An evaluation of strategic responses to consumer boycotts

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Abstract

This article documents the relative effectiveness of the various marketing strategies, in particular the public relations strategies, that firms use to combat the likelihood of boycotts as a politically motivated form of anti-consumption. This study focuses on boycotts that relate to corporate practices and aims to provide a rationale for appropriate publicity-based responses to the threat of corporate practice related boycotts. The purpose is to determine whether the techniques that firms use to mitigate the detrimental effects of negative publicity will be similarly effective for a boycott situation. The authors use two experiments to investigate the influence of publicity-based strategic responses to boycott requests on consumers’ perceptions and behavior.

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1. Introduction

Boycotts, a form of anti-consumption behavior typically triggered by an ethical or political rationale, have existed for many years as a means for consumers to express their disapproval of a company’s product or corporate behavior (Zack, 1991). In recent years, the literature which studies boycotting has increased (Garrett, 1986, 1987; Klein et al., 2002; Witkowski, 1989), most significantly in regards to two concerns. One is the types of boycott behavior (Kozinets and Handelman, 1998) and the motivations that underlie participation (John and Klein, 2003; Klein et al., 2004; Sen et al., 2001; Tyran and Engelmann, 2005). The other concern is the financial impact of boycotts (Koku et al., 1997; Pruitt and Friedman, 1986). In the majority of these studies the main focus has been on marketing-policy boycotts rather than the corporate practice related boycotts that have been more common in recent times (Klein et al., 2004).

The growth of the Internet has facilitated the real prevalence and power of boycotts in the marketplace (Sen et al., 2001). Boycott activity has affected most prominent companies and brands (John and Klein, 2003; Gelb, 1995; Maccabee, 1997; McBeath, 1983; Post, 1985; Putnam and Muck, 1991); however, empirically tested guidelines for effective strategic responses that companies can implement to combat this threat do not exist (Ahluwalia et al., 2000). This study begins to address this gap, and draws on the literature from related areas such as negative publicity and collective action, in an attempt to synthesize the expertise in these areas. In doing so, this study aims to adapt the strategic response techniques of these areas in order to create appropriate response techniques for boycott behavior.

This study focuses on corporate practice related boycotts and aims to provide a rationale for the appropriate publicity-based responses for a corporate policy related boycott threat. Strategic publicity-based responses which have mitigated the detrimental effects of negative publicity (Okada and Reibstein, 1998) will be similarly effective when applied to a boycott situation.

This research is an experimental study that uses Coca-Cola as the target brand, and investigates the effect of the type of publicity,
and the directions the authors gave to respondents of the study, on the likelihood of them forgoing their Coca-Cola consumption. These manipulations provide insight into the most effective way to use publicity-based responses to alleviate the effects of a boycott. The groups were uniform in their distributions of preference and commitment, and thus the authors could make direct comparisons of variables between groups.

Within the broad aim of investigating the effectiveness of several publicity-based responses for reducing consumers’ likelihood to forgo a product in a boycott situation, our specific objectives are: (1) to conclude whether some philosophies and strategies devised to combat the effects of negative publicity and consumer complaints (Halstead, 1989; Singh, 1988) are also effective in boycott situations; (2) to determine whether the presence of a boycott direction significantly moderates consumers’ likelihood to forgo a product; (3) to determine whether direct positive and/or indirect negative associations neutralize negative associations; and (4) to provide strategic recommendations based on these findings.

The authors organize this article as follows: first, a review of the pertinent literature; second, detailing of the hypotheses and the research design; third, discussion of the results, and, finally, outlining of the theoretical and managerial implications of the research, the research limitations, and suggestions for future research.

2. Hypothesis development

2.1. Boycotts, anti-consumption, and consumer movements

An extensive review of the extant literature reveals three main areas of interest. The first, and most obvious, is that of consumer boycotts. This study defines a consumer boycott as the collective action of forgoing or withholding consumption in response to perceived wrongdoing by a company, or perceived flaws in the product itself, in order to achieve certain instrumental or non-instrumental objectives (Friedman, 1985, 1999; Garrett, 1987; John and Klein, 2003; Sen et al., 2001). The second literature area that is also fairly intuitively related to this research is the area of collective action as a form of consumer movement (Benford and Snow, 2000; Gluckman, 2001; Kates, 2004; Kozinets and Handelman, 2004; Smith and Bloom, 1989) by consumer communities (Kozinets, 2002). Like a social movement, a boycott is a planned collective action by a consumer community to change an existing construct (Buechler 1995; Kozinets and Handelman, 2004). Thus, it is possible to conceptualize boycotts as resembling collective instances and actions as a response to a negative publicity. The third literature area is that of negative publicity (Eagly and Chaiken, 1993; Eagly et al., 1978; Griffin et al., 1991; Reidenbach et al., 1987; Richins, 1983; Weinberger and Dillon, 1980). The authors base the selection of negative publicity not on any direct influence on consumer boycott behavior, but on its inherent similarities to a consumer boycott situation.

