

## **Proximity and consumer trust in a brand crisis.**

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### **Abstract.**

Brand crises cause detrimental effects for consumers and organisations. Over the last 50 years, Marketing, Public Relations and Communications disciplines have attempted to identify methods that can minimise such consequences for organisations. Consumers' attitudinal and behavioural responses play a critical role for organisations during crisis, with responses including decreased satisfaction, purchase intention and trust.

A review of existing brand crisis literature revealed an important mediator between brand crisis and consumers' responses yet to be recognised. This study introduces the concept of *proximity* to the literature to better understand consumers' responses to a brand crisis. The study proposes that consumers' connection to a brand crisis, through product ownership and violation of shared values, will have a significant effect upon consumers' trust in the affected organisation.

A sequential mixed-method exploratory research design achieved insight into proximity through the collection of 6 in-depth interviews and 55 questionnaire responses. A significant variance is highlighted in negative responses between high proximity and low proximity groups, indicating that a closer connection to a brand crisis event elicits stronger negative responses and lower levels of trust post-crisis. The research enables the refinement of the proximity concept, allowing better conceptualisation and aiding its application within future research or practice. Proximity is explored using the context of three recent, large-scale crisis events; the 2015 Volkswagen emissions fault, Samsung Note 7 product fault in 2016 and the 2015 Talk Talk cyber-attack.

Key words: brand; crisis; proximity; trust.

## **INTRODUCTION.**

The 1982 case of poisoned Tylenol leading to the death of seven people (Latson 2014) is still one of the most infamous brand crises examples, due to its devastating effects upon its customers. Conversely, the uncovering of tax avoidance by multi-national organisations Starbucks and Amazon (Reuters 2016) also led to a crisis, causing serious damage to companies, particularly when mishandled (Perrow 1984; Carley and Lin 1995; Arpan and Pompper 2003). Consumers' responses to a brand crisis play a fundamental role in the detrimental nature of the crisis, with responses including consumer dissatisfaction, deterioration of purchase intention (Pullig et al. 2006) and loss of trust in the organisation (Xie and Peng 2009). Negative publicity, a key component of brand crisis, is argued to be a key influence in consumers' purchase intentions (Ahluwalia et al. 2000). Thus, many scholars and practitioners have focused their research accordingly, attempting to understand the effects of brand crises for organisations and formulate appropriate recovery strategies. However, research has also highlighted that consumers' reactions are diverse in both type and severity (Cheng et al. 2012; Lisjak et al. 2012; Trump 2014; Jeon and Baeck 2016), leading to an emphasis of research to understand the factors affecting responses. Scholars suggest that the better an organisation can predict and understand consumers' responses during crisis, the more equipped the organisation is to lessen the detrimental effects of the crisis (Dutta and Pullig 2011).

Almost two decades ago, Fournier (1998) articulated the complicated nature of the customer-brand relationship, emphasising the necessity to understand its complexities.

This complexity is reflected in the differing ways consumers respond to brand crises, as scholars have introduced several factors that allegedly influence responses. For example, performance-related crises, whereby a product is faulty or fails to deliver its functional benefits, have been proven to be more harmful to a company than values-related crises where the company's environmental or ethical values are compromised (Dutta and Pullig 2011). Alternatively, a prior customer-brand relationship is suggested to affect consumers' willingness to believe negative information, although research conclusions do conflict (e.g. Grégoire et al. 2009; Jeon and Baeck 2016). The personality of the brand, whether it is perceived as sincere as opposed to exciting, is also suggested to influence responses differently (Heejung and Myung 2010). Other factors include: the company's corporate social responsibility initiatives (Kang and Hustvedt 2014); self-image congruence (Wu 2011); transgression severity (Fincham et al. 2005).

In a marketplace of increasing competition (Klein and Dawar 2004), the perception of being trustworthy is key for organisations (Knowles 2003 cited by Kang and Husvedt 2014). Xie and Peng (2009) argue that brand crises present one of the biggest threats to organisations' trustworthiness, due to its fragile nature and the nature of brand crisis to expose organisational vulnerabilities (Wang and Huff 2007). Numerous scholars confirm that a violation of trust due to brand crisis leads to decreases of loyalty, retention and willingness to act (Chaudhuri and Holbrook 2001; Delgado-Ballester et al. 2003; Willmott 2003; Erdem and Swait 2004; Matzler et al. 2008; Kang and Husvedt 2014). The recovery of trust is now organisations' top priority post-crisis and has resulted in a growing association between trust and brand crises within literature (Xie and Peng 2009).

This research introduces the notion of proximity as an additional factor affecting consumers' responses and trust during crisis. Proximity's relevance exists only during a brand crisis and is not thought to be a permanent relationship component. To illustrate,

it can be argued that a family member of a victim of the Tylenol poisoning is likely to trust Tylenol less and have stronger negative responses, in comparison to someone who only learned of the event through the media and experienced no direct effect. This study uses examples of three crisis events as context for the research study.

In 2015 it emerged that German automotive manufacturer Volkswagen AG had intentionally falsified 11 million diesel engines to produce lower emissions results during laboratory testing. Dating back to 2009, the fault also affected subsidiary brands SEAT, Skoda, Audi and Porsche. Actual emissions exceeded American regulations by 40 times, leading to fines of \$18 billion and the worldwide recall expected to cost a further £4.8 billion. Volkswagen stated "We've broken the trust of our customers and the public", and their share price dropped by a third (Hotten 2015).

Korean electronics manufacturer Samsung launched the new Note7 smartphone in August 2016. Reports soon emerged of overheating batteries and exploding devices, causing an aircraft emergency evacuation and serious injuries to some owners. Samsung issued an urgent recall and all sales ceased (BBC News 2016). Samsung's market price declined by £11 billion (Farrell 2016) and they declared "we will act in a way that allows us to win back your trust" (Samsung 2016).

In 2015, British telecommunications company Talk Talk's servers were taken offline and it later revealed they had experienced a "significant and sustained cyber-attack" which affected four million customers. It later emerged that the personal and banking details of 157,000 customers had been accessed. The attack cost approximately £35 million in operational costs and lost revenue (BBC News 2015). The Information Commissioner's Office fined Talk Talk £400,000 for failing to implement security measures that could have prevented the attack (ICO 2016).

The study aims to develop the concept of proximity, assessing its role and nature within consumers' responses and evaluations of trust post-crisis.

