A Study on the Effectiveness of Clear and Ambiguous Response Strategies in Brand Crises

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Abstract. With the increasing frequency of brand crises, how companies effectively respond and maintain consumer attitudes has become an important topic in marketing research. This paper explores the impact of brand response strategies on brand attitude and analyzes the mediating role of perceived brand sincerity. Through experimental methods and surveys, a simulated brand crisis scenario was created to study the effects of different response strategies on consumer attitudes. The results show that, in the case of competence crises, a clear response strategy is significantly more effective than an ambiguous one in improving brand attitude. In contrast, in morality crises, an ambiguous response strategy is more effective in restoring emotional brand identification. Furthermore, perceived brand sincerity does not significantly mediate the relationship between response strategies and brand attitude. The findings provide empirical support for brand crisis management and suggest that companies should choose appropriate response strategies based on the type of crisis.

Keywords: Brand Crisis; Crisis Response Strategies; Perceived Brand Sincerity.

1. Introduction

This study focuses on the field of brand crisis management, particularly how companies respond to and resolve issues after a crisis erupts. As one of the most important assets for many companies, brands require significant investment of time, energy, and resources. Therefore, it is crucial to continuously enhance and maintain the value and reputation of a brand. However, in the era of new media, where information spreads rapidly and the volume of information continues to grow, a brand crisis can have a tremendous negative impact on the brand, potentially leading to the company’s downfall [1]. For instance, in 2020, Luckin Coffee’s stock price plummeted due to a financial fraud scandal; in 2023, Cathay Pacific faced public dissatisfaction with its service quality and corporate culture due to discriminatory behavior during service interactions; in 2024, Pechoin faced a public relations crisis due to the alleged use of banned ingredients. Therefore, when facing a brand crisis, it is essential to take timely and effective response measures.

This study holds significant value in determining whether companies should choose a clear or ambiguous response strategy when confronted with different types of brand crises. Brand crises not only affect the company’s reputation but also determine whether the company can restore market trust. By exploring crisis response strategies in depth, this research aims to provide practical crisis management solutions for companies.

2. Literature Review and Research Hypotheses

2.1. Concept and Types of Brand Crisis

A brand crisis refers to an unforeseen event that threatens the consumer's perception of the brand's ability to deliver the expected benefits, thereby further undermining the brand’s value [2-4]. Brand crises encompass a range of events, such as product crises, moral crises, and negative incidents involving brand ambassadors [5,6].

Dutta and Pullig (2011) classify brand crises into performance-related crises and value-related crises. From the perspective of corporate responsibility attribution, brand crises are categorized into three clusters: Victim Cluster, Accidental Cluster, and Preventable Cluster [7]. Additionally, based on whether the crisis affects the company's core business, brand crises can be divided into core element crises and non-core element crises [8]. Overall, brand crises can broadly be divided into competence crises and morality crises. Competence crises are related to the brand's core business and corporate capabilities, while morality crises arise when a brand is involved in issues such as ethics, social responsibility, or moral conduct. Therefore, this paper will reference the work of Dutta and Pullig to explore brand crises in terms of competence crises and morality crises.

2.2. Types of Brand Response Strategies

When a brand faces a crisis, companies should choose an appropriate response strategy based on the specific context of the crisis and the attribution of responsibility, in order to effectively manage the crisis and protect the brand's reputation [9]. Dutta and Pullig argue that for performance-related crises, corrective action is the most effective response strategy. In contrast, for values-related crises, reducing offensiveness and corrective action are equally effective in most cases. Regardless of the type of crisis, denial is the least effective response strategy, as it fails to restore trust in the brand. For brand crises with high relevance, the optimal response strategy is an apology, followed by justification, while denial is the least ideal choice. For crises with low relevance, the best response strategy is justification or denial, with an apology being the least effective [10]. Additionally, some studies have found that in cases where consumer expectations are high, a clear acknowledgment response from the company is usually helpful in reducing brand asset loss, and may even enhance brand equity; however, in cases of low expectation, the effect is not significant. In low-expectation situations, ambiguous and clear non-acknowledgment responses are more likely to result in brand asset loss [11]. This paper references the crisis response strategy types from the latter study, specifically the clear attitude response and ambiguous attitude response, to examine the effects of different crisis response strategies.

