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Impact of Brand Crises on Brand Image in the age of Corporate Social Responsibility

1 Introduction

During the last two decades corporate social responsibility (CSR) has been increasingly recognised as an effective tool to create positive impact on business reputation and brand image (J. Park, Lee, & Kim, 2014; Torres, Bijmolt, Tribó, & Verhoef, 2012). Organisations now feel the pressure to anticipate with CSR as it is being widely used with regards to competitive advantages (Calabrese, Costa, Menichini, Rosati, & Sanfelice, 2013; Gallardo-Vázquez & Sanchez-Hernandez, 2014; Shuili, Bhattacharya, & Sen, 2010). A number of studies and researches have been conducted in this field. Researchers found that there is a positive impact of CSR on brand image (Popoli, 2011) and CSR can even be used to improve the image (Falk & He, 2012; Gupta & Pirsch, 2008). Moreover, Customers are more likely to build a positive perception about a brand with CSR and develop a strong memory about it among its competitors (Falk & He, 2012).

Brand image is a very important component of the overall brand equity (Keller, 1993). In the incident of a crisis; brand image is highly sensitive to be negatively affected (Dawar & Lei, 2009; Roehm & Tybout, 2006). Managers seek different ways to regain brand equity after crisis. Numerous studies have been conducted on brand crises and their impact on brand reputation, brand image, and overall brand equity. Researchers also investigated the impact of certain tools on brand reputation in the context of a crisis. Such as Van Norel et al. (2014) who studied the impact of positive celebrity tweets on damaged reputation. Yet, the role of CSR in the crisis situation is still an under researched area (Dutta & Pullig, 2011; Janssen, Sen, & Bhattacharya, 2015).

Janssen, Sen, & Bhattacharya (2015), highlighted the critical importance for further investigations to cover this gap. Their proposal put forth three assumptions about the role of CSR in crises context. Firstly, CSR would increase the attention to the crisis based on the level of the organisation's involvement with CSR, as some organisations have positioned their businesses completely into CSR (such as Innocent and Whole Food Market) others decided to partly involve the business with CSR (such as Google and BMW). Second, CSR affects stakeholder's attribution to the crisis. This refers to the reaction of the stakeholders to the crisis, and their level of "blame" towards the company. The assumption they provided here is that the attribution would depend on the organisation's motive for considering CSR. Third, CSR raises stakeholder's expectations of the way an organisation might respond to the crisis. For example, an organisation with an ethical image is expected to react more ethically than any other.

These assumptions clearly indicate the need for researchers to study this area further. Hence, the intended research will put Janssen, Sen & Bhattacharya (2015) proposal into practice by investigating: 1) The different categories of CSR and their impact on Brand Image, 2) The different categories of Brand Crisis and their impact on Brand Image, and 3) The differences in the customer's perception of a brand that has been performing CSR - before and after a crisis. The findings are expected to indicate the role of CSR in protecting brand image in the event of a crisis.

This proposed research aims to do that not only to fill in a knowledge gap in the literature, but also to provide valuable outcomes which would allow crisis managers to evaluate the use of CSR in the repair of damaged brand image and brand equity.

2 Literature review

2.1 Brand image and Brand benefits

Brand image is a very important component of the overall brand equity (Keller, 1993). It is defined as "*perceptions about a brand as reflected by the brand associations held in consumer memory*" (Keller 1993 P: 3). Brand associations are the sum of information about a brand which contain the meaning of that brand for consumers. They are highly attached to the values perceived from the products or the service, those values are referred to as "brand benefits" (Keller, 1993). Brand benefits are divided into three categories based on the motivation of customers to purchase the product or the service: functional benefits, experiential benefits, and symbolic benefits (Keller, 1993; C. W. Park, Jaworski, & MacInnis, 1986):

- **Functional benefits:** are the fundamental benefits linked to the product-related attributes for example the low petrol consumption of a car. This type of benefits satisfies the customers' basic needs such as physiological and safety needs.
- **Experiential benefits:** refer to what it actually feels to use the product or the service, those benefits same as the functional benefits are corresponding to the product-related attributes and satisfy the customer spiritual needs. Such as Feelings; what does it feel to use the product/service? Learning, Enjoyments etc. (Orth, McDaniel, Shellhammer, & Lopetcharat, 2004).
- **Symbolic benefits:** are corresponding with non-product-related attributes. This type of benefits satisfy customers' self-esteem and underlying needs of social-approval, like prestige, exclusivity, or fashion-ability of a brand (Solomon, 1983).

