Brand Loyalty in Crisis:
How does strong brand loyalty affect a company during crisis under different circumstances?

Nicky Honghao Ruan

Capstone for M.S. in Public Relations and Corporate Communication

New York University

Adviser: Helio Fred Garcia

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Abstract

Brand loyalty has long been endorsed by literature and marketing experts as an intangible asset for a company or organization. Professionals believe strong brand loyalty can empower a company to overcome crises, but practitioners often overlook the potential risk loyalty can be associated with when the nature of the crisis changes. In some cases, strong brand loyalty does not shield a company from crisis, but can instead become a liability because the high expectations of loyal customers were not met. This capstone provides a better understanding of the interplay between crisis conditions and the role of strong brand loyalty. The author examines these complicated relationships and identifies various causes for both helpful and harmful outcomes. Additionally, a model for crisis management professionals has been included to quickly evaluate whether to incorporate a brand's loyalists as defense strategy, or plan for ways to prevent extra harm that could instead be created by loyalists.

Introduction

What kind of role does brand loyalty play during a crisis? Does strong brand loyalty help or harm the company going through crisis? Will the impact differ under varying conditions?

30 years ago, Coca-Cola made its worst mistake when it abandoned its original formula to launch the "New Coke." Longstanding consumers who drank Coke for generations felt "betrayed." Some deserted the brand for its biggest competitor Pepsi. Ultimately, Coke's strong brand loyalty led to one of the company's largest PR crises that was driven by a fierce reaction from fans who believed Coke was neglecting them.

In early 2015, U.S. ice cream maker Blue Bell announced several rounds of complicated recalls of its ice creams after listeria in its products infected five consumers and led to three deaths. Although its crisis response was strongly criticized, Blue Bell's strong loyalists remained highly tied with the brand. The beloved Southern ice cream maker made it through the summer without having any product on shelves. During the time, fans continued to engage with the company on social media. In fact, Blue Bell's fiercely loyal consumers were waiting in long lines outside stores when the company finally came back to the market.

How can a company better use its brand loyalty to handle, minimize or prevent crises? Aiming at highlighting the role of strong brand loyalty in crises situations, this capstone will exam different crisis cases and explore how strong brand loyalty affect a company during crisis under different circumstances.

What's Brand Loyalty?

Consumers are familiar with programs like "My Coke Rewards," "Marriott Rewards" or "AAdvantage," that help to contribute to a core marketing concept -- brand loyalty. According to the Dictionary of Marketing Terms of the American Marketing Association, brand loyalty is "the situation in which a consumer generally buys the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category." (Dictionary of Marketing Terms, 1995)

For decades, the idea of brand loyalty has received strong attention both practically and academically. "Brand loyalty is desired by firms because retention of existing customers is less costly than obtaining new ones. Firms profit from having loyal customers." (Melnyk & Bijmolt, 2015)

Brand loyalty is not simply repurchasing an item. It's often rooted in an emotional attachment and conviction towards a product, service or company. The concept consists of a deep connection and relationship between the consumer and the brand for a long period of time. These deep ties drive consumers to continue to use the brand's product or service over time, regardless of changes with competitors pricing or in the external environment. (So, Andrew & Yap, 2013) Consumers with true brand loyalty are willing to pay higher prices, think highly of the product, and/or bring new customers to the brand. (Market Business News; Reichheld, 1993)

What is Crisis?

There might be as many different forms of crises as there are publics (Kent, 2010). Crises range from natural disasters to man-made disasters, from corporate officer's scandal to workplace violence, from infected products to technological failures, to name a few. No matter which kind is it, they all share several defining characteristics: it's an unplanned/unexpected event, it would disrupt the group from its routine procedures, and it's seen as a threat to important goals (Seeger, Sellnow, & Ulmer, 1998). From a corporate perspective, a crisis can be defined as "the perception of an unpredictable event that threatens important expectations of stakeholders and can seriously impact an organization's performance and generate negative outcomes" (Coombs, 2012).

A crisis can damage an organization's products and/or services; it can create threats to public safety; it can harm employees, customers and other stakeholders physically, emotionally, and/or financially; it can cause operational, financial and reputational loss to the company (Coombs, 2007); it can also negatively impact the organization's future profitability and growth (Tucker & Melewar, 2005).

A relatively quick way to identify whether an activity counts as a crisis is to determine whether or not a) it is a non-routine event; b) it risks undesired visibility; c) the undesired visibility will jeopardize reputation. If the answer to one or more of the above is yes, then a crisis exists (Doorly & Garcia, 2010).

Crises are situations in a complex system that involves chaos, flooded information, multiple stakeholders, severe consequences, and leaves executives very limited time to take

actions. "The study of crisis has consistently been one of the three biggest areas of study in public relations for nearly 20 years" (Kent, 2010).

Literature Review

The importance of strong brand loyalty has been widely endorsed in the literature, especially in a number of marketing studies (Kamakura, Mittal, De Rosa and Mazzon, 2002; Pritchard, Havitz and Howard, 1999; Buchanan and Gillies, 1990). Strong brand loyalty is believed to have the potential to increase profitability (Kamakura, Mittal, De Rosa and Mazzon, 2002), to win market share and gain competitive advantage (Pritchard, Havitz and Howard, 1999), and to reduce risk of the firm (Buchanan and Gillies, 1990). Existing studies also include suggestions on how to effectively build up strong brand loyalty (Ganesh, Arnold and Reynolds, 2000; Heskett, Jones, Loveman, Earl Sasser and Schlesinger, 1994).

Some researchers that have investigated the relationship between brand loyalty and crisis have also discussed the role crises play in eroding brand loyalty (Dawar & Pillutla, 2000; Helm & Tolsdorf, 2013). In these studies, brand loyalty is interpreted as the outcome variable affected in the aftermath of a crisis.

Researchers who have discussed brand loyalty as an antecedent have arrived at different conclusions. Some claim that loyal consumers tend to be biased when processing negative information and therefore would moderate the negativity effect of a crisis (Ahluwalia, Burnkrant & Unnava, 2000). Others contend that loyal consumers would feel especially disappointed because of their higher expectations from the brand they love (Oliver 1993).

In 2007, marketing scholars from Hong Kong University of Science and Technology together with others from universities in the Netherlands and Belgium published a research

article titled "Weathering product-harm crises" (Cleeren, Dekimpe & Helsen, 2007). They studied how individual characteristics influence consumers' first-purchase decisions for brands after severe product-harm crisis. Their research showed that pre-crisis loyalty presented as an important buffer against the crisis. The study also found that heavy users tend to purchase the affected brands sooner once a crisis resolves (Cleeren, Dekimpe & Helsen, 2007).

On the other hand, Penn State University in late 2013 published new research declaring "brand loyalty not always being a benefit" (Germann, Grewal, Ross & Srivastava, 2013). The study focused on high-severity product recalls. Their results suggested that because of higher expectation, compare to those with less loyalty, consumers with a high level of brand loyalty may respond more negatively.

In 1996, scholar John Stockmyer from the University of Missouri published a research article named "Brands in Crisis: Consumer Help For Deserving Victims." He noticed that traditional crisis management lacks consideration of brand loyalty or consumer response. The objective of his study was to provide managers with "additional insight into the complicated issues surrounding company crisis response" (Stockmyer, 1996). In his research, Stockmyer discovered that while brand loyalty generates many benefits to the company, it is also affected by the situation. According to his study, consumers' feelings of sympathy toward brands are elicited by crisis conditions. The research suggested that consumers' response might also be toward a broader group (E.g. cars, clothing) rather than one specific brand.

The literature review reveals that while brand loyalty is often believed to be a downstream variable under a crisis, the directionality could also be reversed. Pre-existing brand loyalty can serve to buffer against or reinforce a crisis. Existing studies on the brand loyalty-crisis link have been mostly limited to product-harm crises and are also largely conducted from a

marketing perspective rather than a public relations perspective. The research conducted so far also lacks in-depth studies on different crisis conditions, which leaves room for additional examination and analysis into how strong brand loyalty impacts on a crisis differently under various circumstances.

Qualitative and Quantitative Research Methodology

Working to identify and fill the above critical vacuum, this study contains a mix of qualitative and quantitative research. The author first examined complex relationships between strong brand loyalty and crisis through four case studies: Coca-Cola, Blue Bell, Apple and Susan G. Komen. The purpose was to analyze and identify different crisis conditions and characteristics that affect the role of brand loyalty.

The author also conducted eight in-depth interviews with crisis management professionals and communication practitioners who have assisted with critical business decisions during crises. Interviews were conducted in New York City, those who could not meet in person were interviewed via phone or email. These interviews allow the author to analyze and present professional opinions on various crisis situations, as well as learn insights on real case scenarios from these practitioners.

