Australian and Chinese consumers’ responses to negative publicity: the influences of culture, information characteristics, and product category

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Bachelor of Economics

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ABSTRACT

In today’s marketplace, consumers are exposed to both positive and negative information about brands, through advertising, publicity, rumours, etc. These exposures influence consumer attitude and purchasing behaviour towards the affected brand. Most of the prior brand research has focused on the influence of positive brand information, with only limited research examining consumers’ responses to negative brand information, and even less research attention has paid to negative publicity. The majority of reported studies into negative publicity argued for a negative consumer response (e.g., a more negative attitude towards the brand). However, this may not always be the case, as positive actions (e.g., information search) may counter the information for some consumers (e.g., those who attribute the negative publicity to external causes – the blame factor), especially when the publicity is not very severe. Last but not least, little attention has been paid to the influence of culture in the context of negative publicity.

The current research sheds light on these questions, in multiple cultures. Through three related studies, the current project compares and contrasts Australian and Chinese consumers’ responses to negative publicity, including brand attitude, information search intention, negative word-of-mouth intention, and purchasing intention towards the brand affected by negative publicity. The project also examines the influence of culture, product category and information severity on consumers’ responses to negative publicity.

The influence of culture appears to be prominent in this project. First, the results suggested that collectivism has significant effects on Chinese consumers’ information search intention and negative WOM intention, but it has no effect on Australian consumers. Collectivism has a positive effect on Chinese bank consumers’ information search intention in both the low- and high-severity conditions, but only has a negative effect on information search intention for Chinese juice consumers in the high-severity condition. The effect of collectivism on Chinese consumers’ negative WOM intention is positive for bank consumers in both the low- and high-severity conditions, but the positive effect of collectivism on Chinese juice consumers’ negative WOM intention only appears in the high-severity condition.

Second, uncertainty avoidance has a significant effect on both Australian and Chinese
consumers’ information search intention and negative WOM intention. More specifically, in the high-severity condition, the effect of uncertainty avoidance on both Australian and Chinese consumers’ information search intention is negative; however, in the low-severity condition, the effect of uncertainty avoidance on Australian consumers is negative while its effect on Chinese consumers is positive. Product category also influences the effect of uncertainty avoidance on Chinese consumers’ information search intention in the high-severity condition. More specifically, uncertainty avoidance has a positive effect on Chinese bank consumers’ information search intention, but a negative effect on Chinese juice consumers’ information search intention. Additionally, the effect of uncertainty avoidance on Chinese juice consumers’ negative WOM intention is negative in both the low- and high-severity conditions, but the effect of uncertainty avoidance on Australian juice consumers’ negative WOM intention is negative in the low-severity condition while positive in the high-severity condition.

Third, power distance has a significant effect on Chinese consumers’ information search intention, but it does not have any effect on Australian consumers. Power distance has a negative effect on Chinese bank consumers’ information search intention in the high-severity condition only, but has a positive effect on Chinese juice consumers’ information search intention in both the low- and high-severity conditions. Power distance has no effect on Australian juice consumers’ negative WOM intention; however, it has a negative effect on Chinese juice consumers’ negative WOM intention in the high-severity condition but a positive effect on Chinese bank consumers’ negative WOM intention in the low-severity condition.

Besides culture, the project also offers important findings related to attribution. For example, Study 2 and Study 3 both find that attribution has positive relations with both consumers’ intention to search for information and spread negative WOM, irrespective of nationality.

All three studies also find that, irrespective of nationality, negative WOM intention is negatively related to brand attitude and purchasing intention, while brand attitude is positively related to purchasing intention. However, the effects of information search intention on brand attitude and brand purchasing intention appear to be influenced by consumers’ nationality, product category and information severity. For example, information search intention has a significant and positive effect on brand attitude in
most scenarios, but it does not have any effect for Australian juice consumers in the high-severity condition or Chinese bank consumers in the low-severity. Also, the effect of information search intention on purchasing intention is significant and positive in most circumstances, apart from Australian consumers who are exposed to the low-severity negative publicity related to juice and from Chinese consumers who are exposed to the high-severity negative publicity related to juice.

The findings of this research contribute to the literature on cross-cultural studies, consumer attribution, information search intention, negative WOM intention and brand purchasing intention, in the negative publicity context. The results also have important practical implications for international marketers. It is important for international marketers to understand the culture of the target market, as culture influences consumers’ information search and negative WOM intention, which may ultimately influence consumers’ purchasing intentions. Therefore, different approaches should be developed such as cooperating with mediums to post positive information, encouraging consumers to search for more information but preventing consumers from spreading negative WOM.
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真不容易啊！终于搞定了！不过旅程才刚刚开始呢......

Mingzhou (Stanley) Yu
俞明舟
The University of Western Australia
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Chapter 1 Introduction

1.1 Background of Study

Brands are one of the most important assets for businesses. There has been a wealth of research on branding and its related topics, including brand equity. Brand equity refers to the total value of a brand (Aaker 1991). Companies often try to enhance their brand equity through positive communications, such as advertising. In general, advertising has continuing and accumulative effects in building consumer-based brand equity (Wang, Zhang & Ouyang 2009). Advertising increases brand recall, recognition, as well as the frequency of brand appearance (Chu & Keh 2006; Keller, Parameswaran & Jacob 2011). Apart from advertising, positive word-of-mouth (WOM) can also enhance perceptions of the brand and build favourable purchasing intentions (Bambauer-Sachse & Mangold 2011; Jalilvand & Samiei 2012). However, it is often forgotten and neglected that consumers are also exposed to negative brand information.

Negative information about brands or negative brand information is often communicated through traditional and new media, such as TV, radio, online news forums, webcasts and smartphones. Due to the development of the Internet and explosion of social media, such as YouTube, Twitter, Facebook, Weibo, WeChat, and various online discussion communities, the speed of information spread has been increased dramatically, especially for negative brand information (Ward & Ostrom 2006). As a result, consumers have received more negative brand information than a decade ago (Eisingerich et al. 2010).

Consumer behavioural studies have investigated how negative brand information influences brands and product categories (Berger, Sorensen & Rasmussen 2010). Negative brand information often has a significant and negative effect on consumers’
attitude towards the affected brand (Dawar & Pillutla 2000; Dentoni et al. 2011) and may also damage corporate brand image (e.g., Nokia) (Jie 2011; DeCarlo et al. 2007).

Negative brand information also influences brand purchases (Dean 2004; Dellarocas, Zhang & Awad 2007), decreasing sales and profits (Mahajan, Muller & Kerin 1984; Liu 2006). Sales of McDonald’s decreased by more than 25% after it was involved in the negative brand information that there was worm meat in its hamburgers (Greene 1978). The ticket sales of the movie Mission Impossible 3 lost at least $100 million after the negative publicity about its leading actor Tom Cruise (Burrough 2006). Consumers’ purchasing intention and actual buying behaviour may both decrease after they are exposed to negative brand information, such as negative reviews, negative WOM and rumours (Tybout, Calder & Sternthal 1981; Wyatt & Badger 1984; Huang & Chen 2006).

The detrimental impact of negative brand information appears to be fairly consistent across different industries. Numerous studies have detected the negative impact of negative brand information on consumers’ purchasing intention towards goods-dominated products, such as books, clothing, sunglasses, cameras or films (Griffin, Babin & Attaway 1991; Skowronski & Carlston 1989; Huang & Chen 2006; Wyatt & Badger 1984; Scott & Tybout 1981). Similar results have been obtained in service-dominated products, such as restaurants, cleaners, health spas or beauty salons (Weinberger & Dillon 1980; Cheng, Lam & Hsu 2006).

The negative impact of negative brand information may be more influential (or stronger) than the positive impact of positive information. For example, compared to the impact of positive information (e.g., advertisement), negative brand information (e.g., negative publicity or negative WOM) had a stronger negative impact on the attributes of the brand (Mizerski 1982). Similarly, many other studies have shown that negative or
unfavourable brand information has a stronger influence on consumers’ brand evaluations (e.g., perceived quality) than positive brand information (Mahajan, Muller & Kerin 1984; Skowronske et al. 1998; Ito et al. 1998; Wangenheim 2005; Mizerski 1982). The effect that negative brand information is weighted more importantly in consumers’ evaluations is called the ‘negativity effect’ (Maheswaran & Meyers-Levy 1990; Ahluwalia 2002). However, negative brand information may not be always negative.

Some marketers believe that negative publicity associated with brand endorsers (celebrities) will increase brand awareness (Donaton 2002). For example, sales of the sports brand Reebok, which was endorsed by Allen Iverson (a U.S. basketball star), increased significantly after his weapons violations and assault news in 2002 (Donaton 2002). Moreover, O’Connell (2006) found that the sales of a $60 old-growth Tuscan wine increased by 5% after it was described as ‘redolent of stinky socks’, by Wine Library, a prominent wine website. A report by Hotels.com indicated that a ‘300% increase in requests for information about the country’ after the movie (Borat) made cruel fun about Kazakhstan (Yabroff 2006). Berger, Sorensen and Rasmussen (2010) found that although negative publicity damaged the sales of the books that were already well-known, it promoted the sales of the books that were relatively unknown. More specifically, sales of the books written by relatively unknown authors increased after consumers were exposed to negative publicity, whereas sales of well-established authors decreased after the same negative publicity. It appears that negative publicity increases consumers’ purchasing intention of unknown products by making consumers more aware of it.

Despite the importance of negative brand information, there is limited research examining how negative brand information influences consumers’ attitudes and
purchasing intentions toward the affected brand and even less research focusing on other types of responses to negative brand information. For instance, does negative brand information lead to higher searching intention for additional information, or creating more negative WOM? Are these responses related to cultural influences? Many questions remain unanswered and need to be explored in order to develop a more comprehensive understanding of the evaluation of negative brand information.

1.2 Research Questions

In this section, the main gaps in the literature are identified. A number of key questions remained unanswered: First, consumer responses beyond attitude or purchasing intention have not well been explored. It has been recognised that consumers are more likely to have negative attitudes and images toward the brand affected by negative brand information (Dentoni et al. 2011; Raju, Unnava & Montgomery 2009), and that they are also less likely to purchase the brand after being exposed to its related negative brand information (Yan et al. 2011). However, other types of responses, in particular, behavioural responses, such as information search intention or negative WOM intention have not been examined in relations to negative brand information in the marketing field.

A large literature exists on the topic of consumers’ information search intention in the field of marketing (van Rijnsoever, Farla & Dijst 2009). Consumers search for information prior to most purchases (Liang & Huang 1998). In general, consumers tend to search for information about relevant brands or products in order to minimise the transaction or other types of risks (e.g., Shim et al. 2001; Laroche et al. 2004), especially if they are highly involved with the brand or product (Dowling & Staelin 1994). Due to the development of the Internet and explosion of social media, online
information has become an important and common source of information. Consumers’ intention to obtain information from a virtual community (online) has been related to their purchasing intention (Lu, Zhao & Wang 2010). In general, information searching behaviour appears to be positively related to purchasing behaviour (Shiu et al. 2011).

Despite of a wealth of literature on information search intention in general purchasing contexts, few studies have examined information search intention in the negative brand information context. Pan (2011) found that consumers increasingly searched and browsed online consumption reviews before they made purchases after they read negative online reviews about a brand. Turnbull, Leek and Ying (2000) argued that consumers tended to search for more information about the brand affected by negative brand information, and their intention to search for information was positively related to uncertainty avoidance. Further, research is needed to examine how negative brand information influences information search intention in different product contexts.

Another possible behavioural response to negative brand information is to engage in the negative WOM (NWOM). WOM (consumer to consumer) in general are regarded as more trustworthy and credible than advertising (company to consumer) (Senecal & Nantel 2004). Most current WOM studies focus on consumers’ WOM intention related to positive information. Interaction among consumers, such as WOM in virtual communities, leads to a higher degree of trust in the discussed brands or products, as well as higher purchasing intention than the information consumers receive from other media (Chang & Dong 2014). However, very few studies investigated the negative WOM activities in relation to negative brand information. One exception is Chelminski and Coulter (2011) who found that consumers may share negative WOM with other acquaintances to prevent the latter from purchasing the same product.
The second key challenge is that little is known about whether consumers’ reactions to negative brand information vary in relation to cultural differences. In other words, does culture influence consumers’ responses to negative brand information? It is widely accepted that culture influences consumer judgments and choice behaviour; however, this is still a rapidly emerging area of research focus (Money, Shimp & Sakano 2006). Culture impacts consumer behaviour at the country and individual level, as different elements of culture can be internalised by individuals dependent on their experiences (Schwartz 2014).

Differences in information search and sharing behaviour have been attributed to cultural differences. For example, as compared with Australian consumers, Singaporean consumers are more willing to share information only with people they trust, such as close friends. In contrast, Australian consumers are more likely to engage in sharing information with unfamiliar people (Lam, Lee & Mizerski 2009). Romanian consumers are more willing to do information search than British consumers in order to make a better preparation for a particular consumption situation (Meeuwesen, Brink-Muinen & Hofstede 2009). Additionally, Mexican consumers are more likely to receive negative brand information from similar status colleagues while American consumers are more open to be informed by others from different statuses (Greer & Stephens 2001).

A number of studies have attributed consumer response to negative brand information in different countries to Hofstede’s cultural dimensions, including individualism/collectivism, uncertainty avoidance (UA) and power distance (PD). For example, consumers from a more collectivist country (China) were more likely to share negative views among relatives, friends and family members than those from a more individualistic country (America) (Kim, Wen & Doh 2010). Further, consumers from more collectivist cultures (e.g., China, Korea) are more willing to find a middle position
of the two pieces of negative brand information while consumers from high individualistic cultures (e.g., America) prefer to evaluate each piece of negative brand information independently (Nisbett et al. 2001).

In general, consumers from a high uncertainty avoidance culture (Singapore) are more likely to engage in sharing information with others than those from a low uncertainty avoidance culture (Australia) (Lam, Lee & Mizerski 2009). Those from a high uncertainty avoidance culture (China), as compared with those from a low uncertainty avoidance culture (e.g., America), are more willing to ask questions on the Internet after the negative brand information exposure and more likely to engage in negative WOM communication if they are uncertain about the product or service which they want to buy (Fong & Burton 2006).

Consumers from low power distance countries (e.g., America) were found to be more willing to engage in negative WOM in an online buying situation than those from high power distance countries (e.g., China, Japan) (Singh, Zhao & Hu 2005). Schulz et al. (2009) also found that consumers from high power distance cultures (China) were less willing to engage in negative WOM than low power distance cultures (Chile) in front of their supervisors, to avoid the potential humiliation.

These reported studies shared a common limitation; that was, they did not measure culture dimensions but assume differences between consumers from different countries are due to the country level cultural characteristics (e.g., China is high in collectivism and low in uncertainty avoidance). However, Fischer and Schwartz (2011) found that reported values varied much more between individuals than between countries. Research is needed to assess the impact of individual differences in the internalisation of cultural dimensions.
Another challenge comes from the way in which negative brand information has been studied in the literature. Many studies have focused on perceived risk to operationalise the nature of negative brand information. Perceived risk is a key factor influencing consumer purchasing decision (Weinstein et al. 2007; Peter & Ryan 1976; Bauer 1960; Mitchell 1999; Aaker 2012). It has both a direct influence on consumer attitude and an indirect influence towards willingness to purchase (Heijden, Verhagen and Creemers 2001). Huang, Chou and Lan (2007) suggested that consumers were more likely to notice messages or information about higher risk incidents. However, risk is a multi-dimensional construct, with many different dimensions of risk being suggested in the literature. Based on Bauer’s (1960) overall measure of perceived risk, Jacoby and Kaplan (1972) suggested that risk should be treated with specific dimensions such as financial risk, performance risk, social risk, physical risk and psychological risk. Time risk was also identified by Roselius (1971) as a dimension of perceived risk (Stone & Grønhaug 1993; Dholakia 1997). Additional aspects of risk have become apparent after the development of the Internet: privacy risk (Cases 2002; Pikkarainen et al. 2004) and security risk (Pikkarainen et al. 2004). It is likely that perceived risk is an outcome of negative brand information rather than a part of the construct itself.

Recent negative brand information studies have suggested using perceived severity to describe the nature of the negative information. For example, when consumers are exposed to more, as compared to less, severe negative brand information, they evaluated the brand more negatively (Zhang and Taylor (2009), including a greater perception of perceived brand risk (Chiou, Hsu & Hsieh 2013). Further, consumers had a stronger intention to share severe negative information than milder one with others (Warren & Berger 2011). However, few studies have examined how the severity of negative brand information impacts consumers’ behavioural responses such as information search and negative WOM.
The last challenge comes from the limited scope of product categories that have been studied in relation to negative brand information. It is likely that the nature of the product category will influence consumers’ attitudinal and behavioural responses to negative brand information. Consumers may be more influenced by negative brand information with regards to goods rather than services, because consumers pay more attention to the direct outcome of their consumption and the reviews of tangible goods than intangible services (Batra & Ahtola 1991; Mort & Rose 2004). Tax, Brown and Chandrashekar (1998) found that consumers were more likely to share negative experiences of services with others as compared to goods. They argued that this was due to the complexity of services as compared to goods. Service evaluation relies heavily on consumers’ trust and experience, and services are difficult to evaluate prior to consumption than goods (File, Judd & Prince 1992). Thus, it may be true that consumers are more willing to search for information or engage in negative WOM if they are exposed to the negative brand information concerned with service, because they want to avoid such experiences. Further research is needed to examine whether the nature (tangible goods or intangible services) of the product influences consumers’ responses to negative brand information.

In summary, this thesis hopes to address a number of important research gaps: 1. besides brand attitude and purchasing intentions, would exposure to negative information influence any other consumers’ responses? 2. Would cultural values have any influence on consumers’ responses to negative brand information? 3. Would the nature of negative information have any significant influence on consumers’ responses? 4. Last but not least, would product categories have any influence on consumers’ responses?
1.3 Research Objectives

As indicated by Section 1.2, consumer evaluation of negative brand information is complex, and the whole process may be strongly influenced by the nature of information, the nature of product category and consumers’ cultural backgrounds. Negative brand information is disseminated among consumers through various formats. Negative publicity has always been disseminated via a key medium (e.g., television newspaper, or radio), so it is often more influential as compared to rumours or negative WOM (Ahluwalia & Gürhan-Canli 2000). Therefore, this current thesis will focus on the consumers’ reactions after they are exposed to negative publicity.

The overall objective of this thesis is to better understand the influence of culture, product category, and the type of negative publicity on consumers’ attitudinal and behavioural responses to negative publicity. Specific objectives are listed below:

1. To investigate how aspects of internalised culture influence consumers’ intention to search for information after a negative publicity exposure;

2. To investigate how aspects of internalised culture influence consumers’ intention to spread negative WOM;

3. To investigate how consumers’ intention to search for information influences brand attitude and purchasing intention;

4. To investigate how consumers’ intention to spread negative WOM influences brand attitude and their purchasing intention;

5. To investigate how attribution (blame factor) influences consumers’ intention to search for information and intention to spread negative WOM;
6. To investigate how the nature of information (e.g., low- versus high-severity level) influences consumers’ responses to negative publicity;

7. To investigate how product category influences relations hypothesised in 1, 2, 3, and 4;

8. To investigate whether internalised culture and attribution are still the major influences in driving consumers’ intention to search for information and intention to spread negative WOM when consumers are from another country.

1.4 Key Theories and Constructs

In order to understand how consumers respond to negative publicity - for example, if and in what way negative publicity influences consumers’ responses to the affected brand – it is necessary to have a good understanding of consumers’ processing of negative information. For this purpose, the Elaboration Likelihood Model (ELM) will be utilized in the current study. ELM was first proposed by Petty, Cacioppo and Schumann (1983). Through numerous revisions, ELM has been applied extensively in sociology, advertising, psychology and other fields (Petty, Wegener & White 1998; Korotkov et al. 2000; Fabrigar et al. 1998; Haugetvedt, Petty & Cacioppo 1992; Shavitt et al. 1994; Wood, Kallgren & Preisler 1985; Lacznia & Carlson 1989).

“Negativity Effect” is another key theoretical concept that aided the conceptual development of the current study. “Negativity Effect” claims that negative information is weighted more heavily than positive information, especially when consumers emphasise the content of information, such as the quality or credibility (Maheswaran & Meyers-Levy 1990; Ahluwalia 2002). Although there has been evidence showing
negativity effect in brand evaluations, none of the previous study has examined the negativity effect across different product categories or cultural context.

Last but not least, Hofstede’s cultural dimensions is another key theoretical framework adopted in the current studies (Søndergaard 1994; Steenkamp 2001). These cultural dimensions have not only been adopted in cross-cultural studies, but also studies on subcultures within a dominant culture (Lynn, Zinkhan & Harris 1993; Dawar & Parker 1994; Roth 1995; Sørnes et al. 2004). Despite the widespread adoption of these cultural dimensions research is yet explore the negative information context.

The key constructs of this thesis include internalised culture (Collectivism/Individualism, Uncertainty avoidance and Power distance), brand attitude, intention to search information, intention to spread negative WOM and brand purchasing intention. Collectivism/individualism is the degree to which a society focuses on group or individual values (Hofstede 2001). The dimension of uncertainty avoidance refers to the extent to which people feel threatened by ambiguity (Hofstede 2001). Power distance relates to the degree to which the less powerful members of a society accept and expect that power is distributed unequally (Hofstede 2001). Brand attitude, or attitude towards the brand, refers to the overall perception of a brand, which is an important component of brand value (Aaker 1991). Intension to search for information refers to Stigler’s (1961) Theory of the Economics. Intentions to spread WOM refers to the intention to engage in oral person-to-person communication between a receiver and a communicator whom the receiver perceives as non-commercial, regarding a brand, a product or a service’; WOM can be positive, neutral or negative (Anderson, 1998). Finally, brand purchasing intention refers to consumers’ behavioural intention towards purchasing a specific brand (Reinecke, Schmidt & Ajzen 1996).
1.5 An Overview of Study’s Research Methodology

This research includes three quantitative studies: Study 1, Study 2 and Study 3. In this section, the aims of each study will be briefly described and explained.

Study 1 aims to investigate Chinese consumers’ responses to negative publicity (low-versus high-severity) in the context of a service-dominated product category (banking). China is chosen for the first study, as it is an important market that has rarely been studied in relation to negative brand information. China is one of the largest and fastest growing emerging economies (Myers 2016), and has experienced dramatic economic and social change in the last 30 years (Kong, McKissack & Zhang 2012). China is viewed as an integral part of the regional triad of the globalisation process, as the best country for manufacturing goods, and most importantly, as a market with the largest consumer base (Rugman & Verbeke 2004; Yin & Choi 2005). In this highly competitive and complicated market, Chinese consumers are often exposed to negative brand information in their daily life (CACP 2015). In fact, they may be ‘too frequently’ exposed to negative brand information these days. Chinese consumers are also diverse. While China is characterised as a country that is relatively low in individualism, high in uncertainty avoidance and high in power distance (Hofstede 2001), consumers within China are likely to differ in the extent to which they internalise these aspects of their culture. Unlike previous research that examined cultural effects on reactions to negative brand information, this study measures the internalisation of individualism, uncertainty avoidance and power distance to test the impact of these variables within the country. A convenience sample of Chinese university students are exposed to negative publicity in a familiar service context.

Study 2 replicates Study 1 to examine whether the same responses to negative publicity would be found in a goods-dominated product category (juice) and extends Study 1 to
examine whether attributions (i.e., the negative publicity is attributed to the brand itself or not) influence Chinese consumers’ responses to negative publicity. Similar to Study 1, Study 2 adopts a quasi-experimental approach using two types of information exposures (low- versus high-severity negative publicity). A convenience sample of Chinese university students are exposed to negative publicity in a familiar goods context.

Study 3 replicates and extends Study 2, by examining Australian consumers’ responses to negative publicity with regards to a goods-dominated product (juice). Australia, the biggest country in the southern hemisphere, is also making important effort to contribute to the global economy. Compared with Chinese consumers, Australian consumers may have very different behaviours. In contrast to China, Australia is characterised as being relatively high in individualism, low in power distance and midrange in uncertainty avoidance (Hofstede 2001). Like China, Australian consumers are expected to differ in the extent to which they internalise these cultural aspects, and as such these constructs are measured in this Study. The same quasi-experimental approach (low- versus high-severity negative publicity) is used, along with a convenience sample of Australian university students.

1.6 Original Contributions and limitations

Theoretical and managerial contributions

The present study makes contributions in five main areas. Each of these extends the academic literature and has implications for practitioners.

The first major contribution lies in the influence of culture dimensions in consumers’ responses to negative publicity. This study measures a number of key cultural dimensions at the individual level, including individualism/collectivism, uncertainty avoidance and power distance, and empirically tests their effects in information search
intention and negative WOM intention. Study 1 and Study 2 examine the cultural influences in China, while Study 3 examines these influences in Australia.

Furthermore, this project compares cultural influences between two countries that differ widely in their cultures. This allows several country level hypotheses to be explored. For instance, when consumers from a more individualist culture (Australia) are exposed to negative publicity, their intention to search for information and engage in negative WOM about the negative publicity may be less seriously affected, as compared with those from a more collectivist culture (China). Further, consumers from a high uncertainty avoidance culture (China), compared with those from a lower uncertainty avoidance culture (Australia), may be more likely to have higher intention to search for information and engage in negative WOM about the affected brand after being exposed to its negative publicity. Moreover, consumers from a low power distance culture (Australia) may be more likely to search for information and engage in negative WOM about the negative publicity than those from a high power distance culture (China).

Understanding both cultural and individual differences in consumer response will help global firms to implement more effective marketing strategies in specific markets.

Second, findings from this project will increase knowledge about the attitudinal and behavioural responses to negative publicity. As discussed earlier, most previous research onlyfocuses on brand attitude and/or purchasing intention, whereas the current research examines two additional key behavioural outcomes: information search intention and negative WOM intention. The findings will help academics and practitioners to understand how information search intention and negative WOM intention may influence brand attitude and brand purchasing intention.

Third, little research has examined the influence of product category in the negative publicity context. This will be the first study to compare responses to negative publicity
between service-dominated and goods-dominated product categories. It is important for marketers to know if there are differences between these product categories before they design marketing communications to deal with negative publicity. The findings of the different responses resulted from different product categories (service-dominated vs. goods-dominated) should also help the firms tailor their marketing strategies based on the product categories.

Finally, this project will be the first empirical study to examine the influence of information characteristics on consumers’ information search intention and negative WOM intention after they are exposed to negative publicity. The severity of the information may also have an effect on consumers’ motivation to search or share information in the negative publicity context.

1.7 An Overview of the Thesis

This thesis is arranged into seven chapters: the introduction, the literature review, the methodology, results of Study 1, Study 2, and Study 3 and conclusions. Chapter 1 provides a background to the study, explains the influence of negative brand information on consumers’ responses to the affected brand, and identifies gaps in the negative brand information literature that highlight the importance of the present study. Chapter 2 explains the existing literature to providing a foundation for the present research and lists hypotheses tested in each study. Chapter 3 states the aims and outlines the methodology used to collect and analyse the data. Chapter 4 details the results obtained from Study 1. Chapter 5 details the results obtained from Study 2. Chapter 6 details the results obtained from Study 3. And finally, Chapter 7 summarises the key findings from the three studies and discusses the theoretical and practical implications as a whole.
The structure of the thesis is shown in Table 1.1.

**Table 1.1: The Structure of the Thesis**

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**1.8 Chapter Summary**

The present chapter highlighted the importance of research into consumers’ responses to negative brand information. The chapter listed a number of important research gaps in the negative brand information literature and suggested how these gaps could be addressed by the current research project. It discussed the potential contributions of the research and provided an overview of the thesis. The next chapter provides a detailed review of the existing literature and develops a set of hypotheses based on this review.
Chapter 2 Literature Review and Hypotheses Development

This chapter builds reviews of the existing literature to build the theoretical foundation for the current research. Section 2.1 discusses negative brand information and its different formats. Section 2.2 discusses consumer process of negative brand information, the Elaboration Likelihood Model (ELM), and how ELM applies to negative brand information. Section 2.3 discusses consumer responses toward negative brand information – brand attitude, information search intention, negative word-of-mouth intention and brand purchasing intention. Section 2.4 discusses culture, Hofstede dimensions, including individualism/collectivism, uncertainty avoidance, and power distance. Section 2.5 discusses the influence of product category – classifications and goods vs. services. Section 2.6 discusses the influence of information severity. Finally, Section 2.7 discusses consumer type – current vs. potential consumers.

2.1 Negative Information: Types and Formats

Negative brand information is disseminated among consumers through various formats. Rumours, negative word-of-mouth (WOM) and negative publicity are the three most frequently studied forms in the marketing field. One of the main differences between formats is whether or not the information is verified (Shimp & Andrews 2013).

A rumour is generally an unverified account or explanation of events that is circulating from person to person pertaining to an object, event or issue of public concern (Peterson & Gist 1951). If a rumour is related to a business, it is usually called a commercial rumour. Commercial rumours are defined as unverified information about a product, service, brand, corporation or any other target in commerce which has already been spread through different types of media (Shimp & Andrews 2013).
Rumours often influence sales, damage brand reputations and finally lead to a decrease in prices, even though they are unverified by authority. For example, sales of McDonald’s decreased by more than 25% after it was involved in a rumour that there was worm meat in its hamburgers (Greene 1978). Another company, Procter and Gamble (P&G) was the subject of two rumours. The first rumour was that P&G’s logo actually meant ‘Satan’, which caused a significant negative impact on its brand image and sales (Bazin 2014). The second rumour, purportedly spread by ‘Amway’, claimed that P&G made a donation to the Church of Satan, which resulted in millions of lost sales (AP 2007). A rumour can cause a brand to end up in a situation of ambiguity ‘primarily involving information seeking or information creating’ (Shibutani 1966, p.388). In other words, once a rumour starts, curious consumers may search for information about the affected brand. More specifically, consumers may wish to find out whether the rumour is true or not (e.g., a rumour may be a conspiracy which is created by its competitors).

Negative rumours may be classified as contamination or conspiracy rumours (Shimp & Andrews 2013). A contamination rumour contains negative and unverified information directly related to the brand (i.e., poor quality). A conspiracy rumour contains negative information that is related to the business practice or philosophy (i.e., a luxury brand uses child labour to make their garments). Consumers are generally aware of the fact that negative rumours may not be true because they have yet to be verified by authorities; however, Tybout, Calder and Sternthal (1981) reported that after consumers were exposed to the rumour that the hamburgers of McDonald’s contained worm meat, they were inclined to have unfavourable evaluations of consumption at McDonald’s even though they knew that the rumour was unverified.
Word-of-mouth (WOM) has been defined as ‘all informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services or their sellers’ (Westbrook 1987, p.261). It is considered to be an informal (or unverified) information exchange about a product, service or brand traded among people (usually face-to-face) (Dichter 1966). WOM has received an increasing amount of research interest because it is a very important channel for consumers to share information with others (Keller & Berry 2003). If WOM is spread on the Internet, it is defined as electronic WOM (eWOM) (Hennig-Thurau et al. 2004).

Positive WOM can attract new consumers and develop positive brand image (Trusov, Bucklin & Pauwels 2009), but WOM is not always positive or neutral; it can be negative as well (Anderson 1998). Negative WOM is defined as ‘interpersonal communication among consumers concerning a marketing organization or product which denigrates the object of the communication’ (Richins 1984). Negative WOM is an important form of negative brand information (Brown et al. 2005; Chung & Darke 2006), which includes all negative, formal or informal communications among individuals about their evaluations of products or services (Wetzer, Zeelenberg & Pieters 2007). Negative WOM is likely to have a negative influence on a brand, such as reducing consumers’ attention to the brand, or developing an unfavourable brand image, brand attitude or purchasing intention (Nyer & Gopinath 2005; Charlett, Garland & Marr 1995).

Negative publicity is another form of negative brand information, which is defined as the ‘non-compensated dissemination’ of negative brand information in major media channels (such as newspapers, TV, or radio) (Sherrell & Reidenbach 1986). Two types of negative publicity have been identified: performance-related and value-related negative publicity (Dean 2004). In a performance-related negative publicity, a brand is
involved in negative publicity which is related to the functional aspects of the brand, such as product quality. A value-related negative publicity is about business practices or ethical problems, such as child labour. The recent research illustrates that consumers may have stronger negative responses to value-related negative publicity than performance-related negative publicity (Liu & Sweeney 2011; Pullig, Netemeyer & Biswas 2006).

Negative publicity may be available to be seen by more people than rumours or negative WOM, as it is publically broadcast by mass media. In general, negative publicity will bring more serious effects on the concerned brand than negative rumours or negative WOM because the information from negative publicity is often confirmed and verified by authorities (Kim, Carvalho & Cooksey 2007). Since the information from negative publicity has been disseminated via a major medium, it is generally believed that negative publicity will be seen as more credible than rumours and negative WOM; therefore, the influence of negative publicity may be stronger than that of rumours or negative WOM (Bond & Kirshenbaum 1998), and negative publicity is often easier for the public to accept as compared to rumours or negative WOM (Ahluwalia & Gürhan-Canli 2000). Kim, Carvalho and Cooksey (2007) found that negative publicity damages the public image of an affected brand and can result in far less support from consumers. For instance, the ticket sales of the movie Mission Impossible 3 lost at least $100 million due to the negative publicity of its leading actor Tom Cruise, as estimated by Chairman Sumner Redstone (Burrough 2006). Movie experts argued that it was ‘almost impossible to recover from bad buzz’ (James 2006).

In summary, DDB Needham Worldwide (Advertising Age 1995) stressed that negative publicity is one of the most important factors that affect consumers’ buying behaviour.
Due to these reasons, the current study will focus on the consumers’ reactions after they are exposed to negative publicity.

2.2 Consumer Processing of Negative Information

2.2.1 Elaboration Likelihood Model (ELM)

In order to understand how consumers respond to negative brand information - for example, whether and in what way negative brand information influences consumers’ responses to the affected brand – it is necessary to have a good understanding of consumer processing of negative brand information. The Elaboration Likelihood Model (ELM) has been widely adopted in the marketing field in order to understand how consumers process information. ELM was first proposed by Petty, Cacioppo and Schumann (1983). Through numerous revisions, ELM has been applied extensively in sociology, advertising, psychology and other fields (Petty, Wegener & White 1998; Korotkov et al. 2000; Fabrigar et al. 1998; Haugtvedt, Petty & Cacioppo 1992; Shavitt et al. 1994; Wood, Kallgren & Preisler 1985; Laczniak & Carlson 1989).

The ELM distinguishes two distinct routes to consumer attitude change related to information process: the ‘central route’ and the ‘peripheral route’. The ‘central route’ of persuasion occurs when consumers take seriously, and analyse comprehensively, the information that is relevant to the characteristics of the object itself. In contrast, the ‘peripheral route’ of persuasion takes place when consumers progress certain objects via peripheral cues - such as source, argument quantity, and others - instead of the characteristics of the object itself.

ELM theory demonstrates that the elaboration likelihood of the consumer depends on their motivation and ability to process relevant information. When consumers are motivated and able to process information in depth, they assess object-relevant
information based on the knowledge that they already possess and arrive at rational attitudes, a process known as the ‘central route’ to persuasion. In contrast, when people are less motivated or unable to process object-relevant information, attitudes can be changed through peripheral cues. The degree to which consumers scrutinise relevant information is then reduced, and the change in attitude results from a resource that demands processes that do not require the serious evaluation of the object-relevant information (Petty, Wegener & Fabrigar 1997). Factors, such as repetition, distraction, and knowledge, affect consumers’ processing of information (Petty & Cacioppo 2012).