## LITERATURE REVIEW.

### Introduction

This review of literature identifies understandings of consumers' responses to brand crises and their effect on trust. Scholarship examining brand crisis (Klein and Dawar 2004; Dutta and Pullig 2011; Jeon and Baeck 2016), trust (Sirdeshmukh et al. 2002; Wang and Huff 2007; Sekhon et al. 2014) and proximity (Rice and Aydin 1991; Bissell 2013; Huang et al. 2015), are reviewed to inform the study and development of proximity as a vital concept influencing consumers' responses and trust evaluations.

### Brand Crises

Due to "the increasing complexity of products, more demanding customers, and more vigilant media" product-fault related crises are occurring more frequently (Klein and Dawar 2004, p.205). A brand crisis begins with an organisation's transgression, defined as a "violation of the implicit or explicit rules managing relationship performance and evaluation" (Metts 1994 cited by Heejung and Myung 2010, p.30). A transgression becomes a crisis due to media amplification and the result of consumers' negative attitudinal and behavioural responses (Ahluwalia et al. 2000; Klein and Dawar 2004; Roehm and Brady 2007; Heejung and Myung 2010; Huber et al. 2010; Johar et al. 2010; Wu 2011; Steinman and Wolfrom 2012; Tsarenko and Tojib 2015; Jeon and Baeck 2016; etc.), such as reduced brand confidence, consideration and choice (Dutta and Pullig 2011) and trust (Xie and Peng 2009).

Brand crisis is defined as:

*unexpected events that threaten a brand's perceived ability to deliver expected benefits, thereby weakening brand equity*

Dutta and Pullig 2011, p.1281.

For example, negative comments regarding product quality from the Chairman of Ratners jewellery led to a profit decrease of £112 million, 330 shop closures and Ratners' eventual demise (Buckingham and Kane 2014).

Since consumers can be instrumental in the fatality of a brand post-crisis, existing literature explores the mediating variables affecting consumers' negative responses. The following are explored: brand-customer relationship strength (Jeon and Baeck 2016); commitment (Ahluwalia et al. 2000); transgression severity (Tsarenko and Tojib 2015); time (Vassilikopoulou et al. 2009); and crisis management recovery (Aaker et al. 2004).

### **Brand-Customer Relationship Strength**

Sherrell et al. (1985) found that negative information about an organisation has a stronger impact on consumers' attitudes, beliefs and behavioural intentions than positive information. However, it is argued that some brands can overcome negative publicity better than others, due to pre-established "capital accounts of positive attitudes" (Greyser 1995 cited by Pullig et al. 2006, p.528). Furthermore, Grégoire et al. (2009) found that an organisation's 'best' customers held the strongest negative responses for the longest time, actively avoiding the company and potentially seeking revenge; more so than a 'regular' customer. Conversely, Jeon and Baeck (2016) found that consumers with high relationship strength to a brand, tend to ignore negative information in favour of positive information that aligns with existing attitudes. Other studies also found that highly attached consumers are motivated to protect their 'bond' with an organisation, therefore dismissing negative information, whereas those less attached use the negative information as a basis for judgement to form emotional responses and intentions (Dawar and Lei 2009; Schmalz and Orth 2012). Ahluwalia et al. (2000) also found this effect in relation to high commitment. This disparity in

literature suggests a gap in understanding of the ways in which consumers react to crisis as a result of their prior relationship with a company and therefore will be a focus of this research study alongside proximity.

### **Other Mediating Variables**

A lesser known concept is 'self-relevance', similar to proximity and defined as "when a service failure directly affects the consumer whom the company failed" (Trump 2014, p.1825). Trump (2014) attempted to expand upon prior research (Ahluwalia et al. 2000; Grégoire et al. 2009; Jeon and Baeck 2016), finding that consumers reacted negatively to an organisation's transgression when the act was relevant to them personally, irrespective of their prior relationship with the organisation. Whilst this concept is similar to proximity and the findings are of particular interest, limitations of Trump's (2014) research are noted. Trump (2014) assumed that a case study about unequal gender pay would only be self-relevant to female respondents. This evokes concerns of validity, failing to acknowledge that males may too react negatively. Trump (2014) also fails to account for the behavioural impact that self-relevance may evoke, such as a change in purchase intentions.

Tsarenko and Tojib (2015) explored the relationship between transgression severity and consumers' ability to forgive an organisation's transgression. Forgiveness literature has recently been applied in the context of brand-consumer relationships (Aaker et al. 2004). Fincham et al. (2005) found that the more severe the transgression, the more difficult it is for consumers to forgive the organisation. This hinders the long-term relationship as consumers aim to avoid and potentially seek revenge against the company (McCullough 2001).

Vassilikopoulou et al. (2009) argue time is the most important factor influencing consumers' attitudes post-crisis. Vassilikopoulou et al. (2009) found that three months'

post-crisis, consumers had a more positive impression, perceived the product as less dangerous and were more willing to purchase new products from that company than they were immediately after the crisis. Favourable attitudes also increased one year after the crisis (Vassilikopoulou et al. 2009).

Organisations are under a serious threat of fatality during a brand crisis (Coombs and Holladay 2001; Pullig et al. 2006; Dahlén and Lange 2006; Van Heerde et al. 2007; Xie and Peng 2009). They understand the importance of implementing aggressive and effective recovery efforts (Wang and Huff 2007) to reduce negative impacts (Vassilikopoulou et al. 2009; Tsarenko and Tojib 2015). Whilst not all customers who experience service failure (which can be compared to a brand crisis event) initiate an online complaint or negative word of mouth, Grégoire et al. (2009) found that this likelihood increased if organisations' recovery attempts fail to resolve the issue. Aaker et al. (2004) suggests that successful organisation-initiated recovery attempts can dilute negative outcomes and increase satisfaction levels beyond what they were pre-crisis.

## **Trust**

Trust is a key component in the marketing relationship (Morgan and Hunt 1994; Delgado-Ballester and Munuera-Aleman 2005) and can be defined as;

*the expectations held by the consumer that the service provider is dependable and can be relied on to deliver its promises.*

Sirdeshmukh et al. 2002, p.17.

