Commentary on Dutta and Pullig (2011): Corrective action is more effective than downplaying harm for restoring brand equity

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A B S T R A C T
Dutta and Pullig (2011) contrast different strategies for responding to corporate crises, including corrective action (i.e., accepting responsibility and promising remedial action) and downplaying harm (downplaying the amount of damage resulting from the crisis). Based on the results of null hypothesis tests, Dutta and Pullig conclude that downplaying harm is as effective as corrective action for restoring brand equity following a values-based crisis. This finding is concerning because, as Dutta and Pullig note, it may increase the temptation for firms to downplay the severity of their transgressions rather than accepting responsibility for them. Re-analysis of Dutta and Pullig’s data using effect size estimates and associated confidence intervals overturns their conclusion. Following a values-based crisis, corrective action is more effective than downplaying harm at restoring brand equity.

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1. Introduction

In an article on corporate responses to brand crises, Dutta and Pullig (2011) report that response strategies vary in effectiveness depending on the type of crisis that occurred. Dutta and Pullig conclude that for performance-based crises (i.e., those that threaten the competence of the firm to deliver functional benefits) firms can best avoid brand damage by adopting a corrective action response (i.e., accepting responsibility and promising remedial action). In contrast, Dutta and Pullig report that downplaying the amount of damage resulting from the crisis (downplaying harm) is just as effective as corrective action following values-based crises (i.e., crises involving “social or ethical issues surrounding the values espoused by the brand”; p. 1282). This finding is concerning because, as Dutta and Pullig note, it may tempt firms guilty of a values-based transgression into downplaying the severity of their transgression in order to avoid accepting responsibility, and potentially paying costs associated with remediation claims.

However, a re-analysis of Dutta and Pullig’s (2011) data alleviates this concern by demonstrating that corrective action is, indeed, more effective than downplaying harm for restoring brand value after a values-based crisis. The re-analysis deals with the tests of Dutta and Pullig’s second hypothesis (p. 1284) and the associated statistics reported in Table 1 and Fig. 1 (p. 1285). Dutta and Pullig compare the effectiveness of corrective-action and downplaying harm strategies across four measures of brand equity (see Table 1). Dutta and Pullig report null hypothesis tests showing that there was no difference in the effectiveness of corrective-action and downplaying harm strategies for three of these measures (social risk, brand attitude, and brand consideration). Contrary to their hypothesis, corrective action was more effective than downplaying harm at reducing perceived psychological risk.

Many researchers have documented the pitfalls of basing conclusions on null hypothesis tests alone without considering the magnitude of the relevant relationship or the degree of precision with which the relationship can be estimated (for reviews, see Gill, 1999; Levine, Weber, Hullett, & Lindsey, 2008). The calculation of effect sizes, and confidence intervals around effect sizes to estimate precision, are effective approaches for addressing many of these problems (e.g., Levine, Weber, Park, & Hullett, 2008; Maher, Markey, & Ebert-May, 2013). Cohen’s d estimates of effect size (Cohen, 1988) can be calculated for Dutta and Pullig’s (2011) results using the t-statistic reported for each of the relevant comparisons and number of participants per cell of the research design, using the formula \(d = t (2 / n)^{1/2}\) (Dunlap, Cortina, Vaslow, & Burke, 1996; Glass, McGaw, & Smith, 1981). With 137 participants, Dutta and Pullig’s 2 × 3 design yields an approximate \(n = 23\) per cell, and the relevant t-statistics are reported on pp. 1284–5.
2. Re-analysis of data from Dutta and Pullig (2011)

Analysis of the effect size estimates contradicts the results of Dutta and Pullig’s (2011) null hypothesis tests. Table 1 shows the condition means and estimated effect size ($d$) for the relevant comparisons. For all four outcome measures, the direction of the difference between means reflected an advantage for corrective action over the downplaying harm strategy, indicated by higher means scores on the outcome measures. The differences corresponded to small, medium, and large effects for the measures of brand attitude, social risk, and psychological risk, respectively (according to the criteria of 0.2: small; 0.5: medium; 0.8: large suggested by Cohen, 1988). Only the brand consideration variable produced a negligible difference between the two response strategies, as predicted in Dutta and Pullig’s second hypothesis.

The meta-analytic effect across all four outcome measures indicated that the advantage of corrective action over the downplaying harm strategy bordered on a medium sized effect and was statistically significant, $d = 0.49$, 95% CI [0.11, 0.87], $t = 2.54$, $p = .01$ (calculated with a random effects model using Exploratory Software for Confidence Intervals; Cumming, 2012a,b). If the effect on the psychological risk measure is omitted from the analysis, leaving the three comparisons reported as null effects by Dutta and Pullig (2011), the meta-analytic effect across the remaining three outcome measures represents a small difference, $d = 0.33$ [0.00, 0.66], $t = 1.96$, $p = .05$.

### Table 1

<table>
<thead>
<tr>
<th>Outcome Measure</th>
<th>Downplaying harm</th>
<th>Corrective action</th>
<th>Cohen’s $d$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social risk</td>
<td>4.65</td>
<td>5.39</td>
<td>0.55 [−0.05, 1.13]</td>
</tr>
<tr>
<td>Psychological risk</td>
<td>3.93</td>
<td>5.49</td>
<td>1.02 [0.40, 1.63]</td>
</tr>
<tr>
<td>Brand attitude</td>
<td>3.70</td>
<td>4.23</td>
<td>0.42 [−0.17, 1.00]</td>
</tr>
<tr>
<td>Brand consideration</td>
<td>4.90</td>
<td>5.00</td>
<td>0.05 [−0.53, 0.63]</td>
</tr>
<tr>
<td>Overall effect</td>
<td>–</td>
<td>–</td>
<td>0.49 [0.11, 0.87]</td>
</tr>
</tbody>
</table>

3. Conclusion

This re-analysis by no means invalidates all of Dutta and Pullig’s (2011) conclusions. Their results certainly show that the effectiveness of the corrective action and downplaying harm strategies varies depending on the type of crisis involved. However, the re-analysis clearly undermines the conclusion that downplaying harm is equivalent to corrective action in reducing brand damage after a values-based crisis. Instead, the appropriate conclusion to draw from Dutta and Pullig’s results is that corrective action is more effective than downplaying harm for restoring brand integrity after a crisis, but the advantage of corrective action is smaller for values-based crises than performance-based ones. This subtle but very important difference in conclusions should reduce the temptation for guilty firms to avoid taking responsibility for values-based crises.

### References


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