One of the important components of the anti-consumption concept which demands action against consumption (i.e., withholding or forgoing consumption) takes the form of targeted boycott behavior with an underlying political, ethical, moral, or health-related rationale directed at specific brands. This required anti-consumption behavior often involves a request “not to consume” (Craig-Lees, 2006). The justification of this directive involves three elements of new social movement theory (Phipps and Brace-Govan, 2006), two of which illustrate the foundation of a boycott behavior and direction (request). The first element relates to a political or activist view (Kozinets and Handelman, 2004), whereas the second element relates to consumer values and ethics (Buechler, 1995; Shaw and Newholm, 2002).

Boycotts are a rapidly growing means for consumers to express their disapproval of a company’s actions or products. As such, they pose a significant threat to companies in today’s marketplace (John and Klein, 2003). This study considers that asking consumers to forgo or withhold consumption of a specific brand in a boycott situation is a request for anti-consumption. Thus, in order to differentiate boycotts from simple non-consumption behavior — as boycotts involve an active decision by consumers to refuse to consume a product, that is, to engage in anti-consumption, usually for political or ethical reasons — we use the term “forgo” to encompass the act of anti-consumption in the context of this study.

Fundamental to any boycott action is the egregious act, that is, the negative behavior of the producer company that provides the stimulus, or “underlying cause,” of the boycott activity (John and Klein, 2003). Even though the perceived degree of egregiousness significantly predicts boycott participation, and this degree differs notably across consumers, “not all consumers who view actions as egregious will participate in the boycott” (Klein et al., 2002, 2004). Previous research has investigated the question of how and why consumers decide to boycott, or not to boycott a product, and conceptualized this decision as a cost-benefit analysis wherein the potential gains from boycotting are weighed against the potential costs of boycotting in a collective action framework (John and Klein, 2003; Klein et al., 2004; Sen et al., 2001). The counterpart to the gains expected from boycotting (as seen in the underlying motivations) is the cost of boycotting. This consideration informed our choice to use real brands, Coca-Cola and Pepsi, in the experiment, to preserve the realism of the boycott decision for the respondents by introducing a perceived cost of boycotting, which is a core element of a marketplace boycott decision. The more strongly consumers initially prefer and are committed to a product, the higher will be their cost of boycotting that product, whereas if an acceptable substitute product is readily available, their cost of boycotting will be lower.

2.2. Boycotts, brand image, and negative publicity

A boycott, like negative publicity, significantly damages the brand image by attaching negative associations to a brand (Ard, 1967), in essence giving consumers a reason to use competitors’ products. It is therefore necessary to view negative publicity and boycotts as damaging brand image (Dalli et al., 2005, 2006; Lee and Conroy, 2005; Lee and Motion, 2004) by generating negative brand associations, as they link negative
information (Mizerski, 1982) to the brand in consumers’ minds. While positive associations increase the likelihood of purchase of a brand, negative associations decrease the likelihood of purchase of a brand (Okada and Reibstein, 1998).

Earlier studies have cited the impact and importance of publicity (Henard, 2002; Menon et al., 1999; Reidenbach et al., 1987). They observe that publicity is significantly more credible and influential than company-generated or controlled communications (Bond and Kirshenbaum, 1998). In fact, a significant negative effect exists wherein negative publicity is more powerful than positive publicity, proving to be more influential, having longer lasting effects, and having a greater effect on impression formation (Dean, 2004; Griffin et al., 1991; Mizerski, 1982; Weinberger et al., 1980). Previous research has also proved the higher weighting ascribed to negative over positive publicity in relation to the ability of negative publicity to neutralize positive publicity. Negative information (Arnd, 1967; Mizerski, 1982), which shares the “inherent characteristics” of negative publicity, can effectively cancel out positive information (Reidenbach et al., 1987). Similarly, consumers weight the importance of negative information against positive information in approximately a 5:1 ratio, with one piece of negative information being able to neutralize five pieces of positive information in impression formation (Ahluvalia et al., 2000; Fiske, 1980; Klein, 1992; Skowronski and Carlston, 1987). Considered together, these findings suggest that negative publicity will be even more credible and influential than positive publicity.

The degree of influence of negative publicity alerts companies to the significance of mitigating the negative effects. Intuitively, as the perception of negative publicity may be that it functions similarly to non-collective boycotts (in terms of its relationship to negative associations and potential forgoing of a product in response to a perceived egregious act), these findings also highlight the importance of companies countering severe boycott activity.

The egregious act in boycotts is analogous to the “potentially damaging information” that negative publicity presents (Reidenbach et al., 1987, 9), and thus the findings and theories (perhaps most importantly, information processing theory that analyzes the way in which individuals receive, process, store, and use information) that relate to negative publicity will also be relevant to boycott behavior. Furthermore, it is possible to adapt proposed strategies for mitigating the detrimental effects of negative publicity to mitigate the likelihood of boycott.

2.3. Strategic responses

“The traditional strategy of directly refuting the rumor was not effective” (Griffin et al., 1991, p. 334; Tybout et al., 1981). This finding may relate to information processing theory (as previously mentioned) in that a company’s making reference to the negative information in refuting it reminds consumers of it, thus strengthening the link between the action and the company in consumers’ minds.

