

# DIFFERENT CRISES REQUIRE DIFFERENT APPROACHES

HOW CRISIS RESPONSE STRATEGIES, CRISIS TYPES AND  
CORPORATE SOCIAL RESPONSIBILITY PROGRAMS INFLUENCE  
EMOTIONS, TRUST AND PURCHASE INTENTION OF CONSUMERS

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## ABSTRACT

**Aim.** This study provides insights into the effects of crisis response strategies, crisis harm types and corporate social responsibility (CSR) programs on emotions, trust and purchase intention of consumers. Significant differences and effects will be identified to provide practical insights for future organizational crisis responses.

**Background.** With increasing expectations of organizations, crisis situations and related organizational characteristics, such as corporate social responsibility (CSR) , incidents may result in complex crises. Through experimental design combining several independent variables, crisis managers could response appropriate towards their external stakeholders.

**Methods.** A scenario-based 2 (rebuild versus diminish response strategy) x 2 (performance- versus values-related harm crisis) x 2 (institutional versus promotional CSR program) experiment is conducted through a fictive online news article among 306 Dutch respondents, collected through a convenience sampling method. The average age is  $M = 27.95$  ( $SD = 11.35$ ) and 81.7% has an educational background at a university or university of applied sciences.

**Findings.** Main effects were found for all dependent variables. Crisis response strategy influences benevolence and integrity, such that respondents exposed to a rebuilding strategy perceive organizations as more benevolent and integer compared to a diminishing strategy. Consumers have a higher ability and purchase intention after exposure to a values-related crisis compared to a performance-related crisis, however, integrity is higher after a performance-related crisis. CSR programs influence perceived organizational ability and purchase intention in favor of a institutional program versus a promotional program. Also interaction effects between response strategy and crisis harm type were found.

**Managerial implications:** This study provides practical implication and prove of different outcomes when distinguishing characteristics of crisis communication. When marketing managers deepen into the exact type of crisis and organizational background, organizations can anticipate more appropriate towards there consumers.

*Keywords: Crisis response strategies; crisis type; corporate social responsibility program; consumer responses*

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# 1 INTRODUCTION

In a world where news travels online and global at high pace, quick response is required. The way in which companies communicate with stakeholders is rapidly changing with the 24-hour access provided by the online and global environment (Young & Flowers, 2012). This also applies in times of crisis. The crash of flight MH17, which transported 298 passengers from Amsterdam to Kuala Lumpur, is an example of a crisis which became apparent to the audience through the media and was front page news for weeks. Facts and figures of the crash were highlighted in the news, as well as the background stories of involved organizations, stakeholders, the disaster zone and involved politicians. There is a demand for background information, personal reactions and comforting messages in times of crisis. Public relations practitioners and other communication executives are struggling to craft messages and maintain control of the flow of messages within this dynamic landscape (Young et al., 2012).

Crisis managers are not only engaged in developing the crisis message. Strategic background information, the sender and pre-crisis characteristics of the organization are taken into consideration by consumers while evaluating a crisis. Bell (2010) asserts that stakeholders become interpretive communities in organizational crisis contexts, capable of cultivating an organization's reputation through information they receive online. An example of such a form of information seeking concerning the organizational reputation is their behavior concerning corporate social responsibility (CSR), whereas the awareness and interest in the environment, social and ethical commitment of society has increased (Arvidsson, 2010). The use of CSR claims may provide an effective tool to counter the negative impact of a crisis, but knowledge about its effectiveness is scarce and lacking in studies that consider CSR in crisis communication during crisis (Vanhamme & Grobбен, 2004), not to mention the different forms of corporate social responsibility.

Another aspect which has not been researched much in the context of crisis communication is the amount of direct impact of crisis harm on consumers. Although different types of crisis are evaluated, the amount of harm conflicted on the consumer is not been studied much. Pullig, Netemeyer and Biswas (2006) distinguish the difference in crises which harm the consumer directly and crises which harm others, i.e. performance-related crises and values-related crises. The crisis response during crisis communication is also identified as an important aspect of crisis communication. Such communication, in the form of various crisis response strategies, shapes stakeholders' attribution of crisis responsibility and their attitude and behavior towards the organization (Schwartz, 2012).

Surprisingly, there is little research into the impact of crises on brands and the impact of crisis responses on brand equity (Hegner, Beldad & Kamphuis op Heghuis, 2014). Hence, this research primary aims to determine the effect of crisis response strategy, crisis harm type and corporate social responsibility of the organization in an empirical study. As Rousseau stated in 2006 "evidence-based guidance for decision

making in a crisis must be supported by scientific evidence from empirical research rather than personal preference and unscientific experience”(p. 256).

This article will start with a framework of existing research concerning crisis communication, identifying literature gaps and formulating hypotheses concerning the main question:

*What is the effect of crisis response strategy, crisis type and corporate social responsibility program on consumer’s attitudinal and behavioral responses?*

In addition, interaction effects between crisis response strategy, crisis type and CSR program are covered. By explaining the research method, an experimental research design whereby several questions concerning organizational and crisis characteristics are presented to participants, consumer responses are measured. Results will be elaborated, which is followed by a discussion and conclusion, whereby managerial implications and future research will be discussed and conclusions will be drawn.

## **2 CONCEPTUAL FRAMEWORK**

### **2.1 Organizational crisis communication**

Organizational crisis communication research mainly deals with the interrelationships between crisis situations, communication strategies and crisis perceptions (Schultz, Utz & Göritz, 2012). An organizational crisis can be defined as a specific, unexpected and non-routine event or series of events that create high levels of uncertainty and threaten, or are perceived to threaten, an organization's high priority goals (Seeger, Sellnow, & Ulmer, 1998, p. 233). Those non-routine events are taken as a threat to the reputation of an organization (Coombs, 2007a), since crises damage the reputation and such changes can affect how stakeholders interact with the organization (Barton, 2001; Dowling, 2002). Reputation is often regarded as a valuable, intangible asset relevant for financial success of the organization (e.g., Fombrun & Gardberg, 2000; Fombrun & van Riel, 2004). Scholars in both crisis communication and reputation management recognize that crisis communication can lessen the reputational damage inflicted by a crisis (Benoit, 1995; Coombs, 1995; Murray & White, 2005).

Coombs (2007a) added a crucial element of crisis in his definition regarding the effect of crises: "The perception of an unpredictable event that threatens important expectancies of stakeholders and can seriously impact an organization's performance and generate negative outcomes" (p. 2-3). Besides organizational performance, negative outcomes concerning consumer responses are an important aspect of organizational crisis communication. Coombs and Holladay identified in 2010 an important trend in crisis communication research, namely the move from a sender perspective (what the organization communicates) to a receiver/stakeholder perspective (how stakeholders perceive the messages). The last perspective examines how stakeholders perceive the crisis and the organization's response to the crisis (Lee, 2004).

Although anticipation and reaction based on consumer's perception is a complex concept, in order to control a crisis, crisis managers try to anticipate on the crisis with the most suitable the conceptualization of crisis communication gives guidelines to crisis managers. Concerning this statement, Rousseau (2006) claims that evidence-based guidance for decision making in a crisis must be supported by scientific evidence from empirical research rather than personal preference and unscientific experience. Crisis communication theories provide evidence-based framework for understanding how to maximize the reputational protection afforded by post-crisis communication by understanding the responses of consumers. Altogether, crisis theories form a substantiated basis to analyze consumer responses through experimental research. Those responses are crisis communication effects on consumers.

### **2.2 Crisis communication effects on consumers**

To analyze the effects of a crisis on consumer responses, the term responses should be subdivided into distinct features. First of all, based on the communication Theory of Reasoned Action (TRA, Ajzen & Fishbein,

1980), distinctions between beliefs and behavior are made. Consumer's perception leads to consumer's behavior. In the context of crisis communication, differences in attitude and behavior could be made. A common used variable to test consumer's first attitude towards the organization is looking into the emotions of the consumers after a crisis. Another aspect of the perceived consumer response is the perceived trust towards the organization after crisis communication. Besides these attitudinal responses towards the organizations, behavioral responses of consumers are an important aspect in determining the effect of an organizational crisis. A common used behavioral effects of consumers is the post-crisis purchase intention. Each of the consumer responses will be elaborated in this section.

### *Consumer's emotions*

The first variable which describes the consumer's attitude towards the organization is consumer's emotions. Emotions are aspects of consumer responses which are increasingly explored in crisis communication literature (Coombs & Holladay, 2005). Previous studies have found that anger and sympathy are one of the most frequently occurring emotions in a crisis (Coombs et al., 2005; Choi & Lin, 2009; McDonald, Sparks & Glendon, 2010). Weiner (1986) argued that the emotion process begins with the interpretation of an event. "This process results in a general emotional reaction" (Choi et al., p. 199). According to Coombs (2007a) the response strategy and the crisis responsibility affect the emotions of consumers. Negative emotions, for example anger or schadenfreude, can cause stakeholders to lash out at an organization (engage in negative word of mouth) or to severe interactions with the organization (Coombs, 2007a, p. 169).

Emotions facilitate or impede the effectiveness of crisis response strategies (Coombs et al., 2005) as publics enact strategies to deal with their feelings (Jin, 2009). Over the last years, researchers have examined emotional responses of the publics in crisis communication (e.g., Choi et al., 2009; Coombs et al., 2007; Jin, 2009; Jin & Pang, 2010; Jin, Pang, & Cameron, 2007). Those researchers point to the potential role of emotions in the publics' responses to an organization's crisis response strategies. According to the Situational Crisis Communication Model by Coombs (2008), stronger attributions of crisis responsibility increase stronger feelings of anger, while reducing feelings of sympathy. Since emotions are a large part of consumer attitudes, and the role of emotions in public responses in crisis communication, those attitudes are an important factor to incorporate in crisis communication research.

### *Consumer's trust*

Trust and its role in social exchange is a common interest of researchers in various academic domains (e.g., Ekeh, 1974; Gambetta, 1988; Morgan & Hunt, 1994). In marketing literature, for example, Morgan and Hunt (1994) regard trust as a prerequisite and a central factor for successful relationship marketing. They also state that trust, in general, is a strong determinant of consumers' attitudes toward a company. Since post-

crisis consumer attitudes are an important factor in crisis communication research, trust is a meaningful construct in crisis communication. Brand trust is crucial in maintaining a long-term relationship between consumers and brands, and it ensures a company's competitive advantage (Park & Lee, 2007). Rousseau (1998) defines consumer trust as a concept comprising both consumers' overall evaluation of corporate trustworthiness and their corresponding trust intent. A common used definition of trust is defined by Mayer, Davis and Schoorman (1998); "trust is the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (p. 718).

