



## The Effects of Fashion Brands' Negative Publicity Recovery Strategies on Anti-Brand Behavioral Intentions According to Consumers' Proactive Personality

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Introduction: When NBC's Kathie Lee disclosed the tragic conditions in South American garment factories, a consumer boycott ensued, resulting in the enactment of the first Federal Sweatshop Act (Rosenblum, 2000). Following this incident, the increasing scope of the media has exacerbated the impact of negative publicity, which refers to the publication of a problematic incident in the media and the resulting negative effect on the involved personnel/entity's reputation (Dean, 2004). One such example is the CEO of Abercrombie & Fitch's racist comments on a TV show, which caused "anti-A&F" solidarity. Despite the massive influence of negative publicity on a brand's reputation, very little is known about consumers' reactions toward fashion brands' negative publicity and the brands' recovery strategies.

To bridge this gap, we attempted to deepen our understanding of the diverse outcomes of recovery strategies according to the type of negative publicity and the characteristics of the receiver (i.e., consumer). Indeed, today's social issues associated with the fashion industry are highly diverse, ranging from product safety to key personnel (i.e., CEO or designer) misconduct. Moreover, the extent of the impact of negative publicity may not be the same across consumers, as more socially-engaged consumers react with greater sensitivity. Our experimental design thus aimed at examining the effects of three recovery strategies (affective, functional, and informational) on consumers' active (voice) and passive (exit) anti-brand intentions. We also compared the effect of each strategy on consumers' reactions according to the type of negative publicity (product vs. personnel-related) and the degree of consumers' proactive personality.

Literature/Hypotheses: Service marketing theories posit that consumers can choose an active (actively complain/spread words), or relatively passive (simply stop purchasing) reaction to a negative incident involving recognized brands (Zeithaml, Berry, & Parasuraman, 1996). In terms of recovery strategies to dilute such consumer reactions, the classical PR theories suggest three recovery strategies: affective, functional, and informational (Xie & Peng, 2009). Affective recovery means giving an apology with compassion, while functional recovery offers monetary compensation (i.e., refund and reward) and informational recovery provides an articulated communication, such as a press conference (Xie & Peng 2009). Based on the above literature, it is expected that: *H1: Affective (H1a), functional (H1b), and informational (H1c) recovery strategies decrease consumers' negative publicity and exit intentions.* However, the effects of these recovery strategies may differ according to the type of incident; based on the elaboration likelihood model (ELM) of persuasive communication, a product-related issue is directly related to consumers' use of the brand's product and thus goes into the central route of information processing, which may be harder to recover (Petty & Cacioppo, 1986). On the other hand, a

personnel-related issue is not directly related to consumers' product usage, and thus may go through the peripheral route of information processing, increasing the chances of recovery. Thus, *H2: Recovery strategies are less effective in decreasing consumers' voice and exit intentions in product-related negative publicity than in personnel-related negative publicity.* Finally, the effects of recovery strategies would vary by individual consumers' varying levels of interest and sensitivity toward social issues. *H3: The effects of recovery strategies on voice and exit intentions (H1) will be lower among consumers with a highly proactive personality.*

**Methods/Results:** A total of 577 American consumers were recruited by a survey firm and randomly assigned to one of the conditions with balanced number per cell (69-77) in a 4x2 between-subject experimental study (4 recovery conditions: no recovery vs. affective vs. functional vs. informational x two types: product-related vs. personnel-related). Following previous studies (Dean, 2004; Xie & Peng, 2009), a fictitious fashion brand's product-related (harmful product) and personnel-related (CEO's misconduct) scenarios were manipulated, with voice/exit intention (Zeithaml et al., 1996) and proactive personality type (Bateman & Crant, 1993) measures. After a successful manipulation check using the perceived recovery scale (Xie & Peng, 2009), ANOVA revealed that compared to using no recovery, none of the given recovery strategies were effective in decreasing voice and exit intentions after the product-related incident, while functional recovery decreased both voice ( $M_{77}=4.66 \rightarrow 3.87$ ,  $p=.01$ ) and exit intentions ( $M_{77}=5.68 \rightarrow 4.97$ ,  $p=.01$ ), and informational recovery decreased exit ( $M_{77}=5.68 \rightarrow 5.11$ ,  $p=.03$ ) intentions after the personnel-related incident. Thus, H1 is partially supported. H2 was also supported, since the results above revealed no effect of the recovery strategies for the product-related incident but a significant effect on the personnel-related incident. For H3, ANCOVA revealed that although there was no significant interaction between recovery and the degree of consumers' proactive personality for voice intention ( $F=.80$ ,  $p=.50$ ), there was a significant positive interaction between the recovery strategy and degree of proactive personality for exit intention ( $F=3.08$ ,  $p=.03$ ), partially supporting H3.

**Conclusion:** This study makes a significant contribution to the literature by discovering the effect of fashion brands' recovery strategies according to a) the type of negative publicity, b) the type of recovery strategy used, and c) consumers' level of proactive personality, as one of the first studies to leverage PR and communication theories in studying fashion brands' negative publicity. Thus, the theories and preliminary results of this study can inform future studies on this growing phenomenon. In addition, our results suggest managerial implications for fashion brands in choosing effective recovery strategies according to different types of negative issues and managing their reputation among consumers; among the various options, functional recovery was most effective in diminishing consumers' proactive behavioral intentions, as it was found to be effective for both voice and exit intentions in the personnel-related incident. However, overall, it was more difficult to prevent consumers' voice and exit intentions using any recovery strategy when the negative publicity was related to the product itself, which is directly related to their actual use and purchase. Therefore, product-related negative publicity should be avoided. Moreover, such effects were especially relevant for proactive consumers, who are more likely to have an interest/pay attention to how brands react to social issues.

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