Finally, attitude changes induced under the central route are postulated to be relatively enduring, resistant, and predictive of behaviour (Petty & Cacioppo 1980; Petty, Cacioppo & Goldman 1981). In contrast, attitude changes induced under the peripheral route are postulated to be relatively temporary and unpredictable of behaviour.

2.2.2 ELM and Negative Brand Information

ELM can also be applied to consumer processing of negative brand information. It is generally believed that consumers will have a higher level of motivation, and subsequently, pay more attention to negative brand information than positive information. Motivation represents how much consumers are willing to process information (MacInnis, Moorman & Jaworski 1991). Ability is another factor which determines whether consumers are able to process information via the central route. For example, some consumers might simply have more knowledge compared to others, so they are able to process information more objectively.

The reason why consumers may be more motivated to process negative brand information than positive information is because negative brand information is thought to be more ‘diagnostic or informative’ than positive information (Maheswaran &
Meyers-Levy 1990; Skowronski & Carlston 1989). For example, consumers tend to categorise a product as low quality after being exposed to relevant negative brand information. However, if they are exposed to positive or neutral information, they are less motivated to change their categorisation of the relevant product (Herr, Kardes & Kim 1991). Thus, negative brand information is weighted more heavily than positive information, especially when consumers emphasise the content of information, such as the quality or credibility. As discussed in the introduction section, this refers to the ‘negativity effect’ (Maheswaran & Meyers-Levy 1990; Ahluwalia 2002).

However, the negativity effect has been challenged in the past. For example, Smith et al. (2006) argue that consumers may place more weight on positive information than negative brand information if the positive information has been repeated several times, whilst the negative brand information has occurred only once. Shimp and Andrews (2013) also find that the negativity effect is conditional, and whether it occurs or not depends on consumers’ motivation and ability to process the information. Specifically, when a consumer has a high level of motivation and ability to process negative brand information, they may go through the central route of processing; thus, their attitudes may be more seriously affected by negative brand information. Furthermore, when the consumer’s motivation and ability are very strong, the effects of negative brand information may be extended from attitude to behaviour (or behaviour intention), which suggests a higher stage of information processing (Shimp & Andrews 2013). In other words, motivation and ability may influence not only attitudinal responses but also behavioural responses. Alternatively, if a consumer has a low level of motivation and ability towards negative brand information then he or she may be less likely to devote effort to process negative brand information. Hence, it is less likely that these consumers will go through the central route of processing, so their attitudes should be less affected.
In summary, negative brand information is more likely to lead to consumers having a higher motivation to process the information than positive brand information. The higher motivation and ability consumers have, the more likely negative brand information will have more significant and negative effects on their attitudinal, and even behavioural responses. Further, when considering a situation in which elaboration is high, the individual should form or change attitudes more contingent on the characteristics of the object (e.g., the characteristics of the negative brand information in the current study).

2.3 Consumer Responses towards Negative Brand Information

Most of the western literature examines the impact of negative brand information from the brand value perspective. In generally, negative brand information is believed to have a negative effect on brand value, for example, resulting in negative attitudinal and behavioural responses toward the affected brand (Shimp & Andrews 2013).

2.3.1 Brand Attitude

Brand attitude, or attitude towards the brand, is one of the most frequently studied attitudinal responses in the context of negative brand information. Brand attitude refers to the overall perception of a brand, which is an important component of brand value (Aaker 1991). Most previous studies have claimed that negative information has a direct, significant and negative effect on consumers’ overall attitude towards the affected brand, which will ultimately result in damage to the brand value (Dawar & Pillutla 2000; Dentoni et al. 2011; Ahluwalia, Burnkrant & Unnava 2000).

A number of factors may influence the extent to which brand attitude is changed under negative brand information exposure. For example, different types of negative brand
information have different effects on consumers’ attitude toward the affected brand. Although both performance-related and value-related negative publicity have been found to harm brand attitude (Pullig, Netemeyer & Biswas 2006; Dutta & Pullig 2011), value-related negative publicity may influence brand attitude change more quickly and significantly than performance-related negative publicity (Pullig, Netemeyer & Biswas 2006; Liu & Kanso 2011). In addition, the negative influence of negative publicity on consumers’ brand attitude is not significant when consumer’s prior brand attitudes are held with a considerable amount of certainty. In contrast, the negative influence is significant when consumer’s prior brand attitudes are held with a low amount of certainty (Pullig, Netemeyer & Biswas 2006). However, the participants in this study are undergraduates in the United States of America (USA), so the results may only represent how Western consumers evaluate negative publicity. If the participants are Eastern consumers, such as Chinese consumers, the results may be different due to cultural difference.

As mentioned previously, negative information about brand celebrity endorsers can reduce consumers’ favourable attitude toward the endorsed brand (Till & Shimp 1998; Amos, Holmes & Strutton 2008). A large number of brands frequently select famous athletes as their endorsers because they usually have a large market exposure, have good rapport with the media, are known by most consumers and able to attract their attention, and are more likely to be regarded as honest and charismatic as compared to other celebrities (Shimp & Andrews 2013). However, when an athlete endorser is involved in negative publicity, consumers’ favourability towards the endorser and the brand will be significantly reduced (Murray 2012).

Negative brand information about sub-brands or brand extensions may also influence consumers’ attitude towards the parent brand. After consumers are exposed to negative
brand information about a brand extension, their attitude becomes less favourable towards both brand extension and the parent brand (Zhang & Taylor 2009). Furthermore, negative brand information of a more severe nature has a more significant negative impact on consumers’ attitude towards the parent brand as compared to negative brand information of a mild nature (Zhang & Taylor 2009).

Information characteristics may also influence consumers’ brand attitudes. For example, the proportion and quality of negative online consumer reviews may affect brand attitude. Consumers’ attitude towards a brand becomes significantly less favourable when they see a higher proportion of negative online consumer reviews (Lee, Park & Han 2008). Moreover, high-quality (containing reviewers’ details and detailed contents) negative online consumer reviews have considerably more negative impact on consumers’ attitudes than low-quality negative online consumer reviews (Lee, Park & Han 2008).

In the negative brand information context, consumer characteristics (e.g., low- and high-commitment consumers) may also affect consumers’ attitude towards the brand. For example, while consumers’ attitude towards a brand becomes less favourable after they are exposed to negative brand information, consumers with a strong commitment often attempt to defend the brand against negative brand information, resulting in an insignificant reduction in their attitude. Conversely, consumers with low commitment are less willing to counter-argue any negative publicity and their attitude towards the brand is reduced significantly after they are exposed to negative publicity (Ahluwalia, Burnkrant & Unnava 2000). Gender is another factor that may influence consumers’ attitude towards the brand after being exposed to negative brand information. For example, gender influences consumers’ perceptions of brand credibility, with female consumers having less favourable perceptions of the credibility of the affected brand.
compared to male consumers; this causes female consumers to have a less favourable attitude towards the brand than male consumers (Bailey 2005). Compared with male consumers, female consumers’ attitudes become less favourable to the affected brand more rapidly, after being exposed to simple negative brand information (Edwards & La Ferle 2009). Similar results have also been found when consumers are exposed to negative publicity about the brand endorser (Murray 2012).

Overall, negative brand information may have negative influence on consumers’ attitude towards the affected brand (Dawar & Pillutla 2000; Dentoni et al. 2011; Ahluwalia, Burnkrant & Unnava 2000). However, the strength of the influence appears to be impacted by many factors, including the type of the negative brand information, the characteristics of the negative brand information, and the characteristics of the consumers.

### 2.3.2 Information Search

Another possible behavioural response to negative brand information is to search for more information. For example, when a consumer is exposed to negative brand information, he or she may search for information regarding the affected brand or speak with friends or family members about the affected brand (Shaw & Steers 2000). This reaction to negative brand information has received little attention in the marketing field.

In general, consumers’ information search intention has been extensively studied within the field of marketing (van Rijnsoever, Farla & Dijst 2009). The concept of search dates back to Stigler’s (1961) Theory of the Economics of Information which posits that consumers will not stop searching for information until the ‘point where the marginal cost of acquiring additional information equals or exceeds the marginal benefit’. Consumers’ primary motivation to search information is to satisfy their information
needs which are related to product knowledge (Grant, Clarke & Kyriazis 2007). There are two basic types of information search: internal and external. In the context of an internal information search, a consumer uses his or her own memory to search for relevant information. In the context of an external information search, a consumer searches for relevant information through any kind of source other than the consumer’s own memory (Jepsen 2007). The current study will focus on external information search.

A number of external information search (or information seeking) frameworks have been proposed in the literature. For instance, Johnson (1997) proposed a comprehensive model of information seeking in the context of patients seeking information about cancer. The information seeker’s demographics, his or her experience of the area of interest, his or her beliefs and the salience of information, are all believed to determine whether the information seeker looks for additional information or not (Johnson 1997). Information factors, such as the perceived credibility, authority, accuracy and comprehensibility of the information, also influence individuals’ decisions to seek information from a particular source (Johnson 1997). Wilson (1999) proposed a psychological model which identified three categories of needs related to information-seeking behaviour: physiological needs (i.e., food and shelter), affective or emotional needs (i.e., achievement) and cognitive needs (i.e., learning a skill). The model also identified passive search, which happens coincidentally when searching for other information, and active search, in which an information seeker actively searches for some particular information (Wilson 1999). Kuhlthau (2005) proposed the information search process model based on library users. This model breaks down the information-seeking process into emotional, cognitive and physical experiences stages.

Most of the models of information search stress that information search is influenced by contextual, demographics and psychological factors. Contextual factors refer to the
environmental factors under which consumers search for information, such as culture, location, social influences, work, finances and technology (Wilson 1999). Demographic factors include the information seeker’s age, sex, ethnicity, or socio-economic status (Leckie, Pettigrew & Sylvain 1996). Psychological factors include the information seeker’s personality and mental processes, such as self-perception, self-efficacy, perceptions of others, perceptions of the knowledge gap, or perception of risk (Robson & Robinson 2013).

Information search has also been extensively studied in the consumer context. For example, Liang and Huang (1998) and Turnbull, Leek and Ying (2000) found that consumers would search for information before making a purchase in order to minimise the transaction or other types of risk. Shim et al. (2001) presented empirical evidence that consumers’ intention to search for information had a positive influence on consumers’ purchasing intentions in an online shopping environment. Peterson and Merino (2003) reported that information search increased a consumer’s brand engagement which subsequently increased the consumer’s purchasing intention. In other words, consumers are more likely to make a buying decision if they have spent time and effort on information search. Turnbull, Leek and Ying (2000) also claimed that consumers tended to search for more information if they believed that their potential purchase would involve a high level of risk.

The Internet has revolutionised information search (Peterson & Merino 2003). In this medium, both current and potential consumers are able to share and search for information in a time efficient manner (Lee, Law & Murphy 2011), which enhances consumers’ information search intention and interactions (Garbarino & Lee 2003). Based on the convenience of the Internet, consumers are more likely to search for more information if they think the information which they receive in their real life is different
from the information found on the Internet (Garbarino & Lee 2003). Interestingly, although consumers often read online reviews before they purchase products, they are more likely to trust negative online product reviews rather than positive ones (Ong 2011).

Despite a considerable body of literature on information search, only a handful of studies have explored information search in the context of negative brand information (Shibutani 1966; Shaw & Steers 2000). After consumers are exposed to negative brand information, it seems that they will search for further information in order to know more about the affected brand (Shaw & Steers 2000). Kim and Song (2010) and Pan (2011) both found that exposure to negative online reviews enhances consumers’ information search intention. However, consumers’ information search intention may be moderated by the severity of the negative brand information. For example, when the negative brand information is very extreme (or serious), a consumer is likely to search for more information about the affected brand; but if the negative brand information is mild, consumers may have less interest in searching for further information. The relationship between negative brand information and information search may be moderated by demographic and cultural variables as well (Shaw & Steers 2000).

The relationship between information search and brand attitude should warrant more research attention. In an online shopping environment, there seems to be a positive relationship between brand attitude and consumers’ intention to search for information (Shim et al. 2001; Watchravesringkan & Shim 2003). In other words, the more positive a consumer’s attitude towards the brand is, the more information searching the consumer is willing to engage in. A significant relationship, however, may also exist in the negative information context. As suggested by Shaw and Steers (2000), consumers are likely to search for information about the affected brand after being exposed to
negative brand information. In summary, the information searching intention resulting from the negative brand information exposure may influence the consumer’s formation of overall brand attitude and brand purchasing intention.

2.3.3 Negative Word-of-Mouth

In addition to information searching, another possible behavioural outcome of consumers after being exposed to negative brand information is consumer engagement in WOM activities. Consumers may wish to communicate with other people about the negative brand information and the affected brand. This assumption has been supported by Lam, Lee and Mizerski (2009), who found that negative brand information prompts consumers to engage in information-sharing activities. However, consumers may be more willing to communicate with people who have similar information sources, rather than those who don’t (Gilly et al. 1998). As discussed in earlier sections, sharing negative information from person to person is often called negative word-of-mouth (NWOM). Consumers tend to engage in negative WOM with their acquaintances to prevent the latter from purchasing the same product or brand if they themselves have had an unpleasant experience (Chelminski & Coulter 2011).

As discussed earlier, negative WOM is an important form of negative brand information (Brown et al. 2005; Chung & Darke 2006). Consumers may spread negative WOM if they are not satisfied with a brand (for example, spreading the negative information and persuading their family and friends not to purchase the brand) (Hickman & Ward 2013). Also, if consumers are unable to complain to the firm after unsatisfactory services such as car repairs, their attitude towards the firm will be significantly worse and they are more likely to engage in negative WOM (Nyer & Gopinath 2005).
Limited studies have investigated negative WOM in the context of negative brand information (Brown, Broderick & Lee 2007). Arndt (1967) and Goldenberg et al. (2007) both found that consumers’ intention to engage in negative WOM activities has a negative relationship with purchasing intention of the affected brand. Similarly, two previous studies, Charlett, Garland and Marr (1995) and Phau and Sari (2004), both found a negative relationship between negative WOM and attitude towards the affected brand. It seems that consumers are less likely to buy a product after they are exposed to negative WOM, and they tend to spread the negative WOM to other potential consumers to warn them not to buy it (Goldenberg et al. 2007). Consumers’ willingness to generate negative WOM (transferring their own negative service or consumption experiences to others) and transmit negative WOM (sharing negative service or consumption experiences with other consumers) is likely different. Chelminski and Coulter (2011) found that consumers tended to share negative WOM with others in order to warn their friends to avoid low-quality products or services that they were not satisfied with. Further, consumers who have high levels of consumer advocacy are more likely to have a higher intention to share negative WOM with others. Compared to satisfied service or consumption experiences, consumers are more willing to share their unsatisfied ones with their friends or families in order to advise them to avoid those products or services (Lau & Ng 2001).

Due to the fast development and convenience of the Internet, electronic WOM (eWOM) has become a major tool for consumers to rapidly share information with a large number of other consumers (Hennig-Thurau, Walsh & Walsh 2003; DuBois 2012). Consumers like to share and create information via online communities; they often want to exchange the latest information with others (Kim & Song 2010). Consumers can use an online community, such as a chat room to share their knowledge of products or services with others, and they can exchange negative product knowledge at any time (Lihua,
Jichao & Ping 2010; Thomas, Peters & Tolson 2007). Furthermore, community members can read others’ reviews and share their own or others’ information with each other before or after their purchases. Phau and Sari (2004) suggested that consumers had a range of personal or public actions if they were dissatisfied with a product or service. Apart from complaints to sellers, they may avoid purchasing the product or service with which they are unsatisfied, and share negative WOM with other consumers.

Importantly, negative brand information can be spread exponentially by consumers through social media such as Twitter, and potential consumers can share the negative message with others even when they have not bought the product before (DuBois 2012). Hennig-Thurau, Wiertz and Feldhaus (2012) suggested that Facebook and Twitter were also popular tools for consumers to share their evaluations of products or services with a large number of followers, immediately after, or even when, they were experiencing the product or service. For instance, consumers may evaluate a movie’s quality online while they are watching it, which can influence their followers’ decisions. Furthermore, if the evaluations are written by a celebrity or valued source, followers may also forward these evaluations, particular negative evaluations to their friends (Hennig-Thurau, Wiertz & Feldhaus 2012).

Culture is another potentially important factor that can affect consumers’ WOM intention. Lam, Lee and Mizerski (2009) found that consumers who are from high levels of uncertainty avoidance cultures are more willing to share information with their friends or relatives. In contrast, consumers from low levels of uncertainty avoidance cultures are more likely to share information with out-group people who they are not even familiar with.

In summary, WOM is a common response after consumers have been exposed to interesting information (either positive or negative). Consumers engage in WOM
through different mediums (e.g., face-to-face, the Internet and social media), and negative WOM appears to spread much faster than positive WOM. Consumers are more likely to engage in negative WOM to help others avoid a negative purchase experience than they are to engage in positive WOM. Thus, negative brand information may have a significant influence on consumers’ negative WOM intention.

2.3.4 Brand Purchasing Intention

In the marketing area, one of the most frequently studied behavioural responses of consumers is brand purchasing intention, which is a good indicator for consumers’ actual buying behaviour (Reinecke, Schmidt & Ajzen 1996). Negative brand information may lead to detrimental consequences on the affected brand (Dean 2004; Dellarocas, Zhang & Awad 2007), such as a decrease in sales (Mahajan, Muller & Kerin 1984; Liu 2006). A large number of studies have found that negative brand information (in the form of reviews, WOM, messages, or rumours) may reduce consumers’ purchasing intentions and actual buying behaviour (Tybout, Calder & Sternthal 1981; Wyatt & Badger 1984; Huang & Chen 2006).

Negative brand information may have negative effects on brands in the goods-sector as well as brands in the services-sector. Numerous studies have detected a negative impact of negative brand information on consumers’ purchasing intentions towards goods-dominated products such as books, clothing, sunglasses, cameras or films (Griffin, Babin & Attaway 1991; Skowronski & Carlston 1989; Huang & Chen 2006; Wyatt & Badger 1984; Scott & Tybout 1981). Similar results have also been obtained from service-dominated products such as restaurants, cleaners, health spas or beauty salons (Weinberger & Dillon 1980; Cheng, Lam & Hsu 2006). Hence, the impact of negative
brand information appears to be often consistent across different types of industries or products.

However, the effects of negative eWOM may be different according to different stages of the consumers. Park and Lee (2009) identify that negative eWOM decreases consumers’ purchasing intention significantly when consumers are in the information search stage. Additionally, consumers’ intention to purchase significantly decreases after they are exposed to complete and detailed negative eWOM as compared to brief negative eWOM (Hennig-Thurau, Walsh & Walsh 2003).

The source of negative brand information also influences consumers’ intention to purchase. For example, compared with the information which is provided by sellers, potential consumers are more likely to trust the information provided by previous consumers. Sellers usually provide more information about the product itself such as product attributes, function and quality, while consumer product reviews are explained from consumers’ point of view and offer some extra information such as product weakness which sellers are always not willing to tell potential consumers (Lee, Park & Han 2008). Therefore, eWOM has a significant influence on consumers’ purchasing behaviour because potential consumers rely on the online reviews which have a consumer perspective and which can provide a believable recommendation (Lee, Park & Han 2008). Moreover, high quality negative eWOM (understandable, credible, detailed) decreases consumers’ purchasing intention more than low quality negative eWOM (Lee, Park & Han 2008), and consumers are more likely to change their purchasing intention towards their unfamiliar Internet sellers rather than their familiar sellers (Chatterjee 2001).

Consumer characteristics, such as gender, may influence consumers’ intention to purchase the brand after being exposed to its negative brand information. For example,
the purchasing intention of female consumers to a brand is more likely to decrease compared with male consumers after they are exposed to negative publicity (Murray 2012). In addition, compared with male consumers, female consumers are more willing to reply to online reviews for product information and recommendations from other consumers (Bae & Lee 2011). However, after consumers are exposed to a negative online review, the negativity effect of it is more significant for female consumers than for male consumers. Thus, negative online reviews have a stronger influence on the decrease of purchasing intention for female consumers than male consumers (Bae & Lee 2011).

As discussed, negative brand information may decrease consumers’ purchasing intention towards the affected brand. Furthermore, consumers may switch to other brands after they are exposed to the negative brand information about their original purchased brands (Zhang 2011). Nevertheless, a number of studies also challenge the findings that negative brand information only has negative consequences on the affected brand. For instance, some marketers believe that negative publicity associated with brand celebrity endorsers will increase brand awareness, which is a key measure of brand value (Donaton 2002). For example, Berger, Sorensen and Rasmussen (2010) found that although negative publicity damaged the sales of the books that were already well known, it promoted the sales of the books that were relatively unknown. More specifically, the sales of books written by relatively unknown authors increased after consumers were exposed to negative publicity, whereas the sales of well-established authors decreased by the same negative publicity. Therefore, negative publicity may raise consumers’ purchasing intention of unknown products by making consumers more aware of it.
2.4 Culture

**Hofstede’s Culture System**

Tylor (1891, p.23) defined culture as ‘a complex whole that includes knowledge, belief, art, morals, law, custom and other capabilities and habits acquired by man as a member of society’. It has long been recognised that culture is important in explaining behaviour in different nations (Hsieh, Pan & Setiono 2004). Consumers from different cultures may have different responses to negative brand information due to the cultural differences. Lam, Lee and Mizerski (2009) found that Singaporean consumers were more likely to share information only with people they trusted (such as close friends) whilst Australian consumers were more likely to engage in sharing information with unfamiliar people. Meeuwesen, Brink-Muinen and Hofstede (2009) also found that Romanian consumers were more willing to conduct information search in order to be better prepared for a particular consumption situation than British consumers (Meeuwesen, Brink-Muinen & Hofstede 2009). However, very limited studies have investigated the impact of culture on consumers’ reactions in the negative brand information context. For example, Greer and Stephens’s (2001) study found that consumers from Mexico were more willing to accept negative brand information from colleagues of similar status whereas consumers from the U.S. were more open to be informed by colleagues from different statuses.

Hofstede’s (1984) cultural system is one of the most widely adopted frameworks in the marketing field (Søndergaard 1994; Steenkamp 2001). Hofstede (1984) empirically derived four dimensions at the national cultural level: ‘collectivism/individualism’ (CI), ‘uncertainty avoidance’ (UA), ‘masculinity/femininity’ (MF) and ‘power distance’ (PD). The dimension of collectivism/individualism examines the degree to which a society focuses on group or individual values. The dimension of uncertainty avoidance refers to
the extent to which people felt threatened by uncertain risks. The dimension of masculinity/femininity refers to the extent to which a society focuses on role differentiation and masculine values such as assertiveness, toughness and success or feminine values such as modesty, tenderness and emphasising the quality of life. Finally, power distance explains how the less powerful individuals of organisations and institutions accept and expect that power is distributed unequally. In the early 1990s, Hofstede, Hofstede and Minkov (1991) added the fifth dimension, which is ‘long-term/short-term orientation’. This dimension explains that in long-term orientation cultures, people are more likely to be concerned with shame and persist in keeping good relationships, while in short-term orientation culture, people are more willing to ‘save face’, and follow traditions, reciprocate gifts or greetings.

Hofstede’s culture dimensions have been widely adopted in marketing research, in particular, cross-cultural research, with support from many studies. For example, Van Oudenhoven (2001) argues that Hofstede’s culture dimensions are easy to use when comparing national cultural differences. Dahl (2004) has a similar view, arguing that the framework is useful because it decreases the complexities of cross-cultural research. These cultural dimensions have not only been adopted in cross-cultural studies, but also studies on subcultures within a dominant culture (Lynn, Zinkhan & Harris 1993; Dawar & Parker 1994; Roth 1995; Sørnes et al. 2004). For example, Sørnes et al. (2004) found that even though the U.S. was high on individualism, there had been evidence of collectivist behaviours, especially in how personal relationships were influenced by email and telephone.

Although the vast majority of studies employing Hofstede’s cultural values focus on national cultures, some studies have extended these dimensions to distinguish people at the individual level, because these dimensions were developed from ‘trait theory about
human personality’ (Hofstede 2010). For instance, Clugston, Howell and Dorfman (2000) found variations of Hofstede’s cultural dimensions among individuals in the same nation, and found that these variations reflect individual differences. Moreover, Kirkman, Lowe and Gibson (2006) reported that more research applies variants of Hofstede’s cultural dimensions as individual’s cultural orientations than research that applied the dimension at the national level.

Some researchers have criticised Hofstede’s cultural dimensions (e.g., Schwartz et al. 2001): the purpose of Hofstede’s survey is not to distinguish dimensions of national culture, the countries of Hofstede’s work are not able to contain all national cultures, the general population of the countries cannot be represented by the IBM employees due to various educational, scientific and technological backgrounds, and the items used by Hofstede may not be equivalent across cultures (e.g., Schwartz et al. 2001; McSweeney 2002). However, Hofstede’s model is still widely accepted and well used in the marketing area, and many scholars agree that his cultural framework is highly valued and beneficial in a number of ways (Ndubisi 2004). It helps researchers to understand the characteristics of the markets in different cultures, and to gain insights which can advise them in a range of marketing activities such as market segmentation, market targeting, product positioning, and promotion (Ndubisi 2004). Past research has found that some cultural dimensions may be more relevant than other dimensions under a specific marketing situation. Not all cultural dimensions are relevant to a specific marketing phenomenon (e.g., Hofstede 2001). As such, there is more to be learned by applying Hofstede’s dimensions in different areas of consumer behaviour, especially at the individual level.

Thus, the current study will examine consumer responses to negative publicity based on consumer’s internalised culture. This recognises that individuals are exposed to the
majority culture to different extents and that they may experience and internalise the culture to differing degrees (Schwartz 2014). The following discussion will focus on three of Hofstede’s dimensions that have been found in past studies to have the most potential impact on the processing of negative publicity: collectivism, uncertainty avoidance, and power distance.

2.4.1 Individualism/Collectivism

Individualism/collectivism is a cultural dimension that has been widely applied to the study of consumer behaviour (Liu, Cheng & Li 2009). The dimension of collectivism/individualism examines the degree to which a society focuses on group or individual values (Hofstede 2001). In individualist cultures, there are more emphases on the personal goals and the immediate family, whereas in collectivist cultures there are more emphases on the group, which can include relatives, clans, or other in-groups (Lam, Lee & Mizerski 2009). People who have more collectivistic values are expected to be more concerned with their relationships than their own needs and beliefs (Leung & Bond 1984). People with more collectivistic values are also more likely to be influenced by the in-group than those with more individualistic values. Collectivist consumers will be likely to be more willing to follow the norm of the specific society, and share their personal resources if in-group members need them (Sinha & Verma 1987). However, individualistic consumers are likely to be less confined by social norms. They are more driven by their own individual needs and goals rather than social norms or expectations.

In the context of negative publicity, it is expected that collectivistic, as compared to individualistic, consumers will be more likely to search for information after being exposed to negative brand information. Prior research found that consumers in a collectivist culture were more likely to search for and rely on suggestions from others
than those in an individualistic culture (Doran 2002). The reason is individualist consumers believe that their own opinions, preferences, tastes and choices are more reliable (Triandis 1995). However, Goodrich and de Mooij (2014) argued that consumers from collectivist cultures might be less likely to actively search for information from mediums than those from individualist cultures, because they were more comfortable to seek information from personal contacts such as WOM.

In general, most research reports that consumers from more collectivist countries prefer to share ideas and views with relatives, friends and family members than those from more individualist countries (e.g., De Mooij & Hofstede 2002; Shore & Venkatachalam 2003; Kim, Wen & Doh 2010; Liu & McClure 2001). Consumers from collectivist cultures will also be likely to refer to reference groups (such as relatives or friends) more frequently and value their opinions and feedback more when making purchases, compared with those from individualistic cultures (Grilo, Shy & Thisse 2001). Bardi and Schwartz (1996) and Chen (2008) both found that consumers from more individualistic cultures emphasise self-direction and were less willing to share negative brand information with others. One inconsistent finding, however, reported by Meeuwesen, Brink-Muinen and Hofstede (2009), found that consumers from individualistic cultures might be more willing to share psychosocial information. The authors also noted that the inconsistent finding might be due to the product effect. However, the work of Chung and Darke (2006) showed that if the products were owned by the consumers, those from individualist cultures were more likely to provide, and even exaggerate, WOM than those from collectivist cultures. Herein, it is hypothesised that:
**Hypothesis 1:** Consumers’ level of collectivism will have a significant and positive effect on their (H1a) intention to search for information and (H1b) intention to spread negative WOM, after negative publicity exposure.

### 2.4.2 Uncertainty Avoidance

The dimension of uncertainty avoidance refers to the extent to which people felt threatened by uncertain risks (Hofstede 2001). Uncertainty or ambiguity is an important factor for consumers with a high level of uncertainty avoidance (Shaw & Steers 2000). It is likely that these consumers will regard products or brands with uncertain information as unfavourable. They will also tend to avoid situations where doubtful products or brands are involved (Hollensen 2007).

Lam, Lee and Mizerski (2009) suggest that people are more likely to share negative information only with people they trust such as close friends and families in high levels of uncertainty avoidance cultures. In contrast, people in low uncertainty avoidance cultures are more likely to engage in sharing information with unfamiliar people. Numerous studies (e.g., Money 2000) also report that consumers from high uncertainty avoidance cultures would like to engage in more WOM activities than those from low uncertainty avoidance cultures.

Turnbull, Leek and Ying (2000) report that consumers who are from high uncertainty avoidance cultures will search for more information about the affected brand in order to prepare for their potential purchase. More specifically, compared with consumers from lower uncertainty avoidance cultures (e.g., the American consumers), consumers from higher uncertainty avoidance cultures (e.g., Chinese consumers) are more willing to ask questions on the Internet after they confront any negative brand information, and more
likely to search for information and engage in eWOM activities if they are uncertain about the product or service which they wish to buy (Fong & Burton 2006). In addition, several studies found that consumers from high uncertainty avoidance cultures are more willing to search for information in order to be better prepared for a particular consumption situation (Meeuwesen, Brink-Muinen & Hofstede 2009). It is also noted by Money and Crotts (2003) that consumers who have a high level of uncertainty avoidance are more likely to search for information when they are involved in a travel booking situation. The effect of information search is moderated by demographic cultural variables as well. Consumers with a high level of uncertainty avoidance are more likely to have higher intentions of searching for information compared with consumers with a low level of uncertainty avoidance, after being exposed to the same negative brand information (Shaw & Steers 2000).

The effect of uncertainty avoidance on consumers’ information search intention is also likely to be moderated by the severity of the negative brand information (Shaw & Steers 2000; Turnbull, Leek & Ying 2000). For example, when the negative brand information is very extreme (or serious), consumer will be most likely to conduct an external information search on the affected brand, but if the negative brand information is moderate, consumers generally have little interest in much information searching (Shaw & Steers 2000). In light of these findings, the following hypothesis is proposed:

**Hypothesis 2:** Consumers’ level of uncertainty avoidance will have a significant and positive effect on their (H2a) intention to search for information and (H2b) intention to spread negative WOM, after negative publicity exposure.
2.4.3 Power Distance

Power distance is another cultural value that is likely to have a strong impact on consumers’ response to negative brand information. Power distance relates to the degree to which the less powerful members of a society accept and expect that power is distributed unequally (Hofstede 2001). Consumers in countries with a higher level of power distance will tend to accept a hierarchical order in the society and hence, they may be less willing to share information among unequalised relationships (such as managers and supervisors). People from high power distance cultures may be less likely to trust the information from other people. In a high power distance culture, authority is more likely to be accepted but not necessarily trusted. People from high power distance cultures also rely less on the information from experts such as salespeople, than on in-group information sources such as relatives and friends (Dawar, Parker & Price 1996).

Power distance is reported to be one of the most dominant cultural dimensions that influences individuals’ information search intention (Dawar, Parker & Price 1996). For example, Marcos et al. (2013) found that consumers who were from low power distance cultures were more motivated to spend more time online in searching for answers, compared with consumers who were from high power distance cultures. Dawar, Parker and Price (1996) suggested that consumers from low power distance cultures tended to rely on external information sources such as magazines more than those from high power distance cultures. Similarly, Kim (2010) also found the support for the notion that patients from high power distance cultures were less likely to engage in searching for health information than those who are from low power distance cultures, because they preferred to take expert advice from the doctors rather than searching for more information themselves (Deschepper et al. 2008).
Equality is less important in high power distance societies. This may lead to unequal information sharing behaviours (Lam, Lee & Mizerski 2009). Chow et al. (1999) found that people in high power distance societies, such as China, were more stressed when their supervisors were present and would decrease information sharing, because they wanted to avoid humiliation in front of their supervisors in case their information was false. Similarly, De Maya, López-López and Munuera (2011) suggested that consumers in a high power distance culture such as China were less willing to share negative brand information in front of their supervisors due to the humiliation it caused.

Past research (e.g., Singh, Zhao & Hu 2005) has shown that consumers who are from low power distance cultures tend to be more willing to share information and opinions in an online buying situation. Consumers who come from high power distance cultures tend to accept the hierarchical order in society and are less willing to share information. For example, Schulz et al. (2009) reported consumers from high power distance cultures (e.g., China) are less willing to share negative brand information than those from low power distance cultures (e.g., Chile) in front of their supervisors due to the concern of ‘saving face’. De Mooij and Hofstede (2002) had a similar finding that consumers in lower power distance countries like to engage in more WOM activities prior to a purchase. Consumers from high power distance cultures, such as China, are more willing to rely on the authorities to spread WOM in public (Huang et al. 2011).

Research by Greer and Stephens (2001) indicated that individuals from high power distance cultures were afraid of humiliation, so even though they were exposed to the negative brand information about a brand that they wanted to buy, they were not likely to change the decisions if the information was shared by their lower level colleagues. Overall, most evidence so far has suggested that consumers who come from low power distance cultures may be more willing to share information and opinions across unequal relationships (e.g., Singh, Zhao & Hu 2005).
Thus, the researchers suggested that people from high power distance cultures are less willing to accept the negative brand information from lower-level employees rather than similar-status colleagues. Hence, it can be hypothesised that:

**Hypothesis 3:** Consumers’ level of power distance will have a significant and negative effect on their (H3a) intention to search for information and (H3b) intention to spread negative WOM, after negative publicity exposure.

Based on the discussions in Section 2.3, consumers’ attitudinal and behavioural responses may be related to each other in the negative publicity context. Therefore, these following hypotheses are proposed:

**Hypotheses 4a:** Consumers’ intention to search for information will have a significant and positive effect on their brand attitude, after negative publicity exposure.

**Hypotheses 4b:** Consumers’ intention to spread negative WOM will have a significant and negative effect on their brand attitude, after negative publicity exposure.

**Hypothesis 5a:** Consumers’ intention to search for information will have a significant and positive effect on their brand purchasing intention, after negative publicity exposure.

**Hypothesis 5b:** Consumers’ intention to spread negative WOM will have a significant and negative effect on their brand purchasing intention, after negative publicity exposure.

**Hypothesis 6:** Consumers’ brand attitude will have a significant and positive effect on their brand purchasing intention, after negative publicity exposure.
2.5 The Role of Product Category in Negative Brand Information

As discussed in previous sections, negative brand information may have a significant effect on consumers’ attitudinal and behavioural responses to the affected brand. In addition, the responses of consumers to negative brand information may be different according to product categories (Nelson 1970). This classification is based on the degree of a pre-purchase information search that enables consumers to assess the product. Search products are defined as products whose attributes are available for consumers to inspect, so consumers can evaluate the products before actual purchase or use, such as computers, watches or smartphones. Conversely, experience products have attributes that cannot be easily evaluated prior to the purchase of the product. Evaluation can only be made after actual purchase or use, such as movies, books or songs (Nelson 1970).