Xingyuan et al. (2010, p.243) argued trust to be "critical to a brand's success in today's highly competitive global market". Trust significantly contributes towards positive brand outcomes such as loyalty, customer retention, product choices, purchase intention,

willingness to act and overall market performance (Chaudhuri and Holbrook 2001; Delgado-Ballester et al. 2003; Willmott 2003; Erdem and Swait 2004; Matzler et al. 2008; Kang and Husvedt 2014). However, trust is also vulnerable to destruction and the main factor affected by a brand crisis (Xie and Peng 2009; Yannopoulou et al. 2011), so trust is a priority for organisations to maintain. Sirdeshmukh et al.'s (2002) inclusion of a 'dependable' element within their definition hints to a degree of vulnerability involved, whereby consumers' reliance on an organisation to deliver their promises can be broken.

### **Dimensions of Trust**

Sekhon et al. (2014, p.142) introduce two dimensions of trust; arguing that cognitive trust:

*is a conscious choice on the part of an individual and is likely based on [knowledge of] attributes such as competence, reliability and dependability of exchange partners.*

Sekhon et al. (2014, p.142).

Contrastingly, affective trust is founded upon emotional ties, "structured around elements such as care and concern for others" (Sekhon et al. 2014, p.142). Whilst Sekhon et al. (2014) argue both dimensions as separate constructs, Wang and Huff (2007) contend that affective trust builds at a later stage, after a successful relationship of cognitive trust has matured. Droege et al. (2003) posit that mature trust is more robust and resilient to potential violation and should be a focus for organisations to create among customers. This is supported in the view that trust is fragile in its early stages (Wang and Huff 2007), indicating the important influence of a prior customer-brand relationship to minimise loss of trust during crisis.

## **Violation of Trust**

A violation of trust may begin with a product fault, yet violation only occurs when the fault is perceived to have broken consumers' psychological contract with the organisation or failed to meet expectations (Tomlinson et al. 2004; Wang and Huff 2007). Severity is a key factor in violation of consumer trust, linking with transgression severity (Tsarenko and Tojib 2015) and forgiveness (Fincham et al. 2005). Trust violations can result in cognitive, emotional and behavioural responses such as reduced trust, negative emotional responses and changing purchase behaviour, showing its detrimental nature for organisations (Fishbein and Ajzen 1975; Robinson and Rousseau, 1994; Lewicki and Bunker 1996; Kim et al. 2004 cited by Wang and Huff 2007). Violations can be minimised or trust rebuilt through effective crisis management (Aaker et al. 2004). Sekhon et al. (2014) argue the cognitive reaction post-violation may involve a re-evaluation of the organisation based on the following antecedents of trust: expertise and competence; integrity and consistency; communications; shared values; and concern and benevolence.

## **Proximity**

Having reviewed literature relating to variables affecting consumers' responses to a brand crisis, as well as their significant effect on trust and the detrimental consequence for organisations, the concept of proximity was identified as a gap in knowledge and understanding. Its use within literature outside the marketing domain, is therefore reviewed. Defined as "the state of being near" (Cambridge Dictionary ca.2017), proximity has traditionally been associated with geographical distance and has had no previous application to brand crises. In crisis communication literature, proximity is

multidimensional: physical proximity relating to geographical nearness; and emotional proximity. Emotional proximity is conceived as:

*an emotional connection to people who were affected by a crisis or a sentimental association to the crisis location.*

Huang et al. 2015, p.970.

Within the context of social information processing, proximity is defined as "the extent to which one could be exposed to social information to have an effect" (Rice and Aydin 1991, p.221), particularly noting the effect caused by proximity. Perhaps the definition most distinctive from its origin is within social mobility literature, defined as an "orientated connection towards points of significance" (Bissell 2013, p.351), a connection that can be both physical and psychological. The variance within these conceptualisations indicates the fluency of the term 'proximity'.

Regarding a brand crisis; value can be drawn from the above four definitions, particularly those that shift proximity away from its association to geographical nearness. Proximity is thus conceptualised as a consumer's connection to a brand crisis, either via physical effect or a sentimental association. High proximity, whether physical or associated, is born from a consumer being highly connected to a transgression at the point of its occurrence, perhaps through product ownership.

Xingyuan et al. (2010) found positive, direct experience to be the strongest driver in developing consumer trust. Extrapolating from Xingyuan et al.'s (2010) findings, it is posited that a negative direct experience, such as a connection (proximity) to a brand crisis, may have a negative effect on trust.

## Summary

Proximity as a concept presents an important notion that has previously been overlooked in brand crisis research. Scholars have identified numerous factors that affect consumers' responses to a brand crisis: brand-customer relationship strength (Jeon and Baeck 2016); commitment (Ahluwalia et al. 2000); transgression severity (Tsarenko and Tojib 2015); time (Vassilikopoulou et al. 2009); crisis management recovery (Aaker et al. 2004). However scholars have assumed that the crisis impacts all consumers in the same manner. Proximity and transgression severity (Tsarenko and Tojib 2015) bear some similarity, in the sense that the more severe the transgression, the stronger the negative response. Crisis management plays a vital role to minimise damage to consumers' trust. Trump (2014) found that self-relevance preceded prior customer-brand relationship in affecting consumers' responses and it is predicted that the same result will occur in this study of proximity, due to the similarity between the two concepts. Overall the review of literature has identified a gap in understandings and knowledge relating to brand crisis and proximity. This study will therefore propose proximity as a concept which will allow organisations to consider differing consumer responses to brand crisis, and to adapt management strategies accordingly.

## **METHODOLOGY**

### **Research Objectives**

The aim of this study is to develop the concept of proximity, assessing its role and nature within consumers' responses and evaluations of trust post-crisis. This aim will be addressed through four research objectives, deployed through a research approach presented in figure 1.

1. To explore the nature of proximity in the context of brand crisis
2. To operationalise the construct of proximity in the context of brand crisis

- 3. To explore the role of proximity affecting consumers' trust levels after a brand crisis
- 4. To understand the influence of brand-customer relationship strength upon consumers' responses to a brand crisis.