Based on the above, the following hypotheses are proposed:

H1a: For competence crises, a clear attitude response by the brand will be more effective in improving consumer attitudes toward the brand than an ambiguous attitude response.

H1b: For morality crises, an ambiguous attitude response by the brand will be more effective in improving consumer attitudes toward the brand than a clear attitude response.

2.3. Perceived Brand Sincerity

Brand perception is the image that a company establishes in the minds of consumers. This image not only includes trust, reliability, and quality, but also encompasses the company's sense of responsibility. According to scholarly research, this perception becomes one of the key factors determining whether a company can effectively manage a crisis when it occurs [7]. Especially during a brand crisis, how the company is perceived by consumers directly impacts the effectiveness of crisis management. Some scholars have further developed this concept, confirming the mediating role of corporate responsibility perception in brand crisis response. They argue that a company's crisis response strategy should aim to provide consumers with a comprehensive and appropriate explanation, in order to minimize the perception of corporate responsibility and mitigate the negative impact of the crisis [10]. Building on this, some scholars have defined perceived brand sincerity as the consumer's perception of the authenticity of a company's apology statement [12]. This includes whether the apology is sincere, honest, and genuine, as well as whether the company intends to repeat the mistake. They emphasize that offering a wholehearted and perceived-sincere apology during a brand crisis is crucial to repairing brand image and restoring consumer trust. They also point out that any signs of justification, excuses, or denial of responsibility in the apology may damage its perceived sincerity and cause greater harm than the original crisis. Further research shows that consumers' perception of a service provider's sincerity significantly enhances their trust and satisfaction with the brand [13].

Based on the above, the following hypothesis is proposed:

H2: Perceived brand sincerity mediates the relationship between crisis response strategies and consumer attitudes during both types of crises.

In summary, the research framework for this study is shown in Figure 1.

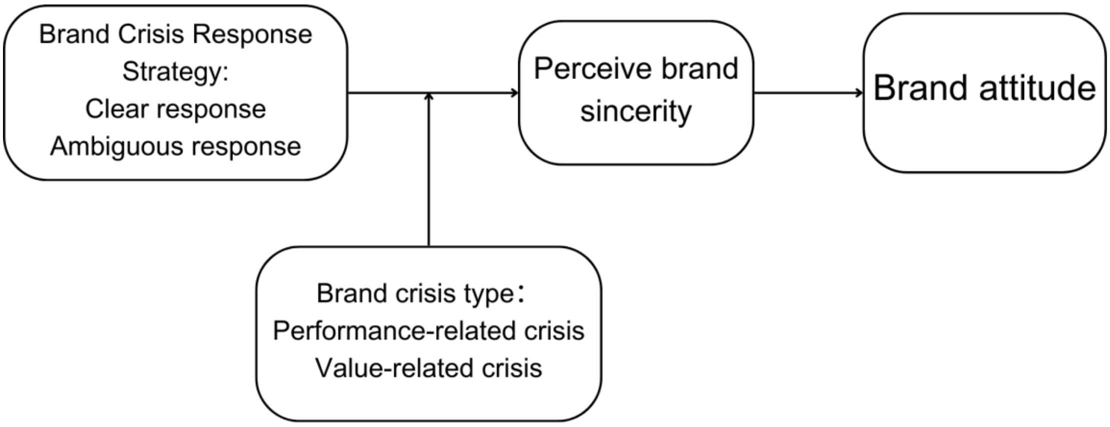

Fig. 1 Research framework (Photo credit: Original)

3. Research Methodology

In this study, an experimental method was used to control for the type of brand crisis and the brand's response strategy to the event. To avoid cognitive inconsistency that may arise from using real brands and the associated purchasing experience, this study employed a fictional brand. This approach is based on cognitive dissonance theory, which suggests that individuals tend to align their perceptions with their past behaviors. Although this method also involves selective information processing, similar to an expectation-based evidence interpretation framework, it does not require individuals to have prior purchasing or usage experience with the brand. Using a fictional brand allows for effective testing of the validity of expectation-based explanations.