Products can be classified as utilitarian and hedonic products (Drolet, Simonson & Tversky 2000). Utilitarian products have predominantly tangible attributes, whilst hedonic products predominantly have intangible attributes (Drolet, Simonson & Tversky 2000). For example, hedonic products might be evaluated by the sensory experience of consumers’ consumption such as pleasure, fantasy, and fun (Hirschman & Holbrook 1982; Batra & Ahtola 1991). Therefore, consumers who are more goal-oriented may be more interested in purchasing utilitarian products such as TVs, washing machines or computers because these products enable them to achieve functional or practical tasks (Strahilevitz & Myers 1998). Conversely, consumers who are more emotionally-oriented (or who assign more weight to hedonic needs in their life) may be more interested in purchasing hedonic products such as movies, books or music (Batra & Ahtola 1991).
The utilitarian or hedonic nature of the product may affect consumer perceptions of negative brand information, which will ultimately influence consumer’s purchasing decisions (Sen & Lerman 2007). For example, Sen and Lerman (2007) found that consumers were more likely to neglect negative brand information about hedonic products as compared to utilitarian products. They reported that readers of negative brand information about hedonic products only think 28% of it was ‘helpful’ while 72% was ‘not helpful’. Ahluwalia, Burnkrant and Unnava (2000) argued that consumers might have a higher expectation of hedonic than utilitarian products, so they were biased towards arguing or neglecting the negative publicity, rather than being affected by it.

In relation to utilitarian products, consumers pay more attention to the direct outcome of their consumption (Batra & Ahtola 1991; Mort & Rose 2004), therefore consumers may be influenced by negative brand information if the information is related to the tangible attributes of the products. Moreover, because reviews of tangible attributes are mostly based on objective tangible data, consumers are more likely to believe in other consumers’ evaluations. Consumers may not be as strongly influenced by negative brand information about the intangible attributes in relation to utilitarian products because they believe these intangible attributes are likely to be perceived differently by different consumers, and that the intangible attributes may not be related to the real quality of the products (Sen & Lerman 2007).

Prior research has also suggested that different product categories may have distinctive effects on consumers’ information search intention and the selection of information sources (King & Balasubramanian 1994). Cui, Lui and Guo (2012) found that online reviews affected new product sales significantly, but their effects tended to be very different for different product categories. Steinman and Wolfrom (2012) investigated
the effects of product category on the relationship between consumers and the brand after the exposure to negative brand information. They stated that different product categories, such as fast moving consumer goods and durable goods, have an important impact on consumers’ emotions toward negative brand information due to the different replacement process. As compared to fast-moving consumer goods, the usage period of durable goods is generally longer. Therefore, consumers feel worse when they are exposed to negative brand information of durable goods because they cannot replace them in a short period.

Besides the utilitarian and hedonic classification, another more widely adopted product category classification is the goods and services division. Hollensen (2007) stated that the goods and service classification system had been widely adopted in the field of marketing. Goods are physical entities composed of predominantly tangible attributes that consumers purchase to satisfy their specific wants and needs, whereas services are intangible, inseparable, non-standardised, and provides production and consumption at the same time (Murray & Schlacter 1990). The degree of tangibility, perishability, inseparability and variability are the four major differences between physical-goods and non-physical services (Zeithaml, Bitner & Gremler 2002). Numerous studies have detected a negative impact of negative brand information on consumers’ purchasing intention towards goods-dominated products such as books, clothing, sunglasses or cameras (Scott & Tybout 1981; Wyatt & Badger 1984; Skowronski & Carlston 1989; Griffin, Babin & Attaway 1991; Huang & Chen 2006). Similar results have also been obtained from service-dominated products such as restaurants, cleaners, health spas or beauty salons (Weinberger & Dillon 1980; Cheng, Lam & Hsu 2006).

However, the majority of services accompany goods, which mean that goods and service elements may be included in the same offering to consumers, although to
differing degrees. In other words, some categories are service-dominated products whilst others are goods-dominated products, even though they may have elements of each (Hollensen 2007). For example, salt, dog food, and cars are goods-dominated products; burger bars provide both goods and services which is a balanced entity equally weighted between goods and services; advertising agencies are more service-dominated products, but they still produce advertisements which are tangible; nursing and teaching are service-dominated entities.

In order to make better buying decisions, consumers are usually motivated to seek more information about the products, especially from experienced current and past users. In general, consumers may perceive higher risks and have less certainty when they purchase services, compared to goods, and this may differ across various types of services, such as search, experience and credence services (Ostrom & Iacobucci 1995). For example, the credence services are often variable and less-standard (e.g., doctors, hair stylists) which may cause more uncertainty as compared to search services which are more standardised (e.g., cafes and burger bars) (Racherla & Friske 2012).

Previous research found that WOM has a more significant impact on consumers’ decision-making process for services, rather than goods. For example, Buttle (1998) found that consumers who wanted to purchase services were more likely to seek WOM before their consumption and spread WOM after their purchase than consumers who wanted to purchase goods, because the services were harder to evaluate before consumption and seen as complicated and relying more heavily on consumers’ trust and experience (File, Judd & Prince 1992). The high reliance on other experienced consumers is very obvious in the significant increase in the use of websites such as Yelp.com, TripAdvisor.com and CitySearch.com that deliver information on a variety
of services (Racherla & Friske 2012). But the efficacy of the information may depend on the specific attributes of other consumers’ reviews (Wangenheim & Bayon 2004).

Bansal and Voyer’s (2000) research also showed that WOM influenced intangible services more than tangible goods. Their findings suggested that consumers seek WOM information prior to consumption, especially information from past users who were more experienced, to help them to understand a service more completely. However, consumers might have different feelings about the same service, depending on their characteristics and personal experiences, so their evaluations of intangible services might be subjective (Lindberg-Repo 1999).

In reality, consumers are often unable to evaluate services before their purchase and also often unable to estimate the performances of the services even after they have experienced them (Fang et al. 2011). Most consumers believe that information from experts or authorities is more reliable (Abubakar 2012; Chesney 2006), but consumers’ perceptions of credibility are also influenced by social similarity (Racherla & Friske 2012), especially when they perceive general customers as being similar to them. Therefore, consumers may perceive personal information as a highly credible source and may trust customer reviews more than expert reviews (Smith, Menon & Sivakumar 2005; Walker 1995). File, Judd and Prince (1992) shared a similar view in that information or experiences from other consumers had a more significant impact on consumers’ decision-making when they were thinking of buying services as compared to buying goods. However, in general, consumers are more willing to rely on external information or their reference groups to help them make service-related purchase decisions compared to goods (Murray & Schlacter 1990; Senecal & Nantel 2004).

Very few empirical studies were found to compare the differences between services and goods in the context of negative brand information. Tax, Brown and Chandrashekaran
(1998) found that consumers were more likely to share negative experiences of services with others as compared to goods. The reason is that service evaluation relies heavily on consumers’ trust and experience and services are difficult to evaluate prior to consumption (File, Judd & Prince 1992). In summary, consumers may be more willing to search for information or engage in negative WOM if they are exposed to the negative brand information concerned with service, because they want to avoid such experiences. In addition, consumers who are unsatisfied with services are more likely to share their negative experiences with their friends or family, rather than directly seeking compensation from the service provider, because these consumers are more willing to be engaged in negative WOM communication to complain their dissatisfaction (Cheng, Lam & Hsu 2006).

2.6 The Nature of Information: Perceived Severity

As discussed in earlier sections, characteristics of the negative brand information may also influence consumers’ attitudinal and behavioural responses. Based on the Elaboration Likelihood Model (Petty, Cacioppo & Schumann 1983), information characteristics often impact consumer motivation to process the information. If the negative brand information involves a higher level of severity (e.g., likely to cause severe consequence), consumers may be motivated to process negative brand information more carefully and conscientiously via a central route of processing (Chiou, Hsu & Hsieh 2013). Keller and Block (1996) found similar results. In their study, participants who were exposed to high-fear-appeal negative information increased their level of elaboration, chose to take defensive actions and displayed more negative attitude changes. Generally, participants who were exposed to low-fear-appeal negative information lacked the motivation to elaborate on negative details. Consumer fear
related to exposure to negative brand information may lead to different degrees of consumer attitudinal changes (Eagly & Chaiken 1993; Keller & Block 1996).

Some earlier studies have examined perceived risk in the negative brand information context (e.g., Harrison-Walker 2001). The concept of perceived risk, first introduced by Bauer (1960) to the marketing world, gave rise to the idea that consumer behaviour is largely influenced by risk avoidance. Perceived risk is a key factor that influences consumer purchasing decisions (Aaker 2012), as it is described as the negative consequences that can arise from the purchase of a product (Weinstein et al. 2007; Peter & Ryan 1976; Bauer 1960). It can also be defined as ‘subjective expectation of losses’ (Dholakia 1997, p.161).

Perceived risk has multiple dimensions, including financial, functional, social, psychological, time and security (Blackwell, Miniard & Engel 2008; Rossiter & Percy 1987). Functional risk refers to the consumer’s perception that the functional attributes of the product will not satisfy their needs. Financial risk relates to the financial loss in case of a ‘bad’ purchase or the availability of a product that offers a better price/quality ratio. Because consumers will almost certainly perceive a financial loss if the product does not satisfy their needs, it is not surprising that empirical research has found a strong correlation between both types of perceived risk (Kaplan, Szybillo & Jacoby 1974). Social risk refers to the negative consequences potentially arising from the social environment of consumers. For example, buying a certain brand or product may not be accepted by friends and acquaintances. The psychological risk dimension relates to lower self-perception when consumers have made a bad choice, because such experiences place their ability to perform choice-related tasks successfully in doubt. Again, a strong association has been found between these two risk dimensions, as a loss in social acceptance could also lead to lower self-perception and inner dissatisfaction.
(Kaplan, Szybillo & Jacoby 1974). Functional risk is contingent on product categories, which means that the purchase of different products is typically associated with different degrees of perceived risk. Further, functional risk with the same product category may be different among individual consumers (Wangenheim & Bayón 2004). The food product category is dominated by functional risk, even though food-borne illnesses caused by industrial contaminants used in food processing are often overstated via mass media (Miles & Frewer 2003; Miles et al. 2004).

In general, it is commonly accepted that perceived risk plays a vital role in consumer decision-making and behaviours (Mitchell 1999). Heijden, Verhagen and Creemers (2001) modelled the role of perceived risk as having an indirect influence on consumer online purchase intentions, going through consumer attitudes to the willingness to purchase. Chen and Chang (2013) suggested that consumers felt more unsure when they made a purchasing decision if they perceived a high risk, and Mitchell (1999) argued that a higher perceived risk would influence consumers’ purchasing intentions negatively.

Risk perception is also a factor which negatively influences consumers’ attitudes. The higher the risk perception is, the worse the consumers’ attitudes toward the product are (Lobb, Mazzocchi & Traill 2007). Consumer attitudes changed more significantly when they were exposed to severe, rather than mild, negative brand information (Zhang & Taylor 2009). Moreover, Verbeke (2005) found that negative brand information from a reliable information source will increase risk perception and consequently have a negative influence on consumer attitudes. Further, the severity of negative information on a brand extension also has an impact on consumers’ attitude towards the parent brand.

If perceived risk exceeds the tolerable level, then a number of risk-reducing strategies may be invoked, including information seeking (Hornibrook, McCarthy & Fearne 2005).
If the perceived risk is high, consumers are likely to have a more negative attitude and to search for more information. Consumers with little expertise in a product category (Furse, Punj & Stewart 1984; Gilly et al. 1998), who perceive a high risk in decision-making (Bansal & Voyer 2000; Kiel & Layton 1981), or who are deeply involved in the purchasing decision (Beatty & Smith 1987), are more likely to seek the opinions from others for product advice.

A limited number of studies have investigated the influence of high/low perceived risk of negative brand information on consumers’ attitudinal and behavioural responses. For example, Wangenheim (2005) found that when consumers perceived a high risk associated with a service that they were dissatisfied with, they were more likely to tell others about the service provider in a negative manner. In other words, they were more likely to transfer negative WOM to others, compared to consumers who perceived a lower risk. Harrison-Walker (2001) suggested that when consumers were unable to evaluate a good or a service, they were more likely to rely on other information. Additionally, most consumers paid more attention to the higher risk incidents and were more disposed to be engaged in negative WOM communication (Harrison-Walker 2001). Also, consumers were more likely to notice messages about higher risk incidents as well as to transfer them to others (Huang, Chou & Lan 2007). In order to help other consumers to avoid making high-risk decisions, consumers are likely to spread negative brand information associated with a higher perceived risk (Huang, Chou & Lan 2007).

Consumers also tend to seek out relevant information to avoid purchasing the good or service after they are exposed to negative brand information with a higher perceived risk. Also, it is profitable to spend more time and resources on acquiring information before making a decision in order to reduce risk in higher risk situations, which leads to more active information searching and processing (Aaker 1992).
Eckford (2004) believed that the higher the perceived risk, the more likely that the consumers’ actual purchase experience differs from their original purchase goals. Verbeke (2008) also suggested that higher perceived risks were expected to result in a greater depth of information searching and more extended decision making. Subsequently, they may have lower purchasing intentions toward higher perceived risk goods or services after being exposed to negative brand information (Huang, Chou & Lan 2007). Lee, Park and Han (2008) held a similar view, that in order to minimise the possibility of regret after the consumption, consumers were less likely to purchase goods or services which encountered the higher risk level of negative reviews.

Perceived risk is often difficult to measure due to its multi-dimensionality. A number of studies recently have examined information severity in the negative brand information context. Information severity is related to the perceptions of the diagnosticity of information. For example, Herr, Kardes and Kim (1991) found that extremely negative information (high level of severity) was more diagnostic than less extreme negative information. When the severity of negative brand information is high, the diagnostic power will be significantly increased, leading to more negative brand evaluation. However, if the information is from a less credible source, the diagnostic power will be reduced and likely insignificant - between a low and high level of severity (Pan & Chiou 2011). The severity of negative information enhances its persuasiveness and changes consumers’ attitudes (Chiou, Hsu & Hsieh 2013). For example, consumers’ attitude towards the brand changes more significantly when they are exposed to severe negative brand information, compared to the exposure to the mild negative brand information (Zhang & Taylor 2009). Furthermore, when the negative brand information is very severe (or very serious), consumers are more likely to intend to search for information on the affected brand; however, if the negative brand information is mild, consumers generally have little interest in searching for or sharing information (Shaw &
Steers 2000). The current research will explore the influence of perceived severity on consumer responses to negative publicity.

2.7 The Consumer Type: Current Consumers and Potential Consumers

Consumers’ evaluation of negative brand information may be influenced by the consumer type. For example, consumers who are the current users of a brand may receive more positive information of the brand (Barwise & Ehrenberg 1985), and may be less influenced by negative information about the brand than potential consumers (Winchester & Romaniuk 2008). It is easier for consumers to receive information about the brands which they are currently using, and they are less willing to search for information about other brands that they are not using (Winchester & Romaniuk 2008).

When current users of a brand are exposed to negative brand information, their responses are likely to be different from non-users. For example, current users are more likely to share their negative views with others than non-users when they have negative evaluations of a brand, while non-users are more likely to share positive information with others (Winchester & Romaniuk 2008). After being exposed to the same information about the negative influence of cannabis, regular cannabis users are less willing to believe in it than non-users (Jones & Rossiter 2002). Even a strong anti-cannabis message was unable to influence current cannabis users (Jones & Rossiter 2002). Furthermore, information about the negative effects of cannabis and other types of drugs do not greatly influence current cannabis users as compared with non-users (Jones & Rossiter 2002). Similar results have been found in alcohol research as well. Finn and Brown (1981) found that the more experience that consumers had with drinking alcohol, the less likely they were willing to believe in the negative effects of alcohol. Moreover, non-users are more likely to believe in the information on alcohol
warning labels, while alcohol users usually ignore it (Andrews, Netemeyer & Durvasula 1991). Positive WOM can increase potential consumers’ intention to purchase the brand, while the effects of negative WOM are opposite (Dong, Yao & Yu 2009). All of the three studies included in this thesis will examine current consumers.

Based on the discussions above, the basic conceptual model is specified in Figure 2.1.

**Figure 2.1: The Conceptual Model**

![Conceptual Model Diagram]

Note: Uncertainty Avoidance (UA); Power Distance (PD); Brand Attitudes (BA); Negative Word-of-Mouth (NWOM).

In summary, an extensive literature review has revealed that very few studies have investigated consumers’ responses to negative information beyond brand attitude or purchasing intention. Further, only a handful of studies have examined cultural influences on consumers’ responses to negative publicity. Although Chou and Lan (2007) suggested that consumers were more likely to notice messages or information of high risk nature, little research has examined if the nature of negative publicity is likely to influence consumers’ responses. Lastly, the potential influence of product categories
has not been studied in relation to negative publicity. The following chapter will discuss the methodology of this thesis, including the research design, samples, and data analysis method.
Chapter 3 Methodology

This chapter describes the approach taken to test these hypotheses. Specifically, a quantitative research approach was chosen because of the availability of well-established constructs and well-validated scales used in prior research. The survey design, including constructs used in each study, is described in Section 3.1. Section 3.2 briefly describes the participants and procedure. In Section 3.3 the data analysis approach is detailed, including the preliminary data analysis and hypotheses testing.

3.1 Survey Design

Each survey consisted of three sections, in addition to the negative publicity condition that they were randomly assigned to.

1) The first section included questions about respondents’ internalisation of cultural values including their level of collectivism, uncertainty avoidance, and power distance.

2) After reading negative publicity about a bank and the other about a juice brand, respondents complete the questions that test their attitude towards the affected brands.

3) The third section included questions relating to their intention to search for information and intention to spread negative WOM about the affected brands, as well as their intention to keep purchasing the affected brands.

4) The final section asked respondents to give information about their background, including socio-demographic questions relating to age, gender, education and income.
Measures

Internalised Culture

Consumers level of collectivism, uncertainty avoidance, and power distance were measured on a five-point Likert scale (1 = disagree, 5 = agree) using the items developed by Donthu and Yoo (1998), to measure Hofstede’s original cultural dimensions at the individual level. Specifically, respondents were asked to rate their level of agreement with the six collectivism items: (1) ‘Individuals should sacrifice self-interest for the group’, (2) ‘Individuals should stick with the group even through difficulties’, (3) ‘Group welfare is more important than individual rewards’, (4) ‘Group success is more important than individual success’, (5) ‘Individuals should only pursue their goals after considering the welfare of the group’, (6) ‘Group loyalty should be encouraged even if individual goals suffer’. In the current study, the Cronbach’s alpha was considered acceptable at 0.883.

Respondents were also asked to rate their level of agreement with the five uncertainty avoidance items: (1) ‘It is important to have instructions spelled out in detail so that I always know what I’m expected to do’, (2) ‘It is important to closely follow instructions and procedures’, (3) ‘Rules and regulations are important because they inform me of what is expected of me’, (4) ‘Standardised work procedures are helpful’, (5) ‘Instructions for operations are important’. In the current study, the Cronbach’s alpha was considered acceptable at 0.861.

Respondents were also asked to rate their level of agreement with five power distance items: (1) ‘People in higher positions should make most decisions without consulting people in lower positions’, (2) ‘People in higher positions should not ask the opinions of people in lower positions too frequently’, (3) ‘People in higher positions should avoid social interaction with people in lower positions’, (4) ‘People in lower positions should
not disagree with decisions by people in higher positions’, (5) ‘People in higher positions should not delegate important tasks to people in lower positions’. In the current study, the Cronbach’s alpha was considered acceptable at 0.847.

**Brand Attitude**

Brand attitude was measured by six bipolar adjective pairs on a 7-point scale, adopted from previous studies (MacKenzie & Lutz 1989; Yoo & MacInnis 2005; Thomson, MacInnis & Park 2005). Specifically, respondents were asked to rate their brand attitudes on six bipolar scales, with endpoints being (1) favourable/unfavourable, (2) like it very much/don’t like it at all, (3) good/bad, (4) positive/negative, (5) satisfy my need/don’t satisfy my need at all, and (6) believable/unbelievable. In the current study, the Cronbach’s alpha was considered acceptable at 0.931.

**Information Search**

The intention to search for information was measured with items adopted from previous studies (Verplanken 1993; Crotts 1999; Mason & Scammon 2011). Specifically, respondents were asked to rate their level of agreement with three items on seven-point Likert scales (1 = disagree, 7 = agree): (1) ‘I will be likely to search more information about this brand after being exposed to the news’, (2) ‘I will be likely to ask my friends whether they have any experience with the brand’, (3) ‘I have an interest in knowing more about the affected brand’. In the current study, the Cronbach’s alpha was considered acceptable at 0.812.

**Negative Word-of-Mouth:**

The intention to spread negative WOM was measured with items adopted from previous studies (Hsu 2008; Jeffres et al. 2009; Kang & Hustvedt 2014; Cantallops & Salvi 2014).
Specifically, respondents were asked to rate their level of agreement with five items on a seven-point Likert scales (1 = disagree, 7 = agree): (1) ‘I will be likely to tell others about this news’, (2) ‘I will seldom miss a chance to tell others about this news’, (3) ‘I will be likely to tell others that I will not buy this brand’, (4) ‘I will be likely to suggest others not to buy this brand’, (5) ‘I will be likely to write negative reviews about this news online’. In the current study, the Cronbach’s alpha was considered acceptable at 0.815.

**Purchasing Intention**

Purchasing intention was measured with items adopted from previous research (Carrigan & Attalla 2001; Fukukawa 2002; Lin et al. 2009; Su, Lu & Lin 2011; Kim, Shim & Ahn 2011; He, Zhai & Suzuki 2014). Specifically, respondents were asked to rate their level of agreement with five items on seven-point Likert scales (1 = disagree, 7 = agree): (1) ‘I may still use the general services of this bank (e.g., saving account)’, (2) ‘I may still use the other services of this bank’, (3) ‘I still plan to use the general services of this bank’, (4) ‘I still intend to use the general services of this bank’, (5) ‘I will still use the general services of this bank in the next three months’. In the current study, the Cronbach’s alpha was considered acceptable at 0.910.

### 3.2 Participants and Procedures

The participants and procedures for each study are described in Chapters 4, Chapter 5 and Chapter 6 in detail. In each study, the participants were university students. The questionnaires for all 3 studies were printed out for participants to complete. All participants were allocated in a quiet venue to complete their questionnaire without any communication with each other. This survey was designed to take approximately 20
minutes to complete in an effort to reduce participant fatigue and maximise the response rate. The questionnaire had three focal sections.

3.3 The Data Analysis Approach

Preliminary analysis followed recommendations by Hair et al. (2010) to check the data before multivariate data analysis by examining:

- Missing data.
- Suspicious response patterns.
- Outliers.
- Normality.
- Reliability.
- Convergent validity.
- Discriminant validity.

This study used The Statistical Package for the Social Sciences (SPSS) to examine these issues and WarpPLS (Kock 2015) to examine the structural model. Each of the data analysis steps is described in this section.

3.3.1 Missing Data

There were two survey administrators at the front of the venue where respondents completed the questionnaires. Each questionnaire was checked for completeness by the administrators before the respondents left the room. Consequently, there were no missing data in the responses used in this case.

3.3.2 Suspicious Responses Patterns

Hair et al. (2014) suggested that cases where all, or even most, of the answers were the same, in the middle or at one extreme of the scales, should be regarded as suspicious. It
is likely that these patterns exist when a respondent wants to complete the questionnaire as quickly as possible (Hair et al. 2014). Therefore, any questionnaire with all same answers was removed from the data.

### 3.3.3 Outliers

Outliers are identified as “observations with a unique combination of characteristics identifiable as distinctly different from the other observations”, suggesting they should be examined (Hair et al. 2010, p. 64). In this study, univariate outliers were identified by examining the standardised scores.

### 3.3.4 Data Distributions

Hair et al. (2010) suggested computing Kolmogorov-Smirnov statistics for each item to examine univariate normality. Multivariate normality was also examined by the multivariate normality test through a macro procedure in SPSS (DeCarlo 1997). However, Partial Least Squares (PLS) which was used in this thesis to estimate the Conceptual Model, was not impacted by non-normal data in the same way as other Structural Equation Modelling (SEM) is likely to be (Hair et al. 2014).

### 3.3.5 The Initial Analysis

Descriptive analysis for each item was conducted prior to the main analysis. These included frequencies, means and standard deviations to better understand the data. Constructs’ measurement properties were also examined before estimating the structural model. Following Hair et al. (2010) unidimensionality, reliability, convergent, and discriminant validity of the constructs were all examined prior to model estimation. All these analysis were done in the WarpPLS program (Kock 2015).
3.3.6 Unidimensionality

Rohatgi-Szekely (Rohatgi & Székely 1989) and Klaassen-Mokveld-van Es (Klassen & Jacobs 2001) statistics were used to assess unidimensionality. WarpPLS was used to compute these statistics (Kock 2015).

3.3.7 Reliability

The internal consistency or reliability of all multiple item scales was computed and assessed prior to subsequent analysis. Specifically, Cronbach (1951) alpha and composite reliability (CR) were used to confirm the reliability of the measures. Both of these reliability measures vary between 0 and 1 and a score of above 0.70 can be generally considered satisfactory (Hair et al. 2014).

3.3.8 Convergent Validity

Hair et al. (2010) identified convergent validity as the extent to which one item correlates positively with another item that measured the same construct. The loadings’ scores of convergent validity should be above 0.70 (Hair et al. 2010). In addition, average variance extracted (AVE) scores confirm that the construct has more information than noise, and the scores above 0.50 are considered acceptable (Fornell & Larcker 1981).

3.3.9 Discriminant Validity

Discriminant validity is the extent to which dissimilar constructs are observed to not be related to each other (Hair et al. 2010). Discriminant validity between two constructs is assessed by comparing the square roots of their AVE scores with their correlation. Fornell and Larcker (1981) suggested that discriminant validity exists when the square roots of their AVE was greater than their correlation.
3.3.10 Assessing the Structural Model

The estimation of a structural model can provide information with regards to a model’s predictive ability and insight into the nature of the correlations between the modelled constructs. Hair et al. (2014, p. 169) suggested that the evaluation of a structural model should include the assessment of:

1. Multicollinearity issues.
2. The significance and relevance of the structural relationship.
3. Any $R^2$ statistics, which measure the proportion of variance explained in a model’s endogenous constructs.
4. Predictive relevance.

3.3.11 Assessing Multicollinearity Issues

Multicollinearity exists when a potential explanatory construct can be explained by one or more other potential explanatory constructs, which can lead difficulties in identifying the effects of any constructs (Hair et al. 2010). An assessment of multicollinearity is recommended by Hair et al. (2014), as path coefficients in PLS are estimated using ordinary least squares (OLS) procedures. Multicollinearity issues can be assessed by computing the variance inflation factor (VIF) in WarpPLS (Kock 2015). If the full collinearity VIF scores are below 5 (3.3 is ideal) that multicollinearity is not a problem, and the path coefficients can be estimated confidently.

3.3.12 Assessment of the Significance and Relevance of the Structural Model Relationships

WarpPLS computes standardised path coefficients, as is usual in structural equation modelling (Kock 2015). Standardised path coefficients usually range from -1 to 1, with values close to -1 being strong negative relations and values close to 1 being strong positive relations. However, a coefficient’s significance also depends on its standard
error (Hair et al. 2014). As PLS can be used with non-normal data, standard errors are easily obtained through nonparametric bootstrapping procedures (e.g., Efron & Tibshirani 1986) instead of traditional OLS procedures. The resulting bootstrapped standard errors enable path coefficient significance to be determined without assuming multivariate normality.

3.3.13 Coefficient of Determination

The predictive accuracy of a model can be estimated by the coefficient of determination ($R^2$ estimates the combined effects predictor variables have on a model’s endogenous constructs (Hair et al. 2014). The $R^2$ values range from 0 to 1, where values above 0.75 are considered to be substantial, between 0.50 and 0.75 are considered to be moderate, and between 0.25 and 0.50 are considered to be weak (Hair, Ringle & Sarstedt 2011).

3.3.14 Assessing the Predictive Relevance of the Structural Model

A model’s predictive relevance can be estimated with the Stone-Geisser $Q^2$ statistic (Geisser 1974; Stone 1974). This non-parametric procedure uses blindfolding to compute the desired score (Hair et al. 2014). Values greater than zero are considered to suggest acceptable predictive validity (Kock 2015).

3.3.15 Assessing Unimodality and Normality

The constructs’ unimodality and normality should be assessed. However, Kock (2015) argued that even if one construct in a model lacks unimodality or normality, it may be more appropriate to use a PLS procedure.

3.3.16 Goodness of Fit

PLS procedures do not have the same fit statistics as found in covariance based approaches; as such (Tenenhaus et al. 2005) suggested the GoF index is a way to evaluate a PLS model’s overall fit. Other fit indices that can be used to examine PLS models, including the average path coefficient (APC), the average R-squared (ARS) and
average block variance inflation factor (AVIF). These measures are useful for model comparisons, but less important for hypothesis testing (Kock 2015).

3.3.17 Estimating the Model

Hair et al. (2014) suggested that PLS-SEM model should explain the variation in the dependent constructs by following the assessment steps. The PLS-SEM algorithm finds which predictor variables explain the most variance in the outcome variables. This is accomplished by computing each individual construct score and then establishing loadings for reflective measurements. The strength of the relationships between the each construct is shown by the path coefficients (Hair et al. 2014; Kock 2015).

3.4 Chapter Summary

This present chapter introduced a discussion of survey design, and measures that will be tested in the three main studies. This was followed by the description of the approach selected for the data analysis. The next chapter focuses on the results of Study 1.
Chapter 4 Study One

4.1 Introduction and Aims

As discussed in the introduction, consumers are often exposed to negative brand information, and these exposures influence their attitude and purchasing behaviour towards the affected brand (Dichter, 1966; Brown and Reingen, 1987). Prior research has focused on the negative influences of negative information on brand attitudes and purchasing intentions (Dawar and Pillutla, 2000; Dean 2004; Dellarocas, Zhang & Awad 2007; Dentoni et al, 2011) as well as decreasing sales and profits (Mahajan, Muller & Kerin 1984; Liu 2006).

However, negative information may not only bring negative consequences. Negative publicity associated with brand endorsers (e.g., celebrities) may increase brand awareness, which is a key measurement of brand value (Donaton 2002). For example, sales of the sports brand Reebok, which was endorsed by Allen Iverson (a U.S. basketball star), increased significantly after his weapons violations and assault news in 2002. Moreover, O'Connell (2006) finds that even the sales of a $60 old-growth Tuscan wine increased by 5% after it was described as ‘redolent of stinky socks’ by Wine Library, a prominent wine website. Berger, Sorensen and Rasmussen (2010) found that negative book reviews increased the sales of the books written by unknown authors. They called for more consumer studies to understand what responses are likely to be triggered by negative information, beyond attitudes or purchasing intentions towards the affected brand. For example, when a consumer is exposed to negative brand information, will the consumer be inclined to search for more information about the affected brand, or will he or she pass the negative information to friends or family members?

Previous research has mainly focused on the relationships between brand attitudes and purchasing intentions in the negative information context. However, consumers’
purchasing decisions are complex. Understanding the relationships between information search and purchasing intention, or between negative WOM and purchasing intention, will help to understand the process consumers go through when they encounter negative publicity.

The main aim of Study One is to examine the influence of culture on Chinese consumers’ intentions to search for information and engage in negative WOM activities, as well as how these intentions relate to brand attitudes and purchasing intentions, after a negative publicity exposure. Besides culture, this study will also examine whether information characteristics (e.g., perceived severity) influences Chinese consumers’ responses to negative information.

The purpose of Study 1 was to test the conceptual model as depicted in Chapter 2, under conditions of low- and high-severity of negative publicity. Specifically, the study investigated the influence of internalised collectivism, uncertainty avoidance (UA), and power distance (PD) on consumers’ intention to search for information and spread negative word-of-mouth (WOM) after being exposed to negative publicity. In addition, Study 1 also explored the effects of information search intention and negative WOM intention on brand attitudes, and the effects of these three constructs on consumers’ intention to continue purchasing the affected brand.
The conceptual model is specified in Figure 4.1.

The conceptual model is specified in Figure 4.1.

![Figure 4.1: The Conceptual Model of Study 1](image)

Note: Uncertainty Avoidance (UA); Power Distance (PD); Brand Attitudes (BA); Negative Word-of-Mouth (NWOM).

Each of the hypotheses specified in the Conceptual Model are listed below:

**Hypothesis 1:** Consumers’ level of collectivism will have a significant and positive effect on their (H1a) intention to search for information and (H1b) intention to spread negative WOM, after negative publicity exposure.

**Hypothesis 2:** Consumers’ level of uncertainty avoidance will have a significant and positive effect on their (H2a) intention to search for information and (H2b) intention to spread negative WOM, after negative publicity exposure.

**Hypothesis 3:** Consumers’ level of power distance will have a significant and negative effect on their (H3a) intention to search for information and (H3b) intention to spread negative WOM, after negative publicity exposure.
**Hypotheses 4a:** Consumers’ intention to search for information will have a significant and positive effect on their brand attitude, after negative publicity exposure.

**Hypotheses 4b:** Consumers’ intention to spread negative WOM will have a significant and negative effect on their brand attitude, after negative publicity exposure.

**Hypothesis 5a:** Consumers’ intention to search for information will have a significant and positive effect on their brand purchasing intention, after negative publicity exposure.

**Hypothesis 5b:** Consumers’ intention to spread negative WOM will have a significant and negative effect on their brand purchasing intention, after negative publicity exposure.

**Hypothesis 6:** Consumers’ brand attitude will have a significant and positive effect on their brand purchasing intention, after negative publicity exposure.

**4.2 Specific Research Methodology**

**4.2.1 Country, Region and Sample Selection**

China has the largest number of consumers in the world with a population of more than 1.3 billion in 2016 (WorldPopulation 2016). Since 1978, the huge economic growth of China has been attributed to the adoption of the open-door policy. With an average annual GDP growth rate of 8 percent in recent years (Shahbaz, Khan & Tahir 2013), China is one of the largest and fastest-emerging economies in the last 30 years (Rugman & Verbeke 2004; Yin & Choi 2005). Due to its tremendous market size and revolution, international marketers increasingly pay attention to the Chinese market (Gong 2003), and China is attracting a flood of foreign brands and investment into the country, along with growing exposure to western societies (Li 1998; People's Review 2003). Yet,
China is also a highly competitive and complicated market, and Chinese consumers are not surprised at negative brand information in their daily life. Having said this, research on Chinese consumers in the context of negative brand information is scarce (Maistre 2004).

Shanghai was selected as the region to be investigated in the current study, as it is the biggest city and the largest financial centre in China. By 2013, the year-end population of Shanghai increased to 24.1 million (Shanghai Statistic Bureau 2014). At the same time, the municipal GDP of Shanghai grew to 2160 billion RMB, which contributed 3.8% of the total national GDP (Shanghai Statistic Bureau 2014). Further, the per capita GDP of Shanghai reached 89.4 thousand RMB (equal to US$ 14,442), which was the third highest municipal, only below Tianjin and Beijing (Shanghai Statistic Bureau 2014). Although Shanghai cannot be considered to be representative of the whole Chinese population, consumers in Shanghai are an important market in China. They can offer insights for understanding Chinese consumers, especially those in big eastern cities that share similar urban backgrounds.

