next chapter, it is unclear if prior satisfaction can also function as a safeguard against negative publicity. 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 perceive them as more important, in comparison to negative information about aspects related to the company's 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).

Insufficient research has been done on specific effects of negative publicity on consumer behaviour. However, there are studies researching the effect of negative information, which is not per se the same as negative publicity, but it is closely related. Nevertheless, it is important to clarify the distinction between these two concepts. I propose that 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; 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, I define negative publicity as negative information about a firm generated by the media, government or other third-party.

Continuing with the literature on negative publicity in particular; Pullig, Netemeyer, and Biswas (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 of effects negative publicity 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 concern a technical failure of a specific iPod model; which has the tendency to explode in your pocket. This kind of performance-related negative publicity are likely to result in a product-harm-crisis or in a service-failure-crisis.

Value related negative publicity concerns 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.

Several researchers suggest that there is a positive relationship between the consumers attitude towards the company (and its brands) and the companies CSR activities (Brown & Dacin, 1997; Creyer & Ross, 1997; Ellen, Mohr & Webb, 2000). Other researchers 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. However, CSR as protection against negative publicity only works with CSR related negative publicity (Eisingerich et al., 2010). That is, when the message of the episode of negative publicity is aligned with what a firm stands for (corporate values for example) (Eisingerich et al., 2010). Moreover, a solid reputation, obtained by CSR activities, did not protect the firm against a decrease of attitude as a result of negative publicity when a company was found responsible for the negative event (Dean, 2004). The effects of performance related negative brand publicity (e.g. publicity due to product failures) in the form of a product crises had already quite some attention in the marketing literature (Dawar & Pillutla 2000), whereas I found that value related negative publicity is somewhat overlooked. Because of this and, because of the link between CSR and consumer attitude, the focus in this research will be on value related negative publicity (e.g. CSR related).

2.2. Effect of negative publicity on consumers

As mentioned before, at this point the literature on the effects of negative publicity on consumer behaviour in particular is scarce. At this point, virtually all the studies in this area are focused on consumer attitude and found that negative publicity affects consumer attitude. This is, when an individual encounters negative publicity about a certain brand, he or she is likely to retrieve a brand attitude from memory and subsequently uses this as a basis the evaluate the negative publicity (Pullig et. al., 2006). However, the effect of negative publicity on consumer attitude is moderated by several factors. These moderating factors can broadly be divided in to two categories, namely; firm and consumer characteristics. Firm characteristics includes: prior reputation for CSR, firm response and responsibility (Dean, 2004; Eisingerich et. al., 2010), firm history and source credibility (Griffin, Babin & Attaway, 1991). The latter can be both part of the firm as from an external source. For consumer characteristics these factors are: level consumer identification (Einwiller et. al., 2006), level of prior attitude certainty (Pullig, Netemeyer & Biswas, 2006), level of commitment (Ahluwalia, Burnkrant & Unnava, 2000) and holistic vs. analytic thinking (Monga & John, 2008). 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 a better chance to damage consumer attitude towards the targeted brand or firm. Thus, 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.

2.3. Consumer loyalty

There is no universal agreement on the definition of consumer loyalty in the literature (Dick & Basu, 1994; Jacoby & Chestnut, 1978; Oliver, 1999; Pan, Sheng & Xie, 2012; Uncles, Dowling & Hammond, 2003), however there are three popular concepts which define the operationalizing and measuring of this construct. These concept are respectively: 1) loyalty as a attitudinal relationship and, 2) loyalty expressed primarily as behaviour and the notion that 3) loyalty is moderated by the individuals characteristics, circumstances and/or purchase intentions (see figure 1). All three concept will be discussed.

2.3.1. Attitudinal loyalty

Attitudinal loyalty is defined by the consumers perception towards a brand (Rundle-Thiele, 2005) and consists of favourable set of positive beliefs towards this brand (Uncles, Dowling & Hammond, 2003). Researchers (e.g. Oliver 1997), states that a positive attitude towards a brand is a key predictor of repeated purchase of a brand. However, it is suggested that attitudinal measurements is less applicable to predict future consumer loyalty towards low involvement, low-risk and frequently purchased brands or when impulse buying or variety seeking is undertaken (Dabholkar, 1999; East et al., 2005; Rundle-Thiele & Bennett, 2001).

2.3.2. Behavioural loyalty

Behavioural loyalty is defined mainly with reference to the pattern of past purchases (Ehrenberg, Goodhardt & Barwise, 1990; Ehrenberg et al. 2000; Kahn, Kalwani & Morrison, 1986). Thus, the measurement of loyalty is done on the basis of repeated purchase. This data is gathered by observing patterns of consumer buying behaviour. This perspective of consumer loyalty is however controversial. A major point of critique is that this method only describes what the consumer does (Oliver, 1999), however it is strongly supported by data that has been collected over the years (Uncles, Dowling & Hammond, 2003). A general finding concerning this data, is that few consumers are "monogamous" (i.e. 100% loyal) or "promiscuous" (i.e. not loyal to any brand). Rather, most consumers are "polygamous" (i.e. loyal to a selection of brands in a product category) (Uncles et al., 1994). Researchers advocating this measurement method build on the notion that consumers do not buy the same brand because of a strong-held prior attitude or commitment, but just because they do not want to spend time searching for an alternative if the current brand is still satisfactory. If for example their standard brand of choice is out of stock, they just switch to a similar brand from their brand-portfolio 1997; Ehrenberg et al., 1997; Ehrenberg 2004) (East, et.

The debate, if loyalty should be measured as a multidimensional concept existing of a behavioural and an attitudinal component, or that a behavioural measurement in the form of repurchase is sufficient, is still going on. Researchers like Dick and Basu (1994), Anime (1998) and Bandyopadhyay and Martell (2007) argue that both types of loyalty complement each other in understanding and measuring consumer loyalty and cannot be taken apart. This implies that loyalty is a two-dimensional concept (Rundle-Thiele & Bennett, 2001). To make thing clear, Oliver (1997, p. 392) incorporated both the behavioural and the attitudinal school of thought in one definition: "a

deeply held commitment to rebuy or patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour." For this study we will adopt this definition, not because it is the best or most elaborated definition of consumer loyalty; rather, the view on "situational influences" (e.g. negative publicity) makes it most suitable for the purpose of this study. The notion that both behavioural and additional loyalty are needed to understand loyalty can be explained by a simple example. In addition, this example shows that it is possible for a consumer to be attitudinal loyal but not behavioural loyal and vice versa (Russel-Bennett & Härtel, 2009).

Imagine a person 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 the persons attitude is low, but from a behaviour perspective; this person may still be loyal towards the firm or brand. Since the persons is not able to switch because of high switching cost or a legal contract. One may argue that this person is not loyal anymore, however 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 positive attitudinal loyalty (Amine, 1998). Since the measurement of loyalty is 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), 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.

Finally, there is a somewhat outdated view on consumer loyalty. This view proposes that loyalty and the interaction between attitude and behaviour is moderated by several contingency variables: current circumstances, characteristics and purchase situation. This means that a strongly held positive attitude towards a brand may not always predict the brand of choice in the next purchase, since these variables; just mentioned, may co-determine their next choice (Belk, 1974, 1975; Blackwell et al., 1999; Frazio and Zanna, 1981). In the perspective of this contingency model these variables are playing a primary role in determine consumer loyalty (i.e. observed patterns of purchase), whereas in the attitudinal model these variables are seen as factors that inhibit the natural evaluation of consumer loyalty, especially when consumers have a weak attitude towards a brand. In this case repeated satisfaction and weak commitment with the contingency variables (we just discussed), co-determine future brand choice (Uncles, Dowling & Hammond, 2003).

There are researchers who argue that there is no 'true' definition of brand loyalty and that debating the topic is a waste of time (Sharp, Sharp & Wright, 2002). Since there is still no agreement on the definition and way of measuring loyalty; Rundle-Thiele and Bennett (2001) and East et. al. (2005) argue against a single consumer loyalty measure (i.e. either a behavioural or attitudinal measurement). They suggest that one must determine the type of measurement according to the kind of market (i.e. consumable goods, durable goods and services). This is in line with Pan, Sheng and Xie (2012, p.150) who state that "...the analysis of loyalty is at best piecemeal".

2.4. Hypotheses building

In the previous chapter the two main literature parts (i.e. loyalty and negative publicity) have been discussed; they represent the backbone of this research. However, to understand how negative publicity affects consumer loyalty specifically, we have to move deeper into the concept of consumer loyalty. Besides consumer loyalty and negative publicity, this research pivots on two more constructs, namely involvement and satisfaction. Looking at the effect of negative publicity on consumer loyalty from the perspective of these two constructs the hypotheses for this research will be formulated. First, I will start with discussing four loyalty phases and subsequently clarifying constructs involvement and satisfaction.

As discussed in the previous section we saw that loyalty can roughly be defined in attitudinal and behavioural loyalty. It is argued that both are needed to describe and understand true loyalty. However, if we move deeper into this concept we see that Oliver (1997, 1999) proposes that attitudinal and behavioural loyalty can be split up into four different phases trough which consumer loyalty develops. The question is; at which phases does negative publicity strike? We need to know this in order to fully understand the impact of negative publicity on consumer loyalty.

2.4.1. Phase 1: Cognitive loyalty

In the first loyalty phase, information takes in a central position. At this level consumer loyalty is determined by information based on beliefs about the brand like, price, quality and experience based information. Loyalty towards the brand is constructed by this kind of information. This first phase represents a weak loyalty state, this is because the loyalty is not targeted at the brand itself, but merely at its costs, benefits and performance. Therefore, Oliver (1999) classifies this type of loyalty as "phantom loyalty". Hence, consumers at this state are highly susceptible for alternative offerings as being superior with respect to the cost-benefit ratio (Kalyanaram & Little 1994; Sivakumar & Raj, 1997).

2.4.2. Phase 2: Affective loyalty

The second phase relates to a positive attitude toward a specific brand, which is formed after a series of satisfying usage occasions. Even though this loyalty phase is stronger than the cognitive loyalty phase, it is still subject to deterioration (Oliver, 1999; Evanschitzky & Wunderlich, 2006). Attractive and competitive offerings and enhanced liking for other brands conveyed through imagery and association used in competitive communications are the cause of this deterioration (Oliver, 1999).

2.4.3. Phase 3: Conative loyalty

The next phase, the behavioural intentions stage, implies that a positive attitude results in the desire to intend an action. In the case of loyalty this would be repurchasing a particular brand. However this desire may be anticipated, however unrealized. Deterioration of this kind of loyalty is achieved through persuasive counter arguments from for example competitors (Oliver, 1999).