Quantitative research was also conducted through surveys. 45 randomly chosen participants were led through different hypothetical case scenarios and asked to choose how they would respond to their favorite brand under each condition. These participants age between 25 to 45. The education background is above high school. More than half of the participants have graduate degree.

After identifying and testing different elements that affect the role of strong brand loyalty during crises, the author developed a template chart that can be adapted by practitioners.

Crisis management professionals, a company's corporate issues team and/or brand managers can take their crisis and check what criteria it fits, then further develop a plan to seriously consider brand loyalty before taking any strategic action.

Chapter 1: Case Studies

Blue Bell's Listeria Crisis

1907 in Brenham, Texas, a small company that produced ice cream and butter was founded and known as the Brenham Creamery Company (Blue Bell History). The company was taken over by the Kruse family in 1919 and started to expand its production of ice cream since then. In 1930, Kruse renamed the company Blue Bell Creameries after the Texas native wildflower (Blue Bell History). By the 1960s, Blue Bell began solely making ice cream products. In the late 1980s, the company's huge regional success pushed the company's expansion out of Texas and into the Southern United States. As of early 2015, Blue Bell distributed ice cream in 23 states through its 60 distribution centers, and served as the country's third-highest selling ice cream company (Elkind, 2015).

As the beloved ice cream maker in the South, Blue Bell has long branded its products as coming from "the Little Creamery in Brenham." (Elkind, 2015) Despite its national success and growth, the "small-town family business" image has been tied with the company.

Early 2015, for the first time in its over-a-century history, Blue Bell's products were found to contain a fatal bacteria called listeria.

Timeline of Blue Bell Listeria Outbreak and Recall (Elkind, 2015; CDC, 2015)

February 13, 2015 - One of Blue Bell's South Carolina distribution center received a routine product sampling and listeria was found in two products. The company's executives were alerted about the result. The affected products were manufactured at Blue Bell's Brenham facility.

February 16, 2015 - Blue Bell began retrieving 10 different products made on the infected factory line without issuing any public announcement. Neither the FDA nor state regulators required a public disclosure as the incident was seen as an isolated issue.

March 13, 2015 - The CDC announced that the listeria strains identified in South Carolina is linked to five illnesses including three deaths reported at a Wichita hospital in Kansas back in late 2014.

March 13, 2015 - Blue Bell announced limited recall by pulling the ice cream of the infected production line and its frozen snacks with "a potential listeria problem," claiming this action "the first time in 108 years."

March 22, 2015 - Kansas Department of Health and Environment alerted Blue Bell that they had found more patients at the Wichita hospital who were infected with listeria from Blue Bell's products. This time, the products were made in the company's Oklahoma plant.

March 23, 2015 - Blue Bell added three flavors of ice cream cups made in Oklahoma to the recall.

April 3, 2015 - The CDC disclosed that further testing had linked Blue Bell to 10 listeriosis cases dating back to 2010.

April 3, 2015 - Blue Bell temporarily suspended operations in Oklahoma plant.

April 7, 2015 - Blue Bell expanded the recall of products from the Oklahoma plant after FDA found listeria in other flavors made on the same product line.

April 20, 2015 - After more listeria was found in products made in Brenham, Blue Bell recalled all its products in the market and stopped production in 23 states. The company also released a video apology from its CEO Paul Kruse.

Fortune Magazine called Blue Bell's responses to the listeria case an example of "recall creep", which occurs "when executives hope that taking limited action will solve the problem and minimize commercial damage, only to find themselves forced to expand the recall repeatedly" (Elkind, 2015). The multiple and expanding recalls kept Blue Bell in the news for six weeks, leading to what crisis experts have described as "death by a thousand cuts" public relations (Dipietro, 2015). Although Blue Bell's recall statement kept claiming the company was "voluntarily withdrawing" products, the fact that each recall was following new evidence of more infected products showed that the company was behind the story instead of in front of it. It seemed like the company was forced to take each step instead of acting "voluntarily." Some would argue that Blue Bell's crisis response was the counterexample of Johnson and Johnson's Tylenol Crisis.

Blue Bell's apology came late in the crisis. One of the nation's top food safety attorneys, Bill Marler accused Blue Bell for lacking of sympathy, pointing out that the company "seemed so focusing on themselves and less on the people that had gotten sick" (Robinson-Jacobs, 2015). During his 37-second video apology, company's CEO Paul Kruse described the infection as a "heartbroken situation," apologized to the company's loyal employees and customers, insisted on the company's history of excellence, and ensured to "get it right" (Kruse, 2015). Kruse never mentioned the word "listeria," nor did he mention those victims who got sick or died from the ice cream or the family affected by it (Wray, 2015).

From a crisis communications' point of view, Blue Bell did not handle the case in the most appropriate or ideal way. However, its failures to deal with crisis did not seem to affect its consumer confidence.

"Diehard fans of the 108-year-old, family-run operation went into mourning -- but more for Blue Bell than the victims" (Elkind, 2015). The town of Brenham organized a Support Blue Bell Day, held a prayer vigil in the town square, put up signs that said "God Bless Blue Bell," and hoped the ice cream maker would come back "stronger than ever" (Levin, 2015).

Throughout the recall, loyal customers continued engaging positively on social media, posting pictures of themselves with the ice cream, constantly asking when the products would be back on shelves. Retailers and other vendors also remained steadfast, partially due to the strong consumer feedbacks they have received. Some (store managers) said that such brand loyalty has never been seen. Others endorsed Blue Bell for being a very good partner that helped the community for many years (Robinson-Jacobs, 2015). There were even products of Blue Bell for sale on eBay and Craigslist for much higher prices when the ice cream was out of market. Shirts with the words "I survived the Blue Bell Ice Cream Famine" were also sold on Etsy, Amazon and other online retailers (Wray, 2015).

Though the company suffered sizable human capital and financial losses throughout the recalls and plant shut downs, Blue Bell's strong brand loyalty and goodwill attracted an investment from fellow Texan billionaire, Sid Bass, who saved the company from going out of business (Newman, 2015). When the ice cream started to slowly return to the shelves in 2015, fans lined up outside stores and waited for the products to arrive (Broussard, 2015).

The "New Coke" Launch

Coca-Cola's story began in 1886, when the internationally renowned drink (often referred to simply as Coke) was first invented by Dr. John Pemberton. After American business tycoon Asa Candler bought the formula and brand in 1889, he incorporated the Coca-Cola Company. The soda rapidly gained popularity and sales. Throughout the early and mid 20th century, Coke and the company had dominated the world's soft drink market.

According to the company's "The Real Story of New Coke," by the early 1980s, Coke was on the edge of losing the cola war to rival Pepsi, and its market share lead over Pepsi "had been slowly slipping for 15 consecutive years" (Coca-Cola Company, 2012). Coke controlled only 24 percent of the market then, compared to 60 percent right after World War II (Benjamin, 2015). Pepsi had received increasing popularity through its "Taste Test Challenge" campaign, positioning itself as the cola for the "new generation," with celebrity spokespeople (Gorman & Gould, 2015).

In the fierce of cola war, the Coca-Cola Company desperately needed a move. It decided to adjust the formula and later held blind taste testing sessions with 200,000 individuals. The highly secretive operation took two years and test results indicated that participants preferred the new flavor over both the original one and Pepsi (Benjamin, 2015). Finally on April 23, 1985,

Coca-Cola Company announced the launch of the "New Coke." Based on the research results, market researchers and the company's executives had very strong confidence in the success of the new launch. Coca-Cola's then Chairman Roberto Goizueta claimed the new flavor as being "smoother, rounder yet bolder" (Ross, 2005). The positive foresight also encouraged the company to announce the simultaneous end of the 99 years old original Coke production (Mikkelson, 2011).

Despite the promising research results, public reaction of the sweeter and lighter New Coke was overwhelmingly negative (Ross, 2005).

Food critic Mimi Sheraton at Time magazine described the taste "a little like classic Coca-Cola that has been diluted by melting ice." Late night host David Letterman joked that the sweeter formula is mixed with Pepsi (Gorman & Gould, 2015).

Long term Coke drinkers didn't stand for the new flavor. Instead, they were angry. It was reported by CBS that a poll showed only 13 percent of soda drinkers liked New Coke (Haoues, 2015). Millions of fans hated the new product including those who did not taste it or failed to tell the difference. Furious consumers filed complaints and called to demand return of the old formula. The company was receiving 1,500 calls per day compared to 400 before the change (Coca-Cola Company, 2012). In total, over 40,000 calls and letters of outrage were received. Disappointed customers called Goizueta "Chief Dodo," addressed the change as "the dumbest decision in America's business history." (Oliver, 1986). Panicked fans even began stockpiling the old Coke. According to Newsweek's report in 1985, a case of the original product was sold for $30 by savvy black marketeers (Ross, 2005).