The construct of trust concerns three core elements; (1) ability, (2) benevolence and (3) integrity. Ability is that group of skills, competencies and characteristics that enable a party to have influence within some specific domain. It highlights the task- and situational-specific nature. Benevolence is the extent to which a trustee is believed to do good to the trustor. Integrity is a following a set of principles. According to Kim, Ferrin and Cooper (2004), corporate trust repair efforts are activities aimed at making consumers' beliefs and intentions toward trust more positive after the appearance of negative publicity.

#### *Consumer's purchase intention*

Similar to trust, the affective identification of customers towards the company is also influential to purchase intention (e.g., Cornwell and Coote, 2005). Consumer's purchase intent refers to the degree to which customers intend to purchase a firm's products/services in the future (Maxham & Netemeyer, 2002). This could be considered as a behavioral intention effect of crisis communication (Jorgenson, 1996). A study by Vassilikopoulou, Siomkos, Chatzipanagiotou, and Pantouvakis, (2009) focusses on the effect of purchase intention during a crisis. This study claims that the severity of crisis influences purchase intentions in the first time period, i.e., 3 days after the crisis and was also found to influence the perceived danger in the second time period, i.e., 3 months after the crisis. In other words, a severe crisis affects future purchases shortly after the crisis and delays the consumers' forgetting in a middle period (3 months) after the crisis. This shows that purchase intention is a dynamic effect on consumer's responses after an organizational crisis.

### **2.3 Crisis Communication Theories**

Theories in crisis communication which explain how crisis causes and organizational accounts influence stakeholders relations with the involved organization are Weiner attribution theory (WAT; 1986) and Coombs and Holladay's (2002) Situational Crisis Communication Theory (SCCT), revised by Coombs (2007b). Both theories posit that, following a negative event, stakeholders make attributions about its cause along causal dimensions (McDonald et al., 2010). Causal dimension judgments are formulated from information gleaned from the media, the company, and other sources (Klein & Dawar, 2004).

SCCT provides a mechanism for anticipating how stakeholders will react to a crisis in terms of the reputational threat posed by the crisis (Coombs, 2007a). A large number of crisis communication literature focuses on crisis history and relationship history as intensifiers of the crisis threat (e.g., Ki & Brown, 2013; Kriyantono, 2012). They also focus on factors of the SCCT model and the difference in crisis communication aspects, such as the crisis type (Claeys, Cauberghe & Vyncke, 2010), media frames (An & Gower, 2009) and medium of the message (Utz, Schultz & Glocka, 2013). All these researches confirm the relation between factors of the SCCT model over the years. Coombs (2007) states that crisis response strategy, crisis responsibility, the prior crisis history and the prior organizational reputation influence the post-crisis organizational reputation. Especially crisis response strategies are a frequently used factor in analyzing crisis communication.

#### *Crisis communication response strategies*

Coombs (2007) identified three post-crisis response strategies; (1) deny, (2) diminish and (3) rebuild strategies. Denying strategies claim that no crisis exists or that the organization has no responsibility for it (Claeys et al., 2010; Coombs, 2007b). Diminishing strategies argue that a crisis is not as serious as people think and minimize organizational responsibility. Rebuilding crisis strategies offer compensation for the crisis and apologize. Consequently, research has found that crisis managers should select the most appropriate crisis-response strategy according to the crisis type. Coombs (2006) states that crisis managers should select crisis response strategies that best serve to protect the organization. It is vital that crisis managers make informed choices about crisis response strategies based upon theoretically derived and empirically tested evidence rather than rely on hunches or recommendations for simple case studies (Coombs and Schmidt, 2000). Situational Crisis Communication Theory (SCCT) is an effort to build a theory-based and empirically tested set of guidelines for selecting crisis response strategies (Coombs, 2006).

The strategies respectively match the three crisis types clusters (1) victim cluster, (2) accidental cluster and (3) preventable cluster. A determiner of the crisis type is the perceived attribution. The more responsibility attributed to the organization with respect to causing the crisis, the more negative the impact on the organization's reputation (Coombs, 2006, 2007b). Claeys et al. (2010) confirm this statement through concluding that preventable crises, crises for which the full responsibility is attributed to the organization, have the most negative effects on organizational reputation and that the rebuilding strategy leads to the most positive reputational restoration through an experimental design between response strategies and the crisis clusters. The negative consequences of crises for the brand's legitimacy increase the relevance of crisis response strategies (Hegner et al., 2014).

"Ever since Benson's (1988) call for more research on crisis types and response strategies, post-crisis communication research has produced a body of literature to inform public relations managers how to

respond to a crisis and protect organizational reputation” (Choi & Lin, 2009, p. 198). Since consumer responses are an important aspect of organizational crisis communication, as stated above, focus on different aspects of crisis communication on different aspects of consumer response is a useful contribution in the field of experimental and evidence-based research. Since consumer responses is an ambiguous term, deepening into the effect of crisis communication on consumer responses is desirable.

#### *Crisis response strategies and consumer responses*

By combining the SCCT model, the consumer responses and organizational crisis response strategies, hypotheses can be formulated. According to SCCT, stronger attributions of crisis responsibility increase stronger feelings of anger, while reducing feelings of sympathy. Since Coombs suggests that rebuilding is the most suitable response strategy during a preventable crisis, this strategy must have the least negative effect on consumer’s emotions. This also applies for consumer’s trust. Since the most suitable repair effort leads to the most positive post-crisis effect, the rebuilding strategy must lead to most positive reputational restoration. Concerning the behavioral reaction of consumers, empirical evidence shows a positive relationship between purchase intent and recovery from failure, that is, satisfaction with recovery (Kelley & Davis., 1993) as well as between overall firm satisfaction and purchase intent. Since Claeys et al. (2010) suggest that the rebuilding strategy is most suitable, this must lead to the less damaging effect on consumer’s purchase intention. To formulate the hypotheses on the effect of crisis response strategy on the consumer responses, the next hypotheses is defined:

*H1: Respondents exposed to a rebuilding response strategy have a (H1a) higher ability, (H1b) higher benevolence, (H1c) higher integrity and (H1d) higher purchase intention, are (H1e) less angry and have (H1f) more sympathy towards the organizations than respondents exposed to a diminishing response strategy.*

## **2.4 Crisis harm type**

Besides crisis response strategy, the type of crisis is an important factor in SCCT. The amount of responsibility is linked to crisis type and severity according to the theory by Coombs. Severity of the crisis damage represents the amount of financial, physical, environmental, or emotional harm a crisis can inflict (Coombs, 2006). SCCT posits that severity increases perceptions of crisis responsibility. The more severe people judge a crisis to be, the more negative are their perceptions of the organization’s reputation (Claeys et al., 2010). Attributions of crisis responsibility are important to ascertain because the stronger the attributions of crisis responsibility, the more damage a crisis will inflict on an organization’s reputation (Coombs and Schmidt, 2000; Coombs and Holladay, 2001, 2002; Laufer and Gillespie, 2004). Three clusters, identified by Coombs in 2006, identify the attribution and responsibility of the crisis. The (1) victim cluster

suggests a mild reputational damage due to weak attributions of crisis responsibility. The (2) accidental cluster suggests a moderate reputational threat. The (3) preventable cluster suggests a severe reputational threat due to strong attributions of crisis responsibility by the organization (Coombs, 2007).

In intentional, also known as preventable crises situations (e.g., Coombs, 1995; Coombs & Holladay, 2002; Coombs & Holladay, 2004), for example, the intentional use of hazardous substances, the attribution of responsibility and therefore the danger of reputational threat is the highest (Coombs, 2004). As mentioned above, crises, especially avoidable ones, are always a threat to the reputation of an organization. Since avoidable crises are similar to preventable crises, we could state that preventable crises are the largest type of crises for organizations.

Although it seems like the consumers are always affected, this does not have to be the case. There are five types of preventable crises; (1) human-error accident, (2) human-error product harm, (3) organizational misdeed with no injuries, (4) organizational misdeed management misconduct and (5) organizational misdeed with no injuries. Although this distinction differences in cause of the crisis, the amount of harm conflicted on the consumer is omitted.

#### *Performance-related versus values-related crisis type*

When evaluating the five preventable crisis types, there is a division visible concerning the harm of the crisis. A crisis concerning product performance has a direct effect on the consumers. The other crisis types, such as an organizational misdeed management misconduct, could affect others. For example an environmental crisis concerning an oil spill in the ocean or a social crisis concerning child labor. It could be stated that there is a difference between a preventable crisis concerning product performance or a preventable crisis with moral and values harm. This statement is also supported by Pullig, Netemeyer and Biswas (2006), since they make the distinction between crises related to product performance (e.g., product defects) and crises that are more organizational or values related in nature (e.g., discrimination, labor abuses). They developed two general classes of negative publicity that may affect brand attitudes: (1) performance-related and (2) values-related.

Other research on organizational crises makes a distinction between events that arise because of technical or product failures and those that are social in nature (Marcus & Goodman 1991; Shrivastava & Mitroff, 1987). Although marketing literature has focused primarily on publicity due to product failures (Dawar & Pillutla, 2000), word-of-mouth research has examined both product and non-product negative publicity (Pulling et al., 2006; Mahajan, Muller, & Kerin 1984). This distinction is not implemented in crisis communication research. To define the difference, we will appoint to the two different type of crises as performance-related and values-related crisis types.

### *Performance-related crisis*

Performance-related crises have been defined as well-publicized instances of defective or dangerous products (Dawar & Pillutla, 2000). Klein et al. (2004) state that “the increasing complexity of products, more demanding customers, and more vigilant media are making product–harm crises an ever more visible occurrence” (p. 205). Performance related crises can imperil long-standing favorable customer impressions about the brand. Firms often institute expensive voluntary product recalls to minimize damage to their brands from product–harm crises. Even so, much of the loss of market capitalization that is associated with product recalls is due to the damage to intangibles such as consumers' perceptions of the brand, rather than by the costs of the recall itself (Davidson & Worrell, 1992; Pruitt & Peterson, 1986). In 2004, Klein et al. state that the seriousness and frequency of performance-related crises contrasts with the relative paucity of research in this area. Based on the description of performance-related crises by Pullig et al. (2006), those crisis harm types are defined as performance-related negative brand publicity about specific brand attributes that primarily calls into question a brand’s ability to provide functional (solving consumption problems) benefits (e.g., the failure of an automobile part that prompts a recall of that model).

