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Sorry seems to be the hardest word : the effect of self-attribution when apologizing for a brand crisis

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SORRY SEEMS TO BE THE HARDEST WORD: THE EFFECT OF SELF-ATTRIBUTION WHEN APOLOGIZING FOR A BRAND CRISIS

ABSTRACT

When apologizing for a product failure, self-attribution by a business inevitably affects consumer attitude and behavior. This study draws from the dissonance-attribution model and investigates the effect of self-attribution in apologies on consumers' brand attitude. Using a 2×2 experiment, the results show that internal attribution generates significant change in brand attitude in a positive direction, while external attribution leads to negative change in brand attitude. Dispositional attribution leads to significantly more positive brand attitude than situational attribution. Internal/dispositional attribution produces significantly more positive effect on consumer attitude than the other three types of attribution. Moreover, perceived risk is found to mediate the relationship between attributions and brand attitude, and such mediating effect is moderated by consumers' corporate associations. Clearly, how a company apologizes for a product crisis makes a big difference in the effectiveness of recovery strategies to restore consumer confidence.

Keywords: apology, attribution, horizontal locus, vertical locus, brand attitude

INTRODUCTION

Today's marketplace is no stranger to product scandals. The recent years have seen a succession of crises involving both domestic and foreign brands in different markets of the world. Toyota recalled 1,700,000 vehicles globally in February 2011 for defects that cause fuel leakage (Woodyard, 2011) while a Dutch company was found selling horse meat as beef in Europe (BBC News, 2013). A common practice after such a crisis is to issue a public apology in the form of a company statement to appease the consumers and restore the credibility of the brand. The statement often consists of an expression of regret followed by certain corrective measures, however, often without referring to the reasons behind the crisis. Such an "understatement" tends to look for reasons from outside of the company, giving an impression of evading responsibility. Consumers may stop buying the brand and spread negative word-of-mouth, leading to a vicious cycle and further deterioration of brand reputation.

As Pettigrew (1979) puts it, organizations are language systems. Discourse analyses of public apologies and corporate annual reports after major crises reveal that these public statements significantly affect a company's reputation (Erickson et al., 2011; Hargie et al., 2010). However, it is less clear how public apologies from firms influence consumers' attitude toward the brand (A_b). Researchers have explored how consumers attribute product failures and how company response strategies affect consumers' attributions (Folkes, 1984; Mizerski, 1982; Coombs, 2009). However, a company's self-attribution at the organizational level and its effect on consumer responses have been largely neglected.

While the existing literature has focused on consumers' attribution of product failures, few researchers have examined the self-attribution by firms and their effect on consumer attitude. Drawing from the attribution theory, we propose that the type of self-attribution in a corporate apology affects consumer perception of the company's motivation and their attitude

toward the company and its brand. Aside from the horizontal dimension of attribution (internal vs. external), we also examine the vertical dimension of attribution (dispositional vs. situational) and their effect on consumer attitude. Moreover, we propose that the effect of attributions is mediated by the perceived risk, which is moderated by corporate associations. The results of a 2 x 2 experiment suggest that the type of self-attribution affects consumer brand attitude in a significant way. This study makes a significant contribution to the literature on product failure and brand management and provides meaningful implications for marketers to restore consumer confidence after a brand crisis.

RESEARCH FRAMEWORK AND HYPOTHESES

Given the above research gaps, we propose a theoretical framework of self-attribution including both the horizontal and vertical dimensions of attribution in an organization setting (Figure 1). We draw from the dissonance-attribution model of Takaku et al (2001), which views forgiveness as a process of dissonance reduction. In this study, we focus on how self-attributions in apologies by companies after a product crisis help to reduce consumer dissonance and influence their attitude toward the brand. While the horizontal (internal vs. external) locus has been adopted in studies of attribution, we propose the dispositional-situational dimension as the vertical dimension of attribution, resulting in four types of self-attribution. Furthermore, we propose that the type of self-attribution affects consumers' brand attitudes and result in attitude changes. Moreover, the effect of self-attribution is mediated by consumers' perceived risk, which in turn is moderated by corporate associations (see Figure 1). In the following sections, we elaborate the research framework and hypotheses.

