

BUILDING BRAND MUSCLE: RESEARCHERS EXAMINE HOW PRODUCT RESPONSIBILITY AND SOCIAL RESPONSIBILITY IMPACT BRAND RESILIENCE -- HOW EFFECTIVELY A COMPANY RECOVERS FROM A CRISIS.

Preparing for a crisis helps protect a company's reputation and ability to bounce back. there are two forms of pre-crisis commitments, product responsibility and social responsibility, and each impacts brand resilience differently according to Purdue researchers.

Companies must be prepared for various crises, with two major types of challenges. One is a performance crisis related to core offering failure, such as product recalls. The other is a values crisis related to environmental, social, and ethical issues. Given the prevalence of brand crises, a company is eager to know if there is a commitment they can make before either type occurs so the commitment can protect the brand. More importantly, while there are two forms of pre-crisis commitments--product responsibility and social responsibility, it is unknown which area of pre-crisis brand commitment can be more powerful protector in times of crisis.

Dr. Jiyun Kang and her doctoral student, Amy Faria, both from the Division of Consumer Science at Purdue University's White Lodging-J.W. Marriott, Jr. School of Hospitality and Tourism Management, along with other colleagues, studied this interesting phenomenon, finding recommendations for companies.

After four pre-tests, a main study using an online experiment was conducted with 1,040 nationwide participants in the US, a sample highly representative of the overall population.

Researchers found a brand's commitment to social responsibility alleviates the attribution of accountability and enhances brand resilience, irrespective of the type of crisis. On the other hand, a brand's commitment to product responsibility instead increases the attribution of accountability and does not contribute to increasing resilience.

Of the research, Dr. Kang said: "Many firms consider a social responsibility as secondary or non-essential over product responsibility; however, our study provides stronger and clearer evidence regarding why brand's social responsibility efforts, such as investing more in CSR and doing social good, are even more critical, especially during a crisis outbreak. Such efforts will be paid off when the inevitable crisis happens by mitigating consumers' negative perceptions about the brand, building stronger brand muscle, and enabling resilience against future crises."

MAJOR TAKEAWAYS:

- Merely being known as a highly ethical or strong performer cannot shield a company from every kind of crisis
- Pre-crisis commitment to two different areas of corporate responsibility--social responsibility and product responsibility--can act as a defense mechanism for brands
- Product responsibility and social responsibility differently impact a company's brand muscle strength and resilience when a crisis hits
- Pre-crisis commitment to social responsibility is more important for recovery after a crisis than commitment to product responsibility
- A brand's commitment to social responsibility is more effective in protecting the brand, irrespective of the type of crisis--performance crisis or values crisis
- Investments in CSR help alleviate consumers' negative perceptions during a brand crisis and build stronger brand muscle that enables resilience against future crises

WHO NEEDS TO KNOW:

- Consumers
- Retailers
- Branding executives
- Corporate Social Responsibility (CSR) executives
- Public Relations/Crisis Management/Marketing Specialists

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