The authors employ Okada and Reibsteins’ (1998) finding in relation to strategic responses to negative secondary associations as the basis for designing the strategic responses in this study. Negative secondary associations relate to the brand rather than the product itself and are comparable to corporate practice related boycotts, which are the focus of this study, in which the initial boycott stimulus relates to the corporate practices of the target brand, Coca-Cola (Coke), rather than the product category of fizzy soft-drinks. As the initial negative information used relates to corporate behavior rather than product characteristics, in keeping with the most prevalent current form of boycotts, responses that were effective in refuting negative secondary associations should be similarly effective in mitigating consumers’ likelihood of boycotting. Okada and Reibstein (1998) compare the effectiveness of positive associations that relate to the initial negative secondary associations in countering the negative effects of negative secondary associations to that of unrelated positive associations. Their finding is that while unrelated positive associations mitigate these effects, related positive associations exacerbate them. An explanation of these findings may also be related to information processing theory in that “positive secondary associations may prime negative associations in a related domain, but may interfere with negative associations in an unrelated domain” (Okada and Reibstein, 1998, p. 350). In addition, consumers may see related positive associations as being inconsistent or insincere, and/or these associations may “serve as a reminder of the brand’s existing negative image...[.] increase the rehearsal of the existing negative association, and strengthen the link between the brand and its negative image,” while “an unrelated positive association would have no effect on the rehearsal of the negative image” (Okada and Reibstein, 1998, p. 350). Based on this result, that unrelated positive associations are effective in mitigating the negative effects of negative publicity, it is of interest to determine whether this response is similarly effective in countering boycott threats, thus leading to the first hypothesis.

H1a. The provision of unrelated positive publicity about the target brand (Coke) following initial negative information and a request to “boycott Coke” will significantly reduce respondents’ likelihood to forgo the target brand (Coke). –CC (negative corporate information about Coke, the target brand)/BC (boycott Coke request) and +CC (positive corporate information about Coke, the target brand).

2.4. The no direction condition—a simple demand effect?

It is possible to see the no direction condition as approximating a simple negative publicity situation, presenting egregious acts and leaving consumers to make their own individual decision about forgoing purchase. The elimination of the collective action element present in boycott situations also
eliminates the possibility of achieving any instrumental goals against the company, thus reducing the consumers’ perceived gains from boycotting the product. As such, consumers in the no direction condition would be less likely to boycott the product than consumers in the boycott situation (as probed in the b conditions of our hypotheses). The authors consider this result in the light of context (or demand) effect principles.

**H1b.** This technique (used in H1a) will also be effective in reducing the likelihood of forgoing consumption when consumers receive no direction for their action (compared to a directive on how to behave); that is, in a negative publicity scenario rather than a boycott situation (confirming Okada and Reibstein, 1998). −CC/ND (no direction, i.e., no request to boycott) and +CC.

John and Klein (2003) argue that consumer boycotts are inherently collective actions, which are specifically social dilemmas (Sen et al., 2001), wherein individuals face a trade-off between maximizing their own immediate utility, and sacrificing their short-term utility in the hope of collectively achieving a goal that will maximize the long-term utility of the group if achieved. Boycotts would face small agent and free rider problems similar to those found in other social dilemmas in which there is a strong temptation to not participate. In this way, the decision to boycott resembles the decision to vote in a non-compulsory election (Klein et al., 2004). As such, it is of interest to investigate whether the effectiveness of a common technique for combating negative information about a political candidate, that of smear campaigns (in which negative information about a close substitute is presented in the hope of counteracting the effects of negative information about the target brand), would be also effective in counteracting boycott threats, leading us to H2a. There is a link between a boycott situation and a smear campaign, due to the similarity between the decision processes of consumers in boycott situations (as a result of the provision of negative information about the substitute brand, e.g., Pepsi), and those of voters in non-compulsory elections in political marketing literature. This comparison is important in order to test the effectiveness, in the boycott arena, of a technique that political parties use in the context of elections to mitigate the harm of negative publicity about a candidate.

**H2a.** The provision of negative corporate-related publicity about the corporate actions of a close substitute (Pepsi Co) following initial negative information about the target brand (Coke) and a request to “boycott Coke” will significantly reduce respondents’ likelihood of forgoing the target product (Coke). −CC/BC and −CP (negative corporate information about Pepsi, the substitute brand).

**H2b.** The technique used in H2a will be less effective in reducing the likelihood of forgoing consumption when consumers receive no direction for their action (compared to a directive on how to behave), that is, in a negative publicity scenario rather than a boycott situation. −CC/ND and −CP.

So far, all of the information presented to respondents in this study has related to negative corporate behaviors by the companies of interest. However, it is also of interest to investigate whether product-related information is similarly effective. This aspect led to the second study. Although this study does not presume any difference in boycott behavior whether the publicity is corporate-related (as in H2a and H2b) or product-related (as in H3 below), it is necessary to confirm this assumption, which results in the next hypothesis.