2.4.4. Phase 4: Action loyalty

In the last phase intentions are proposed to be converted into actions; also referred to as "action control" (Kuhl & Beckmann, 1995). This theory concludes that the motivational intentions from the previous phase(conative loyalty) may result into readiness to act (in this case, to buy). At this state, following the action control paradigm, the consumers loyalty is developed to a level that they are willing to overcome obstacles that may prevent them to acquire their favourite brand. Hence, consumers do not consider competitive offerings as alternatives, since they have a higher level of resistance against alternative attractiveness. This facilitator of repurchase is called action inertia (Oliver, 1999), which means keep doing something without external stimulation. For example, buying after a promotion campaign.

Oliver (1999) sates that each loyalty phase is subject to attack. Especially cognitive loyalty, since this loyalty phase is proposed to be shallow of nature. Cognitive loyalty is based on brand believes only. This believes can be based on knowledge derived from recent information. Therefore loyalty directed to a brand is based on this information (Oliver, 1999). Once a consumer receives negative information by reading a negative newspaper article about a particular brand this can directly affect the consumers beliefs about that brand and likely causes a deterioration of cognitive loyalty.

Both affective and conative loyalty are proposed to be vulnerable to imagery and associations (Oliver, 1999). As discussed earlier, negative publicity has a potential impact on the image of a firm or brand and may produce negative associations (Einwiller, et al., 2006). This may change the consumers' attitude and the way they feel about the firm or brand (Ahluwalia, Burnkrant & Unnava, 2000; Dean, 2004; Monga & John, 2008). Moreover, Griffin, Babin and Attaway, (1991) found that negative publicity has an effect on purchase intentions. Therefore it is likely that negative publicity may cause a deterioration of affective and conative loyalty.

At the action loyalty phase, things get more complicated. Oliver (1999) states that a consumer at the action loyalty phase has a deep commitment to repurchase a particular brand and hence, creates a state of resistance and resilience which makes them able to overcome obstacles. This makes consumers at the behavioural loyalty phase less vulnerable for imagery and association and will make them inertial buyers. However, the effect of negative publicity on cognitive, affective, conative and action loyalty may depend on the product category the brand is in. That is, a high or a low involvement product category. Before continuing with the hypotheses, first the topic of product involvement and its link with loyalty will be discussed shortly.

2.4.5. Involvement

The level of product involvement ranges along a continuum from low to high (Antil, 1984), and varies among consumers, situations and products, this means that some product classes and purchase situations are generally perceived to be more highly involving than others (Hupfer & Gardner, 1971). Related to the subject of involvement and loyalty, Rundle-Thiele & Bennet (2001) distinguish three types of markets, namely: service market, consumable goods market, durable market. According to Sheth and Venkatesan (1968) the consumable market exists of a low involvement products with a high level of repeat purchases. Which means that products in this category are frequently purchased and are perceived to be low risk in terms of making the wrong choice. The durable goods market exists of products that survive many uses (Kotler, 2000) and has in general a long, useful life (Rundle-

Thiele & Bennet, 2001). Therefore, these high involvement products comprise more extensive decision making, more time and effort spent in search-related activities, greater perceived differences in product attributes. This includes products such as electronics (Bloch et al., 1986; Celsi & Olson, 1988; Zaichkowsky, 1985, 1986; Greenwald & Leavitt, 1984).

2.4.6. Loyalty – Involvement link

Quester and Lim (2003) wrote a comprehensive review on the involvement-loyalty link. They state that the central premise of the literature is that low involvement goes together (or interacts) with lower loyalty and high involvement with higher loyalty. Le Clerc and Little (1997) argue that for high involvement products, repurchase behaviour (i.e. behavioural loyalty) is an indicator of brand loyalty, whereas for low involvement products it is merely habitual purchase behaviour. East (1997) also states that behavioural loyalty for consumer goods (i.e. low involvement products) are often the outcome of repurchase habits, since the consumer is only low involved in this product category.

This indicates that for low involvement products, attitude plays only a lesser role when it comes to performing repurchase behaviour in the context of consumer loyalty (Rundle-Thiele, 2005; Rundle-Thiele & Bennett, 2001). When the consumer encounters a change in the market, the consumer may break with this habitual nature of purchasing. This change may provoke the consumer to engage in a new decision making process (Rundle-Thiele & Bennett, 2001), likely resulting in the consumer reconsidering their routine purchase behaviour. This may also be the case when a consumer encounters negative publicity. To some extend it changes the market perspective and therefore it makes the consumer aware of their current behaviour. Subsequently making the consumer consider to switch to another brand, without having a state of attitudinal loyalty to interfere and protect them against the influence of negative publicity. Therefore I propose the following hypothesis:

Hypothesis 1

In the case of low involvement products, value related negative publicity will cause no deterioration of b) affective and c) conative loyalty but a deterioration of a) cognitive and d) behavioural loyalty.

It is a different story in the case of high involvement products. When there is a higher level of decision importance, consumers are likely to display attitudinal loyalty for high involvement purchases (Russell-Bennett, McColl-Kennedy & Coote, 2007). Park (1996) found that involvement and attitudinal loyalty are highly correlated. Therefore, for high involvement products and when the consumer is at the behaviour loyalty stage, attitudinal loyalty may become the weak spot of behavioural loyalty. Therefore I propose the following hypothesis:

Hypothesis 2

In the case of high involvement products, value related negative publicity causes a deterioration of a) cognitive loyalty, b) affective, c) conative and d) behavioural loyalty.

2.4.7. Satisfaction

Satisfaction is believed to be an important determinant for consumer loyalty (Dick & Basu, 1994). However, in this field of research there is some discussion concerning the direct link between satisfaction and loyalty (Pan, Sheng & Xie, 2011) since some researchers (e.g. Khatibi et al., 2002; Stoel et al., 2004) failed to find a strong link between satisfaction and loyalty. Whereas others found a satisfaction-loyalty link, but they show that this connection is indirect and quite complex (e.g., Anderson & Mittal ,2000; Magi, 2003). However, the general notion in the literature is that there is a linear and positive effect of satisfaction on consumer loyalty (Jones & Reynolds , 2006; Seiders et al., 2005). Oliver (1997, p. 28) defined satisfaction as "the consumer's fulfilment response, the degree to which the level of fulfilment is pleasant or unpleasant".

Since satisfaction and loyalty are proposed to be linked we use in this study prior satisfaction as a moderating factor to determine the impact of negative publicity on consumer loyalty. As mentioned above, satisfaction is an important building block for consumer loyalty. However dissatisfaction is argued to be the "Achilles tendon" of consumer loyalty, especially for the affective loyalty stage (Oliver, 1999). This indicates that satisfaction can potentially be a weak spot for consumer loyalty. The aim of this research is not to find out how satisfaction is influenced by negative publicity and how a change in satisfaction moderates the effect of negative publicity on consumer loyalty. In this research we look at how the consumers prior satisfaction, moderates the effect of negative publicity on consumer loyalty.

Pollack (2009) argues that repurchase behaviour (i.e. behavioural loyalty) and positive wordof-mouth (i.e. attitudinal loyalty) are largely influenced by perceived quality, but also by prior satisfaction. Moreover, future usage intentions depend on prior satisfaction, that is, consumer with a higher satisfaction level (in time t) will have higher usage (in time t+1) than consumers with a low satisfaction level (Bolton & Lemon, 1999; Collopy, 1996). Moreover, consumers with a high prior satisfaction level are less likely to switch to a competitive brand (Fornell, 1992; Fornell et al., 1996). A consumer who is not completely satisfied is at-risk for brand switching, since the consumers attitude does not generate true loyalty (Jones & Sasser, 1995). Finally, Chandrashekaran et. al. (2007, p. 153), who did research on the loyalty-satisfaction link state that "satisfaction strength is a vital determinant of consumer vulnerability, because it plays a crucial role in the translation of stated satisfaction (i.e. prior satisfaction) into consumer loyalty. Moreover, they found that consumers with a weakly held satisfaction have greater risk of switching brands than consumers with a strongly held satisfaction. Since higher satisfaction makes consumers less likely to switch brands, it may be the case that high prior satisfaction works as a protective shield against negative publicity, in resemblance to prior attitude certainty (Pullig, Netemyer & Biswas, 2006). This means that high prior satisfaction reduces the effect of negative publicity on consumer loyalty, opposed to lower prior satisfaction. Thus, lower prior satisfaction causes a higher deterioration of loyalty, whereas a higher prior satisfaction causes less deterioration of loyalty when a consumer encounter negative publicity. Therefore, I propose that prior satisfaction has a moderating effect on the effect of negative publicity on consumer loyalty. On the next page the conceptual model is presented.

Hypothesis 3

A high state of prior satisfaction with the brand weakens the effect of negative publicity on consumer loyalty

2.5. Conceptual model

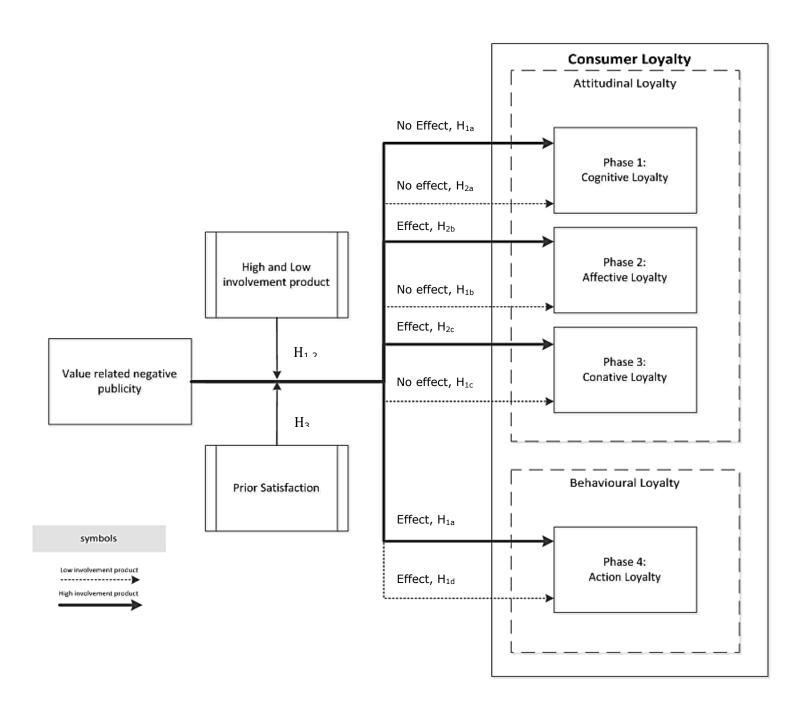


Figure 2: Conceptual Model

Chapter 3: Method

3.1. Description of the research design

To test the proposed hypotheses , a 2 between (type of publicity: neutral, negative) x 2 between (type of product: high or low involvement) x 2 within (pre-test, post-test) subjects design was implemented. As a method a laboratory experiment has been applied. An experimental design allows to control for certain unwanted influences of other variables, so as to the effect of the intervention (i.e. negative publicity) on the dependent variable (i.e. consumer loyalty) can clearly be seen (Vaus, 2001). This will enhance the reliability and internal validity of the research. Moreover, it was virtually impossible to create a real-life crisis event in order research the effect of the generated negative publicity on consumer loyalty. It was unrealistic to wait for such an event to appear in the market. Research participants were 80 Dutch students from the Wageningen University. This research contains four different cells (2x2) and for each cell 20 participants were used.

