Impact of Electronic Word of Mouth on Brand Evaluation in Times of Negative Publicity: A Conceptual Framework

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Abstract

While Web 2.0 is emanating new forms of business strategies among marketers, it further empowers consumers to communicate, search information and voice criticisms by rating, reviewing, and/or recommending brands via electronic word of mouth (eWOM) with reduced physical and psychological cost. The negative publicity that stems from a product-harm crisis (PHC) significantly affects consumer buying decisions of the brand during post-crisis period. The preliminary extensive literature survey reveals that still there are empirical gaps in the information attribution perspective of PHC and the use of eWOM as a crisis response strategy. Accordingly, the objective of the present study was set as to propose a framework to examine the impact of eWOM on brand evaluation in times of negative publicity. A systematic review was undertaken using published empirical findings under the related study domains. The analysis revealed that negative brand evaluation may induce from negative eWOM and the availability of the firm’s web-based intervention strategy (proactive vs. reactive) in a platform (consumer-generated vs. brand-generated) would be an effective mechanism to mitigate this negative effect. Accordingly, it is suggested a framework together with prepositions for subsequent empirical testing and validation as content provision for the academia and a profitable strategy for crisis management decision-making. Since many of prior studies have used automated, industrial, and service products in western study settings, still there is a vacuum for making a synthesis using different product categories in eastern study settings in order to update the existing knowledge.

Keywords: Consumer Generated Content, Product-harm Crises, Situational Crisis Communication Theory, Web-based Intervention Strategy

1. Introduction

One of the most generally accepted and far reaching phenomenon in human psychology is the asymmetry between positive and negative or good and bad (Rozin & Royzman 2001). In buying related decisions, the ethicality of a firm’s behavior is an important consideration for a consumer in determining how much they are willing to pay for a brand. Based on the positive-negative asymmetry, Trudel & Cotte (2008) reveal that, at the given information about the social behaviors of a firm, consumers are willing to pay proportionately less for an unethically-produced brand confirming that the negative information (unethical product information) has a greater impact on consumer buying behaviour than the positive information (ethical product information). Consequently, an emergence of product-harm crisis (PHC) is more frequent occurrence in the market as an outcome of firms’ unethical production practices. Such a crisis is critical and significant in all aspects because it can result in serious damages and losses both to the affected firm and to their stakeholders (Siomkos et al. 2010). However, Vassilikopoulou et al. (2011) point out that all types of PHCs are not human-induced and there may cause natural disasters as well.

At present, the technology has facilitated its users with different forms of online platforms to exchange their ideas, experiences or thoughts on any topic with a multitude of other users at any given period of time (Van Noort & Willemsen 2011). As a result, instead of expressing the ideas via traditional and oral one-to-one communication, now they publicly share through social network sites, brand communities, review sites and blogs which provide the users with massive amount of information and a medium for social interaction (Widing &
As the CGC and eWOM have become important and essential in consumer decision-making, marketers are also paying attention to 3Rs through social media such as Facebook, Twitter, and so on to assist in building social commerce and to improve the effectiveness of their online business strategies; viral marketing, social media marketing, etc (Barton 2006). Creating and sharing CGC have long been used by e-tailers such as Amazon, eBay and so on, but now this practice is rapidly spreading among retailers as well. Further, the firms have also started to monitor and intervene through online especially in situations of negative 3Rs for their brands (Fournier & Avery 2011; Shankar & Malthouse 2007). This online intervention could be either a reaction to a specific request from a consumer to respond to his/her negative eWOM (Reactive Intervention) or posted proactively without a request from the complainant to respond (Proactive Intervention). As a result, whether the intervention is reactive or proactive, it is believed to provide an effective means for a firm to mitigate the effect of negative eWOM (Van Noort & Willemsen 2011). This nature of intervention helps preventing unnecessary harassments by other consumers who exposed to such negative eWOM, and thereby can increase consumer loyalty, satisfaction and positive eWOM (Van Noort & Willemsen 2011; Hong & Lee 2005). With the use of web-based complaint handling mechanism, Van Noort & Willemsen (2011) conclude in their study that when there is a firm’s web-care intervention for negative eWOM, consumers tend to evaluate the affected brand more favorably. Spreading negative publicity about a brand is detrimental to the affected firm during a PHC and consumers may have asymmetric information when they are attributing the crisis responsibility (whether the firm was culpable or not) as well. Hence, the affect firm needs to search strategies to counter this negative eWOM effect (Berry et al. 2010; Fournier & Avery 2011; Hennig-Thurau et al. 2010; Lee & Song 2010) and get back their customers. According to the Situational Crisis Communication Theory, the affected firm which belongs to any type of crisis cluster; victim, accidental or preventable (Claeys et al. 2010) can use the aforementioned online intervention strategy to prevent from the spillover effect of the negative publicity and restore their reputation.