Even worse, Coke consumers formed campaigns across the country to force the return of the original Coke. Among the protesting groups was the "Old Cola Drinkers of America,"

founded by Seattle resident Gay Mullins, which emerged to lobby Coca-Cola to either bring back the old formula or sell it. A class action lawsuit against the company was also filed by the organization (Haoues, 2015).

Pepsi took advantage of the situation: running mocking ads; claiming that the change of the Coke was Coca-Cola admitting that they've lost the "Cola Wars"; accusing the new formula for "cutting back on some of the most costly ingredients" (Hays, 2004). Pepsi's sales increased by 14% compared to the same month the previous year, it also gained few long-term converts over Coke's change (Oliver, 1986).

The New Coke launch was no doubt a key moment in Coke's history. Coca-Cola even acknowledged that on that day, the company "took arguably the biggest risk in consumer goods history" (Coca-Cola Company, 2012). The soda's change was widely seen as Coca-Cola's biggest mistake and PR disaster. Nowadays, when a new product launch is a disaster, it is often mentioned as the "New Coke" of its industry (CBS News).

As Coca-Cola's president Donald Keough revealed in 2002, "all the time and money and skill poured into consumer research on the new Coca-Cola could not measure or reveal the deep and abiding emotional attachment to original Coca-Cola felt by so many people" (BBC, 2002). Coca-Cola spent a century to cultivate its loyal customers, but the New Coke's researchers failed to grasp the role of such strong brand loyalty. What has driven drinkers to the brand throughout generations was more than taste, but also traditions, habit, and nostalgia. To change Coke fundamentally was cutting consumers' relation to the brand. As Coke CEO Muhtar Kent said in a blog post commemorating the 30th anniversary in 2015, "the people who enjoy our brands ultimately own them." Loyal customers who had grown up with the traditional recipe wouldn't stand for the company when it intentionally tampered the original product. To the fans, what was

worse is that they lost their right to choose when their beloved Coca-Cola was to be discontinued in favor of this new product (Maruca & Halliday, 1993).

Ultimately, Coca-Cola underestimated consumers' emotional attachment, turned its back on what made it great, and broke faith with its fans in bringing out New Coke.

In fear of the outcry and boycotts, the company brought back the original Coke less than three months later. The news was so big that ABC anchor Peter Jennings interrupted TV series "General Hospital" to announce it to the nation (Time). Once the return was made, sales began to improve (Coca-Cola Company, 2012). Coca-Cola learned a valuable lesson through this crisis. With that in mind, while Pepsi changed the formula for Diet Pepsi in 2015 and Diet Coke's sales fell 6%, the company resisted changing Diet Coke's formula but introduced Coke Zero as alternative diet soda instead (Goldman, 2016).

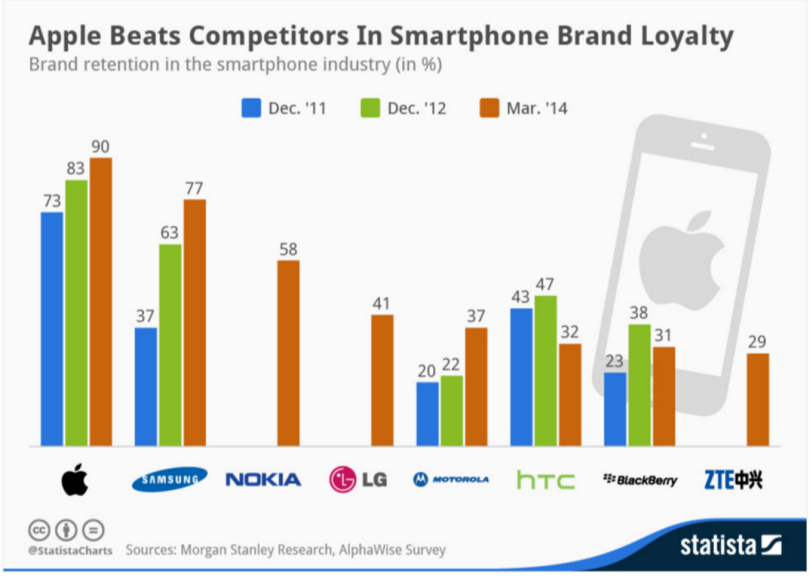
Iphone 4's Antenna Attenuation

The first ever Apple computer Apple I was created by Steve Jobs and Steve Wozniak in March 1976. A month later they found the company Apple Computers, Inc., which was later renamed as Apple Inc., in January 1977 (Macworld, 2006). The two incorporated the company in hopes of making computers suitable for personal use (The Library of Congress, 2008). The company went public on December 12, 1980. In 2015, Apple became the world's largest technology company by revenue and by total assets, beating Google as well as rival Microsoft and Samsung. It is also the world's most valuable company, with a total value over $700 billion (Chen, 2015; Higgins, Tim, Ciolli, Joseph and Bost, Callie, 2014).

Headquartered in Cupertino, California, Apple Inc. designs, develops and sells smartphones (iPhone), tablet computers (iPad), personal computers (Mac), digital media players

(iPod), smartwatches (Apple Watch), TVs (Apple TV), as well as computer software and offers online services. As of March 2016, there are 478 Apple stores in 17 countries and 1 billion active Apple devices worldwide (Rossignol, 2016; Dillet, 2016).

From 2008 to 2012, Apple was consecutively named the most admired company in the word by Fortune magazine (Fortune, 2008-2012). Despite heavy criticism regarding its quality control, labor practices and environmental destruction, Apple continues to enjoy a significantly high level of brand loyalty. It has long become a common phenomenon to see Apple fans queuing long lines for days and nights ahead of new products launch or a new store grand opening. According to Statista, iPhone has the highest brand loyalty of any smartphone brand (Richter, 2014). Reports also indicated that iPhone users admitted to "Blind Loyalty" (Kelly, 2014). Epithet like "Apple fanboy" and "iSheep" are used to mock the devotion of loyal fans.



On June 24, 2010, Apple released iPhone 4. Described by Jobs as "the best iPhone ever", the device had a fresher design and also introduced some new features including a front-facing camera, which was the first in the iPhone generation (Silver, 2013). The new phone received

600,000 pre-orders within the first 24 hours, beat the company's other device up to that time (Bonnington, 2011). 1.7 million iPhone 4s were sold in the first three days (Silver, 2013).

Not too long after the launch, complaints about reception issues of iPhone 4 began to flood the web. Users reported experiencing reduced signals or even dropped calls when they covered the lower edge of the phone (Hogg, 2010). The phone's revolutionary exterior-antenna design lead to what was described by the media as "AntennaGate".

Faced with growing complaints, widespread criticism and even potential lawsuits, Apple issued official guidance through media channels including Consumer Reports and tech blog Engadget stated that:

"Gripping any phone will result in some attenuation of its antenna performance with certain places being worse than others depending on the placement of the antennas. This is a fact of life for every wireless phone. If you ever experience this on your Phone 4, avoid gripping it in the lower left corner in a way that covers both sides of the black strip in the metal band, or simply use one of many available cases." (Authur, 2010)

In his email to Apple's customers and some technology review sites, Jobs also suggested users "just avoid holding it in that way." (Hogg, 2010).

Competitors mocked Apple and took advantage of the company's response in their own publicity. Nokia in its official blog post "How do you hold your Nokia" ran a detailed guide illustrated various positions that users can hold their phone (Zee, 2010). Motorola's co-CEO Sanjay Jha claimed that "antennas on the outside of products have known issues," so the company avoided them because "consumers don't like being told how to hold the phone." (Fowler, Sherr & Sheth, 2010). Motorola went as far to state in its full-page ad in the *New York*

Times that its antenna is "the kind that allows you to hold the phone any way you like" (Silver, 2013).

After three weeks of continuous complaints and negative reports, Apple finally called a press conference on July 16 to address the issue. Jobs' tone was firm throughout the conference. Although he confirmed the signal issue existed, Jobs said that the problem was not felt as a giant one that needed fix (Harvey, 2010). What was emphasized more by the company's CEO was that it was not Apple's unique issue but an industry-wide problem, which had been blown out of proportion (Frommer, 2010). Jobs also showed videos demonstrating reduced reception and drop off on their rivals' phones as well as Apple's previous model (Fowler, Sherr & Sheth, 2010). After pointing out that there were only 0.55% of complaints with antenna problems, return rates decreased to 1.7% from 6% for the handset released a year ago, and suggested the problem was exaggerated by rival and media attacks. Jobs ended the conference with the announcement that all iPhone 4 users would receive a free case or bumper that can solve the reception problem (Krazit, 2010). "We're not perfect. Phones are not perfect. We all know that. But we want to make our users happy," Jobs concluded.