(insert Figure 1 here)

Product harm crises inevitably result in serious cognitive dissonance among consumers

and have a negative effect on consumers' attitude toward the company and its products. Such attitude is often based on consumer's attribution of the event. Attribution refers to one's perception and judgment of the reason of his/her or another's behavior (Heider, 1958; Weiner, 1985). When people or organizations attribute their own behavior, we refer to this as self-attribution (Niemiec, 2007). Up to date, studies have focused on how an individual makes a self-attribution, for instance, in studies of self-serving bias (Gioia & Sims, Jr., 1985). We propose that self-attribution also applies to the organizational context. Attribution theory suggests that an apology may function as a tool for impression management by altering the victims' perceptions of the transgressor (Weiner et al., 1991; Davis & Gold, 2011). So the attribution of blame in a corporate apology may directly lead to changes in consumers' A_b . What type of change may happen from their initial attitude after the crisis depends on how a company apologizes and makes the attribution.

Internal vs. External Attribution

Cognitive dissonance is the distressing mental state that people feel when they find themselves doing things that do not fit with what they know, or having ideas that are inconsistent with other opinions they hold (Festinger, 1957; Spencer & Myers, 2006). A key assumption is that people want their expectations to be congruent with the reality, creating a sense of equilibrium (Ryan, 2010). A product crisis contradicts consumer expectations thus results in cognitive dissonance. When facing cognitive dissonance, consumers may keep their original attitude, change their attitude, or engage in trivialization of the issue. Thus, attitude change is one of the possible results from cognitive dissonance and one way to reduce dissonance (Lindsey-Mullikin, 2003).

In the horizontal locus of attribution, the key dimension of attribution theory, internal attribution refers to that the reasons for certain behaviors or outcomes are due to the people

themselves, while external attribution suggests that the reasons for one's behavior are found in his environment and surroundings (Heider, 1958). People tend to attribute their success to internal factors and their failures to their external environment. In response to a crisis event, when a company attributes blame to internal causes and apologies accordingly, consumers will feel as if the company has the courage to face its problems head-on. As consumers feel confident about the company's words and actions, their initial A_b following the crisis event may change in a positive direction.

In general, consumers tend to view internal attribution more positively and develop positive expectations for the future while external attributions are received less positively and generate negative expectations of the company (Folks, 1984). The dissonance-attribution model of Takaku et al (2001) suggests that effective apologies based on attribution helps to obtain forgiveness as a process of dissonance reduction by breaking in the link between the negative trait and negative attributions. Thus, if the company (as the transgressor) makes an apology based on external attribution, consumers may experience more cognitive dissonance and worse expectations of the company. To reduce the discomfort generated by the incongruent cognitions, victims are more likely to change their attitude in a negative direction. On the other hand, when the company makes an internal attribution in its apology, consumers may perceive the company as sincere and become confident in its ability to correct the mistake and prevent it from re-occurring. Thus, consumers may generate positive expectations and perceptions of the firm.

H1a: Apology based on internal attribution leads to a significant change in consumers' initial brand attitude in a positive direction.

H1b: Apology based on external attribution leads to a significant change in consumers' initial brand attitude in a negative direction.

Dispositional vs. Situational Attribution

Aside from the horizontal locus, the vertical locus of attribution also affects consumer perceptions and attitude. Solomon (1978) posits that in case of failures, people tend to attribute other people's behaviors to their dispositional factors while attributing own actions to situational factors. On the other hand, they tend to attribute their own success to their personality and ability and others' success to situational factors. This type of self-serving bias reflects the actor/observer difference (Gioia & Sims, Jr., 1985). In the public apologies by companies, self-serving bias is also difficult to overcome as people tend to attribute to dispositional factors for success and situational factors for failure. Dispositional attribution, in the context of a business organization, may refer to its corporate policy and culture while situational attribution may refer to the superficial behaviors of the company or its related units. Dispositional attribution in such cases is more self-reflective and more in-depth while situational attribution is superficial and flimsy, hence less remorseful (Fehr & Gelfand, 2010; Takaku et al., 2001). To gain consumer acceptance of an apology, dispositional attribution is perceived as more sincere and more likely to be accepted, thus results in a positive change of brand attitude (Takaku, 2001). On the other hand, situational attribution tends to refer to a crisis as caused by circumstantial factors that may are not part of a company's policy, culture and practices. Whether that is true or not, it gives an impression of evading responsibility and being perfunctory. Thus, it is less likely to be accepted by consumers. Moreover, consumers are keenly aware that transgressors can be hypocritical and it is easy for them to blame others or situations while it is difficult to take personal responsibility for the misdeed. People can infer that transgressors making dispositional attributions show that they can overcome such hypocrisy and are willing to address the problems at hand. Therefore, an apology using dispositional attribution reduces victim's cognitive dissonance and leads to positive brand attitude more so than one based on situational attribution.