**H3.** The provision of negative product-related publicity about a close substitute product (Pepsi) following the initial negative information about the target brand (Coke) and a request to “boycott Coke” will not significantly reduce the likelihood of a respondent to forgo the target brand (Coke). −CC/BC and −PP (negative product-related information about Pepsi, the substitute brand).

As there should not be a significant difference in this condition (negative product-related information about a close substitute), it is unnecessary to include a “no direction” condition.

### 3. Research method

#### 3.1. Sample and research design

The sample used for this study is a convenience sample of 175 University of Sydney students, who participated for bonus course credit. The use of this sample is justified as it represents a key market for the brands tested, and is fairly uniform in terms of age and experience, thus eliminating the possibility of uncertainty or confusion. The authors use an experimental design to investigate these hypotheses. The authors chose this technique due to the opportunity it offered to manipulate treatment variables in order to determine their individual causal influences on the dependent variable of interest. The design of this study involved splitting the subject sample into two direction segments, and initially giving each segment identical negative corporate information regarding a well-known brand, Coca-Cola.

#### 3.2. Manipulations

The authors first asked all respondents several demographic questions, regarding their general characteristics, such as age and gender, as well as their preference for, commitment to, and usage of the soft-drinks in question (Coke and Pepsi) and other soft-drinks. The authors then provided all respondents with identical information regarding the negative corporate actions of the Coca-Cola Company. At this point, the authors treated the treatment groups differently in terms of the manipulations employed. The authors divided the sample into segments, based on the represented boycott situations, each segment distinguished by the direction it received. Within each segment, the same strategic response information groups were present. Table 1 summarizes the treatment groups. Broadly, the authors manipulated the treatment groups in terms of the type of publicity scenario they received as a strategic response. Within each of these segments we employed a further manipulation in terms of whether they received a request to boycott or received no direction. The authors used the latter situation to simulate a
situation of negative publicity without the collective action effects of boycotts.

After the administration of the initial negative corporate-related information about the Coca-Cola Company, Segment A received a direction to boycott Coke, while Segment B received no direction as to how to behave and had to determine the appropriate course of action themselves. This lack of instruction gave each subject no indication of the behavior of other parties. As such, this segment would mimic a situation of simple negative publicity with individual, rather than collective, decision-making. The authors further divided each segment in terms of the strategic response information we gave the respondents. The authors exposed one subsection of each segment (treatment groups 1 and 4, as Table 1 shows) to unrelated positive information about Coca-Cola. The second subsection of each segment (treatment groups 2 and 5) instead received additional negative corporate information about the substitute product (Pepsi). In the second study, the third subsection (treatment groups 3 and 6), as an alternative, received additional negative product-related information about the substitute product (Pepsi). The study framed all of the information as publicity in order to ensure its perceived credibility (Tormala et al., 2006) was high, in line with Bond and Kirshenbaum (1998).

The central dependent variable of interest is the likelihood to forgo the product. The authors divided the measured independent variables into treatment variables (the influence of these on the dependent variable requires measurement), and potentials moderators (the influence of these on the dependent variable needs assessment). As mentioned previously, the treatment variables are the direction, and information response given, and initial moderators are commitment, preference, and usage (Ahluwalia et al., 2000). There are two manipulated factors: the first is the direction given (i.e., whether the participant receives a direction to boycott Coke in response to the egregious act, as in a boycott situation, or whether the participant is simply aware of the negative information and receives no behavioral direction, as in negative publicity situations). The second manipulated factor is the publicity information given as a response to the initial negative information (i.e., unrelated positive information about the boycott target brand, negative corporate information about a close competitor, or negative product information about a close competitor).

Previous literature propounds the benefits of incorporating prior knowledge and experience into the design of choice experiments (Arora and Huber, 2001) and into the context of conjoint analysis (Allenby et al., 1995; van der Lans and Heiser, 1992; Srinivasan et al., 1983). Although the choice of existing brands may introduce an element of confusion into our results, having a perceived detriment or cost attached to the anti-consumption decision is necessary in order to achieve a realistic approximation of a marketplace boycott. This aspect of the study is important as a core component of an individual’s decision to boycott or forgo a product is their personal cost of sacrificing consumption of the product (John and Klein, 2003). Therefore, in order for the tested boycott decision to be realistic, this study used real brands. As such, participants should have an existing non-zero consumption level of the sample brands. In addition, for the purposes of this study, it was important that the selected brand had a close competitor, preferably an almost perfect substitute. To this end, we chose Coca-Cola as the target brand, and Pepsi as the competitor.

### 3.3. Measures and analysis (reliabilities, manipulation checks, normality tests, and moderating variables)

The authors subjected the data to statistical analysis in the form of a paired-sample t-test and analyzed all variables at a significance level of 0.05. Next, the authors elucidated the reliability, manipulation checks, normality tests, and moderating variables in our study.

