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경영학 석사 학위논문

Negative Halo Effects of  
Preventable & Accidental  
Corporate Ability Crisis on Other  
Products of the Company:  
Moderating Effects of Product Fit  
and Corporate Associations

기업 역량 위기가 기업의 다른 제품에 미치는  
후광효과  
- 제품 일치성과 기업 연상의 조절효과를  
중심으로 -

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김동국

# Negative Halo Effects of Preventable & Accidental Corporate Ability Crisis on Other Products of the Company: Moderating Effects of Product Fit and Corporate Associations

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# Abstract

**Keyword :** Accidental CA crisis, preventable CA crisis, corporate associations, product fit, halo effects, CSR

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This paper examines the negative halo effects of preventable corporate ability (CA) crises and accidental corporate ability crises on the company's other products with using two moderators, which are product fit and corporate associations (CA/CSR). Since the moderating effects of product fit in the relationship between accidental/preventable crises on other products are under-researched, this paper contributes to Situational Crisis Communication Theory (SCCT). The results of Study 1 and Study 2 showed that product fit does not have moderating effects in the crisis related to lowered product quality. However, product fit has significant moderating effects in the situation where a crisis is perceived to be intentional and it causes harm to customers. In other words, a product that has a high fit with goods facing a preventable CA crisis received a more negative evaluation compared to a product with a low fit, whereas no significant moderating effects of product fit were observed in an accidental CA crisis. The results of Study 3 demonstrated that both CSR and CA associations could not attenuate the negative halo effects of a preventable CA crisis on other products, implying strong negative spillover effects of preventable CA crises. On the other hand, both CSR and CA associations attenuated the negative halo effects of accidental CA crises.

# Table of Contents

<b>Chapter 1. Introduction .....</b>	<b>1</b>
1.1. Study Background .....	1
1.2. Purpose of Research .....	2
<b>Chapter 2. Theoretical Background.....</b>	<b>3</b>
2.1. Corporate Ability (CA) Crisis & Situational Crisis Communication Theory (SCCT) .....	3
2.2. Effects of Crisis on Product Evaluation .....	5
2.3. Product Fit & CA Crisis .....	6
2.4. Effects of Corporate Ability Crisis on Other Products.....	6
2.5. Corporate Associations & CA Crisis .....	9
<b>Chapter 3. Study .....</b>	<b>12</b>
3.1. Study 1 .....	12
3.1.1 Study 1 Design and Procedures .....	13
3.1.2 Study 1 Results .....	14
3.2. Study 2.....	14
3.2.1 Study 2 Design and Procedures .....	15
3.2.2 Study 2 Results .....	16
3.3. Study 3.....	19
3.3.1 Study 3 Design and Procedures .....	19
3.3.2 Study 3 Results .....	21
<b>Chapter 4. General Discussion.....</b>	<b>25</b>

# Chapter 1. Introduction

## 1.1. Study Background

People are more frequently hearing about global crises with the advancement of technology (Malone and Coombs, 2009). The number of headlines relating to crises of the major 100 companies communicated by Forbes boosted twice in the period from 2010 to 2016 compared to the period from 2000 and 2009 (Kalavar and Mysore, 2017). Brand crises can negatively affect customer attitudes (Ahluwalia et al., 2000), corporate associations (Dawar and Lei, 2009; Einwiller et al., 2006) and behavioral intentions (Ahluwalia et al., 2000; Ha et al., 2004). Brand crises can be divided into corporate ability (CA) crises and corporate social responsibility (CSR) crises. CA crisis is related to a firm's ability. For instance, recalls by Toyota from 2009 to 2010 were caused by functional defects on its cars, leading to harm its CA associations. Meanwhile, in 2006, Starbucks Coffee committed an unjust transaction of coffee beans. This is not related to Starbucks Coffee's products or abilities, but it is related to its CSR, indicating that the case is a CSR crisis.

According to Situational Crisis Communication Theory (SCCT), the crisis can be categorized into a victim cluster, an accidental cluster, and a preventable cluster based on the attribution of crisis responsibility. Victim crises are perceived to be caused by an external factor, leading to a minimal level of attribution of crisis responsibility to the firm. An accidental crisis has low attributions of responsibility, since it is perceived to be unintentional and uncontrollable by the firm. One of examples of an accidental crisis is Samsung's product recall of the Galaxy Note 7 due to its battery explosion. On the contrary, the preventable crisis is thought to occur on purpose and/or to be controllable by the firm's efforts, leading to high attributions of responsibility. The examples of preventable crises include Volkswagen's emission scandal in which Volkswagen cheated on the emission test results of its diesel vehicles. This paper

investigates the negative effects of preventable corporate ability crises and accidental corporate ability crises on other products from the company.

A halo effect is the cognitive bias caused by an attribute which spills over to another attribute (Thorndike, 1920), implying that an attribute affects the evaluation of other unrelated attributes. Halo effects can be applied to the evaluation of brands and products as well. Extended products and brands can enjoy the benefits of the positive images of the parent brand and its existing products through halo effects. Thus, the evaluation of extended products and brands can be more favorable. On the other hand, brands and products can also suffer from negative halo effects. A crisis in a brand or a product can exert negative halo effects on another brand (Roehm and Tybout, 2006) and other products of the brand (Liu and Shankar, 2015), respectively.

In addition, firms can see the halo effects of corporate associations, which can be divided into corporate ability (CA) associations and CSR associations. Sen et al. (2006) observed that people who were informed about the CSR activities of firms showed higher investment intentions and purchase intentions compared to people who were not informed, and CA associations significantly affect the evaluation of the company and the product (Brown and Dacin, 1997).

## **1.2. Purpose of Research**

This research paper will investigate the halo effects of a preventable and an accidental CA crisis on other products of the company. Furthermore, it will also be examined whether the negative halo effects of the crises will be more salient for the products that have a high fit with goods facing the crisis. Additionally, this paper will suggest how firms can attenuate the negative impacts of preventable and accidental CA crises by investigating the moderating effects of corporate associations. In other words, will the

Volkswagen's emission scandal (preventable CA crisis) lead to more negative evaluation of its engine oil (high fit) compared to its working clothes (low fit)? Will Samsung's Galaxy Note 7 explosion (accidental CA crisis) result in the negative evaluation of its tablets and/or air conditioners? If they do, then will corporate associations be able to reduce these negative effects? These are the questions related to this research.

Comparing the negative halo effects of a preventable and accidental CA crisis on other products from the company is under-researched. Moreover, little research about the moderating effects of product fit in the impacts of preventable and accidental CA crises on the evaluation of other products has been conducted. Therefore, this study can contribute to the literature of Situational Crisis Communication Theory (SCCT).