For the stimuli selection, this study chose a fictional coffee brand as the stimulus. The selection of the brand crisis was inspired by Meng Zhu and Yu Mingyang’s research on negative news about a coffee brand. Two separate questionnaires were distributed. Participants assigned to the competence crisis group were informed about the coffee brand's use of potentially carcinogenic coffee beans, while those in the morality crisis group read about the brand's refusal to accept coin payments and its arrogant response to consumer criticism. In the case of the clear response strategy, the company issued a statement, thoroughly explaining the cause of the issue, admitting fault, promising corrective measures, publicly apologizing, and offering compensation. In the case of the ambiguous response strategy, the company issued a statement acknowledging the problem but remained vague, failing to specify how the issue would be resolved or whether responsibility was acknowledged.

After reading the scenario, participants first rated their attitude toward the brand. The brand attitude scale was adapted from Zheng Min, including three dimensions: brand cognition, brand emotion, and purchase intention, with a total of six items using a 5-point Likert scale [14]. The perceived brand sincerity scale was adapted from Cui Zhanfeng and Chen Yitao, consisting of two dimensions—authenticity and reliability—across four items, using a 7-point Likert scale [15]. Finally, demographic information was collected from the participants, such as gender, age, and education level. Ultimately, this study will use SPSS to evaluate the research framework shown in Figure 1.

4. Research Results

4.1. Reliability Analysis

This study used Cronbach’s Alpha to conduct a reliability analysis of the scales. A Cronbach’s Alpha greater than 0.7 is considered to indicate good reliability. The results show that, in the competence crisis questionnaire data, both brand attitude (Cronbach’s Alpha = 0.857) and perceived brand sincerity (Cronbach's Alpha = 0.753) have good reliability. In the morality crisis questionnaire data, both brand attitude (Cronbach's Alpha = 0.837) and perceived brand sincerity (Cronbach's Alpha = 0.795) also exhibit good reliability.

4.2. Descriptive Statistics

In terms of demographic variables, the gender distribution in both samples was relatively balanced, with the majority of respondents aged between 21 and 30, and most respondents holding at least a bachelor's degree. The brand attitude score was calculated by summing the three dimensions of brand awareness, brand emotion, and purchase intention, resulting in an overall brand attitude score.

When facing a competence crisis, the mean brand attitude score under the clear response strategy was 2.85 (slightly negative), while the score under the ambiguous response strategy was lower at 1.79 (significantly negative). The standard deviation and variance show greater variation in brand attitude under the clear response strategy, while the responses were more concentrated under the ambiguous response strategy.

Further analysis reveals that the perceived authenticity and reliability of the brand were rated higher under the clear response strategy. The mean authenticity score under the clear response strategy was 4.44, and the mean reliability score was 4.53, indicating that respondents generally viewed the brand as more sincere and reliable when it issued a clear response. In contrast, under the ambiguous response strategy, the perceived authenticity and reliability significantly decreased to 1.96 and 1.99, respectively, showing that the brand's image was negatively affected by the ambiguous response, and the brand was perceived in a more negative light by respondents.

When facing a morality crisis, the mean brand attitude score under the clear response strategy was 2.89 (overall negative), while under the ambiguous response strategy, it was 3.37 (more positive). Brand attitudes were more concentrated under the clear response strategy, while the ambiguous response strategy received more consistent positive evaluations.

Further analysis shows that the brand's authenticity and reliability were also rated higher under the clear response strategy. The mean authenticity score under the clear response strategy was 4.18, and the mean reliability score was 4.47, indicating that respondents generally considered the brand to be more sincere and reliable when responding clearly. On the other hand, under the ambiguous response strategy, the authenticity and reliability ratings significantly decreased to 2.19 and 2.26, respectively, suggesting that respondents had slightly negative views of the brand under the ambiguous response.

4.3. Hypothesis Testing

In this study, a paired samples t-test was used to analyze the differences in brand attitude under clear and ambiguous response strategies. The paired samples t-test is suitable for comparing performance from the same group of participants under different conditions, making it highly applicable in this study. Each respondent rated various dimensions of the brand (such as brand awareness, brand emotions, purchase intentions, etc.) under both clear and ambiguous response scenarios, thus the data is paired.

