



The “Swiss Made” Label

An experimental study on the effect of market position, place of manufacture and domestic country bias in relation to corporate reputation and crisis contagion.

Student Name: Karlo Buljac

Student Number: 355154

Supervisor: Dr. Yijing Wang

Master Media Studies - Media & Business
Erasmus School of History, Culture and Communication
Erasmus University Rotterdam

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Abstract

With the increasing sensitivity of corporate reputations and the emergence of an interconnected world through social media, evermore companies are at risk of experiencing crises. Despite extensive research on (post crisis) reputation, this study has identified certain gaps in literature in relation to the market position and the place of manufacturing of brands and or products. This research also tackled the under-researched notion of crisis contagion as a possible spillover effect might occur when corporations experience a crisis, where not only the focal corporation suffers from the crisis, but also the whole industry or even other corporations from the same country as the focal corporation. To lead this research, the main question was constructed to contest the possible influence of market position and place of manufacture on the post-crisis reputation and the spillover effect. This research followed an experimental research design, which was executed through the use of an experiment. A total of 300 respondents were gathered with equal proportions of 150 American and 150 Swiss respondents. This total sample of 300 respondents provided useful insights on the proposed hypotheses and implications. The findings indicated that the market position, the place of manufacturing and the nationality indeed had a significant effect on the post-crisis reputation and the spillover effect. In short, the findings revealed that when products are located in the high-end market produced locally, in a country with a prestigious country branding, the eventual post-crisis reputation is higher, as well as a possible spillover effect. In contrast the products located in the low-end market produced abroad, in a country with a low country branding, suffered from a lower post-crisis reputation, as well as a lower spillover effect. The results also portrayed that the domestic public was more eager to forgive the corporation under crisis translating to a higher post-crisis reputation and a lower spillover effect in comparison to the foreign public. This research reveals the complexity of the aforementioned concepts in relation to post-crisis reputation and crisis contagion and at the same time advises caution to managers and decisions makers in regards to applying these complex findings to their respective corporations.

KEYWORDS: *Reputation Management, Crisis Contagion, Market Position, Place of Manufacture, Domestic Country Bias*

Preface

I take great pride in completing this Master's Thesis, as this has been a complex journey and quest that I have not encountered before. When I began to work on this Master's Thesis, little did I realize that it would consume and become such a crucial part of my life. Hence, the end product is the result of great care, effort and many sleepless nights in the past year.

Nevertheless, I could not have faced this complex maze alone without the various support received. First and foremost, I would like to take this opportunity to express my gratitude towards my supervisor Dr. Yijing Wang. I want to thank here for her undivided support, her patience, and every nice and inspirational conversation we had. In addition, I want to thank my parents and my partner who have contributed to this thesis, either by providing inspiration and ideas, feedback, and undivided moral support.

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1.0 Introduction

Corporate reputation and crisis management have been the focus of many existing research and literature as companies and organizations are increasingly acknowledging the crucial importance of a well-managed reputation (see e.g. Fombrun & Shanley, 1990; Fombrun & Gardberg, 2000; Weigelt & Camerer, 1988). Nowadays, corporations see their reputation as their most valuable intangible asset, which is hard to build and very easily shattered (Barnett, Jermier & Lafferty, 2006). Moreover, a crisis is an incident that has the potential to disrupt organizational operations and may actually lead to the demise of an organization (Pearson & Clair, 1998). With the vast emergence of social media platforms, consumers have ever-more room to vent their issues or frustrations regarding a company, which could potentially lead to a full-blown viral crisis.

Furthermore, with the increasing sensitivity of corporate reputations and the emergence of an interconnected world through social media, evermore companies are experiencing crises. Thus, this makes it crucial to examine how companies cope with a crisis and how it eventually influences the post-crisis reputation. A recent example of this is H&M's "coolest monkey in the jungle" crisis, where a young black child can be seen carrying a shirt stating this exact text (Jonsson & Davidsson, 2017). This led to a negative public backlash as H&M stores in South Africa were trashed by public riots. Hence, deeper examinations of (post-) corporate reputation and crises may provide clearer guidelines for companies how to prevent and or manage a potential crisis.

Moreover, in a vast array of literature many factors have been identified that could influence the post-crisis reputation of a corporation (Fiordelisi, Soana & Schwizer, 2013; Brammer & Pavelin, 2006; Fombrun & Shanley, 1990). Nevertheless, variables such as the market position of a brand and the place of a brand being manufactured have been largely neglected even though they are identified as two prominent factors by Coombs (2007). Nowadays, brands are either positioned in the high-end or the low-end market, and might even create a false perception of their actual market position amongst the public (Dimitrova, 1988). Nevertheless, the evident gap in literature indicates that brands might not know whether and or how a certain market position translates to their post-crisis reputation. Moreover, as mentioned before due to technological advancements the world is evermore becoming a global village,

which has provided corporations with benefits in regards to outsourcing production to cheaper labor forces and places (Beasley, Bradford & Pagach, 2004). Nevertheless, yet again due to the lack of this kind of discussion in literature, corporations might not know whether and or how the place of a brand being manufactured influences their post-crisis reputation. Furthermore, when a corporation experiences a crisis the impact might be more profound and have a larger scope than one might have initially thought. A possible spillover effect might occur where not only the focal corporation suffers from the crisis, but also the whole industry or even other corporations from the same country as the focal corporation (Lei, Dawar & Lemmink, 2008; Laufer & Wang, 2017). Hence, the aforementioned factors will be the main scope of this study as they carry great prominence for the topic of research.

Moreover, the market position of a company does not directly determine the reputation of a corporation or brand. There are brands that are positioned in the low-end market yet they have proven to have a relatively strong reputation (Narayanaswami & Raghunath, 2000). A good example of this is the brand Casio with the many watches they produce that are considered to be on the low-end side of the market, yet they carry a persistent positive reputation (Ljungberg & Edwards, 2003). However, research has shown that in general the market position is interlinked with consumer's perception of reputational esteem (Vigneron & Johnson, 2017). Corporations that are on the high-end side of the market are automatically considered to embody some sense of exclusivity, quality and high reputation (Bevolo, Gofman & Moskowitz, 2011). As mentioned before the market position does not necessarily dictate the reputational esteem of a corporation; however, it is the perception of consumers that matter, as they are the ones that make or break a corporation (Niguyen & Leblanc, 2001; Barnett, Jermier & Lafferty, 2006).

Thus, in a crisis these products at the high-end market would in theory experience less loss of reputation due to the proposed "halo-effect" (Coombs & Holladay, 2006). This effect holds that a favorable reputation may act as a halo that protects an organizations reputation during a crisis (Caruana, 1997). Several studies have indicated that products with a high pre-crisis reputation experience less loss in regards to the post-crisis reputation (Coombs & Holladay, 2006; Dutta & Pulig, 2011; Kiambi & Schafer, 2015). With this in mind, it would be relevant to examine whether products in the high-end market would bounce back faster from a crisis in comparison to products from the low-end market. This would help confirm or reject whether a

higher market position is linked with higher perceived reputational esteem as is claimed in existing literature. Also, if confirmed this would provide valuable implications for corporations as to market their products as high-end which creates the perception of higher reputation. There are many other interesting questions that are worth examining like: Do the products in the high-end market really carry a higher reputational status? If so, does the higher pre-crisis reputation in high-end brands really influence the post-crisis reputation? Does a product in the high-end market suffering from a crisis ignite a “spillover effect” and to what extent?

Moreover, another aforementioned factor that is crucial for this topic is the place of a brand being manufactured. Nowadays, corporations and brands evermore commence into production outsourcing to countries where these production costs are much lower (Kakabadse & Kakabadse, 2002). By doing this, crucial resources such as time and money are saved which is eventually felt on the bottom line of the company. However, it is highly questionable how this outsourcing factor influences the products authenticity in the eyes of the consumer (Beasley, Bradford & Pagach, 2004). There are a growing number of popular brands that commence in production outsourcing like Nike and Apple, yet they are very popular (Leavy, 2004). Conclusively, this does not mean that their reputation might not suffer from this as Nike faced a lot of critique for outsourcing their production to countries like Vietnam where their clothes are produced in cheap sweatshops (Greenberg & Knight, 2004). Consumers are eager to react to such scandals through social media where their critique is easily heard and shared (Goolsby, 2010).

Moreover, a trending campaign that was designed against Nike and their outsourcing practices was the #stopnike campaign which was immensely shared in order to raise awareness (Johns & Vural, 2000). Campaigns like these have a tremendous effect on the reputation of corporations and brands. Furthermore, the main reason people instantly frown upon outsourcing is the first thing they associate with this particular practice is forced labor, sweatshops and low wages (Buechler, 2014). In these sweatshops, people receive unfair wages and work under terrible working conditions. When companies outsource their production, it does not always mean that this outsourcing will lead to terrible conditions or forced labor in sweatshops. However, this is again about the general perception of outsourcing which the general public and consumers inhibit (Philips & Mieres, 2015).

Furthermore, the place where a brand is manufactured or in other words the countries where the products are actually produced influence the associations behind these products (Roth & Romeo, 1992). This phenomenon is called the country of origin effect or nation branding effect (Fan, 2006). Whenever one hears the word “Italian” in conjunction with clothing, sports cars, food and much more these products are automatically elevated to a very desired, premium, authentic, high quality and better tasting product (Jaworski & Fosher, 2003). Also, whenever one thinks of Germany associations of skill, craftsmanship, quality, efficiency and innovation come up linked with for example BMW or Volkswagen (Amine, Chao & Arnold, 2005). This lucrative marketing trick has been used for decades by many companies to bind their products with associations of countries linked to prestige and quality (Moilanen & Rainisto, 2009). A good example of this is where a new restaurant opens up on a spot where all previous restaurants were haunted by failure and bankruptcy. However, surprisingly this restaurant survives and even more so thrives, which is remarkable. The reason for success turns out to be that this restaurant was an authentic, picturesque, old Italian family “ristorante”. This restaurant might not even be owned or run by real Italians however their associations to Italy create a image that is highly desired and sought after (Chattalas, Kramer & Takada, 2008).

It is very intriguing to examine how this country of origin effect influences corporations and brands within a nation. This examination could provide implications that are very relevant for corporations that are struggling due to their linkage with a specific country or no country. The importance yet again lays in the perceptions that consumers gain through the nation branding effect, as perception becomes reality (Jaworski & Foscher, 2003). With this in mind it would be very relevant to explore how during a corporate crisis consumers perceive products, that are originally from one country and marketed like this but their production is not local as outsourcing is deployed. How will this translate to the country of origin effect? Will the country of origin effect prevail or will the consumers perceive the products to be less authentic due to outsourcing? Will the location of product production influence a possible “spillover effect” and to what extent?

Finally, the scope of the proposed research is the combination of several concepts, which are the country of origin effect, the “halo-effect” and the “spillover effect” in the context of corporate reputation and crisis management. Also, in a corporate crisis it is valuable for corporations to examine how the domestic public

reacts to this crisis in comparison to foreign publics with the aforementioned concepts in mind. Is the domestic public more forgiving when a crisis occurs with products from their country? And, are foreign publics witnessing this crisis more likely to judge other products from this country of origin negatively? This is again all about public perception and keeping in mind the domestic and foreign attitudes on the brands experiencing a crisis makes this a unique comparative research (Kaynak & Kara, 2002). Hence, all of the previously posed questions will build on existing literature and shed a light on fairly new fields which have been previously unexplored. As mentioned before, there has been plenty of research on post-crisis reputation and the country of origin effect. However, there is a clear gap in literature in regards to crisis contagion and the spillover effect as this is still a largely unexplored field. Moreover, the direct combination of crisis reputation, country of origin and crisis contagion in research is very unique and previously under researched. These findings will provide relevant implications for all corporations, as every corporation might be struck by a crisis, and build upon existing literature while contributing to relatively untouched fields of crises.

Moreover, it would be relevant if these two aforementioned concepts would be applied to products from a country that carries world-renowned associations with which the public is instantly familiar. For instance, utilizing products from Switzerland may prove more than sufficient as Swiss products carry strong associations of quality, authenticity and precision (Aronczyk, 2008). Also, products from Switzerland carry the infamous “Swiss Made” label which by itself carries the underlying connotations of quality, precision and authenticity (Breiding, 2013). Products that carry this label are considered to be products with a Swiss origin and for the greater part produced in Switzerland (Jaworski & Foscher, 2003).

In order for products to qualify and thus carry the “Swiss made” label there are several legal criteria which should in theory be upheld. Moreover, for example with Swiss watches at least 60% of the manufacturing costs and the essential manufacturing steps must occur in Switzerland (Johansson, 1989). Brands and products that adhere to these legal rules are permitted to carry the label and expose themselves as being “Swiss made” (Peterson & Jolibert, 1995). However due to legal loopholes, there are plenty of Swiss company watches which assemble and produce their products in Asian countries like China under the “Swiss Made” label (Breiding,

2013). Taking into account the main concepts that have been previously mentioned a research question can be formulated which accounts too:

Research Question: How do the location of manufacture for brand (local versus foreign) and the market position (high-end positioning versus low-end positioning) affect the corporate reputation and the spillover to other brands with the same country-of-origin in a corporate crisis?

Finally, this thesis was structured in a logical and cohesive manner in order to provide a clear line of reasoning and a comprehensive understanding of the results. As seen above the introduction introduced the main topic of this research along with the concepts crucial to corporate reputation and crisis contagion. Moreover, the following section is related to theory where the implications, concepts and findings from earlier research served as a foundation for the set-up of the hypotheses and the predictions made about them. After this a section on the used methods is presented, this chapter elaborates on the chosen population of research, sampling method, procedure and data collection. This section was followed by the results, which were obtained through SPSS(23) and analyzed in order to confirm the validity of the hypotheses. In the discussion section, the results were discussed more in depth in relation to previous literature and managerial implications were formed. Finally, the conclusion established certain limitations in regards to the research and recommendations were made for future research.

2.0. Theoretical Framework

2.1. Corporate reputation and Crisis Management

Nowadays, corporations all over the world are striving to build a favorable corporate reputation and more importantly maintain this intangible asset. There are a variety of different definitions of corporate reputation but according to Coombs and Holladay (2006), “reputation is an evaluation stakeholders make about an organization”. These stakeholders are individuals, groups and whoever else that has an interest in the corporation and at the same time can influence or be influenced by this corporation (Fryxell & Wang, 1994). Reputations are very fragile and can easily go from favorable to unfavorable. As the infamous Warren Buffet has stated, “it takes 20 years to build a reputation and five minutes to ruin it” (Anderson & Anderson, 2009). Corporations are evermore taking great care of their reputation as it is seen as their most valuable intangible asset (Coombs & Holladay, 2006). This favorable reputation has been related to various perks and positive outcomes for corporations. Such perks include amongst others an improved financial performance, higher credibility amongst consumers, higher attractiveness of a company’s product and a higher commitment of employees (Fombrun, 1996). All in all a favorable corporate reputation is an intangible asset, which can generate invaluable present and future benefits (Weigelt & Camerer, 1988).

Corporations are evermore dependent of a favorable reputation in order to thrive and survive (Fombrun, 1996). Reputation is based on a collective judgment of a group of observer’s mainly stakeholders and is based on the past actions of the corporation (Vidaver-Cohen, 2007). Most scholars agree that reputation is primarily a perceptual phenomenon constructed by stakeholders, regardless of the reality of the situation (Coombs, 2002; Rao, 1994). This perception is gained through personal experience, second hand information transferred from family, friends, colleagues and the media (Barnett, Jermier & Lafferty, 2006). The factor here that has the highest effect on this perception and thus reputation is the direct personal experiences external stakeholders have with the corporation. Nevertheless, this perception is usually formed by often exposure from secondary sources such as information from mass media (McCombs, 2014; Rao, 1994). Moreover, stakeholders have certain expectations of corporations or brands in regards of their actions. In case of a crisis

certain new information may arise that do not fit within these expectations and perceptions of a corporation (Coombs & Holladay, 2002). Thus, an expectation gap arises, as the new information regarding the corporation does not resemble initial perceptions of stakeholders, which leads to a distorted image and may lead to a crisis (Coombs, 2014).