4.2.2 Product and Brand Selection

As discussed in the literature review, negative publicity is often found to have a significant effect on consumers’ responses to the affected brand. However, the impact of negative information may differ by product categories. Past studies have found that different product categories have distinctive effects on consumers’ information search intention and the selection of information sources (King & Balasubramanian 1994). It is also likely that key differences between goods and service, may also result in some differences in consumers’ responses to negative publicity.
Services are more difficult to evaluate prior to consumption, as compared to goods (File, Judd & Prince 1992). Since consumers are less able to evaluate services before their actual purchase, they may be more willing to rely on information from other sources or references in order to make wise purchase decisions (Senecal & Nantel 2004). This may explain why Buttle (1998) finds that consumers who want to experience service are more likely to seek WOM before their consumption and more willing to spread WOM after their purchase than goods. Hence, it may be inferred that consumers may search for more information or engage in more negative WOM after being exposed to negative publicity if the negative information involves service rather than goods.

Given the limited amount of research on services in the negative publicity context, Study 1 adopted banking as the focal product category. The banking industry is most often regarded as a service-dominated product category (O'cass & Grace 2003), and it is an important service to consumers. Banking decisions are likely to be complicated, as they involve some risk and consumers generally change banks relatively infrequently (Kotler et al. 2015). Further, the banking industry in China is often affected by negative information (Liu & Yu 2013).

Previous literature suggests that it is beneficial to combine past knowledge and experience into the design of experiments (Arora & Huber 2001). Therefore, the Industrial Commercial Bank of China (ICBC), a real bank brand, was selected for the Study 1. The Industrial and Commercial Bank of China (ICBC) was established on the 1st January 1984, and has now become one of the largest banks in the world, expanding to 40 countries and regions. In 2011, ICBC serviced 4,735 thousand corporate customers and 432 million personal customers, by virtue of distribution channels consisting of 17,245 domestic institutions, 329 overseas institutions and 1,903 correspondent banks worldwide (ICBC 2013). In 2013, ICBC ranked first in the Top
1000 World Banks (TheBanker 2013), and also became the largest enterprise in the world in the Global 2000 (Forbes 2013). Overall, ICBC is the biggest and most well-known bank in China, and it accounts for more than 12% of the market share among Chinese consumers (Report 2015).

4.2.3 Negative Publicity Design

The severity of negative publicity was designed to differ across conditions of low- and high-severity. Previous research has also shown that the information severity is related to the degree of information diagnosis. For example, Herr, Kardes and Kim (1991) found that extremely negative information (high level of severity) is more diagnostic than less extreme negative information. As such, more severe negative publicity is expected to lead to more negative brand evaluation. This has been supported in the literature. For example, Consumers’ attitude towards the brand changes more significantly when they are exposed to severe negative brand information, as compared to mild negative brand information (Zhang & Taylor 2009). Furthermore, when the negative brand information is very extreme (serious), consumers may have a strong intention to search for information on the affected brand; however, if the negative brand information is moderate, consumers generally have little interest in doing information search or sharing (Shaw & Steers 2000).

In this study, the major newspaper in Shanghai, Shanghai Morning Post, was chosen as the medium for the negative publicity. Two types of negative publicity were designed based on a qualitative review of negative publicity surrounding the banking industry in Shanghai, China.
The low-severity condition included a piece of negative news from a major newspaper in Shanghai reporting that an ICBC customer made a complaint about the lengthy waiting time (more than an hour) in the bank.

The high-severity condition included a piece of negative news reporting through the same medium that a customer lost RMB 10,000 (the Chinese currency) because of a service transaction error made by the bank.

To control for the believability of the news, both conditions included a statement that the Chinese Association of Consumer Protections (the authority which deals with consumer complaints) had confirmed that the reported case was true.

4.2.4 Pre-tests

The two conditions described above were reviewed by marketing professors and experts in the field of marketing whose first language was either English or Chinese. The questionnaires were originally designed in English, and translated into standard Chinese (Mandarin) and then back translated into English by two professional bilingual translators in order to ensure consistency and translation equivalence (Douglas and Craig, 1983; Hui and Triandis, 1985). Original and back-translated versions were compared for equivalence and measures were refined where necessary (Frey, 1970). Following this, 22 undergraduate students from a large university in Shanghai participated in the pre-test to classify goods-dominated and services-dominated products. All respondents regarded banking as a services-dominated product, consistent with the findings of O'Cass and Grace (2004). They were also asked to rate the perceived severity of the two negative news conditions on a 5-point scale, from low- to high-severity. The t-test results showed a significant difference between the low- and high-severity condition, with the high-severity condition being rated as significantly more
severe (M = 4.13) than the low-severity condition (M=2.4; t= 4.487, p < 0.001). Thus, the manipulation on perceived severity was successful.

The survey was also pretested after the questions were reviewed for clarity and content by marketing professors and experts in the field of marketing. Another 23 Chinese students were interviewed. During the interviews, the study objectives were explained and they were asked to check the wording and clarity each of the questionnaire items. And finally, several items were altered to improve wording and clarity.

4.3 Sample Characteristics and Descriptive Statistics

4.3.1 Sample Characteristics

A total of 378 completed questionnaires were obtained from students at a key university in Shanghai, China. Participants, who were third-year students with business majors, were randomly assigned to one of the two negative publicity conditions. The participants did the survey in a relative quiet venue without any communication with each other.

University students were selected as a convenience sample for data collection. It has been argued that university students are suitable for experimental studies as they are of a similar age, education background, and disposable income; and this homogeneity can decrease the possible effects of the possible covariates in the results (Liu et al. 2012). Although Yoo, Donthu and Lee (2000) warned that student samples should not be generalised to the consumer population, Ahmad (2002) argued that university students were one of the most important demographic consumer groups. Marketing researchers often argue that university students purchasing behaviour is an important component of consumer behaviour (CSRE Campus Market Research Series 2001; Moosmayer & Fuljahn, 2010; Koschate-Fischer et al. 2012), that they are one of the most dynamic
groups of consumers (Interactive 2002), and that they are the biggest buyers in a several of commodity categories such as online travel tickets (33% consumers were college students) (National Association of College Stores 2001). Therefore, university students were considered as an appropriate sample for this study.

Based on the criteria outlined in the methodology chapter, descriptive analysis was performed to identify outliers. 29 respondents were removed from the dataset because their standardised values were greater than 3, leaving 349 valid responses. Further, only students who were current customers of the bank were included in Study 1, resulting in 240 responses. Of these, 128 cases (53%) were exposed to the high-severity condition and 112 (47%) to the low-severity condition. In the high-severity condition, 58% were female, whereas 53% were female in the low-severity condition.

4.3.2 Measurement Validation

The hypotheses were tested using the Partial Least Squares (PLS) approach. PLS was used because of its ability to model latent variables and assess measurement and structural models (Chin 2001). Moreover, it is one of the approaches that can handle relatively small sample sizes (Hair et al. 2006). The WarpPLS computer package (Kock 2015) was selected to test the model. Before estimating the structural equation model, it is necessary to make sure that the constructs have acceptable measurement properties. Unidimensionality, reliability and convergent and discriminant validity are some very common issues that need to be tested when considering a construct’s measurement properties (Harrigan et al. 2015). The adequacies of the measures were shown in Table 4.1 for the seven constructs in this phase of the analyses.
Table 4.1: The constructs’ measurement properties

<table>
<thead>
<tr>
<th>Construct</th>
<th>Composite Reliability (Low/High)</th>
<th>AVE score (Low/High)</th>
<th>R² (Low/High)</th>
<th>Lowest Loading/Weight (Low/High)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectivism</td>
<td>0.82/0.85</td>
<td>0.69/0.71</td>
<td>-----</td>
<td>0.81/0.83</td>
</tr>
<tr>
<td>Uncertainty avoidance</td>
<td>0.90/0.88</td>
<td>0.70/0.66</td>
<td>-----</td>
<td>0.89/0.82</td>
</tr>
<tr>
<td>Power distance</td>
<td>0.89/0.82</td>
<td>0.70/0.67</td>
<td>-----</td>
<td>0.88/0.79</td>
</tr>
<tr>
<td>Information search</td>
<td>0.80/0.83</td>
<td>0.65/0.71</td>
<td>0.08/0.03</td>
<td>0.78/0.80</td>
</tr>
<tr>
<td>NWOM</td>
<td>0.79/0.73</td>
<td>0.64/0.62</td>
<td>0.15/0.19</td>
<td>0.72/0.75</td>
</tr>
<tr>
<td>Brand attitude</td>
<td>0.91/0.86</td>
<td>0.75/0.71</td>
<td>0.14/0.03</td>
<td>0.85/0.81</td>
</tr>
<tr>
<td>Purchasing intention</td>
<td>0.87/0.81</td>
<td>0.69/0.64</td>
<td>0.32/0.06</td>
<td>0.80/0.72</td>
</tr>
</tbody>
</table>

Low=Low-severity condition; High=High-severity condition

Table 4.1 showed the constructs’ measurement properties for both the low- and high-severity scenarios. The lowest loading was 0.72 in negative WOM, which was acceptable based on Rivard et al.’s (1997) suggestion of 0.50 or above for the lowest loading. All the composite reliabilities were above 0.79, which was acceptable based on Fornell and Larcker’s (1981) suggestion of 0.7 or above for composite reliability coefficient for a reliable construct. Moreover, all the average variance extracted (AVE) scores were higher than 0.64, which was above 0.5 and acceptable based on Fornell and Larcker’s (1981) suggestion. Further, the R² coefficients (ranging from 0.03 to 0.32) for the endogenous in the constructs in the model indicated that the constructs were reasonably well explained by the model.

PLS can provide a few indicators of discriminant validity between two constructs. One of the most common ways is to check if the square roots of each of their AVE scores are higher than the correlation between them (Fornell & Larcker 1981). In this study, the lowest square root of any AVE in the low-severity scenario was 0.80, while the highest correlation between any of the two constructs was 0.464. In the high-severity scenario, the lowest square root of any AVE was 0.79, while the highest correlation between any
of the two constructs was 0.38, which supported discriminant validity between the constructs in both scenarios.

The overall model fit results were shown in Table 4.2, including the Average Path Coefficient (APC), Average R Squared (ARS), Average Variance Inflation Factor (AVIF) and Tenenhaus GoF. According to Kock’s (2015) model fit assumptions the fit of the proposed model with the data can be considered satisfactory if the GoF (for medium effect size) exceeded .25 (Tenenhaus et al. 2005; Wetzels, Odekerken-Schröder & Van Oppen 2009), the p-values for APC and ARS were less than .05, and the AVIF was less than 5. Thus, the model fit was deemed acceptable of the Conceptual Model.

Table 4.2: The model fit indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>APC (Good if p&lt;0.05)</th>
<th>ARS (Good if p&lt;0.05)</th>
<th>AVIF (Good if AVIF&lt;5)</th>
<th>GoF (Small&gt;=0.1, Medium&gt;=0.25, Large&gt;=0.36)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>0.208, p=0.006***</td>
<td>0.173, p=0.014***</td>
<td>1.164</td>
<td>0.329</td>
</tr>
<tr>
<td>High</td>
<td>0.208, p=0.004***</td>
<td>0.195, p=0.011***</td>
<td>1.054</td>
<td>0.308</td>
</tr>
</tbody>
</table>

Low=Low-severity condition; High=High-severity condition

4.3.3 Hypothesis Testing

The results of path coefficients are reported in Table 4.3. In PLS, path coefficients are interpreted as similar to standardised betas, and indicate the significance of the direct relationship between constructs (Loureiro, Ruediger & Demetris 2012). However, the standard errors in a PLS analysis are generally determined through bootstrapping procedures and, consequently, do not rely on the normality assumptions that underlie such test in PLS regression analysis.
Table 4.3: Path coefficients and their significance

<table>
<thead>
<tr>
<th>Path</th>
<th>Coefficient (low)</th>
<th>Significance</th>
<th>Coefficient (high)</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectivism to information search (H1a)</td>
<td>0.19</td>
<td>&lt;0.05</td>
<td>0.25</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>Collectivism to NWOM (H1b)</td>
<td>0.18</td>
<td>&lt;0.05</td>
<td>0.38</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>UA to information search (H2a)</td>
<td>0.15</td>
<td>&lt;0.05</td>
<td>0.19</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>UA to NWOM (H2b)</td>
<td>0.17</td>
<td>&lt;0.05</td>
<td>0.18</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>PD to information search (H3a)</td>
<td>-0.05</td>
<td>0.28</td>
<td>-0.20</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>PD to NWOM (H3b)</td>
<td>0.22</td>
<td>&lt;0.01</td>
<td>0.08</td>
<td>0.17</td>
</tr>
<tr>
<td>Information search to brand attitude</td>
<td>-0.10</td>
<td>0.13</td>
<td>0.18</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>(H4a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NWOM to brand attitude (H4b)</td>
<td>-0.39</td>
<td>&lt;0.01</td>
<td>-0.25</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>Information search to purchasing</td>
<td>0.19</td>
<td>&lt;0.05</td>
<td>0.19</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>intention (H5a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NWOM to purchasing intention (H5b)</td>
<td>-0.23</td>
<td>&lt;0.01</td>
<td>-0.24</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>Brand attitude to purchasing intention</td>
<td>0.39</td>
<td>&lt;0.01</td>
<td>0.15</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>(H6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Low=Low-severity condition; High=High-severity condition

The Effect of Collectivism on Information Search and Negative WOM: Under both conditions, the path coefficients showed that the degree of collectivism had a significant and positive effect on the intention to search for information, as well as the intention to spread negative WOM, supporting H1a and H1b. Two-group comparisons using the Satterthwaite’s (1946) approach, as suggested by Kock (2014), were conducted between the low- and high-severity conditions. Results showed that the severity level of the negative information significantly enhanced the positive effect of collectivism on negative WOM intention (one-tailed p=0.049, p<0.05), but did not influence the positive effect of collectivism on information search intention (one-tailed p=0.311). In other words, information severity was a significant moderator of the relationship hypothesised in H1b, but not in H1a.

The Effect of Uncertainty Avoidance on Information Search and Negative WOM: Irrespective of severity, the path coefficients showed that the degree of uncertainty avoidance had a significant and positive effect on the intention to search for information
and the intention to spread negative WOM, supporting H2a and H2b. Results from two-group comparisons showed that information severity did not influence the relationship between uncertainty avoidance and intention to search for information or between uncertainty avoidance (one-tailed p=0.373) and intention to spread negative WOM (one-tailed p=0.468). In other words, the information severity of the information did not appear to be a significant moderator of the relationship hypothesised in H2a or H2b.

\textit{The Effect of Power Distance on Information Search and Negative WOM}: Results showed that power distance had a significant and negative effect on the intention to search for information under the high-severity condition only; hence, H3a was partially supported. With regard to power distance and negative WOM, a significant and positive relationship was found under the low-severity condition only that was contrary to the hypothesised relations; hence, H3b was also partially supported. Further, information severity neither had a significant effect of power distance on negative WOM (one-tailed p=0.131), nor had any effect on the negative effect of power distance on intention to search for information (one-tailed p=0.117). In other words, information severity did not play a significant moderating role in either the relationship between power distance and negative WOM, or between power distance and information search.

\textit{The Effect of Information Search and Negative WOM on Brand Attitude}: Results showed a significant and positive relationship between information search and brand attitude under the high-severity condition only; hence, H4a was partially supported. With regards to negative WOM and brand attitude, a negative and significant relationship was supported under both severity conditions. Hence, H4b was fully supported. Two-group analyses showed that information severity enhanced the effect of information search on brand attitude (one-tailed p=0.013), but it did not enhance the negative effect of negative WOM on brand attitude (one-tailed p=0.121). In other words,
information severity played a significant role in the relationship between information search and brand attitude (H4a), but not in the relationship between negative WOM and brand attitude (H4b).

The Effect of Information Search and Negative WOM on Brand Purchasing Intention: Results showed that information search had a significant and positive effect on brand purchasing intention under both severity conditions; hence, H5a was fully supported. Results showed that negative WOM had a significant and negative effect on brand purchasing intention under both low- and high-severity conditions. Hence, H5b was fully supported. Two-group analyses did not show any significant influence of severity on the relationship between information search and brand purchasing intention (one-tailed p=0.500) or on the relationship between negative WOM and brand purchasing intention (one-tailed p=0.467). In other words, information severity was not a significant moderator of the relationship between information search and brand purchasing intention (H5a), or the relationship between negative WOM and brand purchasing intention (H5b).

Brand Attitude and Brand Purchasing Intention: Results showed a significant and positive relationship between brand attitude and brand purchasing intention under both severity conditions; hence, H6 was fully supported. A two-group analysis showed that information severity attenuated the positive effect of brand attitude on brand purchasing intention (one-tailed p=0.024, p<0.05). In other words, information severity appeared to be a significant moderator of the relationship between brand attitude and brand purchasing intention.

4.4 Summary and Discussion

This study was designed to test the relations in the Conceptual Model (shown in Figure 4.1), under conditions of low- and high-severity negative publicity. Specifically, it was
designed to assess the influence of several aspects of internalised culture on consumers’ behavioural responses after a negative publicity exposure that had either a low- or a high-severity scenario. The behavioural responses included consumers’ intention to search for information and to spread negative WOM, as well as their brand attitudes and brand purchasing intention. The results generally supported the Conceptual Model, with all hypothesised paths being at least partially supported (see Table 4.4).

Table 4.4: Summary of support for hypothesised relations

<table>
<thead>
<tr>
<th>Path</th>
<th>Study 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectivism to information search (H1a+)</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>Collectivism to NWOM (H1b+)</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>UA to information search (H2a+)</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>UA to NWOM (H2b+)</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>PD to information search (H3a-)</td>
<td>Low: not sig.</td>
</tr>
<tr>
<td></td>
<td>High: negative sig</td>
</tr>
<tr>
<td>PD to NWOM (H3b-)</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: not sig.</td>
</tr>
<tr>
<td>Information search to brand attitude (H4a+)</td>
<td>Low: not sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>NWOM to brand attitude (H4b-)</td>
<td>Low: negative sig.</td>
</tr>
<tr>
<td></td>
<td>High: negative sig</td>
</tr>
<tr>
<td>Information search to purchasing intention (H5a+)</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>NWOM to purchasing intention (H5b-)</td>
<td>Low: negative sig.</td>
</tr>
<tr>
<td></td>
<td>High: negative sig</td>
</tr>
<tr>
<td>Brand attitude to purchasing intention (H6+)</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig.</td>
</tr>
</tbody>
</table>

Low=Low-severity condition; High=High-severity condition
First, consumers’ level of collectivism had a significant and positive influence on their information search intention. In other words, the more collectivist the consumer was, the stronger the consumer’s intention to actively search for information, irrespective of the severity level of the negative publicity. This finding builds on the general finding obtained by Doran (2002) that consumers from collectivist cultures are more likely to search for and rely on suggestions from others. In addition, the study finds that collectivism also has a positive effect on intention to spread negative WOM. This is consistent with De Mooij and Hofstede’s (2002) finding that consumers from high collectivist countries tend to share ideas and views with relatives, friends and family members more than those from high individualistic countries. However, the finding contradicts the general belief that consumers are not keen on spreading negative information, if they are the current consumers of the affected brand (Shimp & Andrews 2013). Nowadays, consumers have a lot of brand choices, so even in the banking categories in which the switching cost tends to be higher, consumers do not seem to be reluctant to spread the negative WOM of the brand. Information severity appears to enhance the influence of collectivism on negative WOM, which signals an important message to marketers that the more severe the nature of the negative publicity, the more likely the current consumers will spread the negative WOM.

This study also finds that, irrespective of informational severity, consumers’ level of uncertainty avoidance has a significant and positive influence on their intention to search for information and spread negative WOM. In other words, the higher the level of their uncertainty avoidance, the more likely they will search for information and spread negative WOM about the affected brand. On one hand, these findings are similar to previous studies, such as Money’s (2000) finding that consumers with high uncertainty avoidance preferred to engage in more WOM activities than consumers with low uncertainty avoidance, and Fong and Burton’s (2006) finding that consumers from
high uncertainty avoidance cultures were more willing to search for information when they faced uncertain or negative information. On the other hand, the findings of this study contrast Shaw and Steers’s (2000) finding that consumers with a high level of uncertainty avoidance may have less interest in information search on the affected brand, as compared with those with a low level of uncertainty avoidance. This contradiction may be caused by the fact that Shaw and Steers (2000) studied the negative information of human beings whilst the current study examined the negative publicity of a banking brand. Nonetheless, results for collectivism and uncertainty avoidance suggest that both of these two dimensions have a strong effect on information search intention and negative WOM intention.

The findings on the dimension of power distance appear to be mixed in the current study. As expected, power distance has a negative relationship with intention to search for information in the high-severity condition. In other words, the more power distance a consumer has internalised, the weaker the intention of the consumer to search for information after a severe negative publicity exposure. This finding supports the assumption proposed by De Mooij (2010) that people in low power distance countries tend to search for more information before purchase, whereas those in high power distance countries are less willing to search for information, because they do not think they need to. Another reason may be that high power distance consumers tend to rely on experts such as doctors rather than search for information themselves; this may be more apparent when the negative information contains a higher level of perceived severity.

However, the study results also show that consumers with a high power distance level are more likely to spread negative WOM after being exposed to the low-severity negative publicity. This particular finding contradicts those obtained from a number of earlier studies (e.g., Chow et al. 1999; Singh, Zhao & Hu 2005; Schulz et al. 2009). The
inconsistency might be due to the research context. The current study measured negative WOM, while most of the earlier studies measured positive information sharing. Nonetheless, this finding is consistent with de Maya et al.’s (2012) claim that customers in high power distance cultures are more likely to spread negative WOM than customers in low power distance cultures, because they have less patience with negative service quality. Having said this, the findings suggest a more careful investigation into the construct of negative WOM as it appears to be context-specific.

The intention to search for information had a positive effect on brand attitude under the more severe condition, but not under the less severe condition. This finding is particularly interesting because it suggests that information search may create brand engagement, but brand engagement does not necessarily result in positive attitudes. As predicted, the nature of informational severity is an important factor here, because the influence of information search becomes positive only when severity level is high. In other words, the severity level of the negative information should be strong up to a certain point, so that consumers have a strong motivation to search for further information. Unlike its effect on brand attitude, the effect of the intention to search for information on brand purchasing intention is significant and positive under both severity levels. This is similar to the findings in Shim et al.’s (2001) research, in which information search effort can positively influence consumers’ brand purchasing intention. The findings associated with information search have important managerial implications. When a brand encounters severe negative publicity, its marketer or brand manager should adopt strategies to encourage consumers to search for information which may result in positive brand attitude and brand purchasing intention. This type of effort, unfortunately, is rarely seen in the marketplace.
As predicted, negative WOM had a significant and negative impact on both brand attitude and brand purchasing intention. In other words, negative WOM leads to less favourable attitudes and intentions to purchase the affected brand. These findings are consistent with most previous studies (e.g., Shah et al. 2012). Understanding the impact of negative WOM can help managers design more effective marketing communication strategies to deal with negative publicity. Finally, brand attitude has a significant and positive effect on consumers’ intention to keep purchasing the affected brand, which is consistent with the majority of past studies (e.g., Wu and Lo 2009) that if consumers have favourable attitudes toward a brand, they are more likely to purchase it.

Overall, the current study strongly supports the notion that internalised aspects of culture have an effect on consumers’ responses to negative publicity. Having said this, the influences of three cultural dimensions on information search or negative WOM tended to be different. Among the three, collectivism and uncertainty avoidance appeared to be consistent in terms of their influences on information search and negative WOM. However, their influence was moderated by the severity of the negative publicity. The influence of power distance was more complicated; depending on perceived severity of the negative information.
Chapter 5 Study Two

Despite the important findings Study One has provided, some key questions remain unanswered. First, Study 1 only focused on one product category, banking, which was a service-dominated product. According to the literature, consumers may have different responses to the negative publicity if it concerns a goods-dominated or serviced-dominated product category. Consumers may be more willing to rely on external information to help them to make better purchase decisions for services, which are generally thought to be harder to evaluate (Murray 1991; Senecal & Nantel 2004). Therefore, the product type may have different effects on the research questions that were investigated in Study One.

Further, consumers’ responses to negative publicity may be also influenced by the extent they believe that the brand should be responsible for the negative incident. This is often called the blame factor. The blame factor originates from attribution theory (Mattila & Ro 2008). Consumers may have different perspectives on whether the brand is fully or partially responsible for the underlying cause of the negative information. Consumers are more likely to engage in negative WOM if the brand is unable to provide any explanation or potential reasons for its failure (Mattila & Ro 2008).

5.1 Study Two Aims

One key objective of Study Two is to examine whether the findings of Study One can be extended to a goods-dominated category. Another key objective of Study Two is to explore whether or not attribution (i.e., the brand should be blamed or not) has a significant influence on consumers’ information search and negative WOM intention after their exposure to negative publicity.
5.1.1 The Role of Product Category

As discussed in the literature review Sections 2.3, negative brand information has a significant impact on consumers’ attitudinal and behavioural responses to the affected brand. In addition, the responses of consumers to negative brand information may be influenced by product categories. The goods and services categorisation is one of the most widely adopted product category classification systems in the marketing field (Hollensen 2007). Goods are physical entities composed of predominantly tangible attributes that consumers purchase to satisfy their specific wants and needs, whereas services are intangible, inseparable, non-standardised, and provides production and consumption at the same time (Murray & Schlacter 1990). The degree of tangibility, perishability, inseparability and variability are the four major differences between physical goods and non-physical services (Zeithaml, Bitner & Gremler 2002).

Previous research found that WOM has a more significant impact on consumers’ decision-making process on services, rather than goods (Buttle 1998; Bansal & Voyer 2000). Tax, Brown and Chandrashekaran (1998) found that consumers were more likely to share negative experiences of services with others as compared to goods because services are very complicated. As such, it might be expected that negative publicity will have a smaller effect in goods-dominant product categories. Study 2 tested this boundary condition.

5.1.2 The Role of Attribution in Information Processing

In addition, Study 2 will also explore whether the attribution (i.e., the brand should be blamed or not) has a significant influence on consumers’ information search intention and negative WOM intention after their exposure to negative publicity. For example,
consumers may have different perspectives of negative publicity if they consider the incidents are caused by the brand or something else out of the brand’s control.

After consumers are exposed to negative brand information, consumers often think about who should be responsible or blamed for it. Attribution theory, or causal attribution theory, emerged last century with social psychologists such as Kelley (1987) and Weiner (1983). Attribution is defined as the tendency of looking at matters in causal relationships. The theory suggests that people often attempt to determine the causes of the outcome they or others experience (Kelley 1987). According to the attribution theory, there are two kinds of causes for an outcome, namely ‘internal attribution’ (e.g., one’s own characteristics or personalities) and ‘external attribution’ (e.g., forces that are outside an individual). A common finding from studies on attribution is that people tend to attribute good outcomes internally (e.g., I won the competition because I worked hard) and bad outcomes externally (e.g., I lost the competition because the evaluator marked unfairly) (Griffin et al. 2008).

Attribution theory has been applied in marketing and consumer research. For example, Leong et al. (2008) applied attribution theory to the study of consumer’s animosity towards a foreign country. Ten years after the 1997 Asian Financial Crisis, the study found that the more a consumer attributes the crisis externally (e.g., financial crisis was caused by the US pressure on the local currency), the higher the level of animosity he/she has towards the foreign country (e.g., the US), which subsequently leads to more consumer resistance in purchasing products or brands from this foreign country (Leong et al. 2008).

Reynolds, Folse and Jones (2006) also applied attribution theory to consumer online search failures and found that most of the time consumers blame the service provider (e.g., the design of the website) rather than themselves (e.g., their own computer ability)
on their online search failures. This is called the ‘blame factor’. Laufer and Coombs (2006) found that if consumers blame the manufacturer for a negative incident, their intention to future purchase would be lower than the intention of those who do not believe that the manufacturer should be fully responsible for the incident. These consumers may believe there are other causes of the incident, for example, the overall business practice is not good and other business may be doing the same thing.

Consumers’ behavioural responses to negative brand information may be also influenced by their attributions for the cause of the negative brand information (Mattila & Ro 2008). For example, consumers are more likely to switch to another brand or to display negative WOM if they are not clear as what the potential cause is for the negative brand information, as compared to conditions where internal or external causes were made clear (Mattila & Ro 2008).

Past studies have also suggested that consumer attributions for product-related/service-related problems or negative incidents have a strong impact on their WOM intentions (Sparks & Callan 1997; Swanson & Kelley 2001). More specifically, the product or service failures attributed to manufacturers (or the brand) are likely to lead consumers to participate in negative WOM (Curren & Folkes 1987). Additionally, if consumers perceive that a manufacturer (or the brand) is able to control or manage the cause of the incidents, they are less likely to repurchase its product (Folkes, Koletsky & Graham 1987).

Consumers tend to have higher intention to search for more information about a brand which is involved in negative brand information, but if they blame the manufacturer (or the brand) for the negative information, the information which they search for is likely to be biased (Bright & Goodman-Delahunty 2006). For example, people are more likely
to search for negative information rather than positive information about a criminal who killed innocent victims (Mazzocco, Alicke & Davis 2004).

The reputation of the affected brand sometimes can influence the blame factor. For example, if the negative brand information is associated with a well-known brand, consumers tend to place more blame on the brand users (for example, exaggeration of the damage or dramatising). In contrast, if the affected brand is not well-known, consumer tend to attribute more blame to the brand itself for causing the negative incident (Laczniak, DeCarlo & Ramaswami 2001). If everything else is constant, less blame will be placed on the brands which have the better reputation or more established while more blame will be placed to the brands which have the low reputation or less established (Laufer & Coombs 2006).

The severity level of negative brand information may be an important factor that influences blame. Robbennolt (2000) found that consumers are more likely to attribute blame to a responsible brand for more severe negative brand information as compared to less severe negative brand information. Laufer et al. (2005) also found that consumers tend to blame the manufacturers for the negative brand information when they perceive it as severe, as compared with consumers who perceive the negative brand information as being less severe. In addition, Laufer and Coombs (2006) also found that the severity of negative brand information influences consumers’ blame attributions. For example, less severe information (product causing consumer inconvenience) resulted in less blame for the company’s negative brand information as compared to negative brand information of a more serious nature (e.g., problems that can cause consumer injury or even death).

As previously discussed, it has long been recognised that culture is important in explaining behaviour in different nations (Hsieh, Pan & Setiono 2004). Consumers’
attribution, or the blame factor, may also be influenced by consumers’ cultural background. A few studies have supported a relation between uncertainty avoidance and blame. For example, Laufer et al. (2005) argued that as compared to the consumers from low uncertainty avoidance countries, consumers from high uncertainty avoidance countries are more likely to blame the brand itself for any negative brand information, as these consumers may be more threatened by ambiguous negative brand information. Similar results have been found by Swan and Zou (2012), in that consumers who come from high uncertainty avoidance countries, under conditions of severe negative brand information are likely to blame the manufacturers for its negative brand information.

The level of individualism is also likely to influence consumer attribution. Beugré (2007) found that consumers from collectivist cultures are more likely to blame the society while those from individualist cultures are more likely to blame the person for breaking the social rules. An, Hui and Leung (2001) found that consumers from collectivist cultures tend to blame the service providers more than consumers from individualist cultures, as consumers from collectivist cultures are more likely to be involved in the conflicts with outgroup members than in-group members and service providers are regard as typical outgroup members (Leung 1988).

There is very little research that investigates the direct influence of power distance on consumer attribution in the negative brand information context. Bowen (2001) found that Chinese consumers (high power distance) are not likely to blame service providers immediately for any problems in a public area, which he attributed to mien-tsu (mianzi or saving face). Similar results have been found by Gilbert and Tsao (2000), in that Chinese tourists (high power distance) are unlikely to blame other tour members for any inconvenience because of their guanxi (people’s relationship), mien-tsu and jen-chin
(personal obligation), as Chinese people do not like to disrupt the harmonious atmosphere.

Unfortunately, past research does not provide comprehensive or consistent findings on the effects of consumer attribution in the negative publicity context. Questions remain, as to whether the effect of consumer attribution will increase or decrease consumers’ intention to search for information and to participate in negative WOM after being exposed to negative publicity. However, it would be reasonable to assume that the effects of consumer attribution should have a positive relationship with consumer’ information search intention and negative WOM intention. In other words, the more Chinese consumers blame the brand for the negative publicity, the more information search they will do and the more negative WOM they will engage in. Hence, it is hypothesised that:

**Hypothesis 7:** Attribution will have a significant and positive effect on (7a) consumers’ intention to do information search and (7b) intention to spread negative WOM after negative publicity exposure.

### 5.1.3 Hypotheses of Study Two

Overall, based on the results found by Study 1, Study 2 will examine the following hypotheses:

**Hypothesis 1:** Consumers’ level of collectivism will have a significant and positive effect on their (H1a) intention to search for information and (H1b) intention to spread negative WOM, after negative publicity exposure.
Hypothesis 2: Consumers’ level of uncertainty avoidance will have a significant and positive effect on their (H2a) intention to search for information and (H2b) intention to spread negative WOM, after negative publicity exposure.

Hypothesis 3: Consumers’ level of power distance will have a significant and negative effect on their (H3a) intention to search for information and (H3b) intention to spread negative WOM, after negative publicity exposure.

Hypotheses 4a: Consumers’ intention to search for information will have a significant and positive effect on their brand attitude, after negative publicity exposure.

Hypotheses 4b: Consumers’ intention to spread negative WOM will have a significant and negative effect on their brand attitude, after negative publicity exposure.

Hypothesis 5a: Consumers’ intention to search for information will have a significant and positive effect on their brand purchasing intention, after negative publicity exposure.

Hypothesis 5b: Consumers’ intention to spread negative WOM will have a significant and negative effect on their brand purchasing intention, after negative publicity exposure.

Hypothesis 6: Consumers’ brand attitude will have a significant and positive effect on their brand purchasing intention, after negative publicity exposure.

Hypothesis 7: Attribution will have a significant and positive effect on (7a) consumers’ intention to search for information and (7b) intention to spread negative WOM, after negative publicity exposure.
The conceptual model is specified in Figure 5.1.

![Conceptual Model of Study 2](image)

**Figure 5.1:** The Conceptual Model of Study 2

Note: Uncertainty Avoidance (UA); Power Distance (PD); Brand Attitudes (BA); Negative Word-of-Mouth (NWOM).

### 5.2 Research Method

#### 5.2.1 Design

The design and procedure of Study 2 were similar to those of Study 1, with a few changes. In terms of similarity, China and Shanghai were also selected as the country and region in this current study, and undergraduate students from the same university in Shanghai took part in this study and were randomly assigned to the two experimental conditions. The participants did the survey in a relative quiet venue without any communication with each other.
5.2.2 Product and Brand Selection

A service-dominated product (banking) was selected in Study 1. In order to explore the influence of product category on consumers’ responses to negative publicity, a goods-dominated product was chosen in Study 2. Juice was chosen to represent the goods-dominated product. Due to the low cost of juice, it is usually frequently purchased and generally associated with routine response behaviour (Lamb, Hair & McDaniel 2011).

In this study, Huiyuan Juice was selected to be the juice brand. Both Huiyuan Juice and ICBC are basically the biggest and most well-known brands in their product categories, and they have similar familiarity and market share among Chinese consumers in juice and banking industry.

