

CAN BOLSTERING STRATEGY REBUILD THE TARNISHED REPUTATION AFTER FATAL BRAND CRISIS? : A CONCEPTUAL PAPER

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Abstract-Business considers brand reputation is the key to survival for the organization. The occurrence of fatal brand crisis leaves a huge negative impact on the organization. Concurrently, brand crisis response strategy has received growing attention and the best comprehensive strategy has been increasingly emphasized. In this study, the linkages between bolstering strategy consist of reminder strategy, ingratiation strategy and victimage strategy to the brand reputation has been examined. The discussions are based on the findings from this study on the flight passengers in Northern Region of Malaysia. This study concludes with the discussion on the theoretical, practical contribution, limitation of this study and recommendations for future research.

Keywords: Brand crisis, brand reputation, bolstering strategy.

1. INTRODUCTION

1.1 Introduction of the Research

Brand reputation is very delicate intangible assets for the organization, and it is easily be tarnished (Cleeren, Dekimpe, & Helsen, 2007). A slight mistake or crisis of the brand will influence the customer's loyalty towards the brand for long and leave negative effect to the brand reputation. Negative brand reputation can direct to the sale's volume shrinking (Cleeren et al., 2007). The mistakes or crisis which can influence the brand reputation must be solved immediately. Delaying or ignoring in handling the crisis will erode brand's reputation. The brand crisis is a high-impact event that threatens the capability of the organization, change the trust on the organization (Paraskevas, 2006), tarnish an organization's reputation, decrease an organization's long-term profitability, growth and also its survival (Priporas & Vangelinos, 2008). Brand crisis can be caused in many forms, either internally or externally and the consequences of brand crisis can cause the fatal to the victims.

1.2 Background of the Study

Brand crisis not only leave negative effect to the organization development but it also will affect feelings of the customers such as traumatism especially for the fatal case of brand crisis. The feelings by the customers will determine the brand reputation of the organization. By focusing on the airline's industry, the example of brand crisis which has tarnished the brand reputation is the doubles tragic cases faced by Malaysia Airlines System (MAS) in 2014. Due to the incidents, MAS have recorded Net Loss of RM307 million for the three months ended 30 June 2014 and 65% drop than a previous corresponding year, 2013. For the three months ended June 2014, MAS Group revenue fell 5% to RM3.59 billion compared to one year ago (MAS, 2014). The tremendous drop in the sale of MAS tickets is the effect of the crisis and consumers doubt on the safety aspect of their services. The crisis has tarnished their reputation, and it leads to the sale reduction (Raghuvanshi & Ng, 2014). And according to MAB (2016) press room, "2nd quarter is expected to be weaker, and the Group expects to record a loss for the year 2016". This indicates that the past incidents still affect the organization profits and market shares. Not only on profit shrinking, Skytrax, a United Kingdom-based consultancy that carries out international traveler surveys to determine the best airlines and other air travel related matters has announced that the rank of MAS in 2016 is in number 34 compare to 2013 was in number 14 ("The World's Airlines Awards", n.d).

To response to the brand crisis, many scholars have suggested various strategies based on their research. However, there is very limited research deeply discussed bolstering strategies which consist of reminder, ingratiation, and victimage as a strategy to protect the brand reputation and brand loyalty (Coombs, 2013). Bolstering strategies is strategies that are focusing on the post-crisis period, and it might determine the acceptances of the brand by customers after the brand crisis occurred. The reaction taken by the organization in handling the brand crisis will indicate the judgment of the public and consumers towards the organization's responsibility. The judgment on the brand crisis response strategy taken by the organization will affect the brand reputation (Cleeren et al., 2007). A slightly mistake on brand crisis response strategy will leave a huge impact on the sustainability of the organization,

and it may lead to another crisis (Siomkos & Kurzbard, 1994). Therefore, this study is attempted to determine the effect of bolstering strategy in responding to the fatal brand crisis based on the case of MAS.

1.3 Research Questions and Research Objectives

The following research questions have been developed to continue the research.