According to Coombs (2007), a crisis is a period of instability and uncertainty caused by a sudden and unexpected event threatening to disrupt a corporation's core essence that may lead to financial and reputational damage. The reputation of a corporation is very fragile during a crisis, but the outcome of a crisis is largely determined by several factors on which the corporation to a certain degree has control over. The potential damage that corporations may face due to crises depends on whether the corporation is prepared, proactive and responsive (Coombs & Holladay, 2002). In order to protect a reputation from negative outbursts during a crisis, Coombs and Holliday (2002) argue that these corporations must choose suitable crisis response strategies. In crisis communication literature, The Situational Crisis Communication Theory (SCCT) is widely adopted for identifying the type of corporate crisis and the response strategy (Coombs, 2007). This theory is an extension from Weiner's (1986) research on attribution theory and displays certain steps corporations should take. According to this attribution theory, individuals search for causes of a crisis event and an assessment is made of who is responsible. Stakeholders will create specific attributions regarding the cause of a crisis, called crisis responsibility attribution. If the stakeholders assign responsibility of a crisis to a certain corporation, this corporation's reputation will suffer (Weiner, 1986). Corporations have to learn to conduct proper crisis management, and SCCT is a tool that outlines the necessary steps for minimizing reputational damage (Brockner et al, 1990). This theory sorts the corporation's responsibility degree into three levels, which are as a victim with a weak attribution, as accidental with a minimal attribution and as intentional with a high attribution (Coombs, 2007). During a crisis corporations can evaluate under which category they fall and establish an appropriate response. Alas, when a crisis is unusual and avoidable, stakeholders assign the highest amount of attribution leading to serious reputational harm (Riel & van den Bosch, 1997). Also, it might be the case that a corporation is facing a crisis that was out of their control and thus accidental in nature and only minimal attribution or responsibility should be assigned to them. However, stakeholders may perceive this crisis to be avoidable or intentional and

assign higher attribution or blame to the corporation (Coombs, 2007). This reveals the complexity of corporate reputation and crisis management, as perception becomes reality.

2.2. Crisis contagion

When companies are involved in a full-blown crisis, the effects of this crisis are often perceived as limited to the company involved (Masson, 1998). However, a growing body of research has introduced and emphasized the increasing importance of concepts such as crisis contagion and the spillover effect (Laufer & Wang, 2017; Zhukov, Bhuiyan & Ullah, 2015; Yang & Yu, 2014; Dahlen & Lange, 2006). Crisis contagion refers to a crisis that finds its origin in one corporation but is “spilled over” to other corporations often not responsible for this crisis (Laufer & Wang, 2017). The topic of crisis contagion has received minute attention in existing research literature on corporate reputation. However, this is astonishing taking into account that consumers make assumptions of responsibility or guilt by associations (Dahlen & Lange, 2006)

Furthermore, in order to trigger the contagion effect certain conditions need to be satisfied (Laufer & Wang, 2017). The first condition is called accessibility and is related to the similarity between the corporation experiencing a crisis and the corporation from where this crisis originates. This condition is linked with categorization as corporations from the same perceived category as the focal company of crisis, experience a higher risk of crisis contagion. A good example of this is Volkswagen’s recent emission scandal where consumer’s started to relate this crisis to other car brands such as BMW and Toyota (Schiermeier, 2015). Moreover, the higher the perceived similarity of other car manufacturing corporations with Volkswagen (the focal company), the more consumers will be reminded of these other car manufacturing corporations upon hearing mention of Volkswagen and its crisis (Laufer & Wang, 2017).

Moreover, the second condition for crisis contagion is diagnosticity, which is triggered when there is something about the corporation’s category that is related to the crisis at hand. A good example of this is the Nutella Company, which was criticized through various media outlets and channels for obtaining staggering amounts of sugar in their chocolate spread, that were directly linked as a main cause for obesity in children (Kersh, 2015). If stakeholders believe that high sugar levels are

linked with chocolate spreads in general, consumers might believe that this crisis impacts other chocolate spread companies as well. Alas, this was very visible for another chocolate spread brand Duo Pennoti these companies were judged as guilty by association to Nutella since they belong to the same category (Visser, 2011).

In order for the spillover effect to take place, both these conditions of accessibility and diagnosticity have to be met in relation to perceived similarities to the focal company (Laufer & Wang, 2017). However, if for instance the crisis is caused by an accident at a corporation, which is perceived by media and the consumers to be very specific and not relatable to other companies within the same industry, other corporations within the same category wont be negatively impacted (Zhukov, Bhuiyan & Ullah, 2015). For example, imagine that the CEO of BMW is accused of murder; it is very unlikely that this will influence other car brands since this crisis is seen as unique for BMW. Moreover, it is crucial to understand the factors that strengthen the linkage or associations between a focal corporation and a corporation involved in a crisis. These factors are seen as the determinants of crisis contagion due to their possible associative nature.

As outlined above, crisis contagion is a complex concept which has not been mapped out completely yet. In a study conducted by Laufer and Wang (2017) several determinants for crisis contagion were established and contested. In short, the first determinant is the industry in which the focal corporation is experiencing a crisis (Laufer & Wang, 2017). Other competing corporations in the same industry might be negatively influenced by this focal crisis. Moreover, the second determinant is the shared organizational type of the focal corporation experiencing a crisis (Laufer & Wang, 2017). The organizational type of a corporation is related to the mission, ownership or structure of this corporation. Hence, the third determinant is if corporations adopt a similar positioning strategy as the focal corporation experiencing a crisis (Laufer & Wang, 2017). Positioning strategy is an attempt by corporations to differentiate themselves from their competitors. Finally, the last determinant and the scope of this research is the country of origin (COO), which represents the country, that a corporation or brand is linked with (Laufer & Wang, 2017). Previously, the COO was mentioned more in a positive context as the essence and core values of a country are transferred to the brand. This is useful for corporations that are linked with countries with a strong country branding. However this is also implied for corporations that are linked with countries with a weak country branding (Zhukov,

Bhuiyan & Ullah, 2015). A good example of this is corporations that are linked with less prestigious countries such as India or Senegal, are automatically discredited in relation to quality and esteem (Zhukov, Bhuiyan & Ullah, 2015). The country of origin is thus a double edged sword which when employed properly, with a prestigious country, may have benefits for the corporation. In most cases, this would be the country where the headquarters of a corporation are located or where their main product manufacturing takes place (Yang & Yu, 2014). For example, BMW's COO is Germany and Rolex's COO is Switzerland. If one of these companies is experiencing a crisis other companies that share the same COO are at risk of being linked to this crisis. It is acknowledged that utilizing only one determinant for the spillover effect does not contribute to the whole picture of crisis contagion. However, by focusing on one determinant more specific and more precise implications can be formed for that determinant. Also, utilizing all the determinants in a research can be a suggestion for future research.

2.3. High end vs. low-end B2C market

In reality the market position of a company or product, whether it is high or low-end, does not necessarily dictate the reputation of this company or product (Narayanaswami & Raghunath, 2000). There are many products which are located in the high-end market but in reality suffer from a bad reputation. A good example of this is the fashion brand Valentino that has been critiqued for its quality and high pricing (Bertoldi et al, 2013). The brand is still very popular, as a bad reputation does not necessarily lead to the demise of a corporation or brand (Weidema, 2011). One of the reasons of this popularity despite their issues is that most consumers are often not aware of existing issues (Fombrun & Shanley, 1990). Hence, reputation is formed by consumer perception even though at times this does not equal to the actual reality of the situation.

Moreover, several studies have indicated that the mere mention of the market position influences the perceived reputation of a brand (Bevolo, Gofman & Moskowitz, 2011). Hence, the market position of a brand is interlinked with consumer's perception of their reputational esteem. Brands that are positioned on the high-end side of the market are instantly considered to embody some sense of exclusivity, quality and high reputation (Niguyen & Leblanc, 2001). Also, consumers

even accept the exaggerated pricing of products located at the high-end market, as this appears to be congruent with exclusivity and high quality (Barnett, Jermier & Lafferty, 2006). Thus, brands or products that associate themselves with luxury can benefit from increasing affluence around the world. On the other side, products located in the low-end market are seen as mass-produced, lacking in quality and bearing a somewhat low reputation (Bevolo, Gofman & Moskowitz, 2011).

Moreover, when corporations face a crisis, there is an imminent threat of reputation loss. However, it is assumed that the amount of reputation loss is highly dependent of the stakeholder's perception of the corporation's pre-crisis reputation (Claeys & Cauberge, 2015). Research has shown that a good pre-crisis reputation can benefit an organization during a crisis and directly influence the post-crisis reputation (Coombs & Holladay, 2006). The reason for this is that the strong pre-crisis reputation acts as a shield that deflects any serious harm and damage to the brands name. This phenomenon is also called the "Halo effect", as the prior reputation serves as a protecting halo (Fombrun, 1996). In short, companies that take care of their pre-crisis reputation have greater chances of a speedier recovery due to this protecting shield or "Halo". The theory underlying this effect is expectancy confirmation theory, which explains that people try to avoid the feeling of cognitive dissonance by processing conflicting information in a way that is congruent with previous beliefs (Edwards & Smith, 1996).

As already mentioned, various research proposes products in the high-end market are considered to be luxurious and this is interlinked with a perceived higher reputation in contrast to products from the low-end market (Bevolo, Gofman & Moskowitz, 2011; Niguyen & Leblanc, 2001). In the long run, this might mean for brands and corporations leaning towards the high-end market that their retrieval from any pitfalls caused by a crisis would be ultimately speedier. This leads to the following hypothesis:

H1a: In a corporate crisis the products in the high-end market result in a higher post-crisis reputation in comparison to those in low-end market.

Moreover, it can be argued that a good reputation can also lead to negative consequences for a corporation. Corporations and brands that are located in the high-end of the market have to fulfill certain expectations and constantly face pressures of

performing and delivering. According to Rhee and Haunschild (2006), expectations about product quality are more likely to be violated by defects in products produced by corporations with a high reputation. In other words, the bar is set higher for products in the high-end market and thus there is little room for error. Moreover, other research has also shown that when corporations with a good reputation face a crisis, this crisis is more likely to create a rippling or spillover effect into other corporations (Godey et al, 2012). This spillover effect manifests itself with corporations that are similar with the focal corporation experiencing the crisis, by for example operating in the same industry or sharing the same COO (Laufer & Wang, 2017). Based on the aforementioned assumptions and findings, the following hypothesis can be proposed:

H1b: In a corporate crisis the products in the high-end market result in a higher spillover effect in comparison to the products in the low-end market.

2.4. Country Branding

It is astonishing that the location of a brand being manufactured can either elevate or demote the reputational esteem of a corporation. This effect is caused by the term, coined in some literature, as the country branding effect (CB) where the essence and core values of the country of origin are transferred to the brand (Jaworski & Foscher, 2003). This effect is able to influence various variables from positioning, differentiation, to brand identity and purchasing decisions (Ahmed & d'Astous, 1996). As Moser (2003) has stated: "Do any of your company's core values mirror the core values of your nation? If they do your corporation will resonate much deeper in people's hearts and minds." A good example of this effect is seen in Swiss products, which carry the "Swiss Made" label, instantly receive tremendous reputational esteem (Breiding, 2013).

Moreover, according to Breiding (2013), Switzerland has enjoyed a success story for centuries, which was formed by the highly luxurious watch industry, the banking world and several other institutions which are active up to this date. According to Jaworski and Fosher (2003), products that originate from a country with a long and profound prestigious history, can benefit from associating themselves with these nations. Moreover, Jaworski and Fosher (2003) argue that brands worldwide rely

heavily on the Swiss connection as it reinforces or even elevates their positions as high quality, precise and prestigious products. Products containing a ‘made in Germany’, ‘made in Switzerland’ or ‘made in Japan’ label are commonly regarded as high quality, due to the reputation of these countries as top world manufacturers and exporters (Kotler & Gertner, 2002).

Moreover, Swiss watches like Swatch, Breitling and Rolex receive tremendous amounts of their brand equity from being Swiss made (Breiding, 2013). However, recently there has been a rise in watches that are not produced in Switzerland, but carry the “Swiss Made” label (Jaworski & Foscher, 2003). These brands rely heavily on the Swiss connection to elevate their products as serious, high quality and precise timepieces. Nevertheless, for the CB effect to work, corporations have to be associated to a nation that contains certain prestigious qualities (Breiding, 2013). Being associated to Senegal will not provide corporations with the reputational esteem that will elevate their brand.

With this in mind it would be interesting to explore how consumers perceive products in a crisis, that carry for example a prestigious country brand, but their production is not local as outsourcing is deployed. Moreover, research has shown that when the country of origin (COO) is different to the country of manufacturing (COM), a distorted image is created which is translated as incongruence between COO and COM (Godey et al, 2012). This weakens the effect of the CB effect as the brand is seen as inauthentic. This would mean that if a product carrying a prestigious country brand was produced in a country with a low country brand were to experience a crisis, reputational loss would be immense. Hence, research has shown that when corporations are associated to a prestigious nation like Switzerland, either through place of production or headquarter location, this brand’s reputations are elevated (Jaworski & Foscher, 2003). Other research has also shown that the CB effect may have a positive contribution towards consumer’s perception of a brand during a crisis (Godey et al, 2012). Having a prestigious country of origin linked to your corporation, like Switzerland, might help consumers forget “the incident” swiftly.

Moreover, since the perception of a country is reinforced over a long time it is not easy that one crisis might influence the perception of this nation (Godey et al, 2012). Nevertheless, the sales of this corporation might be influenced for a short time and there might be some reputational damage, but the positive associations related to the country of origin would eventually prevail. Based on the aforementioned

assumptions and findings, the following hypothesis can be proposed:

H2a: In a corporate crisis, the products manufactured in the local market with a strong country branding result to a higher post-crisis reputation in comparison to those manufactured in foreign markets with a lower country branding.

Moreover, as previously mentioned the COO is one of the determinants, which could lead to crisis contagion and a possible “spillover effect” (Laufer & Wang, 2017). If other corporations share the same COO as the focal corporation experiencing a crisis, there is a risk that consumers could link them to this crisis. Several studies have proven that when for example a watch is produced in a country with a prestigious country brand, this watch carries the positive COO associations of this country (Jaworski & Foscher, 2003; Godey et al, 2012). However, when a crisis occurs surrounding this watch brand, other companies with the same COO are very likely to feel the effects of this crisis. For instance a crisis surrounding a watch brand produced locally in a country with a prestigious country brand, which is highly congruent with the COO’s attributes, would create a more profound reaction amongst the domestic public (Godey et al, 2012). This would thus generate a greater chance of crisis contagion and spillover to other corporations with the same COO. If this same watch was produced in a foreign country, and experienced the same crisis the spillover effect to other corporations in the aforementioned COO would be less profound. The reason for this occurrence is the aforementioned incongruence between COO and COM as the product is seen as inauthentic while losing the core values of the COO (Godey et al, 2012). Based on the aforementioned assumptions and findings, the following hypothesis can be proposed:

H2b: In a corporate crisis, the products manufactured in the local market with a strong country branding result to a higher spillover effect in comparison to those manufactured in foreign markets with a weaker country branding.

2.5. Domestic Country Bias

Many studies have shown that domestic consumers tend to perceive their country's products more favorably than do foreign consumers from different countries (D'astous et al, 2008; Balabanis & Diamantopolous, 2004). Moreover, this domestic bias effect can be explained by consumers' general tendency to question the legitimacy of buying foreign products because of "consumer ethnocentrism" (Balabanis & Diamantopolous, 2004). This term holds that domestic consumers know more about their home country in comparison to their knowledge on other countries and nations. These domestic consumers believe products from their home country to be linked to some superiority. In other words, domestic consumers tend to view their country as better and superior than other countries. These domestic buyers might even feel that it is immoral to buy products from other countries (Balabanis & Diamantopolous, 2004). A good example of this is the Swiss super market chain Migros that is considered by the domestic Swiss public as the place where real Swiss people do their groceries and shopping (Maycock, 2016). There are very few foreign supermarket chains in Switzerland as it is seen as immoral and not patriotic to shop there. Moreover this patriotism comes from the urge to support the national industry no matter what, which is also part of nationalism. This example illustrates the core essence of the domestic country bias, as domestic products are seen as more favorable.

Furthermore, as mentioned before the main property of the domestic bias effect entails that domestic consumers tend to perceive their country's products more favorably than foreign consumers might do. The products produced in your domestic country induce feelings of pride, authenticity, patriotism, nationalism and superiority (Balabanis & Diamantopolous, 2004). This might entail that during a crisis the domestic audience might perceive the favorability of the brand experiencing this crisis differently in comparison to foreign consumers. Thus, taking into account what was mentioned above, one might argue that the domestic public might feel sorry or sympathy towards a brand experiencing a crisis from their home country (Jin, 2014). The domestic public might be more prone to forgive this crisis as they are biased and influenced by the origin of the brand, which is their home country.