Not everyone was pleased with Jobs' presentation. Critics argued that Apple broke all the rules (Fowler, Sherr & Sheth, 2010; Silver, 2013; Gans, 2011): 1. Apple didn't apologize or take full responsibility in its initial response. Instead of fixing the problem voluntarily, they asked users to "fix" it by not holding the phone in certain way or using a duct tape; 2. Apple didn't issue a recall but only decided to offer consumers free case to solve the problem, and even such offer was made at the end of its press conference, which took the company more than three months to hold; 3. During the press conference, Apple again didn't take full responsibility. It admitted to the issue, but emphasized that it was an industry wide issue and not the company's fault. Although Jobs publicly said that there was no "AntennaGate," the incident was claimed by CNN as "biggest tech fail of 2010." (Silver, 2013)

On the other hand, some marketing and crisis experts have stood by Apple, and suggest that the brand can "endure a crisis" and the company's "remarkable position of loyalty" allows it to react in a different way (Torossian, 2010). Apple has long created an emotional connection

with its customers. The company was trusted to always be innovative and inspiring. When Apple argued that the antenna issue was a result of innovative industry developments, to consumers, the move was bold and confident (Gans, 2011). To Apple's loyal fans, the conference was a transparent announcement without any insincere apologies. Some experts even believed the unique brand loyalty that has played a huge part in Apple's global success would ensure its customers remain forgiving and patient despite any issues the company may come across (Goodson, 2011).

Despite all the negative publicity and critics, demand for iPhone 4 continued to exceed supply. On September 30, 2010, Apple ended the free case offer and stated that the antenna attenuation issue "is even smaller than we originally thought" (Elmer-DeWitt, 2010). The company's stock price reached $369 per share (compare to around $250 in July 2010) within a year of the issue (Buskirk, 2010; Petruno, 2011; Silver, 2013).

Susan G. Komen Planned Parenthood Crisis

After losing her sister to breast cancer in 1980, Nancy Goodman Brinker founded The Susan G. Komen Breast Cancer Foundation in 1982 -- later renamed to Susan G. Komen for the Cure (simply referred to as Komen) -- with the ultimate goal of ending breast cancer (Susan G. Komen for the Cure). Since its inception, Komen has spent more than $2.6 billion in breast cancer education and research projects, as well as health services and social support programs (Komen). In fiscal year 2014, 80.4% of the organization's $234 million total expenses were invested in those services and programs (Charity Navigator, 2016). As the world's largest breast cancer organization (Belluck, 2012), Komen offers services and runs programs through its partnerships and affiliates in more than 60 countries worldwide (Komen). In 2010, Harris

Interactive ranked Komen second most trusted non-profit organization in America in its "2010 EquiTrend" study (Joslyn, 2010).

Since 2007, Komen has been giving Planned Parenthood Federation of America (a.k.a. Planned Parenthood) and affiliates around $700,000 each year, funding 170,000 clinical breast exams 6,400 mammogram referrals (Cordes, 2012). According to Komen's open letter about its relationship with Planned Parenthood in 2010, in some communities and areas, "the only place that poor, uninsured or under-insured women" can receive breast screening and treatment services is at Planned Parenthood (Komen, 2010). The foundation also said that it always monitors and assures that Planned Parenthood uses those grants only for breast health programs.

On January 31, 2012, the Associated Press reported Komen cut funding to Planned Parenthood due to policy change (Belluck, 2012). Planned Parenthood also announced the news on the same day via their social media channels. Komen's spokesperson said the cut was a "strategic decision" linked to the foundation's new rule of prohibiting "grants to organizations being investigated by local, state or federal authorities" (Belluck, 2012). Therefore, Planned Parenthood was excluded from the grants because it had been under congressional investigation conducted by Representative Cliff Stearns, Republican of Florida, about how it uses taxpayer funds (Miller, 2012). The halt would affect services at 19 of Planned Parenthood's 83 affiliates (Bassett, 2012). This decision was widely seen as a political move when it was pointed out by many media outlets that Komen's new vice president for policy was a politician with anti-abortion background (Cordes, 2012).

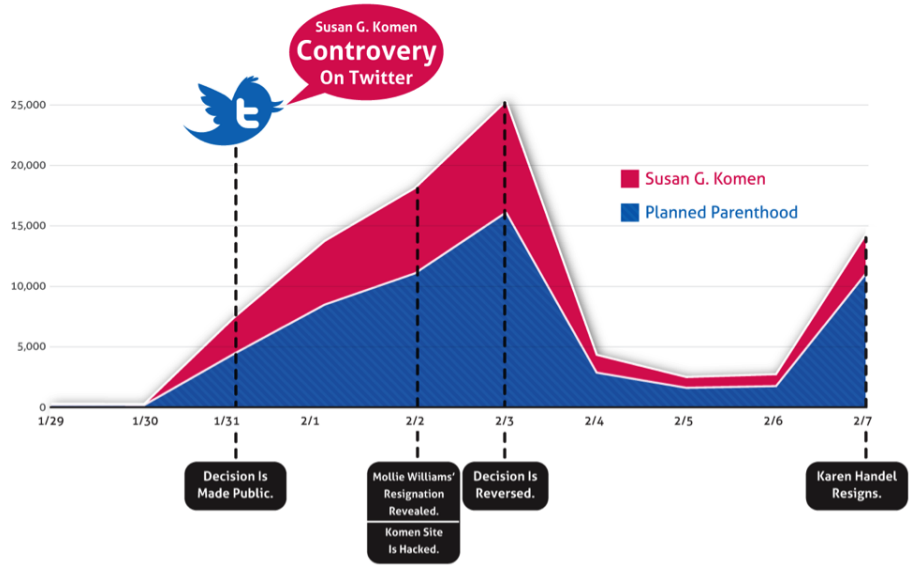
Within hours after the news broke, Komen was flooded by public outcry. Social media platforms were filled with comments in support of Planned Parenthood and against Komen. The ratio of anti-Komen to pro-Komen tweets was about 80 to 1 (Miller, 2012). On Facebook, the

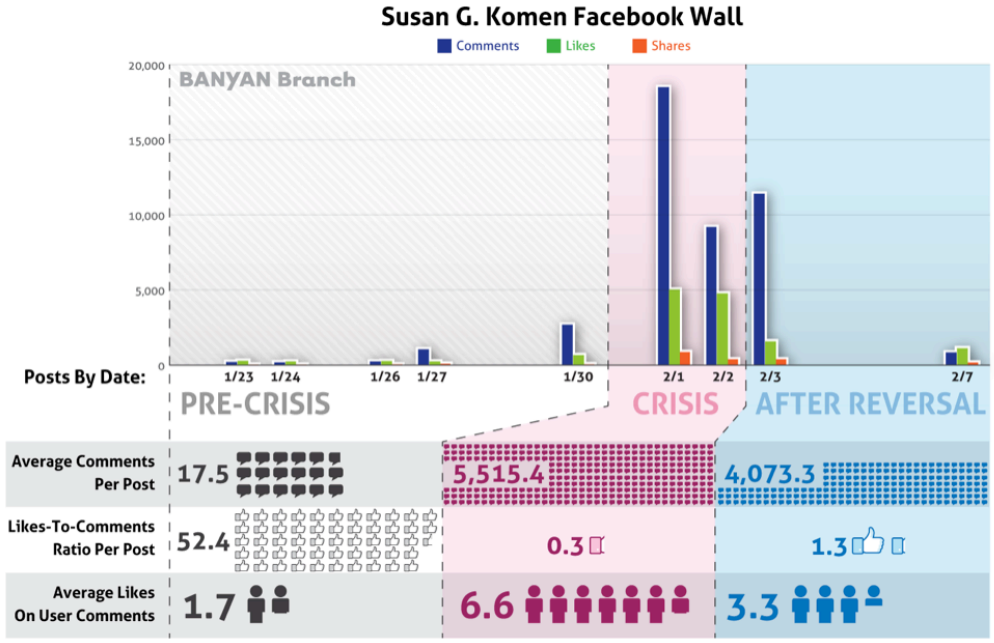
charity experienced about 20 negative posts every minute (Moire, 2012). Long term Komen supporters expressed feelings of shocking and betrayal, announced that they would stop donating to the foundation. Among those angry ones, including some big donors of Komen took immediate action to make direct donation to Planned Parenthood and other cancer charities (Ruse, 2013). Local affiliates, including some that had no direct relationship with Planned Parenthood, also received hundreds of complaining emails and saw donors pulling out funds.