## **Chapter 2. Theoretical Background**

### **2.1. Corporate Ability (CA) Crisis & Situational Crisis Communication Theory (SCCT)**

Brand crisis refers to unexpected events which harm a brand's perceived capability to provide expected outcomes, thereby undermining brand equity (Ahluwalia et al., 2000; Dawar and Pillutla, 2000; Dawar and Lei, 2009; Pullig et al., 2006; Roehm and Tybout, 2006). Brand crises can be categorized into two types: (1) performance-related (CA) and (2) values-related (CSR). A performance-related crisis, which is also called as a CA crisis, is related to product defects and a decrease in the brand's ability to offer functional benefits (Dawar and Pillutla, 2000; Pullig et al., 2006; Roehm and Brady, 2007). One example of a performance-related crisis includes lead detection in Mattel toys and product-harm crises can also be included in performance-related crises, as it is caused



by defective products. Values-related crises, which are also called CSR crises, are not directly related to the product, but related to ethical and social issues relevant to the values supported by the brand. Using child labor by Nike is an example of values-related crises. CSR crises do not involve product attributes which offer functional benefits, but the crises affect the brand's ability to offer psychological and symbolic benefits (Pullig et al., 2006).

The idea of Situational Crisis Communication Theory (SCCT) is that companies need to respond to a crisis based on the knowledge about how people attribute responsibility for the crisis. Based on attribution theory (Weiner, 1986), SCCT argued that people attribute more responsibility on the firm if they think that a crisis is intentional than if they think it is unintentional (Coombs 2007; Coombs and Holladay 1996). That is, the more attributions of the crisis to firms' control, the higher perceived crisis responsibility the firm has.

Coombs (2007) suggested three crisis types on the basis of attributions of crisis responsibility. In the victim cluster, companies are thought to be victims of the crisis and attributions of crisis responsibility are perceived to be minimal. In the accidental cluster, there are low attributions of crisis responsibility, since the crisis is perceived to be unintentional and uncontrollable by the firms. In the preventable cluster, the crisis is thought to take place on purpose and/or the company is perceived to have control over the crisis, resulting in high attributions of crisis responsibility (Coombs and Holladay, 2002), as people think that the firm could prevent the crisis. Deny strategies are useful for victim crises, such as product tampering and natural disasters. Diminishing the firm's responsibility for a crisis is recommended for an accidental crisis, including accidental technical errors. Rebuilding reputation works most effectively for a preventable crisis, such as a crisis led by organizational misdeeds.

A controllable mistake is related to anger and an uncontrollable mistake is related to pity (Kühne, Weber and Sommer, 2015). More anger is induced when mistakes are controllable (Weiner and Handel, 1985), whereas pity is induced when the situation is uncontrollable

(Weiner, Perry and Magnusson, 1988). Cho (2007) also showed that people felt angrier when a crisis was controllable and internal. According to the study by Kühne, Weber, and Sommer (2015), stakeholders also felt anger when the crisis was perceived as being responsible for the firm. On the contrary, people felt more sadness in the situation where the crisis was uncontrollable and unpredictable (Jin, 2009). Hence, anger is related to the attribution of crises (Choi and Lin, 2009). Supporting this view, people showed more blame on firms in the preventable crisis condition compared to the victim crisis condition and blame on firms led to a higher level of anger (Woo and Kim, 2020). Therefore, it can be expected that a preventable CA crisis will induce a higher level of anger compared to an accidental and a victim CA crisis.

## **2.2. Effects of Crisis on Product Evaluation**

People make brand groups in associative networks to create product categories in order to reduce their cognitive effort (Meyers, Levy and Tybout, 1989). These associative networks include knowledge about the product category, including brands in the category, consumption experiences, and product characteristics. A product category offers a thought about the products of the brand in the group and a general idea about other similar brands (Medin and Smith, 1984).

People renew their views of the product category depending on the relevancy and accessibility of new information (Braun, Gaeth, and Levin, 1997). People perceive negative news, such as a crisis, as more relevant and diagnostic than positive news (Ahluwalia, Burnkrant, and Unnava, 2001). Highly accessible information leads people to process the information. Therefore, the crisis receiving negative publicity boosts its relevancy and accessibility and people use this new information of the brand to renew their perceptions of the product category.

## 2.3. Product Fit & CA Crisis

Aaker and Keller (1990) found that positive and high-quality images of a parent brand can be transferred to the extended brand, affecting the evaluation of brand extension, when the two brands have a high fit. Aaker and Keller (1990) showed three elements that can affect the fit between the extension and original product classes. Three elements include the perceived applicability of assets and skills used for making original product classes to extension product classes, the perceived complementarity and the perceived substitutability of extension product classes. Among them, perceived complementarity and substitutability do not have direct effects on the evaluations of the product extension, but they affect the evaluation through the interaction with the parent brand's perceived quality. On the other hand, the perceived applicability of assets and skills to the product extension has direct effects on the evaluation of the product extension. Extending from the study of Aaker and Keller (1990), Deng and Messinger (2022) added and confirmed three more dimensions affecting the product fit: perceived similarities of product attributes, product images and the target market of the products. This study will focus on the moderating effects of product fit on the effects of an accidental CA crisis and a preventable CA crisis on the evaluation of other products of the firm, since it is under-researched.

## 2.4. Effects of Corporate Ability Crisis on Other Products

Information about brands is stored in each of the brand schemas (Braun, 1999). People use brand schemas to shape their brand attitudes and the evaluative elements are transferred to other goods (Gierl and Huettl, 2011; Mervis and Rosch, 1981). When information about a crisis becomes relevant and accessible, the information leads to a reevaluation of product categories and the brand in crisis.

A brand can be contrasted with or assimilated to another brand depending on the perceived similarity between them (Herr, 1989). The magnitude of assimilation is influenced by the strength of the relatedness and association of two brands (Lei, Dawar, and Lemmink, 2008). Contrast occurs in the case of a low perceived similarity between two brands, on the other hand, assimilation is shown in the case where two brands have a high perceived similarity (Meyers-Levy and Sternthal, 1993). In the context of a crisis, a brand which faces a crisis can affect other similar product categories negatively. Since the highly accessible negative news about a product category can make consumers reconstruct their product category schemas, consumers will reevaluate other similar products based on the product which faces a crisis. Hence, strong associations can negatively affect other similar goods that overlap with the product in crisis. Meanwhile, less impacts are expected for dissimilar products, implying that the evaluations of dissimilar products are less influenced. Roehm and Tybout (2006) showed that a brand's scandal can lead to spillover effects on another brand depending on the perceived similarities between them. Wu, Choi and Park (2020) observed the halo effect of a product-harm crisis on another brand, and showed that the evaluation of another brand's similar products was more largely affected by the product-harm crisis compared to the evaluation of different product categories of another brand. Similarly, Liu and Shankar (2015) proved that the product recall of one car model negatively affected the preference of other car models under the same brand. In addition, spillover effects from one brand to a rival brand can be observed in situations where they have a high level of similarity (Janakiraman et al, 2009). More specifically, a high level of similarities between two brands could make people retrieve perceptions in their knowledge networks and the strong association led both brands to become accessible in people's networks.