Huiyuan Juice is a leading fruit and vegetable juice producer in China. It is engaged in both the production and sale of fruit juice, fruit and vegetable juice and other beverages. Moreover, it is one of the very few companies in the fruit and vegetable juice industry in China, which has a vertically-integrated business model that the company is able to have visibility and control over the entire production process. Huiyuan Juice has various juice products such as 100% juice, nectars and juice drinks, which are all based on juice concentration. In terms of market share in 2015, AC Nielsen reported that Huiyuan’s 100% juice and nectars continued to be the market leader with market shares of 65% and 43% by sales volume in the Chinese juice retailing industry (Huiyuan 2015). It is believed that ‘Huiyuan’ juice is one of the most recognised fruit and vegetable juice brands among Chinese consumers. Huiyuan juice was chosen to be the brand of this study due to the recommendation from Leuthesser, Kohli and Harich (1995) of analysing brands that are sufficiently well-known to the consumer.
5.2.3 Negative Publicity

Similar to Study 1, *Shanghai Morning Post* was also chosen to be the medium in which the negative publicity was embedded. Same as Study 1, all participants were randomly assigned into one of the two scenarios: low-severity or high-severity scenario, which was designed based on a qualitative review of negative publicity surrounding the juice industry in Shanghai, China.

- A low-severity design included a piece of negative news from *Shanghai Morning Post* reporting that a Huiyuan Juice contained excessive amounts of Auramine, which is usually used as an industrial colouring material and may cause slight stomach-ache.

- A high-severity design included a piece of negative news reported through the same medium that Huiyuan Juice contained excessive amounts of Auramine, which is usually used as an industrial colouring material and may cause cancer.

In order to control the believability of the news, both designs included a statement that the Chinese Association of Consumer Protections (the authority which deals with consumer complaints) had confirmed that the reported case was true.

5.2.4 Pre-test

Similar to Study 1, these two pieces of negative news were reviewed by marketing professors in UWA and experts in the marketing field. The same 22 undergraduate students that pre-tested the severity scenarios for Study 1 also did this for Study 2. All of these students classified juice as a goods-dominated product, which was consistent with the findings of Haas & Krausmann (2015). In the pre-test, participants were also asked to rate their perceived severity levels of the negative news based on a 5-point scale. A higher score refers to a higher level of perceived severity. The t-test results
showed a significant difference between the low- and high-severity scenarios (for high-severity scenario, M=4.4; for low-severity scenario, M=2.1; t=-10.22; df=28; p<0.001). Thus, the manipulation on perceived severity was successful.

Similar pre-test techniques were employed in Study 2, as Study 1. In the early stages of questionnaire development, the questionnaire was reviewed by marketing professors in UWA and experts in the marketing field. Then, the questionnaire was pre-tested by the Chinese students through interviews. In the interviews, the study objectives were explained to the participants, after that they were asked to complete the questionnaire, and then they were debriefed extensively regarding the questionnaire items. At each pre-test stage, the questionnaire was edited based on the feedback received from marketing experts and students. Overall, the questionnaire was altered in wording and scale composition to improve reader clarity.

5.2.5 Measures

The same measures used in Study 1, were also used in Study 2. However, an attribution measure was added in the current study to measure attribution.

Attribution

The measurement for attribution is adopted from previous research (Chen, He & Alden 2014). The measure included the following bipolar adjective pairs as endpoints: (1) ‘The cause is located in the consumers/The cause is located in the manufacturer’. (2) ‘The cause is not controlled by the manufacturer/The cause is fully controlled by the manufacturer’. In the current study, the Cronbach’s alpha was considered acceptable at 0.862.
5.3 Data Collection and Analyses

5.3.1 Data Collection

Similar to Study 1, Study 2 collected 203 valid responses, who were all current consumers of the brand. Among them, 101 responses were assigned to the high-severity condition and 102 to the low-severity condition. Each respondent completed the questionnaire independently after reading the negative news. In the high-severity condition, 55% were female, whereas 51% were female in the low-severity condition.

5.3.2 Measurement Validation

The same as Study 1, the hypotheses were tested using the Partial Least Squares (PLS) approach. The adequacy of the measures was shown in Table 5.1 and the eight constructs were tested in this phase of the analyses.

Table 5.1: The constructs’ measurement properties

<table>
<thead>
<tr>
<th>Construct</th>
<th>Composite Reliability (Low/High)</th>
<th>AVE score (Low/High)</th>
<th>R² (Low/High)</th>
<th>Lowest Loading/Weight (Low/High)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attribution</td>
<td>0.84/0.86</td>
<td>0.70/0.72</td>
<td>-----</td>
<td>0.82/0.86</td>
</tr>
<tr>
<td>Collectivism</td>
<td>0.82/0.88</td>
<td>0.68/0.73</td>
<td>-----</td>
<td>0.80/0.89</td>
</tr>
<tr>
<td>Uncertainty avoidance</td>
<td>0.86/0.81</td>
<td>0.74/0.66</td>
<td>-----</td>
<td>0.85/0.82</td>
</tr>
<tr>
<td>Power distance</td>
<td>0.88/0.83</td>
<td>0.79/0.70</td>
<td>-----</td>
<td>0.86/0.81</td>
</tr>
<tr>
<td>Information search</td>
<td>0.80/0.85</td>
<td>0.65/0.71</td>
<td>0.11/0.15</td>
<td>0.76/0.84</td>
</tr>
<tr>
<td>NWOM</td>
<td>0.82/0.86</td>
<td>0.70/0.72</td>
<td>0.14/0.17</td>
<td>0.71/0.74</td>
</tr>
<tr>
<td>Brand attitude</td>
<td>0.89/0.85</td>
<td>0.81/0.73</td>
<td>0.17/0.12</td>
<td>0.87/0.84</td>
</tr>
<tr>
<td>Purchasing intention</td>
<td>0.82/0.89</td>
<td>0.73/0.76</td>
<td>0.26/0.33</td>
<td>0.82/0.91</td>
</tr>
</tbody>
</table>

Low=Low-severity condition; High=High-severity condition

Table 5.1 shows the constructs’ measurement properties for both low- and high-severity scenarios. The lowest loading was 0.71 in negative WOM, which was acceptable based on Rivard et al.’s (1997) suggestion of 0.50 or above for the lowest loading. All the composite reliabilities were above 0.81, which was acceptable based on Fornell and
Larcker’s (1981) suggestion of 0.7 or above for composite reliability coefficient for a reliable construct. Moreover, all the average variance extracted (AVE) scores were higher than 0.65, which was above 0.5 and acceptable based on Fornell and Larcker’s (1981) suggestion. The R$^2$ coefficients (ranging from 0.11 to 0.33) for the endogenous variables indicated that, overall, the model was acceptable in explaining the variance in the endogenous variables.

In Study 2, the lowest square root of any AVE in the low-severity scenario was 0.81, while the highest correlation between any of the two constructs was 0.51. On the other hand, the lowest square root of any AVE in the high-severity scenario was 0.81 while the highest correlation between any of the two constructs was 0.56, which supported discriminant validity between the constructs in both scenarios.

The overall model fit results were shown in Table 5.2, including the Average Path Coefficient (APC), Average R Squared (ARS), Average Variance Inflation Factor (AVIF) and Tenenhaus GoF. According to Kock’s (2015) model fit assumptions, the fit of the proposed model with the data could be considered satisfactory if the GoF (for medium effect size) exceeded .25 (Tenenhaus et al. 2005; Wetzels, Odekerken-Schröder & Van Oppen 2009), the p-values for APC and ARS were less than .05, and the AVIF was less than 5. Thus, the model fit was deemed acceptable of the Conceptual Model.

**Table 5.2:** The model fit indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>APC (Good if p&lt;0.05)</th>
<th>ARS (Good if p&lt;0.05)</th>
<th>AVIF (Good if AVIF&lt;5)</th>
<th>GoF (Small&gt;=0.1, Medium&gt;=0.25, Large&gt;=0.36)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>0.204, p=0.008””</td>
<td>0.193, p=0.021””</td>
<td>1.077</td>
<td>0.317</td>
</tr>
<tr>
<td>High</td>
<td>0.243, p=0.003”””</td>
<td>0.206, p=0.008”””</td>
<td>1.071</td>
<td>0.352</td>
</tr>
</tbody>
</table>

Low=Low-severity condition; High=High-severity condition

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5.3.3 Hypothesis Testing

The results of path coefficients are reported in Table 5.3. In PLS, path coefficients were interpreted as standardised betas, which indicated the significance of the direct relationship between constructs (Loureiro, Ruediger & Demetris 2012). However, the standard errors in a PLS analysis were generally determined through bootstrapping procedures and, consequently, did not rely on the normality assumptions that underlie such test in PLS regression analysis.

Table 5.3: Path coefficients and their significance

<table>
<thead>
<tr>
<th>Path</th>
<th>Coefficient (low)</th>
<th>Significance</th>
<th>Coefficient (high)</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectivism to information search (H1a)</td>
<td>0.10</td>
<td>0.16</td>
<td>-0.39</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>Collectivism to NWOM (H1b)</td>
<td>-0.03</td>
<td>0.37</td>
<td>0.22</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>UA to information search (H2a)</td>
<td>0.18</td>
<td>&lt;0.05</td>
<td>0.17</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>UA to NWOM (H2b)</td>
<td>-0.22</td>
<td>&lt;0.05</td>
<td>-0.19</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>PD to information search (H3a)</td>
<td>0.23</td>
<td>&lt;0.01</td>
<td>0.22</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>PD to NWOM (H3b)</td>
<td>-0.12</td>
<td>0.11</td>
<td>-0.24</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>Information search to brand attitude (H4a)</td>
<td>0.18</td>
<td>&lt;0.05</td>
<td>0.24</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>NWOM to brand attitude (H4b)</td>
<td>-0.30</td>
<td>&lt;0.01</td>
<td>-0.21</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>Information search to purchasing intention (H5a)</td>
<td>0.21</td>
<td>&lt;0.05</td>
<td>-0.02</td>
<td>0.43</td>
</tr>
<tr>
<td>NWOM to purchasing intention (H5b)</td>
<td>-0.21</td>
<td>&lt;0.05</td>
<td>-0.29</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>Brand attitude to purchasing intention (H6)</td>
<td>0.25</td>
<td>&lt;0.01</td>
<td>0.45</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>Attribution to information search (H7a)</td>
<td>0.19</td>
<td>&lt;0.05</td>
<td>0.21</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>Attribution to NWOM (H7b)</td>
<td>0.42</td>
<td>&lt;0.01</td>
<td>0.32</td>
<td>&lt;0.01</td>
</tr>
</tbody>
</table>

Low=Low-severity condition; High=High-severity condition
The Effect of Collectivism on Information Search and Negative WOM: Results showed that collectivism had a significant and negative effect on information search intention under the high-severity scenario only; hence, H1a was partially supported. With regard to collectivism and negative WOM, a significant and positive relationship was supported under the high-severity scenario only. Hence, H1b was partially supported. Further, two-group comparisons using the Satterthwaite’s (1946) approach, as suggested by Kock (2014), were conducted between the low- and high-severity conditions. Results supported that severity enhanced the effect of collectivism on information search (one-tailed p=0.0002, p<0.01). Similarly, severity had a significant impact on the relationship between collectivism and the intention to spread negative WOM (one-tailed p=0.0329, p<0.05). In other words, severity played a significant moderating role in the relationship between collectivism and information search, and the relationship between collectivism and negative WOM.

The Effect of Uncertainty Avoidance on Information Search and Negative WOM: Under both conditions, the path coefficients showed that the degree of uncertainty avoidance had a significant and positive effect on the intention to search for information, and a significant and negative effect on the intention to spread negative WOM. Hence, both H2a and H2b were supported. Results from two-group comparisons showed that severity had a significant influence on the relationship between uncertainty avoidance and intention to search for information (one-tailed p=0.0088, p<0.01), but it did not enhance the negative effect on the relationship between uncertainty avoidance and intention to spread negative WOM (one-tailed p=0.405). In other words, the perceived severity of the information was a significant moderator of the relationship hypothesised in H2a, but it did not appear to be a significant moderator of the relationship hypothesised in H2b.
The Effect of Power Distance on Information Search and Negative WOM: Results showed that power distance had a significant and positive effect on information search intention under both conditions. However, power distance had a significant and negative effect on the intention to spread negative WOM under the high-severity scenario only; hence, H3a was supported, while H3b was partially supported. Results from two-group comparisons showed that severity did not influence the relationship between power distance and intention to search (one-tailed p=0.455), and the relationship between power distance and intention to spread negative WOM (one-tailed p=0.176). In other words, the perceived severity of the information did not appear to be a significant moderator of the relationship hypothesised in H3a or H3b.

The Effect of Information Search and Negative WOM on Brand Attitude: Results showed a significant and positive relationship between information search and brand attitude under the low-severity scenario only; hence, H4a was partially supported. With regards to negative WOM and brand attitude, a significant and negative relationship was supported under both severity scenarios. Hence, H4b was fully supported. Two-group comparisons showed that severity did not enhance the effect of information search on brand attitude (one-tailed p=0.313), or the effect of negative WOM on brand attitude (one-tailed p=0.236). In other words, the perceived severity of the information did not appear to be a significant moderator of the relationship hypothesised in H4a or H4b.

The Effect of Information Search and Negative WOM on Brand Purchasing Intention: Results showed that information search had a significant and positive effect on brand purchasing intention under low-severity scenario only; hence, H5a was partially supported. Results showed that negative WOM had a significant and negative effect on brand purchasing intention under both low- and high-severity scenarios. Hence, H5b was fully supported. Two-group comparisons showed that severity had a significant
influence on the relationship between information search and brand purchasing intention (one-tailed p=0.050), but it did not have any impact on the relationship between negative WOM and brand purchasing intention (one-tailed p=0.273). In other words, information severity was a significant moderator of the relationship between information search and brand purchasing intention (H5a), but not for the relationship between negative WOM and brand purchasing intention (H5b).

**Brand Attitude and Brand Purchasing Intention:** Results showed a significant and positive relationship between brand attitude and brand purchasing intention under both severity scenarios; hence, H6 was fully supported. A two-group comparison showed that severity had no impact on the relationship between brand attitude and brand purchasing intention (one-tailed p=0.056). In other words, the perceived severity did not appear to be a significant moderator of the relationship between brand attitude and purchasing intention.

**The Effect of Attribution on Information Search and Negative WOM:** Irrespective of the severity levels, the path coefficients showed that attribution had a significant and positive effect on the intention to search and the intention to spread negative WOM. Hence, both H7a and H7b were supported. Results from two-group comparisons showed that severity did not influence the relationship between attribution and information search (one-tailed p=0.443) or between attribution and negative WOM (one-tailed p=0.196). In other words, the perceived severity did not appear to be a significant moderator of the relationship hypothesised in H7a or H7b.
5.4 Summary and Discussion

The major objective of this study was to examine the influence of culture and attribution on consumers’ behavioural responses after negative publicity exposure, including their intention to search for information as well as their intention to spread the negative WOM. Three important cultural dimensions and attribution have been examined in this study along with the influence of the perceived severity of the negative publicity. The results generally supported the Conceptual Model, with all hypothesised paths being at least partially supported (see Table 5.4).
Table 5.4: Path Coefficients of Study 1 and Study 2

<table>
<thead>
<tr>
<th>Path</th>
<th>Study 1</th>
<th>Study 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectivism to information search</td>
<td>Low: positive sig.</td>
<td>Low: not sig.</td>
</tr>
<tr>
<td>(H1a)</td>
<td>High: positive sig.</td>
<td>High: negative sig.</td>
</tr>
<tr>
<td>Collectivism to NWOM (H1b)</td>
<td>Low: positive sig.</td>
<td>Low: not sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig.</td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>UA to information search (H2a)</td>
<td>Low: positive sig.</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig.</td>
<td>High: negative sig.</td>
</tr>
<tr>
<td>UA to NWOM (H2b)</td>
<td>Low: positive sig.</td>
<td>Low: negative sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig.</td>
<td>High: negative sig.</td>
</tr>
<tr>
<td>PD to information search (H3a)</td>
<td>Low: not sig.</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: negative sig</td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>PD to NWOM (H3b)</td>
<td>Low: positive sig.</td>
<td>Low: not sig.</td>
</tr>
<tr>
<td></td>
<td>High: not sig.</td>
<td>High: negative sig</td>
</tr>
<tr>
<td>Information search to brand attitude (H4a)</td>
<td>Low: not sig.</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig.</td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>NWOM to brand attitude (H4b)</td>
<td>Low: negative sig.</td>
<td>Low: negative sig.</td>
</tr>
<tr>
<td></td>
<td>High: negative sig</td>
<td>High: negative sig.</td>
</tr>
<tr>
<td>Information search to purchasing intention (H5a)</td>
<td>Low: positive sig.</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig.</td>
<td>High: not sig.</td>
</tr>
<tr>
<td>NWOM to purchasing intention (H5b)</td>
<td>Low: negative sig.</td>
<td>Low: negative sig.</td>
</tr>
<tr>
<td></td>
<td>High: negative sig</td>
<td>High: negative sig.</td>
</tr>
<tr>
<td>Brand attitude to purchasing intention (H6)</td>
<td>Low: positive sig.</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig.</td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>Attribution to information search (H7a)</td>
<td>Low: positive sig.</td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>Attribution to NWOM (H7b)</td>
<td>Low: positive sig.</td>
<td>High: positive sig.</td>
</tr>
</tbody>
</table>

Low=Low-severity condition; High=High-severity condition
First, the study finds that consumers’ level of collectivism had a significant and negative influence on their information search intention under the high-severity scenario only. This finding is similar to the suggestions by Goodrich and de Mooij (2014) that consumers from individualistic cultures are more likely to search for information actively from others or traditional mediums. In addition, the study finds that collectivism has a positive effect on intention to spread negative WOM in the high-severity scenario only. On one hand, it is consistent with De Mooij and Hofstede’s (2002) finding that consumers from more collectivist cultures tend to share ideas and views with relatives, friends and family members as opposed to those from individualistic countries. On the other hand, it contradicts the general belief that current consumers are not keen on spreading negative information if they are the current consumers of the affected brand (Shimp & Andrews 2013). Nowadays, consumers have a lot of brand choices, especially in fast-moving consumer goods as there are various brands in the same product category, so consumers do not seem to be reluctant to spread the negative WOM about a brand.

In terms of the influence of uncertainty avoidance, this study finds that, irrespective of severity, consumers’ level of uncertainty avoidance has a significant influence on their information search and negative WOM. More specifically, the higher the level of their uncertainty avoidance, the more likely they will do information search in the low-severity condition, but less likely in the high-severity condition. The findings of this study are similar to Shaw and Steers’s (2000) finding that consumers with a high level of uncertainty avoidance may have less interest in information search on the affected brand, as compared to consumers with low level of uncertainty avoidance when the negative publicity is severe. Moreover, consumers’ level of uncertainty avoidance has a significant and negative impact on their intention to spread negative WOM about the affected brand. These findings contrast some previous studies, such as Money (2000),
which found that consumers with high uncertainty avoidance prefer to engage in more WOM activities than consumers with low uncertainty avoidance. This contradiction may be due to consumers with high uncertainty avoidance wanting to avoid losing face due to the negative post-purchase experience (Goodrich & de Mooij 2014).

The findings for power distance again, appeared to be mixed in this study. It is interesting to find that power distance has a positive relationship with information search intention when consumers are exposed to negative publicity. The more power distance a consumer has, the stronger the intention of the consumer to search for information after the negative publicity exposure. This finding is different from the assumption proposed by De Mooij (2010) that individuals from low power distance countries tend to search more information before purchase while those from high power distance countries are less willing to search for information. The contrasting result may be due to the product category being goods-dominated in this study. Results also show that under the high-severity condition, consumers with a high power distance level are less likely to spread negative WOM after being exposed to negative publicity, which is similar to a number of earlier studies (e.g., Chow et al. 1999; Singh, Zhao & Hu 2005; Schulz et al. 2009). But the severity level of negative publicity is neither a significant moderator of the relationship between power distance and information search nor for the relationship between power distance and negative WOM.

Information search intention has a positive effect on brand attitude, irrespective of severity. In other words, the higher intention consumers have to search for information, the more positive brand attitude consumers have. Similarly, the effect of information search intention on brand purchasing intention is significant and positive under the low-severity scenario. This is similar to the study of Shim et al. (2001), in which information searching effort can positively influence consumers’ purchasing intention. The findings
associated with information search have an important managerial implication. When a brand encounters severe negative information, its marketer or brand manager should adopt strategies to encourage consumers to do information search which may result in positive brand attitude and purchasing intention. This type of effort, unfortunately, is rarely seen in the marketplace.

As predicted, negative WOM has a significant and negative impact on both brand attitude and brand purchasing intention; in other words, negative WOM leads to less favourable attitude and lower intention to purchase the affected brand. These findings are consistent with most previous studies (e.g., Shah et al. 2012). Understanding the impact of negative WOM can help managers to design more effective marketing communication strategies to deal with negative publicity. In addition, brand attitude has a significant and positive influence on consumers’ intention to purchase, which is consistent with previous research by Wu and Lo (2009) that the stronger a consumer’s brand attitude is, the higher his/her intention to purchase the product.

The results of the relationship between attribution and information search/negative WOM show that attribution has a significant and positive impact on both of them. In other words, consumers who believe that the incident is caused by the brand itself rather than individuals tend to have higher intention to search for information and to spread negative WOM. The result has been confirmed by previous literature that the failures attributed to the brand are likely to lead consumers to have more negative WOM (Curren & Folkes 1987). This current research also extends the relationship between attribution and information search, which is positive and significant. In other words, the more consumers blame the brand for the negative publicity, the more they are likely to search for information about the incident. This result is consistent with the previous study that consumers tend to have more intention to search for more information about a
brand which is involved in negative information. However, due to their desired blame attribution, the information they search for is likely to be biased (Bright & Goodman-Delahunt 2006).

As Study 2 tests consumers’ reactions toward a goods-dominated product (juice), there are quite a few findings that are different from Study 1, which tests a service-dominated product (banking). The path coefficients of both Study 1 and Study 2 are shown in Table 5.4. First of all, collectivism has a significant and positive effect on consumers’ intention to search for information and to spread negative WOM when they are exposed to the negative publicity of banking (Study 1). However, the effect of collectivism on information search intention is negative while on negative WOM intention is positive when consumers are exposed to the severe negative publicity of juice (Study 2), but no influence if consumers are exposed to the mild negative publicity of juice.

Uncertainty avoidance has a significant and positive influence on consumers’ intention to search for information after the exposure to banking negative publicity (Study 1), but if consumers are exposed to the juice negative publicity (Study 2), the influence of uncertainty avoidance on information search is positive in the low-severity scenario while negative in the high-severity scenario. The influence of uncertainty avoidance on negative WOM is opposite between two studies. When consumers are exposed to the negative publicity of banking (Study 1), they tend to have more negative WOM if they have a high level of uncertainty avoidance. But if they are exposed to the negative publicity of juice (Study 2), they become less likely to spread negative WOM.

The effects of power distance on consumers’ intention to search for information and to spread negative WOM are very different between Study 1 and Study 2. When consumers are exposed to the negative publicity of juice (Study 2), power distance has a significant and positive effect on information search irrespective of severity, but when
consumers are exposed to the negative publicity of banking (Study 1), power distance has a significant and negative effect on information search under the high-severity condition while no effect under the low-severity condition. In terms of the effects of power distance on negative WOM, it is positive after consumers are exposed to the mild negative publicity of banking (Study 1), but negative if they are exposed to the severe negative publicity of juice (Study 2).

Information search and negative WOM have very similar effects on consumers’ attitude towards the brand which is involved in negative publicity. Apart from the situation that information search has no influence on brand attitude when consumers are exposed to the mild negative publicity of banking (Study 1), the effects of information search on brand attitude are positive irrespective of severity and product category. In terms of the influence of negative WOM on brand attitude, the results of both Study 1 and Study 2 are the same that negative WOM has a significant and negative influence on consumers’ attitude towards the affected brand.

In summary, both Study 1 and Study 2 find that culture has a significant impact on consumers’ responses to negative publicity in both banking and the juice product category. However, the influences of three cultural dimensions on information search intentions or negative WOM intentions are not exactly the same. Consumers’ information search intentions has a positive effect on their intentions to purchase the brand except in one scenario in which consumers are exposed to a severe negative publicity case of a juice brand (Study 2). Irrespective of product category and severity, results show that negative WOM has a significant and negative effect while brand attitude has a significant and positive effect on consumers’ brand purchasing intention.
Chapter 6 Study Three

Study 2 examined a goods category (Juice) and detected significant influences of cultural dimensions on consumers’ reactions to negative publicity. More specifically, collectivism, uncertainty avoidance and power distance had similar influences on information search and negative WOM under the low-severity condition; however, their influence appeared to be different under the high-severity condition. In other words, the severity level of negative publicity moderated the influence of cultural dimensions on consumers’ reactions. Moreover, consumer attribution (or the blame factor) had significant positive effects on both intentions to search for information and intentions to spread negative WOM after their exposure to negative publicity.

Study 3 in this chapter will examine if the findings of Study 2 on Chinese consumers can be applied to Australia, a country whose cultural environment is vastly different from that of China. Australia is considered to be a country with low levels of collectivism, uncertainty avoidance and power distance, whereas China represents the opposite with high levels of collectivism, uncertainty avoidance and power distance (Liu, Cheng & Li 2009).

6.1 The differences between Australian and Chinese market

6.1.1 Economic Environment
Besides their cultural differences, Australia and China are also different in terms of economic development. The Australian economy has experienced continuous growth and features low unemployment, contained inflation, low public debt, and a strong and stable financial system. By 2012, Australia had experienced more than 20 years of continued economic growth with an annual average of 3.5%. In the light of the
increased demand for resources and energy from Asia, and especially China, Australia
developed a channel for resources investments and growth in commodity exports
(Indexmundi 2014). Australia obtains 70% of its GDP and 75% of jobs from the tertiary
sector, which is the largest part of the economy. In contrast, 21% of the Australian GDP
is from the secondary sector, whereas less than 10% is contributed by the primary sector
such as that of agriculture. Fortunately, Australia was comparatively unaffected by the
global financial crisis in 2008. The banking system has remained strong and inflation is
under control. The GDP per capital of Australia was more than $60,000 in 2015 and the
country was ranked sixth in the world (WorldBank 2015).

In contrast, China is the factory of the world, where the secondary sector represents the
largest share of GDP. However, from 2013, the tertiary sector has been the largest
category of GDP with a share of 46%, whereas the secondary sector still accounts for 45% of the country’s total output (FocusEconomics 2016). Meanwhile, the primary sector’s weight in GDP has decreased to less than 10% since China started the open and reform policy. In the last few decades, the Chinese economy has experienced rapid growth that has catapulted the country to become the world's second-largest economy. In 1978—when China started its programme of economic reforms—the country ranked ninth in terms of nominal gross domestic product (GDP) at USD 214 billion; 35 years later it jumped up to second place with a nominal GDP of USD 9.2 trillion. However, its per capita income is below the world average. In 2014, the GDP per capital of China was above $7,000, and it is ranked 95th in the world (WorldBank 2015).

Income is thought to be one of the most influential factors in consumer behaviour.
Consumers usually have more confidence when they have higher income, and vice versa. In general, consumers spend more money if they earn more, so consumers with higher income are able to have more brand choices than lower-income ones. An
increase in disposable income leads to an increase in expenditure on various items. A fall in disposable income, however, leads to a fall in expenditure on various items. The disposable income of Australian citizens is currently more than $50,000, whereas that of the Chinese is only slightly above $6,000 (TradingEconomics 2016). In general, Australian consumers have a much stronger purchasing power than Chinese consumers, which means that they are more likely to purchase new products with less consideration. Chinese consumers, however, may have to spend more time on decision-making. As Chinese consumers’ disposable income is much less than Australian consumers’, it is understandable that they expect to spend less money on products but also look for good quality as they may not have extra money to buy replacements.

Savings is another major factor that can influence an individual’s buying behaviour. An individual’s daily expenditure can be impacted by a change in the amount of her/his savings. Therefore, if an individual wants to save more out of her/his current income, it is obvious that she/he needs to spend less in her/his daily life. The gross savings of GDP of Australia were 25% in 2015 and 50% in China (WorldBank 2015), which means Chinese consumers save more than Australians, so their disposable income for everyday expenditure is less. Lower disposable income makes Chinese consumers more price-sensitive. However, Chinese consumers also expect good quality at a low price (Nelson, 2011). This may make them more likely to complain if product quality does not meet their expectations.

6.1.2 Market Environment

China and Australia also differ in their market environment. China is a highly competitive and complicated market for most product categories. Chinese consumers are not surprised to encounter negative brand information in their daily life. In fact, they
may be too frequently exposed to negative brand information. The Australian market appears to be much smaller and less competitive than the Chinese market thanks to its geographic location. In general, Australian consumers may be exposed to less negative brand information than Chinese consumers (Kaynak, Wong & Leung 2013).

Research has found that negative brand information leads to strong consumer sentiment and reduced consumption (Nguyen & Claus 2013). Therefore, there is a positive relationship between consumer sentiment and consumption (HIA 2014). Furthermore, similar to consumer confidence, lower consumer sentiment can even result in lower economic growth because of reduced consumer purchasing demand (HIA 2014). Results from TradingEconomics (2013), based on the statistics of Westpac-Melbourne Institute consumer sentiment index, showed that Australia was above 110 in 2013, whereas China was only 99. Therefore, it is obvious that Australian consumers are more confident about the market than Chinese consumers, and they may be more willing to consume more in their daily life.

Consumer sentiment may also be related to advertising skepticism (Grier & Forehand 2002). Advertising skepticism refers to consumers’ distrust in advertising claims (Obermiller & Spangenberg 1998). Diehl, Mueller and Terlutter (2007) suggested that advertising skepticism may differ in different countries. Australian consumers have a lower level of advertising skepticism than Chinese consumers (Gu & Morrison 2009b). In other words, Chinese consumers distrust advertising more than Australian consumers do. After the ‘Three Deer’ milk power incident in 2008 (resulting in an outbreak of kidney disease among children), Chinese consumers became much more skeptical of advertising and had much lower confidence in local brands (Yusheng 2002).
In the light of the above discussion, Chinese consumers may have less market confidence than Australian consumers. This may also cause differences in their responses to negative brand information.

6.1.3 Social Environment

In Chinese society, people emphasise harmony and face (*mianzi*) (Lin 2002; Hwang 2012). *Mianzi* is defined as ‘a social reputation that is highly valued by Chinese’ (Hwang 2012). King and Myers (1977) believed that *mianzi* influenced most aspects of Chinese society. For example, *mianzi* played a significant role in Chinese consumers’ conflict management (Oetzel et al. 2001). *Mianzi* makes it less likely that Chinese consumers (for example, as compared with Australian consumers) will share their personal feelings and emotions in public or with unfamiliar people (Wong et al. 2014).

Some studies have found that Chinese consumers are less likely to spread negative WOM than Australian consumers (Chan & Wan 2008; Liu & McClure 2001). However, this may depend on the specific situation. For example, when a Chinese consumer experiences a service failure from a service provider, they are likely to regard this as a loss of *mianzi* (i.e., they have not made a wise consumption decision), whereas Australian consumers may feel less concern (Hui & Triandis 1986). Chinese consumers prefer to seek engagement in activities that restore their *mianzi* but Australians do not (Hui & Triandis 1986). Compared with American consumers, Chinese consumers are more likely to respond confrontationally to show their dissatisfaction to the service provider only in the case of embarrassing service failure, but they do engage in negative WOM with other consumers (De Mooij & Hofstede 2011; Wan 2013). Therefore, Chinese consumers and Australian consumers may respond differently to negative publicity.
Because of differences in the economy, market and society, it is assumed that consumers’ reactions could be very different between China and Australia. As such, Study 3 will examine whether findings from China, can be extended to consumers from a western country.

In the light of the above discussion, Study 3 selected Australian consumers in order to find out if the influences of culture still pertained in the context of negative publicity. Accordingly, the same hypotheses and conceptual model of Study 2 will be tested in Study 3.

**Hypothesis 1**: Consumers’ level of collectivism will have a significant and positive effect on their (H1a) intention to search for information and (H1b) intention to spread negative WOM, after negative publicity exposure.

**Hypothesis 2**: Consumers’ level of uncertainty avoidance will have a significant and positive effect on their (H2a) intention to search for information and (H2b) intention to spread negative WOM, after negative publicity exposure.

**Hypothesis 3**: Consumers’ level of power distance will have a significant and negative effect on their (H3a) intention to search for information and (H3b) intention to spread negative WOM, after negative publicity exposure.

**Hypotheses 4a**: Consumers’ intention to search for information will have a significant and positive effect on their brand attitude, after negative publicity exposure.

**Hypotheses 4b**: Consumers’ intention to spread negative WOM will have a significant and negative effect on their brand attitude, after negative publicity exposure.

**Hypothesis 5a**: Consumers’ intention to search for information will have a significant and positive effect on their brand purchasing intention, after negative publicity exposure.
**Hypothesis 5b:** Consumers’ intention to spread negative WOM will have a significant and negative effect on their brand purchasing intention, after negative publicity exposure.

**Hypothesis 6:** Consumers’ brand attitude will have a significant and positive effect on their brand purchasing intention, after negative publicity exposure.

**Hypothesis 7:** Attribution will have a significant and positive effect on (7a) consumers’ intention to search for information and (7b) intention to spread negative WOM, after negative publicity exposure.

The conceptual model is specified in Figure 6.1.

![Image of conceptual model](image)

**Figure 6.1:** The Conceptual Model of Study 3

Note: Uncertainty Avoidance (UA); Power Distance (PD); Brand Attitudes (BA); Negative Word-of-Mouth (NWOM).
6.2 Research Method

Research Design

The design and procedure used in Study 3 were adopted from Study 2 with a few changes. The country and region were changed to Australia and Perth in this current study, and the participants were recruited from undergraduate students from a key university in Perth. Similar to Study 1 and Study 2, the sample was randomly assigned to different experimental conditions. The participants did the survey in a relative quiet venue without any communication with each other.

6.2.1 Product and Brand Selection

Based on the recommendation from Leuthesser, Kohli and Harich (1995), Study 3 adopted Harvey Fresh Juice, a well-known local brand that was sufficiently well-known to the consumer. Harvey Fresh Juice is a leading fruit juice producer in Perth, Western Australia. It was established in 1986 and its original focus was on the production of 100% freshly squeezed fruit juice. In 1989, the company built a new dairy production line just opposite the juice factory, so now it is engaged in both the production and sale of fruit juice, milk and dairy products. Moreover, Harvey Fresh is one of the very few brands in the juice industry which is involved in the following quality assurance programmes: 1. Quality Control AQIS (Australian Quarantine and Inspection Service) accredited factory; 2. Hazard Analysis Critical Control Point (HACCP) system.

Harvey Fresh has a wide range of juice products for local and export sales, such as fruit and vegetable concentrates, freshly squeezed/crushed juice products, long-life fruit juices and long-life carrot juice. Harvey Fresh’s juice and milk continue to be one of the market leaders with market shares of 25% and 20% by sales volume in Western Australia’s juice and milk retailing industry (Pownall 2015), so Harvey Fresh Juice is
one of the most well-known fruit and vegetable juices among Western Australian consumers.

6.2.2 Negative Publicity

In research related to two different cultures, the research design should pay attention to the equivalence issue (Harzing, Reiche & Pudelko 2013). Following this principle, the biggest local newspaper in Western Australia, *The Western Australian*, was chosen to be the medium for the negative publicity. All participants were randomly assigned into one of the two scenarios: low-severity or high-severity scenario, in the same manner as in Study 1 and Study 2.