H2: Dispositional attribution leads to significantly more positive brand attitude than situational attribution.

The Combined Effect of the Horizontal and Vertical Loci

Following a product crisis, consumers' most pressing need is to understand the facts and the underlying causes. This is not limited to a factual description of the event but also includes a thoughtful reflection of its causes in the first place. In the proposed framework, attribution in an apology has two different dimensions, the internal/external and dispositional/situational attributions. The combination of the vertical and horizontal loci constitutes four types of attribution: internal/situational, internal/dispositional, external/situational and external/dispositional attributions, which vary in the degree of perceived sincerity. Among them, internal/dispositional attribution displays the greatest sincerity or self-reflection (Fehr & Gelfand, 2010; Takaku et al., 2001). In this case, a company not only displays an awareness of the problem caused by internal reasons, but also shows a willingness to examine its own values and principles as the root of the problem. This type of attribution displays the greatest degree of sincerity and remorse, thus has greater likelihood of reducing consumer dissonance and inducing emotional empathy (Davis & Gold, 2011; Takaku, 2001). Consequently, compared with the other types, internal/dispositional attribution is more effective in reducing consumer uncertainty and dissonance and has the greatest chance of influencing consumers' brand attitudes in a positive direction. By comparison, the other three types of attributions, i.e., internal/situational, external/dispositional and external/situational attributions in a descending order, exhibit less sincerity and remorse, thus are less likely to be accepted.

H3: Compared with apologies based on the other three types of attribution, internal/dispositional attribution has a greater positive effect on consumers' brand attitude.

Perceived Risk

Perceived risk involves the perceived certainty that an event should happen as well as the consequences of the event (Cunningham, 1967). Furthermore, perceived risk affect people's in decision-making and an individual can respond and deal with risk only as he/she perceives it subjectively (Bauer, 1960). As a product crisis heightens the perceived risk of consumers, they must learn the true facts of the event to reduce such uncertainty. While the reputation of a company and its indicators of product quality help to minimize consumers' perceived risk (Shimp and Bearden, 1982), product crises inevitably dampens consumer confidence and heightens their perceived risk. Moreover, Cox (1967) posits that there are two possible ways of lowering perceived risk for consumers — to reduce the amount of stake or to increase the certainty of favorable consequences. Specifically, consumers can reduce the amount of stake in two ways: lowering the expected value and reducing the penalties that derived from his attempt to gain something. Existing studies show ample evidence that consumers' perceived risk has a significant impact on consumers' A_b . Mitchell (1999), for example, believes that as perceived risk decreases, the probability of negative outcomes brought on by shopping decisions also decreases, leading to more positive attitude toward the product. Moreover, Weiner (2000) suggests that a company's attribution locus also affects consumers' perception of a company's responsibility and their perceived risk. If a company attributes blame to external and situational factors, consumers will suspect them of shirking their responsibility and fear the increased possibility of similar events re-occurring in the future. In contrast, internal and dispositional attributions help to signal the responsibility and sincerely of a company and minimize consumers' perceived risk. Therefore, while attributions in corporate apologies directly affect consumers A_b , such effect is also mediated by their perceived risk.

H4: Perceived risk mediates the effect of attribution on brand attitude after a public apology by a company for a product crisis.

Consumers' Corporate Associations

The corporate associations held by the consumers can be a company's strategic equity as well as a source of competitive advantage (Aaker, 1996). For marketers, it is important to understand how consumers associate with a company affects their response to the products of the company. In their research, Brown and Dacin (1997) explore the various types of cognitive associations that consumers hold for a company and their influence on consumers' product evaluations. In their study, corporate associations refer to two factors, i.e., corporate ability (CA) and corporate social responsibility (CSR). Corporate ability associations refers to those related to the company's expertise in producing and delivering its output while corporate social responsibility associations denote consumers' knowledge of the organization's policies, stance and activities with respect to its perceived societal obligations. Up to date, researchers have explored how information about a company's social responsibility affects consumers' brand attitudes (e.g., Klein & Dawar, 2004) and shopping behavior (e.g., Mohr & Webb, 2005). Recently, Wagner et al. (2009) have highlighted numerous cases where a company's standards of social responsibility are at odds with their actual behavior. Their research explores the effects of corporate hypocrisy on consumers' attitudes towards the company and examines how communication strategies can mitigate the impact of these inconsistencies on consumer's perceptions of a firm. Overall, existing studies indicate that consumers generally believe that a socially responsible company will also be better in all other aspects, thus lowering consumers' perceived risk (Bhattacharya & Sen, 2004). In addition, researchers have found that in the event of negative publicity, firms with strong reputations and famous brands suffer less from the repercussions than firms with weak reputations and brands (Hui & Zhou, 2003). Therefore, positive corporate associations held by consumers may act as a buffer and help to reduce the negative impact of perceived risks associated with a product crisis. Given the above discussion, we can infer that in the event of