- RQ 1 Is reminder strategy will repair the brand reputation after the crisis?
 RQ 2 Is ingratiation strategy will rebuild the tarnish reputation after the crisis?
 RQ 3 Will victimage strategy is an effective strategy to overcome the brand crisis?
 RQ 4 Does brand loyalty mediate the relationship between brand reputation and bolstering strategy (reminder, ingratiation, and victimage)?

Reflecting the above research questions, the research objectives below has been formed.

- RO 1 To examine the effect of reminder strategy to the brand reputation.
 RO 2 To examine the effect of ingratiation strategy to the brand reputation.
 RO 3 To examine the effect of the victimage strategy to the brand reputation.
 RO 4 To examine the mediating effect of brand loyalty on the relationship between brand reputation and

2. LITERATURE REVIEW

2.1. Brand Crisis

The literature on the definition of brand crisis will be started by defining the word of crisis. In term of linguistic, the word of crisis is originated by Greek word “krisis” which it is also same use in Bahasa Malaysia means judgment, choice or decision (Paraskevas, 2006). Priporas and Vangelinos (2008) as cited in Fink (1986) defined crisis as an unsteady time or state of affairs in which a crucial change is impending, either one with the diverse possibility of a highly undesirable outcome or one with the diverse possibility of a highly desirable and extremely positive outcome. Normally, it is 50-50 proposition, but anyone can improve the odds. It supported by Heller and Darling (2012) on defining the brand crisis and by adding the crisis also as a turning point for better or worst and a situation that has reached a critical stage.

In the business literature, the brand crisis is a high-impact event that threatens the capability of organization, change the trust on the organization (Paraskevas, 2006), tarnish an organization’s reputation, decrease an organization’s long-term profitability, growth and also its survival (Priporas & Vangelinos, 2008). Brand crisis occurred when the product produced by an organization do not meet the mandatory safety standard, contains a deficiency that could cause substantial harm to customers, creates an unreasonable risk of serious harm or death or fails to comply with a voluntary standard implemented by the specific industry (Yubo, Shankar, & Yong, 2009) and it is associated with some brands (Siomkos & Kurzbard, 1994).

The classification of the brand crisis has been discussed by many scholars and many suggestions have been recommended in classify the type of brand crisis. Evans and Elphick (2005) have categorized the brand crisis into two types, the cobra, and the python. The cobra type is the suddenly happen crisis while the python type is the crisis happen by gradually in the organization. The study of identifying the type of crisis continuously increase and lead to the finding of the study by Heller and Darling (2012). Heller and Darling classified brand crisis based on the time frame and in four stages; preliminary crisis, acute crisis, chronic crisis, and crisis resolution. On the other hand, based on the cause of the crisis, Coombs and Holladay (2013) has categorized the brand crisis into three main clusters in their research. The list of the cluster as in Table 2.1.

Table 2.1 Crisis Cluster

Crisis Cluster	Crisis Type
	Natural disaster
	Rumors
	Workplace violence
	Product tampering/malevolence
	Challenges
Accidental crisis cluster	Technical error: accidents
	Technical error: product harm
	Human error: accidents
Intentional crisis cluster	Human error: product harm
	Organizational misdeed

Bolstering strategy (reminder, ingratiation, and victimage)

Based on the crisis categories suggested by Coombs (2013), the fatal crisis can happen. The crisis type of natural disaster, technical error on accidents, technical error on product harm, human error on accidents and human error on product harm may cause death to the victims.

2.2. Brand Reputation

Brand reputation is the key asset of the organization. Brand reputation is the estimation by the customers regarding the consistency of product or service quality related to the brand name (Sengupta, Balaji, & Krishnan, 2015). Similar to this, brand reputation also can be explained as for how positively or negatively stakeholders perceived the organization based on direct or indirect experience with the organization (Coombs, 2013). As the intangible asset to the organization, brand reputation is fragile and easily been tarnished. Brand reputation has a strong significant relationship to the quality. Therefore if the quality is different from the customer's expectation, it may lead to the dissatisfied and will tarnish the reputation (Selnes, 1998).