According to Jin (2014) there is a relationship between sympathy and post-crisis reputation, as one who feels sympathy or sorry for an organization might obtain a

positive attitude and hence score the organization's reputation better than those who do not feel sympathy for the organization. In comparison, foreign consumers might not feel this amount of sympathy or the eagerness to forgive, as they are not influenced by this domestic country bias effect. A good example of this is the recent Volkswagen emission scandal, which left the world shocked. There was a huge public uproar, which accentuated the disgraceful practices and deceit that have been caused by Volkswagen (Lohr, 2015).

However, despite the huge scandal the German population in general remained loyal to Volkswagen. Two weeks after the scandal became public a survey amongst the German population was conducted by management consultancy prophet which indicated that 66 percent still trusted Volkswagen, 75 percent claimed they would still buy a German car brand and 63 percent believed that the crisis would be forgotten within a mere year (Lohr, 2015). These findings might be accounted to the domestic country bias and how Volkswagen's reputation was somehow saved amongst the domestic German population.

Moreover, taking into account that the domestic country bias effect might evoke feelings of sympathy and sorry amongst the domestic public, it might also lead to less of a spillover to other domestic brands. On an international scale, foreign public were eager to condemn Volkswagen as well as other German brands (Lohr, 2015). Other German brands were a victim of guilt by association as they shared the same country of origin with Volkswagen. Based on this background the following hypotheses can be formulated:

H3a: In a corporate crisis, the domestic public from where the crisis originates, have a higher positive post crisis perception of the product/brand under crisis in comparison to the foreign public.

H3b: In a corporate crisis, the foreign publics have a higher perception of spillover to the same country of origin as the product experiencing the crisis in comparison to the domestic public.

2.6. Conceptual model

To summarize the proposed study, the research question, the proposed hypothesis and a visual overview of the conceptual model will be provided below. As mentioned previously the research question is formulated as followed:

How do the location of a brand being manufactured (local versus foreign) and the market position (high-end positioning versus low-end positioning) affect the corporate reputation and the spillover to other brands with the same country-of-origin in a corporate crisis?

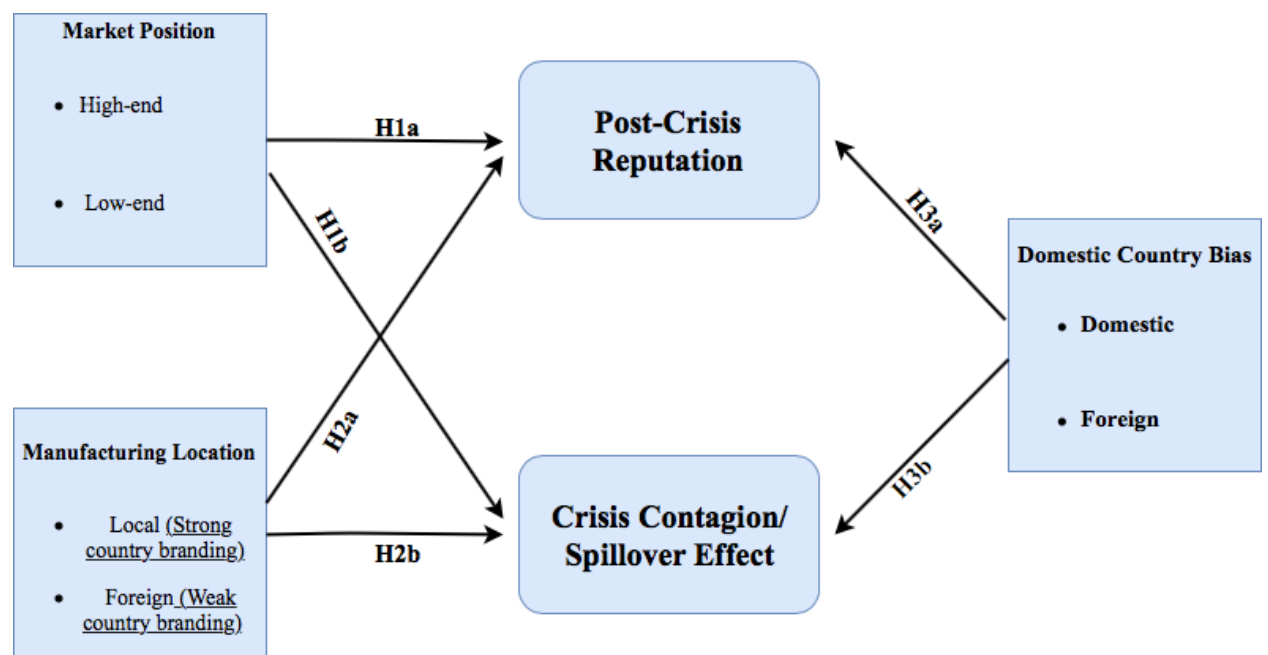


Figure 1: Conceptual Model

3.0. Method

3.1. Research design

In order to analyze how the public responds to various factors within reputational and crisis management, this study utilized an experimental design. An experimental design measures the causality between different variables in a controlled environment (Seltman, 2015). The main quality of this method is that it allows researchers to manipulate the dependent and independent variables to such a degree allowing for strong and valid formulations on the causal chain of events. Overall, an experimental design offers greater control over variables involved allowing for more valid and reliable results (Seltman, 2015).

Furthermore, the examination of corporate reputation and crisis management has often been conducted through the use of experimental designs (Coombs & Holladay, 1996). The main reason for this is that there are so many different factors and variables that might interfere with organizations corporate reputation and crisis (Seltman, 2015). People's perceptions are influenced by these aforementioned variables and factors, as they trigger their responses. In this experimental design these variables represented the location of production and the market position of a brand. The theories and concepts that contested these variables were "the halo effect" and "the country branding effect". This study proposed that these variables with the underlying theories have an influence on consumer's perception of post crisis reputation and aforementioned spillover effect.

Moreover, for the purpose of this experiment a fictitious Swiss watch brand named "Kassot" was utilized. Fictional companies are companies that do not exist, and "Kassot" has been brought to life solely for this research. One of the main reasons for utilizing a fictitious brand is to balance external validity and credibility of a real scenario with unbiasedness of an organization with which respondents do not have any prior experience (Seltman, 2015). It lowers the chance of existing biases caused by real companies and their crises influencing this experiment. Nevertheless, utilizing a fictitious company may lead to constraints in regards to realism. However, by carefully designing an experiment constraints of realism might be avoided. Moreover, the design of this experiment tried to give respondents a sense of authenticity with a certain frame on the company in accordance to the conditions.

The experiment used a 2 (Market Position; high vs. low) x 2 (Manufacturing location: local with strong country branding vs. foreign with weak country branding), factorial between subjects design contested through an online experiment, resulting thus in a total of four conditions. These conditions represented the independent variables that are manipulated in order to measure an effect on the dependent variables, which in this case were post-crisis reputation and crisis contagion. The respondents were randomly assigned to one of the four conditions. The experiment is the same in format for all the four conditions. However, the corporate description, which discretely presents the conditions, was different for all four conditions (Appendix A). Also, the fictitious crisis scenarios were the same for all conditions to a certain extent (Appendix B). The only difference was that the conditions were yet again discretely incorporated in the content of the crisis scenario in order to strengthen remembrance of the conditions already portrayed in the corporate description.

The fictitious watch “Kassot” carries the “Swiss made” label which transfers the associations of Switzerland to the product. Products that originate from Switzerland carry an almost indestructible reputational shield that almost instantly upon mentioning elevates them to this realm of reputational heaven endorsed by quality and authenticity (Jaworski & Foscher, 2003; Peterson & Jolibert, 1995). The insights gathered from this Swiss scope were very valuable as the concepts of “Country Branding effect” and the “Halo effect” were contested in the context of corporate reputation, crisis contagion and crisis management.

3.2. Procedure

This experiment was conducted online and constructed through the help of *Qualtrics*. As mentioned before the experiment covering each condition contained the same questions. Only the corporate description and part of the fictitious scandal were framed according to the different conditions (Appendix A). So for example one version of the experiment contained a corporate story where the fictitious Swiss watch is portrayed as luxurious (high-end) while being produced in Switzerland (local with strong country branding) (Appendix C). This was yet again displayed later during the experiment in the stimuli/scandal in order to reinforce these conditions. Moreover, Kassot faced a crisis that is technical in nature, which seems only appropriate taking

into account that it is a Swiss watch. In general, products and more specifically watches from Switzerland are regarded as precise, sophisticated and high quality watches. Hence, the only crisis type that might have had a serious impact on respondents must be technical in nature as it attacks the core values of Swiss precision and quality. Moreover, Kassot faced a crisis that is caused by leaking batteries in the watch, leaving the watch destroyed, useless and worthless. Leaking batteries are actually a real problem that is not mutually exclusive to cheap watches (Umemoto, 1981). There have been cases where Rolex owners were agitated, as the batteries had leaked into the circuitry of the watch, leaving the watch ruined. Repair costs in case of leaking batteries are often very high and are close to the initial purchasing price of the watch (Umemoto, 1981).

Moreover, Appendix A offers a clear overview of four versions of the experiment representing a condition each. At the beginning of the experiment the respondents received a corporate story of Kassot, discretely containing the conditions. After this the respondents were exposed to the stimuli/crisis, which yet again discretely emphasized the conditions. Subsequently, the respondents were asked to answer several questions in relation to the favorability of Swiss brands, familiarity with the “Swiss Made” label, pre-crisis reputation, post-crisis reputation, perceived responsibility of the company, spillover effect, demographics and manipulation checks of the stimuli on market position and manufacturing location. Before this experiment was finalized and distributed amongst the public, a brief pre-test was conducted amongst students to plow out any unseen errors. The feedbacks that they provided were very useful as some minute spelling errors were unveiled and corrected. This pre-test ensured that the experiment was sound in regards of any errors, which resulted in a certain level of quality and validity.

3.3. Measurement

As mentioned before the independent variables manipulated in this experiment were the market position and manufacturing place. This study thus operationalized several concepts into dependent variables namely, post-crisis reputation and spillover effect/crisis contagion. Furthermore, questions on pre-reputation before the fictitious crisis were also posed in order to allow for comparisons in possible perceived reputational change. Also, questions on the favorability of Swiss brands as well as the familiarity

of the “Swiss Made” label were posed. These questions measured any preconceived notions in regards to Swiss products, and allowed for comparison between respondent groups in accordance to the spillover effect. Moreover, there were also some questions on perceived responsibility of the company in regards to the crisis, which measured the degree respondent’s attribute the blame of the crisis with the company. Finally, all of these measurements might provide a clear picture on the possible influence of the domestic country bias effect, as two distinct respondent groups (American and Swiss) conducted this experiment. Moreover, the dependent variables in this study relied on scales implemented and validated in previous research unless stated otherwise. All items were measured on seven-point Likert scales unless stated otherwise (from 1 = “strongly disagree” to 7 = “strongly agree”).

3.3.1. Pre-crisis Reputation

Pre-crisis reputation was measured using Ponzi, Fombrun and Gardberg’s (2015) four-item “pre-crisis reputation scale”. Usually, it is quite hard to measure the pre-crisis reputation of a fictitious company. As mentioned before realism might be constrained when fictitious companies are used. However, this experimental design was carefully structured and framed according to each condition. This generates an authentic feeling towards “Kassot”, as the stimuli even included their professionally designed home website page. The scale ($\alpha = .96$) has been previously implemented in recent crisis management research (Kiambi and Shafer, 2016). Moreover, these questions correctly visualize the perception consumers have of a company before the harm of a crisis, based on consumer’s trust, likes and admiration.

3.3.2. Post-crisis Reputation

Organizational post-crisis reputation was measured using five items from Coombs and Holladay’s (2002) 10-item “Organizational Reputation Scale”. This experiment utilized these measurements to examine the reputation after exposure to the fictitious crisis. These measurements also gave a clear picture on the presence and influence of the domestic bias effect in relation to post crisis reputation between respondent groups. This five-item scale established by Coombs and Holladay (2002) to have a Cronbach’s alpha of 0.82.

3.3.3. Attribution of blame

The perceived organizational responsibility of blame by respondents in regards to the crisis was measured by a combination of questions from Lee's (2004) two-item "crisis responsibility scale" and Griffin, Babin and Darden's (1992) three-item "Blame scale". Moreover, Lee's (2004) two-item scale was established to have a Cronbach's alpha of 0.85. Also, the three-item scale was confirmed by Griffin, Babin and Darden (1992) to have a Cronbachs alpha of 0.91.

3.3.4 Spillover effect/ Crisis contagion

The perceived spillover effects by respondents, caused by this fictitious crisis, were measured using two items from Goldsmith, Lafferty and Newell's (2000) "Company Evaluation scale". This was combined with two items from Luna and Perrachio's (2001) "Attitude Toward the Product/Brand scale". Due to the relatively unexplored field of spillover effects in crisis, there is also an evident lack on validated scales in previous research on this matter.

Nevertheless, these questions were posed at the beginning (Pre-Swiss Impression) of the experiment as well as at the end. This provided a clear picture on the favorability of Swiss products before the crisis and after the crisis. This comparison was cross-condition. Thus, the questions imposed at the beginning of the experiment were mainly for a control purpose. If the results to these questions differ significantly, this might indicate a spillover effect due to the drop in favorability of Swiss products. These measurements also provided a clear picture on the presence and influence of the domestic bias effect in relation to crisis contagion between respondent groups. Hence, the two-item scale confirmed by Luna and Perrachio's (2001) to have a Cronbachs alpha of 0.96. Also, the two-item scale confirmed by Goldsmith, Lafferty and Newell's (2000) to have a Cronbachs alpha of 0.87.

3.3.5 Demographics

In order to recognize possible population influences such as differences in results due to for example gender and age, this experiment included questions on demographics. These questions intended to measure demographics such as age, gender, education and nationality. Also, these questions were open or multiple-choice and thus did not follow the 7-point Likert scale.

3.4. Sample

The sample of this research consisted out of Swiss and American respondents, which allowed for a comparative research and results. The reason for the utilization of Swiss respondents was necessary in order to measure the possible effect of the domestic country bias. As the fictitious watch brand is from Switzerland and carries the “Swiss Made” label it is only logical and relevant to utilize Swiss respondents. These Swiss respondents were collected through the help of the Swiss department of culture and education¹. They agreed to share this experiment across their channels, which ensured the collection of adequate and quality-laden Swiss respondents. On the other hand, in order for a clear measurement of the domestic country bias effect, respondents from other than the domestic country of the corporate crisis were needed. These foreign respondents were crucial in order to yet again investigate a possible domestic country bias effect in relation to post-crisis reputation and crisis contagion. Next to this having two different and distinct groups, as respondents provide useful and very interesting insights. Moreover, it was decided to utilize American respondents as the comparison group as research (Crawford & Garland, 1988; Johansson, 1989) has shown that Americans are well aware of Swiss products and brands, which allowed for valid and consistent results.

Moreover, these American respondents were collected through the use of Amazon’s Mechanical Turk (Paolacci & Chandler, 2010). This company functions as a platform with a huge reach where the experiment can be distributed swiftly to respondents. Thus, American respondents were collected through means of a convenience sampling method. Moreover, in regards to American respondents the experiment was uploaded on Mechanical Turk online on the 25th of March until the 5th of April 2018. In the end, this method enabled an estimated amount of 310 American respondents to be gathered. Nevertheless, before the gathered data was of any use it had to be cleaned adequately. This withholds that respondents that did not complete the experiment or respondents that did not pass the manipulation checks were discarded. In the end, a number of 150 valid American responses remained for analyses. Furthermore, Swiss respondents were collected through the use of a random

¹ The Swiss Department of Culture and Education facilitates and promotes exchanges and cooperation in all areas of the Swiss culture and education. It does so by leveraging its network and partnerships with cultural and educational institutions as well as by promoting cultural events and projects through its newsletter and social media channels.

sampling method, which ensures that each member of society has an equal chance of being selected (Seltman, 2015). This method provided a sampling group that is representative of both societies and offers room for generalizability. Moreover, the experiment was sent to the Swiss department of Culture and Education on the 5th of April 2018 and was completed on the 11th of April 2018. In the end, 180 respondents were collected through this manner. However after yet again cleaning the data an amount of 150 valid Swiss responses were left for analyses. In total, 300 participants completed the experiment in a valid and reliable manner.