Along with anger, distrust can be caused by preventable crises. When people perceived that a crisis was caused by airlines' internal factors, a higher level of distrust and anger toward the airlines was induced compared to when they perceived that a crisis was caused

by external factors (Chung and Lee, 2021). Moreover, Zimand–Sheiner, Levy, and Eckhaus (2021) showed that the posts on preventable product–harm crises resulted in guilt projection and negative emotions, which led to distrust. Darke, Ashworth and Main (2010) also found that negative disconfirmation from product failure led to negative evaluations of other goods from the same company. They also showed that this relationship was mediated by distrust, which was generalized from previous experiences, and that distrust led consumers to perceive other products as untrustworthy.

The paranoid cognition model (Kramer, 1998) and the bias model of consumer distrust (Darke and Ritchie, 2007) can explain the generalized effects of distrust. The paranoid cognition model proposed by Kramer (1998) argues that distrust can cause a confirmation bias in which initial perceptions are sustained or increased since the following judgment is biased to verify the initial perceptions. Furthermore, the bias model of consumer distrust proposed by Darke and Ritchie (2007) includes the argument that distrust can induce persistent and broad negative biases in people’s judgment.

Even though distrust can result in broad negative biases, this does not imply that the effects of distrust are boundless, since perceived similarity (product fit) is another moderating factor affecting the degree to which people transfer attitudes to other goods (Gierl & Huettl, 2011) as previously stated. Therefore, the moderating effects of a product fit in the relationship between the CA crisis and the evaluation of other products could be observed, when a high level of distrust is caused by the crisis and people perceive the similarities between the products. Since an accidental CA crisis induces a lower level of distrust, the product fit between the product in crisis and other products will not have significant moderating effects on the evaluation of other products from the company. Supporting this view, an empirical study proved that Samsung’s product recall of its smartphone led to negative attitudes towards LG’s new smartphones, but it did not show negative effects on LG’s tablets (Wu, Choi and Park, 2020). This result indicates that an

accidental CA crisis can negatively affect the evaluation of products in the exact same category, but it does not influence the evaluation of products that have a high level of similarity. The empirical results show that accidental CA crises have a very narrow scope of negative halo effects and this may be partly because of a low level of distrust. The information about an accidental CA crisis may become accessible and relevant only for the products in the same category facing a crisis, leading to reconstruct the schema of the product category in crisis only. On the contrary, as a preventable CA crisis brings about a high level of distrust, resulting in a broad scope of its negative halo effects, people will evaluate the company's products with a high fit more negatively compared to the products with a low fit. More formally:

**H1:** Product fit will (not) moderate the relationship between a preventable (an accidental) CA crisis and the evaluation of other products from the company; products which have a higher fit with the goods in crisis will receive more negative evaluation in a preventable CA crisis compared to an accidental CA crisis

## 2.5. Corporate Associations & CA Crisis

Corporate associations are defined as all information possessed by a consumer on a company (Brown and Dacin, 1997). Corporate associations include beliefs, inferences and perceptions about a company, including information, emotions and evaluations of the firm (Brown and Dacin, 1997; Aaker, 1996). Corporate associations make a mental representation of a company and differentiate a firm from other companies (Aaker, 1996; MacInnis and Nakamoto, 1991). Favorable associations can be an intangible asset for companies, since they enhance consumer loyalty, satisfaction and purchase intentions and they can buffer the damage caused by a crisis (Sohn and Lariscy, 2015).

Corporate associations are divided into CSR and CA associations.

CA associations are defined as the public's associations with a firm in terms of its expertise and ability to make goods and services. CSR associations are relevant to the firm's status related to society (Brown & Dacin, 1997). When a crisis occurs, people retrieve corporate associations and use them to assess and interpret the crisis, which can lead to a change in attitudes towards the firm (Pullig, Netemeyer and Biswas, 2006).

Previous research showed that CA associations were more related to the firm's skill-focused aspects and product-relevant aspects (Biehal and Sheinin, 2007), on the other hand, CSR associations were more related to the firm's virtue-related areas (Sandin, 2009). Virtue can be perceived as a representation of a firm's overall traits (Seeger and Ulmer, 2001), whereas an ability-related dimension is more related to the firm's specific aspects of goods. Furthermore, Koch and Viererbl (2022) found that CSR activities led to more friendly and likeable images, which means that CSR activities have positive effects on a firm's affective images.

As previously mentioned, a preventable CA crisis induces a high level of anger and distrust that has broad and generalized effects. Thus, CSR associations will be more effective in leading to a less negative evaluation of other products in the case of a preventable crisis compared to CA associations. Since CSR is related to a firm's virtue that represents the company's overall traits, the broad and generalized negative effects of distrust can be attenuated via CSR associations. Moreover, the finding that people showed a lower level of anger towards a socially responsible company facing a crisis compared to a socially irresponsible firm (Assiouras et al., 2011) supports that CSR associations can reduce anger felt by consumers. CSR activities can also reduce the negative effects caused by the negative emotions by inducing positive affective images. Meanwhile, the negative effects of an accidental CA crisis on the evaluation of other goods may be attenuated by CSR associations, but the effect size would be smaller than in the case of a preventable crisis.

On the contrary, an accidental CA crisis is perceived to be product-specific and related to the company's ability, whereas CSR

associations are relatively unrelated to quality control and ability. Hence, positive CA associations which are related to the company's skill-focused aspects will lead to a less negative evaluation of other products from the company compared to CSR associations in an accidental CA crisis. Information integration theory supports this argument. People who have a specific positive association type show a higher tendency to have defensive attitudes against new negative information related to the association type, because such information conflicts with their existing information. Moreover, Kim (2014) proved the effect of CA associations on the stability of the crisis. The result demonstrated that since CA associations are relevant to the firm's skills, customers thought that the source of the crisis could be repaired shortly and would not remain for a long time (i.e., less stable) through motivated reasoning (Kunda, 1990) on the basis of their previous beliefs and expectations on ability.