The brand reputation will be tarnished if a brand crisis occurs in the organization. The perceptions of unexpected event that threatens important expectations of stakeholders and might seriously affect an organization's performance and engender negative outcomes (Coombs, 2013). Once the organization suffered the crisis, media reports will play a critical role in the reputation formation. The stakeholders will accept the media reports and judgment on the organizations will start. When the stakeholders process the information about the crisis, it will create an indirect experience to construct the brand reputation. "Crises stand out and are more memorable because they are unexpected and negative" (Coombs, 2013; p. 271).

However, there are arguments on the role of brand reputation to the organization on the situation of crisis and the crisis response strategy. Well-formed positive brand reputation offers a shield for organizations during the crisis, and it will eliminate some negative effect of the crisis on the organizations (Sengupta, Balaji, & Krishnan, 2015). This has been supported by Schlegelmilch (2013), that well-known brands acquire the benefit of the doubt and customers recognize the mistakes as less hazardous. However, Coombs and Holladay (2006) found that the organization with higher reputation will negatively effect by the crisis more than lower reputation organization. Consumers expect an extra response by the higher reputation organization which involved in the crisis. This argument has been supported by Hess (2008) and Brady, Cronin, Fox, and Roehm (2008) that excellent reputation will not buffer the effect of brand crisis because it will not reduce customer's perception towards the brand crisis. Therefore, the correct brand crisis response strategy will determine the recovery of the tarnished reputation.

2.3. Bolstering Strategy

The crisis response strategy has been divided into four group based on SCCT; denial crisis response strategy, diminish crisis response strategy, rebuild crisis response strategy and bolstering crisis response strategy. Bolstering strategy is the supplement strategy for the brand crisis response strategy (Coombs, 2013). Thus supplement strategy consists of three sub-strategies which have the potential to re-develop the tarnished brand reputation. The three sub-strategies are reminder strategy, ingratiation strategy, and victimage strategy.

Reminder strategy is a strategy when the crisis manager informs or reminds the stakeholders about the past good performance of the organization. By implementing the reminder strategy, it is a tool to emotionally connect to customers memory. It also will remind the customer sweet nostalgia with the brand, and it will influence the customer to forgive the brand crisis and then more likely to return purchasing (Braun-LaTour, Latour, & Loftus, 2006). For ingratiation strategy, the main activity will express appreciative and thanks to the stakeholder for their support during the crisis. From this activity, it will directly rebuild the brand association and brand commitment between the stakeholders and the brand. Also, indirectly the ingratiation will repair the tarnished reputation (Coombs, 2007). Lastly, the victimage strategy which the crisis manager will keep reminds the stakeholder that the organization is the victim of the crisis as well. Therefore, it will create the sympathy feelings by the stakeholders, and they will believe that the organization needs their help to overcome the crisis.

Out of the other three type of crisis response strategy which is denial, diminish and rebuild, bolstering strategy is only are supplemental. Bolstering postures seek to build a positive association between an organization and its publics by showing support from the organization for its stakeholders. However, bolstering strategy are not to be used independently but rather in combination with other crisis response strategies (Coombs, 2013). Furthermore, by only implementing the bolstering strategy in response to the crisis, the consumers will judge the organization as avoiding the crisis by focusing on other factors. But, Coombs (2013) also admitted that bolstering strategy would be more effective when it has been combined with other crisis response strategy especially in reminding the consumers that organization is the victim as well. The finding of Coombs (2013) is opposite to the research finding by Brown and White (2010). In their study, Brown and White (2010) found that a bolstering strategy produced the lowest attribution of crisis responsibility for the organization in both positive and negative relationships when it has been used alone. This means that the bolstering strategy does not have to be used as a supplement to other response

International Journal of Technical Research & Science

strategies, but it has its own value. Furthermore, the bolstering strategy has been structured to emphasize an organization's good deeds by reminding the stakeholders why they became involved with the organization from the beginning, which, in turn, it could help to mitigate the crisis.