a product crisis, consumers' corporate associations moderate the influence of the perceived risk on consumers' A_b . Strong relations or bond with a company will mitigate the effect of the perceived risk induced by certain type of attribution. On the other hand, for consumers with a low level of perceived risk, the effect of such corporate associations may not be significant.

H5: Consumers' corporate associations moderate the effect of perceived risk on consumers' A_b in that the effect of perceived risk is greater for consumers with weak corporate associations in comparison with those with strong corporation associations.

METHOD

Experiment design

This experiment uses a 2x2 between-subject design. The first independent variable is the horizontal locus of attribution, i.e., internal and external attributions. The second independent variable is the vertical locus of attribution, i.e., dispositional and situational attributions. This creates four types of experimental treatment: corporate apologies based on internal/situational, internal/dispositional, external/situational and external/dispositional attributions — all against the backdrop of a product crisis. The mediating variable is consumers' perceived risk. The moderating variable is consumers' corporate associations. The dependent variable is consumers' A_b after the public apology by a company.

One hundred and forty students recruited from a university in southern China participated in the experiment as ordinary consumers. As the students come from different regions of the country, they effectively represent the young consumes there. At the beginning of the experiment, we randomly assigned the subjects into one of the four types of experimental conditions. Each experimental group contained 35 people. Dipboye and Flanagan (1979) maintain that as long as the student subjects perform experimental tasks that are related to activities they normally perform in their daily life, samples taken from a student

population are useful and effective for scientific research. In our research, the experimental task is an activity that students often perform in their life, thus ensuring the appropriateness of our sample. It is also suggested that samples taken from a homogenous population can effectively improve the internal validity of a study and help ensure that the results are not due to extraneous factors (Dipboye & Flanagan, 1979).

Experimental Stimuli and Process

The experimental setting is a simulated situation in which a fictional "Nuorun" brand of dairy product encounters a product crisis followed by an apology from the company. During the experiment, the experimenter tells the subjects that an agent for the brand is conducting a consumer survey. There are two sets of material, version A and version B, but the subjects were not aware of the arrangement. Version A includes instructions, a brief company introduction, the crisis event and a questionnaire for consumer survey. Version B includes instructions, a brief company introduction, the crisis event, the corporate apology and a questionnaire. The purpose of having versions A and B was to examine the effect of the "corporate apology" on consumers' A_b . The brief company introduction on its history highlights the brand's achievement in technical innovation, manufacturing ability, social contributions and community service. The "crisis event" section introduces a product crisis, in which the quality of the company's dairy products is reported to be abnormal. The version B manipulates the independent variables by changing the horizontal and vertical loci of attribution in the corporate apologies. The apologies have four different versions, i.e. based on internal/situational, internal/dispositional, external/situational and external/dispositional attributions. Among them, internal/situational attribution ascribes the crisis event to the superficial situational problems found in the company (i.e., employee neglect and machinery failure); internal/dispositional attribution describes the cause of this event as the company's

internal policy and management (i.e., lack of control and neglect of quality standards). External/situational attribution refers the crisis event as superficial problems found outside of the company (i.e., its supplies and their problematic equipment), while external/dispositional attribution represents the crisis event as moral degenerations and violation of business practices by its supplies outside of the company (i.e., the equipment supplier not adhering to the quality standards and lack of quality service). After a pilot study, revisions of the stimuli were made to improve the effectiveness of scenarios. Since the crisis event and corporate apology are both based on the real similar cases that happened in the industry, the stimuli used in the experiment have a high degree of authenticity and validity (Dardis and Haigh, 2009).