2.2 Brand crises: impact on brand benefits

In the incident of brand crisis; brand image is highly sensitive to be negatively affected (Dawar & Lei, 2009; Dutta & Pullig, 2011; Klein & Dawar, 2004; Roehm & Tybout, 2006). Managers seek different ways to regain brand equity after crisis. Numerous studies have been conducted on brand crises and their effect on brand reputation, brand image, and brand equity. Some studies examined the use of certain tools to regain brand reputation and brand image after brand crises. For instance, the use of celebrity tweets to regain brand image (Van Norel et al., 2014). Other studies found that the response should be based on the actual type of the crisis (Dutta & Pullig, 2011) and two broad types of crises have been identified (Dawar & Pillutla, 2000; Dawar & Lei, 2009; Dutta & Pullig, 2011; Pullig, Netemeyer, & Biswas, 2006):

- 3 **Performance-related crises:** are crises that directly involve the product or the service, such as product faulty.
- 4 **Values-related crises:** are crises involve ethical and social issues that surround the values of the product or the service.

There is evidence to suggest that Performance-related Crises reduce the ability of a brand to produce functional and experiential benefits (Dawar & Pillutla, 2000; Dawar & Lei, 2009; Dutta & Pullig, 2011; Klein & Dawar, 2004) and Values-related Crises reduce the ability of a brand to deliver Symbolic benefits (Dawar & Lei, 2009; Dutta & Pullig, 2011).

4.1 CSR impact on brand benefits

In contrast to the negativity of crises, CSR categories stimulate the ability of a brand to produce benefits. He and Lai (2014) studied the impact of CSR categories on brand equity, and found that CSR categories positively affect brand benefits. They tested the Legal & ethical categories

of CSR and found that Legal CSR has a higher positive impact on Functional and Experiential benefits than Ethical CSR, and Ethical CSR has a higher effect on Symbolic benefits than Legal CSR (He & Lai, 2014).

This intended research will study whether CSR would help brands to protect their brand image in the event of a crisis. Through investigating:

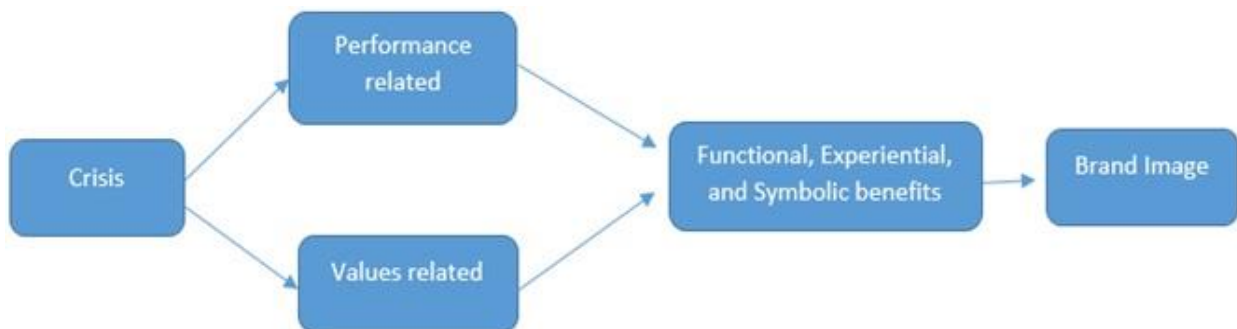
1. The different categories of CSR and their impact on Brand Image.
2. The different categories of Brand Crisis and their impact on Brand Image
3. The differences in the customer's perception of a brand that has been performing CSR - before and after a crisis.