- A low-severity design included a piece of negative news from *The Western Australian* reporting that a Harvey Fresh Juice contained excessive amounts of Auramine, which is usually used as an industrial colouring material and may cause slight stomach-ache.

- A high-severity design included a piece of negative news reported through the same medium that Harvey Fresh Juice contained excessive amounts of Auramine, which is usually used as an industrial colouring material and may cause cancer.

In order to control for the believability of the news, both designs included a statement that the Australian Association of Consumer Protections (the authority which deals with consumer complaints) had confirmed that the reported case was true.

6.2.3 Pre-test

Similarly to Study 2, these two pieces of negative news were also reviewed by an expert panel (consisting of marketing professors and industry representatives). 25 Australian
undergraduate students from a key university in Perth were pre-tested with the severity condition. All Australian students classified juice as a goods-dominant product, which was consistent with the findings of Haas and Krausmann (2015). In the pre-test, participants were also asked to rate their perceived severity levels of the negative news based on a five-point scale. A higher score referred to a higher level of perceived severity. The t-test results showed a significant difference between the low- and high-severity scenarios (for high-severity scenario, M=4.45; for low-severity scenario, M=2.43; t=6.917; df=23; p<0.001). Thus, the manipulation of perceived severity was successful.

The same questionnaire and similar pre-test techniques from Study 1 and Study 2 were also employed in Study 3. The survey was also pretested after the questions were reviewed for clarity and content by marketing professors and experts in the field of marketing. Another 21 Australian students were interviewed. During the interviews, the study objectives were explained and they were asked to check the wording and clarity of each of the questionnaire items. And finally, several items were altered to improve wording and clarity.

6.3 Data Collection and Analyses

6.3.1 Data Collection

Similar to Study 1 and Study 2, Study 3 collected 213 valid responses, who were all current consumers of the juice brand. Among them, 103 responses were assigned to the high-severity condition and 110 to the low-severity condition. Each respondent completed the questionnaire independently after reading the negative news. In the high-severity condition, 48% were female, whereas 43% were female in the low-severity condition.
6.3.2 Measurement Validation

Similarly to the two previous studies, the hypotheses were tested with the partial least squares (PLS) approach. The adequacy of the measures was shown in Table 6.1 and the eight constructs were tested in this phase of the analyses.

Table 6.1: The constructs’ measurement properties

<table>
<thead>
<tr>
<th>Construct</th>
<th>Composite Reliability (Low/High)</th>
<th>AVE score (Low/High)</th>
<th>$R^2$ (Low/High)</th>
<th>Lowest Loading/Weight (Low/High)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attribution</td>
<td>0.81/0.83</td>
<td>0.68/0.70</td>
<td>-----</td>
<td>0.81/0.84</td>
</tr>
<tr>
<td>Collectivism</td>
<td>0.81/0.76</td>
<td>0.69/0.63</td>
<td>-----</td>
<td>0.81/0.74</td>
</tr>
<tr>
<td>Uncertainty avoidance</td>
<td>0.80/0.81</td>
<td>0.65/0.66</td>
<td>-----</td>
<td>0.77/0.82</td>
</tr>
<tr>
<td>Power distance</td>
<td>0.82/0.79</td>
<td>0.70/0.69</td>
<td>-----</td>
<td>0.81/0.78</td>
</tr>
<tr>
<td>Information search</td>
<td>0.78/0.82</td>
<td>0.64/0.70</td>
<td>0.18/0.09</td>
<td>0.73/0.81</td>
</tr>
<tr>
<td>NWOM</td>
<td>0.81/0.83</td>
<td>0.69/0.70</td>
<td>0.07/0.11</td>
<td>0.72/0.76</td>
</tr>
<tr>
<td>Brand attitude</td>
<td>0.85/0.87</td>
<td>0.72/0.73</td>
<td>0.09/0.32</td>
<td>0.82/0.84</td>
</tr>
<tr>
<td>Purchasing intention</td>
<td>0.84/0.82</td>
<td>0.72/0.70</td>
<td>0.41/0.30</td>
<td>0.81/0.79</td>
</tr>
</tbody>
</table>

Low=Low-severity condition; High=High-severity condition

Table 6.1 showed the constructs’ measurement properties for both low- and high-severity scenarios. The lowest loading was 0.72 in negative WOM, which was acceptable given Rivard et al.’s (1997) suggestion of 0.50 or above for the lowest loading. All the composite reliabilities were above 0.76, which conforms with Fornell and Larcker’s (1981) suggestion of 0.7 or above for a composite reliability coefficient for a reliable construct. Moreover, all the average variance extracted (AVE) scores were higher than 0.63, which was above 0.5 and acceptable given Fornell and Larcker’s (1981) suggestion. The $R^2$ coefficients (ranging from 0.07 to 0.41) for the endogenous variables indicated that, overall, the model was acceptable in terms of explaining the variance in the endogenous variables.
PLS provides several indicators of discriminant validity between two constructs. One of the most common ways of doing so is to check if the square roots of each of their AVE scores were higher than the correlation between them (Fornell & Larcker 1981). In this study, the lowest square root of any AVE in the low-severity scenario was 0.81, and the highest correlation between any of the two constructs was 0.59. On the other hand, the lowest square root of any AVE in the high-severity scenario was 0.81, and the highest correlation between any of the two constructs was 0.61, which supports discriminant validity between the constructs in both scenarios.

The overall model fit results were shown in Table 6.2, including the average path coefficient (APC), average R squared (ARS), average variance inflation factor (AVIF) and Tenenhaus GoF. According to Kock’s (2015) model fit assumptions, the fit of the proposed model with the data is considered satisfactory if the GoF (for medium effect size) exceeded 0.25 (Tenenhaus et al. 2005; Wetzels, Odekerken-Schröder & Van Oppen 2009), the p-values for APC and ARS are less than 0.05, and the AVIF is less than 5.

Table 6.2: The model fit indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>APC</th>
<th>ARS</th>
<th>AVIF</th>
<th>GoF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Good if p&lt;0.05)</td>
<td>(Good if p&lt;0.05)</td>
<td>(Good if AVIF&lt;5)</td>
<td>(Small&gt;=0.1, Medium&gt;=0.25, Large&gt;=0.36)</td>
</tr>
<tr>
<td>Low</td>
<td>0.193, p=0.002***</td>
<td>0.188, p=0.003***</td>
<td>1.192</td>
<td>0.326</td>
</tr>
<tr>
<td>High</td>
<td>0.176, p=0.004***</td>
<td>0.159, p=0.007***</td>
<td>1.122</td>
<td>0.303</td>
</tr>
</tbody>
</table>

Low=Low-severity condition; High=High-severity condition

6.3.3 Hypothesis Testing

The results of path coefficients were reported in Table 6.3. In PLS, path coefficients are interpreted as standardised betas which indicated the significance of the direct
relationship between constructs (Loureiro, Ruediger & Demetris 2012). However, the standard errors in a PLS analysis were generally determined through bootstrapping procedures and, consequently, did not rely on the normality assumptions that underlie such test in PLS regression analysis.

**Table 6.3**: Path coefficients and their significance

<table>
<thead>
<tr>
<th>Path</th>
<th>Coefficient (low)</th>
<th>Significance</th>
<th>Coefficient (high)</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectivism to information search (H14a)</td>
<td>-0.09</td>
<td>0.11</td>
<td>0.03</td>
<td>0.34</td>
</tr>
<tr>
<td>Collectivism to NWOM (H14b)</td>
<td>-0.08</td>
<td>0.14</td>
<td>-0.09</td>
<td>0.12</td>
</tr>
<tr>
<td>UA to information search (H15a)</td>
<td>-0.236</td>
<td>&lt;0.01</td>
<td>-0.121</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>UA to NWOM (H15b)</td>
<td>-0.162</td>
<td>&lt;0.05</td>
<td>0.18</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>PD to information search (H16a)</td>
<td>0.05</td>
<td>0.24</td>
<td>0.10</td>
<td>0.10</td>
</tr>
<tr>
<td>PD to NWOM (H16b)</td>
<td>-0.05</td>
<td>0.27</td>
<td>0.07</td>
<td>0.17</td>
</tr>
<tr>
<td>Information search to brand attitude (H17a)</td>
<td>0.26</td>
<td>&lt;0.01</td>
<td>-0.03</td>
<td>0.32</td>
</tr>
<tr>
<td>NWOM to brand attitude (H17b)</td>
<td>-0.40</td>
<td>&lt;0.01</td>
<td>-0.38</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>Information search to purchasing intention (H18a)</td>
<td>-0.003</td>
<td>0.48</td>
<td>0.14</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>NWOM to purchasing intention (H18b)</td>
<td>-0.40</td>
<td>&lt;0.01</td>
<td>-0.39</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>Brand attitude to purchasing intention (H19)</td>
<td>0.34</td>
<td>&lt;0.01</td>
<td>0.31</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>Attribution to information search (H20a)</td>
<td>0.30</td>
<td>&lt;0.01</td>
<td>0.24</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>Attribution to NWOM (H20b)</td>
<td>0.14</td>
<td>&lt;0.05</td>
<td>0.23</td>
<td>&lt;0.01</td>
</tr>
</tbody>
</table>

Low=Low-severity condition; High=High-severity condition
The Effect of Collectivism on Information Search and Negative WOM: Irrespective of severity, the path coefficients showed that the degree of collectivism did not have a significant effect on information search intention; hence, H1a was not supported. With regard to collectivism and negative WOM, the results showed an insignificant relationship. Hence, H1b was not supported. Further, two-group comparisons using the Satterthwaite’s (1946) approach, as suggested by Kock (2014), were conducted between the low- and high-severity conditions. Results supported that severity did not have a significant effect on the relationship between collectivism and intention to search for information (one-tailed p=0.280). Similarly, the effect of severity was not significant on the relationship between collectivism and the intention to spread negative WOM (one-tailed p=0.481) either. In other words, severity played a significant moderating role in neither the relationship between collectivism and information search, nor the relationship between collectivism and negative WOM.

The Effect of Uncertainty Avoidance on Information Search and Negative WOM: Under both low- and high-severity conditions, the path coefficients showed that the degree of uncertainty avoidance had a significant and negative effect on the intention to do information search; hence, H2a was fully supported. However, the degree of uncertainty avoidance had a significant and negative effect on negative WOM intention under the low-severity condition, but a significant and positive effect on the intention to spread negative WOM under the high-severity condition. Hence, H2b was partially supported. Results from two-group comparisons showed that severity did not have any significant influence on the relationship between uncertainty avoidance and intention to search for information (one-tailed p=0.128), but it did enhance the effect on the relationship between uncertainty avoidance and intention to spread negative WOM (one-tailed p=0.0011, p<0.01). In other words, the perceived severity of the information did not
appear to be a significant moderator of the relationship hypothesised in H2a, but it was a significant moderator of the relationship hypothesised in H2b.

*The Effect of Power Distance on Information Search and Negative WOM*: Results showed that power distance did not have a significant effect on information search intention under either severity scenario. Similarly, power distance did not have any significant effect on the intention to spread negative WOM under either severity scenario; hence, neither H3a nor H3b was supported. Results from two-group comparisons showed that severity did not influence the relationship between power distance and intention to search for information (one-tailed p=0.079) or intention to spread negative WOM (one-tailed p=0.132). In other words, the perceived severity of the information did not appear to be a significant moderator of the relationship hypothesised in H3a or H3b.

*The Effect of Information Search and Negative WOM on Brand Attitude*: Results showed a significant and positive relationship between information search intention and brand attitude under the low-severity scenario only; hence, H4a was partially supported. With regards to negative WOM and brand attitude, a negative and significant relationship was supported under both severity scenarios. Hence, H4b was fully supported. Two-group comparisons showed that severity enhanced the effect of information search on brand attitude (one-tailed p=0.005, p<0.01), but it did not have any effect on the relationship between negative WOM and brand attitude (one-tailed p=0.399). In other words, the perceived severity of the information was a significant moderator of the relationship hypothesised in H4a, but it did not appear to be a significant moderator of the relationship hypothesised in H4b.

*The Effect of Information Search and Negative WOM on Brand Purchasing Intention*: Results showed that information search had a significant and positive effect on brand
purchasing intention under the high-severity scenario only; hence, H5a was partially supported. Results showed that negative WOM had a significant and negative effect on brand purchasing intention under both low- and high-severity scenarios. Hence, H5b was fully supported. Two-group comparisons showed that severity did not have any significant influence on the relationship between information search and brand purchasing intention (one-tailed p=0.086), nor did it have any impact on the relationship between negative WOM and brand purchasing intention (one-tailed p=0.447). In other words, information severity was a significant moderator neither for the relationship between information search and brand purchasing intention (H5a), nor for the relationship between negative WOM and brand purchasing intention (H5b).

**Brand Attitude and Brand Purchasing Intention**: Results showed a significant and positive relationship between brand attitude and brand purchasing intention under both severity scenarios; hence, H6 was fully supported. A two-group comparison showed that severity had no impact on the relationship between brand attitude and brand purchasing intention (one-tailed p=0.378). In other words, the perceived severity did not appear to be a significant moderator of the relationship between brand attitude and brand purchasing intention.

**The Effect of Attribution on Information Search and Negative WOM**: Irrespective of severity, the path coefficients showed that the attribution had a significant and positive effect on the intention to search and the intention to spread negative WOM. Hence, both H7a and H7b were supported. Results from two-group comparisons showed that severity did not influence the relationship between attribution and intention to search for information (one-tailed p=0.280, p>0.05), or between attribution and intention to spread negative WOM (one-tailed p=0.209, p>0.05). In other words, the perceived severity of
the information did not appear to be a significant moderator of the relationship hypothesised in H7a and H7b.

**Table 6.4: A Summary of Three Cultural Dimensions in Three Studies**

<table>
<thead>
<tr>
<th>Cultural Dimension</th>
<th>Study 1</th>
<th>Study 2</th>
<th>Study 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectivism</td>
<td>Low: 3.42</td>
<td>Low: 4.60</td>
<td>Low: 2.42</td>
</tr>
<tr>
<td></td>
<td>High: 3.21</td>
<td>High: 4.31</td>
<td>High: 2.77</td>
</tr>
<tr>
<td></td>
<td>Low: 3.52</td>
<td>Low: 4.50</td>
<td>Low: 3.15</td>
</tr>
<tr>
<td>Uncertainty Avoidance</td>
<td>High: 4.42</td>
<td>High: 4.15</td>
<td>High: 3.22</td>
</tr>
<tr>
<td></td>
<td>Low: 2.05</td>
<td>Low: 3.87</td>
<td>Low: 2.01</td>
</tr>
<tr>
<td>Power Distance</td>
<td>High: 3.01</td>
<td>High: 3.92</td>
<td>High: 2.03</td>
</tr>
</tbody>
</table>

**6.4 Summary and Discussion**

The major objective of Study 3 was to examine the influence of culture and attribution on Australian consumers’ behavioural responses after negative publicity exposure, including their intention to search for information as well as their intention to spread negative WOM. Three important cultural dimensions and attribution were examined in this study along with the influence of the perceived severity of the negative publicity. The results generally supported the Conceptual Model, with most hypothesised paths being at least partially supported (see Table 6.4).
### Table 6.5: Path coefficients of Study 2 and Study 3

<table>
<thead>
<tr>
<th>Path</th>
<th>Study 2</th>
<th>Study 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectivism to information search (H1a)</td>
<td>Low: not sig.</td>
<td>Low: not sig.</td>
</tr>
<tr>
<td></td>
<td>High: negative sig.</td>
<td>High: not sig.</td>
</tr>
<tr>
<td>Collectivism to NWOM (H1b)</td>
<td>Low: not sig.</td>
<td>Low: not sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig</td>
<td>High: not sig.</td>
</tr>
<tr>
<td>UA to information search (H2a)</td>
<td>Low: positive sig</td>
<td>Low: negative sig.</td>
</tr>
<tr>
<td></td>
<td>High: negative sig</td>
<td>High: negative sig.</td>
</tr>
<tr>
<td>UA to NWOM (H2b)</td>
<td>Low: negative sig</td>
<td>Low: negative sig.</td>
</tr>
<tr>
<td></td>
<td>High: negative sig</td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>PD to information search (H3a)</td>
<td>Low: positive sig</td>
<td>Low: not sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig</td>
<td>High: not sig.</td>
</tr>
<tr>
<td>PD to NWOM (H3b)</td>
<td>Low: not sig.</td>
<td>Low: not sig.</td>
</tr>
<tr>
<td></td>
<td>High: negative sig</td>
<td>High: not sig.</td>
</tr>
<tr>
<td>Information search to brand attitude (H4a)</td>
<td>Low: positive sig</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig</td>
<td>High: not sig.</td>
</tr>
<tr>
<td>NWOM to brand attitude (H4b)</td>
<td>Low: negative sig</td>
<td>Low: negative sig.</td>
</tr>
<tr>
<td></td>
<td>High: negative sig</td>
<td>High: negative sig.</td>
</tr>
<tr>
<td>Information search to purchasing intention (H5a)</td>
<td>Low: positive sig</td>
<td>Low: not sig.</td>
</tr>
<tr>
<td></td>
<td>High: not sig.</td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>NWOM to purchasing intention (H5b)</td>
<td>Low: negative sig</td>
<td>Low: negative sig.</td>
</tr>
<tr>
<td></td>
<td>High: negative sig</td>
<td>High: negative sig.</td>
</tr>
<tr>
<td>Brand attitude to purchasing intention (H6)</td>
<td>Low: positive sig</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig</td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>Attribution to information search (H7a)</td>
<td>Low: positive sig</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig</td>
<td>High: positive sig.</td>
</tr>
<tr>
<td>Attribution to NWOM (H7b)</td>
<td>Low: positive sig</td>
<td>Low: positive sig.</td>
</tr>
<tr>
<td></td>
<td>High: positive sig</td>
<td>High: positive sig.</td>
</tr>
</tbody>
</table>

Low=Low-severity condition; High=High-severity condition
First, the study finds that consumers’ level of collectivism does not have any influence on their information search intention under either severity scenario. In other words, no matter how collectivist the consumer is, it does not influence her/his intention to actively search for information. The finding is similar to that obtained by Triandis (1995) that consumers from individualist cultures are less likely to search for product information because they believe that their own opinions, preferences, tastes and choices are more reliable. Since Australian consumers are typical individualistic consumers, collectivism, as expected, does not have any significant influence on their intention to search for information about the affected brand. Similarly, the study finds that the collectivism level does not have any effect on intention to spread negative WOM in either severity scenario. It is consistent with De Mooij and Hofstede’s (2002) finding that in less collectivist societies, collectivism may not have a significant influence on negative WOM. In other words, the cultural dimension of collectivism does not significantly influence Australian consumers’ information search and negative WOM intention, as compared with consumers who have strong collectivist values. Consumers who have strong individualist values are more independent than other people and are more willing to rely on their own existing knowledge (Doran 2002).

Similar to collectivism, consumers’ level of power distance does not have any effect on consumers’ intention to search for information after the negative publicity exposure. It is inconsistent with previous research that consumers who were from low power distance cultures were more motivated to search for online information, compared with consumers who were from high power distance cultures (Marcos et al. 2013). Additionally, consumers’ level of power distance does not have any effect on consumers’ intention to spread WOM either, which challenges Schulz et al.’s (2009) result that consumers from high power distance cultures are less willing to share negative WOM than those from low power distance cultures.
In terms of the influence of uncertainty avoidance, this study finds that, irrespective of severity, consumers’ levels of uncertainty avoidance have a significant influence on their information search and negative WOM intention. More specifically, consumers’ levels of uncertainty avoidance have a significant and negative impact on their intention to search for more information about the affected brand. It is similar to Shaw and Steers’s (2000) finding that consumers with a high level of uncertainty avoidance may have less interest in information search on the affected brand than consumers with a low level of uncertainty avoidance, when negative brand information is severe.

However, in the high-severity scenario, consumers with high uncertainty avoidance were more likely to spread negative WOM about the affected brand to warn others against purchasing it, but in the low-severity scenario, consumers with high uncertainty avoidance were less likely to spread negative WOM. This finding partially supported previous studies, such as Money (2000), which found that consumers from high uncertainty avoidance cultures tended to engage in more WOM activities than consumers from low uncertainty avoidance cultures.

Overall, results from Study 3 suggest that uncertainty avoidance has a strong influence on information search and negative WOM intention in the context of negative publicity, but collectivism does not. Perceived severity appears to enhance the influence of uncertainty avoidance on negative WOM intention, which signals an important message to marketers that the more severe the nature of the negative information, the more likely the current consumers will be to spread more negative WOM about the affected brand.

Information search intention has a positive effect on brand attitude under the low-severity scenario only. In other words, the more information consumers search for, the more positive brand attitude they have. Because of the significant different effects of information search on brand attitude between low- and high-severity scenarios, brands
which are involved in negative publicity should try to create consumers’ motivation to search for their brand information when the negative publicity is not too severe, otherwise information search cannot change consumers’ attitude when negative publicity becomes severe. If the negative publicity is very severe, its effect on brand purchasing intention is significant and positive. This is similar to the study of Shim et al. (2001), in which information-searching effort was shown positively to influence consumers’ purchasing intention. The findings associated with information search have an important managerial implication. When a brand encounters severe negative information, its marketer or brand manager should adopt strategies to encourage consumers to do more information search that may result in positive brand attitude and purchasing intention. This type of effort, unfortunately, is rarely seen in the marketplace.

As predicted, negative WOM has a significant and negative impact on both brand attitude and purchasing intention; in other words, negative WOM may relate to less favourable attitude and lower intention to purchase the affected brand. These findings are consistent with most previous studies (e.g., Shah et al. 2012). Understanding the impact of negative WOM can help managers to design more effective marketing communication strategies to deal with negative publicity. In addition, brand attitude has a significant and positive influence on consumers’ intention to purchase, which is consistent with previous research by Wu and Lo (2009), who find that the better a consumer’s brand attitude, the higher her/his intention to purchase the product.

The results of the relationship between attribution and negative WOM/information search show that attribution has a significant and positive impact on both of them. In other words, consumers appear to have higher negative WOM and information search intention if they believe that the causer of incidents is the brand, not the individual
buyer. Previous literature confirms the result that the failures attributed to the brand itself probably lead consumers to have negative WOM intention (Curren & Folkes 1987). This current research also extends the relationship between attribution and information search, which is positive and significant. In other words, the more consumers blame the manufacturer for the negative publicity, the more likely they will search for information about the responsible party. This result is consistent with a previous study in that consumers tend to have more intention to search for more information about a brand that is involved in negative information, but because of their attribution, the information they search for is likely to be biased (Bright & Goodman-Delahunty 2006).

Compared with Study 2, there are a number of prominent differences in Study 3, and Table 6.4 showed the path coefficients of both Study 2 and Study 3. Collectivism has a significant and negative effect on Chinese consumers’ information search intention, but a significant and positive effect on their negative WOM intention under the high-severity scenario; however, it does not have any strong influence on Australian consumers’ reactions after they are exposed to negative publicity. As China is a high collectivist country, unlike Australia, collectivism has a much stronger influence on Chinese consumers’ behaviour.

Uncertainty avoidance has a significant effect on both China and Australia, but the effect is opposite in different conditions. The influence of uncertainty avoidance on both Chinese and Australian consumers’ intention to search for information is the same under the high-severity scenario, but the influence is negative on Australian consumers and positive on Chinese under the low-severity scenario. The influence of uncertainty avoidance on Australian consumers’ negative WOM activities is positive but on Chinese consumers, it is negative under the high-severity condition. Chinese consumers
are generally exposed to more negative information, so they have a higher degree of skepticism than Australian consumers (Gu & Morrison 2009b). In addition, Australian consumers have a higher consumer sentiment than Chinese consumers, which means that they are more confident about their local market than Chinese consumers (TradingEconomics 2013). Therefore, compared with Australian consumers, Chinese consumers are less likely to trust the information from their local market.

In terms of negative WOM intention, the findings of the current study are consistent with previous research which found that Chinese consumers are less likely to spread negative WOM than American consumers (Chan & Wan 2008; Liu & McClure 2001). Because of *mianzi* theory, Chinese consumers tend to avoid complaining to preserve everyone’s *mianzi* (Chan & Wan 2009). However, Australian consumers have less concern about *mianzi*, as social status or position in Australian society is not as prominent as that in China (Wang 2015). Therefore, compared with Australian consumers, Chinese consumers are more likely to search for more information to help them to avoid the brands involved in negative publicity and make better purchasing decisions, but less likely to spread negative WOM as they want to preserve *mianzi*.

Similarly to collectivism, power distance has a significant influence on Chinese consumers’ responses after they are exposed to negative publicity, but no influence on Australian consumers. Because of the high level of power distance in Chinese society, Chinese consumers are more willing to search for information by themselves than share with others. Compared with China, Australia has a low degree of power distance, so the influence of power distance is very limited on Australian consumers’ reactions to negative publicity. For Australian consumers, most communications are informal, direct and participative; the information among consumers is usually shared frequently (Hofstede 2001). However, in Chinese society, because of the *mianzi* concern,
consumers care not only about their own feelings, but also about others’ feelings and needs. Therefore, Chinese consumers want to maintain both their own and others’ mianzi (Wan 2013). Younger people and subordinates are supposed to avoid conflicts and give mianzi to their seniors and superiors (Wang 2015). Therefore, compared with Australian consumers, power distance does have a more significant influence on Chinese consumers’ information search and negative WOM intention.

Information search and negative WOM intention have a significant relation to both Australian and Chinese consumers’ attitude towards the brand which is involved in negative publicity. On one hand, information search does not influence Australian consumers’ brand attitude after their exposure to high-severity negative publicity. On the other hand, information search has a positive influence on Chinese consumers’ brand attitude after they are exposed to both low- and high-severity negative publicity. Negative WOM has a negative influence on both Australian and Chinese consumers’ attitude towards the affected brand. These findings support previous findings that the relationship between brand attitude and consumers’ intention to search for information is positive (Shim et al. 2001; Watchravesringkan & Shim 2003), and the relationship between negative WOM intention and attitude towards the affected brand is negative (Charlett, Garland & Marr 1995; Phau & Sari 2004). In other words, the more information consumers search for, the more favourable the attitude towards the brand they will have, and the more negative WOM consumers are engaged in, the less favourable their attitude towards the brand. However, when Australian consumers are exposed to severe negative publicity, that food additives may cause cancer, information search does not have an influence on their brand attitude. Since causing cancer is an extreme severe consequence, brand attitude could drop significantly, so perhaps it cannot be positively influenced by any activities including information search.
Information search generally has a positive influence on consumers’ intention to keep buying the brand, but Australian and Chinese consumers’ reactions appear to be different under the low- or high-severity scenario. When the negative publicity is not severe, information search does not influence Australian consumers’ intention to purchase, but has a positive influence on Chinese consumers’ intention to purchase, possibly because of the different economy and market situations of these two countries.

As Chinese consumer’s disposable income is less than an eighth of that of the Australian consumer ($6,000 vs. $50,000), Chinese consumers are more careful when they make purchase decisions. Therefore, when negative publicity is mild, Chinese consumers start searching for information about the brand or look for another brand to replace the current one, whereas Australian consumers are more likely still to buy the affected brand. However, if consumers are exposed to severe negative publicity, information search positively influences Australian consumers’ purchasing intention but it does not have any significant effect on Chinese consumers’ purchasing intention.

Because of the high level of uncertainty avoidance in China and the negative information involved in cancer, Chinese consumers are likely to stop purchasing the brand immediately to avoid the extreme risk, so information search does not have any effect on their purchase decisions. However, Australian consumers have a lower degree of uncertainty avoidance, so they may still want more information about the affected brand; Australia has a much smaller amount of negative publicity than China, so they may be interested in the reasons for the claim. Therefore, information search may increase brand engagement which may subsequently increase the consumer’s purchasing intention (Peterson & Merino 2003).

In terms of the effect of negative WOM intention and brand attitude on consumers’ intention to purchase, results show that Australian and Chinese consumers have similar
reactions. Negative WOM intention has a significant and negative effect on consumers’ purchasing intention irrespective of their nationality. However, brand attitude has a significant and positive effect on consumers’ purchasing intention, which means that the more favourable attitude consumers have towards the affected brand, the more likely they are still willing to buy it. These findings are consistent with previous findings that consumers’ intention to engage in negative WOM activities has a negative effect on brand purchasing intention of the affected brand (Goldenberg et al. 2007), and positive brand attitude has a positive influence on brand purchasing intention (Hwang, Yoon & Park 2011).

Finally, consumers’ attribution, or the blame factor, positively influences consumers’ information search and negative WOM intention, irrespective of nationality and negative publicity severity. In other words, both Australian and Chinese consumers tend to search for more information and spread negative WOM with regard to the affected brand if they blame the brand for the consequences of its negative publicity. Limited research has found that if consumers are more likely to blame the brand for negative information, both Australian and Chinese consumers tend to search for more negative information than positive information about the affected brand. It is understandable that consumers want to find more negative information about the affected brand to support their opinions that the incidence of cancer, for example, is mainly caused by the brand. Moreover, the finding also supports the study by Curren and Folkes (1987) in that the product or service failures attributed to the brand are likely to lead consumers to generate negative WOM.

In conclusion, Study Three strongly supports the notion that attribution has a significant impact on Australian consumers’ behavioural responses to negative publicity. The more consumers blame the brand for the negative event, the greater the positive impact on
Australian consumers’ information search and negative WOM intention. However, in this case, the effect of internalised culture was weaker. Only uncertainty avoidance had a significant impact on Australian consumers’ information search and negative WOM intentions, whereas the impacts of collectivism and power distance were insignificant among the Australian consumers. Finally, the severity of the information moderated the influence of uncertainty avoidance on information search and negative WOM intentions on brand attitudes.
Chapter 7 Summary, Discussion, and Conclusions

7.1 Summary of Findings

Using three studies, this thesis examined the influence of culture, product category, and information characteristics, on consumer response to negative publicity. The first study (Chapter 4) investigated Chinese consumers’ responses to negative publicity concerning a service-dominated product category (banking). The second study (Chapter 5) investigated Chinese consumers’ responses to negative publicity concerning a goods-dominated product category (juice). The third study (Chapter 6) investigated Australian consumers’ responses to negative publicity concerning a goods-dominated product category (juice). The purpose of the current chapter (Chapter 7) was to discuss the implications of these results and to draw a conclusion on the studies investigated.

Table 7.1 reports the findings across all studies in relation to this model.
Table 7.1: Summary of Findings

<table>
<thead>
<tr>
<th>Main relations</th>
<th>Study 1 China Service (Banking)</th>
<th>Study 2 China Goods (Juice)</th>
<th>Study 3 Australia Goods (Juice)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectivism to information search</td>
<td>Low: Positive and Significant</td>
<td>Low: Not Significant</td>
<td>Low: Not Significant</td>
</tr>
<tr>
<td>Collectivism to NWOM</td>
<td>High: Positive and Significant</td>
<td>High: Positive and Significant</td>
<td>High: Not Significant</td>
</tr>
<tr>
<td>UA to information search</td>
<td>Low: Positive and Significant</td>
<td>Low: Negative and Significant</td>
<td>Low: Not Significant</td>
</tr>
<tr>
<td>UA to NWOM</td>
<td>High: Positive and Significant</td>
<td>High: Negative and Significant</td>
<td>High: Not Significant</td>
</tr>
<tr>
<td>PD to information search</td>
<td>Low: Not Significant</td>
<td>Low: Positive and Significant</td>
<td>Low: Not Significant</td>
</tr>
<tr>
<td>PD to NWOM</td>
<td>High: Positive and Significant</td>
<td>High: Positive and Significant</td>
<td>High: Negative and Significant</td>
</tr>
<tr>
<td>Information search to brand attitude</td>
<td>Low: Positive and Significant</td>
<td>Low: Positive and Significant</td>
<td>Low: Positive and Significant</td>
</tr>
<tr>
<td>NWOM to brand attitude</td>
<td>High: Negative and Significant</td>
<td>High: Negative and Significant</td>
<td>High: Negative and Significant</td>
</tr>
<tr>
<td>Information search to purchasing intention</td>
<td>Low: Positive and Significant</td>
<td>Low: Positive and Significant</td>
<td>Low: Not Significant</td>
</tr>
<tr>
<td>NWOM to purchasing intention</td>
<td>High: Negative and Significant</td>
<td>High: Negative and Significant</td>
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<tr>
<td>Brand attitude to purchasing intention</td>
<td>Low: Positive and Significant</td>
<td>Low: Positive and Significant</td>
<td>Low: Positive and Significant</td>
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<td>Attribution to information search</td>
<td>High: Positive and Significant</td>
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<tr>
<td>Attribution to NWOM</td>
<td>High: Positive and Significant</td>
<td>High: Positive and Significant</td>
<td>High: Positive and Significant</td>
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Low=Low-severity condition; High=High-severity condition
This thesis has eight objectives. To investigate:

1. How aspects of internalised culture influence consumers’ intention to search for information after a negative publicity exposure;

2. How aspects of internalised culture influence consumers’ intention to spread negative WOM;

3. How consumers’ intention to search for information influences brand attitude and purchasing intention;

4. How consumers’ intention to spread negative WOM influences brand attitude and their purchasing intention;

5. How attribution (blame factor) influences consumers’ intention to search for information and intention to spread negative WOM;

6. How the nature of information (e.g., low- versus high-severity level) influences consumers’ responses to negative publicity;

7. How product category influences relations hypothesised in 1, 2, 3, and 4;

8. Whether internalised culture and attribution are still the major influences in driving consumers’ intention to search for information and spread negative WOM when consumers are from another country.

Findings concerning each objective are discussed, and situated within the broader literature, in each of the following sections.
Objective 1 - To investigate how aspects of internalised culture influence consumers’ intention to search for information after a negative publicity exposure.

The literature review (Chapter 2) reported evidence that supported the positive effect of collectivism and uncertainty avoidance on consumers’ information search intention, and the negative effect of power distance on consumers’ information search intention after a negative publicity exposure. However, support for these hypotheses was somewhat mixed.

First, collectivism had a positive effect on information search intention for Chinese bank customers (Study 1) in both the low- and high-severity conditions, but not for Chinese or Australian juice customers (Study 2 and Study 3) in either severity condition. In fact, collectivism had a negative effect on information search intention for Chinese juice customers (Study 2) in the high-severity condition. These findings suggested that product category had a strong differential impact on information search intention after the exposure to negative publicity.

In China, collectivist consumers were more likely to search for information about an organisation they banked with, than a juice they drank, due to the higher switching costs in banking. Collectivist consumers tended to be loyal (Yoo 2009) and were more likely to bank with the same organisation that their family also banked with. This might compound the switching costs for banking, as compared with juice, which might have a stronger element of individual taste preference. In the high severity juice condition, due to the severe health risk (causing cancer), it might be easier to make an individual decision to simply stop drinking juice, so consumers negated the need to search for more information.

The lack of significant effects of collectivism on the Australian sample might be consistent with Triandis’s (1995) finding that individualist consumers were less likely to
search for product information, because they believed that their own opinions, preferences, tastes, and choices were more reliable.

Second, uncertainty avoidance also had a positive effect on information search intention for Chinese bank customers (Study 1) in both the low- and high-severity conditions, as well as for Chinese juice customers (Study 2) in the low-severity condition. However, uncertainty avoidance had an unexpected negative effect on information search intention for Chinese juice customers in the high-severity condition, as well as for Australian juice customers in both the low- and high-severity conditions (Study 3). Again, these findings suggested that product category had a strong differential impact on information search intention after exposure to negative publicity.