This research adopts the single blind experiment, in which the researchers indicate that a foreign brand of dairy products is conducting a consumer survey to prepare its entry into the China market. The experimenter reminded the subjects "as Nuorun has just entered the Chinese market, it's normal that you haven't heard of the company until now." Using random assignment according to their seating order, the experimenter distributed materials to the subjects and asked the subjects to evaluate the brand, after carefully reading the instructions, company profile and crisis event. Following Ahluwalia, Burnkrant and Unnava's (2000) research design, when all the subjects had finished the brand evaluation questions and had begun a judgment task, they were interrupted by the experimenter with the following notification: "Due to an oversight, the questionnaires just attributed is invalid because it leaves out some important information." Immediately following this, an assistant gathered the questionnaires and distributed the corresponding version-B questionnaires in the same order. The experimenter then asked the subjects to carefully read the materials in the new version and answer the brand evaluation questionnaires again. The subjects were not allowed to discuss the content with each other and completed the questionnaires independently. They were also asked to classify the corporate apologies, judging whether the company's apology

attributed blame to internal causes or to external causes and whether to situational factors or to dispositional factors. After the completion of the entire experiment, experimenters gathered the questionnaires in an order based on seating arrangement and matched the two versions of questionnaires.

Measures of Variables

Consumers' A_b is adopted from Pullig et al. (2006) and measured by four seven-point, bipolar semantic scale items, including good/bad, likeable/unlikeable, desirable/undesirable, positive/negative. We use the scale employed by Stockmyer (1996) to measure the perceived risk of consumers with three items on a five-point Likert scale: (1) The use of Nuorun's dairy products is more risky than the use of some other brand of product that has not been tampered with.; (2) It would probably be safer to switch brands; (3) If I buy Nuorun's dairy products again in the future I'd definitely be taking a risk. To measure consumers' corporate associations, we adopt the scale developed by Brown and Dacin (1997), which consists of four statements about the company's capability and corporate social responsibility — technical innovation, manufacturing ability, social contributions and community service.

RESULTS

Among all the subjects, six people did not finish the questionnaire and are not included in the statistical analysis. The number of valid subjects is 134, including 47 men and 87 women. The attitude toward the brand scale achieved a Cronbach's alpha of 0.952 while those for perceived risk and corporate associations are 0.895 and 0.797 respectively, indicating good reliability and internal consistency. To check the validity of the manipulated independent variables (i.e., the four types of attributions), we find that the all the subjects correctly

identified the type of attribution in their questionnaires, suggesting that the design of experiment stimuli is effective and valid.

(insert Table 1 here)

To examine impact of attribution on any change in consumers' A_b , we first conducted a test of significant difference on the changes in consumers' A_b before and after the corporate apology. As shown in Table 1, the results of paired samples t-test suggest a significant difference between the initial attitude and consumers' new A_b depending on the type of attribution. This clearly shows that facing the crisis event, self-attribution in an apology plays an important role in influencing consumers' A_b . Table 2 includes the t-test results of the variations of consumers' A_b among four types of attribution. As Tables 1 and 2 demonstrate, the changes in brand attitudes of the subjects in all groups vary significantly across the horizontal locus and vertical locus. First, the horizontal locus influences the direction of the change in consumers' brand attitudes. Internal attributions lead to a significant positive change in brand attitudes (mean=1.007 for situational attribution and mean=1.657 for dispositional attribution) while external attributions leads to a negative change (mean=-1.000 for situational attribution and mean=-0.991 for dispositional attribution). In this case, apologies based on internal attributions reverse the direction of consumers attitude change after a product crisis. These results clearly support hypotheses 1a and 1b. Combining Tables 1 and 2, we can see that out of the four scenarios, internal/dispositional attribution leads to the greatest change in consumers' A_b , supporting hypothesis 3. Thus, the best course of action for a company amid a crisis is to make internal/dispositional attribution in its public apology.

(insert Table 2 here)

To examine the effect of horizontal and vertical loci on consumers' new A_b , we perform an analysis of covariance (ANCOVA). As Table 3 shows, horizontal locus had a significant main effect and internal attribution has a significantly stronger effect on the mean of

consumers' A_b than external attributions ($F_{(1,129)} = 690.197, P = 0.000$). Likewise, the vertical locus also has a significant main effect, with dispositional attribution leading to a more positive attitude change than situational attribution ($F_{(1,129)} = 14.968, P = 0.000$), thus providing additional support for hypothesis 2. Moreover, the results show a significant two-way interaction horizontal locus and vertical locus. From a value of η^2 , we can see that the effect of two-way interaction amounts to 5.7% of the total variance. In Figure 2 we find that among the four types of attribution, internal/dispositional attribution leads to the highest brand attitude, thus support hypothesis 3.