Consequently, due to the argument on the effectiveness of bolstering strategy as the independent strategy in responding to the brand crisis, this study attempt to investigate the effect of bolstering strategy in the context of Malaysian airlines industry after the fatal crisis occurred. Based on the literature, the hypotheses have been formed as below:

- H1 Reminder strategy will affect the brand reputation after the fatal crisis occurred.
- H2 Ingratiation strategy will influence the brand reputation after the fatal crisis occurred.
- H3 Victimage strategy will influence the brand reputation after the fatal crisis occurred.

2.4. Brand Loyalty

Brand loyalty can be defined as a customer's behavior or attitude towards the buying pattern for one specific brand. The behavior of rebuy or re patronize to a preferred brand is the root in defining the term of brand loyalty (Bowen & McCain, 2015; Veloutsou, 2015; Oliver, 1999). Brand loyalty is also an emotional or psychological attachment to brand within a product class (Ahluwalia, Burnkrant, & Unnava, 2000). However, the evolution of defining the brand loyalty has expanded tremendously, and many scholars suggested different elements in defining the brand loyalty.

The evolution of brand loyalty by customers has been discussed by many scholars. Cognitive-affective-conation pattern of loyalty development by Oliver (1999) cited by Bowen and McCain (2015) differentiated the brand loyalty level into four category, (i) first or cognitive loyalty level; where customer choose one brand based on only brand belief, (ii) second or effective loyalty level; no strong commitment to repurchase the same brand of product but positive attitude towards the brand has developed, (iii) third loyalty level; the intention to repurchase has been formed because brand-specific commitment is generated, (iv) final level; when the intention to repurchase transformed to the action, then there is the brand loyalty development by the customer. Dick and Basu (1994) also classified brand loyalty into four categories by considering the behavioral and attitudinal loyalty. The four classifications are true loyalty, latent loyalty, spurious loyalty and low loyalty. The customers who repurchase the same product of the same brand and hold a positive attitude toward the brand are a truly loyal customer.

For this study, the effect of brand loyalty as a mediator between brand reputation and bolstering strategy will be examined. There are numerous of research has been done in determining the relationship between brand reputation and brand loyalty. Good brand reputation will attract more customer because of their trust on the good reputation, and if the organization is continuously giving good reputation, it will create the loyalty toward the brand (Loureiro & Kastenholtz, 2011). Customers always expect the high quality of the product or services with a good brand reputation which it is the direct antecedent to the customer satisfaction and brand loyalty (Chang, 2012). There is a positive relationship between the brand reputation and brand loyalty. However, in the case of brand loyalty after the crisis, there is the mixes result on the relationship between brand reputation and brand loyalty (Sengupta, Balaji, & Krishnan, 2015). The study to identify the effect of brand loyalty as a mediator is still scarce especially in the context of Malaysian industry. Therefore, the aim of this study is to fill the gap, and the hypothesized relationship has been formed as below:

- H4 Brand loyalty mediates the relationship between reminder strategy and brand reputation.
- H5 Brand loyalty mediates the relationship between ingratiation strategy and brand reputation.
- H6 Brand loyalty mediates the relationship between victimage strategy and brand reputation.

2.5. Underpinning Theory

Situational Crisis Communication Theory (SCCT) is the root of this study. Originated by attribution theory, SCCT's major focus is the combination of crisis response strategy and crisis situation (Coombs, 2013). A public persona or it is essentially corporate reputation is the main outcome of the SCCT. By linking the elements of responsibility to the crisis situation and crisis response strategy, SCCT has suggested for the crisis manager to exploit the benefits of corporate reputation in choosing the best crisis response strategy. By referring to the SCCT, this study will examine the effect of bolstering strategy as the crisis response strategy on the brand reputation after the fatal crisis happened.

2.6. Theoretical Framework

Based on the above discussion, the researcher has formed a theoretical framework to show the connection between the dependent variable and independent variables for this study. The framework is as in Figure 2.1.