3.2. Material and setting

As mentioned before, the current literature lacks knowledge regarding the effect of negative publicity on behavioural intentions and especially on actual behaviour. Only measuring behavioural intentions would not satisfy the aim of this research, therefore a method was used which allows to measure actual behaviour within an experimental setting. A rather new technology called the "virtual supermarket" (from here on called virtual store) allows researchers to create a virtual environment to imitates a real store. Research subjects can walk through this virtual store freely by using a mouse and keyboard and can pick the products they want from the shelves by clicking on it. Using this method we can observer real behaviour instead of just intentions, which is normally measured by questionnaires. The use of the virtual store enhances the external of the experiment, since the virtual store replicates a real shopping environment as good as possible which match conditions of ordinary life. The virtual store was located in one of the research rooms in the basement of the Leeuwenborgh building (building 201) of the Wageningen University. In order to measure the participants attitudinal loyalty and level of satisfaction, a digital survey was used. The exact content of this surveys will be discussed in the paragraph "Operationalization".

3.3. Stimuli

3.3.1. Negative publicity

The manipulation was done by the means of a news article. The received article was either neutral (e.g. no negative publicity) or negative. As been discussed in the previous chapter, the content of the article was value based. Following Ahluwalia, Burnkrant and Unnava (2000) a reliable, real existing source was used (i.e. De Volkskrant) in order to enhance the realism of the experiment, moreover the experimental articles were based on real articles. As mentioned before, this study examines the impact of value related negative publicity on consumer loyalty, therefore, following Pullig, Netemeyer and Biswas (2006) we choose working conditions issue as negative publicity, for both the high and low involvement product. The article concerns the brand which the participant chose in the first question of the questionnaire. The neutral article was random articles not concerning any of the brands used in the experiment. The newspaper article were from a well-known newspaper (de

Volkskrant). Under each article the source was noted to increase the credibility and believability of the article

3.3.2. Products and involvement

During the experiment, respondents was be asked to pick one brand our of seven belonging to either a high or low involvement product category (see the paragraph "procedure" for a more extended description). The high involvement product category exists of smartphones. All major brands were represented in the virtual store (i.e. Apple, Samsung, HTC, BlackBerry, Nokia, Sony, LG). The low involvement product category exists of chocolate bars. All major brands (available in the Netherlands) were represent in the virtual store (i.e. Verkade, Milka, Cote D'OR, Rittersport, Swiss, Tony's Chocolonely, Albert Heijn private label).

For each single brand two types of product were used. That is, for each chocolate brand a bar of milk chocolate and a chocolate bar with hazelnuts were used. The remaining products in the supermarket were all none-chocolate products. Some of the chocolate bars contained a fair trade logo. To make all the chocolate bars identical these were removed using Adobbe Photoshop. For the smartphones each brand had two different models (e.g. Iphone 4 and Iphone 5). The type of phones were selected from a telephone shop popular among students (Hi.nl). In addition for each type of phone two different colours were used (i.e. black and white/silver). This for the purpose of filling the virtual store in order to make it more realistic.

3.4. Operationalization

Consumer loyalty was measured by both the behavioural and the attitudinal component of consumer loyalty (i.e. cognitive, affective and conative loyalty) as suggested by i.e. Dick and Basu (1994). Behavioural loyalty was measured by one item, that is repurchase behaviour by using the virtual store. Cognitive and conative loyalty were measured using 3 statements each. Affective loyalty was be divided into WOM component and an affective commitment component. Therefore affective loyalty was measured using 6 statements, that is 3 statements for WOM and 3 for affective commitment. All items utilized a five-point Likert scale, were 1 reflected "strongly disagree" and 5 reflected "strongly agree".

Prior satisfaction was measured by a 4 items on a 5 point-scale. Note: we are not trying to measure usage satisfaction, but the overall satisfaction with the brand including affective satisfaction, therefore the questions are not focused on the usage of the product but how people feel about the brand. Where necessary the statement was adapted to the type of product the respondent chooses during the experiment. Moreover, the items obtained needed to be corrected in order to adapt them to this specific context. The items were translated to Dutch using the double-back-translation method.

To determine if the respondents perceive chocolate as a low involvement product and smartphones as a high involvement product involvement on these items was measured using 3 items, also measured on a 5 point scale. All the items used in the questionnaire are presented in table 1. Finally, we checked on a 5 point scale how the participants perceived the article (very negative, negative, neutral, positive, very positive) and several socio-demographic questions were asked.

Table 1: measurement items

Construct	Items	Source
Cognitive	1. I believe this brand is the best for	Härtel & Russell Bennett (2009)
Loyalty:	me	
	2. This brand is the best compared	Härtel & Russell Bennett (2009)
	to others	
	3. I believe this brand suits my	Härtel & Russell Bennett (2009)
	needs	
Affective	1. I say positive things about this	Zeithaml, Berry & Parasuraman, (1996);
Loyalty (WOM):	brand to other peoples.	Anand K. Jaiswal, Rakesh Niraj, (2011)
		- W
	2. I recommend this brand to	Zeithaml, Berry & Parasuraman (1996);
	friends and relatives who seeks	Anand K. Jaiswal, Rakesh Niraj (2011)
	my advice.	7.''ll D 0 D (4006)
	3. I encourage others to buy this	Zeithaml, Berry & Parasuraman (1996);
A ff+:	brand	Anand K. Jaiswal, Rakesh Niraj (2011)
Affective	I feel a strong sense of identification with brand x	Fullerton (2005)
Loyalty (affective		Full orten (2005)
commitment):	I feel emotionally attached to brand x	Fullerton (2005)
communency.	3. Brand x has a great deal of	Fullerton (2005)
	personal meaning for me	rulier torr (2003)
Conative	1. I would do buy more of this	Zeithaml & Parasuraman (1996); Jaiswal &
Loyalty:	brand in the coming days/weeks	Niraj (2011)
	(low involvement).	
	2. I will buy the same brand next	Chaudhuri & Holbrook (2001)
	time I need this product (high	, ,
	involvement)	
	3. I intend to keep purchasing this	Chaudhuri & Holbrook, (2001)
	brand	
Prior	1. Overall I'm satisfied with this	Hennig-Thurau et al. (2002)
Satisfaction:	brand	
	2. My decision to buy this brand	Hennig-Thurau et al. (2002)
	was a wise one	
	3. think I did the right thing when I	Hennig-Thurau et al. (2002)
	decided to buy this brand	
Involvement:	1. Choosing a chocolate bar /	Bloemer & Kasper (1995)
	smartphone is not an important	
	decision for me	DI 0 1/ (4005)
	2. I choose my chocolate bar /	Bloemer & Kasper (1995)
	smartphone very carefully	Diagram 9 (4005)
	3. A bad buy of a chocolate bar /	Bloemer & Kasper (1995)
	smartphone could bring you grief	

3.5. Procedure

The respondents were recruited by using information signs and flyers, including a small description of the task, other practical information and with the promise that the respondent will we be rewarded with a small snack. Before the experiment starts, the respondent received a form which described what was expected of him/her during the experiments. Notifications were made regarding the standard privacy policies etc. After reading the instruction form the experiment started. The actual experiment existed of two measurement points (T_1, T_2) with in between an intervention, that is reading either a negative or neutral article. First T_1 of the experiment will be discussed.

At the first question the participant were instructed to pick a brand from a list he or she would normally buy when buying this type of product (either from the high or low involvement product category, the categories are randomly shown using a digital questionnaire). Letting the participant choose a product at T_1 will gives the possibility to measure repurchase behaviour at T_2 . This is important, since repurchasing is the cornerstone of measuring behavioural loyalty, as discussed in the literature review. After the responded chose a product the pre-test was conducted on three different constructs (i.e. cognitive, affective and conative loyalty). In addition, the participants prior satisfaction towards the brand and involvement towards the product category (i.e. chocolate or smartphones) was measured using a digital survey. At the final question the participants were asked to remember a specific number (231), and were told they would need it later on. This cognitive filler task has the purpose of distracting the participants a little bit from the really purpose of the research.

Next, the intervention took place. The experimental group was presented with a newspaper article containing negative publicity, whereas the control group received a neutral newspaper article. The targeted brand in the article corresponded with the brand chosen at the first questionnaire. The participants were instructed to read the article.

At T₂ the post-test was conducted on the same items as the pre-test, except for prior satisfaction and involvement. However, this time the participants entered the virtual store with a specific task to buy a product from the same category (i.e. a chocolate bar or smartphone) as during the pre-test. For the smartphones, the respondents were ask to imagine a situation where they had renewed their mobile phone contract, and therefore the phone company allowed them to pick a new phone for free.. For the chocolate bars, the respondents were asked to imagine that they feel like eating some chocolate and therefore went to the supermarket to buy some (see appendix 2 for a full description of the scenario). A digital survey followed to measure the cognitive, affective and conative loyalty. Sequentially, the participants were ask to answer a few socio-demographic questions and some a manipulation check regarding the negativity of the article. After completing the finial questionnaire, the respondents were debriefed. Following Ahluwalia, Burnkrant and Unnava (2000), the respondents were specifically directed to the negative article and hold that it was made up by the researcher and therefore should be discounted by them. Finally, the respondents were also asked if they could guess the purpose of the research.

Chapter 4: Results

4.1. Sample characteristics

The experiment was conducted with 100 participants. After deleting invalid scores, as a result of a mistake in the questionnaire, 86 participants remained for the analysis. The distribution of the four conditions (2 experimental and 2 control groups) are as followed. The low involvement product and negative publicity condition contained 21 participants, the high involvement product and neutral publicity condition contained 21 participants, the low involvement product and neutral publicity condition contained 22 participants, the high involvement product and neutral publicity condition contained 22 participants. The target group consist of students from the Wageningen University and Research Centre. 35 men and 51 women participated with an average age of 21 years old (SD age = 2.243).

None of the participants was able to guess the exact purpose of the experiment. However, several participants guessed that the study had something to do with the effect of negative publicity, but none of these guessed that is was about the effect on consumer loyalty. This were only participants from the experimental group. One participants guessed correctly that the study was about loyalty, but did not mention the involvement of negative publicity.

4.2. Descriptive statistics

The data for all the variables were inspected for missing values, abnormalities in distribution and invalid scores. For Conative loyalty (post-test) there were 6 missing values. That is 3 missing values for the high involvement product and negative publicity group and 3 missing values for the high involvement product and neutral publicity group. Due to an error in the questionnaire conative loyalty was not measured for the participants who chose the brand Apple in the first question in the questionnaire. In the analysis for conative loyalty these six participants were excluded.