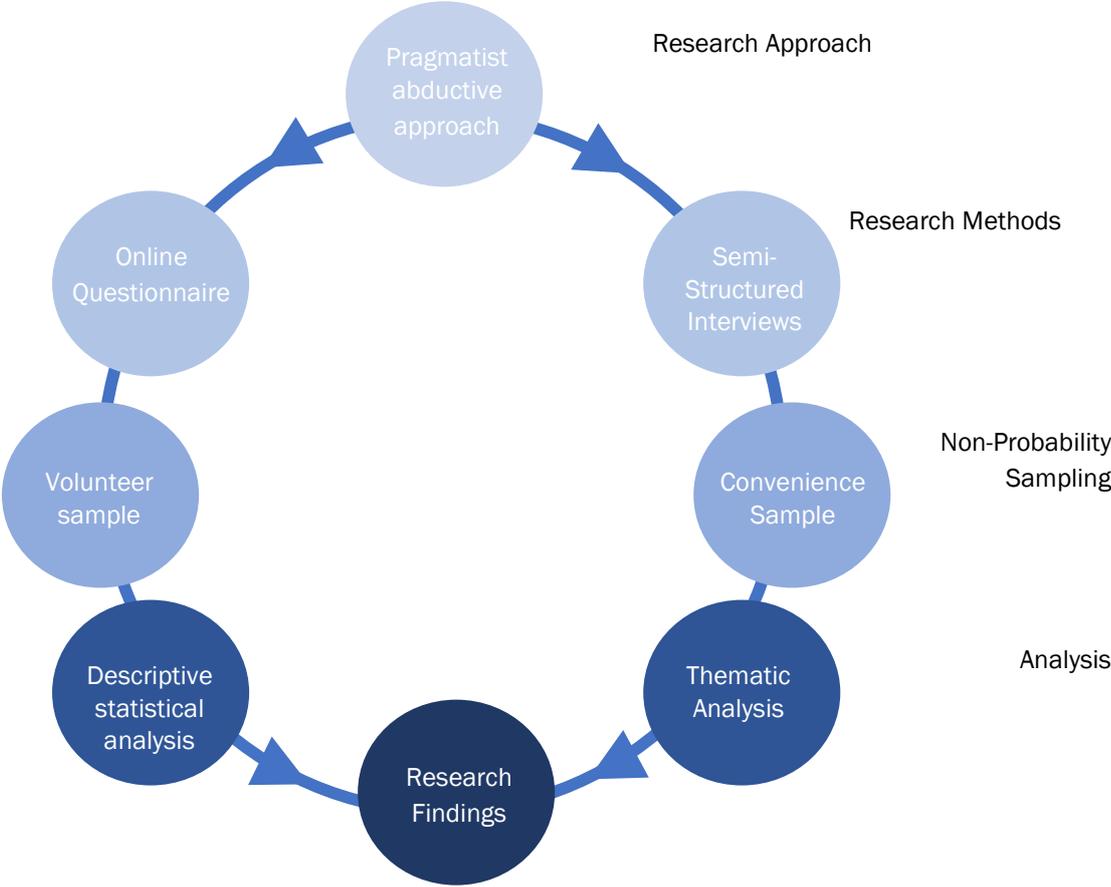


Figure 1. Methodological Approach

The research objectives suggested the present study was suited to a sequential exploratory mixed method design (Creswell 2003) due to their aim of developing a new concept (Hesse-Biber 2010). Mixed methods are growing in popularity (Matthews and Ross 2010) as the complexity of humans necessitates complex research design (Sandelowski 2000) and they utilise the:

*rigor and precision of quantitative data with the depth of understanding of qualitative methods and data.*

Rudestam and Newton 2007, p.51.

#### Research Philosophy and Approach

The research question determined a pragmatic approach (Onwuegbuzie and Leech 2005) since it did not conclusively suggest a solely positivist or interpretivist style (Saunders et al. 2012). The interpretivist method enabled the elucidation of meaning around socially constructed feelings and emotions (Collins 2010; Saunders et al. 2012) whilst a positivist approach added value to identify general patterns and operationalise the new concept of proximity in broader terms (Lin 1998). Abductive reasoning is suited to a pragmatist philosophy (Dudovskiy 2016).

#### Data Collection

The qualitative research tool was designed to elicit extensive and developmental answers about participants' beliefs and attitudes (Saunders et al. 2009) towards a brand crisis. The semi-structured interview provided adaptability to follow up ideas, probe responses and investigate motives (Marshall and Rossman 2006). A single pilot interview tested the questions and small amendments were made to aid comprehension.

The findings were then operationalised quantitatively to aid scale construction of the concept (Punch 2005) which enabled the link between language of theory (concepts) and language of research (indicators) (Rose and Sullivan 1996). Quantitative results were analysed statistically to compare the two groups (high and low proximity). Five point Likert scales, ranging from strongly disagree to strongly agree, were used to measure attitudes (Cohen et al. 2011; Bell and Waters 2014). Median analysis was used to evaluate result significance, avoiding mean analysis of ordinal data that can cause incorrect results (Jamieson 2004).

Three examples of brand crises were selected and served as context within both studies. The crisis examples aided sample recruitment, control of extraneous variables and allowed comparison between proximity groups.

## Sampling

Research Population: Customers of Volkswagen AG, Samsung and Talk Talk.

Sample: Those who had been a customer of Volkswagen AG or Samsung or Talk Talk within the last 12 months.

Convenience sampling for the qualitative study took advantage of an accessible situation which fitted the research context and purpose (Punch 2005), conducting six interviews. A volunteer sampling method using 56 participants obtained 77 responses from a URL posted on several social media platforms using relevant hashtags to recruit respondents (Bell and Waters 2014).

Participants were categorised into two groups, based on ownership of an affected product (high proximity) or ownership of any product from the organisation (low proximity) within the last 12 months. This was anticipated to have an influence upon their trust in the organisation post-crisis.

Summary of sample.

Participants	Samsung	Volkswagen	Talk Talk
A	High		
B		High	
C		Low	
D	Low	Low	
E			Low
F		High	
<b>Overall</b>	<b>2</b>	<b>4</b>	<b>1</b>

Figure 2. Qualitative Participants

Responses	Samsun g	Volkswage n	Talk Talk	Overall
High Proximity	0	34	3	<b>37</b>
Low Proximity	23	13	4	<b>40</b>

Figure 3. Quantitative Participants

### **Thematic Analysis**

Interviews were transcribed and analysed using thematic coding; defined as “a method for identifying, analysing, and reporting themes within data” (Braun and Clarke 2006, p.6). The review of literature enhanced the analysis by identifying several variables affecting consumer responses prior to the study (Tuckett 2005). Other latent themes were identified during the transcription process based on the frequency of occurrence (Boyatzis 1998).