### *Values-related crisis*

Values-related negative brand publicity does not involve specific attributes that affect functional product use (Pullig et al., 2006). Rather, this type of publicity involves social or ethical issues, such as the revelation of sexual harassment or racial discrimination by members of an organization, which affects a brand’s ability to deliver symbolic and psychological benefits. Martha Stewart's legal woes, Texaco executives' racially insensitive remarks, and Nike's alleged use of child labor are examples (Dutta & Pullig, 2008). The study demonstrates that a performance-based crisis impacts expected benefits related to brand functionality, whereas a values-based crisis impacts the brand's expected symbolic and psychological benefits. Dutta et al. (2008) also state that this distinction is important because research indicates that negative information related to functional benefits more strongly influences satisfaction and choice likelihood.

### *Crisis harm type and consumer responses*

The increased negative effect of a product-related crisis compared to a values-related crisis is explainable when considering Weiner's (1995) theory; the more the crisis is related to the consumer, the stronger the negative emotions after a crisis will be. Events that are more personally relevant cause stronger emotions (Weiner, 1995). In Weiner's (1986, 1995) attributional theory and Affective Events Theory, it was proposed that, following a crisis, consumers firstly appraise the event's personal relevance. This theory determines the intensity of emotions experienced. McDonald et al. (2010) confirm this by concluding that the more involved

stakeholders are with a crisis, the stronger their resulting emotions. This would mean that a performance-related crisis leads to more negative emotions than a values-related crisis.

*H2: Respondents exposed to a values-related crisis have an organizational perception with (H2a) higher ability, (H2b) higher benevolence, (H2c) higher integrity and (H2d) higher purchase intention, are (H2e) less angry and have (H2f) more sympathy towards the organizations than respondents exposed to a performance-related crisis.*

## **2.5 Corporate Social Responsibility**

Corporate social responsibility (CSR) has emerged in recent years as both an important academic construct and a pressing corporate agenda item (e.g., Colvin, 2001, Harrison & Freeman, 1999, Sen & Bhattacharya, 2001 and Waddock & Smith, 2000). Due to the characteristics of CSR as a buffer for organizational reputation and a crisis communication strategy, the link between CSR and crisis communication is an interesting marketing subject. Because there are many different definitions of CSR, Dahlsrud (2006) analyzed five different dimensions of CSR, the (1) environmental, (2) social, (3) economic, (4) stakeholder and (5) voluntariness dimension and found the most cited definition which covered all dimensions; “CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (p. 7).

### *Corporate Social Responsibility in Marketing Communication*

The CSR construct describes the relationship between business and the larger society (Snider, Hill & Martin, 2003) and gains popularity on many organizational aspects. From a marketing perspective, the firm's economic benefits from CSR have been documented in its link to consumers' positive product and brand evaluations, brand choice, and brand recommendations (Brown & Dacin, 1997, Drumwright, 1994, Handelman & Arnold, 1999, Osterhus, 1997 and Sen et al., 2001). CSR also acts as a buffer against a crisis, and may help a company recover from a crisis. Research on the topic claims that consumers appear to provide greater support for companies that are socially and environmentally responsible (e.g. Pirch, Gupta & Grau, 2007; Creyer & Ross, 1997; Ellen, Mohr & Webb, 2000 and Sen et al., 2001), and have negative reactions to companies that are not (Barrett, 1996). Since CSR acts as a buffer during this study, based on a non-crisis situation, it may also work as a buffer during an organizational crisis.

There are many CSR initiatives by which firms seek to fulfill their social responsibilities. Lii and Lee (2011) identified three types of CSRs: sponsorship, cause-related marketing (CRM) and philanthropy. While sponsorship (strategic investing money in activities to be associated with the entity or event; Gwinner and Bennett, 2008) and CRM (a portion of the proceeds from the sales are slated to go towards the support of a certain issue or a nonprofit/charity associated with it; When, Respond, 2004) are associated with marketing

resources and objectives, and specifically link economic and social goals of a firm (McAlister & Ferrell, 2002), these two initiatives are expected to operate in a “moral way” and are relevant and helpful to society. Philanthropy involves making a contribution to a worthy cause because the organization wishes to be a good citizen without any expectations of a benefit tied to that effort (Lii & Lee, 2012).

### *The need for CSR programs*

Companies are under growing pressure to embrace social responsibility, in part due to emerging public standards for social performance (Pirsch et al, 2007). Heightened corporate attention to CSR has not been entirely voluntary. Many companies integrated CSR only after being surprised by public responses to issues they had not previously thought were part of their business responsibilities. Nike, for example, faced an extensive consumer boycott after the media exposed the company’s actions concerning abusive labor practices. Through a campaign concerning CSR, the crisis was reduced. This is also an example of the relation between CSR and crisis communication. Companies are under growing pressure to embrace social responsibility, in part due to emerging public standards for social performance (Pirsch et al, 2007). Since CSR is almost a requirement, consumers are exposed to many CSR communication expressions. The question is if consumers distinguish the different deployment of CSR. Pirsch et al. (2007) deepened into this and identified two different types of CSR programs, institutional CSR programs and promotional CSR programs.

### *Institutional CSR Programs*

There are organizations with long-term institutionalized CSR programs, for instance British Petroleum (BP), which is a strong corporate citizen based on all 5 dimensions of CSR mentioned above. Institutional CSR programs “provide a comprehensive approach to CSR, attempting to fulfill a company’s social obligations across all stakeholder groups and touching on all aspects of the company” (Pirsch et al. 2007, p. 126). Demonstrated by Pirsch et al. (2007), institutionalized CSR programs are argued to be most effective at increasing customer loyalty, enhancing attitude toward the company, and decreasing consumer skepticism.

### *Promotional CSR Programs*

The other program type is promotional CSR programs, where organizations promote CSR only through a campaign or small aspect of organizational citizenship. Promotional CSR is what happens when corporate sustainability and responsibility is seen mainly as a public relations opportunity to enhance the brand, image and reputation of the company (Visser, 2010). These programs may draw on the practices of Charitable and Strategic CSR and turn them into PR sin, which is often characterized as ‘greenwash’.

### *CSR programs and consumer responses*

Institutional type of program has a greater impact on customer loyalty and enhancing attitudes toward the

company than do promotional CSR programs, which are targeted at selling products and are more effective in generating purchase intention (Pirsch et al. 2007; Öberseder, Schlegelmilch, & Gruber 2001). Since CSR is a buffer and institutional CSR programs have more positive effects than promotional CSR programs, a crisis at an organization with an institutional CSR must have less severe negative consumer responses than at an organization with a promotional CSR.

*H3: Respondents exposed to an organization with an institutional CSR program have an organizational perception with (H3a) higher ability, (H3b) higher benevolence, (H3c) higher integrity, (H3d) and higher purchase intention, are (H3e) less angry and have (H3f) more sympathy towards the organizations than respondents exposed to an organization with an promotional CSR program*

## **2.6 Interaction effects**

Since the independent variables used in this study, crisis response strategy, CSR program and crisis harm type, have not been studied together before, a relation between them would be an interesting inquiry. Due to the fact that there is no current research concerning those three variables, an exploratory design is suited. First of all, the relation between crisis response and CSR program is an interesting field to investigate. Even though we expect that a rebuilding strategy is always the best during a preventable crisis, and an institutional CSR program is always the best during a preventable crisis, the combination of the two might have interesting outcomes to interpret. For instance, a diminishing response might be less severe for organizations with an institutional CSR compared to organizations with a promotional CSR, since organizations with an institutional CSR program can fall back on their good intentions and actions. To explore this option, and maybe the reverse option, it is beneficial to ask the following question:

*R1: To what extent does the effect of crisis response strategy on (a) ability, (b) benevolence, (c) integrity, (d) purchase intention, (e) anger and (f) sympathy depend on the type of CSR program of a company in crisis?*

Even though we suggest that the rebuilding strategy is the most suitable crisis response, and a values-related crisis is always less severe for the consumer outcomes, the relation between the two variables might explore other opportunities. Wouldn't a diminishing response concerning a values-related crisis, which is less related to the consumer than a performance-related crisis, be less severe than a diminishing response concerning a performance-related crisis? To explore this question, and other possible options, the following question will be explored:

*R2: To what extent does the effect of crisis response strategy on (a) ability, (b) benevolence, (c) integrity, (d) purchase intention, (e) anger and (f) sympathy depend on the crisis harm type of a company in crisis?*

A performance-related crisis is considered more severe on consumer responses than a values-related crisis. And a institutional CSR is always better than a promotional CSR during a crisis. However, the combination between those two might result in other outcomes. Wouldn't a values-related crisis be more severe for organization which claim to have so much goodwill based on their institutional CSR programs than a performance-related crisis? To explore this question, and other options, the following question will be explored:

*R3: To what extent does the effect of CSR program on (a) ability, (b) benevolence, (c) integrity, (d) purchase intention, (e) anger and (f) sympathy depend on the type of crisis harm type of a company in crisis?*

## **3 METHOD**

### **3.1 Design**

This study involves a 2 (institutional versus promotional CSR program) x 2 (diminish versus rebuild response strategy) x 2 (product versus moral harm crisis) mixed design experiment. Through an online survey, the consumer responses on all eight conditions will be identified. An online survey was presented. After authorization with the conditions of the survey, to participate anonymous in the study, some demographics questions are asked. Then, the participants are shown one of the eight online articles. While the lay out and length are the same, content differences are based on the eight scenarios. After reading the article, which is an imitation of an article from NU.nl, manipulation questions were presented. At last, the participants answered the questions based on constructs of the dependent variables.

### **3.2 Procedure**

Three independent variables were applied in this study: crisis response strategy (rebuilt vs. diminishing), crisis type (performance related vs. values related) and corporate social responsibility program (institutional vs. promotional). A quantitative research method has been conducted in order to collect a large data set and to measure various views and opinions of a sample of  $n = 306$  participants. The respondents were selected through convenience sampling method. Through contacting my network, respondents were approached. Via snowball sampling, mainly by close relations, the survey was spread and 396 participants started the online questionnaire.