(insert Table 3 and Figure 2 here)

As for the mediating effect of perceived risk and the moderating effect of corporation associations, we develop a regression model with the dependent variable (new A_b) as Y, the independent variable (attributions) as X, the mediate variable (perceived risk) as W and the moderate variable (corporate associations) as U. According to Wen et al. (2006), if four of the following conditions are satisfied, the moderated mediation effects can be deemed significant: (1) the X coefficient is significant in a regression of Y to X and U, (2) the X coefficient is significant in a regression of W to X and U, (3) the W coefficient is significant in a regression of Y to X, U and W (with the mediating effect of W that has already been determined to be significant); (4) the UW coefficient is significant in a regression of Y to X, U, W and UW. Following this method, we adopt the hierarchical regression analysis to test the moderating effect of corporate associations on the mediating effect of perceived risk while controlling for the effects of gender and the initial consumers' A_b . Since attribution is categorical variable, we transform it into k-1 dummy variables. Dummy variable 1 is coded 1 for internal/dispositional attribution condition, and coded 0 for the other three conditions. Dummy variable 2 is coded 1 for external/situational attribution, and dummy variable 3 is coded 1 for external/dispositional attribution. Thus, internal/situational attribution acts as the default group for comparison with

the other three types of attribution.

According to the results in Table 4, the regression coefficients of attributions (X) are as follows in model 1: $\beta_1 = .192$, $P < 0.001$; $\beta_2 = .697$, $P < 0.001$; $\beta_3 = -.652$, $P < 0.001$ ($R^2 = 0.862$; $F = 131.754$, $p < 0.001$). In model 2, the regression coefficients of attributions (X) are $\beta_1 = .058$, $P > 0.05$, $\beta_2 = .708$, $P < 0.001$, $\beta_3 = .648$, $P < 0.001$ ($R^2 = 0.701$; $F = 49.508$, $p < 0.001$). For model 3, the regression coefficient of perceived risk (W) is significant: $\beta = .128$, $P < 0.05$ ($R^2 = .867$; $F = 116.858$, $p < 0.001$), thus supporting hypothesis 4. In model 4, the regression coefficient of UW is also significant: $\beta = .073$, $P < 0.05$ ($R^2 = .871$; $F = 105.952$, $p < 0.001$). This result supports the moderating effect of corporate association on the mediating effect of perceived risk, thus supporting hypothesis 5.

(insert Table 4 here)

Following the methods of Wu and Zumbo (2008), we treat the subjects with corporate association scores higher than the mean by one standard deviation as the “high” group and those with scores lower than the mean by one standard deviation as the “low” group. We then regress consumers’ A_b to perceived risk for both groups. The results show a significant negative relationship between perceived risk and brand attitude in the high group ($\beta = -.0881$, $P < 0.001$) as well as the low group ($\beta = -.0713$, $P = 0.001$). As for the absolute value of β , however, the former is significantly higher than the latter. This shows that compared with weak corporate associations, strong corporate associations will strengthen the negative relation between perceived risk and consumers’ A_b . When consumers’ corporate associations are stronger and the perceived risk is lower, attributions have a stronger effect on consumers’ A_b . In other words, when corporate associations are stronger, the negative relationship between perceived risk and consumers’ A_b is greater.

DISCUSSION

Findings and Implications

The results indicate a significant difference in consumers' A_b between before a crisis and after the apology given the type of self-attribution. Thus, the type of attribution a public apology affects consumers' A_b in a significant way. Specifically, the horizontal locus of attribution (internal vs. external) influences the direction of change in consumers' A_b . Internal attributions lead to attitude change in a positive direction while external attributions generate a significant negative change in consumers' A_b . Thus, internal self-reflection displays a willingness to rectify the problem and has a positive effect on consumer attitudes. Conversely, attribution to external factors in an attempt to minimize the negative effect on brand image simply makes it worse and can potentially result in a downward spiral. Among the four types of apologies, internal/dispositional attribution leads to the biggest positive change in consumers' A_b . External and situational attributions, to different extent, give the impression of evading responsibility and the lack of interest in protecting consumers' rights and may exacerbate the perceived risk of consumers and further damage the brand's credibility. Furthermore, consumers' perceived risk mediates effect of attributions on consumers' A_b . In the event of a crisis, the negative influence of perceived risk on consumers' A_b is further exacerbated. However, corporate associations moderate the mediating effect of perceived risk in that the negative effect of perceived risk is greater for consumers with weak corporate associations.