As this study depended on new, non-validated scales designed by the researchers, it was important to establish the reliability of the measures in order to test the usefulness of this study. As such, Cronbach’s alpha is 0.90 (N of items 45), which is greater than 0.8, suggesting that the scales and variables were sufficiently reliable for analysis to be conducted. The questionnaire contained several manipulation checks. One manipulation check variable related to the perceived positivity or negativity of the presented actions (in other words, the perceived egregiousness of the act). It was vital that the participants saw the negative actions as neutral at best, and the positive actions as neutral at worst, in order to discount any potentially confusing effects that could result from some respondents viewing the information in the wrong light. The authors monitored this manipulation check rigorously and deleted from the sample any respondent for whom the information did not perform as intended. In addition, the authors included manipulation checks to test perceived importance, influence, and credibility of the information (Tormala et al., 2006), both in comparison to each other, and as raw values. Although the authors did not use these latter three checks to eliminate any respondents, the authors did use paired-sample t-tests to ensure that the respondents did not see the initial information as being significantly more or less important than the Pepsi-related strategic response information. As the authors were testing (most of) the hypotheses that we were investigating using means-comparison techniques, it was...
important to test the data as to its normality. The authors conducted a 1-Sample Kolmogorov–Smirnov normality test on each variable of interest in order to determine the extent to which it approximated a normally distributed variable. The authors analyzed the variables that satisfied the minimum requirements for being deemed normal (i.e., significance value $>0.05$) using parametric means-comparison techniques such as $t$-tests and ANOVAs, and those variables that did not satisfy this requirement (i.e., significance value $<0.05$) using equivalent non-parametric means-comparison techniques.

For the (a) sections of the hypotheses, we found that the likelihood of boycotting occurred approximately normally within the treatment groups, and thus that this result justified the parametric techniques. For the (b) sections of hypotheses (no direction), the authors did not find the dependent variable (likelihood of boycotting) to be normally distributed, and, as such, used non-parametric techniques to test this condition. This finding may be significant in itself as it indicates that in boycott situations consumers behave in predictably normal patterns, whereas in response to non-collective negative publicity instances (with no direction on how to behave) the consumers’ responses to the publicity manipulations are less predictable. However, the authors did not directly investigate this phenomenon. Some further confirmatory analysis would be advisable before conclusively making this claim.

There are several variables that moderate the likelihood of boycott, and susceptibility to negative and positive information. Two of the most important of the initial variables which remained unmanipulated between groups were preference for, and commitment to, the products of interest (Coke and Pepsi). Although investigating the individual effects of these moderating variables on the dependent variables was outside of the scope of this study, it was necessary that the authors measured preference and commitment, and discounted any potentially confusing effects associated with uneven distribution of these factors across treatment groups. In fact, as the authors had randomly allocated the respondents into treatment groups, there was no expectation to find any significant difference between groups. As such, the authors compared treatment groups with respect to these moderating variables using a $K$-independent sample Kruskal–Wallis test in order to identify any significant differences in their distributions between groups. The identification of any significant difference would mean that at least one of the treatment groups differed significantly from the others in terms of preference or commitment to the products. This would, in turn, imply that the group(s) that significantly differed would be likely to process the information differently, and thus that direct comparisons of variables between the groups would be impossible as any differences in these variables due to the actual treatments would cause confusion, with differences due to initial commitment, and preference. As Table 2 shows, the Kruskal–Wallis tests identified no significant differences between groups in terms of these moderating variables.

Since the groups were uniform in their distributions of preference and commitment, the authors could make direct comparisons of variables between groups.

### 4. Results

The authors took the second observation of all variables immediately after the strategic response, which was monitored immediately after the first observation, without taking any other complicating actions. Thus, any significant changes in these variables would be due to the strategic response and/or

| Table 2
| Differences between groups for moderating variables |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Test statistics (a, b) | Variables | Age | Gender | II_A_1 | II_A_2 | II_A_3 | II_A_4 | II_A_5 |
| Chi-square | 11.94 | 14.08 | 4.30 | 2.31 | 3.00 | 6.50 | 4.06 |
| Df | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Asymptotic significance | 0.10 | 0.05 | 0.75 | 0.94 | 0.89 | 0.48 | 0.77 |

**II_A_6** **II_A_7** **II_A_8** **II_A_9** **II_A_10** **II_A_11** **II_A_12**

| Chi-square | 3.06 | 3.78 | 3.16 | 8.37 | 5.96 | 4.07 | 5.58 |
| Df | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Asymptotic significance | 0.88 | 0.81 | 0.87 | 0.30 | 0.55 | 0.77 | 0.59 |

a) Kruskal–Wallis test.
b) Grouping variable: questionnaire.

| Table 3
| Hypothesis 1a |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Paired variables | Paired differences | $t$ | Df | Significance (2-tailed) |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Mean | Standard deviation | Standard error mean | 95% Confidence interval of the difference | Lower | Upper |
| III_A_5–IV_A_5 | 0.91 | 1.70 | 0.37 | 0.13 | 1.68 | 2.44 | 20 | 0.024 |
behavioral direction (boycott request) provided to each treatment group.