The respondents are Dutch and randomly divided. Participants were randomly assigned to one of the eight different message conditions via Qualtrics. The order of manipulated messages was counterbalanced across participants. After exposure to one of the eight scenarios, manipulation checks and construct scales were presented through multiple questions based on literature. All questions could be answered on a 5-point Likert scale varying from 1 (strongly disagree) to 5 (strongly agree).

### **3.3 Stimulus material**

The manipulations were included in a fictive article from NU.nl which reports a crisis for a fictive organization HydroStar. Crisis type and crisis response strategy manipulation were incorporated in the article through an introduction which illustrates the crisis and the reaction by the CEO of HydroStar during a press conference, which is organized in order to react on the crisis. The CSR manipulation is elaborated at the end of the article, where the author provides general information concerning the organization.

The crisis type manipulation provides two scenarios, a performance-related crisis whereby the Dutch Food and Consumer Product Safety Authority discovers a significant quantity of DEA (cocamide diéthanolamide) carcinogens in the shampoos of HydroStar. The crisis response manipulation was

incorporated in the scenarios through a rebuilding strategy from the CEO, in which he apologizes and announces a product recall, versus a diminishing strategy in which he claims that other shampoos have the same ingredients and that it is not harmful.

For the other version in crisis type, a values-related crisis, a documentary of Radar, a Dutch documentary program, revealed inhuman conditions for the HydroStar employees in Indonesia. For the rebuilding scenario, the CEO apologizes and promises to change the working conditions in Indonesia. For the diminishing scenario, the CEO nuances the crisis by stating that HydroStar provides employment by the standard conditions in Indonesia.

The corporate social responsibility manipulation is included in the scenarios through a description of HydroStar in general at the end of the article. Inspiration for the institutional CSR description is based on the 3 types of CSRs by Lii and Lee (2011): sponsorship, cause-related marketing (CRM) and philanthropy and the 5 dimensions by Dahlsrud (2006): (1) environmental, (2) social, (3) economic, (4) stakeholder and (5) voluntariness dimension. The CSR of the organization is described as long ongoing activities, concerning environmental conscious product packaging, supporting different aid agencies and supporting small entrepreneurial project in their production countries in Asia. The promotional CSR manipulation describes an annual marketing campaign whereby HydroStar donates a percentage of the profits from an action product. All scenarios could be found in Appendix B.

### **3.4 Pre-test study**

Before the final questionnaire was designed and distributed, it was pre-tested to minimize biases in the scenarios and constructs. 8 respondents participated in the study and were exposed to two versions of the questionnaire, reading two scenarios. Of the 6 women and 2 men, the average age was 26.60 (SD = 10.9). The focus of the pre-test was to test the clarity in the content of the questionnaire. Also, the validity of the manipulation questions were evaluated. The researcher took notes when the participants answered the questions. Through evaluation with the participants and manipulation checks, the manipulation check items concerning the corporate social responsibility manipulation was adjusted. The realism and suitability of the scenarios were confirmed by the participants. Small differences in the lay out of the scenarios were made to support the participants in reading and understanding the scenarios easily.

### **3.5 Participants main study**

In order to collect data, 396 participants were asked to fill in the online questionnaire. 306 participants completed the survey successfully. Through the personal network of the researcher, the initial response was collected. The researcher connected with potential participants through social media and e-mail. Participants were asked to spread the questionnaire.

**Table 1**

Distribution of scenarios among respondents

CSR Program			Response Strategy		
			Rebuilt	Diminish	Total
<b>Institutional</b>	Crisis Type	Values-related	39	32	71
		Performance-related	39	39	78
	Total		78	71	149
<b>Promotional</b>	Crisis Type	Values-related	38	37	75
		Performance-related	41	41	82
	Total		79	78	157
<b>Total</b>	Crisis Type	Values-related	77	69	146
		Performance-related	80	80	160
	Total		157	149	306

The average age of the participants is 27.95 (SD = 11.35) with a minimum age of 18 and a maximum age of 70. Regarding their sex, 190 are female and 116 are male. Most of the participants are educated at university level or applied university level (81.7%). The frequency of shampoo use on average between 4 and 5 times per week. 56.5% of the participants live in Overijssel.

**Table 2**

Demographics of the respondents

	Frequency	Percentage
<b>Gender</b>		
Male	116	(37.9%)
Female	190	(62.1%)
<b>Age</b>		
	M = 27.95	(SD = 11.35)
<b>Education</b>		
University	159	(52.0%)
University of Applied Sciences	91	(29.7%)
MBO	23	(7.5%)
VWO	14	(4.6%)
HAVO	12	(3.9%)

VMBO	1	(0.3%)
Primary Education	1	(0.3%)
Vocational Education	1	(0.3%)
Other type of education	4	(1.2%)
Total	306	(100%)

### 3.6 Instruments

The instruments on which the questionnaire was based were largely based on scales retrieved from construct developing research. All items could be answered through a 5-point Likert scale. Concerning the validity of the constructs and independent questions, factor analysis has shown appropriate loadings with the exception of 3 items. After deleting these items, which were loading inappropriate based on their ambiguous meaning, for example 'I would hesitate to buy HydroStar while buying shampoo', scales were found to be reliable. In the table below, the factor analysis, based on the rotated component matrix, and the scale reliability are illustrated. All constructs are reliable, based on Cronbach's Alpha's between  $\alpha = .734$  and  $\alpha = .886$ . The questionnaire with the items are to be found in Appendix A. The scale of trust, which is subdivided in ability, benevolence and integrity is based on Mayer et al. (1999). Purchase intention is initially measured by the scale of Lee (2009) and reduced to a two-item based scale based on factor analysis. The construct to identify negative emotions towards the organization is measured by scale for anger by Lee (2004). Positive emotions towards the organization are measured by the sympathy scale by McDonald (2010).

**Table 3**

Validity and reliability of the constructs

	Rotated Component Matrix						Descriptive statistics		Scale reliability
	1	2	3	4	5	6	Mean	(SD)	$\alpha$
<b>Purchase intention</b>							2.18	(0.76)	.734
I will still consider HydroStar when I buy Shampoo						.781	2.31	(0.95)	
I will likely buy shampoo by HydroStar						.754	2.05	(0.75)	
<b>Emotions – Anger</b>							3.17	(0.79)	.808
How do you feel towards HydroStar - Anger				.807			2.97	(0.94)	
How do you feel towards HydroStar - Repulsion				.709			3.42	(1.03)	

How do you feel towards HydroStar - Annoyed	.799	3.26	(1.03)	
How do you feel towards HydroStar - Outraged	.713	3.04	(0.99)	
<b>Emotions – Sympathy</b>		2.18	(0.78)	.853
How do you feel towards HydroStar - Sympathy	.538	2.23	(0.91)	
How do you feel towards HydroStar - Pity	.892	2.09	(0.96)	
How do you feel towards HydroStar - Compassion	.912	2.14	(0.95)	
How do you feel towards HydroStar - Empathy	.837	2.27	(0.93)	
<b>Trust – Ability</b>		3.01	(0.69)	.790
HydroStar is very capable of performing his job.	.549	3.15	(0.92)	
HydroStar is known to be successful at the things he tries to do.	.713	3.24	(0.91)	
HydroStar has much knowledge about the work that needs done.	.752	2.87	(1.06)	
HydroStar has much knowledge about the work that needs done.	.754	2.85	(0.83)	
HydroStar is well qualified	.790	2.92	(0.93)	
<b>Trust – Benevolence</b>		2.77	(0.76)	.796
My needs and desires are very important to HydroStar.	.766	2.73	(1.01)	
HydroStar would not knowingly do anything to hurt me.	.687	3.04	(1.02)	
HydroStar really looks out for what is important to me.	.818	2.81	(0.91)	
HydroStar will go out of his way to help me.	.757	2.49	(0.89)	
<b>Trust – Integrity</b>		2.61	(0.64)	.745
HydroStar has a strong sense of justice.	.658	2.45	(0.93)	
I never have to wonder whether HydroStar will stick to his word.	.635	2.55	(0.94)	
HydroStar tries hard to be fair in dealing with others.	.807	2.46	(0.91)	
I like HydroStar's values.	.683	2.62	(0.91)	
General principles seem to guide HydroStar behavior	.463	2.98	(0.86)	

To analyze interrelationships between the constructs, Pearson's correlations are conducted. Interrelations between ability, benevolence and integrity are expected, since these dependent variables constitute the amount of consumer's trust towards the organization. Anger correlates negatively with sympathy, since these

are opposite emotions. Strikingly, ability correlates strongly with purchase intention. While involving the definition of ability, a group of skills, competencies and characteristics that enable a party to have influence within some specific domain, into this phenomenon, it could be stated that competencies in a specific domain interacts with the intention to purchase that product. Purchase intention also relates strongly with emotions. Since consumers might be more involved with the crisis while intent to purchase the product, emotions might be more visible.

**Table 4**

Correlation table

	M	SD	Ability	Benevolence	Integrity	Purchase intention	Anger	Sympathy
Ability	3.005	0.688	-	.245**	.175**	.443**	-.296**	.181**
Benevolence	2.767	0.755		-	.424**	.228**	-.280**	.304**
Integrity	2.614	0.641			-	.255**	-.372**	.349**
Purchase intention	2.181	0.762				-	-.369**	.304**
Anger	3.172	0.792					-	-.274**
Sympathy	2.186	0.779						-

Note: Correlation is significant at the 0.01 level (2-tailed) \*\*

### 3.7 Manipulation checks

After exposure to the scenarios, manipulation check question are presented towards the respondents. Respondents are asked to rate two opposing statements by a 5-point Likert scale. For example, to verify the recognized characteristics of the response strategies, respondents are asked whether the organization apologized towards the consumers, or did not apologize towards the consumers. Independent T-test results confirm the significance of the manipulation check questions ( $p < 0.05$ ). Respondents who answered the manipulation check questions entirely incorrect were excluded from the dataset.

**Table 5**

Independent T-test manipulation checks

	M1	SD1	M2	SD2	F	Sig.
<b>Response Strategy</b>	1.68	(1.07)	4.48	(0.86)	4.80	.029*
1 = rebuilding 5 = diminishing						
<b>Crisis Type</b>	1.77	(0.89)	4.46	(1.04)	5.96	.015*
1 = performance 5 = values						
<b>CSR Program</b>	1.79	(1.01)	3.23	(1.19)	4.10	.044*
1 = institutional 5 = promotional						

Note: \*  $p \leq 0.05$ . \*\*  $p \leq 0.01$ .