### **Ethics**

One ethical issue arose during research design; interview participants would be asked to discuss perceptions of another party's criminal actions (Volkswagen AG). However, participants did not engage in any criminal activity themselves. Therefore, no other issues were foreseen and ethical approval was confirmed.

### **Research Quality and Limitations**

Interviews are susceptible to researcher bias and interpretative subjectivity (Bell and Opie 2002). However, the consistency gained by the use of a single researcher for data collection and analysis may limit bias (Bell and Waters 2014). Quantitative responses obtained through internet channels induce selection bias towards younger members of the public who are known to be more frequent users (IQS 2015). Additionally, it is often the most aggrieved customers who share their experiences online (Grégoire et al. 2009). Furthermore, the lower degree of control associated with volunteer sampling

unfortunately resulted in unequal responses across proximity and crisis case groups (Figure 3).

Clarifying questions in the questionnaire ensured participants fit the sample thereby enhancing validity. Using actual crisis examples avoided artificiality issues (Crossman 2017) whilst multiple examples demonstrates transferability to wider brand crises and reduces generalisation (Daymon and Holloway 2011). Confirmability, as a measure of trustworthiness, was sought through comparison of findings against existing literature (Daymon and Holloway 2011). Furthermore, credibility was addressed through methodological triangulation (Denzin 2009) which provides the ability to take advantage of the strengths of each approach and compensate for the weakness of each (Bryman 1988). This study aims for authenticity in its benefit to the marketing and public relations industries, since it seeks to introduce a new variable affecting consumers' responses to brand crisis.

### **Summary**

Whilst attempts can be made to improve results, solely qualitative studies will always suffer from replicability due to limitations mentioned earlier (Weber 2004). The mixed methods aimed to overcome these, whilst the triangulation process facilitated the development of the concept of proximity. However, the inherent temporal and financial limitations of this small scale study must be acknowledged (Bell and Waters 2014).

## **FINDINGS AND ANALYSIS**

This section outlines the findings of both elements of the study and examines them in

line with each of the four research objectives. Connections are made between the findings and existing brand crisis and trust literature.

### **Research objective 1: To explore the nature of proximity**

High proximity was categorised as the ownership of an affected product, such as a Samsung Note7. The researcher predicted that high proximity causes stronger negative responses and lower levels of trust in the organisation, however, this was not entirely conclusive in the qualitative study. Shared values were identified as an important factor during the literature review (Sekhon et al. 2014) and they occurred frequently throughout participants' answers. For example, Participant B explained their lack of negative response was because they didn't purchase the vehicle for environmental reasons:

*It hasn't directly affected me specifically and it's fairly esoteric so it means that whereas when we chose the cars we weren't saying we were going to buy the car because it's extremely environmentally friendly so we weren't buying it on that basis so it wasn't the deciding factor*

Participant B, High Proximity

This finding links to Wang and Huff's (2007) argument that a violation of trust only occurs when the psychological contract is broken. Despite participants disagreeing with Volkswagen's dishonesty, vehicle safety and performance values appeared to precede honesty:

*I suppose there is a bit of a feeling that somewhere in Volkswagen there are some dodgy managers making dodgy decisions but at the*

*end of the day the cars or at the least the cars that we've got seem to be well designed and do the job that is expected of them*

Participant B, High Proximity

Conversely, psychological contracts are individualistic (Wang and Huff 2007). Participant C, who did not own an affected product and thus was categorised as low proximity, appeared to place more emphasis upon honesty, therefore causing a negative reaction:

*I tried to justify what I was hearing by saying oh they can't have known or it can't be as bad as the media are making out or it can't be as wide scale as the media are making out it must be a mistake but then when I realised that actually it probably wasn't a mistake and it was conscious choices to deceive customers and government to some extent with the fact they were testing the emissions when I realised that I urm I don't think I could necessarily forgive Volkswagen*

Participant C, Low Proximity

Despite Participant C classified as low proximity, the dishonesty of Volkswagen seemed to influence their negative reaction more than others within the study. Therefore the proposed initial parameter of proximity (product ownership) is not entirely conclusive and shared values can be usefully introduced to develop the concept.

Research objective 2: To operationalise the construct of proximity

Interview participants selected emotions (Smith and Bolton 2002) which represented their attitudinal responses. These responses are thought to contribute to a change in trust and influence future behaviour (Fishbein and Ajzen 1975; Robinson and

Rousseau, 1994; Lewicki and Bunker 1996; Kim et al. 2004 cited by Wang and Huff 2007). The highest occurring emotions were then assessed quantitatively using 5 point Likert scales.

Median results for the two proximity groups are compared in figure 4. Across every emotion, the high proximity group rated stronger agreement than the low proximity group, showing a significant variance. Results are analysed below.

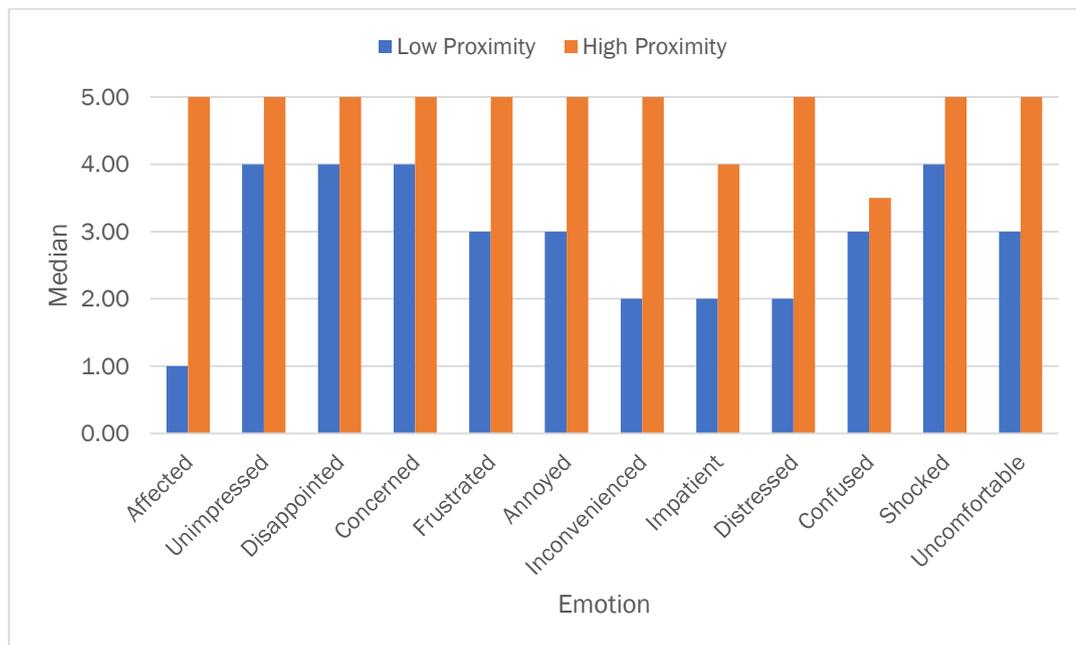


Figure 4. Extent of emotional impact in quantitative responses

Qualitative findings offer insight into the emotional context:

*there is a little tiny bit of trust gone just disappointed in the brand that they've delivered these phones and I think that's a combination of the fact that just not my phone but a lot of other people with other products as well and so overall I do feel a little bit let down as I was quite excited about the product and overall it's not gone the way I wanted it too*

Participant A, High Proximity

'Unimpressed' was the only emotion picked by all qualitative participants and had the highest median score across both quantitative groups, signalling its prevalence within consumers' responses to a brand crisis. This emotion also showed one of the lowest variances ( $Z = -4.283$ , Figure 5) between groups, suggesting similar reactions. The emotion of being 'unimpressed' is believed to be founded upon prior expectations of the company and how these expectations have not been met, linking it to a violation of trust.

Based upon Trump's (2014) findings of 'self-relevance' and the researcher's initial conceptualisation of proximity in its effect on consumer responses, the hypotheses were formed;

*H<sub>0</sub> – There will be no difference in the medians of the variable between the two groups (High and Low Proximity)*

*H<sub>1</sub> – High Proximity group will have a greater median than the Low Proximity group*

The data screening exercise (Figure 5) aimed to understand the measured variables which are important indicators in the general constructs: sociability, trust and action between the two groups. A significant difference between medians was evident, therefore rejecting the null hypothesis and accepting the alternative directional hypotheses. The variable 'affected' showed the largest median difference between proximity groups;  $U, Z = -7.101, p < .001$ , which was expected since proximity's nature directly relates to effect. Variables 'affected', 'inconvenienced', 'dissatisfied', 'annoyed', 'impatient', 'decrease of trust', 'frustrated', 'concerned', 'distressed' and 'disappointed' all presented significant median difference between the two groups of  $[z] > 5$  suggesting that they are the emotions which differ most among those closely connected to a brand crisis. However, it is acknowledged that the analysis presented a concerning risk of false positive since each variable could be considered as members of a 'family'.

	<b>Mann Whitney U</b>	<b>Z</b>	<b>Asymp. Sig. (2- tailed)</b>	<b>Exact Sig. [2*(1-tailed Sig.)]</b>
Affected	69.500	<b>-7.101</b>	<0.001	<0.001
Inconvenienced	142.000	<b>-6.246</b>	<0.001	<0.001
Trust	161.000	<b>-6.123</b>	<0.001	<0.001
Dissatisfied	178.000	<b>-5.947</b>	<0.001	<0.001
Annoyed	183.500	<b>-5.913</b>	<0.001	<0.001
Impatient	213.000	<b>-5.520</b>	<0.001	<0.001
Trust Decrease	252.500	<b>-5.441</b>	<0.001	<0.001
Frustrated	230.500	<b>-5.385</b>	<0.001	<0.001
Concerned	269.000	<b>-5.084</b>	<0.001	<0.001
Distressed	259.000	<b>-5.025</b>	<0.001	<0.001
Disappointed	291.000	<b>-5.012</b>	<0.001	<0.001
Unimpressed	361.500	<b>-4.283</b>	<0.001	<0.001
Uncomfortable	333.000	<b>-4.261</b>	<0.001	<0.001
Confused	336.500	<b>-4.246</b>	<0.001	<0.001
Trust Increase	373.000	<b>-4.152</b>	<0.001	<0.001
Shocked	369.500	<b>-3.961</b>	<0.001	<0.001

Figure 5. Mann Whitney U Test Results

Overall the quantitative analysis highlighted a significant difference between the two groups, confirming initial predictions. The effect of negative attitudinal responses

(emotions) on trust evaluations are explored below. Previous research (Chaudhuri and Holbrook 2001; Delgado-Ballester et al. 2003; Erdem and Swait 2004; Pullig et al. 2006; Matzler et al. 2008; Willmott 2003; Kang and Husvedt 2013) suggested attitudinal responses are also expected to influence behavioural responses, such as purchase intention.

Research objective 3: To explore the role of proximity affecting consumers' trust levels after a crisis

Overall, qualitative respondents had high levels of trust in the organisations prior to the crisis event, largely founded upon product performance suggesting cognitive trust (Sekhon et al. 2014):

*I felt very very safe in my Volkswagen and someone went into the back of me once and when the guy came out to take it for repair he said ooh you're lucky it's a Volkswagen he said they're like one of the safest cars on the road they're so well built so that helps gain your trust*

Participant D, Low Proximity

Cognitive trust based upon product performance is expected since consumers' regular interaction is with the product, in line with Xingyuan et al.'s (2010) finding that direct experience is the strongest driver of trust. Whilst cognitive trust appeared to be the prominent feature for Participant D, the participant also exhibited signs of affective trust through emotional ties:

*my father has always had a Volkswagen car and so right from a very young age it was drummed into me yeah they're good cars they're solid cars they're really well built they go and go they keep their value*

*so I think that's a big influence the fact that he's a Volkswagen enthusiast it probably rubbed off on me a little bit*

Participant D, Low Proximity

All participants stated their trust had been affected (to varying degrees), although this didn't affect their purchase intentions as was argued in the literature (Chaudhuri and Holbrook 2001; Delgado-Ballester et al. 2003; Erdem and Swait 2004; Pullig et al. 2006; Matzler et al. 2008; Willmott 2003; Kang and Husvedt 2013):

*I had every faith in Volkswagen before and I loved the Volkswagen cars and I mean I'm not that knowledgeable about cars but I just felt very safe in it and they are well made cars and then all this business came out about the diesel thing and the emissions and that made me lose a lot of trust actually it really did not that it would stop me buying another Volkswagen because I'm sure a lot of other car manufacturers have done the same thing*