In China, consumers with high uncertainty avoidance, who preferred to avoid ambiguity, might be more likely to search for information about an organisation they banked with, than a juice they drank, due to the higher switching costs in banking. But it contradicted Shaw and Steers’s (2000) finding that consumers with a high level of uncertainty avoidance might have less interest in an information search on the affected brand, as compared with consumers with a low level of uncertainty avoidance. This contradiction might be caused by the fact that Shaw and Steers (2000) studied negative information related to individual consumers whilst the current study examined the negative publicity about banking. Chinese consumers might only be motivated to search for information about their juice when the health risk was not too high, whereas when the health risk was severe (cancer causing), consumers might just stop drinking the juice; negating the need to search for more information. In contrast, those who were more comfortable with ambiguity might still search for information about the juice they drank.

The significant negative impact of uncertainty avoidance on information search intention was also found in Australia in both the low- and high-severity conditions. It
might be because Australian consumers had a higher consumer sentiment than Chinese consumers, which meant that they were more confident about their local market than Chinese consumers (TradingEconomics 2013). Therefore, Australian consumers might be relatively confident about their local market that less information was needed to make purchase decisions.

Finally, support was only found for the expected negative relation between power distance and information search intention in one condition across all three studies; for Chinese bank consumers (Study 1) in the high-severity condition. Further, there was an unexpected positive effect of power distance on information search intention for Chinese juice consumers (Study 2) in both the low- and high-severity conditions. Similar to collectivism, the influence of power distance was insignificant on Australian consumers’ information search intention to negative publicity. These findings suggested that product category did influence information search intention after exposure to negative publicity.

Chinese bank consumers who had a high level of power distance were less likely to search for information after exposure to severe negative publicity as compared with those who had a low level of power distance. This finding was consistent with most previous studies (e.g., Marcos et al. 2013; Kim 2010) that power distance had a negative effect on consumers’ intention to search information.

However, it was unexpected that power distance had a positive effect on information search intention for Chinese juice consumers in both the low- and high-severity conditions. People from high power distance cultures may be less likely to trust the information from other people. Therefore, as China is a high power distance country, consumers may need to rely on themselves to find the facts. Compared to China,
Australia has a low degree of power distance, so the influence of power distance is very limited on Australian consumers’ reactions to negative publicity.

Objective 2 - To investigate how aspects of internalised culture influence consumers’ intention to spread negative WOM.

Based on previous literature, it was hypothesised that collectivism and uncertainty avoidance would positively influence consumers’ intentions to spread negative WOM. Conversely, power distance was hypothesized to negatively influenced consumers’ intentions to spread negative WOM.

First, the effect of collectivism on consumers’ negative WOM intention was positive for Chinese bank consumers (Study 1) in both the low- and high-severity condition, and also for Chinese juice consumers (Study 2) in the high-severity condition. However, the effect of collectivism on consumers’ negative WOM intention was insignificant for Australian juice consumers (Study 3) in either severity condition. These findings suggested that product category was not a strongly differential effect on negative WOM intention after an exposure to negative publicity.

For Chinese consumers, the positive effect of collectivism on their negative WOM intention was consistent with De Mooij and Hofstede’s (2002) finding that consumers from high collectivist countries tended to share ideas and views with relatives, friends and family members, more than those from high individualistic countries. However, due to the reason that consumers who had strong individualist values (e.g., Australian consumers) were more independent than other people and were more willing to rely on their own existing knowledge (Doran 2002), Australian consumers did not have much intention to spread negative WOM.
Second, uncertainty avoidance had significant effects on consumers’ negative WOM intention for both Chinese and Australian consumers, but the effect was various, depending on the product category, information severity and consumers’ nationality. The effect of uncertainty avoidance was positive on Chinese bank consumers’ intention to spread negative WOM but negative for Chinese juice consumers’ intention to spread negative WOM. The effect of uncertainty avoidance on Australian juice consumers’ negative WOM intention was negative in the low-severity condition, but positive in the high-severity condition.

The converse results of the effects of uncertainty avoidance on Chinese consumers intention to spread negative WOM after the negative publicity exposure might be because services were highly complicated and relied heavily on consumers’ trust and experience; most services were also hard to evaluate before consumption (File, Judd & Prince 1992). Therefore, Chinese consumers were more likely to spread negative WOM about the service of a bank than a juice product in order to warn others, after they were exposed to negative publicity.

For Australian juice consumers, in the high-severity scenario, consumers with high uncertainty avoidance were more likely to spread negative WOM about the affected brand to warn others against purchasing it, but in the low-severity scenario, consumers with high uncertainty avoidance were less likely to spread negative WOM. This finding partially supported previous studies, such as Money (2000), which found that consumers from high uncertainty avoidance cultures tended to engage in more WOM activities than consumers from low uncertainty avoidance cultures.

Third, support was only found for the expected negative relation between power distance and negative WOM intention in one condition across all three studies; for Chinese juice consumers in the high-severity condition. Further, there was an
unexpected positive effect of power distance on negative WOM intention for Chinese bank consumers in the low-severity condition. This particular finding contradicts those obtained from a number of earlier studies (e.g., Chow et al. 1999; Singh, Zhao & Hu 2005; Schulz et al. 2009). The inconsistency might be due to the research context. The current study measured negative WOM, while most of the earlier studies measured positive information sharing. However, for juice consumers, they were less likely to spread negative WOM after exposure to severe negative publicity if they had a high level of power distance, which was similar to a number of previous studies (e.g., Chow et al. 1999; Singh, Zhao & Hu 2005; Schulz et al. 2009). Again, power distance did not appear to have any influence on Australian juice consumers’ negative WOM intention.

Similar to collectivism, Australian juice consumers’ level of power distance did not have any effect on their intention to spread negative WOM after a negative publicity exposure, which is consistent with Schulz et al.’s (2009) result that consumers from low power distance cultures were less willing to share negative WOM than those from high power distance cultures.

**Objective 3 - To investigate how consumers’ intention to search for information influences brand attitude and purchasing intention.**

The literature review in Chapter 2 hypothesised a significant relationship between information search intention and brand attitude/purchasing intention. The findings from Study 1, Study 2 and Study 3 showed that in most circumstances, consumers’ information search intention had positive effects on their attitude and purchasing intention towards the affected brand after exposure to negative publicity, irrespective of their nationalities (either Australian or Chinese).
More specifically, the effect of Chinese bank consumers’ information search intention (Study 1) on their brand attitude was significant and positive when they were exposed to the high-severity negative publicity, and the same effect sustained when Chinese juice consumers (Study 2) were exposed to negative publicity in both the low- and high-severity conditions. Similarly, its effect on Australian juice consumers’ brand attitude (Study 3) was also significant and positive when they were exposed to the low-severity negative publicity.

As predicted, the nature of informational severity is an important factor here. In other words, the severity level of the negative information should be strong up to a certain point, so that Chinese bank consumers have a strong motivation to search for further information. However, for Chinese juice consumers, the positive effect of information search intention on their brand attitude is consistent in both the low- and high-severity conditions, which supported previous research by Shim et al. (2001) and Watchravesringkan and Shim (2003) that there seems to be a positive relationship between intention to search for information and brand attitude. For Australian juice consumers, in the high-severity condition, as the health risk was severe (cancer causing), brand attitude would drop to a very low point, so information search intention could no longer have any major effect on brand attitude.

With regards to the relationship between consumers’ information search intention and their purchasing intention, it was significant and positive when Chinese juice consumers were exposed to the low-severity negative publicity, and also when Chinese bank consumers were exposed to both the low- and high-severity negative publicity. For Australian juice consumers, purchasing intention was significantly and positively influenced by information search intention only when they were exposed to the high-severity negative publicity.
These above results were similar to the findings in Shim et al.’s (2001) study, in which information search effort can positively influence consumers’ brand purchasing intention. However, when the negative publicity of juice was severe (cancer causing), Chinese consumers’ purchasing intention perhaps were not positively influenced by any activities including information search. Unlike Chinese juice consumers, Australian juice consumers’ intention to purchase the juice brand was still able to be increased by their information search intention, which showed a much higher consumer sentiment of Australian as compared with Chinese consumers’ (TradingEconomics 2013). Therefore, Australian consumers were more confident about the local market than Chinese consumers, so they might be more willing to still purchase the brand after they found more information about it.

**Objective 4 - To investigate how consumers’ intention to spread negative WOM influences brand attitude and their purchasing intention.**

The literature review (Chapter 2) hypothesised a negative relation between negative WOM intention and brand attitude, as well as between negative WOM intention and purchasing intention. In the present research, findings from Study 1, Study 2, and Study 3 were consistent with previous studies which demonstrated that negative WOM intention had a negative effect on consumers’ brand attitude and purchasing intention, and this finding confirmed the results from the previous studies (e.g., Charlett, Garland & Marr 1995; Phau & Sari 2004; Goldenberg et al. 2007). More specifically, after being exposed to negative publicity concerning either a goods-dominated product (juice) or a service-dominated product (bank), there was a negative relation between negative WOM and brand attitude, or between negative WOM and purchasing intention, irrespective of consumers’ nationalities. In other words, consumers’ nationalities and
product category did not influence the effect of negative WOM on consumers’ brand attitude and purchasing intention.

Objective 5 - To investigate how attribution influences consumers’ intention to search for information and spread negative WOM.

The literature review (Chapter 2) discussed the potential influence of attribution (the blame factor) on information search intention. In addition, the influence of culture and the severity level of negative publicity on consumer attribution was also reviewed in Chapter 2. The findings from Study 2 and Study 3 showed that irrespective of consumers’ nationalities, attribution had a positive effect on their intention to search for information and spread negative WOM. In other words, the more consumers blamed the brand for its negative publicity, the more likely they would search for information about the brand and share negative WOM with other consumers. These results were consistent with previous studies which found that the failures attributed to the brand were likely to lead consumers to have negative WOM (Curren & Folkes 1987) and that consumers tended to have a higher intention to search for information about the affected brand (Bright & Goodman-Delahunty 2006).

Objective 6 - To investigate how the nature of information (e.g., low- versus high-severity level) influences consumers’ responses to negative publicity.

The literature review (Chapter 2) hypothesised that consumers’ responses to negative publicity might depend on the severity level of the negative publicity. In Study 1, Study 2 and Study 3, all consumers were exposed to two pieces of negative publicity with low- or high-severity levels, and the findings showed that the severity level of negative publicity did have a strong impact on consumers’ reactions in some circumstances.
When Chinese bank consumers (Study 1) were exposed to a negative publicity, the severity level of the negative publicity had a significant influence on the relations between collectivism and information search intention, between power distance and negative WOM intention, between information search intention and brand attitude, and between brand attitude and purchasing intention. Conversely, when Chinese juice consumers (Study 2) were exposed to negative publicity, the severity level of negative publicity had a significant influence on the relations between collectivism and information search intention, between collectivism and negative WOM intention, between uncertainty avoidance and information search intention, and between information search intention and purchasing intention. Thus, there might be a possible interaction between severity and product category.

In addition, when Australian juice consumers (Study 3) were exposed to negative publicity, the severity level of negative publicity had a significant influence on the relationships between uncertainty avoidance and negative WOM intention, between information search intention and brand attitude, between attribution and information search intention, and between attribution and negative WOM intention.

These findings confirmed previous studies in which the severity level of negative publicity had a significant influence on consumers’ responses. For example, consumers’ attitude towards the brand changed more significantly when they were exposed to severe negative brand information as compared to exposure to the mild negative brand information (Zhang & Taylor 2009). Furthermore, when the negative brand information was extreme (or very serious), consumers would have a very strong intention to search for information on the affected brand; however, if the negative brand information was moderate, consumers generally had little interest in doing an information search or sharing (Shaw & Steers 2000).
Objective 7 - To investigate how product category influences relations hypothesised in 1, 2, 3, and 4.

Consumers’ responses to negative publicity were usually influenced by product categories, and different classifications of product categories had been investigated in the marketing field. The literature review (Chapter 2) discussed the influence of the nature of the product category. In addition, the goods and service classification system had been reviewed due to its importance in the field of marketing (Hollensen 2007). Study 1 tested a service-dominated product (banking) while Study 2 tested a goods-dominated product (juice). The results of the project showed some differences between the service or goods categories (Tax, Brown & Chandrashekar 1998; Cheng, Lam & Hsu 2006).

More specifically, the findings from Study 1 and Study 2 showed that the relations between internalised culture and Chinese consumers’ responses to negative publicity were influenced by the product category. For example, the bank consumers (Study 1) who had a high degree of collectivism and uncertainty avoidance were more likely to search for more information and spread negative WOM when they were exposed to negative publicity, but the juice consumers (Study 2) became less willing to search for information and spread negative WOM when they were exposed to negative publicity. The bank consumers with high power distance were less likely to search for information but more likely to engage in negative WOM after their exposure to negative publicity, while the juice consumers had opposite responses after being exposed to negative publicity. The relations between information search/negative WOM and brand attitude as well as between information search/negative WOM and purchasing intention were all significant and positive, no matter whether consumers were exposed to the negative
publicity of a service-dominated product (banking) or a goods-dominated product (juice).

Ostrom and Iacobucci (1995) suggested that consumers generally perceive higher risks and unsureness when they purchased services, compared to goods. As Chinese consumers had a high level of uncertainty avoidance, when they wished to purchase a service such as a bank service, they were more likely to seek information and spread negative WOM after they were exposed to negative publicity.

**Objective 8 - To investigate whether internalised culture and attribution are still the major influences in driving consumers’ intention to search for information and intention to spread negative WOM when consumers are from another country.**

Study 1 and Study 2 found that internalised culture and attribution had a significant effect on Chinese consumers’ intention to search for information and spread negative WOM after the negative publicity exposure. Study 3 found that for Australian juice consumers, the influence of internalised culture on their responses to negative publicity was not as significant as those of Chinese bank or juice consumers. As was shown in Study 1 and Study 2, all three cultural dimensions had significant effects on Chinese consumers’ information search and negative WOM intention in most circumstances, irrespective of information severity and product category. However, in Study 3, neither collectivism nor power distance had any significant influence on the main relationship. Only uncertainty avoidance had some effects on information search and negative WOM intention in the Australian sample.

The findings related to Australian consumers contradicted some previous studies, for example, Goodrich and de Mooij (2014), who found that consumers from a more individualistic culture tended to search for information actively from others or
traditional mediums in the negative brand information context. However, Australian consumers’ responses were consistent with the findings from De Mooij and Hofstede (2002) which found that consumers with less collectivist values tended not to share ideas and views with their relatives, friends and family members, as opposed to those with more collectivist values. It might be because Australian people had a loose social structure as compared with Chinese people, so they were less willing share information with others.

Unlike cultural dimensions, the results from Study 2 and Study 3 supported that, for both Australian and Chinese consumers, attribution had a positive effect on their information search intention and negative WOM intention. In other words, the more they blamed the brand for causing the negative publicity, the more likely they would search for information and share negative WOM about the brand, irrespective of consumers’ nationalities. This finding was consistent with previous literature, in that the failures attributed to brands itself might lead consumers to have more intention to search for information and spread negative WOM (Curren & Folkes 1987; Bright & Goodman-Delahunty 2006).

7.2 Implications

7.2.1 Theoretical Implications

The main objective of this study is to understand the influence of culture, product category, and information characteristics on consumers’ attitudinal and behavioural responses to negative publicity. Study 1 and Study 2 examine Chinese consumers’ responses to service-dominated negative publicity and goods-dominated negative publicity respectively, while Study 3 examines Australian consumers’ responses after being exposed to goods-dominated negative publicity. The findings support past studies
which find that consumers’ responses toward negative brand information are influenced by their cultural background (Money, Shimp & Sakano 2006), the nature of information (Chiou, Hsu & Hsieh 2013), and the nature of product (Senecal & Nantel 2004).

**Cultural Dimensions**

In this current study, three cultural dimensions have been used to examine the influence of culture on consumers’ responses after they are exposed to negative publicity. Based on the findings from Study 1, Study 2 and Study 3, collectivism and power distance have stronger effects on Chinese consumers’ responses, as compared with Australian consumers when they are exposed to negative publicity, but the effects are various and depend on the information severity and product category. Conversely, uncertainty avoidance has a significant influence on both Chinese and Australian consumers.

More specifically, Chinese consumers’ intention to search for information and spread negative WOM are strongly influenced by collectivism after being exposed to the negative publicity of a service-dominated product. However, when they are exposed to the negative publicity of a goods-dominated product, the significant influence only exists when the negative publicity is severe. Collectivism does not significantly influence Australian consumers’ information search intention and negative WOM intention after their exposure to the negative publicity of a goods-dominated product. Therefore, collectivism is a strong cultural dimension that may predict Chinese consumers’ responses in the negative publicity context.

Similar to collectivism, power distance significantly influences Chinese consumers, but does not appear to influence Australian consumers. Further, the effects of power distance on Chinese consumers’ responses variously depend on the information severity and product category. Power distance is a stronger cultural dimension that may predict
Chinese consumers’ information search intention when they are exposed to the negative publicity of a goods-dominated product, as well as the severe negative publicity of a service-dominated product. When predicting Chinese consumers’ intention to spread negative WOM, the influence of power distance is significant after their exposure to the mild negative publicity of a service-dominated product, and the severe negative publicity of a goods-dominated product.

Uncertainty avoidance is a cultural dimension that may predict both Chinese and Australian consumers’ responses after they are exposed to negative publicity. The effects of uncertainty avoidance on their responses are significant under all negative publicity scenarios. Therefore, uncertainty avoidance is a common cultural value that both Chinese and Australian consumers emphasise under negative publicity context.

In summary, among the three cultural dimensions, collectivism is a “better” or more powerful dimension in predicting Chinese consumers’ responses while uncertainty avoidance is a more powerful dimension in predicting Australian consumers’ responses. Power distance is more complex because its influence is highly dependent on information characteristics and product category. Further, the findings from Study 3 show that among the three cultural dimensions, power distance and collectivism have no effect on Australian consumers’ reactions, but all three cultural dimensions have significant effects on Chinese consumers’ responses, which somewhat suggests that culture has a more significant effect on Chinese consumers. Based on these findings, this study suggests that the implementation of a localisation approach when dealing with negative publicity. As culture is deeply related to consumer attitude, behaviour, lifestyles and the needs consumers satisfy through the experience of goods or services, a localised marketing strategy should be used to match different consumers’ traditions, values, customs, lifestyles, and languages.
It is also important to note that culture does not only influence consumers across different countries, but that it also influences consumers within the same country, so the same strategy cannot always be used in the same country. The findings from Study 1 and Study 2 show that the influence of culture on consumers’ responses is different after they are exposed to the negative publicity of different product categories. Additionally, consumers from the same country have different levels of collectivism, uncertainty avoidance and power distance, and these differences result in different responses after being exposed to negative publicity. Therefore, specific marketing strategies should be used to reduce the negative influence of negative publicity about different product categories, and consumers who perceive different levels of cultural dimensions.

**Negative Information**

It has been assumed in the marketing field that negative publicity has a negative effect on consumers’ overall attitude towards the affected brand, which will ultimately result in damage to the brand value (Dean 2004). However, few studies have examined the effect of negative publicity comprehensively beyond brand attitude. This study has examined consumers’ information search and negative WOM intention, both of which are likely to happen after a negative publicity exposure. These two behavioural intentions are likely to happen before consumers form any specific attitude towards the affected brand.

All three studies reveal that both Australian and Chinese consumers’ attitudes toward the affected brands are significantly related to their information search intention. More specifically, consumers’ information search intention may positively influence their attitude towards the affected brand. One reason may be that consumers’ intention to search for further information suggests a general interest in the brand. Also, consumers
may anticipate finding positive information to counter the negative publicity (Henard, 2002). Therefore, the negative effect of negative publicity on consumers’ brand attitude is able to be reduced by increasing their information search intention. Unlike information search, the findings from this study provide a strong support that negative WOM intention has a negative effect on consumers’ brand attitude. Thus, negative WOM intention can lead to even more negative brand attitude after consumers are exposed to negative publicity.

Importantly, apart from brand attitude, negative publicity also has a significant effect on consumers’ purchasing intention. In general, purchasing intention is positively influenced by brand attitude; however, if consumers’ attitude towards a brand is not strong, or even if consumers are not aware of the brand, brand attitude does not have any direct effect on purchasing intention. This study provides the empirical support that due to the influence of information search or negative WOM, the relation between brand attitude and purchasing intention can be influenced by these two behavioural responses. Therefore, brand attitude will have a determinable effect on purchasing intention in a negative publicity context. Moreover, it is generally believed that consumers’ purchasing intention is determined by brand attitude in the negative publicity context, but the findings of this study suggest that, besides brand attitude, information search and negative WOM intention have a significant relation on consumers’ purchasing intention.

Chinese consumers are frequently exposed to negative publicity under the current market environment, so they are not motivated to pay attention to all of it. The findings support the fact that when Chinese consumers are exposed to the mild negative publicity of a service-dominated product, they do not have the intention to search for information. Nevertheless, when the negative publicity (whether mild or severe) is about a goods-dominated product, they have a strong intention to search for information about the
affected brand, and the information search intention significantly influences their purchasing intention. As the goods-dominated product in this study is juice, it is important to note that Chinese consumers now have many concerns about their health and safety than before.

Consumers usually need multiple attributes, such as quality, price or image, etc. of a brand, to help them make purchase decisions. Consumers who think holistically consider the object as a whole, whereas consumers who think analytically pay more attention to every single attribute of the object. Therefore, it is suggested that these styles of thinking influence the ways in which consumers from Eastern versus Western cultures judge the products which are involved in negative publicity, thereby influencing consumers’ responses. When a single attribute of a brand is involved in negative publicity, for example the quality, holistic consumers (Eastern consumers) are not likely to pay attention to any other attributes of this brand and are likely to stop purchasing it. However, analytic consumers (Western consumers) are less likely to make the decision immediately. They are still willing to use other attributes such as the price, reputation, etc. of the brand as references to make the final decision. Therefore, due to the need for multiple attributes to make decisions, although negative publicity is severe, analytic consumers are still willing to search for information about the brand while holistic consumers just give up this brand immediately. As a result, it is still possible to enhance analytic consumers’ purchasing intention by increasing their information search intention after their exposure to negative publicity.

All three studies find that negative WOM intention negatively related to consumers’ purchasing intention after they are exposed to negative publicity. However, due to the different social environments, consumers’ intention to spread negative WOM is varied. For example, mianzi is one of the most influential social factors that can affect
consumers’ willingness to share negative WOM with each other. Consumers who value *mianzi* are less likely to share their personal feelings and emotions in public or with unfamiliar people because they regard this as a loss of *mianzi* (i.e., they have not made a wise consumption decision), so they have less intention to spread negative WOM than consumers who do not value *mianzi*. Therefore, it is more important to avoid negative WOM in a society that does not value *mianzi*.

Two previous studies have found the positive relationship between attribution and information search/negative WOM (Curren & Folkes 1987; Bright & Goodman-Delahunty 2006). However, the present study provides the first empirical findings to compare the relationships under two types of negative publicity context (service-dominated/goods-dominated product). It is confirmed that no matter whether it is service-dominated or goods-dominated negative publicity that consumers are exposed to, both Chinese and Australian consumers tend to search for more information and spread negative WOM about the affected brand if they blame the brand for the negative publicity. Therefore, this present study finds that the nature of product and culture are not influential factors that can influence the relation between attribution and information search intention or negative WOM intention.

When a brand is involved in negative publicity, managers should hope that the blame is not theirs. If the negative publicity is not caused by the brand but just consumers blaming the brand for the crisis, the brand should advertise the fact that the failures are caused by some other uncontrollable factors, not the brand itself. Also, as most consumers learn of negative publicity from mediums such as TV news, newspapers and radio, due to being more trustworthy sources for consumers than the messages from the industry, it may be more effective for the affected brand to seek cooperation with mediums to report the fact of the incident to the public. However, if the blame must be
acknowledged by the brand, managers are not recommended to increase the cost of advertising due to its loss of effectiveness, but advised to reduce its price to maintain current consumers (Cleeren, Van Heerde & Dekimpe 2013). In both China and Australia, due to the enormous and well-developed supply chain (Jiang 2002; Australia 2014), it is easy to trace the sources of every single ingredient of a product (Gao et al. 2012). Therefore, if consumers are exposed to the negative publicity of a brand, this brand can provide information or evidence to show to the public that the incident is also caused by other parties in the supply chain, not only itself. Moreover, since Bennett and Kottasz (2012) found that lower income consumers were more likely to blame the brand for its crisis as compared with higher income consumers, brands should target poorer, rather than richer, consumers when they were rebuilding public relations with consumers.

More specifically, the severity of negative publicity also moderates the influence of information search on consumers’ purchasing intention. After Chinese consumers are exposed to the negative publicity of a goods-dominated product, information search positively influences their purchasing intention only when the negative publicity is mild, while the same situation happens to Australian consumers when the negative publicity is severe. This finding also provides very important managerial implications for both Chinese and Australian markets. In the Chinese market, if a goods-dominated product is involved in negative publicity, the market managers must encourage consumers to search for more information about this brand when it is still not severe; otherwise information search does not have any positive effect to change consumers’ purchase intention when the negative publicity becomes severe. In the Australian market, market managers do not have to place too much emphasis on information search when the negative publicity is mild due to its limited positive influence, but when the negative
publicity is severe, they must make more effort to encourage consumers to search for information about the brand to enhance their purchasing intention.

Bird, Channon and Ehrenberg (1970) suggested that the proportion of consumers who had favourable attitudes toward a brand is usually higher among its current users than among its former users and lowest amongst those who have never used it at all. Thus, consumers’ likelihood of having positive attitudinal responses toward a brand depends on whether they have used the brand, or when they have used the brand. It is easier for current consumers to receive information about the brands that they are currently using, and few consumers will search for information about the brand that they are not using unless they intend to buy. Furthermore, brands always spread their positive information to consumers, such as advertising, whereas they rarely share their negative information with current consumers. Therefore, current consumers are more likely to develop a positive attitude towards the brand that they are using.

7.2.2 Managerial Implications

Standardisation versus Localisation in Brand Management

In today’s market, no brand can be “immune” from negative information. Thus, designing effective strategies to handle negative publicity is important for all businesses. Consumers who have different backgrounds or experience may have different responses to negative publicity, and a number of studies have argued that few markets are exactly alike. It may be important to develop a localised approach to ensure that consumer needs or wants can be satisfied. In contrast, it has also been argued that to use a standardised approach instead of various localised approaches for operating international markets is satisfying in some circumstances because developing the consistent brand image across different national markets can increase the sales; similar
production activities across countries can save the cost, and achieve the economies associated with developing and implementing a single marketing plan.

The findings from all three studies show that the effects of the various consumers’ responses on their final purchasing intention are relatively similar across national markets, which means that culture is an unimportant influence on their purchase decisions. For example, information search intention and brand attitude have a positive effect, while negative WOM intention has a negative effect on consumers’ purchasing intention. Hence, it may be better for international marketers to standardise their strategic resource mix in order to maximise the company benefits and minimise its cost that is associated with a standardised method of operating multiple national markets. Moreover, this study has also added some insight to those studies that neglect the severity level or product category of the negative publicity that consumers are exposed to. As demonstrated, the negative publicity severity and product category influence the significance of the relationship between information search intention and purchasing intention, and this new finding encourages further consideration of both direct and indirect effects when developing a marketing standardisation framework.

As China and Australia are two very different countries based on their cultural, economic, market and social environment, it is crucial for international marketers to understand their similarities and differences, so as to create effective marketing strategies targeted at consumers in both countries, or in countries like these two. In addition, consumers from the same country may have different responses when they are exposed to different types of negative publicity (service-dominated/goods-dominated), so it is also worth developing marketing strategies for brands of different product categories in the Chinese market. A one-size-fits-all marketing plan is likely to fail (Kotler, Armstrong & Brown 2006). There are several important issues that
international marketers need to consider when formulating a marketing strategy to reassure consumers who are exposed to negative publicity.

Most previous studies have investigated problems in generalising across cultures from research solely based in Western countries. It is important for researchers and practitioners to be aware of cultural differences when applying Western-based research findings to consumers from other countries. There are fundamental underlying differences between consumers from Western individualist, low uncertainty avoidance/power distance and Eastern collectivist, high uncertainty avoidance/power distance cultures. This current study adds to the body of literature exploring the influences of culture on consumers’ responses toward the brand which is involved in negative publicity across cultures.

The present study has important implications for marketing practitioners. Understanding the culture of the target market is very important as it is one of the initial factors marketers must consider when they develop marketing strategies such as segmentation, targeting, promotion and positioning. In this study, the findings indicate the importance of negative WOM in influencing consumers’ brand attitude and purchasing intention, and due to the cultural influence, marketers should be concerned with different approaches to prevent consumers from spreading negative WOM in Chinese and Australian markets.

In collectivist countries like China, relations or guanxi are quite important among people in business, working or daily life, so managers should pay more attention to build strong customer relationships to encourage them to share more positive WOM (or discourage them from spreading negative WOM) with others. In addition, managers can accept the strategy by Mattila (1999) to design more personalised services, because it may be more appealing to Chinese consumers who are more willing to share WOM with
others. However, in Australia, consumers do not pay too much attention to other people’s judgements of them like the Chinese consumers do, so managers may need to try to improve their consumers’ individual loyalty levels. For example, managers should make an effort to satisfy current consumers and attract new consumers through WOM (e.g., willingness to recommend the brand to others) and behavioural loyalty (e.g., continuing using or purchasing the brand).

Another possible way for managers to satisfy both Chinese and Australian consumers is through explicit promises. For those consumers who actively search for information, external marketing communications via TV, radio, newspapers, magazines or Internet are all very important for them when they encounter negative publicity. These consumers may rely on these communications when they are making decisions, especially for intangible services. As a service is difficult for consumers to evaluate before their consumption, advertising must play a major role to explain the attributes and benefits of the service in a more apparent way (Davidow & Uttal 1989; Parasuraman, Zeithaml & Berry 1985). Having said this, managers should take into account that culture may influence the extent to which consumers rely on these communications in order to make purchasing or re-purchasing decisions.

Further, marketing communications may also engage consumers into a “greater elaboration of the information” (Lee & Kacen 2008). When consumers go through a higher elaboration, they will require further information, which prompts more opportunities for consumer-brand communications. For example, they may email the company seeking more information or explanations. If this happens, companies can have ample opportunities to explain what corrective actions have been taken and restore consumer confidence in the brand.
A great percentage of consumers will stop buying the brand until they receive more favourable information about the latest circumstances. Another considerable percentage of consumers may switch to a competitor brand. Instead of being silent, the company may act in a more responsible manner by communicating with consumers through sound strategies. This requires that the company's communication technicians be in a position to openly communicate with their customers immediately after the incident by describing what exactly the problem with the product is. In addition, companies should assure customers that their products are safe and that similar harm would never happen again. Moreover, emphasis should be placed on the designed safety standards of the production and distribution procedures of the leading brands in the same industry.

The findings from this present study have implications for retailing practices in collectivist cultures. Consumers in collectivist countries should be encouraged to search for more information, or discourage spread negative WOM after they are exposed to negative publicity, because more information search or less negative WOM can enhance their intention to keep purchasing the affected brand. Retailers in collectivist countries who want to keep their current consumers would be wise to develop in-store or online promotions centred around themes such as “know more about our brand” or “the benefits to purchase our brand” in order to enhance consumers’ intention to search more information and know more about the brand which is involved in negative publicity.

Moreover, the affected brand should encourage their current users to post reviews on online communities. Due to the development of the Internet and the explosion of social media, online information becomes a quite important and common source, and consumers’ intention to get information from a virtual community (online) will induce their purchase intention as well (Lu, Zhao & Wang 2010). Therefore, consumers who are satisfied with the brand should be encouraged to post positive online reviews and
provide more details, benefits or functions of the brand, and the brand can give these reviewers some type of bonus (e.g., 10% off for the next purchase) to enhance their intention to post positive reviews.

Since the findings show that negative WOM intention could influence customers’ attitudes toward the affected brand and their probability of re-purchasing it, companies should try to monitor and promptly react to negative WOM about their firms. Past research has suggested that active listening and effective questioning on a personal level are able to help marketers to obtain relevant information (Haywood 1989). After the negative publicity has been verified, appropriate action may be taken in order to prevent consumers from spreading negative WOM (Haywood 1989). In addition, it is more important to monitor and respond to negative WOM online. Although negative WOM is able to reach a large number of reviewers within a short period, it may also be relatively easier to deal with because the company can post official replies or responses online.

Based on the results obtained from this present research, many of the Western-based WOM theories and models can be applied to the Chinese market, marketers and practitioners in China should take advantage of utilising the power of consumer-to-consumer communication. Apart from the effort to create better brand images in traditional media (e.g., advertising), they should also know how to create positive WOM and avoid negative WOM among Chinese consumers. The results obtained from this study show that both Chinese and Australian consumers’ intention to purchase is reduced by negative WOM, so it provides a managerial implication that marketers should try to prevent consumers from spreading negative WOM after they are exposed to negative publicity. It is not only physical negative WOM, such as face-to-face communication, but also negative eWOM, such as online discussions, blogs, and Bulletin Board System, which should also be considered in the marketing plan to help
avoid consumers sharing negative WOM with others so as to establish or maintain a positive WOM.

The strategies to avoid negative WOM should be especially important in China because of the high collectivistic value in Chinese culture which nurtures particularistic ties, including consumer-to-consumer communications (Ma & Chuang 2001). Chinese consumers tend to use eWOM for low-involvement products (juice) instead of high-involvement products (banking) (Xue & Zhou 2010). In a similar way, low-involvement products brands should pay more attention to online communities in order to minimise consumers spreading negative eWOM.

**Market Segmentations**

This study has added some new findings to the segmentation strategy field. As discussed, consumers have various kinds of responses after being exposed to negative publicity, so when marketers try to develop strategies to reduce the negative effects, they can segment the market based on consumers’ different responses. This study suggests that information search intention has a positive effect but negative WOM intention has a negative effect on consumers’ purchasing intention, thus, consumers who tend to search for information can be segmented into one segment, and vice versa for consumers who have less intention to search for information. A similar segmentation strategy can be used for consumers’ intention to spread negative WOM as well.

Moreover, marketers can also segment the market based on cultural dimensions. As discussed, consumers perceive different levels of cultural dimensions, and these can lead them to have different responses after being exposed to negative publicity. For example, Chinese consumers who have high or low levels of collectivism can be segmented into two separate segments. Similar strategies can be implemented for
uncertainty avoidance and power distance as well. However, as both collectivism and power distance do not have significant effects on Australian consumers, it is suggested that they can be segmented by their levels of uncertainty avoidance. The segmentation strategy is used to help marketers to develop more accurate and targeted strategies to reduce consumers’ negative reactions toward the brand after the exposure to negative publicity.

7.3 Limitations and Future Studies

Despite the contributions this current study has provided, there are also some limitations. The first limitation comes from the sample. All participants are currently studying at university. Compared with some other matured segments in China and Australia, they may be younger and more educated. Hence, their responses to negative publicity may not resemble those from the other segments of the Chinese and Australian market. Nonetheless, young educated consumers are a key market segment for the banking and juice category because of their strong customer life value. Therefore, it is important for the industry as well as other industries to understand how these consumers respond to negative publicity. Future research could also explore subjects other than students, which covers a wide range of age groups and income levels in an attempt to replicate the model developed in this study that would allow for greater external validity.