4.1. H1a

H1a presumes that unrelated positive information about the target brand (Coca-Cola) will significantly reduce respondents’ likelihood to forgo the product (Coke) in a Coke boycott situation (condensed from literature review). In order to test this hypothesis, the authors subjected respondents in treatment group 1 (Boycott Coke; unrelated positive information about Coke) ($-\text{CC/BC and } +\text{CC/ND}$) to repeated measure analysis, using a paired-sample $t$-test, comparing their initial likelihood of boycotting after exposure to the initial negative information (III$_A$)$_{5}$ with their likelihood of boycotting Coke after exposure to unrelated positive information about the Coca-Cola Company (IV$_A$)$_{5}$).

As Table 3 shows, the dependent variable differed significantly between observations (significance $= 0.024 < 0.05$), with a mean difference of 0.91, suggesting that in the Coke boycott situation, after the provision of positive information about the Coca-Cola Company, participants were on average 0.90 points, on a 7-point scale, less likely to boycott the product after receiving good information about the company. This result implies that positive information about the target brand is effective in reducing the likelihood to boycott as found by Okada and Reibstein (1998) in relation to negative publicity effects, and thus supports H1a.

4.2. H1b

Further to H1a, which concludes that unrelated positive information about the target brand (Coca-Cola) will significantly reduce respondents’ likelihood of forgoing the product (Coke) in a Coke boycott situation, H1b proposes that this technique will also be effective in an identical situation in which consumers receive no direction for their actions, that is, in a negative publicity situation (Okada and Reibstein, 1998). In order to test this hypothesis, the authors subjected respondents in treatment group 4 (No direction; unrelated positive information about Coke: $-\text{CC/ND and } +\text{CC/ND}$) to repeated measure analysis, using a paired-sample $t$-test, comparing their initial likelihood to boycott after exposure to the initial negative information (III$_A$)$_{5}$ with their likelihood to boycott Coke after exposure to unrelated positive information about the Coca-Cola company (IV$_A$)$_{5}$).

As Table 4 shows, the dependent variable differed significantly between observations (significance $= 0.0 < 0.05$), with a mean difference of 1.24, suggesting that, in the no direction condition, after the provision of positive information about the Coca-Cola Company, participants were on average 1.24 points, on a 7-point scale, less likely to boycott the product. This result indicates that unrelated positive information about the target brand is effective for reducing the likelihood of forgoing the product, thus confirming Okada and Reibstein’s (1998) finding that unrelated positive information about the target brand is effective for mitigating the negative effects of negative secondary (i.e., brand — rather than product-related) associations.

4.3. H2a

H2a presumes that negative corporate-related publicity about a close substitute (Pepsi) will significantly reduce respondents’ likelihood to forgo the target product (Coke) in a Coke boycott situation (condensed from literature review). In order to test this hypothesis, the authors subjected respondents in treatment group 2 (Boycott Coke; unrelated negative corporate information about Pepsi: $-\text{PC/BC and } -\text{PC/ND}$) to repeated measure analysis, using a paired-sample $t$-test, comparing their initial likelihood to boycott after exposure to the initial negative information (III$_A$)$_{5}$ with their likelihood to boycott Coke after exposure to unrelated negative information about the Pepsi Company (IV$_A$)$_{5}$).

Table 5

<table>
<thead>
<tr>
<th>Paired variables</th>
<th>Paired differences</th>
<th>$t$</th>
<th>$Df$</th>
<th>Significance (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>Standard deviation</td>
<td>Standard error of mean</td>
<td>95% Confidence interval of the difference</td>
<td>Lower</td>
</tr>
<tr>
<td>III$<em>A$$</em>{5}$ – IV$<em>A$$</em>{5}$</td>
<td>0.55</td>
<td>1.10</td>
<td>0.25</td>
<td>0.04</td>
</tr>
</tbody>
</table>
As Table 5 shows, the dependent variable differed significantly between observations (significance = 0.037 < 0.05), with a mean difference of 0.55, which suggested that in a Coke boycott condition, subsequent to the provision of unrelated negative information about the Pepsi Company, participants were on average 0.55 points, on a 7-point scale, less likely to boycott the product after receiving negative information about the competitor company. This result suggests that negative information about a competing brand is effective for reducing respondents’ likelihood to forgo the target product (Coke), supporting H2a. It is also interesting to note that when the authors subjected other manipulation check variables to repeated measures analysis, exposure to negative corporate information about Pepsi caused the evaluation of the importance and influence of Coca-Cola’s initial actions to fall significantly. This result suggests that smear campaigns used by political candidates not only demonstrate similar effectiveness in the boycott arena, but they also reduce the perceived egregiousness of the initial negative information about the target brand, Coca-Cola.

4.4. H2b

Further to H2a, H2b claims that this technique will be less effective in an identical situation in which consumers receive no direction for their actions (condensed from literature review). In order to test this hypothesis, the authors subjected respondents in treatment group 5 (No direction; unrelated negative corporate information about Pepsi: −CC/BC and −PC/ND) to repeated measure analysis, using a paired-sample t-test, comparing their initial likelihood to boycott after the administration of the strategic manipulation check variables to repeated measures analysis, exposure to negative corporate information about Pepsi caused the evaluation of the importance and influence of Coca-Cola’s initial actions to fall significantly. This result suggests that smear campaigns used by political candidates not only demonstrate similar effectiveness in the boycott arena, but they also reduce the perceived egregiousness of the initial negative information about the target brand, Coca-Cola.