Clearly, after a product crisis, how a company apologies makes a tremendous difference. First, when companies face a product crisis, they should respond to consumers' desire to be informed of the facts as well as the causes by clearly highlighting their attribution. Secondly, different types of attribution elicit in consumers various psychological and behavioral reactions. Compared with external attribution, internal attribution leads to a positive change in

consumers' A_b . Furthermore, among the four types of attributions, internal/dispositional attribution elicits the greatest positive change in consumers' A_b and proves to be the most effective in restoring consumer confidence. Thus, when a company attempts to avoid negative consequences by searching for blame outside the company or at a superficial level, it may elicit a negative reaction in consumers and lead to even less desirable outcomes. In contrast, a sincere apology in the form of internal/dispositional attribution signals responsibility, courage, willingness to engage in self-reflection, and a determination to avoid similar incidents, all of which help re-gain the respect of consumers and win them back. Given an honest explanation and a sincere apology based on internal/dispositional attribution, consumers, especially those with strong corporate associations, will be more likely to accept the company's apology and perhaps to forgive, thus giving the embattled brand a new lease on its life.

Limitations and Future Directions

It is important to note the limitations of this study in several areas in which future research can improve. First of all, to manipulate apologies based on multiple types of attribution simultaneously and control the irrelevant variables, a fictional brand is used in our experiment. Future researchers may use real brand names or conduct critical event analyses of real life product crises. Second, this study is based on a sample of university students and a specific product category. Although a homogeneous sample and a single product category is conducive to theory testing and can help enhance the internal validity, future studies may consider using subjects of other demographic groups and other categories of products. Lastly, although we examine the effect of self-attribution in the apologies by a company, the type of product crisis and the actual reasons for product crisis are not considered. In real-life situations, apologies may or may not be accepted depending on the specific circumstances of a product crisis. Consumers may make their own attributions of the crisis event and decide

whether to forget and forgive or to remain critical and vengeful. Therefore, systematic investigations are needed to examine the complex relationship among product crisis, consumer responses, and communication strategies.

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Table 1: Means and Standard Deviations in Changes of consumers' A_b

| Attribution | Internal | | External | |
|-----------------|---------------|---------------|----------------|----------------|
| | Situational | Dispositional | Situational | Dispositional |
| Sample size | 35 | 35 | 34 | 30 |
| Initial A_b | 4.421 (0.495) | 4.279 (0.248) | 4.287 (0.643) | 4.483 (0.704) |
| New A_b | 5.428 (0.629) | 5.936 (0.570) | 3.287 (0.390) | 3.492 (0.756) |
| Attitude change | 1.007 (0.544) | 1.657 (0.633) | -1.000 (0.529) | -0.991 (0.502) |
| T | 10.953 | 15.481 | -11.014 | -10.818 |
| P | 0.000 | 0.000 | 0.000 | 0.000 |

Note: The standard deviations are in parenthesis.

Table 2: Test of the Significant Difference of the Variations in Attitudes among Groups

| Groups | Internal /Situational | Internal /Dispositional | External /Situational |
|-------------------------|-----------------------|-------------------------|-----------------------|
| Internal /Dispositional | .650** | | |
| External /Situational | .007 | .642** | |
| External /Dispositional | .015 | .665** | .023 |

Table 3: ANCOVA of the Effects of Attribution on Consumers' A_b (N=134)

| Source | Sum of the square | df | Mean square | F | Sig. | η^2 |
|-----------------------------------|-------------------|-----|-------------|---------|------|----------|
| Corrected model | 194.664 | 4 | 48.666 | 188.360 | .000 | .854 |
| Intercept | 8.119 | 1 | 8.119 | 31.423 | .000 | .196 |
| Covariant: Initial A_b | 12.737 | 1 | 12.737 | 49.298 | .000 | .276 |
| Horizontal locus (internal) | 178.324 | 1 | 178.324 | 690.197 | .000 | .843 |
| Vertical locus (dispositional) | 3.867 | 1 | 3.867 | 14.968 | .000 | .104 |
| Horizontal locus * Vertical locus | 2.015 | 1 | 2.015 | 7.799 | .006 | .057 |
| Error | 33.329 | 129 | .258 | | | |
| Total | 3043.688 | 134 | | | | |
| Corrected total | 227.993 | 133 | | | | |

Note: R Squared = .854 (Adjusted R Squared = .849)