Collaborators, corporate sponsors, large affiliates and other groups began to step away from Komen (Sun & Kliff, 2012). The American Association of University Women dropped out of Komen's Race for the Cure event (Sun & Kliff, 2012). One of Komen's affiliates in Connecticut stated that it would withdrew its support to the breast cancer charity but not stop funding Planned Parenthood of New England because "the community is speaking loud" (Bassett, 2012). Komen at the time had just announced new sponsorship from Energizer through their Facebook page, which happened to be their last Facebook update when the news came out. Furious supporters even went to Energizer's Facebook page announcing boycott until Komen changes the decision or Energizer ends its sponsorship (Miller, 2012).

In the next three days, the social media backlash of Komen continued, with a total of 1.3 million Twitter posts, a 99 percent decrease in likes per Facebook comment, and 18,645 likes on the "Defund the Komen Foundation" Facebook page (Harrison, 2013 and Bruell, 2012). Planned Parenthood in contrast, saw significant growth of donation and support. Its Facebook page had more than 32,000 new friends (Hagey, 2012). The then Mayor of New York City Michael Bloomberg announced on twitter that he would personally donate $250,000 to Planned Parenthood while also encouraged the public to stand by the organization (CBS, 2012). Texas oil

executive Lee Fikes and his wife contributed $250,000 for a "Breast Health Emergency Fund" (Bassett, 2012). In total, the organization received $3 million (Sudder, 2012).





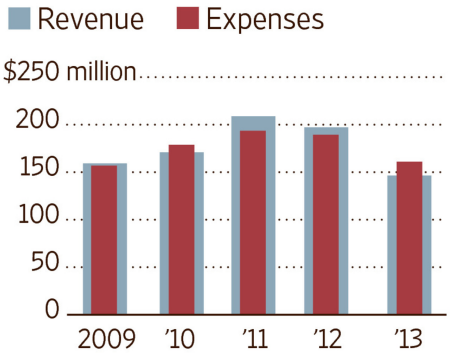
After 72 hours of the initial decision, Komen Foundation announced that it would reverse the funding cut (CBS, 2012), and continue the existing grants to Planned Parenthood. The charity said that it had refined the grants policy that funding an organization would be suspended only if it was "criminal and conclusive in nature" (A.P., 2012). On February 7, Karen Handel stepped

down as vice president for Komen's public policy (Sebastian, 2012). Nancy Brinker left her CEO role in August the same year (Reuters, 2012).

Damage didn't stop as the reversal was announced. Komen saw participants at its largest fundraising event "Race for the Cure" dropped 15-30% in various areas later in the year (Hensley, 2012; Ewinger, 2012). In 2013, the foundation also cut half of its "3-Day for the Cure" fundraising walks after experiencing 37% drop in participation (BBC News, 2013). According to Harris Interactive, Komen's "brand health" score dropped 21% compared to 2011, ranked as the second biggest drop (Wallis, 2012). In its fiscal year that ended March 31, 2013, the revenue of the nation's best known cancer foundation fell 26% -- more than $77 million (Hiltzik, 2014).

Tough Year

Declines in donations and weak attendance at races led Susan G. Komen (Dallas) to report a 26% decline in revenue for the fiscal year that ended in March 2013.



Source: Guidestar, IRS 990 Filings
The Wall Street Journal

When Komen released a statement about its plans to reverse its decision, the charity urged the public to help it "move past the issue" (komen, 2012). However, some of the former loyal supporters didn't seem to be willing to forgive or forget. To those supporters, when Komen pulled the money, it ultimately stopped low income women from benefiting from health services,

which directly contradicted its decades of promise to "do everything to support women in the fight against breast cancer" (Scudder, 2012). Some supporters thought the reverse decision was not Komen's true belief but forced by bad press, and that they could not regain trust in an organization who puts women's health under political favor (Hiltzik, 2014).

Chapter 2: Interviews and Surveys

In-depth Interview Analysis

The author conducted eight in-depth interviews with crisis management professionals and communication practitioners who have assisted with critical business decisions during crises. Seven of the interviews were conducted face-to-face or via phone calls, and lasted between 45 minutes to one hour. One interview was conducted via email (due to the professional's time constraints). Interviewees were asked about their opinions on the role of strong brand loyalty during crises. Based on their experience, they shared insights on situations in which strong brand loyalty presents a liability and conditions under which strong brand loyalty becomes help. They were also asked to identify what characteristics of crises would have stronger influence on consumers.

All the interviewees endorsed the benefit of strong brand loyalty. They believe strong brand loyalty can often act as a "cushion" and buy a company under crisis more space and time to respond. Loyal consumers' emotional investment in a brand contributes to deep attachment and commitment. The positive feelings that brand loyalists have allow them to give the company a second chance or the "benefit of the doubt" (a term that has constantly been brought up during the interviews).

While acknowledging that in general strong brand loyalty is an asset in a crisis, more than half of the interviewees do think strong brand loyalty can serve as a "double edge sword." Because of the deep emotional investment, consumers tie themselves to the brand, and therefore don't want to see the investment go waste or their choice to be viewed badly. There are times

that the strong bond can go against the brand and cause loyal consumers anger or adverse actions.

Mostly, when a crisis is caused by some uncontrollable outside force, people choose to stand by their brand because they feel sorry for the company. Even if the crisis is caused by a lapse on the company itself, those who highly believe in the brand are still more likely to give it a "break" because they trust their brand can recover from an anomaly.

When a company has built a strong brand loyalty based on a central promise and the essence of the brand is violated by itself, it will most likely create a backlash among the loyalists. In other words, when the expectation that the company has previously set up can't be met, it fails consumers' trust. That company would put itself in a dangerous position and would likely be hammered in the marketplace. When those who have long believed in the brand experience a feeling of betrayal, they would turn away to the competitors.

The author listed eight pairs of conditions and situations of crisis and asked the interviewees to identify strong brand loyalty's role under these circumstances, for instance, would brand loyalists be more likely to stand by their brand under one condition and be outraged under the other one.

1). The company is a victim in the crisis vs. The company is a villain in the crisis

Majority of the interviewees think in cases when the company is a target of an attack or a disaster, people tend to be more forgiving, especially the loyal ones. The consumer sympathy created in such situations could even enhance the loyalty. On the other hand, when a company voluntarily does something wrong, people are more likely to get angry with the brand. Strong brand loyalty could become a negative in such condition.

Two of the interviewees also pointed out that there are cases when victim could quickly become a villain. Sometimes, the uncontrollable cause that lead to the crisis can later be proven to be the company's own negligence. For instance, issues that the company chose to overlook cause the crisis. In cases like this, even though the company claims itself to be a victim, to consumers, it has turned to villain, especially when the consumers' own benefit is in jeopardy.

2). Isolated incident vs. Continuous incident

All interviewees agree that in an isolated incident, strong brand loyalty is more likely to help the company. Companies can often come back from an incident if they can prove that they can prevent it from happening again. Thus, if the same type of problem keeps happening, it shows the company break its own promise and fails the expectation, and therefore causes loyalists' outrage. Also, those who support the brand on day 1 may not continue to support when the issue lasts to day 7 or even longer. In such cases, the company fails to show its ability to fix the problem efficiently. Another situation pointed out by one interviewee is that if the crisis is caused by continuous problems that have been long hidden by the company, loyalists would react more negatively.

3). Deaths/injuries involved vs. No deaths/injuries involved

No solid answers can be collected on this condition. In general, when human life is involved, people react more strongly. Although in theory someone would say strong brand loyalty won't help in cases that deaths and/or injuries are involved, real life cases keep showing how people can maintain loyal even when deaths happen. G.M.'s ignition-switch defect,

Bluebell's listeria breakout, Disney's alligator attack are examples offered by the interviewees. Opinions around this condition remain very situational.

4). The crisis involves the products/services vs. The crisis involves something else (e.g. a scandal of the management level)

More than half of the interviewees believe that the closer the issue is to the consumers personally, the more they would care. Thus, if the products/services that consumer has purchased or invested in are infected, the more danger there is for the brand. People buy products all the time not necessarily knowing or caring so much about what the company is doing in other areas. Companies may have a higher chance to benefit from loyalists' support when there is more distance between the customers and incident. In general, a product-harm crisis would receive more significant negative reaction. However, if there is a key person who's very associated with the brand, then his or hers action would be evaluated heavily as well. Some interviewees pointed out that it would also depend on what people expect from their brand. For instance, if the crisis involves ethical controversy, there would be exceptions.

5). The issue involves the company only vs. The issue involves the whole industry

This condition was thought to be the most complicated and situational one. Some agree that when the issue only happens within one company, people may easily switch to its competitors. On the other hand, loyalists are more likely to stay if the whole industry is facing the problem. However, some argue that when a company is seen as the leader in an industry, brand loyalty could backfire in industry-wide issues because people have higher expectation

towards the "leader." If an industry-wide problem is first discovered with certain brand, then this brand may also be viewed more negatively.