As Table 6 shows, the dependent variable did not differ significantly between observations (significance = 1.0 > 0.05). A mean difference of 0.1, suggests that in the no direction condition, after the provision of unrelated negative information about the Pepsi Company, participants were on average 0.1 point less likely to forgo Coke. However, this change was not significant, suggesting that in a negative publicity situation (as opposed to a boycott), smear campaigns are far less effective for reducing consumers’ likelihood to forgo consumption, supporting H2b. With no significant effect occurring in the absence of an express request to boycott (as distinct from the significant reduction in the likelihood of boycotting subject to the same strategic response in the corresponding boycott condition, H2a), it is apparent that the request to boycott is a significant moderator of the effectiveness of the smear campaign technique.

4.5. H3

H3 presumes that negative product-related publicity about a close substitute product (Pepsi) will not significantly reduce respondents’ likelihood to forgo the target product (Coke) in a Coke boycott situation. In order to test this hypothesis, the authors subjected respondents in treatment group 3 (Boycott Coke; negative information about Pepsi product: −CC/BC and −PP/ND) to repeated measure analysis, using a paired-sample t-test, comparing their initial likelihood to boycott after exposure to the initial negative information (III_A_5) with their likelihood to boycott Coke after exposure to negative information about the Pepsi product (IV_A_5).

As Table 7 shows, the dependent variable did not differ significantly between observations (significance = 0.58 > 0.05). No mean difference suggests that in a Coke boycott condition, subsequent to the provision of negative information about the Pepsi product, participants were on average just as likely to boycott the product, suggesting that this response is ineffective in reducing the likelihood of boycott in a “Boycott Coke” situation, thus supporting H3.

In all hypotheses (except H3), the authors included b conditions on the presumption that, in general, consumers receiving a direction to “Boycott Coke” will be significantly more likely to forgo Coke consumption than those not receiving this direction (before the administration of the strategic
response), as condensed from literature. In order to test this hypothesis, we compared respondents asked to boycott Coke (treatment groups 1, 2, and 3) with those not receiving a direction (treatment groups 4, 5, and 6). We also subjected respondents to a Mann–Whitney test (non-parametric equivalent to an independent-samples t-test), comparing each direction group’s likelihood to boycott after exposure to the initial negative information (III.A.5). Through this analysis we found that different groups differed significantly in their likelihood of forgoing consumption of the target product (significance = 0.02 < 0.05), as Table 8 shows. In terms of the relative means of each direction group, those asked to boycott Coke were on average 0.76-points more likely to forgo consumption than those not receiving a direction. A Mann–Whitney test conducted for the perceived likelihood of accomplishment also identified a significant difference between direction groups (significance = 0.01 < 0.05), as Table 9 shows. In terms of the relative means of each direction group, those asked to boycott Coke thought that their instrumental or punitive goals in forgoing consumption were on average 0.67-points more likely to be accomplished than those receiving no direction. These two findings seem to support the argument that by removing the collective action element of boycotting, consumers see the instrumental/non-instrumental gains from forgoing consumption being as reduced, resulting in the consumers being less likely on average to forgo consumption.

Considering the results from H3, it is evident that, in terms of the actual directions of the mean changes in the Coke boycott situation (with a request to boycott Coke), there is no change at all. This result demonstrates that negative product information about a competitor is ineffective in mitigating the likelihood of forgoing. After the authors subjected respondents to statistical analysis in the form of an independent-samples Kruskal–Wallis test, those asked to boycott Coke in response to an egregious act were significantly more likely to forgo the product than those receiving identical negative information but not receiving a direction for their actions. This finding supports the hypothesis. The average likelihood to forgo consumption of the product is 0.76 points higher on a 7-point scale for the respondents that we asked to boycott the product than for those not receiving this direction. The significance level of this difference is 0.02, indicating a notable discrepancy at a 95% confidence interval. After the authors subjected participants to statistical analysis in the form of a paired-sample t-test, following exposure to negative publicity about the competitor, the participants viewed the initial negative Coke information as significantly less negative. However, this improvement in perception translated into significant change in behavioral intentions in only one situation (that of a Coke boycott with negative corporate information about Pepsi). This finding indicates that changes in the likelihood of forgoing that correspond to changes in egregiousness may be subject to certain external factors. Furthermore, although all participants viewed the initial egregious act as at best neutral and 85.71% perceived the act as negative, they were still on average unlikely to forgo the product, with only 35.34% of participants indicating that they are likely to forgo consumption, supporting Klein et al.’s (2004) argument that perceived egregiousness does not necessarily result in boycott participation, due to various factors such as perceived efficacy, small agent, and free rider problems.