For the remaining constructs; satisfaction (4 items), involvement (3 items), cognitive loyalty (3 items, pre- and post-test), conative loyalty (3 items, pre-test) and affective loyalty (6 items, pre and post-test) there were no missing values. Analysis of the distribution shows that the data are almost normally distributed over the 5 options, and there were no invalid scores (100% valid). A quick inspection of the frequency tables thus showed that the data is sufficiently good for further analysis to be performed.

4.3. Factor analysis

Two factor analyses were conducted. The first analysis included only the pre-test items for loyalty and the second analysis included the post-test items for loyalty and the items for satisfaction and involvement. The satisfaction and involvement items were included in the factor analysis for the post test. In both analyses a cut-off level of .40 was used for the factor loadings (Field, 2009).

4.3.1. Cognitive, affective and conative loyalty (pre-test)

For the pre-test a principal component analysis (PCA) was conducted on 12 items with oblique rotation, since the component correlation matrix reports at least one correlation higher than 0.3. The Kaiser-Meyer-Olkin measure verified the sampling adequacy for the analysis, KMO = .766.

Bartlett's test of sphericity X^2 (66) = 406.883, p < .001, indicating that correlations between items were sufficiently large for PCA. An initial analysis was run to obtain eigenvalues for each component in the data. Four components had eigenvalues over Kaiser's criterion of 1 and in combination explained 67.667% of the variance. The scree plot showed inflexion that justifies retaining three components. Since the sample size is too small to sufficiently conduct a scree-plot, the Kaiser criterion was followed and therefore four component were retained in the final analysis.

Table 2: pattern matrix for pre-test

				Comp	onent	
Variables		Items	1	2	3	4
Cognitive	1.	Ik geloof dat dit merk het beste voor mij is			.438	
loyalty	2.	Ik geloof dat dit merk aan mijn behoeftes voldoet			.526	.563
	3.	Ik geloof dat dit het beste merk is vergeleken met andere merken				
Affective	1.	Ik zeg positieve dingen over dit merk tegen anderen	.893			
loyalty	2.	Ik beveel dit merk aan bij vrienden en familie als ze mij om hulp vragen	.868			
	3.	Ik moedig anderen aan om dit merk te kopen	.694			
	4.	Ik voel me emotioneel verbonden met dit merk		.945		
	5.	Dit merk heeft een grote persoonlijke betekenis voor mij		.903		
	6.	Ik identificeer mijzelf sterk met dit merk		.712		
Conative	1.	Ik koop dit zelfde merk de eerst volgende keer dat ik			.896	
loyalty		dit product weer nodig heb.				
	2.	Ik ben van plan dit merk te blijven kopen			.787	
	3.	Ik koop in de komende tijd meer van dit merk				.849

The items that load on the same components suggest that component 1, as expected, represents the construct affective loyalty (affective commitment), component 2 the construct affective loyalty (WOM), component 3 forms a mix of 2 items of the cognitive and 2 items of the conative loyalty construct.

Notable is that the question "Ik koop de komende tijd meer van dit merk" is the only item in component 4 with a large factor loading (-.849), meaning that this question does not fit in with one of the other items. This will also be emphasized in the reliability test as we will see later on. Moreover, the question "Ik geloof dat dit het beste merk is vergeleken met andere merken" has a very small factor loading (.366), and therefore does not show up in table 2.

4.3.2. Cognitive, affective and conative loyalty (post-test), satisfaction and involvement

A principal component analysis (PCA) was conducted on 19 items with oblique rotation. The Kaiser-Meyer-Olkin measure verified the sampling adequacy for the analysis, KMO = .801. Bartlett's test of sphericity X^2 (171) = 985,244, p < .001, indicating that correlations between items were sufficiently large for PCA. The scree plot showed inflexion that justifies retaining four components. Since the sample size is too small to sufficiently conduct a scree-plot, the Kaiser criterion was followed and therefore four component were retained in the final analysis. The results are presented in table 3.

The items that load on the same components suggest that component 1 represents three out of four loyalty constructs. That is, cognitive, affective(WOM) and conative loyalty. Component 2 represents affective loyalty (affective commitment). Component 3 represents the construct involvement. Concerning component 3, the pattern Matrix shows that two items from the affective loyalty (WOM) construct load on component 3, however these factor loading are relatively low. Finally, component 4 represents the construct of satisfaction, with a very small factor loading (.400) of one item of the cognitive loyalty construct.

Since the factor analysis with all post-test loyalty items and involvement and satisfaction included mixes up several construct, a factor analysis with only the post-test loyalty items was conducted. The results are presented in table 4. Component 1 now includes both the cognitive as the conative loyalty construct, whereas component 2 and 3 contain in succession the constructs affective loyalty (affective commitment) and affective loyalty (WOM). Finally, a last factor analysis was conducted with only cognitive an conative loyalty with a fixed factor of two. The results are presented in table 5. All items loaded one the same component, except for one item of conative loyalty; "(Merk) ga ik de komende tijd meer kopen"

Table 3: pattern matrix for post-test

		Comp	onent		
Variables	Items	1	2	3	4
Cognitive	1. Ik geloof dat (merk) het beste voor mij is	.647			
loyalty	2. Ik geloof dat (merk) aan mijn behoeftes voldoet	.548			.400
	3. Ik geloof dat (merk) het beste merk is vergeleken met andere merken	.655			
Affective	1. Ik zeg positieve dingen over (merk) tegen anderen	.643		.499	
loyalty	2. Ik beveel (merk) aan bij vrienden en familie als ze mij om hulp vragen	.727		.403	
	3. Ik moedig anderen aan om (merk) te kopen	.700			
	4. Ik voel me emotioneel verbonden met (merk)		.860		
	5. (Merk) heeft een grote persoonlijke betekenis voor mij		.929		
	6. Ik identificeer mijzelf sterk met (merk)		.865		
Conative	1. (Merk) koop ik de eerst volgende keer weer als ik dit	.785			
loyalty	product nodig heb				
	2. (Merk) ben ik van plan te blijven kopen	.841			
	3. (Merk) ga ik komende tijd meer van kopen	.482			
Satisfaction	1. Over het algemeen ben ik tevreden met dit merk				.628
	2. Mijn beslissing om dit merk te kopen was verstandig				.683
	3. Ik handel juist als ik besluit om dit merk te kopen				.861
	4. Ik voel me er goed bij dat ik dit merk koop				.752
Involvement	1. Het kiezen van een (product) is een belangrijke			.811	
	beslissing voor mij				
	2. Ik kies een (product) zorgvuldig uit			.831	
	3. Ik heb een sterke interesse in (product)			.609	

Table 4: pattern matrix for post-test

		Comp	onent	
Variables	Items	1	2	3
Cognitive	Ik geloof dat (merk) het beste voor mij is	.761		
loyalty	2. Ik geloof dat (merk) aan mijn behoeftes voldoet	.662		
	Ik geloof dat (merk) het beste merk is vergeleken met andere merken	.640		
Affective	 Ik zeg positieve dingen over (merk) tegen anderen 			.972
loyalty	Ik beveel (merk) aan bij vrienden en familie als ze mij om hulp vragen			.923
	3. Ik moedig anderen aan om (merk) te kopen			.733
	4. Ik voel me emotioneel verbonden met (merk)		.929	
	5. (Merk) heeft een grote persoonlijke betekenis voor mij		.991	
	6. Ik identificeer mijzelf sterk met (merk)		.884	
Conative	1. (Merk) koop ik de eerst volgende keer weer als ik dit	.949		
loyalty	product nodig heb			
	2. (Merk) ben ik van plan te blijven kopen	.832		
	3. (Merk) ga ik komende tijd meer van kopen	.456		

Table 5: rotated component matrix for post-test

		Compo	onent
Variables	Items	1	2
Cognitive	1. Ik geloof dat (merk) het beste voor mij is	.778	
loyalty	2. Ik geloof dat (merk) aan mijn behoeftes voldoet	.820	
	3. Ik geloof dat (merk) het beste merk is vergeleken met andere merken	.624	.456
Conative loyalty	(Merk) koop ik de eerst volgende keer weer als ik dit product nodig heb	.759	
	2. (Merk) ben ik van plan te blijven kopen	.833	
	3. (Merk) ga ik komende tijd meer van kopen		.942

4.4. Reliability test

4.4.1. Cognitive, conative and affective loyalty (pre-test)

Cognitive loyalty had a relative low reliability, Cronbach's α = .517. There was no possibility to enhance the reliability by deleting items. Also conative Loyalty had a relative low reliability, Cronbach's α .617. However by deleting the question "Ik koop de komende tijd meer van dit merk" the reliability could be enhanced to a Cronbach's α .800. A possible reason for this can be explained as followed. One can imagine that participants in the high involvement condition rated this question with a low score, because normally someone is not likely to buy more than one smartphone soon after each other. Finally, affective loyalty had a sufficient reliability, Cronbach's α .768.

4.4.2. Cognitive, conative and affective loyalty (post-test)

For the post-test the reliabilities were overall better; cognitive loyalty had a sufficient reliability, Cronbach's α = .789, conative loyalty, Cronbach's α = .748 and affective loyalty, Cronbach's α = .790. For the post-test only the reliability of conative loyalty could be improved by deleting an item, Cronbach's α = .831. This was the same question as with the pre-test, namely "Ik koop de komende tijd meer van dit merk" but formulated slightly different ((Merk) ga ik de komende tijd meer kopen). Based on the outcomes of the factor analysis, where this question was either the only (high loading) item in a construct (see table 5) or had a very low factor loading, together with outcomes of the reliability analysis these questions were delete from the data set.

The factor analysis reported that for both the pre- and post-test the items from the constructs cognitive and conative loyalty load on the same component. However the reliability test indicates that for the post-test both cognitive and conative loyalty are reliable on their own. Moreover, based on face-validity the items of both constructs (i.e. cognitive and conative loyalty) are sufficiently different. Finally, the scales for the pre- and post-test need to be the same. Therefore, cognitive and conative loyalty will be used as separate constructs in the analysis.

4.4.3. Involvement and satisfaction

The reliability for involvement and satisfaction were both sufficient, Cronbach's α = .756 and .761.