Hence, the data that was collected consisted out of (N=) 300 respondents of which 62.3% was male and 37.7% female (Gender: M= 1.38, SD=0.485). In regards to the nationality of respondents there was an equal distribution, with 50% Swiss respondents and 50% American respondents. Moreover, in regards to education 44.7% of the respondents had a completed Bachelor's degree (Education: M= 3.80, SD= 1.058). Finally, in the data it became apparent that 55% of the respondents were between 19 and 29 years of age, whereas 44.33% were between 30 and 64 years old and only 0.66% were above 65 years of age. Hence, the mean age of the respondents was 24 years of age (M= 24.23, SD= 12.32).

Table 3.2.1. Overview of Sample Demographics

	Frequency	Percent
Age		
Young Adults (19-29)	165	55%
Adults (30-64)	133	44.33%
Seniors (65+)	2	0.66%
	N= 300	Total=100%
Gender		
Male	187	62.3%
Female	113	37.7%
	N= 300	Total=100%
Nationality		
Swiss	150	50%
American	150	50%
	N= 300	Total=100%

Education		
Less than high school	2	0.7%
High school	25	8.3%
Associate degree	84	28.0%
Bachelor's degree	134	44.7%
Master's degree	40	13.3%
Doctorate Degree	6	2.0%
Other	9	3.0%
	N= 300	Total=100%

3.5. Manipulation Check

Success of the manipulation checks was assessed; by asking participants to correctly identify which one of the conditions they specifically received. As mentioned before these conditions were distinguished between market position and manufacturing location. Questions were therefore: “What kind of product is Kassot?” (Luxury /value for money brand) and “Where are Kassot watches produced?” (China/America/Switzerland/Japan). These questions were positioned at the end of the experiment in order to avoid priming the respondents. These questions test if the factors of market position and manufacturing place are recognized. Hence, it is expected that when respondents are presented with a condition of a brand with high market position and production in China the respondents answer accordingly. Hence, a chi-square test confirmed that the manipulation of market position was successful as, $\chi^2(1) = 280.28, p < .001$. Also, a second chi-square test showed that manipulation of the manufacturing place was also successful as $\chi^2(1) = 276.43, p < .001$.

3.6. Data Analysis Process

In order to adequately analyze the data that was derived from the experiment, this study relied on the statistical computer program SPSS (23). Before the hypotheses were tested, a reliability test was conducted to examine the internal consistency of each measurement.

After this a univariate analyses of variance (ANOVA) was conducted to reveal whether there is a significant effect between the dependent variable post reputation and the independent variables market position, place of manufacturing and

nationality. Moreover, another ANOVA was conducted again to reveal whether there is a significant effect between the dependent variable spillover and the independent variables market position, place of manufacturing and nationality.

This test allowed for the comparing of means between the independent variables in regards to the dependent variable post reputation and spillover. Moreover, the ANOVA test's aim is to find main effects and interactions between factors.

Nevertheless, as mentioned previously before any analyses could be conducted several preparations had to be made. After data cleaning, a total amount of 300 respondents remained useful and ready for analyses. Moreover, to create some order and structure within the dataset two dummy variables were created. The first dummy variable represented the independent variable market position (0=Low and 1=High). The second dummy variable represented the independent variable place of manufacturing (0=Foreign and 1=Local). After this, all of the necessary dependent variables were computed to ensure for a cohesive analyses.

Furthermore, the next step was to check for the reliability of all dependent variables being, pre-crisis reputation, post-crisis reputation, attribution of blame, spillover effect and pre-Swiss impression. Hereby a Chronbachs alpha of > 0.7 is considered to be satisfactory. Most of the variables immediately had a more than satisfactory Chronbachs alpha as can be seen in Table 3.1.

However after closer inspection of all variables and their questions, it became clear that certain questions were negatively framed. If these questions were not reversed an insufficient Chronbachs alpha was to be expected. Moreover this was seen in the variable attribution of blame as one 'negative' statement had to be reversed to create a valid outcome. The reversed statement was "Circumstances, not the organization, are responsible for the crisis." After the statement had been reversed the obtained Chronbachs alpha for attribution of blame was 0.939, which was more than sufficient.

Furthermore, this was also discovered in the variable post-crisis reputation as two 'negative' statements had to be reversed to ensure a valid outcome. The reversed statements were "The organization is basically dishonest" and "I do not trust the organization to tell the truth about the incident." After the statements had been reversed the obtained Chronbachs alpha for post-crisis reputation was 0.943. In the end, the internal reliability of all of the measures proved to be more than satisfactory leading to an analysis high in reliability and quality.

Table 3.1. Overview of Reliability Analyses

Dependent Variables	Items/Questions	Cronbach's Alpha α	Scale
Pre-crisis Reputation	<p>To what extent do you agree with the following statements?</p> <ul style="list-style-type: none"> • I have a good feeling about the company. • I admire and respect the company. • I trust this company. • The company has a good overall reputation. 	.937	7-point Likert Scale
Post-crisis Reputation	<ul style="list-style-type: none"> • The organization is concerned with the well being of its publics. • The organization is basically dishonest. • I do not trust the organization to tell the truth about the incident. • Under most circumstances, I would be likely to believe what the organization says. • The organization is not concerned with the well being of its publics. 	.943	7-point Likert Scale

Attribution of Blame	<ul style="list-style-type: none"> • To what degree do you think the organization is to blame? (<i>1 = not all to be blamed, 7= absolutely to be blamed</i>) • How much responsibility should the organization bear? (<i>1 = not at all responsible, 7 = totally responsible</i>) • Circumstances, not the organization, are responsible for the crisis. • The blame for the crisis lies with the organization. • The blame for the crisis lies in the circumstances, not the organization. 	.939	7-point Likert Scale
Spillover Effect	<ul style="list-style-type: none"> • The overall impression of Swiss brands is. (<i>1 = unfavorable, 7 = favorable</i>) • I would purchase Swiss branded products. • I would recommend Swiss branded products to a friend. 	.918	7-point Likert Scale
Pre-Swiss Impression	<ul style="list-style-type: none"> • The overall impression of Swiss brands is. (<i>1 = favorable, 7 = unfavorable</i>) • I would purchase Swiss branded products. • I would recommend Swiss branded products to a friend. 	.805	7-point Likert Scale

4.0. Results

4.1. Testing Hypothesis 1

4.1.1. Hypothesis 1a: The effect of market position on post crisis reputation

Hypothesis 1a posits that during a corporate crisis, products in the high-end market result in a higher post-crisis reputation in comparison to those in the low-end market. Thus, an ANOVA was applied, to test whether market position (Fixed Factor) has a significant effect on the post-crisis reputation (DV). Moreover, Levene's test indicated equal variances ($F = .240, p = .870$). This test showed no significant values and thus allowed for the assumption of valid equal variances at all times. The ANOVA revealed that indeed there is a strong significant main effect for market position on post reputation as $F(1, 298) = 239.66, p = .00, \text{partial } \eta^2 = .45$. Moreover, the partial eta squared (η^2) describes the percentage of variance explained in the dependent variable by an independent variable/fixed factor. Several different studies developed a certain rule of thumb in regards to interpreting the results: small = 0.01, moderate = 0.06, and large = 0.14 (Kittler, Menard & Phillips, 2007; Cohen, 1988). Thus a η^2 of 0.45 can be interpreted as a large effect, which indicates that the market position explains 45% of the variance in post-crisis reputation.

On average, products in the high-end market ended up with a higher post-crisis reputation ($M = 4.76, SD = .07$) in comparison to products in the low-end market ($M = 3.22, SD = .07, M_{\text{difference}} = 1.54$). These results indicate that we can clearly accept hypothesis 1a as the product that was situated in the high-end market clearly resulted in a higher post-crisis reputation.

Table 4.1.1. Results of Univariate ANOVA Post-Crisis Reputation ($N = 300$)

	Sum of Squares	df	Mean Square	F	Sig/p	η^2
Dummy_Higlow (Market Position)	147.591	1	147.591	239.657	.000	.454

4.1.2. Hypothesis 1b: The effect of market position on spillover/ crisis contagion

Moreover, hypothesis 1b formulated the expectation that in a corporate crisis products located in the high-end market would result in a higher spillover effect in comparison

to products in the low-end market. Thus, an ANOVA test was applied, to examine whether market position (Fixed Factor) has a significant effect on the spillover effect (DV). Moreover, Levene’s test indicated equal variances ($F= 0.230, p= .780$). This test again showed no significant values and thus allowed for the assumption of valid equal variances at all times. Yet again, the ANOVA revealed that indeed there is a strong significant main effect for market position on the spillover effect as $F(1, 298) = 13.12, p= .00, \text{partial } \eta^2 = .04$. Thus a η^2 of 0.04 can be interpreted as a relatively small effect, which indicates that the market position explains 4% of the variance in the spillover effect. Also, on average, products in the high-end market ended up with a higher spillover effect ($M = 4.42, SD = .08$) in comparison to products in the low-end market ($M = 4.85, SD = .07, M_{\text{difference}} = .43$).

Moreover, the fact that the mean for products in the high-end market was lower than the mean for the products in the low-end market might be confusing. Especially, as this would mean that the results would be twisted the other way around. However in this case, it is important to look at the formulation of the questions for the spillover effect and its answer categories. As mentioned before for spillover effect three questions were posed: “My overall impression of Swiss brands is ($1 = \text{unfavorable}, 7 = \text{favorable}$)”, “I would purchase Swiss branded products ($1 = \text{Totally Disagree}, 7 = \text{Totally agree}$)” and “I would recommend Swiss branded products to a friend ($1 = \text{Totally Disagree}, 7 = \text{Totally agree}$)”.

Hence, the more negative participants answered to these questions the lesser the mean and the more the spillover effect. Thus, these results indicate that we can clearly accept hypothesis 1b as the product that was situated in the high-end market clearly resulted in a higher spillover effect.

Table 4.1.2. Results of Univariate ANOVA Spillover Effect (N = 300)

	Sum of Squares	df	Mean Square	F	Sig/p	η^2
Dummy_Higlow (Market Position)	11.419	1	11.419	13.122	.000	.044

4.2. Testing Hypothesis 2

4.2.1. Hypothesis 2a: The effect of manufacturing place on post-crisis reputation

Moreover, hypothesis 2a formulated the expectation that during a corporate crisis products manufactured locally, in a country with a strong country branding, would result in a higher post-crisis reputation in comparison to products manufactured in a foreign country with a lower country branding. Thus, again an ANOVA test was applied, to examine whether place of manufacturing (Fixed Factor) has a significant effect on post-crisis reputation (DV). Moreover, Levene's test indicated equal variances ($F = .380, p = .670$). This test again showed no significant values and thus allowed for the assumption of valid equal variances at all times. Moreover, the ANOVA revealed that indeed there is a strong significant main effect for place of manufacturing on post-crisis reputation as $F(1, 298) = 228.21, p = .00, \text{partial } \eta^2 = .44$. Thus a η^2 of 0.44 can be interpreted as a large effect, which indicates that the place of manufacturing explains 44% of the variance in post-crisis reputation.

On average, products manufactured locally ended up with a higher post-crisis reputation ($M = 4.74, SD = .07$) in comparison to products manufactured in a foreign country ($M = 3.24, SD = .07, M_{\text{difference}} = 1.50$). Hence, we yet again have to accept hypothesis 2a as these results illustrate that during a crisis, products manufactured locally with a strong country branding indeed lead to a higher post-crisis reputation.

Table 4.2.1. Results of Univariate ANOVA Post-crisis Reputation (N = 300)

	Sum of Squares	df	Mean Square	F	Sig/p	η^2
Dummy_LocalForeign (Place of Manufacture)	140.539	1	140.539	228.205	.000	.442

4.2.2. Hypothesis 2b: The effect of manufacturing place on Spillover effect/crisis contagion

Moreover, hypothesis 2b posits the expectation that in a corporate crisis products manufactured locally, in a country with a strong country branding, would result in a higher spillover effect in comparison to products manufactured in a foreign country with a lower country branding. Hence, an ANOVA test was applied, to examine whether place of manufacturing (Fixed Factor) has a significant effect on the spillover

effect (DV). Moreover, Levene’s test indicated equal variances ($F= .690, p= .558$). This test again showed no significant values and thus allowed for the assumption of valid equal variances at all times. Moreover, the ANOVA revealed that indeed there is a strong significant main effect for place of manufacturing on spillover as $F(1, 298) = 11.25, p= .00, \text{partial } \eta^2 = .04$. Hence, a η^2 of 0.04 can be interpreted as a relatively small effect, which indicates that the place of manufacturing explains 4% of the variance in the spillover effect.

On average, products manufactured locally ended up with a higher spillover effect ($M = 4.44, SD = .08$) in comparison to products manufactured in a foreign country ($M = 4.83, SD = .09, M_{\text{difference}} = .43$). Moreover, the fact that the mean for products manufactured in the local market was lower than the mean for the products manufactured in a foreign country might be confusing as this would twist the results and conclusions. However, as was explained before in section ‘4.1.2.’ higher means for the spillover effect actually refer to less spillover and vice versa. In this case the results clearly reveal that the lower mean for products produced locally refers to a higher spillover effect, hence leading us to accept the hypothesis.

Table 4.2.2. Results of Univariate ANOVA Spillover Effect (N = 300)

	Sum of Squares	df	Mean Square	F	Sig/p	η^2
Dummy_LocalForeign (Place of Manufacture)	9.788	1	9.788	11.247	.001	.038

4.3. Testing Hypothesis 3

4.3.1. Hypothesis 3a: The effect of the domestic country bias effect on post-crisis reputation

Moreover, hypothesis 3a posits the expectation that in a corporate crisis, the domestic public from where the crisis originates, will have a more positive post-crisis perception of the product/brand under crisis in comparison to the foreign public.

Thus, again an ANOVA test was applied, to examine whether nationality (Fixed Factor) has a significant effect on post-crisis reputation (DV). Moreover, Levene’s test indicated equal variances ($F= .734, p= .823$). This test again showed no significant values and thus allowed for the assumption of valid equal variances at all

times. Moreover, the ANOVA revealed that indeed there is a strong significant main effect of nationality on post-crisis reputation as $F(2, 298) = 35.97, p = .00$, partial $\eta^2 = .20$. Thus a η^2 of 0.20 can be interpreted as a large effect, which indicates that the nationality explains 20% of the variance in post-crisis reputation.

On average, the domestic Swiss audience ended up with a higher perceived post-crisis reputation for the product/brand under crisis ($M = 4.42, SD = 1.22$) in comparison to the foreign American audience's perception ($M = 3.61, SD = 1.42, M_{\text{difference}} = 0.81$).

Hence, we have to accept hypothesis 3a as these results reveal that during a crisis, the domestic Swiss audience illustrates to have a higher perception of post-crisis reputation in comparison to the American foreign audience.

Table 4.3.1. Results of Univariate ANOVA Postcrisis Reputation (N = 300)

	Sum of Squares	df	Mean Square	F	Sig/p	η^2
Dummy_Higlow (Market Position)	44.298	2	22.149	35.965	.000	.200

4.3.2. Hypothesis 3b: The effect of the domestic country bias effect on spillover effect/crisis contagion

Moreover, hypothesis 3b formulates the expectation that in a corporate crisis, the foreign audience will have a higher perception of spillover to the same country of origin as the product under crisis, in comparison to the domestic audience.

Thus, again an ANOVA test was applied, to examine whether nationality (Fixed Factor) has a significant effect on the spillover effect (DV). Moreover, Levene's test indicated equal variances ($F = .443, p = .730$). This test again showed no significant values and thus allowed for the assumption of valid equal variances at all times. Moreover, the ANOVA revealed that indeed there is a strong significant main effect of nationality on the spillover effect as $F(2, 298) = 13.78, p = .00$, partial $\eta^2 = .09$. Hence, a η^2 of 0.09 can be interpreted as a moderate effect, which indicates that the nationality explains 9% of the variance in the spillover effect.

On average, the foreign American audience ended up with a higher perceived spillover effect ($M = 4.28, SD = .08$) in comparison to the domestic Swiss audience's perception ($M = 4.90, SD = .09, M_{\text{difference}} = 0.62$). Moreover, yet again the fact that

the mean for the foreign American audience was lower than the mean for the domestic Swiss audience might be confusing, as this would twist the results and conclusions. However, as was explained before in section ‘4.1.2.’ higher means for the spillover effect actually refer to less spillover and vice versa. In this case the results clearly reveal that the higher mean actually refers to lesser-perceived spillover by the domestic Swiss audience, leading us to yet again accept the hypothesis. .