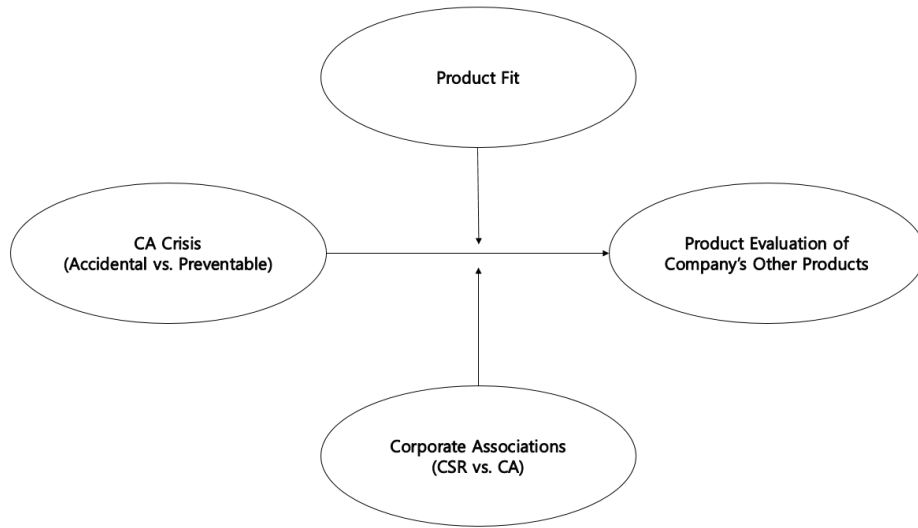
Kim, Kim and Cameron (2009) showed that in the case of an accidental crisis, people attributed less responsibility to the firm presenting CA-focused responses than the firm with CSR-focused responses. On the other hand, in the case of transgression, people perceived less responsibility for the crisis on the firm with CSR-focused responses than the firm with CA-focused responses. Another empirical study demonstrated that positive CSR associations are more effective in attenuating the negative effects of a preventable product-harm crisis compared to positive CA associations (Kim, 2014). However, Woo and Kim (2020) found no interaction effects between crisis type and CSR reputation. Their results may be attributed to the seriousness of the crisis scenarios: 3 deaths and sickness of 418 people and the brand equity of real companies used in the scenarios. Based on the previous research, the following hypotheses are proposed:

**H2-a:** CSR association will lead to less negative evaluation of other products from the company compared to CA association in a preventable CA crisis



**H2–b:** CA association will lead to less negative evaluation of other products compared to CSR associations in an accidental CA crisis

**FIGURE 1 CONCEPTUAL MODEL**



## Chapter 3. Study

### 3.1. Study 1

The first study was conducted to test whether a product fit will have stronger moderating effects on the evaluation of other products from the company in a preventable CA crisis compared to an accidental CA crisis (**H1**) in the situation where a product does not cause any harm, but the quality of a product is lowered. In other words, Study 1 will test whether products that have a higher fit with the goods in crisis will receive a more negative evaluation in a preventable CA crisis compared to an accidental CA crisis.

A total of 160 participants from the United States were recruited

online via Prolific. The responses from 21 participants were removed due to their low efforts in the study or too short or long response time. Thus, the final sample consisted of 139 people (52% male) ranging from 20 to 76 years old ( $M = 41.3$ ,  $SD = 16$ ).

### 3.1.1 Study 1 Design and Procedures

The study was designed as a 2 (CA crisis: accidental vs. preventable)  $\times$  2 product fit (high vs. low) between-subject study and participants were randomly assigned to one of four conditions. Scenarios for crisis manipulation were adopted from Jeon and Baeck (2016). A fictitious coffee company, 'Pazenda Coffee', was used in the study. In the accidental crisis condition, participants read that Pazenda Coffee used coffee beans from different origins due to technical errors in the packaging system, resulting in an avalanche of complaints from customers due to the lowered quality and changed taste of coffee. In the preventable CA crisis condition, respondents read that Pazenda Coffee used coffee beans from different origins, as the company failed to forecast the demand for its coffee beans and the competition for high quality coffee beans has intensified, leading to complaints from customers due to the lowered quality and changed taste of coffee. After reading the scenario, the intentionality of the crisis was measured for manipulation check. Then, participants read the news article about the new product release by Pazenda Coffee. In the high-fit condition, the news article showed that a bottled espresso would be launched, whereas the news article presented that a bottled strawberry smoothie would be released in the low-fit condition. After reading the news article, people evaluated the new product and rated the product fit between the new product and coffee beans.

The questionnaire included 3 questions about the perceived intentionality of the crisis (Wu and Overton, 2022) and 4 items about product fit (Deng and Messinger, 2022) for manipulation checks. Product evaluation, which is the dependent variable, was measured

by 4 questions from previous studies (e.g., Brown & Dacin, 1997). A seven-point Likert scale was used to measure all items.

### 3.1.2 Study 1 Results

Participants in the preventable CA crisis ( $M = 4.37$ ,  $SD = 1.91$ ) condition rated higher intentionality of the crisis compared to the accidental CA crisis condition ( $M = 2.78$ ,  $SD = 1.63$ ,  $t(137) = -5.26$ ,  $p < 0.001$ ), indicating that the manipulation of the crisis was successful. A bottled espresso (high-fit condition) is perceived to have a higher fit with coffee beans ( $M = 4.61$ ,  $SD = 1.23$ ) compared to a bottled strawberry smoothie ( $M = 2.78$ ,  $SD = 1.11$ ,  $t(137) = -9.17$ ,  $p < 0.001$ ).

There were no significant interaction effects of crisis type and product fit on the evaluation of other products from the company ( $F(1, 135) = 0.024$ ,  $p > 0.8$ ). In addition, both crisis type ( $F(1, 135) = 2.56$ ,  $p > 0.1$ ) and product fit ( $F(1, 135) = 0.462$ ,  $p > 0.4$ ) do not have significant main effects on the evaluation of other products. The results of Study 1 indicate that when the CA crisis is related to lowered product quality, the crisis does not have halo effects on other products from the company. In other words, the lowered product quality cannot significantly affect people's associative networks of the brand. This may be attributed to the low accessibility and relevancy of the information about the lowered product quality. Thus, Study 2 was designed to test whether the CA crisis which harms customers has halo effects on other products from the company and to see its interaction effects with product fit.

### 3.2. Study 2

Study 2 was conducted to test whether a product fit will have stronger moderating effects on the evaluation of other products from the company in a preventable CA crisis compared to an accidental CA

crisis (**H1**) in the situation where a product causes harm.

A total of 200 participants from Great Britain were recruited online via Prolific. The responses from 3 participants were removed, due to their too short response time. Thus, the final sample consisted of 197 people (61% female) ranging from 18 to 74 years old ( $M = 38.1$ ,  $SD = 13.53$ ).

### 3.2.1 Study 2 Design and Procedures

The study was designed as a 2 (CA crisis: accidental vs. preventable)  $\times$  2 (product fit: high vs. low) between-subject study and participants were randomly assigned to one of four conditions. Scenarios for crises were adopted from Kim (2013). A fictitious food company, 'Haley & Schumann Foods', was used in the study. In the accidental crisis condition, participants read that the company's technical errors in the microbial test system led to *E. coli* in soup products, resulting in 2 deaths and 12 people in serious conditions. The intentionality was lowered in the accidental crisis condition by stating that the firm revealed the technical errors in the test system before testing the products and fixed the system, but the errors in the system were not corrected against the firm's expectations. In the preventable crisis condition, however, the firm's unsanitary production and distribution system filled with excrement and bird feathers led to *E. coli* in soup products, resulting in 2 deaths and 12 people in serious conditions. After reading the scenario, the intentionality and controllability of the crisis were measured for manipulation check. Then, subjects were asked to read the news article about the new product release by Haley & Schumann Foods. In the high-fit condition, a news article stating that the company would release a new beef stew meal kit was given. On the other hand, a news article stating that the firm would launch a new tumbler was shown in the low-fit condition. After reading the news article about the new product release, people evaluated the new product and rated the product fit between the new product and soups to check for

product fit manipulation.