In the case of competence crises, paired samples t-test analysis revealed significant differences in brand attitude across the dimensions under clear and ambiguous response strategies. For brand awareness, the clear response strategy significantly increased brand awareness (M clear response = 4.23; M ambiguous response = 3.65; $t(79) = 7.796$; $p < 0.001$). In terms of brand emotions, the clear response strategy again showed a significant advantage (M clear response = 4.10; M ambiguous response = 3.68; $t(79) = 6.493$; $p < 0.001$). The analysis of purchase intentions also demonstrated that the clear response strategy outperformed the ambiguous one (M clear response = 4.45; M ambiguous response = 3.89; $t(79) = 6.225$; $p < 0.001$). Additionally, for brand authenticity and reliability, the clear response strategy significantly improved consumers' perceptions of the brand (Brand authenticity: M clear response = 4.70; M ambiguous response = 2.71; $t(79) = 11.000$; $p < 0.001$; Brand reliability: M clear response = 4.87; M ambiguous response = 2.65; $t(79) = 10.878$; $p < 0.001$).

These results suggest that in the case of competence crises, the clear response strategy is significantly better than the ambiguous response strategy across several dimensions, including brand awareness, brand emotions, purchase intentions, brand authenticity, and brand reliability, thus confirming Hypothesis H1a, which posits that clear response strategies are more likely to enhance consumer attitudes towards the brand. This indicates that during competence crises, a clear response strategy is more effective in improving the brand's image and perception among consumers.

In the case of morality crises, paired samples t-test analysis showed significant differences in brand attitude across dimensions under both clear and ambiguous response strategies. For brand awareness, the ambiguous response strategy significantly increased brand awareness (M ambiguous response = 3.65; M clear response = 4.23; $t(77) = -3.075$; $p = 0.003$). In terms of brand emotions, the ambiguous response strategy also showed a significant advantage (M ambiguous response = 3.68; M clear response = 4.10; $t(77) = -2.085$; $p = 0.04$). The analysis of purchase intentions also revealed that the ambiguous response strategy was superior to the clear response strategy (M ambiguous response = 3.89; M clear response = 4.45; $t(77) = -3.122$; $p = 0.003$). Additionally, for brand authenticity and reliability, the clear response strategy significantly improved consumers' perceptions of the brand (Brand authenticity: M clear response = 4.70; M ambiguous response = 2.71; $t(77) = 8.650$; $p < 0.001$; Brand reliability: M clear response = 4.87; M ambiguous response = 2.65; $t(77) = 10.249$; $p < 0.001$).

These results indicate that in morality crises, the ambiguous response strategy is significantly better than the clear response strategy in terms of brand awareness, brand emotions, and purchase intentions, consistent with Hypothesis H1b, thus confirming the effectiveness of the ambiguous response strategy in morality crises.

4.4. Mediation Effect Analysis

According to the mediation verification method proposed by Baron and Kenny, a series of regression analyses were conducted to test the mediation effect of perceived brand sincerity. As shown in Figure 2, the regression variables in the mediation effect verification process are presented.

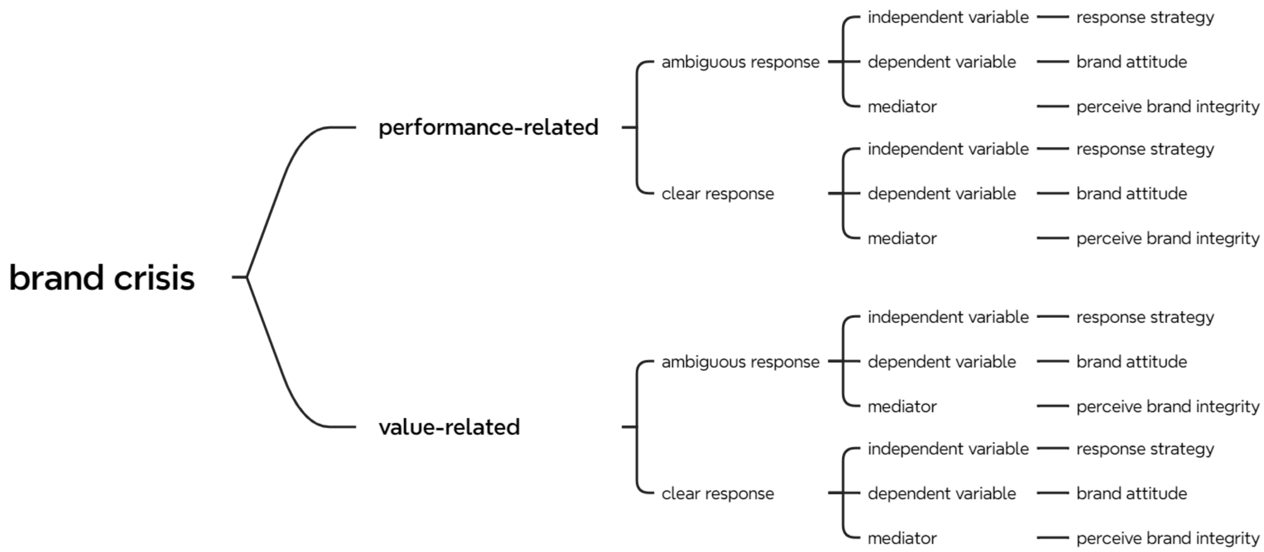

Fig. 2 Mediation Effect Regression Variables (Photo credit: Original)