Table 4.3.2. Results of Univariate ANOVA Spillover Effect (N = 300)

	Sum of Squares	df	Mean Square	F	Sig/p	η^2
Dummy_Higlow (Market Position)	23.978	2	11.989	13.777	.000	.087

4.4. Recap of Results

As was previously revealed all of the presented hypotheses have been confirmed and accepted. Hence, an ANOVA test was conducted to reveal whether there is a significant effect between the dependent variable post reputation and the independent variables market position, place of manufacturing and nationality.

By doing the analyses it was revealed that thus hypotheses 1a (See Figure 1), 2a, (See Figure 2) and 3a (See Figure 3), which are all related to post crisis reputation had been confirmed (See Figure 1).

Figure 1. Market Position in relation to Post-crisis Reputation (DV)

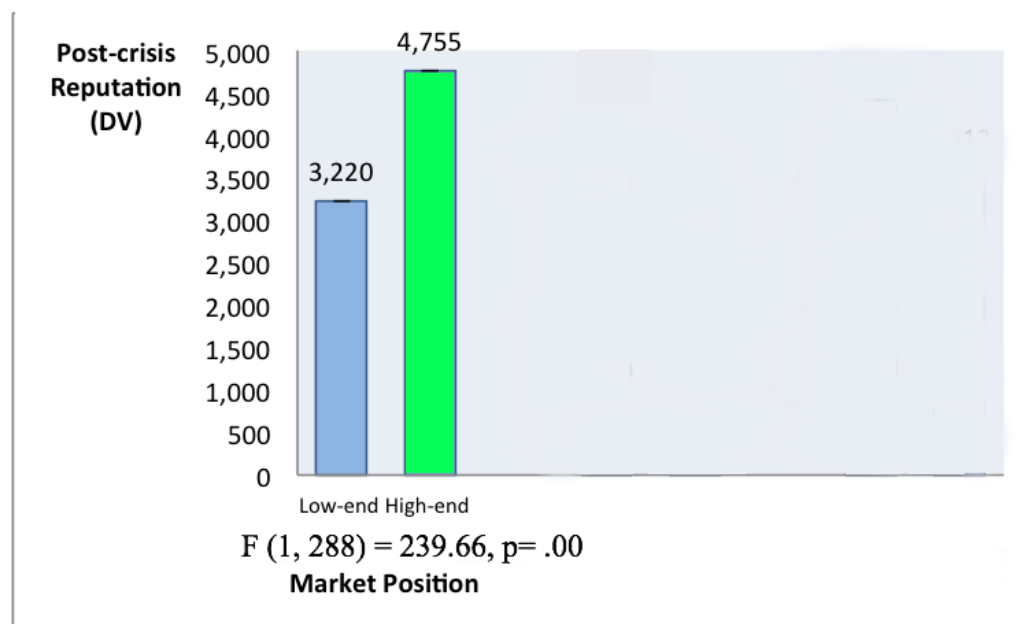


Figure 2. Manufacturing Place in relation to Post-crisis Reputation (DV)

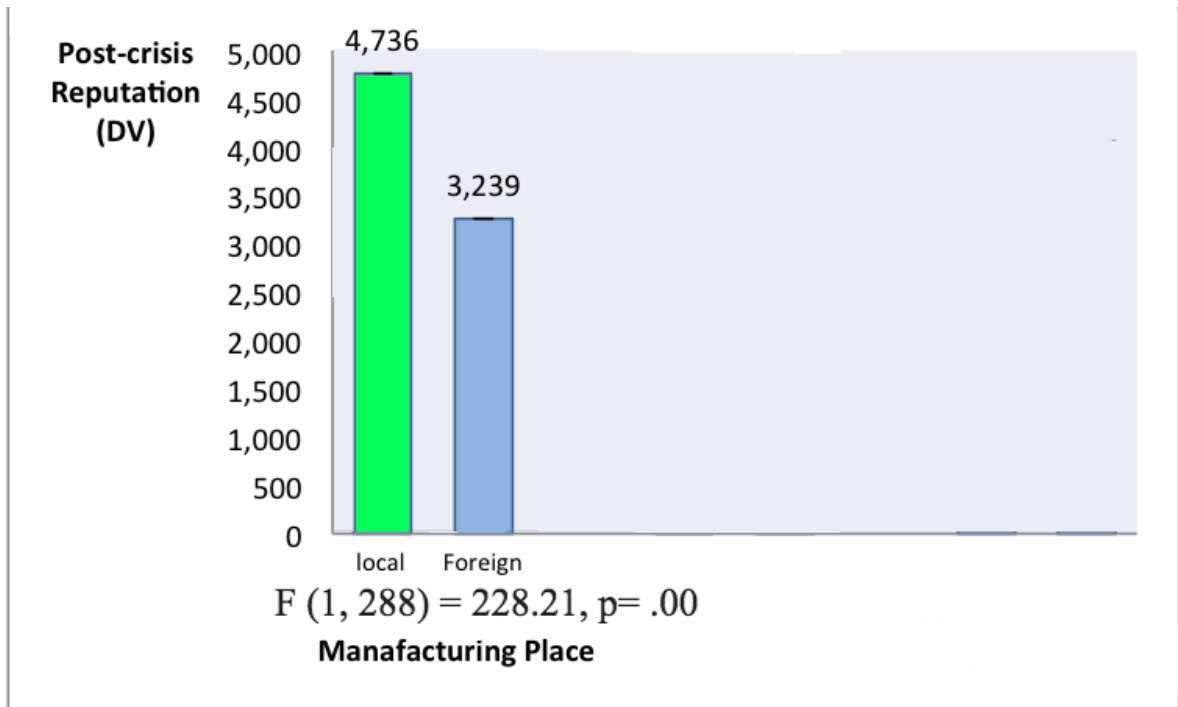
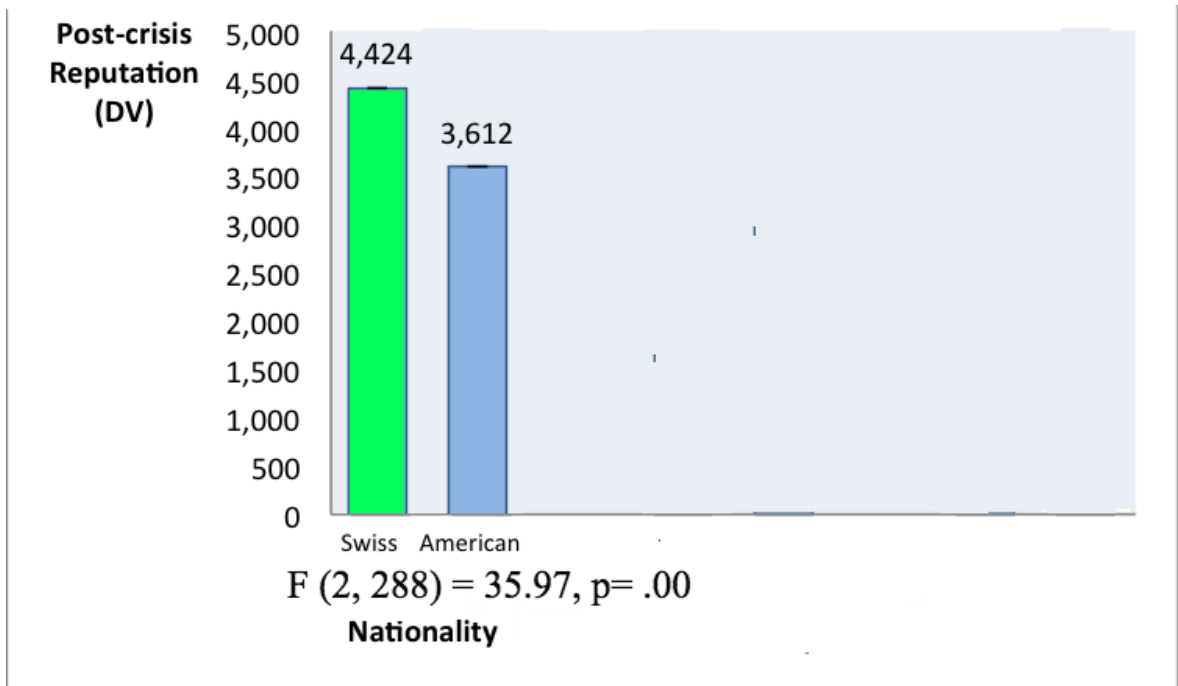


Figure 3. Nationality in relation to Post-crisis Reputation (DV)



Moreover, another ANOVA was conducted to reveal whether there is a significant effect between the dependent variable spillover, and the independent variables market position, place of manufacturing and nationality. By doing the analyses it was revealed that thus hypotheses 1b (See Figure 4), 2b (See Figure 5), and 3b (See Figure 6), which are all related to the spillover effect had been confirmed. As can be seen in all the figures these results are very significant with pretty vast differences across means.

Also, the standard deviations for all results show some distinct features. In general the standard deviation is a measure of spread, which indicates how concentrated the data and results are. As is visible in all figures, the standard deviations in this case shows that all the data and results are very concentrated and not dispersed at all. Small standard deviations indicate that the data and results are more tightly clustered around the mean. This reveals that the participants and thus the results have a certain internal consistency, which indicates a certain level of validity and quality.

Figure 4. Market Position in relation to the Spillover Effect (DV)

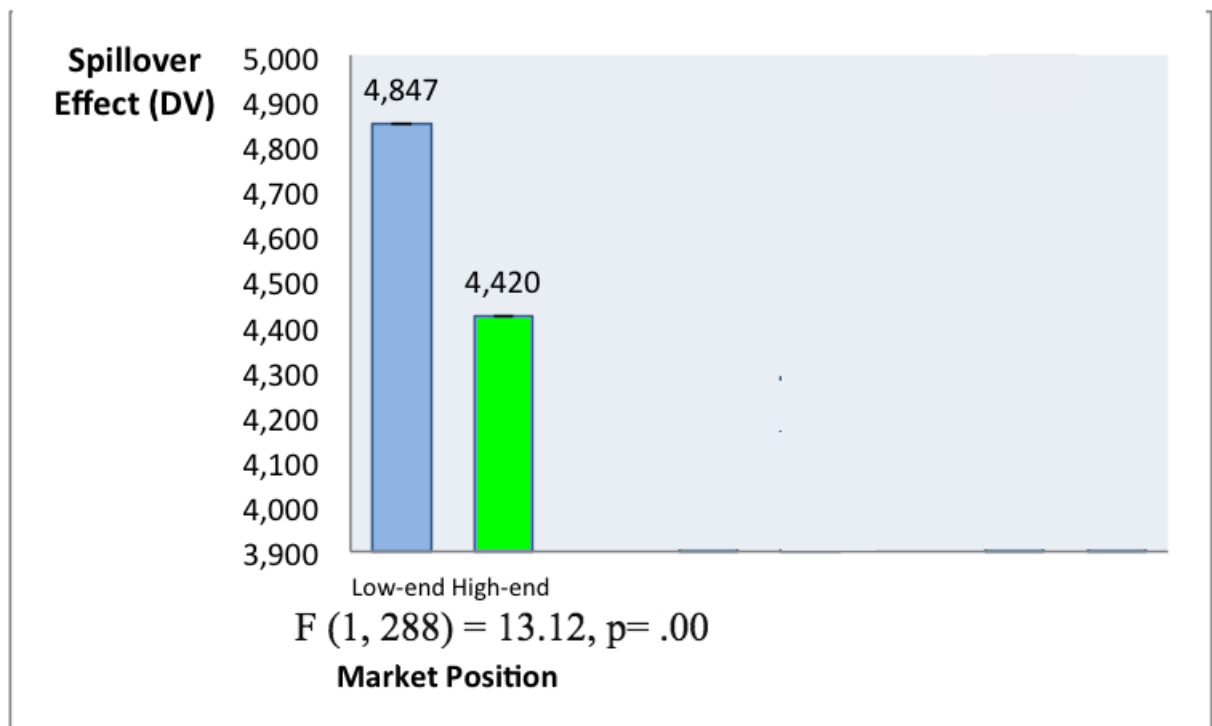


Figure 5. Manufacturing Place in relation to the Spillover Effect (DV)

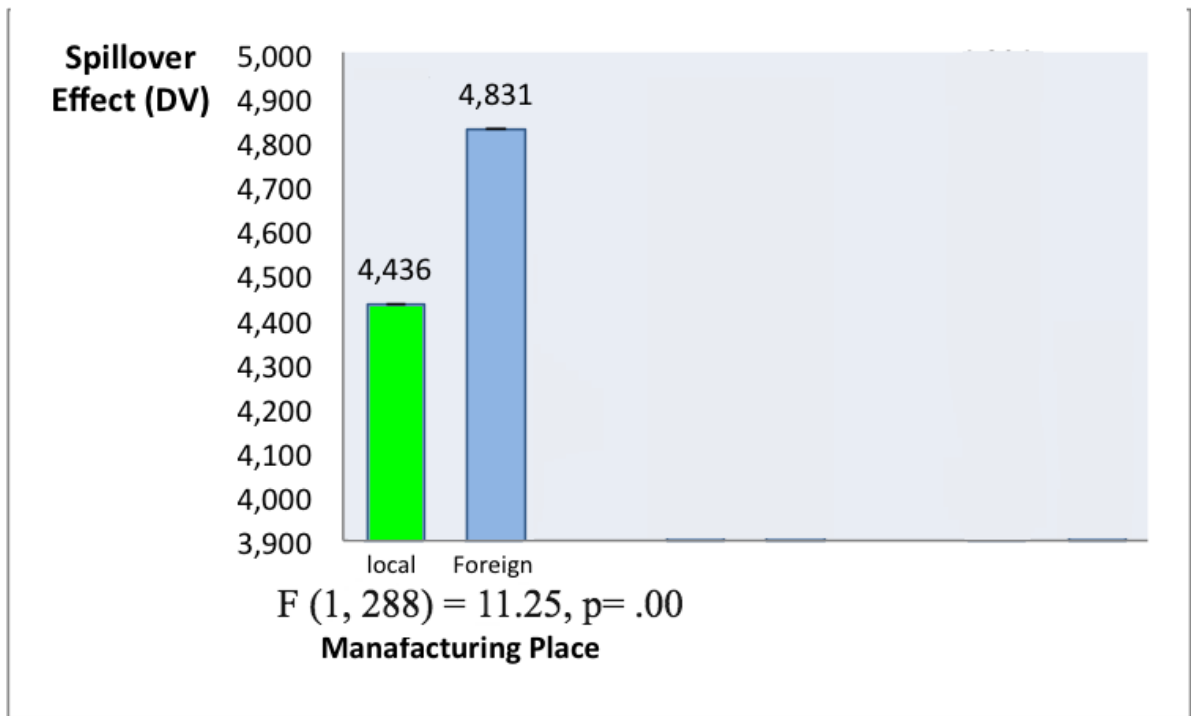
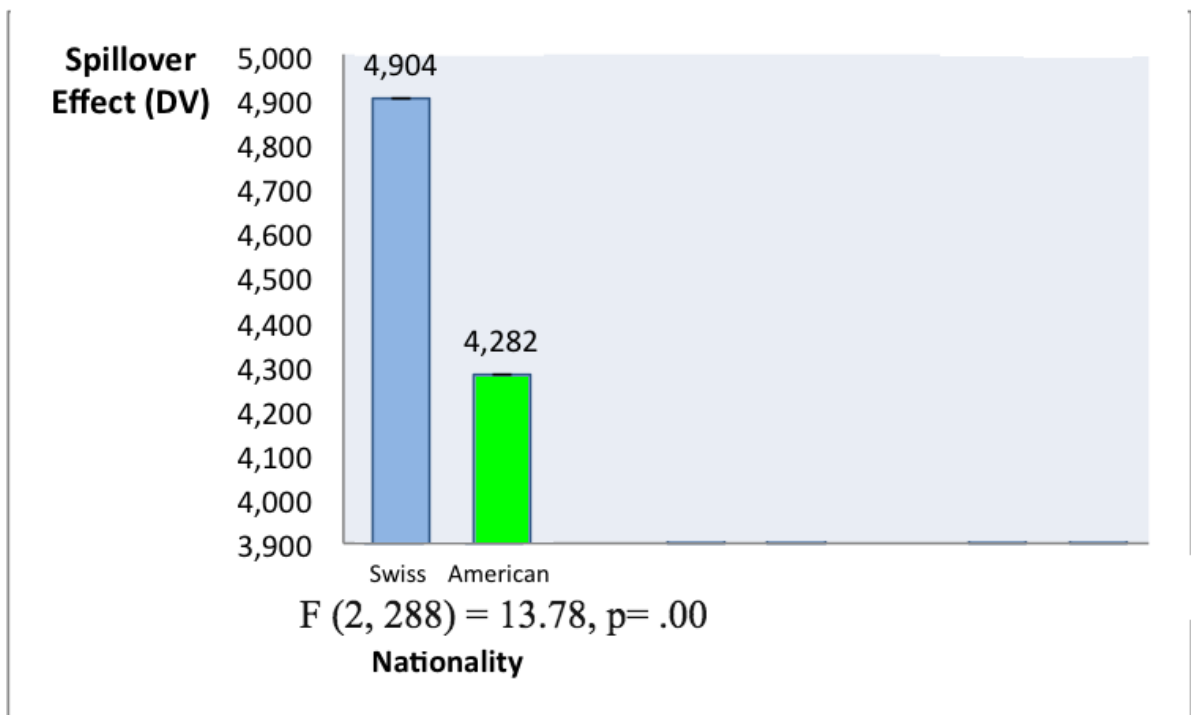


Figure 6. Nationality in relation to the Spillover Effect (DV)



5.0. Discussion

The current research was concerned with discovering whether there is an influence of a variety of conditions on the perceptions of post reputation and the spillover effect on participants. The aspirations here were to find out how the market position of a brand and the place of manufacture influence these aforementioned contested variables. In this chapter, a discussion of the results will be presented and critically interpreted, in relation to the hypotheses that form the spine of this research. All findings and implications presented are based on the results of a fictitious crisis and company.