Table 6: construct correlations

		Cognitive loyalty (pre)	Affective loyalty (pre)	Conative loyalty (pre)	Cognitive loyalty (post)	Affective loyalty (post)	Conative loyalty (post)	Satisfaction	Involvement
Cognitive	Correlation	1	.531	.497	.600	.493	.449	.607	.191
loyalty (pre)	Sig.		.000	.000	.000	.000	.000	.000	.078
	N	86	86	86	86	86	80	86	86
Affective	Correlation		1	.351	.498	.774	.397	.486	.510
loyalty (pre)	Sig.			.001	.000	.000	.000	.000	.000
	N		86	86	86	86	80	86	86
Conative	Correlation			1	.567	.408	.712	.386	019
loyalty (pre)	Sig.				.000	.000	.000	.000	.863
	N			86	86	86	80	86	86
Cognitive	Correlation				1	.540	.801	.590	.100
loyalty (post)	Sig.					.000	.000	.000	.361
	N				86	86	80	86	86
Affective	Correlation					1	.516	.475	.486
loyalty (post)	Sig.						.000	.000	.000
	N					86	80	86	86
Conative	Correlation						1	.476	049
loyalty (post)	Sig.							.000	.663
	N						80	80	80
Satisfaction	Correlation							1	.200
	Sig.								.064
	N							86	86
Involvement	Correlation								1
	Sig. N								86

4.5. Manipulation checks

4.5.1. Involvement

As expected, on average participants in the high involvement product condition were more involved in the product of their choosing (M $_{high_involvement}$ =3.60, SD $_{high_involvement}$ =.89) than people in the low involvement product condition (M=2.71 $_{low_involvement}$, SD=.86 $_{low_involvement}$). This difference was significant F(1, 84) = 22.24 p < .001.

4.5.2. Negative publicity:

On a 5 point scale (very negative, negative, neutral, positive, very positive), participants in the experimental group (negative article) rated the article as more negative (M $_{experimental_group}$ =1.67, SD $_{experimental_group}$ =.570) as the participants in the control group (neutral article) (M $_{control_group}$ =3.66, SD $_{control_group}$ =.861). The difference was significant, F (1, 84) = 158.50, p < .001. This indicates that the participants in the experimental group rated the article as negative, but not as extreme negative. The participants in the control group rated the article as neutral to positive.

4.6. Main analysis

To test the hypotheses proposed in this study mixed design ANCOVA's and logistic regressions were conducted. Table 7 contains the means and standard deviations of the loyalty, satisfaction and involvement constructs used in the analysis. Table 6 on the previous page contains the correlations between the constructs.

Condition Low involvement **High involvement** Time Pre-test (t₁) Post-test (t₂) Pre-test (t_1) Post-test (t₂) **Construct** Μ S.D. M S.D. М S.D. Μ S.D. n n n 43 43 43 3.70 43 Cognitive loyalty 3.43 .59 3.17 .76 .69 3.38 .93 Affective loyalty 43 2.57 .63 43 2.45 .62 43 2.73 .65 43 2.73 .74 Conative loyalty 43 3.79 .49 43 3.43 .77 43 3.50 .88 37 3.38 .95 Involvement 43 2.71 .86 43 3.60 .89 Satisfaction 43 43 3.79 .55 3.94 .47

Table 7: means and standard deviations

For low involvement products consumers were expected to exhibit no change in cognitive, affective, conative loyalty and a deterioration of behavioural loyalty in response to negative (versus neutral) publicity (H_1). For high involvement products consumers were expected to exhibit a significant deterioration of cognitive, affective, conative and behavioural loyalty when exposed to negative (versus neutral) publicity (H_2). These prediction called for an interaction between involvement and type of publicity for each loyalty level. Moreover, satisfaction was proposed to have a moderating effect on the effect of publicity on consumer loyalty. It was proposed that in the case of a higher prior satisfaction (versus low) there would be no deterioration of the specific loyalty level. The results will be discussed below

The outcomes of the analysis will be reported separately for each loyalty level. The analysis will start with the results of an overall model were no distinction is made between the high and low involvement conditions. That is, the type of product (i.e. high or low involvement) is included as an interaction effect together with type of publicity and prior satisfaction. However, to answer the hypothesis a more in-depth analysis is required for both the high and low involvement conditions separate. Therefore, the analysis continues for both high and low involvement condition separate. In other words, either the participants for the high or low involvement condition are not included in the analysis.

Special consideration must be taken for the effect of prior satisfaction. H_3 dictates that the moderating effect of prior satisfaction on the effect of negative publicity on consumer loyalty must be measured. Therefore the effect of prior satisfaction will first be measured without splitting the high and low involvement condition and again the analysis continues for both high and low involvement condition separate.

4.6.1. Cognitive loyalty.

An analysis on the high and low involvement conditions taken together shows that there was no significant within-subject effect for the interaction of type of publicity, type of product (i.e. high or low involvement) and prior satisfaction on cognitive loyalty, F (2, 84) = .018, p > .05. This indicates that the effect on cognitive loyalty did not differ significantly based on type of product, type of publicity and level of prior satisfaction.

The analysis for both low and high involvement condition separate show that (i.e. a factorial ANCOVA for the <u>low involvement</u> condition and one for the high involvement condition) in the low involvement product condition, there was <u>no significant</u> change in cognitive loyalty based on type of publicity, F (1, 41) = .172, p > .05. This indicates that the effect on cognitive loyalty did not differ significantly based on type of publicity in the low involvement condition (M_difference_pre_post __negative = -0.3174, M_difference_pre_post __neutral = -0.2121). For the low involvement products consumers expressed no significant deterioration in cognitive loyalty after an episode of negative (versus neutral) publicity, therefore H_{1a} was not supported.

In the <u>high involvement</u> product condition, there was a significant change, however only at the p < .10 level in loyalty based on type of publicity, F (1,41) = 3.100, p < .10. This indicates that the effect on cognitive loyalty did differ significantly based on the type of publicity. Participants in the experimental condition (negative publicity) changed their state of cognitive loyalty more, compared to the participants in the control group (M_difference_pre_post __negative_ = -0.539, M_difference_pre_post __neutral = -0.106). As predicted in H_{2a}, for the high involvement products consumers expressed a significant deterioration in cognitive loyalty after an episode of negative (versus neutral) publicity.

Prior satisfaction did not have an significant interaction effect with type of publicity on cognitive loyalty, F (1, 85) = 0.045, p > .05. For both high and low involvement condition separate, prior satisfaction did not have an significant interaction effect with type of publicity on cognitive loyalty, F $_{low}(1, 41) = .052$, p > .05, F $_{high}(1, 41) = .004$, p > .05. This indicates that the participants level of prior satisfaction did not influence how type of publicity affects cognitive loyalty. Therefore, H $_3$ is not supported.

4.6.2. Affective loyalty.

An analysis on the high and low involvement conditions taken together shows that there was no significant within-subject effect for the interaction of type of publicity, type of product (i.e. high or low involvement) and prior satisfaction on affective loyalty, F(2, 84) = .019, p > .05. This indicates that the effect on affective loyalty did not differ significantly based on type of product, type of publicity and level of prior satisfaction.

The analysis for both low and high involvement condition separated show that in the low involvement product condition, there was significant change in loyalty based on type of publicity, F(1, 41)= 15.129, p < .05. This indicates that the effect on affective loyalty did differ significantly based on the type of publicity. Participants in the experimental condition (negative publicity) changed their state of affective loyalty more, compared to the participants in the control group (M_difference_pre_post_negative = -0.317, M_difference_pre_post_neutral = 0.075). Therefore, for H_{1c} we must reject the prediction that for low involvement products negative publicity (versus neutral) would cause no deterioration of affective loyalty.

As for the high involvement product condition, there was no significant change in loyalty based on type of publicity, F (1, 41) = .025, p > .05 (M_difference_pre_post _negative = 0.0159 , M_difference_pre_post _neutral = 0.0076). Therefore for H_{2b} and H_{1b} are not supported.

<u>Prior satisfaction</u> did not have an significant interaction effect with type of publicity on affective loyalty, F (1, 85) = 0.037, p > .05. For both high and low involvement condition separate, prior satisfaction did not have a significant interaction effect with type of publicity on affective loyalty, F _{low} (1, 41) = .046, p > .05, , F _{high} (1, 41) = .010, p > .05. This indicates that the participants level of prior satisfaction did not influence how type of publicity affects affective loyalty. Therefore, H₃ is not supported.

4.6.3. Conative loyalty.

An analysis on the high and low involvement conditions taken together shows that there was no significant within-subject effect for the interaction of type of publicity, type of product (i.e. high or low involvement) and prior satisfaction on conative loyalty, F(2, 78) = 1.899, p > .05. This indicates that the effect on conative loyalty did not differ significantly based on type of product, type of publicity and level of prior satisfaction.

The analysis for both low and high involvement condition separated show that in the low involvement product condition, there was no significant change in conative loyalty based on type of publicity, F (1, 41) = .201, p > .05. This indicates that the effect on conative loyalty did not differ significantly based on type of publicity in the low involvement condition (M_difference_pre_post negative = -0.381, M_difference_pre_post neutral = -0.3409). Therefore, for conative loyalty H_{1c} was supported.

Also in the high involvement product condition, there was no significant change in loyalty based on type of publicity, F (1, 35) = .599, p > .05. Therefore for H_{2c} we must reject the prediction that for high involvement products negative publicity (versus neutral) cause a deterioration of conative loyalty (M_difference_pre_post _negative = -0.2579 , M_difference_pre_post _neutral = 0.0287). H_{2c} was not supported.

Prior satisfaction did not have an significant interaction effect with type of publicity on conative loyalty, F(1, 79) = 1.437, p > .05. For both high and low involvement condition separate,

prior satisfaction did not have an significant interaction effect with type of publicity on conative loyalty, $F_{low}(1, 41) = .690$, p > .05, $F_{high}(1, 35) = 2.422$, p > .05. This indicates that the participants level of prior satisfaction did not influence how type of publicity affects conative loyalty. Therefore, H_3 is not supported.

Table 8: Estimates of the Marginal Mean

Condition		ŀ	ligh invo	lvement				
Time	Neu	ıtral	Negative		Neutral		Negat	ive
Construct	М	S.E.	M	S.E	M S.E.		M	S.E.
Cognitive loyalty	3.408	.100	3.195	.102	3.671	.113	3.434	.116
Affective loyalty	2.544	.119	2.463	.121	2.903	.113	2.574	.116
Conative loyalty	3.570	.102	3.395	.104	3.626	.133	3.312	.135

The table 8 displays the means for the main effect of type of publicity on loyalty (level). It does not take into account if it is for the pre- or post-test, it just takes the average rating across both measurements. Table 9 displays the interaction effects for all loyalty levels with the high and low involvement condition separated.

Table 9: tests of Within-Subject Effects for high and low involvement separate

Condition		Low involvement				High involvement			
		S.S. /	df	F	Sig.	S.S. /	df	F	Sig.
		M.S.				M.S.			
Cognitive	Cognitive loyalty	1.337	1	5.423	.025	2.234	1	9.100	.004
loyalty	Cognitive-	.013	1	.052	.820	.001	1	.004	.949
, .	loyalty*publicity*Satisfaction								
	Cognitive loyalty*publicity	.043	1	.172	.680	.761	1	3.100	.086
Affective	Affective loyalty	.308	1	5.802	.021	.000	1	.002	.964
loyalty	Affective	.002	1	.046	.831	.001	1	.010	.923
	loyalty*publicity*Satisfaction								
	Affective loyalty*publicity	.803	1	15.129	.000	.004	1	.025	.874
Conative	Conative loyalty	7.354	1	39.811	.000	.564	1	2.074	.158
loyalty	Conative-	.127	1	.690	.411	.659	1	2.422	.128
· •	loyalty*publicity*Satisfaction								
	Conative loyalty*publicity	.201	1	1.086	.304	.163	1	.599	.444

4.6.4. Behavioural loyalty

As part of H_1 and H_2 a logistic regression analysis was conducted to predict if a participant would stay or not stay behavioural loyal after encountering negative publicity. For both the low and high involvement product condition the predictor variables were; type of publicity and level of prior satisfaction.