The questions for the manipulation check included 3 questions measuring perceived intentionality of the crisis (Wu and Overton, 2022), 3 questions about controllability (McAuley, Duncan, and Russell, 1992) and 4 items measuring product fit (Deng and Messinger, 2022). Product evaluation of a new product, which is the dependent variable, was measured by 4 questions from previous studies (e.g., Brown & Dacin, 1997). A seven-point Likert scale was used to measure all items.

### 3.2.2 Study 2 Results

Participants in the preventable CA crisis condition ( $M = 6.15$ ,  $SD = 1.17$ ) showed higher controllability of the crisis compared to the accidental CA crisis condition ( $M = 5.24$ ,  $SD = 1.34$ ,  $t(195) = -5.06$ ,  $p < 0.001$ ), indicating that the manipulation of crises was successful. In addition, intentionality was higher in the preventable CA crisis condition ( $M = 3.24$ ,  $SD = 1.39$ ) than the accidental CA crisis condition ( $M = 1.91$ ,  $SD = 0.97$ ,  $t(195) = -7.84$ ,  $p < 0.001$ ). Moreover, a beef stew meal kit (high-fit condition) is perceived to have a higher fit with soups ( $M = 4.08$ ,  $SD = 1.15$ ) than a tumbler (low-fit condition;  $M = 2.05$ ,  $SD = 1.2$ ,  $t(195) = -12.13$ ,  $p < 0.001$ ).

A two-way ANOVA was used to test H1. The results of a two-way ANOVA test showed significant main effects of CA crisis type (accidental vs. preventable) on the evaluation of other products from the company ( $F(1, 193) = 5.536$ ,  $p < 0.03$ ,  $\eta^2 = .028$ ). People rated significantly lower product evaluation of other products in the preventable crisis condition ( $M = 2.779$ ,  $SD = 1.4$ ) than the accidental crisis condition ( $M = 3.242$ ,  $SD = 1.38$ ). This result shows that a preventable CA crisis has stronger halo effects on other products of the company compared to an accidental CA crisis.

Significant interaction effects of crisis type and product fit were observed ( $F(1, 193) = 4.401$ ,  $p < 0.05$ ,  $\eta^2 = .022$ ). The results showed that the product fit does not have significant moderating

effects on the evaluation of other products in the accidental condition. In other words, the evaluation of the product which has a high fit with the product facing a crisis was not significantly different from the evaluation of the product with a low fit in an accidental CA crisis. On the contrary, the product fit has marginally significant moderating effects on the evaluation of other products in the preventable CA crisis condition. People showed more negative evaluation for the product with a high fit ( $M = 2.417$ ,  $SD = 0.193$ ) than the product with a low fit ( $M = 3.141$ ,  $SD = 0.203$ ) in the preventable CA crisis. Thus, H1 was marginally supported. As expected in H1, the significant interaction effects of a high product fit and crisis type were observed. The product with a high fit received significantly more negative evaluation in the preventable CA crisis ( $M = 2.417$ ,  $SD = 0.193$ ) compared to the accidental CA crisis ( $M = 3.292$ ,  $SD = 0.189$ ).

The results of Study 2 showed that a higher product fit between the product in crisis and other products from the company leads to a more negative evaluation of other products in a preventable CA crisis. In other words, the product with a higher level of perceived similarity received a more unfavorable product evaluation compared to the product with a lower level of perceived similarity in a preventable CA crisis. However, product fit does not have significant moderating effects in an accidental CA crisis. These results indicate that the product fit moderates the evaluation of other products of the company, when the crisis has a high level of intentionality and/or controllability and harms customers.

In Study 1, no significant moderating effects of product fit were observed. This may be attributed to a lower level of distrust of the crisis where a product quality is lowered without any harm compared to the situation where a product causes harm to customers. A lower level of distrust may make crisis information less accessible.

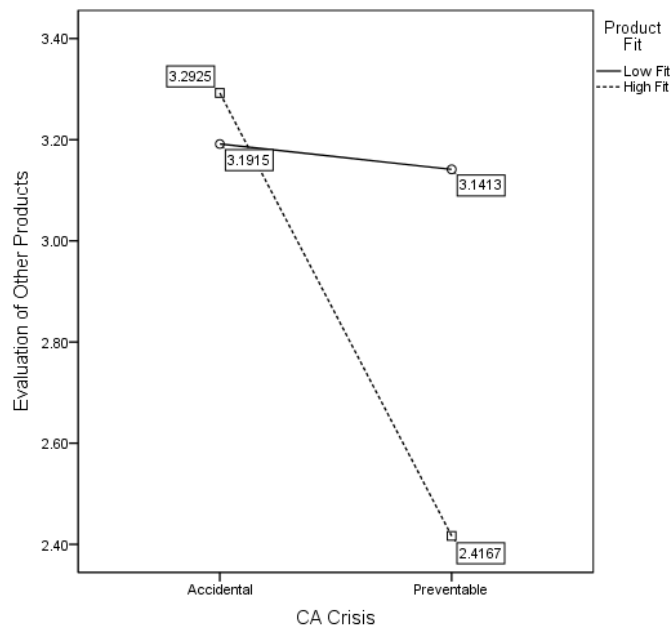
The results of Study 1 and 2 suggest the boundary conditions under which a product fit moderates the negative halo effects of CA crises on other products from the company: (1) a high level of similarity between the product in crisis and other products, (2) a high

level of intentionality and/or controllability of the crisis and (3) damage caused by the crises to customers.

**TABLE 1 STUDY 2 TWO-WAY ANOVA RESULTS**

Source	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	3	8.174	4.301	.006	.063
Intercept	1	1779.421	936.324	.000	.829
Crisis	1	10.522	5.536	.020	.028
Fit	1	4.773	2.512	.115	.013
Crisis * Fit	1	8.364	4.401	.037	.022
Error	193	1.900			
Total	197				
Corrected Total	196				

**FIGURE 2 STUDY 2 RESULTS**



### 3.3. Study 3

Study 3 was conducted to test whether CSR associations will more strongly attenuate the negative halo effects of a preventable CA crisis on other products of the company compared to CA associations (**H2-a**) and whether CA associations will lead to less negative evaluation of other products compared to CSR associations in an accidental CA crisis (**H2-b**).

A total of 480 participants from Great Britain were recruited online via Prolific. The responses from 10 participants were removed due to their too short response time and low efforts during the study. Thus, the final sample consisted of 470 people (64% female) ranging from 18 to 77 years old ( $M = 42.03$ ,  $SD = 13.63$ ).