A company and the industry that it belongs to sometimes can taint each other. Therefore, even when something only happens to one company, people would say that it's typical for the industry.

6). The crisis contradicts the company's own mission vs. The crisis doesn't contradict the company's own mission

This condition received the most unanimous opinions among all. Companies with a strong brand loyalty build a standard higher than its competitors or average that people are willing to associate with (e.g. pay higher price, constantly repurchase and recommend etc.). If that standard is shown to be untrue, it causes the feeling of betrayal and backlash. In these cases, the brand violates its promises, offends followers and loses revenue as consumers and prospective consumers begin to turn away. On top of that, crisis repair also becomes more difficult because the special bond that it had with the consumers is tarnished.

7). Family owned business vs. Big public corporation

In most cases, intuition makes people favor family owned business over large publicly owned companies. The more "mom and pop" a brand is, the more benefit and sympathy it might gain. That's why many big companies try to hold on to the family name or the family feelings even if they have de-associated with the family icon long time ago. It's not rare to see large public corporations position or brand themselves as family business. On the other hand, there are

privately business that are owned by a family but still perceived as big corporation. In cases like this, people simply cannot make the distinction.

There are also times when consumers would trust a big corporation more given the nature of the industry. For example, in biomedical and pharmaceutical field, small family owned business may not have more benefit than large companies.

8). The company belongs to a high risk industry vs. The company belongs to a low risk industry

This condition received very different opinions. On the one hand, some think people have higher tolerance for high risk industry. If a company is by nature a dangerous business, people understand that bad things could happen, and therefore may react less negatively. On the other hand, some think people have lower tolerance in high risk industry. Because of the known risk associated in the business, people would expect higher safety standard.

What weighs more?

When asked among all the variables, which pairs would impact brand loyalty's role more than others, conditions that received most attentions are: 1). Victim or villain; 2). Isolated or continuous; and 6). Whether or not the issue contradicts the brand's own mission.

In conclusion, all the interviewees believe that each and every one of the conditions could be situational. Although some situations may seem to be more obvious to predict or lean more towards one side, there would always be exceptions in the world of crisis.

Initial Mapping Template

After the case study and in-depth interviews, the author listed different conditions that influence the role of strong brand loyalty and also analyzed their impact levels. Then the author created the mapping template below to help crisis communication professionals to quickly identify whether a strong brand loyalty could help or negatively impact a brand.

Strong brand loyalty is more likely to help a brand under conditions in the left column (green), and more likely to harm one under conditions in the right column (red). At the same time, those in the top row (darker color) would have stronger impact than those in the bottom row (lighter color). The one that falls in the middle column is especially situational and could go either way.

When a crisis happens, a company would be involved with more than one of these conditions. Depending on the situation at the time, crisis management professionals would take the template and check what materials does the brand fulfill to identify which side it tends to lean on more.

Victim Does not contradict mission Isolated incident	neglect/lapse	Villain Contradicts mission Continuous incident
Not products/services related (scandal) No deaths/injuries involved Industry wide issue		Products/services related Deaths/injuries involved Company's unique issue
Low risk industry Family owned company Domestic brand	High risk industry	Big public corporation Foreign brand

The author then used surveys to exam the initial model that's been created.

Quantitative Survey Analysis

Survey participants were first led through different crisis scenarios and asked to choose whether they are more willing to support or turn away from their favorite brand. Then they were also asked to rate how much would each type of condition affluent their attitudes.

The author put together a second mapping template (see below) using the survey results data.

	neglect/lapse	Villain Contradicts mission Continuous incident Products/services related Deaths/injuries involved
Isolated incident	Not products/services related	High risk industry Company's unique issue Big public corporation
Victim; Does not contradict mission; No deaths/injuries involved; Family owned company		
Industry wide issue; Low risk industry;		

Most of the author's anticipated findings were matched. In general, the measured conditions successfully identified situations in which brand loyalty helps and situations in which brand loyalty becomes a liability.

In the initial mapping template, two opposite conditions in each pair were rated the same in terms of the level of influence. To the author's surprise, survey participants didn't see it the same way. According to the results, data shows that strong brand loyalty conditions become a liability and can have stronger influences on consumers than those under which strong brand loyalty becomes a help. The author suspects that people may tend to think more rationally and

therefore become more critical in hypothetical scenarios. Because the emotional bond is hard to be incited in such hypothetical cases, people may react very differently in real life.

It's also important to note that even when a crisis has nothing to do with the products or services, people tend to reserve their support concerning that whether the issue could conflict their ethics or belief system. Another take away from the survey is that people don't weigh domestic and foreign companies differently.

Chapter 3: Conclusion and Implication

Final Mapping Template

Combining findings from case studies, in-depth interviews and surveys, the author moderated the initial template and created a third version in below.

Victim Isolated incident	Neglect/lapse	Villain Contradicts mission Continuous incident
Does not contradict mission No deaths/injuries involved Family owned company	Not products/services related (scandal)	Products/services related Deaths/injuries involved Company's unique issue High risk industry
Industry wide issue Low risk industry		Big public corporation

The author took the four case studies and tested each again in the mapping templates. In the case of Blue Bell and iPhone 4, the brand was in the green more than in the red. Therefore, their strong brand loyalty helped the companies overcome the crisis. On the other hand, the New Coke and Susan G. Komen crises saw far fewer conditions in the green compared to those in the red. Therefore strong brand loyalty in these cases created a huge backlash. Note that in the Susan G. Komen's case, people's lives were threatened when they lost access to examinations even though there were no actually deaths or fatalities during the crisis. Therefore the author believes that the Komen foundation fulfills the "Deaths/injuries involves" criteria in this case.

Blue Bell

Victim Isolated incident	Neglect/lapse	Villain Contradicts mission

Brand Loyalty in Crisis: How does strong brand loyalty affect a company during crisis under different circumstances?

		Continuous incident
Does not contradict mission No deaths/injuries involved Family owned company	Not products/services related (scandal)	Products/services related Deaths/injuries involves Company's unique issue High risk industry
Industry wide issue Low risk industry		Big public corporation

Iphone 4

Victim Isolated incident	Neglect/lapse	Villain Contradicts mission Continuous incident
Does not contradict mission No deaths/injuries involve Family owned company	Not products/services related (scandal)	Products/services related Deaths/injuries involved Company's unique issue High risk industry
Industry wide issue Low risk industry		Big public corporation

New Coke

Victim Isolated incident	Neglect/lapse	Villain Contradicts mission Continuous incident
Does not contradict mission No deaths/injuries involved Family owned company	Not products/services related (scandal)	Products/services related Deaths/injuries involved Company's unique issue High risk industry
Industry wide issue Low risk industry		Big public corporation

Susan G. Komen

Victim Isolated incident	Neglect/lapse	Villain Contradicts mission Continuous incident
Does not contradict mission No deaths/injuries involved Family owned company	Not products/services related (scandal)	Products/services related Deaths/injuries involved Company's unique issue High risk industry
Industry wide issue Low risk industry		Big public corporation

The author then took Volkswagen's most recent emissions scandal and tested it with the model.

In September 2015, the U.S. Environmental Protection Agency (EPA) found that large amount of cars being sold in the States by the German automaker Volkswagen Group (Volkswagen) had a software that would improve engines test results during emission tests (Hotten, 2015). The programed device in these cars could sense test environments and change the nitrogen oxide output to meet U.S. standards, while in real-life driving the emitted pollutants are up to 40 times more (Gates, Ewing, Russell and Watkins, 2016). Volkswagen later admitted that it had intentionally equipped its vehicles with software to cheat on emissions tests and that there were 11 million of affected cars worldwide (Barlett and Naranjo, 2016).

Victim Isolated incident	Neglect/lapse	Villain Contradicts mission Continuous incident
Does not contradict mission No deaths/injuries involved Family owned company	Not products/services related (scandal)	Products/services related Deaths/injuries involved Company's unique issue High risk industry

Industry wide issue Low risk industry		Big public corporation

A 2015 published poll of 400 U.S. car buyers showed that only 4% would consider buying a Volkswagen and 42% said it would be less likely for them to buy Volkswagen because of the emissions issue (Burke, 2015). Volkswagen also offered additional $2,000 credit to its existing owners towards future purchase (Beene, 2015). Marketing and communication experts described the level of deception of Volkswagen very rare (Burke, 2015) and would be hard to forgive especially by many of its loyal consumers. For the first time in 13 years, Volkswagen's sales in the U.S. declined 15% in November 2015, and 5.2% in December, while full-year sales saw a 2% drop (Houston-Waesch, 2016).

Critics believe what sets Volkswagen's case apart from other auto recalls in the industry -- some of them even linked to deaths -- is that "it intentionally tried to circumvent regulations" (Burke, 2015). The fact that Volkswagen voluntarily cheated on the public was worse than negligence or mistakes in testing procedure.