In order to achieve this, the intended research has been structured in two sequential studies based on the existing literature:

4.2 Study 1

Study (1) will investigate the impact of each crisis types (performance related & Values related) on brand image through brand benefits (Functional, Experiential, and Symbolic) without the presence of any CSR activity, based on the framework that can be developed from Dutta and Pullig (2011) figure (1):

Figure (1): Study 1 model. *Source: Developed from Dutta and Pulling (2011)*

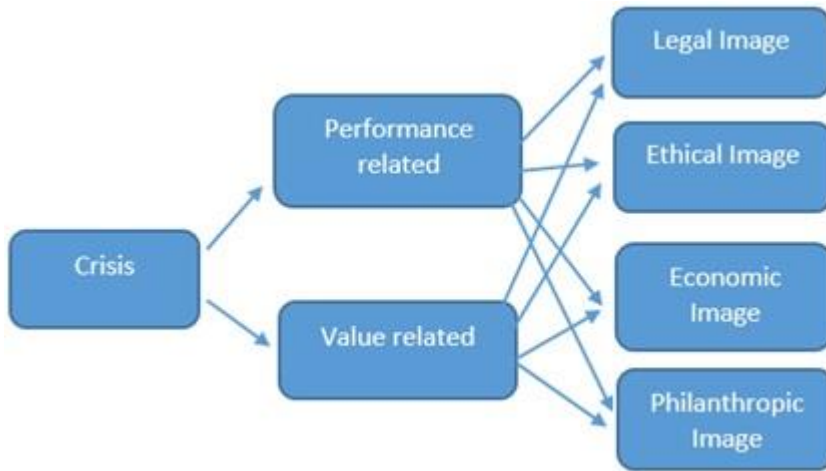


Dutta and Pullig (2011) established from previous studies (Dawar & Pillutla, 2000; Pullig et al., 2006; Roehm & Tybout, 2006) that crises reduce the ability of a brand to deliver benefits, while performance-related crises affect the functional & experiential benefits, values-related crises affect the symbolic benefits. However, the researcher needs to take this model for further investigations in order to collecting measurable data that can be translated mathematically to understand the level of damage that each crisis type can cause to the brand image, without the presence of CSR.

4.3 Study 2

Study 2 will reveal the strong record of CSR activities carried out by the same brand before the crisis. The aim of this study is to provide an indication of the level of damage that each crisis type can cause to a brand image with CSR (Ethical Image, Legal Image, Economic Image, and Philanthropic Image) Figure (2):

Figure (2): Study 2 model.



From fig.2 the hypotheses of the research which have been developed from the literature can be concluded as:

H1: The presence of ethical CSR will diminish the negativity of a performance-related crisis on brand image.

H2: The presence of ethical CSR will amplify the negativity of a values-related crisis on brand image.

H3: The presence of legal CSR will make no difference to the negativity of a performance-related crisis on brand image.

H4: The presence of legal CSR will make no difference to the negativity of a values-related crisis on brand image.

H5: The presence of economic CSR will make no difference to the negativity of a performance-related crisis on the brand image.

H6: The presence of economic CSR will diminish the negativity of a values-related crisis on brand image.

H7: The presence of philanthropic CSR will diminish the negativity of a performance-related crisis on brand image.

H8: The presence of philanthropic CSR will amplify the negativity of a values-related crisis on brand image.

5 Methodology

5.1 Philosophical stance

In investigating CSR, Crises, and Brand Image, objective and subjective methodologies have been used. For example the work of Pérez & Rodríguez del Bosque (2014), Dutta & Pullig (2011), Klein & Dawar (2004), Sen & Bhattacharya (2001) adopted an objective methodology. Whilst a subjective methodology has been adopted by Bhattacharya & Sen (2004), and Combined methodologies “Mixed methods” by He & Lai (2014). The choice of the adopted methodology has been taken based on the nature of the research and researchers’ views of the social world.