#### 3.3.1 Study 3 Design and Procedures

The study was designed as a 3 (corporate associations: control vs. CA vs. CSR) x 2 (CA crisis: accidental vs. preventable) x 2 (product fit: high vs. low) between-subject study and participants were randomly assigned to one of 12 conditions. Both high fit and low fit conditions were included in the study to control for the moderating effects of the product fit. A fictitious food company, ‘Haley & Schumann Foods’, was used in the study. At first, respondents were asked to read the news article about the company’s activities related to CSR or CA. The articles used to manipulate CA and CSR associations were adopted from Kim (2013). The news article in the CSR association conditions included positive ratings of the firm’s community support, environment protection and philanthropy, whereas the news article showed high ratings in product quality, R&D investment and market leadership in the CA association conditions. In the control condition, the expected effects of inflation on the food industry (JustFood, 2023) and a brief company history were given to



respondents. After reading the news article, they rated the associations of the company for manipulation check.

Then, a scenario of the CA crisis was given to participants. The scenarios were adopted from Kim (2013). The same scenario as Study 2 was used in the accidental CA crisis condition. Participants in the preventable crisis condition read that the company's technical errors in the microbial test system led to *E. coli* in soup products, resulting in 2 deaths and 12 people in serious conditions. The intentionality and controllability were heightened in the preventable crisis condition by stating that the firm did not choose to fix the system, as the firm considered the error to be a minor issue. After reading the scenario, a total of four constructs were measured for manipulation check, including the intentionality and controllability of the crisis and the crisis relevance to product performance and ethical values.

At last, subjects were asked to read the news article about the new product release by Haley & Schumann Foods. In the high-fit condition, a news article stating that the company would release a new beef stew meal kit was given. In the low-fit condition, a news article stating that the firm would launch a new bottled vanilla latte was shown. After reading the news article about the new product release, respondents evaluated the new product and rated the product fit between the new product and soups to check for product fit manipulation.

The questions for manipulation check included 10 items measuring CA and CSR associations of the company (Kim and Rader, 2010; Brown and Dacin, 1997; Sen and Bhattacharya, 2001), 3 questions measuring perceived intentionality of the crisis (Wu and Overton, 2022), 3 questions about controllability of the crisis (McAuley, Duncan, and Russell, 1992) and 4 items measuring product fit (Deng and Messinger, 2022). Product evaluation of a new product, which is the dependent variable, was measured by 4 questions from previous studies (e.g., Brown & Dacin, 1997). A seven-point Likert scale was used to measure all items.

### 3.3.2 Study 3 Results

An ANOVA test was conducted for manipulation check of corporate associations. The test results showed that CA associations were significantly different among the control, CA association and CSR association conditions ( $F(2, 467) = 134.13, p < 0.001$ ). The Scheffe post-hoc test proved that respondents in the CA association condition ( $M = 5.82$ ) showed significantly higher CA association compared to the CSR association condition ( $M = 5.43$ ) and the control condition ( $M = 4.09$ ). Moreover, an ANOVA test showed that CSR associations were also significantly different among the three conditions ( $F(2, 467) = 155.49, p < 0.001$ ). The Scheffe post-hoc test demonstrated that subjects in the CSR association condition ( $M = 6.01$ ) rated CSR association significantly higher compared to the CA association condition ( $M = 4.34$ ) and the control condition ( $M = 3.94$ ).

The preventable CA crisis condition ( $M = 5.63, SD = 1.36$ ) showed higher controllability of the crisis compared to the accidental CA crisis condition ( $M = 5.32, SD = 1.30, t(468) = -2.49, p < 0.02$ ). In addition, intentionality was higher in the preventable CA crisis condition ( $M = 3.70, SD = 1.61$ ) than the accidental CA crisis condition ( $M = 2.00, SD = 1.17, t(195) = -13.12, p < 0.001$ ) as well. Moreover, a beef stew meal kit (high-fit condition) was perceived to have a higher fit with soups ( $M = 4.20, SD = 1.15$ ) than a bottled vanilla latte (low-fit condition;  $M = 3.30, SD = 1.08, t(468) = -8.766, p < 0.001$ ). The crisis was more relevant to product performance ( $M = 4.7, SD = 1.73$ ) than ethical values ( $M = 4.00, SD = 1.94, t(469) = 6.53, p < 0.001$ ), indicating that the crisis scenarios were related to corporate ability rather than CSR. Hence, all the stimuli used in the study worked as intended.

A two-way ANOVA was used to test H2-a and H2-b. The results of a two-way ANOVA test showed significant main effects of CA crisis type on the evaluation of other products from the company ( $F(1, 464) = 11.492, p < 0.002, \eta^2 = .024$ ). People in the preventable

CA crisis condition ( $M = 3.56$ ,  $SD = 0.089$ ) evaluated other products of the company more unfavorably compared to the participants in the accidental crisis condition ( $M = 3.994$ ,  $SD = 0.09$ ). In addition, the results showed significant main effects of corporate associations on the product evaluation of other products ( $F(2, 464) = 10.223$ ,  $p < 0.002$ ,  $\eta^2 = .042$ ). The Bonferroni post-hoc test demonstrated that people in the CA association condition ( $M = 3.856$ ,  $SD = 0.108$ ) and CSR association condition ( $M = 4.09$ ,  $SD = 0.111$ ) evaluated the company's other products more favorably compared to the control condition ( $M = 3.393$ ,  $SD = 0.111$ ), but the product evaluations between the CA association and CSR association conditions were not significantly different.

Marginally significant interaction effects of crisis type and corporate associations were observed ( $F(2, 464) = 2.712$ ,  $p = 0.067$ ,  $\eta^2 = .012$ ). The results showed that the evaluations of other products of the company were not significantly different among the CSR association condition, CA association condition and control condition in a preventable CA crisis. Thus, H2-a is not supported. In an accidental CA crisis, the CA association condition ( $M = 4.046$ ,  $SD = 0.153$ ) showed marginally higher evaluation of other products compared to the control condition ( $M = 3.44$ ,  $SD = 0.159$ ) and people in the CSR association condition ( $M = 4.497$ ,  $SD = 0.158$ ) showed significantly higher product evaluation compared to people in the control condition. However, the differences in product evaluation between the CA association and the CSR association conditions were not significant. Hence, H2-b is not supported.