One case that the model fails to prove right is the National Football League's (NFL's) concussion crisis. (Note that although NFL is a officially a 501 c (3) non-profit organization, but because of its size and generated avenue, it is generally seen as a big corporation.)

Victim Isolated incident	Neglect/lapse	Villain Contradicts mission Continuous incident
Does not contradict mission No deaths/injuries involved Family owned company	Not products/services related (scandal)	Products/services related Deaths/injuries involved Company's unique issue High risk industry

Industry wide issue Low risk industry		Big public corporation

Over the years, the public has seen many issues regarding the NFL that have dominated the nation's news: from cheating, rage and domestic violence to even a murder conviction. In all these cases, although the associated teams and/or players had been affected at different levels, the brand itself has not appeared to be damaged (Anson, 2015).

When the concussion issue was exposed, critics argued whether this time it would strike the brand severely. After thousands of former players sued the organization, the link between the sport and permanent brain damage and deaths was proven, and Congress even compared the NFL with tobacco companies, the NFL brand continues to grow (Drummond, 2014; Anson, 2015).

Experts in sports management argue that fans who watch sports as a form of entertainment are more likely to put aside ethical values. Thus despite the fatal risk associated with the game, people will continue embrace the game. On the other hand, some experts also point out that although the NFL remains strong in the short-run, the number of youth football players is shrinking (Anson, 2015). The number of NFL's loyal fans may reduce in the next generation.

NFL's high value involves more than just brand loyalty (e.g. gambling is a great force). The relationship between its on-going issues and performance is more complicated than the model could explain.

Implication

When crises happen, multiple elements must be taken into consideration. Good communication professionals are required to collect and carefully analyze all the related information before making or recommending any actions. More importantly, crisis communication professionals are required to act quickly to reduce potential larger harm. It is because the above that crisis communication template, model and system that professionals can take and adapt to their situation are so important. These models often provide a good basic structure to start from instead of reinventing the wheel every time.

Crises require deeper research and analysis because they are very situational by nature, and they can be affected by so many unstable factors. Strong brand loyalties' role is one of the central elements to evaluate.

From case studies and practitioners insights, this research paper found additional evidence for situations in which strong brand loyalty presents a liability and can lead to severe backlash. Even though no two crises are the same there are always similar patterns that could be taken in as reference. Thus, though the model created in this study still has its loopholes, it creates a shortcut for communication professionals to quickly evaluated their brand loyalty's position.

When a brand falls more into the green cells, instead of immediately pulling out everything, i.e. halting production or crafting the perfect apology, time and money could be better spent on gathering information and resources to fix the problem. When a brand falls more into the red cells, the essence of response strategy should include gaining forgiveness from loyalists. In addition, the model will stimulate companies to take brand loyalty into serious consideration before making new business decisions.

Future crisis management professionals will need to evaluate additional questions to fully understand brand loyalists and their impact on de-escalating or intensifying crises. Alternate considerations should include situations in which brand loyalist return to support quickly after the issue is fixed, and in what case even when the crisis had been taken care of, loyalists' trust can't be regained. Additionally, brand loyalty's impact on a company in different industry also deserves a deep study. Important to note that during the research, the author discovered that there is a gap between how communication professionals perceive certain condition's impact and how consumers actually react. During the interviews, practitioners used a lot of "it depends" and sometimes got confined into a situational trap. In real case scenarios consumers care less specifics than the practitioners predictions. How to fill this gap deserves a study as well.

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Appendix

Questions Asked During Qualitative Interviews

1. What do you think is the role of strong brand loyalty for a company under crisis? Do you think strong brand loyalty can help or harm such company

2. Under what condition do you think a company with crisis would benefit from its strong brand loyalty?

3. Under what condition do you think the company with crisis will be negatively influenced more by its strong brand loyalty?

4. The following variables reflect different conditions and situations of crisis. Please identify strong brand loyalty's role (Help? Harm? Neutral?) under these circumstances.
   1). Victim vs. villain
   2). Isolated incident vs. Continuous incident
   3). Deaths/injuries involved vs. No deaths/injuries involved
   4). Issue involves the company only vs. Issue involves the whole industry
   5). Family owned business vs. Big public corporate
   6). The crisis contradicts the company's own mission vs. The crisis doesn't contradict the company's own mission
   7). The crisis involves the products/services vs. The crisis involves something else (e.g. a scandal of the management level)
   8). Industries involving high risk vs. Industries involving low risk

5. Among the above variables, which ones do you think will impact strong brand loyalty's role more than the others? (For example, whether a company is a victim or villain during the crisis matters more than whether it's a family owned business or a big public corporate)

6. Can you relate any of the above situations to a real case scenario from your professional experience?

7. During your professional life, have you ever encountered any crisis in which strong brand loyalty played a critical role?

8. Do you think a strong brand loyalty can create or lead to a crisis?

Strong Brand Loyalty in Crisis

July 29th 2016, 11:48 pm EDT

Q1 - The purpose of this survey is to examine consumers' relationship with their favorite brand during a crisis: in what situation would you choose to stand by the brand that you like? What situation would change your opinions on the brand that you've been loyal to? Please keep in mind that all the questions are testing your attitude towards your favorite brand while the crisis is ongoing. Picture one of your favorite brands. It could be a product or service you purchase on a regular basis, even when the price is higher than others of the same type in the market. You've always thought highly of the brand and you constantly recommend it to others. A brand could also be a non-consumer organization/company that you have long enjoyed, admired, supported, and/or bonded with (e.g. a charity organization, a sports organization etc.). Now, imagine that something bad has happened and is disrupting your favorite brand (i.e. a product, service, company, organization, etc.). For instance, perhaps your favorite product has a sudden malfunction that is bothering users; maybe your favorite service has a sudden interruption; or perhaps your favorite company or organization is suddenly involved in a financial or social scandal. Please respond to the following questions as the crisis unfolded... 1. The issue or the problematic product/service hasn't caused any injuries or deaths but has added inconvenience to your daily routine. (For the case of a non-consumer brand, a non fatal issue has driven negative publicities.) Would you_____

Answer	%	Count

A. Continue using the product/service	26.67%	12
B. Find an alternative to suit immediate needs, but remain supportive to the brand and switch immediately back when the issue is resolved	71.11%	32
C. Switch to another brand permanently	2.22%	1
Total	100%	45

Q2 - 2. How long would it take you to turn away from your brand? For example, if the issue or the problematic product/service continues existing for ___, you would permanently switch to another brand.

Answer	%	Count
A. More than 1 month	44.44%	20
B. More than 3 months	33.33%	15
C. More than 6 months	11.11%	5
D. More than one year	8.89%	4
E. I would not switch, regardless of how long the issue continued	2.22%	1
Total	100%	45

Q3 - 3. If the same type of problem recurred, you would switch to another brand permanently after the_____

Answer	%	Count
A. The second time	55.56%	25
B. The third time	37.78%	17
C. More than three times (please specify how many times)	4.44%	2
D. I would not switch, regardless of how many times the issue recurred	2.22%	1
Total	100%	45

C. More than three times (please specify how many times)

C. More than three times (please specify how many times)

4

Q4 - 4. If the issue or the problematic product/service has been proven to have caused isolated incidents of injuries and/or death, would you_____

Answer	%	Count
A. Continue using the product/service	8.89%	4

B. Find an alternative to suit immediate needs, but remain supportive to the brand and switch immediately back when the issue is resolved	46.67%	21
C. Switch to another brand permanently	44.44%	20
Total	100%	45

Q5 - 5. Assuming your brand has caused isolated incidents of injuries and/or death, how long would it take you to turn away? If the issue or the problematic product/service continues existing for ___, you would permanently switch to another brand.

Answer	%	Count
A. More than 1 months	71.11%	32
B. More than 3 months	15.56%	7
C. More than 6 months	8.89%	4
D. More than one year	2.22%	1
E. I would not switch, regardless of how long the issue continued	2.22%	1
Total	100%	45

Q6 - 6. If the same type of problem recurred, you would switch to another brand permanently after the_____

Answer	%	Count
A. The second time	68.89%	31
B. The third time	28.89%	13
C. More than three times (please specify how many times)	2.22%	1
D. I would not switch, regardless of how many times the issue recurred	0.00%	0
Total	100%	45

C. More than three times (please specify how many times)

C. More than three times (please specify how many times)

5-6

Q7 - 7. If the incident is proven to be beyond the brand's control (in other words, not the brand's fault), would you be more willing to remain supportive and give the brand a second chance?