## 4 RESULTS

### 4.1 Main effects of crisis response strategies

The hypotheses concerning crisis response strategy are H1: Respondents exposed to a rebuilding strategy have a (H1a) higher ability, (H1b) higher benevolence, (H1c) higher integrity and (H1d) higher purchase intention, are (H1e) less angry and have (H1f) more sympathy towards the organizations than respondents exposed to a diminishing strategy. Since all dependent variables are independently formulated as hypotheses, analysis of variance (ANOVA) is conducted to test the hypotheses. There was a significant main effect of crisis response strategy such that benevolence ( $F(1, 304) = 13.52$ ,  $M_{\text{rebuild}} = 2.92$ ,  $M_{\text{diminish}} = 2.61$ ,  $p < 0.05$ ) and integrity ( $F(1, 304) = 16.42$ ,  $M_{\text{rebuild}} = 2.86$ ,  $M_{\text{diminish}} = 2.50$ ,  $p < 0.05$ ) are perceived higher by respondents exposed to a rebuilding strategy compared to respondents exposed to a diminishing strategy. Other results show small non-significant differences for the other dependent variables. H1b and H1c are supported, the other hypotheses are not supported.

**Table 6**

Main effects of response strategy

	Response Strategy								Hypotheses	
	Rebuilt		Diminish		ANOVA		$\beta$			
	M	SD	M	SD	F	P				
Ability	2.95	0.69	3.05	0.68	1.44	.231	.069	H1a	Not Supported	
Benevolence	2.92	0.72	2.61	0.76	13.53	.000**	.206	H1b	Supported	
Integrity	2.76	0.64	2.50	0.61	16.42	.000**	.226	H1c	Supported	
Purchase Intention	2.25	0.76	2.11	0.76	2.51	.114	.090	H1d	Not Supported	
Anger	3.16	0.79	3.19	0.80	0.123	.726	.020	H1e	Not Supported	
Sympathy	2.18	0.79	2.19	0.77	0.016	.899	.007	H1f	Not Supported	

Note: \*  $p \leq .05$ . \*\*  $p \leq .01$ .

### 4.2 Main effects of crisis type

The hypotheses concerning crisis response strategy are H2: Respondents exposed to a values-related crisis have an (H2a) higher ability, (H2b) higher benevolence, (H2c) higher integrity and (H2d) higher purchase intention, are (H2e) less angry and have (H2f) more sympathy towards the organizations than respondents exposed to a performance-related crisis have. Through an analysis of variance (ANOVA), the hypotheses

were tested. Differences in a values-related crisis and a performance-related were found as an effect on organizational ability ( $F(1, 304) = 6.36$ ,  $M_{\text{values}} = 3.11$ ,  $M_{\text{performance}} = 2.91$ ,  $p < 0.05$ ), integrity ( $F(1, 304) = 22.58$ ,  $M_{\text{values}} = 2.44$ ,  $M_{\text{performance}} = 2.78$ ,  $p < 0.05$ ) and purchase intention ( $F(1, 304) = 23.28$ ,  $M_{\text{values}} = 2.39$ ,  $M_{\text{performance}} = 1.99$ ,  $p < 0.05$ ). Although each of the three outcomes show significant differences, the effects on ability and purchase intention are higher concerning a values-related crisis, while integrity is higher during a performance-related crisis. H2a and H2d are supported, H2c is only supported when formulated conversely. Respondents exposed to a values-related crisis have an organizational perception with higher ability, lower integrity and have a higher purchase intention than respondents exposed to a performance-related crisis have.

**Table 7**

Main effects of crisis type

	Crisis harm type							Hypotheses	
	Values		Performance		ANOVA				
	M	SD	M	SD	F	P	$\beta$		
Ability	3.11	0.62	2.91	0.73	6.36	.012*	.143	H2a	Supported
Benevolence	2.80	0.70	2.74	0.80	0.52	.472	.041	H2b	Not Supported
Integrity	2.44	0.64	2.78	0.60	22.58	.000**	.263	H2c	Not Supported
Purchase Intention	2.39	0.71	1.99	0.75	23.28	.000**	.267	H2d	Supported
Anger	3.19	0.71	3.15	0.87	0.21	.645	.026	H2e	Not Supported
Sympathy	2.19	0.77	2.18	0.79	0.00	.951	.004	H2f	Not Supported

Note: \*  $p \leq 0.05$ . \*\* $p \leq 0.01$ .

### 4.3 Main effects of corporate social responsibility programs

The hypotheses concerning crisis response strategy are H3: Respondents exposed to an organization with an institutional CSR program have an organizational perception with (H3a) higher ability, (H3b) higher benevolence, (H3c) higher integrity and (H3d) higher purchase intention, are (H3e) less angry and have (H3f) more sympathy towards the organizations than respondents exposed to an organization with an promotional CSR program. Through an analysis of variance (ANOVA), the hypotheses were tested. Differences between an institutional CSR program and a promotional program were found as a main effect on organizational ability ( $F(1, 304) = 11.45$ ,  $M_{\text{institutional}} = 3.14$ ,  $M_{\text{promotional}} = 2.88$ ,  $p < 0.05$ ) and purchase intention ( $F(1, 304) = 5.84$ ,

$M_{\text{institutional}} = 2.29$ ,  $M_{\text{promotional}} = 2.08$ ,  $p < 0.05$ ). H3a and H3d were supported. Respondents exposed to an institutional CSR program have an organizational perception with higher ability, and have a higher purchase intention than respondents exposed to a promotional CSR program.

**Table 8**

Main effects of CSR program

	CSR Program								Hypotheses	
	Institutional		Promotional		ANOVA			$\beta$		
	M	SD	M	SD	F	P				
Ability	3.14	0.62	2.88	0.72	11.45	.001*	.190	H3a	Supported	
Benevolence	2.80	0.46	2.74	0.77	0.45	.501	.039	H3b	Not Supported	
Integrity	2.69	0.61	2.55	0.66	3.79	.052	.111	H3c	Not Supported	
Purchase Intention	2.29	0.75	2.08	0.77	5.84	.016*	.137	H3d	Supported	
Anger	3.12	0.81	3.22	0.77	1.44	.231	.231	H3e	Not Supported	
Sympathy	2.26	0.82	2.12	0.73	2.56	.111	.091	H3f	Not Supported	

Note: \*  $p \leq .05$ . \*\*  $p \leq .01$ .

#### 4.4 Interaction effects

Interaction effects between the dependent variables will be measured through a Multivariate Analysis of Variance (MANOVA). The first research question was: To what extent does the effect of crisis response strategy on (a) ability, (b) benevolence, (c) integrity, (d) purchase intention, (e) anger and (f) sympathy depend on the type of CSR program of a company in crisis? There is no significant interaction between crisis response strategy and CSR program. The same applies for the interaction between crisis harm type and CSR program. There are no significant interactions for R1 and R3.

When considering R2, which explores the two-way interaction between crisis harm type and crisis response strategy, interaction between the two manipulations on dependent variables are shown. First of all, there is an interaction effect on the perceived benevolence of the organization ( $F = 12.60$ ,  $p < 0.05$ ). Whereas a rebuilding response strategy is more successful during a performance-related crisis ( $M_{\text{performance}} = 3.034$ ,  $SD_{\text{performance}} = 0.763$ ;  $M_{\text{values}} = 2.8019$ ,  $SD_{\text{values}} = 0.663$ ), a diminishing strategy is more appropriate during a values-related crisis ( $M_{\text{values}} = 2.801$ ,  $SD_{\text{values}} = 0.7530$ ;  $M_{\text{performance}} = 2.443$ ,  $SD_{\text{performance}} = 0.727$ ). Linking it to

the scenarios of the study, it is more appropriate for an organization to apply a rebuilding strategy during a performance-related crisis, while during a values-related crisis, a diminishing strategy is less harmful.

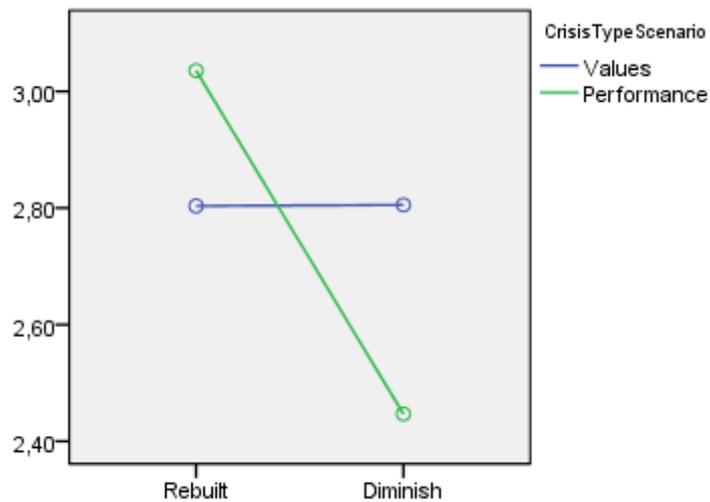


Figure 1: Interaction effects of crisis type and crisis response strategy on benevolence

Another interaction effect is to be found concerning the amount of anger consumers perceive after a crisis ( $F = 3.98, p < 0.05$ ). During a values related crisis, the anger is higher when the organization applies a rebuilding strategy ( $M_{\text{values}} = 3.266, SD = 0.703; M_{\text{performance}} = 3.050, SD_{\text{performance}} = 0.851$ ). When organizations are in a performance-related crisis, consumers are more angry when the organization is diminishing the crisis ( $M_{\text{performance}} = 3.253, SD_{\text{performance}} = 0.873; M_{\text{values}} = 3.112, SD = 0.705$ ).