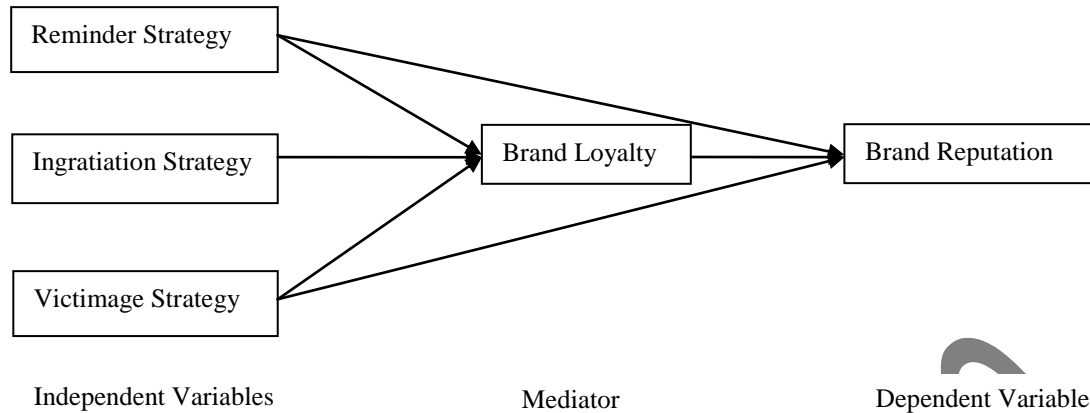


Fig. 2.1 Theoretical Framework

3. METHODOLOGY

3.1 Methodology of the Research

This study will adapt a quantitative method by implementing the survey collection of data through a structured questionnaire. The questionnaire will be formed in five sections. The first section of the questionnaire will consist ten questions regarding brand reputation based on the questionnaire developed by Mason (2014). The second section will measure the reminder strategies as perceived by the consumers and will consist of five questions developed by Liao, Shen, and Chu (2009). The third section will include the questions developed by Medler-Liraz and Yagil (2013) regarding ingratiation strategy. In the fourth section, the respondents will be asked about their preference on the last strategy of victimage in four questions adapted from Huang (2008). The final section of the questionnaire will collect the demographics of respondents regarding gender, age, educational level, citizenship, occupation, and level of their salary. Seven Likert scales will be used to measure the response in the first section to the fourth section.

Flight passengers in three airports of Northern Region of Malaysia are the sample population of this study. The numbers of respondents needs to be collected are 384 response. Flight passengers have been chosen to participate in this study because the main objective of this study is to identify the effect of Airlines company's reputation after the fatal crisis occurred. The three airports consist two of international airports and one domestic airport, and the characteristics of the airports may represent the generalizations of the population. Since the researcher doesn't have any sampling frame at hand, a convenience sampling method is the best technique (Hague, 2006). Furthermore, convenience sampling is a technique with lesser cost and reduces the difficulties associated with sampling frames. The personal administered questionnaire will be distributed to the flight passenger who is waiting to flight in departure hall in each airport.

In analyzing the data, PLS-SEM will be employed to identify the hypothesized relationship. PLS-SEM is the most suitable tools to analysis the data more specifically in marketing, strategic management, management science and social psychology, among others (Hair et al., 2013; Hair et al., 2012; Henseler et al., 2009). Furthermore, this software can be operating for non-normally distributed data due to the small sample size and doubtful in the normally distributed of the data.

CONCLUSION

As a conclusion, based on the increasing of fatal crisis nowadays there is a need for the researcher to study the effect of response strategy to overcome the crisis. The crisis will tarnish the brand reputation and will negatively affect the sustainability of the organizations. Therefore, this study aims to examine the effect of bolstering strategy which is consist of reminder strategy, ingratiation strategy and victimage strategy to rebuild the brand reputation. The arguments of the effect of brand loyalty to the brand reputation after the crisis also need to be clarified especially in the context of Malaysian airlines industry. The findings of this study are hoped to clarify the argument in the context of Malaysia.

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