5.1. Main Findings

5.1.1. Main Findings; Market position and Post-crisis reputation

It is worth noting that out of the six hypotheses that were carefully constructed and posed, all of them revealed to be significant and relevant. Moreover, as mentioned before reputational esteem is a social construct, which at times has nothing to do with the quality of a product (Coombs, 2002; Rao, 1994). One of the conditions that were contested in this research was how market position influences the post-crisis reputation of a company.

In reality the market position of a company, whether it is high or low-end, does not necessarily dictate the reputation of this company (Niguyen & Leblanc, 2001). According to Bertoldi (2013) there are brands that are located in the high-end market but suffer from a bad reputation in general (e.g., Valentino). However, as mentioned before reputation is all about perceptions but promoting and ascertaining a certain market position might influence this reputational perception (Bevolo, Gofman & Moskowitz, 2011). Also, other studies discuss that post-crisis reputation is narrowly linked with the perception of the pre-crisis reputation of a brand (Niguyen & Leblanc, 2001; Claeys & Cauberge, 2015). Moreover, brands that are framed as being low-end market are seen as lacking in quality, mass-produced and somewhat low in reputation (Bertoldi, 2013). On the contrary research has shown that brands that are positioned on the high-end side of the market are instantly considered to embody some sense of exclusivity, quality and high reputation (Niguyen & Leblanc, 2001). These theories and implications lead to the expectations that when a brand that is situated in the high-end market experiences a crisis their retrieval from any pitfalls caused by a crisis

would be ultimately speedier in comparison to a brand located in the low-end market. The results that were obtained through analyses of the data revealed these expectations to be confirmed and valid. Hence, this finding confirms Bevolo's, Gofman's and Moskowitz's (2011) claims, which holds that products or brands that associate themselves with luxury or the high-end market in general can benefit from increasing affluence and reputation around the world. In short, this finding indicates that not only does a company profit by posing and positioning itself as a high end product through obtaining a boost in reputation, but it also prepares them more adequately for any upcoming crisis.

5.1.2. Main Findings; Market position and Spillover Effect

Moreover, another condition contested in this research was whether the market position influences a possible spillover effect. As outlined above corporations and brands that are located in the high-end market undoubtedly benefit from their position. Nevertheless, being situated in the high-end market carries along with it a set of pre-defined expectations. Corporations and brands that are located in the high-end of the market have to fulfill certain expectations and constantly face pressures of performing and delivering (Godey et al, 2012). According to Rhee and Haunschild (2006), expectations about product quality are more likely to be violated by defects in products produced by corporations with a high reputation. This indicates that for products in the high-end market the bar is set much higher and there is little room for error. Also, as mentioned before products in the high-end market embody certain characteristics of high quality, exclusivity and perfection (Niguyen & Leblanc, 2001). In contrast, products in the low-end market are seen as mass-produced, simple and far from perfect (Bertoldi, 2013). This would imply that if a brand like Rolex experienced a scandalous crisis, in comparison to Casio experiencing the same crisis, it would be harder to forgive Rolex or forget about the scandal. Moreover, the crisis experienced by Rolex would create a much larger negative resonating effect in people's expectations. This spillover effect might even influence other companies similar to Rolex or even companies from the same country of origin. According to Godey et al (2012), when corporations with a good reputation face a crisis, this crisis is more likely to create a rippling or spillover effect into other corporations. These theories and implications lead to the expectations that when a brand that is situated in the high-end market experiences a crisis, this will resonate and result in a higher spillover

effect in comparison to brands situated in the low-end market. The results that were obtained through analyses of the data revealed these expectations to be confirmed and valid. These findings indicate that being situated in the high-end market indeed creates a more profound risk of a higher spillover effect. Also, the margin for error is much smaller and any caused crisis may lead to unforeseen consequences affecting other corporations or even complete markets (Laufer & Wang, 2017).

5.1.3. Main Findings; Place of Manufacture and Post-crisis Reputation

Furthermore, the third condition examined in this research was how the place of manufacture of a product influences the post-crisis reputation. Research has shown that the location of a brand being manufactured can have a profound effect on this brand during a crisis (Moser, 2003). Depending on the strength of the country brand where this product is manufactured the brand might benefit. What we see here is the power of the country branding effect (CB) where the essence and core values of the country of origin are transferred to the brand (Jaworski & Foscher, 2003). For this research Switzerland was utilized as the country with a strong country brand and China as the country with a substantially weaker country brand. Alas, research has shown that when corporations are associated to a prestigious nation like Switzerland, either through place of production or headquarter location, this brand's reputations are elevated (Jaworski & Foscher, 2003). All the positive qualities Switzerland possesses like precision, quality and authenticity are transferred to the product carrying the "Swiss Made" label. However products are often portrayed to have a certain COO (country of origin) while they actually have a completely different COM (country of manufacture) (Breiding, 2013). In other words posing as a product from one country while being produced in another might backfire horribly. According to Jaworski and Foscher (2013) this incongruence diminishes the strength of the country branding effect as it creates a false feeling with customers which might lead to a strong reduction in reputational esteem. These theories and implications lead to the expectations that, when a brand that is manufactured locally with a strong country branding experiences a crisis, they will end up with a higher post-crisis reputation in comparison to brands manufactured in a foreign market with a lower country branding. The results that were obtained through analyses of the data revealed these expectations to be confirmed and valid. In this study the results indicated that products with the Swiss country of origin, produced locally in Switzerland, ended up

with a higher post crisis reputation. In contrast the products produced in China, but utilizing Switzerland as their country of origin, clearly paid for this incongruence as they ended up with a considerable lower post crisis reputation.

5.1.4. Main Findings; Place of Manufacture and Spillover Effect

Furthermore, the fourth condition examined in this research was whether the place of manufacture of a product influences the possible spillover effect. Moreover as discussed earlier there are a lot of factors, which might cause a potential spillover effect. This effect holds that when corporations experience a crisis, this crisis might infect other corporations who are innocent (Gody et al, 2012). Moreover, according to Laufer and Wang (2017) the country of origin is one of the determinants, which could lead to crisis contagion and a possible “spillover effect”. If other corporations share the same COO as the focal corporation experiencing a crisis, there is a risk that consumers could link them to this crisis. Moreover, according to Godey et al (2012), having a certain congruence between COO and COM can lead to benefits reputation wise, but also to some downsides like a greater spillover chance. The more congruent a corporation is with its country of origin the more authentic it is. Especially, when this COO has a strong country branding effect like Switzerland, a crisis leads to far greater distrust and violation of expectations amongst the public and might lead to a greater spillover effect to other Swiss companies (Godey et al, 2012). Hence, it is easier to discredit a company that is framing itself with a certain COO, whilst having a completely different COM.

These theories and implications lead to the expectations that when a brand that is manufactured locally with a strong country branding experiences a crisis, it will cause a higher spillover effect in comparison to brands manufactured in a foreign markets with a low country branding. The results that were obtained through analyses of the data revealed these expectations to be confirmed and valid. In the results it became clear that the congruency of COO and COM lead to a higher spillover effect to other Swiss companies.

5.1.5. Main Findings; Domestic Country Bias and Post-crisis Reputation

Moreover, another condition contested in this research was how the domestic country bias effect influences the post-crisis reputation. As discussed before several studies have shown that domestic consumers tend to perceive their country’s products more favorably than do foreign consumers from different countries (D’astous et al, 2008;

Balabanis & Diamantopolous, 2004). This domestic bias effect simply holds that domestic consumers view their home country and thus the products from their home country as superior. Moreover according to Balabanis and Diamantopolous (2004), products produced in one's home country induce feelings of pride, nationalism and superiority. This might entail that the domestic audience might perceive the favorability of the brand under crisis differently in comparison to foreign consumers. Moreover, during a crisis domestic consumers might also feel a sense of sympathy towards the brand from their home country (Jin, 2014). These theories and implications lead to the expectations that the domestic public from where the crisis originates, would have a higher positive post crisis perception of the product/brand under crisis in comparison to the foreign public. The results that were obtained through analyses of the data revealed these expectations to be confirmed and valid. The results indicated that the Swiss domestic audience were indeed more eager to forgive the fictitious brand which lead to a higher post-crisis reputation. This also confirms Jin's (2014) claims that the domestic public might feel sorry or sympathy towards a brand experiencing a crisis from their home country, which indicates a direct link between sympathy and post-crisis reputation. In comparison, foreign consumers might not feel this amount of sympathy and forgiveness, as they are not influenced by this domestic country bias effect.

5.1.6. Main Findings; Domestic Country Bias and Spillover Effect

Moreover, the last condition contested in this research was whether the market position influences a possible spillover effect. As mentioned before in section 5.1.5, domestic consumers feel as if the products from their respective home countries are more superior which are caused by the domestic bias effect (Balabanis & Diamantopolous, 2004). Moreover, taking into account that the domestic country bias effect might evoke feelings of sympathy and sorry amongst the domestic public, it might also lead to a lesser-perceived spillover to other domestic brands. According to a study by Lohr (2015) on the Volkswagen emissions scandal, foreign public were eager to condemn Volkswagen as well as other German brands. Hence, other German brands were a victim of guilt by association as they shared the same country of origin with Volkswagen. However, the same study showed that the domestic public Germany felt sympathy and were more eager to forgive Volkswagen, by claiming that they would continue to buy Volkswagen products as well as other German car brands.

These theories and implications lead to the expectations that the foreign public would have a higher perceived spillover effect caused by the product/brand under crisis in comparison to the domestic public. The results that were obtained through analyses of the data revealed these expectations to be confirmed and valid. The results showed that indeed the American publics were less eager to purchase any Swiss branded products anymore after exposure to the crisis stimuli. This is one of the indications that proved a greater American spillover effect in comparison the domestic Swiss audience.

5.2. Other findings; Effect Sizes

As elaborated before, all proposed hypotheses have been proven to be significant and valid. Moreover, the results obtained by the ANOVA's indicate that for each hypothesis the P value was below 0.05 and the mean numbers indicated a clear difference. However, it became very noticeable that there was a substantial difference in size effect between post-reputation and spillover effect. This size effect was measured by utilizing the "partial eta squared (η^2)" measure provided by the ANOVA. Moreover, the partial eta squared (η^2) describes the percentage of variance explained in the dependent variable by an independent variable/ fixed factor (Albers & Lakens, 2017).

In one of the ANOVA's the dependent variable post-reputation was set against three fixed factors market position ($\eta^2 = .454$), place of manufacture ($\eta^2 = .442$) and nationality ($\eta^2 = .200$). Several different studies developed a certain rule of thumb in regards to interpreting the results: small = 0.01, moderate = 0.06, and large = 0.14 (Kittler, Menard & Phillips, 2007; Cohen, 1988). Hence, they each had a partial eta squared, which was very large indicating that each fixed factor explains a large amount of variance in the post-crisis reputation. Moreover another ANOVA was conducted where the dependent variable spillover effect was set against the same three fixed factors market position ($\eta^2 = .044$), place of manufacture ($\eta^2 = .038$) and nationality ($\eta^2 = .087$). In contrast to post-reputation, the spillover effect had a substantial lower effect size, which indicates that each fixed factor explains a small or by most moderate variance in the spillover effect.

Nevertheless, the results for spillover effect should not be considered trivial as they still show a certain effect size. The previously conducted ANOVA has proven

that the results and mean differences are more than significant and valid. The results just confirm that for post-crisis reputation the effect sizes are much larger. This might be due to the fact that post-crisis reputation is well researched, and the measurements and scales for this variable have been validated and confirmed countless times (Coombs and Holladay, 2002). In contrast there is an evident lack of research, measurements, validated scales and approved theories on spillover effect and crisis contagion. Also, a study conducted by Albers and Lakens (2017) contests the use of partial eta-squared (η^2) in determining the true effect size due to its bias nature. Their research implies that the bias in η^2 decreases as the sample size per condition increases, and it increases as the effect size becomes smaller. Because of this bias, using η^2 in any analyses to determine effect sizes can lead to underpowered studies, because the effect size estimate will be smaller in comparison to the true value.

5.3. Managerial Implications

As outlined above the two main variables that were researched in this study were post-crisis reputation and the spillover effect. Moreover each condition in this study revealed a specific result and message that was backed up by relevant literature. All of these results might provide specific and valuable advice for corporations, communication specialists, marketers and even general employers in regards to reputational esteem and crisis contagion. As mentioned before, evermore corporations in the world are increasingly concerned with the reputation. Especially, as the world has become a global village through the emergence of Internet and social media, bad news spreads like wildfire (Pearson & Clair, 1998).

Hence, one of the conditions examined market position and post-crisis reputation in a crisis context. The results indicated several implications, which would be useful for corporations and their managers. The findings reveal that it might be very beneficial for corporations to frame themselves as being positioned in the high-end market. Brands that are positioned on the high-end side of the market are instantly considered to embody some sense of exclusivity, quality and high reputation (Niguyen & Leblanc, 2001). Corporations should try to influence the perception of consumer's by creating an image, which is related to the characteristics of the high-end market. Hence, reputation is formed by consumer perception even though at times this does

not equal the actual reality of the situation (Bevolo, Gofman & Moskowitz, 2011). A brand does not have to be expensive or complex, it has to appear this way, for it to be considered in the high-end market. Nowadays, companies can use social media campaigns, Photoshop and other enhancers to create a certain image. By going through this effort corporations might eventually enjoy a greater resistance to any crisis by expecting a speedier recovery and a more stable post-crisis reputation.

Hence, another condition examined market position and the spillover effect in a crisis context. Moreover, even though being positioned in the high-end market has its benefits, there could also be negative consequences. Corporations and brands that are located in the high-end of the market have to fulfill certain expectations and constantly face pressures of performing and delivering (Claeys & Cauberge, 2015). Corporations and their managers should understand that there is less room for error. Corporations should weigh every decision and decide to what extent the rewards outweigh the risks. The results indicated that by being located in the high-end market, the spillover effect is much higher in comparison to being located in the low-end market. However, some corporations might not care if they cause a spillover effect as they are already under crisis. Nevertheless, these results are also valid for corporations that have nothing to do with the focal corporation that caused a crisis. It gives them deeper insights into crisis contagion a field that has been previously under researched. By understanding how crisis contagion works corporations might prepare better for these lurking spillover effects.

Hence, another condition examined the effect of place of manufacture on the post crisis reputation in a crisis context. The results indicated that products that were produced locally with a strong country branding indeed lead to a greater post crisis reputation. This is remarkable as it yet again provides an opportunity for corporations to explicitly associate their products with their country of origin as long as this country has a strong country brand (Switzerland, Italy, etc.). It also provides the opportunity for companies with a weak COO to purposely utilize a country with a strong country brand to represent their products. Nevertheless, corporations should be careful as the results also indicated that when there is incongruence between COO and COM this might lead to reputational issues. Hence, corporations with a weak COO who want to take the risk should be aware that this incongruence should be as implicit as possible within the legal framework. If they utilize the “Swiss Made” label it is ill advised that they at least mask it as well as possible. Nowadays, consumers are not

just sheep they are intelligent individuals who do their research well, finding out about a possible incongruence between COO and COM might lead to negative consequences (Niguyen & Leblanc, 2001).