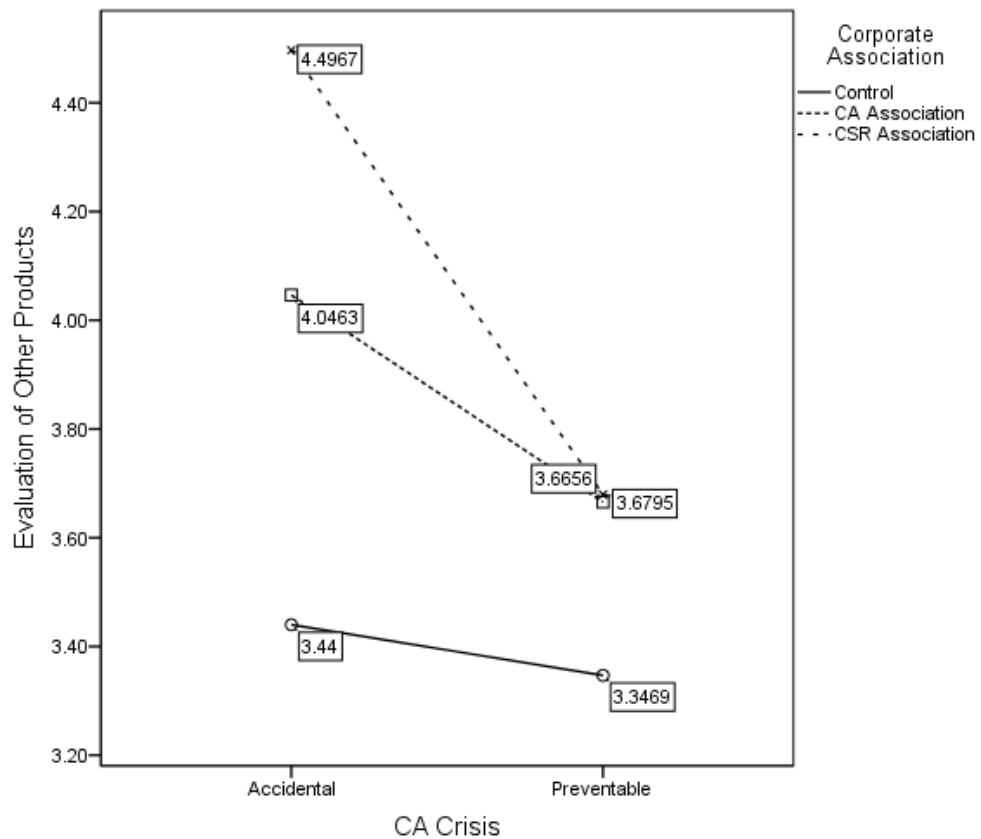
The results of Study 3 demonstrated that the halo effects of a preventable CA crisis on other products of the company are very strong and pervasive directly after the crisis, thus both CA and CSR associations could not attenuate the negative halo effects of a preventable CA crisis. In an accidental CA crisis, both CA and CSR corporate associations successfully attenuated the negative halo effects of the crisis, but the efficacies of CA associations and CSR associations were not significantly different, even though an accidental CA crisis is known to be more related to the product

attributes and firm's ability. This result may be attributed to the transferring effects of CSR on perceived corporate ability. Kim (2011) found that people tended to assume that a firm made reliable products when they associated the firm with strong positive CSR. The author also showed that this effect was more prominent in the industry that produced low risk involved products (Kellogg) compared to the industry which made high risk involved goods (Motorola). Hence, people may assume that the food company with strong positive CSR produces reliable products, resulting in strong CA associations. Supporting this argument, the differences in the company's CA associations between the CA association condition ( $M = 5.817$ ) and the CSR association condition ( $M = 5.43$ ) were not huge (0.387). On the other hand, the differences in CSR associations between the two conditions were 1.66, showing larger differences compared to the differences in CA associations.

The results of Study 3 are not aligned with previous studies, as previous literature has demonstrated that positive CSR is effective in reducing the negative effects of a preventable CA crisis (Tao, 2021; Kim, 2013). The different results may be caused by different study procedures. Previous research showed participants a corporate association stimulus and measured their evaluation of the product and/or company. Then, a crisis stimulus was given and the evaluation of the product and/or company was measured again. The efficacy of corporate associations was calculated by the difference between pre-crisis and post-crisis measures. The authors argued that since the differences between pre-crisis measures and post-crisis measures were smaller in the positive CSR association condition, positive CSR association was effective in reducing the negative effects of a preventable CA crisis. However, as this study examines the negative halo effects on other products with the stimulus of a new product release announcement, such procedures could not be adopted.

**TABLE 2 STUDY 3 TWO-WAY ANOVA RESULTS**

Source	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	5	14.059	7.431	.000	.074
Intercept	1	6707.183	3545.187	.000	.884
Crisis	1	21.743	11.492	.001	.024
Association	2	19.341	10.223	.000	.042
Crisis * Association	2	5.131	2.712	.067	.012
Error	464	1.892			
Total	470				
Corrected Total	469				

**FIGURE 3 STUDY 3 RESULTS**

## Chapter 4. General Discussion

This study examines the negative halo effects of a preventable and an accidental CA crisis on other products of the company with the moderating effects of product fit and corporate associations. Study 1 and 2 found that the negative halo effects of CA crises could be observed when the crisis caused harm to customers, but the negative halo effects could not be found when the crisis was related to lowered product quality. Beside the hypothesis, the results of Study 2 showed the stronger negative main effects of a preventable CA crisis on other products of the company compared to an accidental CA crisis. In addition, a product fit between the goods in crisis and other goods from the company moderated the negative halo effects of the crises on the evaluation of other goods in the case of a preventable CA crisis, but not in an accidental crisis. In other words, people evaluated the product with a high fit more negatively compared to the product with a low fit in a preventable crisis only. Study 3 demonstrated that the negative halo effects of a preventable CA crisis on other products could not be significantly attenuated by corporate associations, indicating that the halo effects of a preventable CA crisis were very strong and pervasive directly after the crisis. In an accidental CA crisis, both CA associations and CSR associations attenuated the negative halo effects. This result may be attributed to the transferring effects of CSR associations on perceived corporate ability, as people assume that firms with strong CSR associations also make reliable products (Kim, 2011).

This study is the first step in examining the negative halo effects of CA crises on other products based on the intentionality of the crisis (preventable vs. accidental). Moreover, the study also investigated the moderating effects of corporate associations and product fit on the influence of preventable and accidental CA crises on the evaluation of other products from the company. This study adds to the literature of SCCT by suggesting the boundary conditions under

which a product fit can moderate the negative halo effects of CA crisis on the evaluation of other products: (1) a high level of perceived similarities between the product in crisis and other products, (2) a high level of intentionality and/or controllability of the crisis and (3) damage caused by the crisis. Satisfying those three conditions can lead product fit to moderate the negative halo effects of CA crises on other products.

In a preventable CA crisis, managers should consider presenting crisis responses immediately after the crisis, as a preventable CA crisis has very strong negative effects on the evaluation of other products. Prior corporate associations may not be enough to fully attenuate the negative effects of a preventable CA crisis. Moreover, products that have a high fit with the goods in crisis should be cared more cautiously, as their evaluation is susceptible following the preventable CA crisis. They may try to make products with a high fit perceived dissimilar by emphasizing the differences between the products. Managers in the industry that produces high risk involved products should make efforts to prevent product damage caused by the firm's ignorance or misdeeds. If people perceive that the crisis is accidental, the evaluation of other products could be less affected, even though the company's reputation may be damaged. Furthermore, to attenuate the negative spillover effects of an accidental CA crisis, managers should actively communicate the firm's CSR activities, which can lead to not only positive CSR associations, but also a higher level of the firm's perceived ability, resulting in a decrease in the negative effects caused by an accidental CA crisis.