The logistic model for the low involvement condition was found to be an appropriate model $(X^2(3, N=43)=6,557, p<.10, Hosmer Lemeshow goodness of fit chi square 4.794; <math>p=.776)$. The model was able to correctly classify 16,7% of those who were <u>not</u> behavioural loyal and 96.8% who were behavioural loyal, for an overall success rate of 74,4% (See table 10).

	Predicted					
Observed		Behavi	oral loyal?	Percentage Correct		
		No	Yes			
Behavioral loyal?	No	2	10	16,7		
	Yes	1	30	96,8		
Overall Percentage				74,4		

Table 10: classification table for low involvement

Table 12 shows the logistic regression coefficient, Wald test, and odds ratio for each of the predictors for the <u>low involvement condition</u>. Employing a .10 criterion of statistical significance, type of publicity (p=.054, B= -1.605) had a significant partial effect on behavioural loyalty. Participants in the negative condition are significantly less likely to be behavioural loyal than participants in the neutral condition. The odds that someone will stay behavioural loyal after reading a negative article are 0.201 lower than someone reading a neutral article. This indicates that, as predicted in H_{1d}, people reading a negative article will be less likely to stay behavioural loyal.

<u>Prior satisfaction</u> did not have any significant interaction effect with type of publicity on behavioural loyalty (p > .05 B= -1.576). This indicates, just as with the previous loyalty levels that, no matter how high or low the participants prior satisfaction was, it did not influence the effect of type of publicity on participant's decision to stay behavioural loyal, therefore H₃ was not supported.

The logistic model for the <u>high involvement</u> products was found to be an appropriate model ($X^2(3, N=43) = 15.261$, p < .05, Hosmer Lemeshow goodness of fit $X^2 = 4.231$; p = .753). The model was able to correctly classify 40% of those who were <u>not</u> behavioural loyal and 92.9% who were behavioural loyal, for an overall success rate of 74.4% (See table 11). Table 13 shows the logistic regression coefficient, Wald test, and odds ratio for each of the predictors for the high involvement condition. Type of publicity (p > .05, B = -1.208) had no significant partial effect on behavioural loyalty. This indicates that people reading a negative article will <u>not</u> be less likely to stay behavioural loyal. Therefore for the high involvement condition H_{2d} was not supported.

Furthermore, <u>prior satisfaction</u> did not have any significant interaction effect with type of publicity on behavioural loyalty (p > .05, B= 2.328). This indicates, no matter how high or low the participants prior satisfaction was, it did not influence the effect of type of publicity on participant's decision stay behavioural loyal, therefore H_3 was not supported.

Table 11: classification table for high involvement

	Predicted					
Observed		Behavio	oral loyal?	Percentage Correct		
		No	Yes			
Behavioral loyal?	No	6	9	40		
	Yes	2	26	92,9		
Overall Percentage				74,4		

Table 12: variables in the equation for low Involvement

							95% C.I. for EXP(B)	
	В	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Publicity	-1.605	.835	3.699	1	.054	.201	.039	1.031
Satisfaction	-1.576	1.610	.958	1	.328	.207	.009	4.853
Publicity *satisfaction	2.217	1.793	1.529	1	.216	9.176	.273	307.996
Constant	1.964	.699	7.902	1	.005	7.125		

Table 13: variables in the equation for high Involvement

							95% C.I. for EXP(B)	
	В	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Publicity	-1.208	.817	2.187	1	.139	.299	.060	1.482
Satisfaction	2.328	1.684	1.912	1	.167	10.261	.378	278.226
Publicity*satisfaction	3.348	3.402	.968	1	.325	28.436	.063	22371.261
Constant	1.049	.539	3.789	1	.052	2.856		

Table 14: hypothesis confirmation

	Loyalty level	Change in loyalty	Hypothesis confirmed?		
H ₁	a) Cognitive loyalty	no	х		
	b) Affective loyalty	yes	x		
	c) Conative loyalty	no	✓		
	d) Behavioural loyalty	yes	✓		
H ₂	a) Cognitive loyalty	yes	✓		
	b) Affective loyalty	no	x		
	c) Conative loyalty	no	x		
	d) Behavioural loyalty	no	x		

Chapter 5: Conclusion and Discussion:

Incidents of negative publicity are widely prevalent in the marketplace (Ahluwalia, Burnkrant & Unnava, 2000; Xie & Peng, 2009). Several studies have examined the effect on consumer attitude and how different factors moderate the effect of negative publicity. (e.g. Dean, 2004; Eisingerich et. al., 2010; Einwiller et. al., 2006; Pullig, Netemeyer & Biswas, 2006). This study goes beyond the current literature by demonstrating the effect of negative publicity on consumer loyalty instead of only attitude. In addition, instead of looking at loyalty as one container construct this study investigates the impact of negative publicity among different loyalty levels. This also includes that this study examines the effect of negative publicity on behavioural loyalty, in other words the effect on actual behaviour, whereas until know researches only looked at intentions (Einwiller et al.,2006; Griffin, Babin & Attaway, 1991). Moreover, this study does not just looks at loyalty towards a random product, but makes a distinction between brand loyalty towards high and low involvement products. Finally, prior satisfaction is introduced as a new moderator for the effect of negative publicity on consumers.

5.1. Discussion of the results

The results of this study indicate that when negative publicity is targeted against a <u>low involvement</u> product it does not affect the consumers' state of cognitive loyalty. In other words, beliefs about the brand they normally buy, when confronted with negative publicity about the brand, stays unchanged. However, the consumers' affective loyalty was affected by negative publicity. This implies that the consumer holds positive beliefs about a brand (i.e. cognitive loyalty), but feels less connected to the brand and is less willingly to express affective loyalty by being positive about the brand towards other people. It seems rather strange that a lower form of loyalty (i.e. cognitive loyalty) is not affected, but affective loyalty is. However, Oliver (1999) states that cognitive loyalty is not really targeted at the brand itself, but merely at its costs, benefits and performance and therefore calls it "phantom loyalty", whereas affective loyalty is really targeted at the brand itself. From this perspective it should be possible to be cognitive loyal but not affective loyal at the same time.

It was hypothesised that affective loyalty for low involvement products would not have been affected, since affective loyalty would play a minor role in the decision to buy a low involvement product (Rundle-Thiele, 2005; Rundle-Thiele & Bennett, 2001). However, the opposite seems to be true. Affective loyalty was affected. A reason for this may be that since affective loyalty does not play a major role for low involvement products it therefore is not strongly held and as a consequence is affected more easily. However, this is not evident in the results of this particular study. There was no significant difference between the high and low involvement condition for prior held affective loyalty, F (1, 84) = 1.387, p > .05 (M $_{low_invovlement} = 2.57$, M $_{high_invovlement} = 2.73$). This indicates that the affective loyalty prior to the intervention (i.e. affective loyalty at t_1) was not different for the high or low involvement product categories used in this study. In may be the case that there would be a difference if a much lower involvement product (e.g. potatoes) and a much higher involvement product (cars) were used. Further research must examine this.

As for conative loyalty the data indicates that for both high and low involvement products consumers do not change their intention to buy the same brand after being exposed to negative publicity. In the high involvement condition the participants kept true to this intention, in staying behavioural loyal. However in the low involvement condition the participants did not stay behavioural loyal.

As mentioned before, in case of the low involvement condition affective loyalty was affected, however conative loyalty was not. This is odd, since a more negative attitude should also result in a lower desire to intend an action (Oliver, 1999), that is repurchasing the same brand again. Nevertheless, this was the case. This demonstrates that attitudes and intentions are not in line. Moreover, continuing with the previous point, it seems strange that someone, after encountering negative publicity, still has the intention to buy the same brand again, but does not put this in practice when in the supermarket (i.e. not being behavioural loyal). However, Oliver (1999) argues that this desire to repurchase may be anticipated, but unrealized. Thus, negative publicity targeted at a low involvement product causes consumers to switch brands after reading something negative about the brand they usually buy, even though the literature dictated that at the behavioural loyalty phase consumer should be willing to overcome obstacles (i.e. negative publicity) (Oliver, 1999). This indicates that for low involvement products the consumers' resistance against alternative offerings is damaged to such an extent that they are not willing to overcome this obstacle, resulting in considering competitive offerings as an alternative.

As for the high involvement product category consumers show only a degradation in cognitive loyalty, meaning that after encountering an episode of negative publicity their brand beliefs are adjusted to the negative side. It was hypothesized that cognitive loyalty would not be affected by negative publicity (H_{2a}), because this loyalty level is focused at product attributes only, and not especially at the brand. A theoretical explanation for may be that for the high involvement products cognitive loyalty was affected because a highly technical product was used (i.e. smartphones) were product attributes are more salient and perceived as more important. Therefore, the participants may have projected the negative publicity unconsciously towards the product attributes, even though the content of the negative publicity was value related. However, the date of this study was not sufficient to investigate this issue further. The other loyalty levels (i.e. affective, conative and behavioural loyalty) were not affected. This indicates that for high involvement products the participants loyalty was more resistant against negative publicity opposed to low involvement products.

The results indicated that in the case of low involvement products, negative publicity causes people to switch brands, which is the worst possible outcome for a company. It appears that, at least for the affective and behavioural loyalty levels, the loyalty held for high involvement products is less easily lowered in contrast to low involvement products. From this perspective, it can be reasoned that loyalty for high involvement is stronger in contrast to low involvement products. Even though one can argue about if strong loyalty is the same as high loyalty, is appears that this finding is closely related to Quester and Lim (2003) statement that low involvement goes together (or interacts) with lower loyalty and high involvement with higher loyalty.

Consideration should be taken with regards to the role of prior satisfaction. A high state (vs low state) of prior satisfaction was proposed to form a protective shield against negative publicity, however the results indicates that prior satisfaction does not influence the impact of negative publicity on consumer loyalty at all. Meaning that no matter how high or low the participants prior satisfaction was, it did not influence the participants state of cognitive, affective, conative or behavioural loyalty after an episode of negative publicity. One might think that as long a consumer is

satisfied with a brand he or she might not as easily defect to another brand, whereas this study demonstrates that prior satisfaction will not isolate a brand against the harmful effects of negative publicity.