Moreover, another condition examined the effect of place of manufacture on the spillover effect in a crisis context. The results indicated that when a product is manufactured in a local market with a strong country branding, the effect of a possible spillover is more profound. The results show that corporations from a country with a low country branding are to a certain degree benefiting from the incongruence between COO and COM, as the spillover effect is way lower in comparison to the authentic Swiss companies. However as we saw before this incongruence does lead to lower post-crisis reputations. Thus, this shows that corporations should be careful with any major decisions by forecasting possible consequences and decide to what extent the rewards outweigh the risks. Nevertheless, yet again these results are valid for any corporation that is at risk of crisis contagion. Taking into account that Volkswagen's emissions scandal crisis, spilled over to other German car brands, other German corporations and even other Global car brands, leads to the assumption that every corporation is vulnerable to crisis contagion (Lohr, 2015). These results thus provide corporations with deeper insights into crisis contagion a field that has been previously untouched. By understanding that other corporation's crises with the same country of origin could have a profound influence on them is crucial (Laufer & Wang, 2017).

Finally, the last two conditions examined the effect of the domestic country bias on post-crisis reputation and the spillover effect. The results indicated that the domestic public was more eager to forgive the company under crisis due to the possible sympathy and nationalistic pride that was felt. Corporations and their crisis managers could make use of this information by playing into these feelings of sympathy and nationalism to the domestic public in order to provoke a possible speedier recovery. Moreover the results also indicated that the domestic public ended up with a lower perceived spillover effect in comparison to the foreign audience. This indicates that the domestic country bias evokes feelings of nationalism, sympathy and pride that give the domestic corporations more leeway in making errors. It comes across as a sort of "domestic halo effect" which shields them from the crisis at least within their country. These implications also reassure other companies, who share the same country of origin as the focal corporation under crisis, that at least within their

own domestic audience the spillover effects will not influence them as much. Nevertheless, if a corporation operates on a global level the foreign public will not likely be as forgiving as the domestic audience. As outlined above the results that came out of this research are complex, any implementations according to these results should be well planned and executed. Corporations and their leading executives should thus always prepare adequately and proceed cautiously with any major decisions by forecasting possible consequences and decide to what extent the rewards outweigh the risks.

6.0 Conclusion

Finally, by drawing from recent emblematic cases existing literature around the globe and from the obtained results the central research question can finally be answered fully. It was found that the market position and location of manufacture both have profound effects on the corporate reputation and the spillover effect. Moreover, it can be concluded that depending on the condition the results were either beneficial or detrimental. Hence, by being located in the high-end market, manufactured locally with a strong country branding lead to a higher post-crisis reputation but also a higher spillover effect. In contrast, being located in the low-end market, whilst being manufactured in a foreign country with weak country branding lead to a lower post-crisis reputation as well as a lower spillover effect.

These results and implications indicate that companies, corporations and decision makers should carefully evaluate their decisions in case these findings are implemented. Risks and benefits should be weighed and a proper contingency plan should be set up. By positioning yourself in the high-end market the benefits of a higher perceived reputation are beneficial. However, as mentioned before the room for error is smaller and spillover effects resonate much more profound. Finally, the results also indicated that in the end the domestic audience where the company originates from will likely tend to be more forgiving leading to a higher post-crisis reputation and a lower spillover effect. Nevertheless, one might argue that corporations that operate globally do not have that luxury of depending solely on domestic audiences. Foreign audiences have proven to be less subjective to sympathy, which leads to a lower post-crisis reputation and a higher spillover effect.

6.1. Limitations

In regards to any experiment conducted it is crucial to acknowledge limitations that were faced during the process, to properly evaluate the results of this research. Moreover, the limitations that were faced should not be considered detrimental to the quality and validity of the results.

Moreover, the use of a fictitious company in this study might be considered a limitation to a certain extent. One of the main reasons for utilizing a fictitious brand is to balance external validity and credibility of a real scenario with unbiasedness of an organization with which respondents do not have any prior experience (Seltman,

2015). It lowers the chance of existing biases caused by real companies and their crises influencing this experiment. Nevertheless, utilizing a fictitious company may lead to constraints in regards to realism. The main risk here is that the participants of this research might have seen through the mirage of the fake company, leading to faulty results. This is always a challenge when utilizing a fictitious brand, to make the participants believe that it the whole set-up and corporation is truly real (Seltman, 2015). However, by carefully designing an experiment constraints of realism might be avoided to a certain extent. Moreover, the design of this experiment tried to give respondents a sense of authenticity

Another limitation that was recognized while doing research was the evident lack of literature, measurements, validated scales and theories on crisis contagion and the spillover effect. The available literature was of great aid but the imminent lack of more and deeper perspectives into this matter created a burden. It mainly caused difficulties in adequately formulating hypotheses on basis of pre-confirmed literature. The hypotheses that were formulated on basis of the available crisis contagion literature felt uncertain and not grounded enough. Also, the lack of measures and validated scales might have amounted to the relatively smaller effect size in regards to the spillover effect. The scales that were used to measure the spillover effect consisted out of questions taken from several studies, which were not initially designed for the measurement of the spillover effect. Nevertheless, by building on the available research whilst introducing certain new implications and results leads to the broadening and enrichment of this category of research. This in turn will lead to the deepening and more thorough understanding of the spillover effect, which might greatly benefit corporations in protecting themselves from crises not of their own doing. These kinds of crises are even more unpredictable and dangerous as one might never know when they will strike.

Finally, the last limitation is yet again related to the spillover effect in regards to the proposed research design. In the hypotheses the spillover effect was mainly framed in accordance to one of the proposed determinants of crisis contagion by Laufer and Wang (2018), which was sharing the same country of origin as the focal corporation experiencing the crisis. Nevertheless, there are many more determinants, which were identified in their research that amount to a more complete picture of crisis contagion and the spillover effect. Hence, the conclusions and implications that can be made in relation to the spillover effect are solely in regards to one determinant,

which is sharing the same COO and thus should be treated as part of the complete picture of crisis contagion.

6.2. Outlook and Future Research

Finally, many of the future recommendations are actions that might overcome these limitations outlined above.

First of all, for future research it would still be recommended to utilize fictitious companies in experimental research. As mentioned before, this might lead to constraints in regards to realism. Nevertheless, A solution to this issue might be to make the participants more familiar with the brand by extending the corporate description showing more information on the company and its employees. A good example might be, showing participants an interview with an employee of the fictitious company where she describes her experiences at the company. This mirage would create a more personal touch with the company possibly elevating the level of perceived realism. These actions gives the respondent more time to bond with the company and to really create a certain perception of what it stands for (Maycock, 2016).

Moreover, building on the main findings of the spillover effect, it is suggested that future research explores other determinants of crisis contagion as well which might lead to a potential spillover. As mentioned before this research lacks a complete picture of the spillover effect as only one determinant, the same country of origin, is examined and provoked. By including other determinants of crisis contagion in the experiment a more thorough framework might come to existence. This framework might give corporations a deeper understanding of how vulnerable they actually are. It might also give corporations a deeper understanding of how spillover and crisis contagion works and how to cope with its effects. It is always difficult to control a crisis that originates from within your company. However, coping with a crisis that was initially caused by another corporation is even more unpredictable and dangerous. More thorough research on the spillover effect might give corporations a sense what to look for when conducting a risk analyses in regards to crises preventions.

Finally, the results show that there is a contradicting relationship between post-crisis reputation and spillover effect. In the research each condition that ended up with

a higher post-crisis reputation ended up with a higher spillover effect as well. This reveals that having a higher reputation makes you even more susceptible to spillover effects. This implication should be studied more thoroughly in order to provide highly reputable companies with a solution to this emphasized vulnerability.

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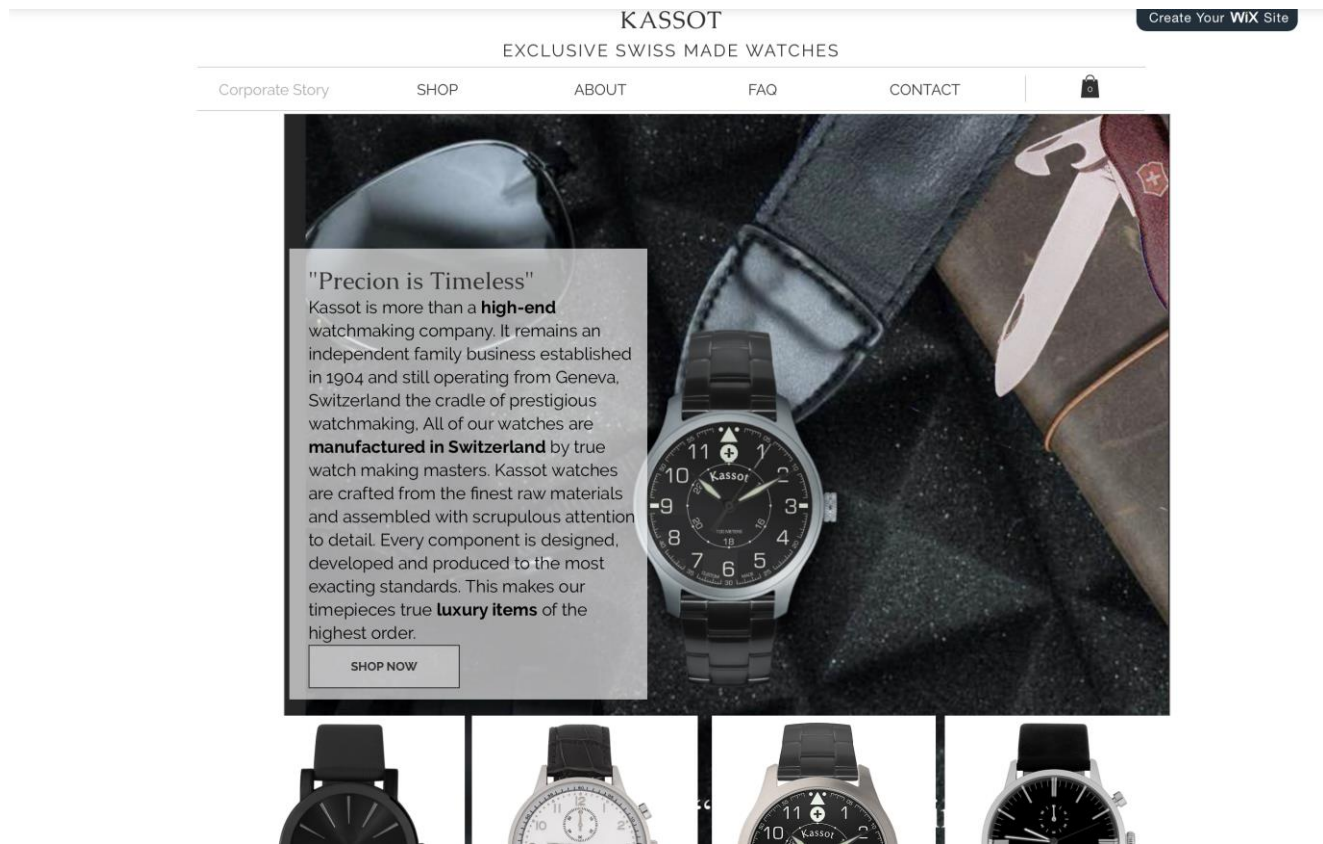
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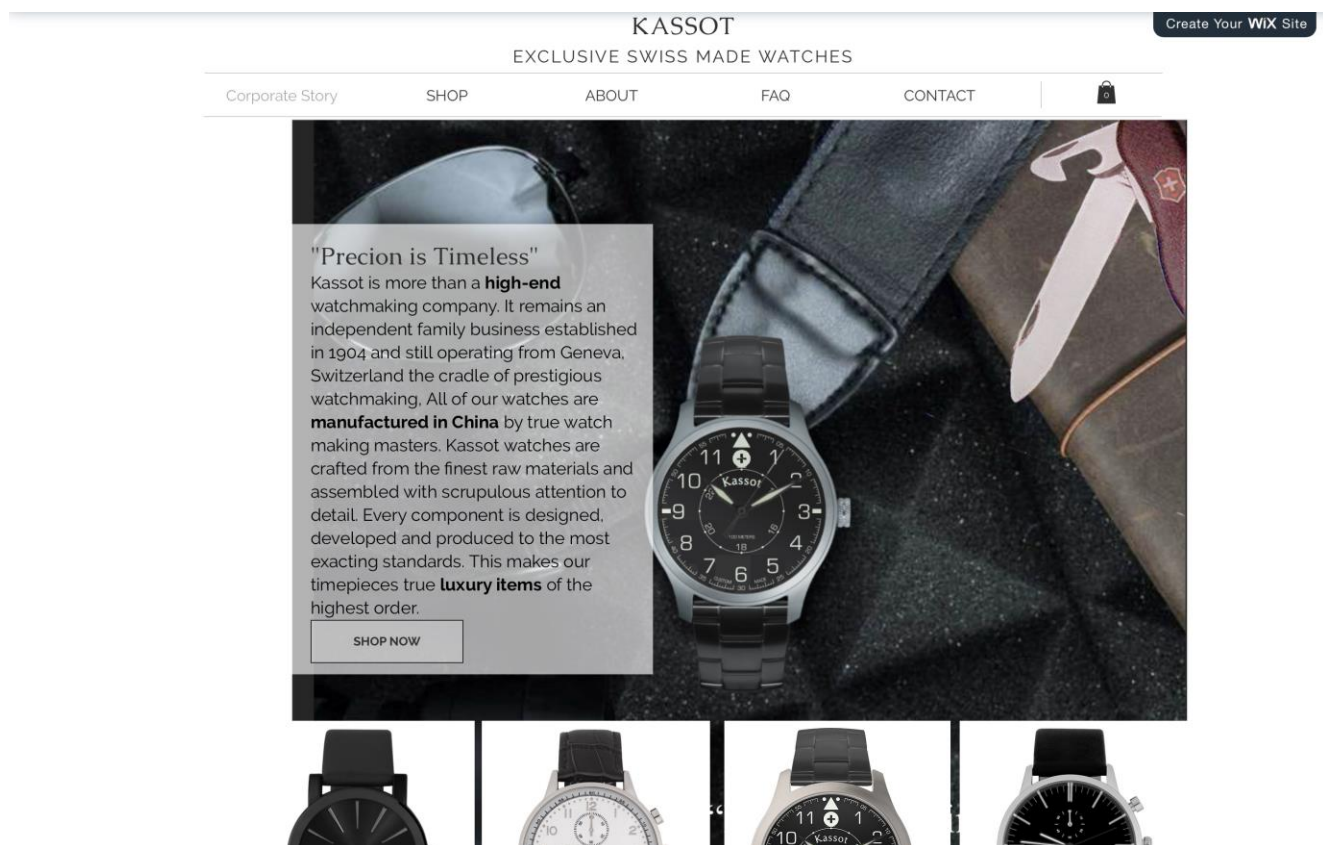
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Appendix A: Conditions

Condition 1 High-end Market + Manufactured Locally



Condition 2 High-end Market + Manufactured abroad.



Condition 3 Low-end Market + Manufactured Locally

KASSOT
EXCLUSIVE SWISS MADE WATCHES

Corporate Story SHOP ABOUT FAQ CONTACT

"Precion is Timeless"
Kassot is a **value-for-money** watchmaking company. We want to offer our consumers products that are high in quality and **highly affordable** as well. At Kassot we believe that everyone should be able to afford a high quality timepiece. Kassot remains an independent family business established in 1987 and still operating from Geneva, Switzerland the cradle of quality watchmaking. All of our watches are **manufactured in Switzerland** by extensively trained watch making experts. Kassot watches are crafted from fine materials and assembled with high attention to detail.

SHOP NOW

Condition 4 Low-end Market + Manufactured abroad.

KASSOT
EXCLUSIVE SWISS MADE WATCHES

Corporate Story SHOP ABOUT FAQ CONTACT

"Precion is Timeless"
Kassot is a **value-for-money** watchmaking company. We want to offer our consumers products that are high in quality and **highly affordable** as well. At Kassot we believe that everyone should be able to afford a high quality timepiece. Kassot remains an independent family business established in 1987 and still operating from Geneva, Switzerland the cradle of quality watchmaking. All of our watches are **manufactured in China** by extensively trained watch making experts. Kassot watches are crafted from fine materials and assembled with high attention to detail.