Table 4: The Moderating Effect of Corporate Associations (N=134)

| Dependent variable | New A_b (Model 1) | Perceived Risk (Model 2) | New A_b (Model 3) | New A_b (Model 4) |
|---|------------------------|--------------------------------|------------------------|------------------------|
| Gender (Male) | .000 | .059 | .008 | .012 |
| Initial A_b | .232*** | -.065 | .223*** | .225*** |
| Internal/dispositional | .192*** | -.058 | .184*** | .176*** |
| External/situational | -.697*** | .708*** | -.606*** | -.619*** |
| External/dispositional | -.652*** | .648*** | -.569*** | -.570*** |
| Corporate associations | .091** | -.028 | .087* | .070* |
| Perceived risk | | | -.128* | -.122* |
| Perceived risk \times Corporate associations | | | | -.073* |
| R^2 | .862 | .701 | .867 | .871 |
| ΔR^2 | .008 | .001 | .005 | .005 |
| ΔF | 7.024** | .304 | 4.665* | 4.819* |
| F | 131.754*** | 49.508*** | 116.858*** | 105.952*** |

Note. : *** $p < 0.001$ ** $p < 0.01$ * $p < 0.05$, all of the regression coefficients have been standardized and all of the variables have undergone centralized (Aiken & West, 1991).

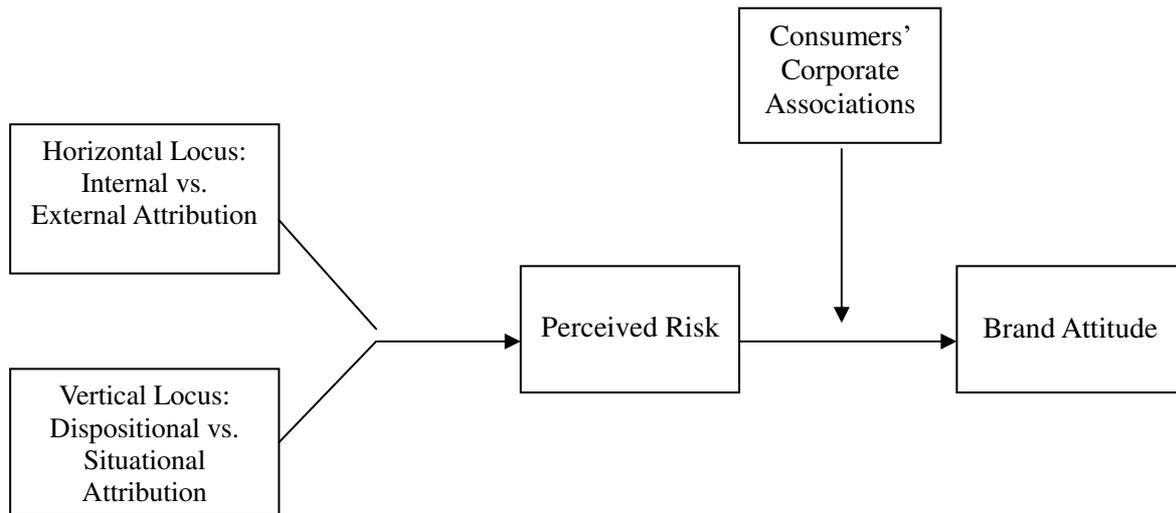


Figure 1. A Theoretical Model of Self-Attribution and Brand Attitude after a Product Crisis

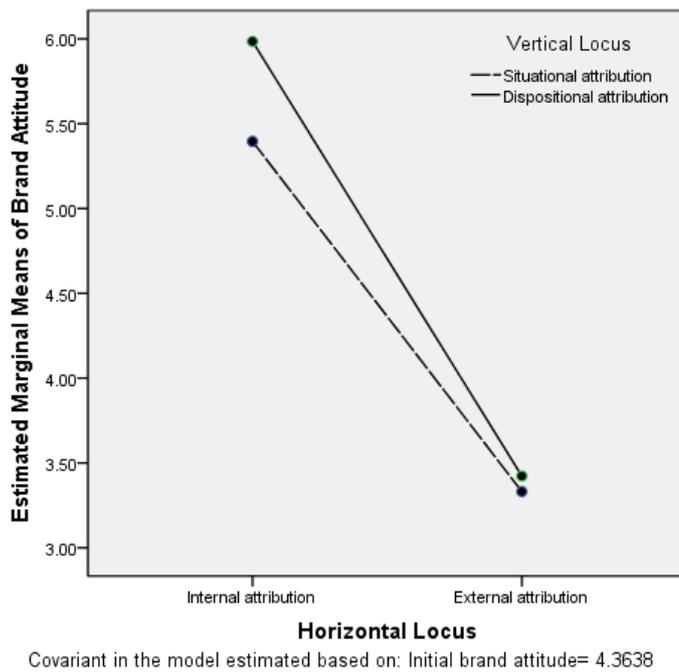


Figure 2: The Effect of Horizontal and Vertical Loci on Consumers' A_b

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