

## **THERE IS BAD AND THERE IS WORSE – A COMPARISON OF CONSUMER REACTIONS TO PRODUCT-HARM CRISES AND BRAND CRISES**

Ursula Haas-Kotzegger, WU Vienna, Austria  
Bodo B. Schlegelmilch, WU Vienna, Austria

### **ABSTRACT**

Reports on industrial crises are increasing in frequency and becoming part of the everyday life of consumers and companies. The purpose of this paper is to draw a clear line between two common crisis types: product-harm crises and brand crises, and their impact on consumer behavior. In a product-harm crisis, the product is defective and/or dangerous, whereas a brand crisis results from claims that a key brand proposition is unsubstantiated or false. Using a real-life product-harm crisis and a brand crisis as stimuli in an experimental setting reveals that consumer responses differ between the crisis types. When consumers are faced with a brand crisis, they are more likely to accept the negative information than consumers confronted with a product-harm crisis. Buyers of a brand that faces a crisis are more influenced by the negative news and evaluate the brand worse than non-buyers or consumers confronted with a product-harm crisis. Moreover, consumers are more aware of brand crises than product-harm crises. This research contributes to a better understanding of consumer reactions to negative publicity about products and brands and provides a basis for future research in this area.