The general notion in the literature is that there is a linear and positive effect of satisfaction on consumer loyalty (Jones & Reynolds, 2006; Seiders et al., 2005) and Oliver (1999 p. 35) even argued that satisfaction is "the beginning of a transitioning sequence that culminates in a loyalty state" However, this study failed to find any moderating effect of prior satisfaction on consumer loyalty when negative publicity is involved. This indicates, with regards to H₃, that once a consumer is satisfied it may lead to a loyalty state, however it does not mean that this satisfaction will protect the consumers' loyalty state. In conclusion, a high prior satisfaction does not works as a protective shield for loyalty against negative publicity.

5.2. Conclusion of the results

In answering the main research question we can conclude that negative publicity has the potential to affect consumer loyalty, however the severity of the impact differs among loyalty levels and product types, at least prior satisfaction does not play any part in this.

Considering the first research question it can be concluded that attitudinal loyalty is affected differently among the three loyalty levels within this construct, that is cognitive, affective and conative loyalty. As for the second research question, behavioural loyalty can be affected, however just as for the attitudinal loyalty levels, this depends if the product is in the high or low involvement product category, as we will see next.

As for the third research question, negative publicity seems to have the largest impact on loyalty for low involvement products (vs. high involvement products). Leading to a degradation of two loyalty levels, that is affective and behavioural loyalty. Whereas behavioural loyalty can be accounted for as the most important loyalty state for companies, since this is the sate were people buy their product. The high involvement product was most resistant against negative publicity, with only a degradation of the weakest loyalty level, cognitive loyalty, which is not even perceived as 'real' brand loyalty (Oliver, 1999). Whereas Ahluwalia (2002) and Pullig et al. (2006) demonstrate that negative publicity is not uniformly harmful for all brands, this study demonstrates that negative publicity is not uniformly harmful for low and high involvement products.

Prior satisfaction did not seem to play any role in the effect of negative publicity on consumer loyalty. For none of the loyalty levels an interaction of prior satisfaction could be found. Prior satisfaction does not moderate the effect of negative publicity consume loyalty, with this the final research question is answered.

5.3. Limitations and opportunities for further research

The present study is limited in several ways. As a start, this study did not manipulate the extremity of the negative information. Even though the article used in the experimental group was perceived as negative by the participants, this study did not explore the effects of extreme negative publicity. Increasing the extremity of negative publicity might make the effect on the consumers' brand loyalty stronger, since extreme negative information is perceived as more diagnostic than moderate information and therefore is weighted more in overall evaluations (Fiske, 1980). Einwiller et. al. (2006) for example found that a high consumer-company identification loses its so called 'buffer'

effect under extreme conditions. This might also be the case for consumer loyalty, especially loyalty towards high involvement products. Further research should investigate the effect on consumer loyalty when faced with varying degrees of negative publicity.

In addition to the manipulated variable, this research only focused on value related negative publicity, this is only one of several possible types of crisis. Early research by Skowronski and Carlston (1987) suggest that the perceived diagnosticity of negative information is higher for morality (i.e. values) related information versus ability (i.e. product attributes) related information. The effect of negative publicity might be very different depending on the type of crisis. It might be the case that negative publicity targeted at products attributes has less impact on consumer loyalty, even for low involvement products. Therefore the findings of this research cannot be generalized to the domain of a brands physical attributes (e.g. product failures). An identical research to this study with a focus on, or combination with, product failure publicity can determine the impact on consumer loyalty based on the content of the negative publicity.

A final limitation regarding to the manipulated variable is that this study investigated only the reaction to one episode of negative publicity by only one media source (i.e. article). Since companies exist in a dynamic environment (Einwiller et al., 2006) it would be valuable to study the effect on brand loyalty after a stream of negative publicity by different media sources (e.g. social media, television, radio).

As part of the intervention we did consider the credibility of the article by take into account the source of the articles when creating the intervention tool. However we did not check the credibility and believability in the questionnaire. This is an limitation, since the source of the publicity may be of great importance for the impact it has. For example Dholakia and Leavitt (1978) argue that negative information is likely to be less damaging when the source of information is perceived as biased and less credible. Therefore it is recommended for future researchers to take into account the credibility of the publicity used in the experiment and measure this as part of the questionnaire.

In addition, this study measured the effect of negative publicity on consumer loyalty right after the participant was confronted with negative publicity. It would be valuable to know how the damage on brand loyalty inflicted by negative publicity processes over time. Is the damage to loyalty permanent, or does it heal over time. Further research could examine this issue in an experimental setting. Therefore I propose a study with several measurements (i.e. more than two measurements) of loyalty within a specific timeframe.

In the current study chocolate bars were used as a low involvement product and smartphones as a high involvement product. It would be Interesting to do further research on different products within the low and high involvement product categories. This in order to determine if the effect on loyalty was not focused at the particular product (i.e. chocolate bars and smartphones) used in this study. Performing a study with other product might enrich the generalizability of the results of this research.

The loyalty levels are hierarchically ordered with cognitive loyalty as first loyalty level and affective, conative and behavioural as second, third and fourth (Oliver, 1997). However the experiment was not designed in this same order. After the pre-test was conducted on the first three loyalty levels the intervention took place. After the intervention we started with measuring behavioural loyalty by means of the virtual store. Thus, behavioural loyalty was measured before the other loyalty levels. This can be troublesome especially for the conative and behavioural loyalty relation. If conative was measured before behavioural loyalty participants could have been more

consistent regarding their choice in the virtual store. For the sake of consistency, behavioural loyalty should have been measured last.

Using the virtual store gave the opportunity to measure the behaviour of participants to some extent, however we acknowledge the limitations of this method. Even though at this point it is the closest we could get to a real store with the means we had, it is still only gives an indication of real behaviour. It would be most ideal to execute a similar study to this one in a real shop.

Finally, an notification must be made on the measurement items of the construct cognitive loyalty in the pre-test. The reliability of this construct was low, meaning that in the pre-test the items in this construct did not measure the same thing. However, same items for the post-test had a sufficient reliability. One would expect that the reliability of the pre- and post-test construct of cognitive loyalty would be the same. Nevertheless, this limitation could influence the results presented in this research.

This study is likely the first doing an in-depth investigation on the effect of negative publicity on consumer brand loyalty and it confirms that there is much to be gained by understanding how consumers update their state of loyalty for the different loyalty levels after an episode of negative publicity. For example by looking at different moderating factors, different product categories, the extremity of negative publicity and its content, a sequence of negative publicity, different media etc.

5.4. Theoretical implications

Despite the limitations discussed above, the present study contributes to the understanding of the effect of negative publicity on consumers. It extends the knowledge about the influence of negative publicity on consumers and how and where consumer loyalty in particular is affected. To my knowledge, at this point this is the only investigation to address and identify the effect of negative publicity on individual loyalty levels. This study highlights that it is important to measure actual behaviour (i.e. behavioural loyalty), since this is not always in line with the consumers intentions (i.e. conative loyalty). Moreover, by taking into account high and low involvement products this research shows that it is important to make a distinction for consumer loyalty between product categories when it comes to the effect of negative publicity on consumer brand loyalty. As a final point, this study shows that prior satisfaction is not a moderating factor for the effect of negative publicity on consumer loyalty.

5.5. Managerial implications

In addition to the theoretical implications this study has several implications for managers and marketers. First of all, the findings of this study urges companies, especially in the FMCG sector, to be aware of the impact of negative publicity on their loyal customers base. When an episode of negative publicity is inevitable or has already occurred, it is the task of mangers and marketers to limit the damage and restore the already inflicted damage on consumer loyalty. Companies are known to use "mass approach" as a reaction to negative publicity (Pearson and Mitroff, 1993; Weinberger, Romeo and Piracha, 1991). However, I follow Ahluwalia, Burnkrant and Unnava (2000) by suggesting a more focused approach, since the impact on loyalty is different among high and low involvement products.

It is for managers and marketers in the low involvement product market segment most important to focus on maintain and restoring the behavioural loyalty their customers. However, it is hard to do this directly without having to restrain the customer with contracts. Therefore marketers

may want to focus on restoring affective loyalty first. This is done by reconnecting with your loyal customer base on a personal and emotional level instead of mass marketing. This can put into practice by making personal or personalized offerings to customers. This may create a feeling that the company or brands pays attention to you as a 'loyal' customer. It can be speculated that once the affective loyalty phase is restored that consumers start buying their old brand again (i.e. behavioural loyalty is also restored). Even though the different loyalty phases correlate strongly with each other, this study is limited in finding a causal relation that restoring one loyalty level would also positively affects another level. More research on how the different loyalty phase behave in reaction to each other when restoring loyalty is needed.

For managers operating in the high involvement product market segment it is more important to focus on the cognitive loyalty phase, by counter the negative publicity with positive information in order enhance positive believes about the brand. This can be done by generating positive publicity or by promotional campaign which focuses on the positive aspects of the brand. Since this study only took into account one high and one low involvement product, it is in both cases advised that managers and marketers always investigate at which level consumer loyalty is damaged, in order to know exactly on which loyalty phase(s) to focus.

It is for both type of markets important to realize that consumers' prior satisfaction after an episode of negative publicity does not ensures consumer loyalty when an episode of negative publicity occurs in the marketplace. In this case, managers should not rely on consumer prior satisfaction. However, research on the effect of negative publicity on consumer attitude suggest that for example consumer-brand identification may, to some extent, downgrade the effect of negative publicity (Ahluwalia, Burnkrant and Unnava, 2000). Consumers may want to focus on this aspect instead.

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Appendix

Appendix 1. Negative and neutral publicity

Low Involvement negative article

[bedrijf/merk] laat vrouwen in cacao-industrie in de steek.

Uit onderzoek in 4 landen waar [bedrijf/merk] hun cacao kopen blijkt dat veel boerinnen lagere lonen ontvangen en honger lijden. Het sociale beleid van dit bedrijf om dit aan te pakken is zwak en moet verbeteren zo stelt Oxfam Novib.

Het bedrijf beheerst een groot deel van de chocolademarkt en koopt een vierde van de jaarlijkse mondiale cacaoproductie in. Cacao wordt voornamelijk door kleine boeren en boerinnen in ontwikkelingslanden geproduceerd. Oxfam's onderzoek toont aan dat [bedrijf/merk] bitter weinig doen om de omstandigheden aan te pakken waaronder vrouwen cacao telen.