The reviewed literature shows that most of the studies that have been carried out under the PHC study domain were there to discuss the effect of consumer responsibility attribution evaluation with regard to locus, stability and controllability antecedents of a crisis in determining their subsequent buying intentions and behaviours of the brand. Also, an adequate number of studies were there from the firm’s point of view to discuss about crisis response strategies; denial, involuntary recall, voluntary recall and supper-efforts. However, the effect of eWOM on crises related study direction has only been used by Van Noort & Willemsen (2011) in the recent past and those authors have investigated the effective use of eWOM by firms as a web care intervention strategy in handling online consumer complaints. Hence, the present study identified that there should need a series of systematic inquiries into the crises study domain in a timely manner to discuss eWOM effects with the use of different product categories under the aforementioned three types of crisis clusters as the eWOM makes significant contribution and facilitation for the modern consumer in order to make effective buying related decisions.

Accordingly, the study objective was set from that direction and it intends to propose a conceptual framework to investigate at the asymmetry of the eWOM condition and availability of the firm’s web-based interventions, how consumers evaluate the affected brand at the negative publicity which is emanated from a PHC. Along with this identified framework, the main study proposition is set as “when a consumer exposes to a negative publicity in the form of CGC for a particular brand with the presence of a firm’s web intervention in a marketer/brand generated platform (like Amazon.com) or a consumer generated platform (like Facebook.com), then the firm’s web intervention helps him or her to counter the negative effect of the message content and make positive evaluations of the affected brand”. The proposed framework and the said proposition are subject to be tested and validated by a consumer survey for a selected agricultural product category through a future empirical study. Moreover, selection of an agricultural product is a significant in today’s context as the frequency of occurring
PHCs are high and common in agricultural product category in the consumer market.

2. Literature Review

At present, the crises are more frequent occurrences in all types of organizations whether profit oriented or non-profit. A crisis makes detrimental effects to the affected firm in terms of financial, operational, and/or reputational. Particularly it is considered to be a threat to a firm’s reputation as a crisis can damage the reputation and such changes can affect how stakeholders interact with the affected firm (Coombs, 2007). Shrivastava & Mitroff (1987) define a crisis as “a simultaneous interaction of failures that are happening inside organizations and in their environments”. According to Penrose (2000), a crisis occurs “when an event increases in intensity, falls under close scrutiny of the mass media or government, interferes with normal business operations, devalues a positive public image, and has an adverse effect on a business’s bottom line”. In addition, Shrivastava et al. (1998) point out that the policy failures, inadequacy of resource allocations for safety, strategic pressures that allow managers to overlook hazardous practices and conditions, communication failures, misperceptions of the extent and nature of hazards, inadequacy of emergency plans, and cost minimization decisions which curtail safety may also cause crises in firms. According to Situational Crisis Communication Theory (SCCT), crises can be divided into three clusters (Claeys et al. 2010; Coombs 2007; Coombs & Holladay 2002). Those are; (1) victim cluster is defined as crises with weak attributions of firm’s responsibility, for example, natural disasters, rumor, workplace violence, and product malevolence, (2) accidental cluster involves crises in which a certain, but low level of responsibility are attributed to the firm, for example, challenges, technical error related accidents and technical error related product harms, (3) preventable cluster includes crises for which the firm is perceived as being responsible, for example, human error related accidents, human error related product harms, and organizational misconduct.

Among different types of crises, PHC is an occasional and widely publicized about a product defect or harmful event to consumers. The empirical studies that are motivated under the PHC management domain have been emerging since 1990’s. Siomkos & Kurzbard (1994) and Dawar & Pillutla (2000) defined PHC as “a well publicized occurrence wherein products are found to be defective or dangerous to the consumers”. According to those authors, PHC brings serious impacts to consumers and firms because such events create negative consequences such as blacklisting products, changing consumer attitude towards the brand, declining in repurchase intentions, generating negative publicity for firm’s brands and so on. Dawar & Pillutla (2000) highlight that the situations such as the increasing complexity of products, introducing more rigid product safety legislations and increasing willingness of firms to undertake voluntary product recalls can make PHC as a more frequent occurrence in the consumer market. Based on these empirical developments, the scholars motivated to inquire into this area of study under four main aspects; (1) classification of the crisis, (2) the cause of the crisis, (3) the impact of the crisis on consumer behavior, and (4) crisis coping strategies.