Participant D, Low Proximity

Whilst Participant D justified their response through the belief that other companies had committed similar transgressions, others admitted to a separation between product and company:

*so there is an overlap between the two [the product and the company] but they can quite easily be disconnected particularly if you see a nice new shiny golf and you think ooh I want that*

Participant B, High Proximity

In contrast, Participant A exhibited higher trust in the organisation than the product, contradicting Xingyuan et al. (2010):

*obviously in this specific product I've got very little trust in but with Samsung as a whole but the adverts are making me feel like their new products are gonna be better they're making me feel like they're doing a lot on the quality assured and things like that which does make you feel that they've gone the extra mile*

Participant A, High Proximity

Whilst the qualitative findings present interesting explanations regarding participants' change in trust, the quantitative findings enabled distinct judgements. A change of trust was evident, showing a significant variance between high and low proximity groups. Responding to a general statement of 'I trust the company', on average neither group agreed. Low proximity groups appeared to have somewhat negative or neutral responses to each statement, whilst high proximity groups were strongly negative.

Interview participants discussed how their trust had been affected using Sekhon et al.'s (2014) five antecedents of trust which were core themes during analysis. Overall, participants felt the intentional nature of falsifying emissions led to doubts over Volkswagen's integrity and consistency, whereas there were doubts regarding Samsung's expertise and competence:

*I think expertise and competence that's one that might be refuted nowadays after the issues urm how can such a large portion of their phones have these overheating and exploding issues with all the expertise that they have and all the money that they have so definitely competence*

Participant A, High Proximity

Despite participants stating that at least one of the antecedents had been affected by the event, all participants stated they would continue to purchase from the affected

company. This suggests that a decline in one antecedent alone is not enough to decrease trust long-term or affect purchase intentions. In support of this, Participant E stated they had no trust in Talk Talk prior to the cyber-attack, due to a lack of any communication from the company, leading the participant to have no understanding of the four remaining antecedents:

*We don't have the communication I don't know where they're coming from so again expertise and competence I don't know because there may be lots of stuff going on behind the scenes ... certainly no concern that we might be worried you think they might tell us to reassure us so not consistency either and shared values I don't really know but yeah they're lacking in [all of] those*

Participant E, Low Proximity

Clear variance is evident between high and low proximity groups' trust evaluations in the quantitative study. However, the qualitative insight suggested that this change in trust may not correspond to a change in purchase intentions. Some indications suggest that the breakdown of one antecedent alone is not sufficient to significantly or permanently affect trust overall, although further research would be required to accurately understand this.

Research objective 4: To understand the influence of previous customer-brand relationship upon consumers' responses to a brand crisis

The influence of a prior customer-brand relationship was emphasised by several scholars (Grégoire et al. 2009; Dawar and Lei 2009; Schmalz and Orth 2012; Jeon and Baeck 2016), although contradictory findings found support in the qualitative study. When questioned on both crises, Participant D had a stronger reaction to the

Volkswagen event than Samsung, aligning with Grégoire et al.'s (2009) theory, that an organisation's 'best' customers will have stronger reactions:

*I think that's the main thing I've been involved with them [Volkswagen] for so long and had their products for so long whereas Samsung it's only been 7 or 8 years maximum so I think that's why it affected me more*

Participant D, Low Proximity

However, Participant D also highlighted that this wouldn't stop them purchasing from Volkswagen in the future, contradicting Grégoire et al. (2009). In addition, the same participant also supported Jeon and Baeck's (2016) findings as they experience feelings of concern and understanding for the company;

*well I felt a bit sorry for them and I don't think to my knowledge they'd had anything like this happen before and so yeah just a bit sorry for them there was a little element of that I wouldn't say it was an overwhelming thing but yeah a little bit of sadness on their behalf*

Participant D, Low Proximity

In further support of Jeon and Baeck (2016), Participant C admitted to disregarding Audi's possible involvement:

*then when it was announced on the news that there were some Audi cars that were affected by it I was quite shocked and really quite disappointed by it because I um didn't want to have that kind of trust and that loyalty I felt I didn't want it affected by that and I was thinking oh no and then trying to justify it and thinking well um perhaps Audi didn't realise and they are the kind of one of the sub-companies aren't they to the parent company and perhaps they*

*didn't realise and that was how I justified it to myself so that I didn't break my relationship with and the feelings that I had towards Audi as a brand*

Participant C, Low Proximity

Overall, Jeon and Baeck's (2016) conclusions found the most support, although this may vary across different brand crises.

Brand-customer relationship was considered within the literature review, as an important focus alongside proximity. However, findings did reference other mediating variables which should be acknowledged. All qualitative participants (except Participant F) had positive perceptions of the organisations' crisis management attempts, which appeared to positively minimise trust evaluations.

*in terms of actually as a business they seemed to handle it really well from a customer's perspective you know they offered people free refunds and things like that*

Participant A, High Proximity

Participant F admitted that initially they had not been particularly concerned about the emissions scandal and it had only had a small effect on their trust. However, negative attitudes emerged later when Participant F experienced several safety and performance issues with their vehicle and had received insufficient resolution from the vehicle manufacturer.

*they've [feelings of trust] gone down probably went down a little bit to begin with but over the last 6 weeks they've plummeted right down to rock bottom um it will probably take a while for it to start going back up again*

Participant F, High Proximity

The lack of successful resolution then led Participant F to exert significant effort by creating an online forum for aggrieved customers, running a public Twitter account to share complaints and compiling a grievance document for Government review. This strongly supports Grégoire et al.'s (2009) conclusions that poor recovery attempts can lead to consumers voicing negative experiences online, emphasising the importance of effective crisis management.

The researcher also identified another latent theme of crisis spill over, with several qualitative participants believing other companies had also committed similar transgressions:

*as I say a lot of other companies I mean not quite as drastic as exploding phones but I know a lot of other companies and Apple a huge company often have hiccups and problems with their phones when they first come out so I was a bit shocked but no I wouldn't say oh no no I'm never gonna buy Samsung again it didn't reduce my faith in them I was a bit disappointed but no it wouldn't stop me buying again*

Participant D, Low Proximity

*I'm just not impressed again it's hard to split Talk Talk with Internet and it does make me frustrated but a lot of the time I am frustrated when I'm on the Internet*

Participant E, Low Proximity

This finding supports research (Dahlén and Lange 2006; Roehm and Tybout 2006) suggesting that spill over can negatively affect the product category including competitors not part of the original crisis.