"De aandacht voor de vrouwen in hun productieketen is minimaal. [bedrijf/merk] richt zich al jarenlang op vrouwen in hun advertenties om chocolade te verkopen. Het wordt tijd dat zij zich ook inzetten voor de vrouwen die hun cacao produceren," aldus Farah Karimi, algemeen directeur Oxfam Novib

Oxfam Novib's onderzoek naar de toeleveringsketens voor cacao in Brazilië, Indonesië, Nigeria en Ivoorkust onthult dat:

- De meeste mensen die in de toeleveringsketen voor cacao werken, leven nog steeds in armoede. Ondervoeding is wijd verspreid in 's werelds cacao producerende regio's.
- Vrouwen die op de cacaoplantages en in de verwerking werken hebben te maken met forse discriminatie en ongelijkheid. Bijvoorbeeld, een arbeidster in Indonesië vertelde Oxfam dat zij zonder contract moet werken en door haar leidinggevende 'een beest' wordt genoemd, zonder dat zij ergens een klacht kan indienen. Een arbeidster in een andere fabriek in Indonesië waar cacao verwerkt wordt, vertelde Oxfam dat alle vrouwelijke arbeiders werden ontslagen toen een aantal van hen om gelijke behandeling en betaling vroeg.
- Cacaoboerinnen hebben minder toegang dan mannen tot land, krediet, trainingen, kunstmest, irrigatiestelsels, en dergelijke.

"De boerinnen die cacao verbouwen voor de chocolade waar we allemaal van houden, worden in de steek gelaten," zegt Karimi, "[bedrijf/merk] heeft de macht en de verantwoordelijkheid om betere en eerlijker voorwaarden te scheppen voor deze vrouwen."

Hoewel de bedrijven niet direct cacao-boerinnen in dienst hebben roept Oxfam Novib [bedrijf/merk] op zich sterk maken voor de rechten van miljoenen vrouwen die de voor hen broodnodige cacao produceren.

Bron: De Volkskrant

High involvement negative article

'Smartphones samenstellen in China: loodzwaar en gevaarlijk'

Ondanks gedragscodes en gestelde arbeidsvoorwaarden werken Chinese arbeiders die voor [bedrijf/merk] smartphones samenstellen onder beroerde omstandigheden. Dat blijkt uit getuigenverklaringen van arbeiders en advocaten en uit documenten die door de toeleveranciers zelf worden vrijgegeven.

De werkomstandigheden van de lopendebandwerkers zijn zwaar, de veiligheidsrisico's waaraan ze worden blootgesteld soms zelfs dodelijk, meldt The New York Times. De werknemers zijn soms minderjarig, draaien bijzonder lange dagen, slapen in overbevolkte zalen, en worden blootgesteld aan gevaarlijk afval. Er zijn verklaringen van mensen die zo lang hebben moeten staan dat hun benen zwollen en ze nauwelijks nog konden lopen.

The New York Times baseert zijn bevindingen op interviews met bijna 40 oud-werknemers en betrokkenen. De krant stuurde het artikel naar [bedrijf/merk], maar het bedrijf weigerde commentaar.

Vorig jaar hebben zich binnen zeven maanden twee explosies voorgedaan in fabrieken waarin [bedrijf/merk]-producten werden samengesteld. Daarbij kwamen 4 mensen om en raakten 77 mensen gewond. Twee jaar geleden raakten 137 mensen gewond toen ze moesten werken met een agressief middel om smartphone-schermpjes te reinigen.

Richtlijnen Weliswaar heeft [bedrijf/merk] richtlijnen opgesteld voor zijn toeleveranciers, en neemt het maatregelen wanneer daaraan niet wordt voldaan, maar de problemen blijken hardnekkig, meldt de NYT.

'[bedrijf/merk] geeft om niets anders dan een productverbetering en verlaging van de productiekosten', citeert de krant Li Mingqi, een oud-werknemer van [productie fabriek], een van [bedrijf/merk] belangrijkste toeleveranciers. 'Het welzijn van de arbeiders interesseert ze niets'.

In de rapporten zegt [bedrijf/merk] van toeleveranciers te eisen dat ze voldoen aan de gestelde normen, en de samenwerking opzeggen indien dat niet het geval is.

Bron: De Volkskrant

Neutral article

Twents bedrijf laat auto rijden op diesel uit houtresten

Het Enschedese bedrijf Biomass Technology Group (BTG) zegt een auto te kunnen laten rijden op diesel die voor een kwart gemaakt is van houtresten. Het bewijs wil het maandag leveren op de campus van de Universiteit Twente, in het bijzijn van minister Henk Kamp (Economische Zaken).

Twentse wetenschappers meldden een kleine 3 jaar geleden al dat zij erin waren geslaagd brandstof te maken van hout- en plantenafval dat niet geschikt is voor consumptie door mensen en dieren. 'Dat was in een laboratorium, inmiddels zijn we een belangrijke stap verder', aldus directeur Gerhard Muggen van BTG.

Terreinwagentje

Destijds ging het nog om milliliters, maar nu zijn de onderzoekers ver genoeg om rond te rijden in een terreinwagentje waarvan de tank gevuld is met een mengsel van 25 procent duurzame biodiesel en 75 procent gewone diesel. 'Dat is nog nergens op de wereld iemand gelukt', stelt Muggen.

Naast de provincie Overijssel en de rijksoverheid, die miljoenen investeren, betalen volgens Muggen ook verscheidene grote oliemaatschappijen mee aan het onderzoek. Namen wilde hij evenwel niet noemen omdat BTG geheimhouding heeft beloofd. 'Ze betalen een flink deel van ons salaris', wilde hij wel kwijt.

Muggen verwacht dat oliemaatschappijen binnen 5 tot 10 jaar ook in de daadwerkelijke productie gaan investeren. Zij worden daartoe gedwongen door de voortdurende aanscherping van de duurzaamheidseisen waaraan autobrandstoffen moeten voldoen. 'Dan praat je over honderden miljoenen', aldus de directeur.

Financiële steun

De provincie Overijssel heeft 2,5 miljoen euro geïnvesteerd in de zogenoemde pyrolyse-technologie van BTG. De rijksoverheid steekt er in het kader van haar topsectorenbeleid 4 miljoen euro in. Ook de Europese Commissie heeft financiële steun toegezegd.

Bron: de Volkskrant

Appendix 2. Scenario's

Low involvement scenario

Stel je de volgende situatie voor:

Je hebt zin in chocola en gaat naar de supermarkt om een reep chocola te kopen.

Je komt zo terecht in een virtuele supermarkt. Probeer je te gedragen zoals je in een echte winkel doet.

In de winkel zie je schappen met verschillende levensmiddelen. Kies één reep chocola uit. Koop de reep chocola die je in werkelijkheid ook zou kopen als je op dit moment in de supermarkt zou zijn.

Als je dit gelezen hebt mag je de onderzoeker een seintje geven.

Als je bent uit gewinkeld geef je de onderzoeker een seintje

Herhaling voor het omgaan met de virtuele winkel:

Loop door de winkel door op de **pijlentoetsen** te drukken

Kijk omhoog, omlaag, naar links of naar rechts door de **linkermuisknop** in te drukken en de **muis te bewegen**.

Dubbelklik met de linkermuisknop op een product dat u wilt bekijken. Je kunt nu kiezen om het product in het winkelmandje te leggen (door op "in winkelmandje" te klikken), of om het product terug te leggen in het schap (door op "terugleggen" te klikken). Je mag zoveel producten bekijken als je wilt.

Als je een reep chocolade in je winkelmandje hebt gedaan, kun je het programma stoppen door op Escape te drukken.

High involvement scenario

Stel je de volgende situatie voor:

Je verlengt het abonnement van je mobiele telefoon en daarom mag van je provider een nieuwe telefoon uitzoeken.

Dus je gaat naar een telefoonzaak om een nieuwe telefoon uit te zoeken.

Je komt zo terecht in een virtuele telefoonzaak. Probeer je te gedragen zoals je in een echte winkel doet.

In de winkel zie je verschillende schappen met telefoons. Kies één telefoon uit. Kies de telefoon die je in werkelijkheid ook zou kiezen als je op dit moment een nieuwe telefoon zou mogen uitzoeken.

Als je dit gelezen hebt mag je de onderzoeker een seintje geven.

Ook als je bent uit gewinkeld geef je de onderzoeker een seintje.

Herhaling van het omgaan met de virtuele winkel:

Loop door de winkel door op de **pijlentoetsen** te drukken

Kijk omhoog, omlaag, naar links of naar rechts door de **linkermuisknop** in te drukken en de **muis te bewegen**.

Dubbelklik met de linkermuisknop op een product dat u wilt bekijken. Je kunt nu kiezen om het product in het winkelmandje te leggen (door op "in winkelmandje" te klikken), of om het product terug te leggen in het schap (door op "terugleggen" te klikken). Je mag zoveel producten bekijken als je wilt.

Als je een telefoon in je winkelmandje hebt gedaan, kun je het programma stoppen door op Escape te drukken.

Appendix 3. Questionnaire

Low involvement pre-test example

Start

Q1: Vul hier je respondent nummer in

Q2: Je bent van plan chocola te kopen. Kies het merk dat je normaal gesproken koopt.

- Milka
- Cote D'OR
- Ritter Sport
- Tonys Chocolonely
- Swiss
- Verkade
- Albert Heijn huismerk

Cognitive loyalty block

Q3: Ik geloof dat dit merk het beste voor mij is

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Q4: Ik geloof dat dit het beste merk is vergeleken met andere merken

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Q5: Ik geloof dat dit merk aan mijn behoeftes voldoet

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Affective loyalty block

Q6: Ik zeg positieve dingen over dit merk tegen anderen

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Q7: Ik beveel dit merk aan bij vrienden en familie als ze mij om advies vragen

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Q8: Ik moedig anderen aan om dit merk te kopen

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Q9: Ik identificeer mij zelf sterk met dit merk

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Q10: Ik voel mij emotioneel verbonden met dit merk

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Q:11 Dit merk heeft een grote persoonlijke betekenis voor mij

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Conative loyalty block

Q12: Ik koop in de komende tijd meer van dit merk

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Q13: Ik koop dit zelfde merk de eerst volgende keer dat ik dit product weer nodig heb

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Q14: Ik ben van plan dit merk te blijven kopen

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Satisfaction Block

Q15: Over het algemeen ben ik tevreden met dit merk

- Helemaal mee oneens
 - Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Q16: Mijn beslissing om dit merk te kopen was verstandig

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Q17: Ik handel juist als ik besluit om dit merk te kopen

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Q18: Ik voel me er goed bij dat ik dit merk koop

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Involvement block

Q19: Het kiezen van een chocolade reep is een belangrijke beslissing voor mij

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Q20 Ik kies een chocolade reep zorgvuldig uit

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Q21": Ik heb een sterke interesse in chocolade repen

- Helemaal mee oneens
- Mee oneens
- Niet mee oneens en niet mee eens
- Mee eens
- Helemaal mee eens

Instruction 1

Je krijgt nu een artikel te zien. Lees deze rustig door. Als je klaar bent met lezen mag je op >> drukken onderaan de pagina.

Tijdens deze taak willen we je vragen om het volgende nummer te onthouden: 231

Dit nummer heb je later in het onderzoek weer nodig.

Intervention

Article (see appendix 1)

Instruction 2

Lees de instructies die voor je liggen door.

(See appendix 2)

Als je klaar bent met lezen geef je de onderzoeker een seintje