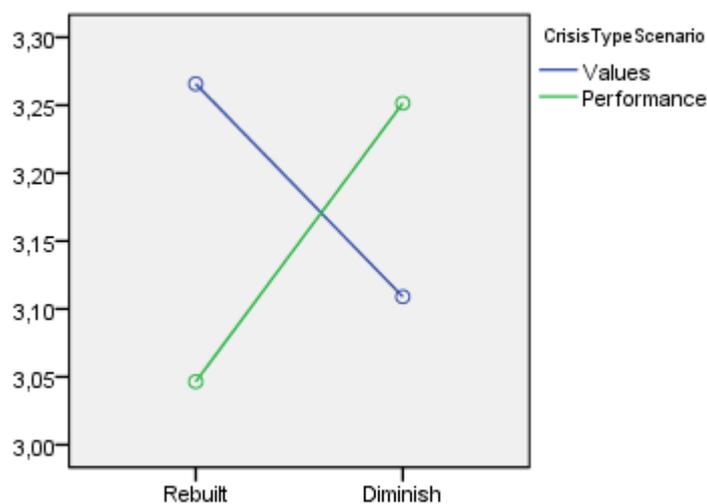


Figure 2: Interaction effects of crisis type and crisis response strategy on anger

A third interaction effect is the interaction between crisis response strategy and crisis harm type concerning integrity. When an organization is facing a values-related crisis, the reaction has less impact on the perceived integrity of the organization ( $M_{\text{rebuild}} = 2.512$ ,  $SD = 0.628$ ;  $M_{\text{diminish}} = 2.357$ ,  $SD_{\text{diminish}} = 0.639$ ) than when facing a performance-related crisis. In this case, a rebuilding strategy would be a more appropriate choice ( $M_{\text{rebuild}} = 2.990$ ,  $SD_{\text{rebuild}} = 0.557$ ;  $M_{\text{diminish}} = 2.560$ ,  $SD_{\text{diminish}} = 0.566$ ;  $F = 4.01$ ,  $p < 0.05$ ).

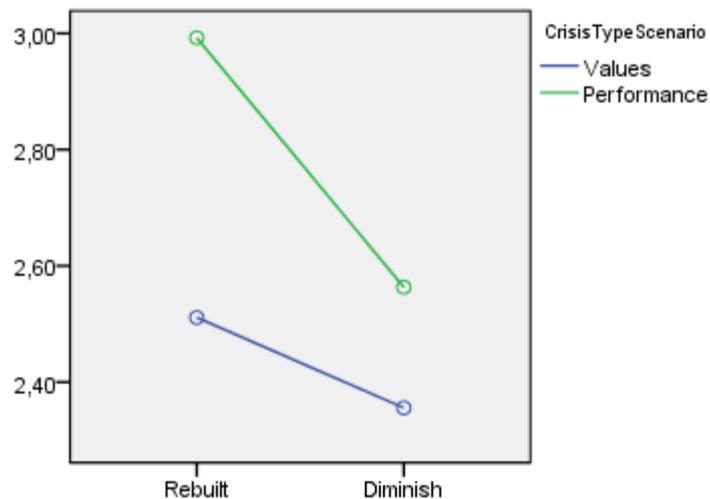


Figure 3: Interaction effects of crisis type and crisis response strategy on integrity

#### 4.5 Covariate analysis

Research shows that the greater the felt involvement with a crisis, the stronger the impact of the crisis on anger and purchase intention (Hartel et al., 1998; McDonald and Härtel, 2000). To analyze if involvement with the matter the crisis is about, is a covariate between the dependent and independent variables, an analyses of covariance (ANCOVA) is conducted. When confronted with a values-related crisis regarding poor working conditions for Asian employees, respondents who are concerned with this matter are significantly more angry with the organization ( $F = 6.78$ ,  $p < 0.05$ ). The same effect applies for a performance-related crisis. When respondents are confronted with a performance-related crisis regarding health hazard, respondents who are concerned with this matter show significantly more anger towards the organization ( $F = 4.26$ ,  $p < 0.05$ ). Involvement with the matter is a covariate when measuring the amount of consumer's anger towards the organization after a crisis ( $p < 0.05$ , partial  $\eta^2 = 0.031$ ). Based on Pearson Correlation, involvement and anger correlate ( $R = .135$ ). Table 7 shows the effects of involvement on the dependent variables.

**Table 7**

Regression analysis on involvement as a covariate

Dependent variable	Parameters	R	R <sup>2</sup>	F	t	p
Ability	Involvement	0.076	0.006	1.751	-1.323	.876
Benevolence	Involvement	0.024	0.001	0.178	0.422	.678
Integrity	Involvement	0.089	0.008	2.422	1.556	.121
Purchase Intention	Involvement	0.053	0.003	0.847	-0.920	.358
Anger	Involvement	0.135	0.018	5.636	2.374	<b>.018*</b>
Sympathy	Involvement	0.049	0.002	0.742	-0.862	.390

Note: \*  $p \leq .05$ . \*\* $p \leq .01$ .

Through comparison between MANOVA and MANCOVA, results show the main effects are still significant. No determining changes are traceable. Table 8 shows the outcomes of the MANOVA versus MANCOVA analysis. Since the ANOVA analysis supports the same hypotheses as the MANOVA, and differences are at small scale, interactions taking place amongst dependent variables are negligible.

**Table 8**

## MANOVA versus MANCOVA analysis

Independent	Parameters	Ability	Benevo- lence	Integrity	Purchase	Anger	Sympathy
		F (p-value)	F (p-value)	F (p-value)	F (p-value)	F (p-value)	F (p-value)
<b>Response strategy</b>	MANOVA	1.715 (.191)	<b>12.449</b> (.000**)	<b>18.297</b> (.000**)	2.167 (.142)	0.071 (.791)	0.011 (.917)
	MANCOVA	1.760 (.186)	<b>12.470</b> (.000**)	<b>18.177</b> (.000**)	2.216 (.138)	0.034 (.854)	0.016 (.899)
<b>Crisis type</b>	MANOVA	<b>6.545</b> (.011*)	0.576 (.449)	<b>25.409</b> (.000**)	<b>22.889</b> (.000**)	0.179 (.672)	0.001 (.978)
	MANCOVA	<b>4.745</b> (.030*)	0.687 (.408)	<b>23.111</b> (.000**)	<b>22.341</b> (.000**)	2.062 (.152)	0.092 (.762)
<b>CSR program</b>	MANOVA	<b>11.428</b> (.012*)	0.484 (.487)	3.756 (.054)	<b>5.833</b> (.016*)	1.458 (.228)	2.130 (.146)
	MANCOVA	<b>11.703</b> (.001*)	0.443 (.506)	3.419 (.065)	<b>5.532</b> (.019*)	2.147 (.144)	2.309 (.130)
<b>Response x crisis type</b>	MANOVA	0.737 (.391)	<b>12.597</b> (.000**)	<b>4.014</b> (.046*)	0.000 (.988)	<b>3.977</b> (.047*)	0.032 (.859)
	MANCOVA	0.593 (.442)	<b>12.094</b> (.001**)	<b>4.040</b> (.045*)	0.009 (.925)	<b>5.637</b> (.018*)	0.006 (.938)
<b>Response x CSR</b>	MANOVA	0.030 (.863)	2.130 (.145)	0.050 (.823)	0.420 (.517)	0.001 (.978)	0.216 (.642)
	MANCOVA	0.035 (.851)	2.099 (.148)	0.048 (.827)	0.399 (.528)	0.010 (.919)	0.198 (.657)
<b>CSR x crisis type</b>	MANOVA	1.020 (.313)	1.861 (.174)	1.992 (.159)	1.356 (.245)	1.181 (.278)	2.422 (.121)
	MANCOVA	0.952 (.330)	1.895 (.170)	1.954 (.163)	1.425 (.233)	0.915 (.340)	2.295 (.131)

Note: Covariate = involvement. \*  $p \leq .05$ . \*\* $p \leq .01$ .

## 5 DISCUSSION

The purpose of this study is to measure the direct and interaction effects of crisis response strategies, crisis harm type and corporate social responsibility programs. By conducting a 2 x 2 x 2 scenario-based experiment, this study investigated the effects on ability, benevolence, integrity, purchase intention, sympathy and anger of consumers. First, the results of the study will be discussed in relation to previous studies. Second, future research directions will be outlined, followed by the managerial implications of this study. Finally, the general conclusion is presented.

### 5.1 Discussion of the results

After analyzing the dataset retrieved from questionnaires of 306 respondents, a number of significant results have been found, even though not all hypotheses were confirmed. These results will be discussed and causes and relationships will be evaluated.

#### *Crisis response strategies*

Media tend to emphasize crises, especially when their impact makes them newsworthy events for journalists. Therefore, companies absolutely must react properly to crises (Vanhamme et al., 2008). Coombs and Holladay stated in 2002 that the SCCT advises communication managers to select crisis response strategies that match the specific crisis type. Schwartz concluded in 2012 that crisis communication, in the form of various crisis response strategies, shapes stakeholders' attribution of crisis responsibility and their attitude and behavior towards the organization. However, research by Claeys et al. (2010) conclude that matching crisis types and crisis responses does not lead to more positive perception of firm reputation than mismatches. The same conclusion is drawn by Hegner et al. (2014) concerning brand equity; "When one looks at the overall brand equity it is evident, that the values for the diminishing, rebuilding, and bolstering strategies do not significantly differ from the brand equity values of the control group that was not exposed to the crisis scenario" (p. 439). This study confirmed two effects of different crisis responses, whereas a rebuilding strategy leads to a statistically higher perceived benevolence and integrity of the organization.

Although results show differences in benevolence and integrity, no effects were found for ability, purchase intention and emotions. It could be stated that the integrity and perceived benevolence of the organization, i.e. attitudinal consumer responses, are affected by the choice of response strategy, but consumer behavior or emotions are not based on the response strategy. Since research indicates that non-response or denial does have a negative impact on consumer outcomes (Hegner et al., 2014), we could state that it is crucial to respond to the crisis. The difference in outcomes between this study and other research may lay in the design of the study, whereas respondent's responses were tested right after exposure to the crisis. Although this might be affecting the responses, first instincts after exposure to a crisis situation seem

to affect organizational trust. The effect on trust might be greater while measuring right after exposure. By focusing on the most appropriate response strategy, the crisis communication focus must be towards the restoration of consumer's trust.

#### *Crisis harm type*

Concerning the crisis type, Coombs (2006) identifies three categories of crisis type: (1) victim cluster, (2) accidental cluster and (3) preventable cluster. Although this distinguishes the amount of attribution, it does not consider the amount of harm conflicted on the consumers. Pullig, Netemeyer and Biswas (2006) make the distinction between crises related to products and crises that are more organizational- or values-related in nature. This study identifies a significant higher perceived ability for organizations involved in a values-related crisis compared to involvement in a performance-related crisis. The same applies for purchase intention. This means that damage on the ability, which is an element of trust, and purchase intention is greater while engaging in a performance related crisis. Since this study only includes preventable, i.e. severe crises, these conclusions should not be generalized among all crisis types.