The salient point in definitions of different type of crises is that, a crisis is not an event rather it results from an event. An increasing evidences with regard to crises in an organizational context, whether it is man-made or an act of God, has defined and the predictable characteristics are often related to problems in communicating it to the public. Hence, crisis management needs evidence-based crisis communication guidance (Shrivastava & Mitroff 1987). According to Claeys et al. (2010), SCCT provides a framework for understanding how to maximize the reputation protection that would be gained by post-crisis communication. Coombs (2007) point out that SCCT identifies key features of the crisis situation which influence attributions about the crisis and the reputations held by stakeholders. Further to the said author, SCCT helps understanding how stakeholders will respond to the crisis during the post-crisis communication.

According to the Attribution Theory, people search for the causes of events (make attributions), especially those that are negative and unexpected (Weiner 1985). A person attributes responsibility for an event and will experience an emotional reaction to that event. Anger and sympathy are the main emotions. This responsibility attribution and emotions can serve as motivations for actions. Accordingly, negative behavioral responses are emerged when a person is judged as responsible and then anger is evoked. On the other hand, positive behavioral responses are emerged when a person is judged as not to be responsible and then sympathy is evoked (Weiner 1985). Since crisis is a negative event, stakeholders often assess crisis responsibility. The stakeholder attributions of crisis responsibility have affective and behavioral consequences for the affected firm (Coombs 2007). If the firm is deemed to be responsible, then the reputation suffers and stakeholders become angry. In turn, stakeholders depart from the firm and/or create negative WOM. The firms have a vested interest in preventing either of these two negative outcomes. The SCCT extend upon this Attribution Theory to predict the reputational
threat presented with a crisis and to prescribe crisis response strategies which are designed to protect reputational assets.

3. Methodology
In order to achieve the study objective of identifying a conceptual framework to investigate the effect of eWOM on brand evaluation in times of negative publicity, a comprehensive literature review was carried out and it was mainly based on academic journals under the marketing study domain. Hence, the scholarly published journal articles were chosen from online databases such as Web of Science, Science Direct, and Emerald. According to Chan & Ngai (2011) and Vaaland et al. (2008), a systematic review approach and content analysis are strongly recommended for writing concept or review papers. Hence, a systematic searching approach was followed using keywords of “electronic word of mouth”, “eWOM”, Online Reviews”, “Consumer Generated Content”, ‘User Generated Content”, “Product-harm Crisis”, “Negative Publicity” and “Crisis”. Finally, a content analysis was performed to identify the theoretical concepts and supported empirical findings in achieving the study objective.

4. Conceptual Framework and Research Prepositions
A crisis creates a need for information for the stakeholders. The uncertainty of a crisis produces stress for them. Furthermore, they want to know what is being done to protect them from similar crises in the future. That means, when corrective actions are being taken then such actions reassure them that they are safe, thereby reduce their psychological stress (Sellnow et al. 1998). When a firm is communicating with their stakeholders at the times of a crisis, it would be irresponsible to begin with the firm’s reputation. To be ethical, the crisis managers must put forward their communication efforts to address the physical and psychological concerns of the victims. The SCCT provides guidance when crisis managers have met their initial obligations and are prepared to address reputational assets. Following the Attribution Theory and SCCT, the conceptual framework was proposed (Figure 1) while modifying the model which was originally proposed by Van Noort and Willemsen (2011).

4.1 Negative Publicity, eWOM Platform and Brand Evaluation
A reputation is an aggregate evaluation that stakeholders make about how well a firm is meeting their expectations based on its past behaviors (Wartick 1992) and it develops through the information that stakeholders receive about the performance of the firm’s products (Coombs 2007). Crisis management highlights the value of reputations. One form of this concern is the notion of Reputational Capital (RC). RC is a firm’s stock of perceptual and social assets; i.e. the quality of the relationship it has established with stakeholders and the regard in which the firm and the brands it’s held (Fombrun & Gardberg 2000). Firms accumulate reputational capital over time. A crisis will cause for some reputational damage and then the reputational capital would be lost. However, a favorable prior (pre-crisis) reputation is a shield against the reputational capital which would be lost during a crisis.