The epistemological stance of the proposed research fits into the positivist paradigm and logically follows ontological objectivism (Crotty, 1998). Looking into the nature of the proposed research, the researcher is concerned with facts that are directly related to external phenomenon, and can be easily quantified and confirmed by mathematical measurements and interpreted to scientific laws (Easterby-Smith, 2012). As the main aim of the research is to explain causal relationships between variables; whether there's a positive or negative relationship between CSR and brand crises through examining the change in the brand image, this explanatory research can best acquire an indication of that change by gathering mathematical measurements and statistics across data that can be read and compared. This view contributes to the theoretical deductive approach (Bryman, 2012; Saunders, 2012). A set of hypotheses has been identified, and going to be tested in a value-free way (Saunders, 2012). The results will either confirm the hypotheses and the theory, or reject them so the theory can be modified or considered as "false" (Saunders, 2012).

5.2 Methods

The choice of the appropriate methods depends mainly on the research paradigm, and its ontological, epistemological and methodological assumptions (Bryman, 2012). The Positivism paradigm is associated with quantitative methodology (Bryman, 2012; Easterby-Smith, 2012; Saunders, 2012). Therefore, the proposed research will follow a quantitative methodological approach proceeded from the ontological objectivism and epistemological positivism of the study.

The quantitative strategy which is expected to best serve the purpose of the research is Experimental design. Experiments are very strong regarding internal validity, they can best be chosen to investigate causal relations (Saunders, 2012). The use of experimental strategy is common when studying CSR and/or Brand Crises. The work of Klein and Dawar (2004) is the best example, they used experimental strategy in their study of "Corporate social responsibility and consumer's attribution and brand evaluations in a product-harm crisis" which is very similar and related to the essence of the proposed research. Also, the work of Dutta & Pullig (2011), Sen, Bhattacharya, & Korschun (2006), Sen, & Bhattacharya (2001) and others.

The experiment is expected to be conducted in a quasi-experiment form through the two sequential studies (study 1 & study2) on the fashion industry in the UK. The reasons behind choosing this particular industry are:

- Fashion industry involves all gender differences (Men's Fashion & Women's Fashion), and all age groups. This means that the fashion customers represent a wide variety of the population, which would give the research the ability to select sufficient sized samples, and have more control to ensure the validity of the data collected.
- Fashion brands not only fulfil a pure functional benefit (the basic need for buying clothes, for instance, the need for a heavy clothes in winter) but also fulfil other social aspects, such as self-expression, societal actualisation, appearance, etc. Therefore the fashion industry has all the links with brand benefits (Functional, Experiential, and Symbolic) and it is therefore a very appropriate field to this research into "brand image".

For study 1, the researcher expects the use of questionnaire to collect the data around a fictional brand, which will guide the design of the next phase of the experiment (Study 2).

For Study 2, each category of CSR is expected to act differently towards each crisis type. Therefore, the researcher needs to have measurable data to distinguish between the differences,

and to be used later in the experiment. Similar to study 1, the best technique of data collection that can assist to provide a strongly controlled data is questionnaire. However, due to the large number of variables 2 X 4 (Performance related & Values related crises X Ethical, Legal, Economic, & Philanthropic), the researcher believes the best way to carry out the study is by using two versions of the questionnaire: one type will reveal Legal and Ethical CSR activities, and the other one will reveal Economic and Philanthropic CSR activities.

Then, the measurements of study 2 will be compared to the measurements of study 1, and the results are expected to test the hypotheses.

The experiment results are expected to indicate whether each type of Crisis has a higher/lower/or same impact on brand image with the presence of each CSR category. For instance, the experiment will reveal whether values related crisis has a higher impact than performance related crisis with the presence of Ethical CSR.

The researcher believes the best technique to follow in sampling is a non-probability technique, because the population from which the experiment will deduct the samples is quite large. Everyone shops for clothes, and so it's very difficult to determine the sample size and frame of this study, besides that non probability sampling technique is very quick to set, and can assist to provide efficient process of data collection (Saunders, 2012). However, based on relevant studies in the same area (Creyer, 1997; Dutta & Pullig, 2011; He & Lai, 2014; Klein & Dawar, 2004; Sen et al., 2006), and with regards to the nature and size of each study of this research, the researcher expects to have a sample size of 100 for study 1, and 200 for study 2. Samples can be easily reached online. Bristol Online Survey (BOS) is expected to be used in the data collection. For the data analyses, the researcher expects the use of SPSS software

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