Previous customer-brand relationship appears to play an important role to affect consumers' responses and findings mostly support Jeon and Baeck (2016). However, further research is required to accurately understand the connection between this variable and proximity as mediators of consumers' responses and trust evaluations. Crisis management strategies appear to also play a mediating role, although their influence is thought to increase in cases of poor resolution. Spill over was identified as a relevant occurrence which appeared to minimise negative attitudes to the affected organisation, whilst triggering a broader negative perception of the overall product category. It is recommended that proximity's effect on consumers' behavioural responses should be explored in future research.

## **Summary**

Quantitative research highlighted a significant variance between high and low proximity groups on both attitudinal responses (emotions) and trust evaluations post-crisis. 'Unimpressed' was the most prevalent emotion among both groups and within both studies, due to its link with consumers' expectations and the nature of brand crisis, exposing failure to meet consumers' expectations. Qualitative insight indicated that changes in trust were perhaps not severe enough to affect behavioural responses (purchase intentions). This may be because the brand crises used didn't violate participants' shared values. The initial parameter of proximity was identified as insufficient, adding the violation of shared values. Previous customer-brand relationship is an important mediating variable although extra research is needed to understand its influence in relation to proximity. Interesting findings surfaced based upon other mediators (crisis management and spill over) which would benefit from further research. These findings are reflected upon in the conclusion.

## CONCLUSION

Introducing a new concept to a wealth of literature is ambitious (MacInnis 2011) and particularly challenging within undergraduate study. However, “conceptual advances are critical to the vitality of the marketing discipline” (MacInnis 2011, p.136) and therefore, this research has aimed to introduce proximity, explore its role and nature within a brand crisis and its effect on trust. Overall, the findings conclude that high proximity participants exhibited stronger negative attitudinal responses than their low proximity counterparts, as predicted. The same result was also evident in proximity’s effect on consumers’ trust, although the severity and permanence of this is unclear, as qualitative participants said it would not affect purchase intentions. Product ownership is also thought to be insufficient as the sole parameter of proximity and predictor of negative responses, as some low proximity participants described stronger responses than their high proximity counterparts. The prevalence of shared values is therefore suggested as an additional parameter, although further research is required to develop this. Thus, the proximity concept is refined from its original conceptualisation that proposed it as multidimensional and suggested consumers could be connected to a crisis through either product ownership (physical proximity) or shared values (associated proximity). The researcher now argues proximity as a single dimension and that both factors must be present to elicit negative responses and trust re-evaluations. Proximity is consequently refined as the consumer’s connection to brand crisis through product ownership and violation of shared values, causing a change in perceptions of organisational trustworthiness.

Previous customer-brand relationships played an important mediating role affecting participants’ responses to the brand crisis. Whilst Trump (2014) found self-relevance overshadowed its influence, this small-scale study was unable to decipher this

effectively. Greater support was found in this study for Jeon and Baeck's (2016) argument that a previous customer-brand relationship positively moderates the negative effect of a brand crisis. Therefore, the emerging conceptual framework (Figure 7) suggests that a strong relationship between customer and brand may act as a positive moderator to minimise negative trust evaluations in cases of high proximity. Furthermore, whilst the existence of '+' in the framework suggests that a customer-brand relationship has a positive effect on trust evaluations during a crisis, it is acknowledged that overall in the context of a brand crisis, at best there is likely to be no change in trust, since brand crises typically cause such negative effects on trust. This ignites a call for further research to empirically test the relationship between these three variables in a brand crisis context, to accurately understand the role of the customer-brand relationship to minimise negative trust evaluations in cases of high proximity. Furthermore, it is acknowledged that the framework is highly speculative as it is based upon initial indications.

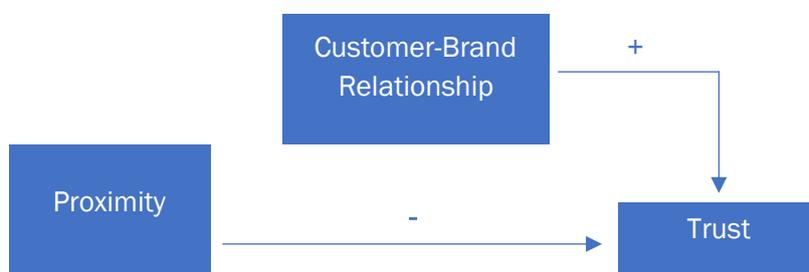


Figure 7. Conceptual Framework

Key: + positive relationship; - negative relationship.

Previous literature regarding the influence of the customer-brand relationship explored its impact on consumers' attitudinal and behavioural responses rather than its effect on trust specifically. This is potentially due to the overlap between relationship and trust. A distinction therefore must be made between the two concepts, which is presently

lacking and presents a difficult task. It is agreed that trust is a key component of a customer-brand relationship (Morgan and Hunt 1994; Delgado-Ballester and Munuera-Aleman 2005), whilst the development of trust also evolves through a relationship (Wang and Huff 2007; Sekhon et al. 2014). Nevertheless, a customer-brand relationship is described as:

*the extent to which customers' continuous purchase intention or commitment with respect to a brand is retained with favourable attitudes*

Aaker et al. 2004, p.1

appears to be a more overarching, comprehensive concept that incorporates trust.

To summarise, proximity is claimed to have an impact on consumers' trust evaluations after brand crisis. However, due to the array of variables affecting consumers' responses, it cannot be conclusively stated that the participants' responses were solely as a result of their proximity. Therefore, a future experimental design study, whereby all other variables are controlled, could help ascertain proximity's true extent of impact. Prior to this, however, there is a call for a better conceptualisation of proximity, combining product ownership and shared values, which will then allow for more accurate categorisation of participants and more conclusive findings.

However, the principle aim of this study has been to introduce a new concept to brand crisis literature and highlight its impact on consumers' responses. This paper is believed to have successfully challenged current academic thinking by encouraging further thought and development into brand crisis research. Further investigation into proximity will ensure increased understanding of its affect on consumers' trust in brand crises and enable companies to more effectively predict consumers' responses. Whilst the study has admitted its limitations in scale and acknowledges that findings are indicative only, it is believed to be valuable in its initial insights and as a call for further

research into both the proximity concept and its connection with the customer-brand relationship variable.

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