![Figure 1. Conceptual Framework](image-url)
consumers’ satisfaction, purchase intention, brand evaluation of the affected firm as well as its brand equity. According to Stammerjohan et al. (2005) and Dahlén & Lange (2006), consumer attitudes toward the brand can be interactively determined by the negative publicity, advertising, and existing brand attitude. Further, Dahlén & Lange (2006) add that negative publicity which is concerned with one brand may spill over to others. Since reputations are evaluative, stakeholders compare what they know about the firm to some standard to determine whether the firm meets their expectations and how they should behave. A failure to meet such expectations is a failure of a firm (Reichart 2003). With regard to response strategies for dealing with crises and related publicity, Coombs (1995) listed five alternative strategies available to handle crisis situations; denial, distance, ingratiating, mortification, and suffering. Marketing researchers reveal a growing concern about consumer reactions to negative publicity and the efficacy of various coping strategies. Dawar & Pillutla (2000) suggest that firm’s responses to crises can fall into a continuum anchored by unambiguous support and unambiguous stonewalling. Beyond the direct harmful impact of the publicity, the positive prior expectations held by consumers can weaken the negative effect of an inappropriate coping response on brand equity (Dawar & Pillutla 2000). Prior research findings reveal that there are varying perceptions about firms which have experienced crises based on their reputations, both human and corporate. Based on SCCT, Coombs (1995) suggests that the information about past crises can shape perceptions of the current crisis and may cause reputational threat presented by the current crisis. Hence, there should need a guide for optimal communication responses in order to protect the firm’s reputation and their brands. As a result, there is a direct and negative relationship between crisis history and the firm’s reputation. In other words, if a firm has one crisis, the next one that occurs with a similar theme will be more negatively perceived than the first by the stakeholders.

During the crisis and post-crisis period, the affected firms can evade the negative publicity and regain a favorable brand reputation by investing in socially responsible activities (Klein & Dawar 2004), adopting new brand positioning strategies (Roehm & Tybout 2006) or communication strategies. Stakeholders receive information through interactions with the firm, from reports about the firm (including mass media and advertising) and second-hand information from other people such as WOM and eWOM. Amongst, most of the information which is derived from mass media (Carroll & McCombs 2003) and eWOM information from social media such as weblogs or blogs, is critical for some crises. With the patronage of the Internet, not only new forms of business strategies were established by the marketers, but also it empowers consumers with the 3Rs on products or brands via computer-mediated environments. Consumer complaint handling has also changed from a private phenomenon into a public phenomenon (Ward & Ostrom 2006). According to Hong & Lee (2005), previously the complaints were expressed in one-to-one communication which gave marketers some level of control in terms of recovery strategies. But at present, as complaints are diffused over the Internet and prompt many other consumers than just the complainant to spread negative eWOM (Ward & Ostrom 2006). Hence, negative eWOM, as a trigger event, may negatively affect especially the potential customers. The negative eWOM requires detection and intervention to control its negativity and potential damage (Van Noort & Willemsen 2011). Though negative eWOM is a persuasive source of consumer information with a force of unprecedented speed and reach, it is difficult to control. Then, in order to fit in, firms have to turn down their control and participate in conversations about their brands (Fournier & Avery 2011).

As an intervention strategy, an apologetic response in times of a negative publicity is more beneficial to the affected firm. Accordingly, the three key apologetic responses that are available for firms; affective repair efforts (apology, remorse, compassion), functional repair efforts (financial compensation, managerial steps to avoid recurrence), and informational repair efforts (the communication of updated information) (Lyon & Cameron 2004; Dawar & Pillutla 2000) could be easily handled via eWOM. When firms monitor the negative eWOM, they are also in a position to take remedial action by means of web intervention. Although web-based intervention strategy which is in the form of proactive or reactive, is gaining in popularity as a brand communication tool, the concept has not been defined so far. Van Noort & Willemsen (2011) define web-based intervention (they called it as a web-care) as “an act of engaging in online interactions with consumers in order to address consumer questions, concerns, complaints, etc.” According to those authors, web-based intervention is done by a single person or a group of representatives (i.e. web-care team) of the firm and serves as a tool in support of customer relationship, reputation and brand management. The aim of this intervention is to restore or improve the brand evaluations and/or of those who have been exposed to the negative eWOM of the firm or its brands. Although the research on the effects of web care or web-based intervention strategy is still in its early stage, some empirical evidences suggest that web-care can engender positive responses in consumers after encountering negative eWOM (Lee & Song 2010; Van Noort & Willemsen 2011). The findings of Van Noort & Willemsen (2011) reveal that an accommodative response to negative eWOM has a more favorable effect on how individuals evaluate the affected brand than no response at all. In a similar vein, any form of
accommodative response (i.e., apology or financial compensation) to negative eWOM evokes positive cognitive responses in consumers. Accordingly, a sub-preposition was established in the present study as;

**Preposition One:** At the asymmetry of CGC in times of negative publicity, the availability of firm’s web intervention stimulates positive brand evaluations among online opinion seekers.

