

You Could Do It Better! Consumer Negative Responses toward Moral Crisis in the Fashion Industry

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Introduction

Crisis events regarding fashion business strategies and processes have raised moral concerns from individuals and the society. Because fashion brands provide symbolic benefits to consumers through positive brand images (Pullig, Netemeyer, & Biswas, 2006), understanding consumers' responses toward moral crisis events is crucial, especially for fashion brands. The goal of this study is to understand different types of moral crisis that have happened in the fashion industry (i.e., moral crisis in supply-chain management vs. moral crisis in public relations) and to identify consumers' affective (i.e., negative emotion) and cognitive (i.e., perceived spillovers) responses, which consequently influence behavioral intentions (i.e., negative word of mouth, patronage cessation).

Literature Review

Moral crisis is an unexpected event involving ethical values that threatens a company's reputation (Coombs & Holladay, 2005). The moral crisis calls into question the brand's ability to deliver symbolic and psychological benefits (Pullig et al., 2006). Since fashion companies are involved with all processes from manufacturing garments to advertising, moral crisis has been associated with different business stages. The current research examines two types of moral crisis that aroused consumers' negative responses. The first type of moral crisis is related to a situation caused by a failure at the manufacturing sites. For example, fashion brands (i.e., Zara, H&M) have been reported to have negative associations with moral issues such as child labor, sweatshop problems, and social inequality (Kim, Choo, & Yoon, 2013). These moral issues occurred due to management failure at the manufacturing sites (i.e., supply-chain) of the company (Ha-Brookshire, 2017). Another type of moral crisis is often associated with diversity or moral issues (i.e., sexism, racism) that happened during communication with the public (i.e., advertisements), which raised social concerns. For example, Victoria's Secret was criticized after launching "the perfect body" advertisement in 2014 (Brown, 2014). Tall and thin models in the advertisement with words of "perfect body" raised social concerns related to diversity of women's bodies by choosing to call only one body type perfect. While different types of moral crisis have occurred in the fashion business, it is necessary to identify differences in consumer responses according to the different moral crises in this industry.

Situational Crisis Communication Theory (SCCT) suggests a framework explaining consumers' responses toward a crisis where the company is involved (Coombs, 2007). The theory explains that when a negative and unexpected crisis occurs, people experience a negative emotional reaction to the event (Coombs, 2007; Weiner, 2006). Since emotion has a considerable influence on the cognitive process of consumers (Bagozzi et al., 1999), negative emotions can

lead consumers' cognitive thinking to take the situation more seriously. To understand the cognitive process, this study utilized the concept of perceived spillover effects of a crisis event over the entire industry (Lei, Daware, & Lemmink, 2008). Consumer perception of spillovers refers to perceived impact of a crisis event within a certain sector (i.e., one fashion company) on the other sectors of whole industry (i.e., entire fashion industry; Lei et al., 2008). In addition, consumers' negative reactions cause negative consumer behaviors toward the company (i.e., negative word of mouth, patronage cessation; Zarantonello, Romani, Grappi, & Bagozzi, 2016). Therefore, the following hypotheses were suggested.

H1: Negative emotion will increase consumer perception of spillovers due to the crisis event.

H2: Negative emotion will increase (a) negative word of mouth and (b) patronage cessation.

H3: Consumer perception of spillovers due to the crisis event will increase (a) negative word of mouth and (b) patronage cessation.

H4: The effects of consumers' negative responses will be different according to two types of moral crisis: moral crisis in supply-chain management vs. moral crisis in advertisement.

Methods

Two types of crisis events were developed. This study adopted two moral crises that happened in H&M. First, H&M's violations of child-labor in manufacturing sites was used as a moral crisis event of management failure in the supply-chain. For the moral crisis event in advertisement, we adopted H&M's advertisement that featured an African American child wearing a sweatshirt with the words "coolest monkey in the jungle" etched on the front. A total of 441 participants were used for the data analysis (55% females and 45% males; median age = 37 years old). An online survey using a self-administered questionnaire collected data from MTurk. In the beginning of the survey, participants were randomly assigned to one of the crisis events. Next, participants were asked to answer questions adopted from the literature (Alexandrov et al., 2013; Brown & Ki, 2013; Zarantonello et al., 2016). To test the hypotheses, this study employed structural equation modeling and conducted multigroup path analysis using AMOS.

Results

The confirmatory factor analysis (CFI = .95, GFI = .91, $\chi^2 = 233.67$, $df = 58$, $p < .001$, CMIN/DF = 4.03) and path analysis (CFI = .96, GFI = .92, $\chi^2 = 233.67$, $df = 58$, $p < .001$, CMIN/DF = 4.03) showed an acceptable model fit. In the full model ($n = 441$), negative emotion had a positive effect on perceived spillovers due to the crisis (*H1*; $\beta = .63$, $p < .001$). It also had a positive effect on negative word of mouth (*H2-a*; $\beta = .33$, $p < .001$) and patronage cessation (*H2-b*; $\beta = .40$, $p = .07$). Also, perceived spillovers had a positive effect on negative word of mouth (*H3-a*; $\beta = .31$, $p < .001$) and patronage cessation (*H3-b*; $\beta = .32$, $p < .001$). However, we found differences in path results in two different moral crises (*H4*; $\Delta\chi^2(14) = 29.12$, $p < .05$). The effect of negative emotion on perceived spillovers is significantly greater ($\Delta\gamma = .24$, $p < .05$) in the moral crisis related to the supply-chain ($\beta = .41$, $p < .001$) when compared to the moral crisis

related to the advertisement ($\beta = .65, p < .001$). In addition, the effect of perceived spillovers on negative word of mouth for the moral crisis in advertisement ($\beta = .39, p < .001$) is greater ($\Delta\gamma = .24, p < .05$) when compared to the moral crisis in supply-chain management ($\beta = .21, p = .06$).

Discussions & Implications

Findings revealed that affective and cognitive responses due to the crisis event led to negative word of mouth in social media and patronage cessation behaviors. Importantly, we found that the effects of consumers' responses could be distinct according to different types of moral crisis. When a moral crisis happens in the supply-chain management, consumers who have negative feelings are more likely to take the crisis seriously; thus, they believe that it could happen to other fashion brands within the entire industry. However, when a moral crisis happens in the advertisement, consumers who experience negative responses would have negative word of mouth in social media. Finally, this study suggests practical implications for fashion brands that they can create back-up strategies for reacting by understanding consumer responses and behaviors due to a moral crisis.

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