First, in the case of a clear response strategy during a morality crisis, it was verified that the regression of brand response strategy on brand attitude was significant ($\beta = 0.961$, $t = 30.429$, $p < 0.001$); next, it was verified that the regression of brand response strategy on the mediator variable was also significant ($\beta = 0.972$, $t = 36.239$, $p < 0.001$); then, it was confirmed that the regression of the mediator variable on brand attitude was significant ($\beta = 0.870$, $t = 15.401$, $p < 0.001$); finally, the regression of both brand response strategy and the mediator variable on brand attitude was verified, with the effect of the mediator variable remaining significant ($p < 0.001$), indicating that the mediator variable did not play a mediating role.

Similarly, in the tests for the ambiguous response strategy in a morality crisis, as well as for the clear and ambiguous response strategies in a competence crisis, the effect of the mediator variable remained significant, suggesting that the mediator variable did not mediate the relationship, thus rejecting hypothesis H2.

5. Discussion

In this study, although the brand response strategy had a significant direct effect on brand attitude, the mediator variable, perceived brand sincerity, did not significantly mediate the relationship between brand response strategy and brand attitude. This result may suggest that the direct effect of brand response strategy is strong enough that the role of the mediator variable was not revealed. Especially in the context of a crisis, the brand's response attitude and transparency often have a direct impact on consumers' cognitive and emotional reactions, and the mediator variable may not have played a significant role in this direct influence [16]. It is also possible that other factors not considered in this study, such as brand reputation or consumer emotional involvement, played a more critical role in this process [17]. Therefore, future research could explore the inclusion of additional mediator variables or investigate whether other factors play a stronger role in crisis response.

6. Conclusion

The results of this study suggest that, in the context of competence crises, a clear response strategy significantly outperforms an ambiguous response strategy, effectively improving consumers' attitudes toward the brand. In contrast, during morality crises, an ambiguous response strategy demonstrates better outcomes, enhancing brand awareness and emotional reactions. Furthermore, although perceived brand sincerity is theoretically considered a key mediating variable, the data in this study did not reveal a significant mediating effect. This finding indicates that the direct impact of the brand’s response strategy in crisis management may be powerful enough to overshadow the influence of perceived brand sincerity.

This study offers valuable insights for future research in the field of brand crisis management. Specifically, it highlights the importance of choosing appropriate response strategies based on the type of crisis. The study suggests that brands should flexibly adjust their response strategies according to the nature of the crisis to maximize the recovery of their brand equity. Additionally, the study provides valuable implications for the research on mediating variables in brand crisis responses, suggesting that future research could explore more potential mediators, such as brand reputation or consumer emotional involvement, and their impact on crisis response effectiveness.

However, this study has some limitations. First, the research sample is primarily drawn from specific regions and industries, which may not fully represent global consumer response patterns. Future research could consider expanding the sample diversity to increase the generalizability of the findings. Second, although the experimental design and surveys in this study effectively controlled many external interference factors, consumers' emotions and attitudes could still be influenced by various uncontrollable factors, such as media coverage and social media comments, which were not fully incorporated into the research model. Finally, the measurement of perceived brand sincerity may have been oversimplified, and future studies could use more refined tools to explore the multi-dimensional aspects of brand sincerity perception and its role in brand crises.

Future research could delve into several areas: First, it should continue to validate the mediating effect of perceived brand sincerity while considering other potential mediators. Second, studies could explore how brand crisis response strategies differ across cultural contexts to assess their effectiveness in cross-cultural scenarios. Finally, with the rapid development of social media and information dissemination, brand crisis strategies may need to focus more on real-time feedback from online public opinion and consumer emotions. Future research could incorporate this emerging factor to further advance the study of brand crisis management.

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