SHOP NOW

Appendix B: Crisis Scenarios

Condition 1 High-end Market + Manufactured Locally



Kassot is a Swiss **high-end watchmaking** company operating from Geneva, Switzerland. Their watches are seen as **luxury items** produced **locally in Switzerland**. The starting price of a Kassot watch is 3000 Swiss Francs. Their annual sales are around 1.1 million watches a year leading annual turnover of 3,5 billion Swiss francs.

Moreover, Kassot is facing a full-blown crisis as customers are filing complaints against the company. An emerging number of customers have come forward claiming that their Kassot watches were destroyed due to **leaking batteries**. Examinations of several of these damaged Kassot watches has indicated that the acid in the batteries leaked into the inner circuitry of the watch destroying it and leaving it useless. Customers have expressed their desperate feelings of anger and dismay, as repairs are almost as expensive as the initial purchasing price of the watch. However, Kassot does advice customers to change the battery every 5 years in order to prevent this problem. Nevertheless, examination of the complaints has shown that 80% of the hurt customers have owned this Kassot watch for less than a year.

Finally, the issue of leaking batteries destroying watches is not an unknown issue in the wristwatch world. However this happens to watches that have aged severely and certainly not to watches that are not even a year old. Also the extent of the damage is enormous and formerly unheard of as investigation shows that 800.000 Kassot customers have been affected.

Condition 2 High-end Market + Manufactured abroad



Kassot is a Swiss **high-end watchmaking** company operating from Geneva, Switzerland. Their watches are seen as **luxury items** manufactured **abroad in China**. The starting price of a Kassot watch is 3000 Swiss Francs. Their annual sales are around 1.1 million watches a year leading annual turnover of 3,5 billion Swiss francs.

Moreover, Kassot is facing a full-blown crisis as customers are filing complaints against the company. An emerging number of customers have come forward claiming that their Kassot watches were destroyed due to **leaking batteries**. Examinations of several of these damaged Kassot watches has indicated that the acid in the batteries leaked into the inner circuitry of the watch destroying it and leaving it useless. Customers have expressed their desperate feelings of anger and dismay, as repairs are almost as expensive as the initial purchasing price of the watch. However, Kassot does advice customers to change the battery every 5 years in order to prevent this problem. Nevertheless, examination of the complaints has shown that 80% of the hurt customers have owned this Kassot watch for less than a year.

Finally, the issue of leaking batteries destroying watches is not an unknown issue in the wristwatch world. However this happens to watches that have aged severely and certainly not to watches that are not even a year old. Also the extent of the damage is enormous and formerly unheard of as investigation shows that 800.000 Kassot customers have been affected.

Condition 3 Low-end Market + Manufactured Locally



Kassot is a Swiss **budget watchmaking** company operating from Geneva, Switzerland. Their watches are seen as **affordable value for money items** produced **locally in Switzerland**. The starting price of a Kassot watch is 99,99 Swiss Francs. Their annual sales are around 8 million watches a year leading to an annual turnover of 800 million Swiss francs.

Moreover, Kassot is facing a full-blown crisis as customers are filing complaints against the company. An emerging number of customers have come forward claiming that their Kassot watches were destroyed due to **leaking batteries**. Examinations of several of these damaged Kassot watches has indicated that the acid in the batteries leaked into the inner circuitry of the watch destroying it and leaving it useless. Customers have expressed their desperate feelings of anger and dismay, as repairs are almost as expensive as the initial purchasing price of the watch. However, Kassot does advice customers to change the battery every 5 years in order to prevent this problem. Nevertheless, examination of the complaints has shown that 80% of the hurt customers have owned this Kassot watch for less than a year.

Finally, the issue of leaking batteries destroying watches is not an unknown issue in the wristwatch world. However this happens to watches that have aged severely and certainly not to watches that are not even a year old. Also the extent of the damage is enormous and formerly unheard of as investigation shows that 800.000 Kassot customers have been affected.

Condition 4 Low-end Market + Manufactured abroad



Kassot is a Swiss **budget watchmaking** company operating from Geneva, Switzerland. Their watches are seen as **affordable value for money items** manufactured **abroad in China**. The starting price of a Kassot watch is 99,99 Swiss Francs. Their annual sales are around 8 million watches a year leading to an annual turnover of 800 million Swiss francs.

Moreover, Kassot is facing a full-blown crisis as customers are filing complaints against the company. An emerging number of customers have come forward claiming that their Kassot watches were destroyed due to **leaking batteries**. Examinations of several of these damaged Kassot watches has indicated that the acid in the batteries leaked into the inner circuitry of the watch destroying it and leaving it useless. Customers have expressed their desperate feelings of anger and dismay, as repairs are almost as expensive as the initial purchasing price of the watch. However, Kassot does advice customers to change the battery every 5 years in order to prevent this problem. Nevertheless, examination of the complaints has shown that 80% of the hurt customers have owned this Kassot watch for less than a year.

Finally, the issue of leaking batteries destroying watches is not an unknown issue in the wristwatch world. However this happens to watches that have aged severely and certainly not to watches that are not even a year old. Also the extent of the damage is enormous and formerly unheard of as investigation shows that 800.000 Kassot customers have been affected.

Appendix C: Experiment

Dear participant, I am a Master's Student at the Erasmus University in Rotterdam. For my Master thesis I am in need of valuable participants. This survey will ask you some questions. Please take your time while answering the questions, as there are no wrong answers. The estimated time to finish this survey will be no longer than 10 minutes and all answers will be kept confidential and anonymous. If you have any questions regarding the survey, please contact me via e-mail: 355154kb@eur.nl. I would like to thank you for participating in advance.

Q1. The overall impression of Swiss brands is.

Unfavorable 1 2 3 4 5 6 7 Favorable

Q2. The overall impression of Swiss brands is.

Bad 1 2 3 4 5 6 7 Good

Q3. I would purchase Swiss branded products.

- Strongly disagree^[L]_[SEP]
- Disagree^[L]_[SEP]
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree^[L]_[SEP]
- Agree^[L]_[SEP]
- Strongly agree

Q4. I would recommend Swiss branded products to a friend.

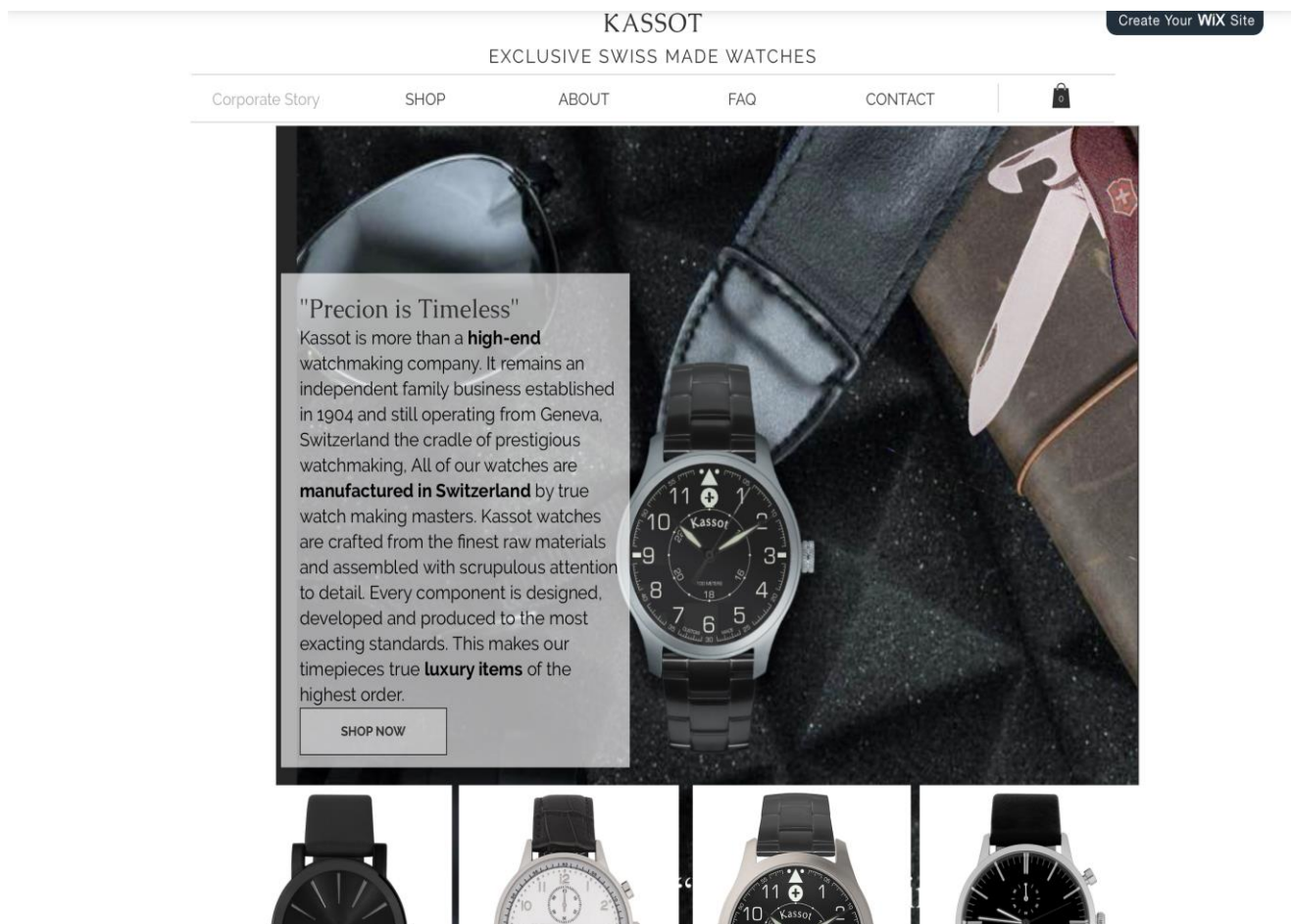
- Strongly disagree^[L]_[SEP]
- Disagree^[L]_[SEP]
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree^[L]_[SEP]
- Agree^[L]_[SEP]
- Strongly agree

Q5. I am familiar with the "Swiss Made" label.

- Strongly disagree^[L]_[SEP]

- Disagree^[L]_[SEP]
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree^[L]_[SEP]
- Agree^[L]_[SEP]
- Strongly agree

You will now be presented with a screenshot of the Website of a Swiss watch brand named Kassot portraying their corporate story. Please take your time to read this text carefully before moving to the next question.



Q6. I have a good feeling about the company.

- Strongly disagree^[L]_[SEP]
- Disagree^[L]_[SEP]
- Somewhat disagree

- Neither agree nor disagree
- Somewhat agree^[1]_[SEP]
- Agree^[1]_[SEP]
- Strongly agree

Q7. I admire and respect the company.

- Strongly disagree^[1]_[SEP]
- Disagree^[1]_[SEP]
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree^[1]_[SEP]
- Agree^[1]_[SEP]
- Strongly agree

Q8. I trust this company.

- Strongly disagree^[1]_[SEP]
- Disagree^[1]_[SEP]
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree^[1]_[SEP]
- Agree^[1]_[SEP]
- Strongly agree

Q9. The company has a good overall reputation.

- Strongly disagree^[1]_[SEP]
- Disagree^[1]_[SEP]
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree^[1]_[SEP]
- Agree^[1]_[SEP]
- Strongly agree

You will now be presented with a news excerpt about a crisis experienced by Sony. Please take your time to read this article carefully before moving to the next question.



Kassot is a Swiss **high-end watchmaking** company operating from Geneva, Switzerland. Their watches are seen as **luxury items** produced **locally in Switzerland**. The starting price of a Kassot watch is 3000 Swiss Francs. Their annual sales are around 1.1 million watches a year leading annual turnover of 3,5 billion Swiss francs.

Moreover, Kassot is facing a full-blown crisis as customers are filing complaints against the company. An emerging number of customers have come forward claiming that their Kassot watches were destroyed due to **leaking batteries**. Examinations of several of these damaged Kassot watches has indicated that the acid in the batteries leaked into the inner circuitry of the watch destroying it and leaving it useless. Customers have expressed their desperate feelings of anger and dismay, as repairs are almost as expensive as the initial purchasing price of the watch. However, Kassot does advice customers to change the battery every 5 years in order to prevent this problem. Nevertheless, examination of the

complaints has shown that 80% of the hurt customers have owned this Kassot watch for less than a year.

Finally, the issue of leaking batteries destroying watches is not an unknown issue in the wristwatch world. However this happens to watches that have aged severely and certainly not to watches that are not even a year old. Also the extent of the damage is enormous and formerly unheard of as investigation shows that 800.000 Kassot customers have been affected.

Q10. The organization is concerned with the well being of its publics.

- Strongly disagree^{[[L]]}_{SEP}
- Disagree^{[[L]]}_{SEP}
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree^{[[L]]}_{SEP}
- Agree^{[[L]]}_{SEP}
- Strongly agree

Q11. The organization is basically dishonest.

- Strongly disagree^{[[L]]}_{SEP}
- Disagree^{[[L]]}_{SEP}
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree^{[[L]]}_{SEP}
- Agree^{[[L]]}_{SEP}
- Strongly agree

Q12. I do not trust the organization to tell the truth about the incident.

- Strongly disagree^{[[L]]}_{SEP}
- Disagree^{[[L]]}_{SEP}
- Somewhat disagree
- Neither agree nor disagree

- Somewhat agree^[1]_[5EP]
- Agree^[1]_[5EP]
- Strongly agree

Q13. Under most circumstances, I would be likely to believe what the organization says.

- Strongly disagree^[1]_[5EP]
- Disagree^[1]_[5EP]
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree^[1]_[5EP]
- Agree^[1]_[5EP]
- Strongly agree

Q14. The organization is not concerned with the well being of its publics.

- Strongly disagree^[1]_[5EP]
- Disagree^[1]_[5EP]
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree^[1]_[5EP]
- Agree^[1]_[5EP]
- Strongly agree

Q15. To what degree do you think the organization is to blame?

Not all to be blamed 1 2 3 4 5 6 7 Absolutely to be blamed

Q16. How much responsibility should the organization bear?

Not at all responsible 1 2 3 4 5 6 7 Totally responsible

Q17. Circumstances, not the organization, are responsible for the crisis.

- Strongly disagree^[1]_[5EP]
- Disagree^[1]_[5EP]
- Somewhat disagree

- Neither agree nor disagree
- Somewhat agree^[1]_[5EP]
- Agree^[1]_[5EP]
- Strongly agree

Q18. The blame for the crisis lies with the organization.

- Strongly disagree^[1]_[5EP]
- Disagree^[1]_[5EP]
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree^[1]_[5EP]
- Agree^[1]_[5EP]
- Strongly agree

Q19. The blame for the crisis lies in the circumstances, not the organization.

- Strongly disagree^[1]_[5EP]
- Disagree^[1]_[5EP]
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree^[1]_[5EP]
- Agree^[1]_[5EP]
- Strongly agree

Q20. The overall impression of Swiss brands is.

Favorable 1 2 3 4 5 6 7 Unfavorable

Q21. The overall impression of Swiss brands is.

Good 1 2 3 4 5 6 7 Bad

Q22. I would purchase Swiss branded products.

- Strongly disagree^[1]_[5EP]
- Disagree^[1]_[5EP]
- Somewhat disagree
- Neither agree nor disagree

- Somewhat agree
- Agree
- Strongly agree

Q23. I would recommend Swiss branded products to a friend.

- Strongly disagree
- Disagree
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree
- Agree
- Strongly agree

Q24. What kind of product is Kassot?

- Luxury brand.
- Value for money/ budget brand.

Q25. Where are Kassot watches produced?

- China
- America
- Switzerland
- Japan

Q26. What is your age?

(Open answer)

Q27. What is your gender?

- Male
- Female

Q28. Which degree or level of education do you have?

- Less than high school
- High school
- Associate degree
- Bachelor's degree
- Master's degree
- Doctorate degree
- Other

Q29. What is your nationality?

- Swiss
- American
- Other (Fill in)

Q30. Have you ever lived in the United States or Switzerland?

- Yes
- No

Q31. Have you ever lived in Switzerland?

- Yes
- No

This is the end of the experiment. Thank you for participating.