A values-related crisis does evoke more damage on integrity, since respondent engaged in a performance-related crisis perceive the organization to have more integrity compared to respondents exposed to a values-related crisis. Thus, ability is more damaged while consumers experienced direct effect, however, when a crisis is about values and principles, the integrity of the organization is at stake. When comparing this with the definition of ability, competence within a certain field and thus as expertise, and integrity, the perception of the trustee as having a strong sense of justice and acting according to it (Mayer et al., 1999), we could state that the meaning of those constructs explain the differences between a performance-related crisis, which affects the consumer directly, and a values-related crisis, which is about principles, values and justice.

#### *Corporate social responsibility program*

Although corporate social responsibility (CSR) has emerged in recent years as both an important academic construct and a pressing corporate agenda item (e.g. Colvin, 2001, Harrison & Freeman, 1999, Sen & Bhattacharya, 2001 and Waddock & Smith, 2000), not much research has been conducted concerning crisis communication. Pirsch et al. (2007) propose an interesting distinction between institutional programs and promotional programs, whereas their research concludes that institutional CSR programs are more effective at increasing customer loyalty, enhancing attitude towards the company and decreasing consumer skepticism. According to Pirsch et al. (2007), promotional programs tend to be most effective at generating purchase intention. This study proves that those effects are not the same in times of crisis. Institutional programs have a significant more positive effect on the perceived ability of organizations. Institutional program also affect purchase intention more positive than promotional programs.

When evaluating the differences between Pirsch et al. (2007) results and new results, consumer may use the information concerning CSR programs different during crisis compared to a stable situation. Since a crisis may be conflicting with the idea of a company that 'does good to people', as CSR is described, CSR communication messages are interpreted differently in times of crisis. An interesting factor to include in this discussion is skepticism. Since a crisis occurred in this study, a promotional CSR program description might seem to be a marketing stunt. Also, Pirsch et al. (2007) stated that institutional programs lead to lower consumer's skepticism.

Strikingly, no main effects were found on emotions, which also applies for the other independent variables. An explanation could be found in the research design and the scenarios. Since the respondents have a short period to get familiar with the company, which is already a challenge since the organization is fictive, emotions might not be as strong as in a real life setting. Studies concerning crises with existing organizations might result in different outcomes.

#### *Crisis type and crisis response strategy*

The interaction effects between crisis type and crisis response strategy are renewing insights in literature. Dutta and Pulling stated in 2011 that corporate response strategies are important in affecting consumers' brand-related post-crisis judgments. However, they find that the relative effectiveness of response strategies depends on the nature of the crisis. This study concludes the same outcomes concerning three dependent variables.

Whereas a rebuilding response strategy is more successful for perceived organizational benevolence during a performance-related crisis, a diminishing strategy is more appropriate during a values-related crisis. Thus, while involved in a values-related crisis, instead of choosing a rebuilding strategy, which is logic when guided by Coombs theory, organizations are better of diminishing the incident. The scenarios diminished the values-related crisis by claiming that they provided employment by standard wages rather than exploiting employees. Acknowledgement of their shortcomings worsens the situation concerning the ability of the organization. Explanations could be found while focusing on the ability to belief the organization. Since the values-related crisis occurs in Asia, consumers may believe the diminishing statement by the organization. However, when a crisis is more palpable and close, consumers do not settle with a diminishing statement by the organization.

The same interaction effects has significant outcomes for the amount of consumer's anger towards the organization. When organizations are in a performance-related crisis, consumers are more angry when the organization is diminishing the crisis. This is corresponding with the attribution theory and the SCCT by Coombs. However, consumers are more angry when organizations rebuild the crisis when concerning a values-related crisis. We could state that rebuilding strategies are appropriate for crisis with high responsibly

and attribution towards the organization during performance-related crises, which affect the consumers directly. When organizations are facing a values-related crisis, diminishing might have a more positive effect. The explanation in this interaction effect might be the same as for the effect on benevolence. Since this type of crisis is less black and white, more open for interpretation and further away from the consumer, a diminishing strategy leads to less anger. Since not every consumer knows the exact values and norms in Asia, consumers may be more willing to believe the organization when stating that their practices are not different from the standard conditions, and that the organization actually provides employment. That is why organizations should be extra alert considering their response during values-related crises.

The interaction effect of crisis type and response strategy on integrity is another kind of effect. The response strategy does not affect the perceived integrity of the organization strikingly. However, the response strategy does differ substantially while involved in a performance-related crisis. Since a performance related crisis is close to the consumer, and could harm the consumer directly, the crisis might be perceived more seriously and correct response is more required. Dholakia stated in 2001 that crises concerning functional benefit leads to more consumer information seeking than crises concerning symbolic and psychological benefits. "Thus, for a values-related crisis, consumers might accept any response that offers some explanation" (Dutta, Pullig, 2001, p. 1283).

## **5.2 Managerial implications**

Coombs emphasized in 1999 that organizations should be as prepared as possible to react properly to a crisis. Since the field of communication is a dynamic research field, especially considering the 24-hour communication flow in the online and global environment caused by the invention of internet and globalization, the statement by Coombs is still relevant nowadays. Communication executives are struggling to craft messages and maintain control of the flow of messages within this dynamic landscape (Young et al., 2012). The crisis communication research field is a fast growing body, with theories and recommendations for the most appropriate organizational response in times of crisis. This study attempts to provide practical indications which communicative response is most convenient as damage control.

Since the crisis response strategy partly influence consumer outcomes, informed responses are recommended. Although the more direct and behavior consumer responses, such as purchase intention and emotions are not strongly influenced by the reaction, a rebuilding reaction while facing a preventable crisis is stronger concerning the attitude towards the organization than a diminishing reaction. Although, organizations should consider their prior corporate social responsibility program while developing a response strategy, since this affects the amount of anger towards the organization. When organizations possess a strong-implemented CSR history, references could be effective. Those references could be made literally in crisis communication, but since skepticism is a moderating factor in other studies, subtle communication

is more appropriate. For example, a CSR-related video or post could be placed on social media to depart from crisis communication messages.

While facing a values-related crisis, a diminishing strategy is more suitable than a rebuilding strategy, however, while facing a performance-related crisis, a rebuilding strategy is more suitable. This statement reflects the flexibility, level of context interpretation and capability of cultivating an organization's reputation through information stakeholders receive online, as Bell (2010) was referring to. Crisis communication should be aware of this flexibility instead of prescribed crisis communication preparedness plans. By small sample interviews with consumers right after a specific crisis, proper crisis communication for specific situations could be more effective in controlling crisis damage.

Besides the prior CSR history, the type of crisis is crucial to take into consideration. When organizations are facing a values-related crisis, extra attention should be paid towards the perceived integrity of the organization. Since appointing prior CSR activities can positively support crisis communication, crisis managers could also appoint the positive characteristics concerning organizational integrity. When facing a performance-related crisis, extra attention towards the ability and purchase intention are serviceable.

Since this study has shown evidence that the amount of involvement with the matter increases the amount of anger towards the organization, communication managers could use this information in communication with stakeholders. For example, extra attention towards loyal consumer could be paid while investing in proper crisis communication. A personalized mail towards loyal or regular customers may be encountered as a pleasant addition to crisis communication.

### **5.3 Limitations and future research**

This study focusses on 6 dependent variables and 3 independent variables through experimental design. Consumer responses were measured after the respondents were exposed to a fictive scenario. This research experiment provides a number of enhancements while conducted on large scale. Since the scenarios are based on a fictive organization, measured results may be biased. Although a description about the organization is provided, put down as a market leader, respondents may have a hard time defining behavioral reactions such as purchase intention. Another point for improvement in this design is the lack of time between exposure to the scenario and the measurement of responses. In real life settings, consumers do not have to consider directly if they would buy the product of an organization whose crisis was just presented. It may bias the emotions for example, since the crisis was just announced towards the consumers. Future research might develop different pre-tests to analyze the combination of time frame and differences in consumer outcomes over time.

Although the field of crisis communication is a large and growing body of research, little attention is paid to more specific crisis situations. This study tried to achieve more distinction between some

characteristics of a crisis. Differences in corporate social responsibility program and crisis harm type have highlighted different outcomes for different scenarios. Results could encourage crisis communication researchers to look closer at crisis characteristics so scientific literature becomes an evidence-based guidance for decision making in a crisis times, as Rousseau (2006) suggested. Since CSR is acknowledged as an important aspect of organizational reputation and crisis communication, in-depth research into the effective deployment of CSR during crisis is recommended. For example, the usefulness of appointing CSR activities compared with consumer's skepticism towards the organization. Concerning crisis harm type, deepening into the distinction between product-related crises and values-related crises might provide renewing insights. Although this study concludes that a performance-related crisis is more damaging for aspects of consumer responses, long term effects after intervention by the organization might provide different outcomes. Is a performance-related crisis still as harmful after product recall or would a values-related crisis linger longer among consumers?

An important side note and simultaneously point for improvement is the fact that this study only discusses preventable crises. Future research focusing on specific situational crisis aspects could study accidental or victim crises. Outcomes might be quite different, since the organization is not as responsible for the crisis as during preventable crises. The use of corporate social responsibility might be more effective since there is less discrepancy between organizational behavior and corporate social responsibility programs.

#### **5.4 Conclusion**

Appropriate response communicated from the organization is an important tactic to reduce the damage of a crisis. Main effects were found for all dependent variables. Crisis response strategy influences benevolence and integrity, such that respondents exposed to a rebuilding strategy perceive organizations as more benevolent and integer compared to a diminishing strategy. Consumers have a higher ability and purchase intention after exposure to a performance-related crisis compared to a values-related crisis, however integrity is higher after a values-related crisis. CSR program influence perceived organizational ability and purchase intention in favor of a institutional program versus a promotional program.

Interaction effects between response strategy and crisis type were found. Whereas a rebuilding response strategy is more successful concerning organizational benevolence during a performance-related crisis, a diminishing strategy is more appropriate during a values-related crisis. Linking it to the scenarios of the study, it is more appropriate for an organization to apply a rebuilding strategy during a performance-related crisis, while during a values-related crisis, a diminishing strategy is less harmful. Another interaction effect is to be found concerning the amount of anger consumers perceive after a crisis. During a values related crisis, the anger is higher when the organization applies a rebuilding strategy. When organizations are in a performance-related crisis, consumers are more angry when the organization is diminishing the

crisis. A third interaction effect is the interaction between crisis response strategy and crisis harm type concerning integrity. When an organization is facing a values-related crisis, the reaction has less impact on the perceived integrity of the organization than when facing a performance-related crisis. In this case, a rebuilding strategy would be a more appropriate choice.