Answer	%	Count
A. Yes, only if there’s no deaths/injuries involved	48.89%	22
B. Yes, whether or not there’s deaths/injuries involved.	42.22%	19

It's not the brand's fault afterall. It deserve a chance to fix the problem		
C. No, whether or not there’s deaths/injuries involved. I would switch to another brand permanently	8.89%	4
Total	100%	45

Q8 - 8. If the incident is caused by the brand's mistake or its own neglect, will you be more willing to remain supportive throughout the crisis and give the brand a second chance?

Answer	%	Count
A. Yes, only if there’s no deaths/injuries involved	48.89%	22
B. Yes, whether or not there’s deaths/injuries involved. I trust my favorite brand can fix its mistake	22.22%	10
C. No, whether or not there’s deaths/injuries involved, I will switch to another brand	28.89%	13
Total	100%	45

Q9 - 9. If it has been discovered that the issues leading to the occurrence of the crisis had long existed but were ignored or hidden by the company, would you

Answer	%	Count
A. Stand by the brand and wait for it to solve the problem as long as there’s no deaths/injuries involved	15.56%	7
B. Stand by the brand and wait for it to solve the problem regardless of deaths/injuries involved	22.22%	10
C. Switch to another brand permanently whether or not there’s deaths/injuries involved	62.22%	28
Total	100%	45

Q10 - 10. Assume the crisis has nothing to do with the product/service, but was caused by something else (e.g. management level scandals). Would you remain loyal and back the company as it's going through the crisis?

Answer	%	Count
A. Yes, the only thing I care about is the product/service that I’m using is still good	35.56%	16
B. Yes, as long as the crisis is not conflicting my ethics or belief system	48.89%	22
C. No, my relationship with the brand goes beyond the product/service, any negative incident is disappointing	15.56%	7

Total	100%	45

Q11 - 11. As long as the issue doesn't contradict the brand's own mission or break its central promise/value, I'm more willing to remain loyal and stand by the company during the crisis.

Answer	%	Count
True	86.67%	39
False	13.33%	6
Total	100%	45

Q12 - 12. If the issue does contradict the brand's own mission or break its central promise/value, I will most likely turn away from it.

Answer	%	Count
True	88.89%	40
False	11.11%	5
Total	100%	45

Q13 - 13. What if your favorite brand is a family owned business? Would you be more likely to remain supportive during a crisis and trust that they would make it right as opposed to if this brand belongs to a big public corporation?

Answer	%	Count
A. Yes, I have more confidence in family owned business and am willing to give it more benefit of doubt	42.22%	19
B. No, I believe family owned businesses and public corporations hold the same weight when crisis happens	46.67%	21
C. No, I have more confidence in big public corporation	11.11%	5
Total	100%	45

Q14 - 14. In general, you would be more likely to remain supportive during a crisis and trust that a company would make it right when your favorite brand is a _____.

Answer	%	Count
A. Domestic brand	37.78%	17
B. Foreign brand	11.11%	5
C. Neither	51.11%	23

Total	100%	45

Q15 - 15. In general, you would be more likely to stand by your favorite brand if other brands of the same type are facing the same issue. In other words, you will support your brand if the whole industry is having the same problem.

Answer	%	Count
True	93.33%	42
False	6.67%	3
Total	100%	45

Q16 - 16. Do you have higher/lower tolerance for a brand in high risk industry (e.g. financial, transportation) than one in low risk industry (e.g. entertainment, clothing)?

Answer	%	Count
A. I have higher tolerance for a brand in high risk industry	24.44%	11
B. I have lower tolerance for a brand in high risk industry	42.22%	19
C. Indifferent	33.33%	15
Total	100%	45

Q17 - 17. On the scale below, please rate how you think each pair of conditions will affect your attitude toward your favorite brand (either to support or to turn away). A 1 rating means the condition would impact your attitude the least, while a 10 rating means the condition would strongly influence how you feel about your favorite brand. - 1-A. Is the company a victim of the crisis (i.e. data breach, terrorist attack, rouge employee, third party frame, etc.)

Question	1		2		3		4		5		6		7		8		9		10		Total
1-A. Is the company a victim of the crisis (i.e. data breach, terrorist att...	13.33%	6	8.89%	4	6.67%	3	13.33%	6	20.00%	9	6.67%	3	4.44%	2	11.11%	5	8.89%	4	6.67%	3	45
1-B. The	0.0	0	6.6	3	4.4	2	2.2	1	8.8	4	6.6	3	6.6	3	26.	1	20.	9	17.	8	4

company did something wrong (i.e. neglect, lapse, etc.)	0%		7%		4%		2%		9%		7%		7%		67%	2	00%		78%		5
2-A. The issue violates the company's own mission/ value, or contradicts the...	0.00%	0	0.00%	0	4.44%	2	2.22%	1	15.56%	7	11.11%	5	15.56%	7	15.56%	7	13.33%	6	22.22%	10	45
2-B. The issue	2.22%	1	13.33	6	15.56	7	11.11	5	22.22	10	11.11	5	8.89%	4	8.89%	4	2.22%	1	4.44%	2	45

does not violate the company's own mission/ value, or contrad...			%		%		%		%		%										
3-A. There have been some deaths/injuries involved because of the issue	2.22%	1	0.00%	0	2.22%	1	4.44%	2	8.89%	4	13.33%	6	2.22%	1	17.78%	8	8.89%	4	40.00%	18	45
3-B. The issue did	0.00%	0	8.89%	4	2.22%	1	6.67%	3	20.00	9	24.44	11	17.78	8	11.11	5	8.89%	4	0.00%	0	45

not cause injuries or deaths, but has created inconve nie...									%		%		%		%						
4-A. The issue/cri sis was an isolated incident	11.11%	5	8.89%	4	11.11%	5	8.89%	4	17.78%	8	4.44%	2	20.00%	9	11.11%	5	6.67%	3	0.00%	0	45
4-B. The issue/cri sis was a continuo us problem	2.22%	1	0.00%	0	2.22%	1	6.67%	3	4.44%	2	11.11%	5	15.56%	7	17.78%	8	17.78%	8	22.22%	10	45

5-A. The crisis involves the products /services	2.22%	1	2.22%	1	6.67%	3	2.22%	1	6.67%	3	8.89%	4	11.11%	5	17.78%	8	17.78%	8	24.44%	11	45
5-B. The crisis involves something else (e.g. a scandal of the management l...	4.44%	2	8.89%	4	8.89%	4	13.33%	6	13.33%	6	11.11%	5	20.00%	9	4.44%	2	8.89%	4	6.67%	3	45
6-A. The issue involves the	2.22%	1	4.44%	2	15.56%	7	8.89%	4	8.89%	4	13.33%	6	15.56%	7	11.11%	5	4.44%	2	15.56%	7	45

company only																					
6-B. The issue involves the whole industry	15.56%	7	13.33%	6	6.67%	3	8.89%	4	15.56%	7	6.67%	3	11.11%	5	8.89%	4	6.67%	3	6.67%	3	45
7-A. Family owned business is involved	6.67%	3	6.67%	3	11.11%	5	8.89%	4	24.44%	11	6.67%	3	13.33%	6	6.67%	3	8.89%	4	6.67%	3	45
7-B. Big public corporation is involved	4.44%	2	4.44%	2	11.11%	5	15.56%	7	13.33%	6	8.89%	4	11.11%	5	17.78%	8	8.89%	4	4.44%	2	45
8-A. Domesti	15.56	7	11.11	5	8.89%	4	8.89%	4	20.00	9	6.67%	3	4.44%	2	11.11	5	8.89%	4	4.44%	2	45

c brand is involved	%		%						%						%						
8-B. Foreign brand is involved	17.78%	8	11.11%	5	6.67%	3	6.67%	3	20.00%	9	8.89%	4	11.11%	5	4.44%	2	8.89%	4	4.44%	2	45
9-A. The crisis involves a high risk industry	4.44%	2	6.67%	3	6.67%	3	11.11%	5	13.33%	6	4.44%	2	15.56%	7	8.89%	4	15.56%	7	13.33%	6	45
9-B. The crisis involves a low risk industry	6.67%	3	17.78%	8	13.33%	6	11.11%	5	11.11%	5	11.11%	5	15.56%	7	2.22%	1	6.67%	3	4.44%	2	45

Q18 - Your gender

Answer	%	Count
Male	33.33%	15
Female	66.67%	30
Total	100%	45

Q19 - Your age

Answer	%	Count
25 and under	40.00%	18
25 - 35	57.78%	26
35 - 45	2.22%	1
45 - 55	0.00%	0
55 and older	0.00%	0
Total	100%	45

Q21 - Your education background

Brand Loyalty in Crisis: How does strong brand loyalty affect a company during crisis under different circumstances?

Answer	%	Count
Lower than high school	0.00%	0
High school	2.22%	1
Undergrad degree	26.67%	12
Graduate degree and above	71.11%	32
Total	100%	45