4.2 Mediating Role of Platform Type

As a precondition for dialogical communication, firms need to monitor the type of online platforms where their brands are likely to be discussed. Various services are enabled for firms to do this monitoring and making online conversation about brands across such different online platforms (e.g., social media blogs). This is important, because negative eWOM takes place not only in branded platforms such as brand sponsored message boards and brand-generated blogs (Van Noort & Willemsen 2011; Chiou & Cheng 2003), but also in consumer-generated platforms such as review sites, consumer blogs, social network sites, micro blogs, (anti) brand communities and so on (Van Noort & Willemsen 2011; Van Laer & De Ruyter 2010). However, Van Noort & Willemsen (2011) found that the ‘interaction effect’ between web-care strategy and the platform type make a significant effect though the main effect of web-care conditions (reactive vs. proactive) shows no significance difference in evaluating the brand. Accordingly, another sub-preposition was established as;

**Preposition Two:** At the asymmetry of CGC in times of negative publicity, the effect of web intervention on brand evaluations is moderated by platform type, such that; (a) the reactive web intervention engenders positive brand evaluations, irrespective of the platform, (b) the proactive web intervention engenders more positive brand evaluations in a brand-generated than in a consumer-generated platform.

5. Discussion and Conclusion

A crisis creates a negative effect for a firm. To change perceptions of the firm in a crisis situation, managers should present updated and positive information about the firm and/or remind stakeholders of past good functional performances, thereby try to offset the negative effects of the crisis. The literature reveals that situational crisis communication strategies were considered as the main avenue for regaining the firm’s reputation (Dahlén & Lange 2006) and have proved as an effective mechanism especially at the PHCs for retaining their stakeholders. Because at the PHC, it is obvious that negative publicity may spill over to the other brands and/or other firms in the industry (Dawar & Pillutla 2000). Hence, any remedial action or strategy that is adopted by the affected firm may be an example or industry practice in similar future events. Further, such strategies may be improved the firm’s reputation by offering material and/or symbolic forms of aid to the victims. Following the findings of Van Noort & Willemsen (2011), the proposed conceptual framework of the present study suggests that the opinion seeking consumers through eWOM would be facilitated for their purchase intentions towards the affected brand when there is an intervention by the firm in the form of proactive or reactive than no intervention strategy. Moreover, it proposes that the web platform type would moderate the relationship between the firm’s web-based intervention strategy and the brand evaluation.

The main objective of this study was to propose a conceptual framework through an analysis of the literature available in the sub fields of crisis management and eWOM communication under the marketing study domain. Hence, it synthesizes both human behaviour and firm’s behaviour at special type of situations called crises. The crisis managers in firms may adopt strategic decisions to benefit stakeholders and thereby take positive actions to offset the detrimental effects of the crisis. In the recent past, the online media have created changes drastically in daily lifestyles and it empowers consumers to share their experiences with brands among a broad audience of fellow consumers as eWOM in different types of web-based platforms. Based on this relative significance that is demonstrated in online media today, it is deemed to be important in shaping consumer responses to firm’s communications as well. Hence, the present study established an interaction effect between CGC and firm’s intervention strategy in online platforms using marketing literature. The managerial implication of this framework is that, the context in which negative CGC is posted and it should be taken into consideration when deciding upon a strategy for when to intervene in response to that negative eWOM. Because such negative eWOM pose a severe threat for firms and one such negative posting by a single consumer can negatively affect the brand evaluations of many other consumers especially in the time of PHCs where the negative publicity is spreading with wings. While reviewing the prior studies, it was found that the majority has used automated, industrial and service products for their inferences and has based on western study settings. Hence, as a future research direction, repeating the similar studies covering all categories of products both in western and eastern
study settings adequately would be beneficial for the business community to adopt more generalized finding as their business strategy.

Finally, it is intended that the relationships in the proposed conceptual framework along with the prepositions are to be proceeded with an empirical testing and validation using an agricultural product as an extension the present study to examine how a firm’s web-based intervention strategy would facilitate the consumers who have ambiguity in responsibility attribution for their brand evaluation decisions and repurchase intentions after exposing to negative eWOM.

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