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## APPENDIX A

### Questionnaire

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Dear respondent,

For my master thesis I am performing a study concerning crisis communication. This study consists of the reading of an online article and a questionnaire. The minimum age to participate in this study is 18 years. In total, the questionnaire takes about 10 minutes.

In this study, your opinion is important. To develop a practicable study, it is important to provide honest answers. Participation is completely anonymous. All data are treated confidentially. If you want a chance to win the Bol.com voucher worth € 50, you can leave your email address at the end of the questionnaire.

Thank you for your participation!

Anne-Lotte Kraesgenberg,  
student Communication Studies at the University of Twente

I agree voluntarily to take part in this research. I have the right to end my participation at any time during this study. I agree with the terms and conditions – I do not agree with the terms and conditions and end my participation.

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What is your age?	18 - 99
What is your gender?	Male - Female
In which county do you live?	12 counties
How many times a week do you use shampoo?	Daily - 6 times per week – 5 times per week – 4 times per week – 3 times per week – 2 times per week – Once a week - Never
How involved are you with worker's conditions in Asia?	Not involved at all – Not involved – Neutral – Involved - Very involved
How involved are you with	Not involved at all – Not involved – Neutral – Involved - Very involved

#### **Exposure to an online article from NU.NL (8 scenarios)**

What was the reaction on the incident by HydroStar?	Apologize – 1 – 2 – 3 – 4- 5- Not apologize
What was the crisis about?	The incident involves products – 1 – 2 – 3 – 4- 5- The incident involves ethics and values
In which way is HydroStar involved in CSR?	HydroStar is involved with CSR for years – 1 – 2 – 3 – 4- 5- HydroStar is involved with CSR recently

#### **How do you feel towards HydroStar?**

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Anger	Completely disagree – Disagree – Neutral – Agree – Completely agree
Repulsion	Completely disagree – Disagree – Neutral – Agree – Completely agree
Annoyed	Completely disagree – Disagree – Neutral – Agree – Completely agree
Outraged	Completely disagree – Disagree – Neutral – Agree – Completely agree
<b>How do you feel towards HydroStar?</b>	
Sympathy	Completely disagree – Disagree – Neutral – Agree – Completely agree
Pity	Completely disagree – Disagree – Neutral – Agree – Completely agree
Compassion	Completely disagree – Disagree – Neutral – Agree – Completely agree
Empathy	Completely disagree – Disagree – Neutral – Agree – Completely agree
To what extent do you agree with the following statements?	
HydroStar is very capable of performing his job.	Completely disagree – Disagree – Neutral – Agree – Completely agree
HydroStar is known to be successful at the things he tries to do.	Completely disagree – Disagree – Neutral – Agree – Completely agree
HydroStar has much knowledge about the work that needs done.	Completely disagree – Disagree – Neutral – Agree – Completely agree
HydroStar has much knowledge about the work that needs done.	Completely disagree – Disagree – Neutral – Agree – Completely agree
HydroStar is well qualified	
<b>To what extent do you agree with the following statements?</b>	
My needs and desires are very important to HydroStar.	Completely disagree – Disagree – Neutral – Agree – Completely agree
HydroStar would not knowingly do anything to hurt me.	Completely disagree – Disagree – Neutral – Agree – Completely agree
HydroStar really looks out for what is important to me.	Completely disagree – Disagree – Neutral – Agree – Completely agree
HydroStar will go out of his way to help me.	Completely disagree – Disagree – Neutral – Agree – Completely agree
<b>To what extent do you agree with the following statements?</b>	

---

HydroStar has a strong sense of justice. Completely disagree – Disagree – Neutral - Agree - Completely agree

I never have to wonder whether HydroStar will stick to his word. Completely disagree – Disagree – Neutral - Agree - Completely agree

HydroStar] tries hard to be fair in dealing with others. Completely disagree – Disagree – Neutral - Agree - Completely agree

I like HydroStar's values. Completely disagree – Disagree – Neutral - Agree - Completely agree

**To what extent do you agree with the following statements?**

I will still consider HydroStar when I buy Shampoo Completely disagree – Disagree – Neutral - Agree - Completely agree

I will likely buy shampoo by HydroStar Completely disagree – Disagree – Neutral - Agree - Completely agree

---

Thank you for your participant. For your information, we would like to inform you that the online article you have read is fictional. The organization in question, Hydro Star, is fictional and does not sell shampoo in supermarkets.

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## APPENDIX B

Scenarios (Dutch article from NU.nl, content translated into English)

Scenario 1: Rebuilt strategy - values-related crisis - institutional CSR program



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HydroStar shampoo buit werknemers in Indonesië uit



**The shampoo producer HydroStar, one of the leading shampoo brands in the Netherlands appears to be involved in exploitation of workers in Indonesia. A Dutch documentary program Zembla revealed footage of employees working 14 hour shifts and receiving extremely low wages.**

During a press conference, HydroStar responded to the allegations. The CEO of the organization, Pieter-Jan Kralinger, indicates that Hydro Star is shocked by the documentary: "The images have shaken us up. We would like to apologize towards all employees, stakeholders and customers of Hydro Star. "The organization will immediately assess the situation in Indonesia and take measures to improve working conditions.

### **Revealing documentary**

The Zembla documentary paints a picture of deplorable conditions and starvation wages under Hydro Star-workers. In the documentary images of workers in the factories and their home situation are shown.

### **Corporate Social Responsibility**

Hydro Star is currently the market leader in the Dutch shampoo industry. The organization is from the start, more than 20 years, concerned with corporate social responsibility. All packaging are environmentally conscious, they support different aid agencies and they support small entrepreneurial projects in their production countries in Asia.

## Scenario 2: Rebuilt strategy - values-related crisis - promotional CSR program



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### Revealing documentary

The Zembla documentary paints a picture of deplorable conditions and starvation wages under Hydro Star-workers. In the documentary images of workers in the factories and their home situation are shown.

### Corporate Social Responsibility

Hydro Star is currently the market leader in the Dutch shampoo industry. The brand is also known for its successful action week last year, where they sell a special action shampoo and donate a percentage of sales to UNICEF. This year they will organize this action again.



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**Shampoo products by HydroStar, one of the leading shampoo brands in the Netherlands were found to contain carcinogens. The substance DEA (cocamide diethanolamide) leads to an increased risk of cancer.**

During a press conference, HydroStar responded to the allegations. The CEO of the organization, Pieter-Jan Kralinger indicates that Hydro Star is shocked by the assumptions. "We find it a very serious situation that our products contain excessive levels of DEA. We would like to apologize to our customers and we will take action immediately. "The current supply of HydroStar products will be replaced by products that do not contain DEA.

#### **Research on DEA**

Research by the Dutch Food and Consumer Product Safety Authority (NVWA) shows that the shampoos from Hydro Star contain a higher proportion than average DEA. This substance, a chemically modified form of coconut oil makes shampoo thicker and foamy. By regular exposure to DEA increases the risk of cancer.

#### **Corporate Social Responsibility**

Hydro Star is currently the market leader in the Dutch shampoo industry. The organization is from the start, more than 20 years, concerned with corporate social responsibility. All packaging are environmentally conscious, they support different aid agencies and they support small entrepreneurial projects in their production countries in Asia.

## Scenario 4: Rebuilt strategy - performance-related crisis - promotional CSR program



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### Research on DEA

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### Corporate Social Responsibility

Hydro Star is currently the market leader in the Dutch shampoo industry. The brand is also known for its successful action week last year, where they sell a special action shampoo and donate a percentage of sales to UNICEF. This year they will organize this action again.



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**The shampoo producer HydroStar, one of the leading shampoo brands in the Netherlands appears to be involved in exploitation of workers in Indonesia. A Dutch documentary program Zembla revealed footage of employees working 14 hour shifts and receiving extremely low wages.**

During a press conference, Hydro Star responded to the allegations. The CEO of the organization, Pieter-Jan Kralinger indicates that Hydro Star is shocked by the documentary "The documentary sketch a picture whereby Hydro Star as an exploiter of human rights emerges. Hydro Star gives thousands of people in Indonesia jobs with average conditions in Asia. This way, Hydro Star creates jobs in underprivileged countries. "

#### **Revealing documentary**

The Zembla documentary paints a picture of deplorable conditions and starvation wages under Hydro Star-workers. In the documentary images of workers in the factories and their home situation are shown.

#### **Corporate Social Responsibility**

Hydro Star is currently the market leader in the Dutch shampoo industry. The organization is from the start, more than 20 years, concerned with corporate social responsibility. All packaging are environmentally conscious, they support different aid agencies and they support small entrepreneurial projects in their production countries in Asia.



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**The shampoo producer HydroStar, one of the leading shampoo brands in the Netherlands appears to be involved in exploitation of workers in Indonesia. A Dutch documentary program Zembla revealed footage of employees working 14 hour shifts and receiving extremely low wages.**

During a press conference, HydroStar responded to the allegations. The CEO of the organization, Pieter-Jan Kralinger indicates that HydroStar is shocked by the assumptions: "The DEA substance only comes into contact with the scalp. The risk of cancer is therefore much smaller than suggested. In addition, all shampoos that you will find in the supermarket contain this substance. "

#### **Revealing documentary**

The Zembla documentary paints a picture of deplorable conditions and starvation wages under Hydro Star-workers. In the documentary images of workers in the factories and their home situation are shown.

#### **Corporate Social Responsibility**

Hydro Star is currently the market leader in the Dutch shampoo industry. The brand is also known for its successful action week last year, where they sell a special action shampoo and donate a percentage of sales to UNICEF. This year they will organize this action again.



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#### **Corporate Social Responsibility**

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## Scenario 8: Diminishing strategy - performance-related crisis – promotional CSR program



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### Research on DEA

Research by the Dutch Food and Consumer Product Safety Authority (NVWA) shows that the shampoos from Hydro Star contain a higher proportion than average DEA. This substance, a chemically modified form of coconut oil makes shampoo thicker and foamy. By regular exposure to DEA increases the risk of cancer.

### Corporate Social Responsibility

Hydro Star is currently the market leader in the Dutch shampoo industry. The brand is also known for its successful action week last year, where they sell a special action shampoo and donate a percentage of sales to UNICEF. This year they will organize this action again.