To investigate the duration of the negative halo effects of a preventable CA crisis on other products by measuring the time interval would be interesting research. In addition, investigating whether anger and distrust mediate the relationship between the preventable CA crisis and the evaluation of other products with a high fit would be worthwhile. If anger and distrust mediate the relationship, severe service failures leading to distrust and anger, such as transferring money to the wrong account and internet connection issues for a long time, may also cause negative halo effects on other

services and products, even though the service failure does not harm customers physically. Moreover, even though the CA crisis is related to the lowered quality of products, if people directly experience the lowered quality, they may feel a high level of anger, leading to a negative evaluation of other products. Testing these hypotheses can add to the literature on SCCT.



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## Appendix 1: Scenario for Accidental CA Crisis (Study 2 & 3)

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# BUSINESS MAGAZINE

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### Officials: Unexpected Errors in Microbial Test Led to E-coli in soup, Killed Two People

by: Jamie Landers

FBI and U.S. Food and Drug Administration officials say they have evidence that the recent Haley & Schumann Foods soup incident is linked to unexpected technical issues in the company's microbial test system. *Haley & Schumann Foods* claimed that it had discovered technical issues in the microbial test system a few days before testing the products. The firm fixed the test system, but the errors of the microbial test system were not corrected against the company's expectations.

*Haley & Schumann Foods* called for a recall of their soups and immediate removal of the products from store shelves throughout Florida. The emergency recall came after 58 people in the Alachua County area were admitted to hospitals with E.coli infection. Officials say the infections are linked to the contaminated products.

The 58 victims, mostly residents of Gainesville and Ocala, became violently ill after drinking *Haley & Schumann Foods* Cup-A-Soup. Those products were manufactured by the subsidiary factory located in Ocala and distributed to supermarkets in Florida, Tennessee and Georgia.

Two of the victims died from the infection, and 12 people are in serious condition.

FDA spokesman Doug McBride and federal prosecutors said the company's unexpected errors in microbial test system appeared to be the main cause of the contamination. They said it didn't happen during the manufacturing or distribution of the chicken noodle soup of *Haley & Schumann Foods*.



## Appendix 2: Scenario for Preventable CA Crisis (Study 2)

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# BUSINESS MAGAZINE

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### Officials: Dirty Conditions Led to E-coli in Soup, Killed Two People

by: Jamie Landers

FBI and U.S. Food and Drug Administration officials found evidence that the recent *Haley & Schumann Foods* soup contamination incident is linked with the company's unsanitary production and distribution system filled with excrement and bird feathers.

*Haley & Schumann Foods* called for a recall of their soups and immediate removal of the products from store shelves throughout Florida. The emergency recall came after 58 people in the Alachua County area were admitted to hospitals with E.coli infection. Officials say the infections are linked to the contaminated products.

The 58 victims, mostly residents of Gainesville and Ocala, became violently ill after drinking *Haley & Schumann Foods* Cup-A-Soup. Those products were manufactured by the subsidiary factory located in Ocala and distributed to supermarkets in Florida, Tennessee and Georgia.

Two of the victims died from the infection, and 12 people are in serious condition.

FDA spokesman Doug McBride and federal prosecutors said the factory's unsanitary conditions appeared to be the main cause of the contamination. According to sources, the production area of the plant was filled with excrement and bird feathers, not being properly managed by the company. Officials also say ingredients piled up in the factory were infected by the same bacteria, E. coli O157: H7, found in the soups.

## Appendix 3: Scenario for Preventable CA Crisis (Study 3)

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# BUSINESS MAGAZINE

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### Officials: Neglect of Errors in Microbial Test Led to E-coli in Soup, Killed Two People

by: Jamie Landers

FBI and U.S. Food and Drug Administration officials say they have evidence that the recent *Haley & Schumann Foods* soup incident is linked to technical issues in the company's microbial test system. It was uncovered that the company had discovered technical issues in the microbial test system a few days before testing the products. However, the firm chose not to immediately fix the test system and continued using it for the next few days, as they considered the error to be a minor issue.

*Haley & Schumann Foods* called for a recall of their soups and immediate removal of the products from store shelves throughout Florida. The emergency recall came after 58 people in the Alachua County area were admitted to hospitals with E.coli infection. Officials say the infections are linked to the contaminated products.

The 58 victims, mostly residents of Gainesville and Ocala, became violently ill after drinking *Haley & Schumann Foods* Cup-A-Soup. Those products were manufactured by the subsidiary factory located in Ocala and distributed to supermarkets in Florida, Tennessee and Georgia.

Two of the victims died from the infection, and 12 people are in serious condition.

FDA spokesman Doug McBride and federal prosecutors said the company's neglect of errors in the microbial test system appeared to be the main cause of the contamination.

## 초 록

본 논문은 예방 가능한 기업 역량 위기 (preventable corporate ability crisis)와 사고적 기업 역량 위기 (accidental corporate ability crisis)가 기업의 다른 제품에 미치는 후광효과를 제품 일치성과 기업 연상의 조절 효과를 중심으로 연구하였다. 기업 역량 위기와 다른 제품의 평가 사이의 관계에서 제품 일치성의 조절 효과는 많은 연구가 선행되지 않았기 때문에 본 연구는 상황적 위기 커뮤니케이션 이론 (Situational Crisis Communication Theory)에 새롭게 기여하는 바가 있다. 연구 1과 2의 결과는 기업 역량 위기가 제품의 질 하락과 관련이 있고 물리적 피해가 없을 때 제품 일치성은 조절 효과를 보이지 못했다는 것을 보여주었다. 반면, 기업 역량 위기가 높은 의도성 및 통제성을 지니고 소비자에게 물리적인 피해를 끼치는 경우에는 제품 일치성이 유의한 조절 효과를 보이는 것을 발견하였다. 즉, 의도적인 혹은 예방 가능한 기업 역량 위기가 물리적 피해를 유발하는 상황에서 위기가 발생한 제품과 높은 일치성을 지닌 타제품은 낮은 일치성을 지닌 타제품에 비해 유의하게 부정적인 평가를 받았으나, 사고적인 역량 위기 상황에서는 제품 일치성에 따른 제품 평가의 유의한 차이가 없었다. 연구 3은 사회적 책임 연상과 기업 능력 연상 모두 예방 가능한 역량 위기가 다른 제품에 미치는 부정적인 후광효과를 완화하지 못하는 것을 보여주며 역량 위기가 의도적일 때 후광효과가 매우 강력하다는 것을 시사하였다. 반면, 두 연상은 사고적 역량 위기가 다른 제품의 평가에 미치는 부정적 영향을 유의하게 완화하였다.

**주요어** : 기업 역량 위기, 기업 연상, 후광 효과, 제품 일치성, 사회적 책임 활동, 상황적 위기 커뮤니케이션 이론

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