Second, only current consumers are included in this present study. Current consumers are undoubtedly vital for any business, but they are more likely to have positive evaluations of the brand (Barwise & Ehrenberg 1985) and may be less likely to have negative evaluations of that brand (Winchester & Romaniuk 2008). Therefore, it would be also worthwhile to examine potential consumers to understand how they respond in a similar situation.
Third, this thesis only examines performance-related negative publicity, which involves the negative publicity of goods or service quality nature. Based on the previous literature, consumers may react differently to performance-related or value-related negative publicity (Liu & Sweeney 2011; Pullig, Netemeyer & Biswas 2006), so the negative publicity type (either performance- or value-related) may have a strong impact on the research questions investigate in this study. Therefore, future research may also examine consumers’ responses after being exposed to value-related negative publicity such as child labour, comparing and contrasting the implications under these two types of negative publicity.

The fourth limitation is that the present study examines the blame factor of attribution, which is an external attribution. However, consumers’ behavioural responses to negative brand information may be also influenced by internal attributions for the cause of the negative brand information (Mattila & Ro 2008). Past research found that if consumers blame the brand for a negative incident, their intention to future purchase would be lower than the intention of those who do not believe that the brand should be fully responsible for the incident (Laufer & Coombs 2006). Future studies could also examine the effects of internal attribution (the product or service failures are attributed to consumers) on consumers’ responses toward negative publicity, extending the investigation and relevance of these two attribution types.

The fifth limitation is that the current study did not test consumers’ previous brand experience with the brand. For example, brand engagement was not tested. Brand engagement is an important factor that shows the direct relationship between consumers and a brand, which influence consumers’ motivation, cognition, emotion, and behaviour related to brand purchasing intention. Wallace et al. (2014) find that there is a significant and positive relationship between brand engagement and negative WOM.
More specifically, more engaged consumers are more likely to spread negative WOM. Therefore, future studies may also examine whether brand engagement has a significant effect on consumers’ intention to search for information or any other responses after they are exposed to negative publicity.

Last but not least, future studies can also consider behavioural outcomes such as brand-switching behaviour in relation to negative publicity. After consumers are exposed to negative publicity, they may have less intention to purchase the affected brand; however, because of switching costs, are they going to immediately try other brands? Thus, consumer brand-switching behaviour can be another interesting factor to look at in the context of negative publicity.

7.4 Conclusions

This present chapter provided an overview of the study and noted several theoretical and managerial implications that came from the findings. The limitations of the study were addressed and some recommendations for future research were made.

The study is a step towards understanding consumers’ responses to negative publicity, and more specifically, how culture, attribution, product category and the severity level of negative publicity influence their responses after being exposed to negative publicity. It is important to recognise that consumers’ responses toward negative publicity may change over time, reflecting changes in society, culture, types of negative publicity, types of consumers, type of products and even the global economy. The marketing of consumer behaviour under negative publicity context is a dynamic process. Consequently, it is important that consumer behaviour under negative publicity context should be regularly investigated and not assumed to remain as was found in this case.
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Appendices

Appendix One - English Questionnaire (High-severity)

**Section A:** Please rate the degree that you agree or disagree to the following statements. Please tick (√) the circle ○ that best reflects your view.
1: Strongly disagree; 2: Disagree; 3: Neutral (neither agree nor disagree); 4: Agree; 5: Strongly agree

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. People in higher positions should make most decisions without consulting people in lower positions.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2. People in higher positions should not ask the opinions of people in lower positions too frequently.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3. People in higher positions should avoid social interaction with people in lower positions.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>4. People in lower positions should not disagree with decisions by people in higher positions.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>5. People in higher positions should not delegate important tasks to people in lower positions.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>6. It is important to have instructions spelled out in detail so that I always know what I’m expected to do.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>7. It is important to closely follow instructions and procedures.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>8. Rules and regulations are important because they inform me of what is expected of me.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>9. Standardized work procedures are helpful.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>10. Instructions for operations are important.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>11. Individuals should sacrifice self-interest for the group.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>12. Individuals should stick with the group even through difficulties.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>13. Group welfare is more important than individual rewards.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>14. Group success is more important than individual success.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>15. Individuals should only pursue their goals after considering the welfare of the group.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>16. Group loyalty should be encouraged even if individual goals suffer.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>
Dear participant,

Thanks for participating in the survey on negative information. This survey will be anonymous and take approximately 15 to 20 minutes to complete. Please follow the instructions carefully and complete all questions (please tick or select the most appropriate answer for each question). A lucky draw is offered for those who completed the full survey.

Now, please read the following news articles.

News article 1:

HARVEY FRESH Juice Contains Auramine

☐ Brad Thompson, the West Australian, March 25th, 2013.

Six series of Harvey Fresh Juice, produced by the Western Australian Harvey Fresh Corporation, contain excessive amounts of Auramine. Auramine is often used as an industrial colouring material and may cause cancer if used excessively in food items according to World Health Organization (WHO), the West Australian revealed. These juices are being sold in most of the supermarkets in Australia. Australian Competition & Consumer Commission (ACCC) has confirmed the case from their sample tests and may take further actions against the company.

1. Have you read this piece of news before? ○ Yes/○ No
2. Have you known the affected brand? ○ Yes/○ No
3. After reading the above news, what do you think the risk level related to this product incident? (Low 1 2 3 4 5 High)
Section B: Please rate the degree that you disagree or agree to the following statements. Please tick (√) the circle ○ that best reflects your view.

The following questions use a semantic differential scale: the more the number closed to the left word, the more you agree to the left word. Vice versa, the more the number closed to the right word, the more you agree to the right word. “4” means you neither agree nor disagree the left or right word.

Your attitude towards the brand:

<table>
<thead>
<tr>
<th>Statements</th>
<th>Degree of agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Unfavourable</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>2. Don’t like it at all much</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>3. Bad</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>4. Negative</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>5. Don’t satisfy my need at all</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>6. Unbelievable</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>

Section C: If you are a current user of this brand, please rate the following statements

<table>
<thead>
<tr>
<th>Statements (for current users only)</th>
<th>Degree of agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I may still use this brand</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>2. I may have a try of the other products associated with this brand</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>3. I still plan to buy this brand</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>4. I still intend to buy this brand</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>5. I will still buy this brand in the next three months</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>

Section E: Please rate the degree that you disagree or agree to the following statements.

<table>
<thead>
<tr>
<th>Statements (all users)</th>
<th>Degree of agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I will be likely to tell others about this news</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>2. I will seldom miss a chance to tell others about this news</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>3. I will be likely to tell others that I will not buy this brand</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>4. I will be likely to suggest others not to buy this brand</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>5. I will be likely to write reviews about this news brand after being exposed to the news.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>6. I will be likely to search more information about this brand after being exposed to the news.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>7. I will be likely to check with my friends whether they have any experience with the brand.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>8. I have an interest in knowing more about the affected brand.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>
**Section F:** Looking back at the reported case, what are your thoughts about the *causes* of the problem shown in the case?

<table>
<thead>
<tr>
<th>The cause is located in the <em>consumers.</em></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>The cause is located in the <em>manufacturer.</em></th>
</tr>
</thead>
<tbody>
<tr>
<td>The cause is <em>not controlled</em> by the manufacturer.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>The cause is <em>fully controlled</em> by the manufacturer.</td>
</tr>
</tbody>
</table>
Mortgage Loan Mistakes by ANZ


A Sydney customer recently lodged a complaint to the Australian Competition & Consumer Commission (ACCC) about a mortgage loan mistake made by an ANZ branch in West Sydney. The correct fixed rate of ANZ should be 5.79%; however, the staff entered 8.79% in the system, which caused the customer paying an extra $20,000 in the last two years. The ACCC has confirmed this case and may take further actions against ANZ.

1. Have you read this piece of news before? ☐ Yes/☐ No
2. Have you known the affected bank? ☐ Yes/☐ No
3. After reading the above news, what do you think the risk level related to this product incident? (Low 1 2 3 4 5 High)
**Section A:** Please rate the degree that you disagree or agree to the following statements. Please tick (✓) the circle that best reflects your view.

The following questions use a semantic differential scale: the more the number closed to the left word, the more you agree to the left word. Vice versa, the more the number closed to the right word, the more you agree to the right word. “4” means you neither agree nor disagree the left or right word.

**Your attitude** towards the bank:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Disagree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Unfavourable</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2. Don’t like it at all much</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3. Bad</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>4. Negative</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>5. Don’t satisfy my need at all</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>6. Unbelievable</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

**Section B:** If you are a **current user** of this bank, please rate the following statements.

<table>
<thead>
<tr>
<th>Statements (for current users only)</th>
<th>Disagree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I may still using the mortgage services of this bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I may still using the other services of this bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I still plan to use the mortgage services of this bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I still intend to use the mortgage services of this bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I will still use the mortgage services of this bank in the next three months</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Section D:** Please rate the degree that you disagree or agree to the following statements.

<table>
<thead>
<tr>
<th>Statements (all users)</th>
<th>Disagree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I will be likely to tell others about this news</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I will seldom miss a chance to tell others about this news</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I will be likely to tell others that I will not use this bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I will be likely to suggest others not to use this bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I will be likely to write reviews about this news online</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. I will be likely to search more information about this bank after being exposed to the news.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. I will be likely to check with my friends whether they have any experience with the bank.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. I have an interest in knowing more about the affected bank.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

203
Section E: Looking back at the reported case, what are your thoughts about the causes of the problem shown in the case?

<table>
<thead>
<tr>
<th>The cause is located in the consumers.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>The cause is not controlled by the manufacturer.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>The cause is fully controlled by the service provider.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

D1: Your gender:  ○ Male / ○ Female
D3: What is your approximately monthly disposable income (money that you have left after paying necessities such as rentals and transports)?  ○$below 800; ○$801-$1500; ○$1501 to 2500; ○2501-3500; ○3501 or above.
D4: Are you a local or international student?  ○Local (Australian Citizen or Australian Permanent Resident)
 ○International (Please specify the country or region you come from__________________________)
D5: How long have you lived in Australia? _____________ Years _______Months

Lucky draw: Woolworths Gift Cards

- 2 first prize winners: $50
- 4 second prize winners: $20
- 8 third prize winners: $10

Please leave your email below in order for us to contact you if you win the lucky draw.

Your full names: _____________________ Email: _____________________

Disclaimer: Both cases included in this survey are fictional and bear no relations to any actual brand with the same name. The cases are used for this research project only.

Thank you for your time and for participating in this study

ALL RESPONSES ARE CONFIDENTIAL AND NO INDIVIDUALS WILL BE IDENTIFIED
### Appendix Two - English Questionnaire (Low-severity)

**Section A:** Please rate the degree that you agree or disagree to the following statements. Please tick (√) the circle ○ that best reflects your view.
1: Strongly disagree; 2: Disagree; 3: Neutral (neither agree nor disagree); 4: Agree; 5: Strongly agree

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. People in higher positions should make most decisions without consulting people in lower positions.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2. People in higher positions should not ask the opinions of people in lower positions too frequently.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3. People in higher positions should avoid social interaction with people in lower positions.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>4. People in lower positions should not disagree with decisions by people in higher positions.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>5. People in higher positions should not delegate important tasks to people in lower positions.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>6. It is important to have instructions spelled out in detail so that I always know what I’m expected to do.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>7. It is important to closely follow instructions and procedures.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>8. Rules and regulations are important because they inform me of what is expected of me.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>9. Standardized work procedures are helpful.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>10. Instructions for operations are important.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>11. Individuals should sacrifice self-interest for the group.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>12. Individuals should stick with the group even through difficulties.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>13. Group welfare is more important than individual rewards.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>14. Group success is more important than individual success.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>15. Individuals should only pursue their goals after considering the welfare of the group.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>16. Group loyalty should be encouraged even if individual goals suffer.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>
Dear participant,
Thanks for participating in the survey on negative information. This survey will be anonymous and take approximately 15 to 20 minutes to complete. Please follow the instructions carefully and complete all questions (please tick or select the most appropriate answer for each question). A lucky draw is offered for those who completed the full survey. Now, please read the following news articles.

News article 1:

HARVEY FRESH Juice Contains Auramine

☐ Brad Thompson, the West Australian, March 25th, 2013.

Six series of Harvey Fresh Juice, produced by the Western Australian Harvey Fresh Corporation, contain excessive amounts of Auramine. Auramine is usually used as an industrial colouring material and may cause slight stomachache, according to World Health Organization (WHO), the West Australian revealed. The juices are being sold in most of the supermarkets in Australia. Australian Competition & Consumer Commission (ACCC) has confirmed the case from their sample tests and may take further actions against the company.

1. Have you read this piece of news before? ☐Yes/☐No
2. Have you known the affected brand? ☐Yes/☐No
3. After reading the above news, what do you think the risk level related to this product incident? (Low ☐1 ☒2 ☐3 ☐4 ☐5 High)
**Section B**: Please rate the degree that you disagree or agree to the following statements. Please tick (√) the circle that best reflects your view.

The following questions use a semantic differential scale: the more the number closed to the left word, the more you agree to the left word. Vice versa, the more the number closed to the right word, the more you agree to the right word. “4” means you neither agree nor disagree the left or right word.

**Your attitude** towards the brand:

<table>
<thead>
<tr>
<th>Statements</th>
<th>Degree of agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Don’t like it at all much</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>2. Bad</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>3. Negative</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>4. Don’t satisfy my need at all</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>6. Unbelievable</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>

**Section C**: If you are a current user of this brand, please rate the following statements

<table>
<thead>
<tr>
<th>Statements</th>
<th>Degree of agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I may still use this brand</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>2. I may have a try of the other products associated with this brand</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>3. I still plan to buy this brand</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>4. I still intend to buy this brand</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>5. I will still buy this brand in the next three months</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>

**Section E**: Please rate the degree that you disagree or agree to the following statements.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Degree of agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I will be likely to tell others about this news</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>2. I will seldom miss a chance to tell others about this news</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>3. I will be likely to tell others that I will not buy this brand</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>4. I will be likely to suggest others not to buy this brand</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>5. I will be likely to write reviews about this news online</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>6. I will be likely to search more information about this brand after being exposed to the news.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>7. I will be likely to check with my friends whether they have any experience with the brand.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>8. I have an interest in knowing more about the affected brand.</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>
**Section F:** Looking back at the reported case, what are your thoughts about the *causes* of the problem shown in the case?

<table>
<thead>
<tr>
<th>The cause is located in the <strong>consumers</strong>.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>The cause is located in the <strong>manufacturer</strong>.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The cause is <em>not controlled</em> by the manufacturer.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>The cause is <em>fully controlled</em> by the manufacturer.</td>
</tr>
</tbody>
</table>
Mortgage Loan Mistakes by ANZ

☐ Brad Thompson, the West Australian, March 25th, 2013.

A Sydney customer recently lodged a complaint to the Australian Competition & Consumer Commission (ACCC) about the long waiting time at an ANZ branch in West Sydney. The customer had been waiting for almost one hour before she was served to save money, the West Australian reported. The average, or standard, waiting time at the four major Australian banks is between 10 to 15 minutes. The ACCC has confirmed this case and may take further actions against ANZ.

1. Have you read this piece of news before?  ○Yes/○No
2. Have you known the affected bank?  ○Yes/○No
3. After reading the above news, what do you think the risk level related to this product incident?  (Low  ☐  2  ☐  3  ☐  4  ☐  5  High)
Section A: Please rate the degree that you disagree or agree to the following statements. Please tick (√) the circle that best reflects your view.

The following questions use a semantic differential scale: the more the number closed to the left word, the more you agree to the left word. Vice versa, the more the number closed to the right word, the more you agree to the right word. “4” means you neither agree nor disagree the left or right word.

Your attitude towards the bank:

<table>
<thead>
<tr>
<th>Unfavourable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Favourable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don’t like it at all</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>Like it very much</td>
</tr>
<tr>
<td>Bad</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>Good</td>
</tr>
<tr>
<td>Don’t satisfy my need at all</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>Satisfy my need</td>
</tr>
<tr>
<td>Unbelievable</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>Believable</td>
</tr>
</tbody>
</table>

Section B: If you are a current user of this bank, please rate the following statements

<table>
<thead>
<tr>
<th>Statements (for current users only)</th>
<th>Degree of agreement</th>
<th>Disagree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I may still using the savings services of this bank</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I may still using the other services of this bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I still plan to use the saving services of this bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I still intend to use the saving services of this bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I will still use the saving services of this bank in the next three months</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section D: Please rate the degree that you disagree or agree to the following statements.

<table>
<thead>
<tr>
<th>Statements (all users)</th>
<th>Degree of agreement</th>
<th>Disagree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I will be likely to tell others about this news</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I will seldom miss a chance to tell others about this news</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I will be likely to tell others that I will not use this bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I will be likely to suggest others not to use this bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I will be likely to write reviews about this news online</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. I will be likely to search more information about this bank after being exposed to the news.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. I will be likely to check with my friends whether they have any experience with the bank.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. I have an interest in knowing more about the affected bank.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Section E: Looking back at the reported case, what are your thoughts about the *causes* of the problem shown in the case?

<table>
<thead>
<tr>
<th>The cause is located in the consumers.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>The cause is located in the service provider.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The cause is <em>not controlled</em> by the manufacturer.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>The cause is <em>fully controlled</em> by the service provider.</td>
</tr>
</tbody>
</table>

**D1: Your gender:**  ○ Male / ○ Female

**D2: Your age:**  ○ 18-22; ○ 23-29; ○ 30-39; ○ 40-49; ○ 50-59.

**D3: What is your approximately monthly disposable income (money that you have left after paying necessities such as rentals and transports)?**
○ $below 800; ○ $801-$1500; ○ $1501 to 2500; ○ $2501-3500; ○ $3501 or above.

**D4: Are you a local or international student?**
○ Local (Australian Citizen or Australian Permanent Resident)
○ International (Please specify the country or region you come from__________________________)

**D5: How long have you lived in Australia?** ________________ Years _______Months

---

**Lucky draw: Woolworths Gift Cards**

2 first prize winners: $50

4 second prize winners: $20

8 third prize winners: $10

Please leave your email below in order for us to contact you if you win the *lucky draw.*

Your full names: _____________________ Email: ____________________

**Disclaimer:** Both cases included in this survey are fictional and bear no relations to any actual brand with the same name. The cases are used for this research project only.

Thank you for your time and for participating in this study

ALL RESPONSES ARE CONFIDENTIAL AND NO INDIVIDUALS WILL BE IDENTIFIED
Appendix Three - Chinese Questionnaire (High-severity)

**Section A:** 请评估你对于以下陈述不同意或同意的等级。请打钩(√)最能够反映你观点的圆（○）。

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 高职位的人应该做绝大多数的决定，不应该询问低职位的人。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2. 高职位的人不应该经常询问低职位的人的意见。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3. 高职位的人应该避免和低职位的人有社交接触。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>4. 低职位的人不应该反对高职位的人的意见。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>5. 高职位的人不应该委派重要任务给低职位的人。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>6. 较为详细的指示对我来说非常重要，这样我就清楚该怎么做。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>7. 照着指示来做是非常重要的。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>8. 规则和指示是非常重要的，这样我就会知道我被期望怎么做。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>9. 标准化的工作指示非常重要。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>10. 日常运行指示非常重要。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>11. 个人要服从组织。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>12. 个人即使在困难的时候也要跟随组织。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>13. 组织的利益大于个人利益。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>14. 组织的成功大于个人成功。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>15. 个人应该先考虑组织目标，再考虑个人目标。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>16. 要保持对组织的忠诚。</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>
亲爱的参与者，

感谢您参与负面信息的问卷。这份匿名问卷将会占用您大约 15 到 20 分钟。请仔细地阅读说明并且完成所有问题（请为每个问题选择最合适的答案）。现在，请阅读以下的新闻。

新闻 1:

汇源果汁含有盐酸金胺

晨报记者 姚舟 沈琳

晨报讯 中国汇源果汁集团有限公司生产的六种系列的苹果汁被检查出含有超量的盐酸金胺。盐酸金胺常被用作工业染色的原料，根据国际卫生组织（WHO）的报告过量使用在食品中会增加使用者患癌的风险。这些系列的汇源果汁在上海绝大多数的超市均有销售。上海市消费者权益保护委员会已经从样本测试中确认了这个信息，并会在近期对汇源采取进一步措施。

1. 你是否阅读过这篇新闻？ ○是/○否
2. 你是否知道这个被影响的品牌？ ○是/○否
3. 在阅读完以上新闻后，你如何认为这个事件中产品的风险等级？（低  1  2  3  4  5 高）
Section B: 请评估你对于以下陈述不同意或同意的等级。请打钩(√)最能够反映你观点的圈(〇)。
以下的问题使用了语义区别的测量方式：越靠近左边的数字就越同意左边的词语。同样的，越靠近右边的数字就越同意右边的词语。“4”表示既不同意也不反对左或右的词语。

你对于这个品牌的**态度**:

<table>
<thead>
<tr>
<th></th>
<th>不称赞的</th>
<th>不好</th>
<th>不正面</th>
<th>不好</th>
<th>不满足</th>
<th>不可信</th>
<th>称赞的</th>
<th>非常好</th>
<th>非常正面</th>
<th>满足</th>
<th>可信</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
<td>[ ] 5</td>
<td>[ ] 6</td>
<td>[ ] 7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
<td>[ ] 5</td>
<td>[ ] 6</td>
<td>[ ] 7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
<td>[ ] 5</td>
<td>[ ] 6</td>
<td>[ ] 7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
<td>[ ] 5</td>
<td>[ ] 6</td>
<td>[ ] 7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
<td>[ ] 5</td>
<td>[ ] 6</td>
<td>[ ] 7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
<td>[ ] 5</td>
<td>[ ] 6</td>
<td>[ ] 7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section C: 如果你是该产品的**当前消费者**，请评估以下陈述

<table>
<thead>
<tr>
<th>陈述(当前消费者)</th>
<th>同意等级</th>
<th>不同意</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>1. 我也许会继续使用这个品牌</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. 我也许会使用这个品牌下的其他产品</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. 我会继续购买这个品牌</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. 我会打算继续购买这个品牌</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. 我会在未来的三个月继续购买这个品牌</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>陈述(所有人)</th>
<th>同意等级</th>
<th>不同意</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>1. 我很有可能告知别人这则新闻</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. 我不会错过任何一个机会告知别人这则新闻</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. 我很有可能告诉别人我不会购买这个品牌</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. 我很有可能建议别人不要购买这个品牌</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. 我很有可能在网上写有关这个品牌的评价</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. 在知道这则新闻后，我很有可能会搜寻更多有关这个品牌的信息或新闻</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. 我很有可能会询问我的朋友有关他们对于这个品牌的经验</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. 我有兴趣去更多地了解这个品牌</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section F: 你对于新闻中事件产生原因的见解

<table>
<thead>
<tr>
<th></th>
<th>同意等级</th>
<th>不同意</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>这个原因归咎于消费者.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>这个原因生产者无法控制.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>这个原因归咎于生产者.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>这个原因生产者可以完全控制.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
工商银行误算用户抵押贷款

晨报记者 姚舟 沈琳

晨报讯 一位中国工商银行徐汇分行的用户向上海市消费者保护委员会投诉该行误算其抵押贷款利率。当前工行的年贷款利率为 6.55%，但该行工作人员在系统中输入 8.55%，致使该用户在过去的两年内额外多付超过￥50,000。上海市消费者保护委员会确认了这个事件并表示近期会对该行采取进一步措施。

1. 你是否阅读过这篇新闻？ ⊙是/⊙否
2. 你是否知道这个被影响的品牌？ ⊙是/⊙否
3. 在阅读完以上新闻后，你如何认为这个事件中产品的风险等级？
   (低 1 2 3 4 5 高)
Section A: 请评估你对于以下陈述不同意或同意的等级。请打钩(√)最能够反映你观点的圈 ( 〇 )。
以下的问题使用了语义区别的测量方式：越靠近左边的数字就越同意左边的词语。同样的，越靠近右边的数字就越同意右边的词语。“4”表示你既不同意也不反对左或右的词语。

你对于这个品牌的 **态度**: 
1. 不赞的 | ☐ | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 赞的
2. 非常不喜欢 | ☐ | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 非常喜欢
3. 不好 | ☐ | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 好
4. 负面的| ☐ | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 正面的
5. 不能满足我的需求 | ☐ | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 能满足我的需求
6. 不可信 | ☐ | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 可信的

Section B: 如果你是该产品的 **当前消费者**，请评估以下陈述

<table>
<thead>
<tr>
<th>陈述 ( <strong>当前消费者</strong> )</th>
<th>同意等级</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>不同意</td>
</tr>
<tr>
<td>我也许会继续使用这家银行贷款服务</td>
<td>☐</td>
</tr>
<tr>
<td>我也许会使用这家银行的其他服务</td>
<td>☐</td>
</tr>
<tr>
<td>我会继续使用这家银行贷款服务</td>
<td>☐</td>
</tr>
<tr>
<td>我会打算继续使用这家银行贷款服务</td>
<td>☐</td>
</tr>
<tr>
<td>我会在未来的三个月继续使用这家银行贷款服务</td>
<td>☐</td>
</tr>
</tbody>
</table>

Section D: 请评估你对以下陈述的同意或不同意的等级。

<table>
<thead>
<tr>
<th>陈述 ( <strong>所有人</strong> )</th>
<th>同意等级</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>不同意</td>
</tr>
<tr>
<td>我很有可能告知别人这则新闻</td>
<td>☐</td>
</tr>
<tr>
<td>我不会错失任何一个机会告知别人这则新闻</td>
<td>☐</td>
</tr>
<tr>
<td>我很有可能告诉别人我不会继续使用这家银行的贷款服务</td>
<td>☐</td>
</tr>
<tr>
<td>我很有可能建议别人不要使用这家银行的贷款服务</td>
<td>☐</td>
</tr>
<tr>
<td>我很有可能会在网上写有关这家银行的评价</td>
<td>☐</td>
</tr>
<tr>
<td>在知道这则新闻后，我很有可能会搜寻更多有关这家银行的信息或新闻</td>
<td>☐</td>
</tr>
<tr>
<td>我很有可能会询问我的朋友有关他们对于这家银行的经验</td>
<td>☐</td>
</tr>
<tr>
<td>我有兴趣去更多地了解这家银行</td>
<td>☐</td>
</tr>
</tbody>
</table>

Section E: 你对于新闻中事件产生原因的见解

<table>
<thead>
<tr>
<th>这个原因归咎于消费者</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>这个原因归咎于生产者</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>这个原因生产者无法控制</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>这个原因生产者可以完全控制</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
D1: 你的性别: 〇男 / 〇女
D2: 你的年龄: 〇18-22; 〇23-29; 〇30-39; 〇40-49; 〇50-59。
D3: 你大约的每月可使用金额 (你在花费了一些必须指出，比如寝室、交通之后)?
  〇低于 500; 〇501-1000; 〇1001-1500; 〇1501-2500; 〇2501 或以上。
D4: 你是上海或其它地区学生？
  〇上海学生
  〇其它地区 (来自什么省/市________________________)
D5: 你在上海生活了多久？______________ 年 ______月

Thank you for your time and for participating in this study

ALL RESPONSES ARE CONFIDENTIAL AND NO INDIVIDUALS WILL BE IDENTIFIED
## Appendix Four - Chinese Questionnaire (Low-severity)

**Section A:** 请评估你对于以下陈述不同意或同意的等级。请打钩(√)最能够反映你观点的圈（〇）。

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 高职位的人应该做绝大多数的决定，不应该询问低职位的人。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2. 高职位的人不应该经常询问低职位的人的意见。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3. 高职位的人应该避免和低职位的人有社交接触。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>4. 低职位的人不应该反对高职位的人的意见。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>5. 高职位的人不应该委派重要任务给低职位的人。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>6. 较为详细的指示对我来说非常重要，这样我就清楚该怎么做。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>7. 照着指示来做是非常重要的。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>8. 规则和指示是非常重要的，这样我就知道我被期望怎么做。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>9. 标准化的工作指示非常重要。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>10. 日常运行指示非常重要。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>11. 个人要服从组织。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>12. 个人即使在困难的时候也要跟随组织。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>13. 组织的利益大于个人利益。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>14. 组织的成功大于个人成功。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>15. 个人应该先考虑组织目标，再考虑个人目标。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>16. 要保持对组织的忠诚。</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>
亲爱的参与者,

感谢您参与负面信息的问卷。这份匿名问卷将会占用您大约 15 到 20 分钟。请仔细地阅读说明并且完成所有问题（请为每个问题选择最合适的答案）。现在，请阅读以下的新闻。

新闻 1:

汇源果汁含有盐酸金胺

晨报记者 姚舟 沈琳

晨报讯 中国汇源果汁集团有限公司生产的六种系列的苹果汁被检查出含有超量的盐酸金胺。盐酸金胺常被用作工业染色的原料，根据国际卫生组织（WHO）的报告过量使用在食品会导致食用者胃部不适。这些系列的汇源果汁在上海绝大多数的超市均有销售。上海市消费者权益保护委员会已经从样本测试中确认了这个信息，并会在近期对汇源采取进一步措施。

1. 你是否阅读过这篇新闻？ □ 是/□ 否
2. 你是否知道这个被影响的品牌？ □ 是/□ 否
3. 在阅读完以上新闻后，你如何认为这个事件中产品的风险等级？
   (低 1 中 2 高 3 高 4 高 5 高)
Section B: 请评估你对于以下陈述不同意或同意的等级。请打钩(√)最能够反映你观点的圈（〇）。以下的问题使用了语义区别的测量方式：越靠近左边的数字就越同意左边的词语。同样的，越靠近右边的数字就越同意右边的词语。“4”表示你既不同意也不反对左或右的词语。

你对于这个品牌的**态度**：

<table>
<thead>
<tr>
<th></th>
<th>不称赞的</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>称赞的</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>非常不喜欢</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>非常喜欢</td>
</tr>
<tr>
<td>2.</td>
<td>不好</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>好</td>
</tr>
<tr>
<td>3.</td>
<td>负面的</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>正面的</td>
</tr>
<tr>
<td>4.</td>
<td>不能满足我的需求</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>能满足我的需求</td>
</tr>
<tr>
<td>5.</td>
<td>不可信</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>可信的</td>
</tr>
</tbody>
</table>

Section C: 如果你是该产品的**当前消费者**，请评估以下陈述。

<table>
<thead>
<tr>
<th>陈述（当前消费者）</th>
<th>同意等级</th>
<th>不同意</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 我也许会继续使用这个品牌</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. 我也许会使用这个品牌下的其他产品</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. 我会继续购买这个品牌</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. 我会打算继续购买这个品牌</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. 我会在未来的三个月继续购买这个品牌</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section E: 请评估你对以下陈述的同意或不同意的等级。

<table>
<thead>
<tr>
<th>陈述 (所有人)</th>
<th>同意等级</th>
<th>不同意</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 我很有可能告知别人这则新闻</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. 我不会错失任何一个机会告知别人这则新闻</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. 我很有可能告诉别人我不会购买这个品牌</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. 我很有可能建议别人不要购买这个品牌</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. 我很有可能会在网上写有关这个品牌的评价</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. 在知道这则新闻后，我很有可能会搜寻更多有关这个品牌的信息或新闻</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. 我很有可能会询问我的朋友有关他们对于这个品牌的经验</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. 我有兴趣去更多地了解这个品牌</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section F: 你对于新闻中事件产生原因的见解

<table>
<thead>
<tr>
<th>原因归咎于消费者</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>这个原因归咎于生产者</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>原因归咎于生产者</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>这个原因生产者可以完全控制</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
工商银行误算用户抵押贷款

晨报记者 姚舟 沈琳

晨报讯 一位中国工商银行徐汇分行的用户向上海市消费者保护委员会投诉该行服务排队时间过长。该用户使用存款服务，在工行排队超过1小时。而中国商业银行的平均排队时间为15-20分钟。上海市消费者保护委员会确认了这个事件，并会在近期采取进一步措施。

1. 你是否阅读过这篇新闻？
   ○是/○否
2. 你是否知道这个被影响的品牌？
   ○是/○否
3. 在阅读完以上新闻后，你如何认为这个事件中产品的风险等级？
   (低 1 2 3 4 5 高)
### Section A
请评估你对于以下陈述不同意或同意的等级。请打钩(√)最能够反映你观点的圈(○)。
以下的问题使用了语义区别的测量方式：越靠近左边的数字就越同意左边的词语。同样的，越靠近右边的数字就越同意右边的词语。“4”表示既不同意也不反对左或右的词语。

#### 你对于这个品牌的**态度**：

| 1. 不称赞的 | □ 1 | □ 2 | □ 3 | □ 4 | □ 5 | □ 6 | □ 7 | 称赞的       |
| 2. 非常不喜欢 | □ 1 | □ 2 | □ 3 | □ 4 | □ 5 | □ 6 | □ 7 | 非常喜欢      |
| 3. 不好 | □ 1 | □ 2 | □ 3 | □ 4 | □ 5 | □ 6 | □ 7 | 好           |
| 4. 负面的 | □ 1 | □ 2 | □ 3 | □ 4 | □ 5 | □ 6 | □ 7 | 正面的       |
| 5. 不能满足我的需求 | □ 1 | □ 2 | □ 3 | □ 4 | □ 5 | □ 6 | □ 7 | 能满足我的需求 |
| 6. 不可信 | □ 1 | □ 2 | □ 3 | □ 4 | □ 5 | □ 6 | □ 7 | 可信的       |

### Section B
如果你是该产品的**当前消费者**，请评估以下陈述

<table>
<thead>
<tr>
<th>陈述 (当前消费者)</th>
<th>同意等级</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 我也许会继续使用这家银行的服务</td>
<td>不同意</td>
</tr>
<tr>
<td>2. 我也许会使用这家银行的其他服务</td>
<td>不同意</td>
</tr>
<tr>
<td>3. 我会继续使用这家银行服务</td>
<td>不同意</td>
</tr>
<tr>
<td>4. 我会打算继续使用这家银行服务</td>
<td>不同意</td>
</tr>
<tr>
<td>5. 我会在未来的三个月继续使用这家银行服务</td>
<td>不同意</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>陈述 (所有人)</th>
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</tr>
</thead>
<tbody>
<tr>
<td>1. 我很有可能告知别人这则新闻</td>
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</tr>
<tr>
<td>2. 我不会错失任何一个机会告知别人这则新闻</td>
<td>不同意</td>
</tr>
<tr>
<td>3. 我很有可能告诉别人我不会继续使用这家银行的贷款服务</td>
<td>不同意</td>
</tr>
<tr>
<td>4. 我很有可能建议别人不要使用这家银行的贷款服务</td>
<td>不同意</td>
</tr>
<tr>
<td>5. 我很有可能会在网上写有关这家银行的评价</td>
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<tr>
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<td>不同意</td>
</tr>
<tr>
<td>7. 我很有可能会询问我的朋友有关他们对于这家银行的经验</td>
<td>不同意</td>
</tr>
<tr>
<td>8. 我有兴趣去更多地了解这家银行</td>
<td>不同意</td>
</tr>
</tbody>
</table>

### Section E
你对于新闻中事件产生原因的见解

<table>
<thead>
<tr>
<th>理由</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>这个原因归咎于消费者</td>
<td>这个原因归咎于生产者</td>
<td>这个原因生产者无法控制</td>
<td>这个原因生产者可以完全控制</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**D1:** 你的性别: ○男 / ○女

**D2:** 你的年龄: ○18-22; ○23-29; ○30-39; ○40-49; ○50-59.

**D3:** 你大约的每月可使用金额 (你在花费了一些必须指出，比如寝室、交通之后)?
○低于 500; ○501-1000; ○1001-1500; ○1501-2500; ○2501 或以上.

**D4:** 你是上海或其它地区学生?
○上海学生
○其它地区 (来自什么省/市________________________)

**D5:** 你在上海生活了多久? ___________年 ______月

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Thank you for your time and for participating in this study

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