Although not directly investigated, several interesting additional results emerged. The first of these related to the perceived egregiousness of Coke’s actions. All of the respondents remaining after we completed the editing perceived the initial information about the Coca-Cola Company’s egregious act as being at best neutral (4), and on average as negative (2.12). However, when respondents who received negative Pepsi information experienced repeated measures analysis as to their perceived egregiousness variable for Coca-Cola’s actions before and after the administration of the strategic response (negative Pepsi) information, every treatment group showed a significant improvement in their evaluation of egregiousness. That is, following exposure to negative information about Pepsi, respondents thought that Coca-Cola’s actions were significantly less negative than they did before exposure to negative Pepsi information, indicating that smear campaign techniques seem to be effective in improving the perception of the initial target company’s behavior, as Tables 10, 11, and 12 show.

### Table 8

<table>
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<tr>
<th>Test statistics</th>
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<tr>
<td>Mann–Whitney U</td>
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<td>Wilcoxon on W</td>
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a. Grouping variable: direction given

### Table 9

<table>
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5. Discussion and conclusion

This study reveals four significant findings. First, unrelated positive information is the most effective of the tested techniques for reducing the likelihood of forgoing the product, in both boycott and negative publicity (with no direction) situations. Second, negative corporate information about the competition, as in the case of smear campaigns, appears to be effective for reducing the likelihood of boycotting, albeit not as effective as unrelated positive information about the target brand (Coke). Negative corporate information about the competition, on the other hand, does not reduce the likelihood of forgoing consumption in negative publicity situations without a direction as to how to behave, suggesting a direction-related moderation on the effectiveness of this
response. Third, the presence of a behavioral direction moderates the likelihood of forgoing, indicating that boycott requests are more likely than negative publicity alone to adversely affect a company’s bottom line. The fact that the context/demand effect would be stronger than the negative publicity effect regarding the competition helps to explain this finding. Fourth, perceived egregiousness does not necessarily result in boycott participation, and changes in perceived egregiousness do not necessarily result in changes in the likelihood of forgoing consumption.

This study makes several contributions to marketing theory. The most important is the synthesis of literature from several related areas of theory in order to begin filling the literature gap relating to empirically tested comparisons between possible response strategies. Significantly, the strategic response most effective for combating the effects of negative publicity (presenting unrelated positive information) is adaptable to combating the collective action of boycotts (albeit with slightly lower effectiveness). This study confirms Okada and Reibstein’s (1998) findings that this response (presenting unrelated positive information about the target brand) is efficacious in mitigating the effects of negative associations, and extends these findings to behaviorally focused collective action. Additionally, this study confirms Klein et al.’s (2004) finding that high perceived egregiousness does not necessarily determine boycott participation, and extends it to show that changes in perceived egregiousness do not necessarily result in changes in the likelihood to boycott. Possible explanations of this result are proposed in relation to collective action theories (Benford and Snow, 2000; Buechler 1995; Glickman, 2001; Kates, 2004; Kozinets, 2002; Kozinets and Handelman, 2004; Smith and Bloom, 1989). Finally, the direction consumers receive is a significant determinant of initial boycott participa-

tion, but not of the effectiveness of the responses, possibly indicating that the magnitude of the changes is caused by the publicity response. The contributions of these findings to a managerial context are in the provision of empirically tested strategic recommendations for companies faced with serious boycott threats. That is, while corporate smear campaigns are effective for reducing the likelihood of boycott, it is more advisable to spread unrelated positive publicity about the target brand. In addition, a company only interested in the immediate bottom line may not need to take any action at all when faced with a boycott threat, as very few respondents translate disapproval into personal utility sacrifice (John and Klein, 2003; Klein et al., 2004).

Some significant limitations of this study relate to the use of existing brands. The use of existing brands is a necessity in order for boycott decisions to be more realistic. However, this use of existing brands also brings into play several complicating moderators such as existing preference, commitment, usage (Ahluwalia et al., 2000), and prior exposure to positive and/or negative publicity (Allenby et al., 1995; Arora and Huber, 2001; van der Lans and Heiser, 1992; Srinivasan et al., 1983). In addition, this use of existing brands has limited the ability to manipulate the information as it was impossible to ethically allude to behaviors in which the brands do not actually engage. As such, the authors selected the most appropriate existing behaviors and boycott campaigns, and then used manipulation checks to ascertain their performance. Another limitation relates to the treatment of moderating variables, such as the reference groups demanding the boycott, existing brand preferences, and commitment. The authors took such variables out of

<table>
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<th>Treatment group</th>
<th>Information given</th>
<th>Direction given</th>
<th>Mean difference</th>
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Table 11

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Table 12

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consideration in order to avoid unnecessary confusion in the results, so that possible causal relationships could be identified, potentially compromising realism and the ability to generalize. However, the authors intend that the results from this study, rather than directives that may become generalized, will extend the theory and broad strategic recommendations. The final limitation relates to the use of non-validated self-report measures. Although pre-tests appeared to indicate that these measures functioned as intended, and analysis showed the measures to be reliable, it is possible that participants responded as they thought desirable (conformity), or even how they thought others would act (assumption), rather than as they would actually behave in the marketplace. Thus, the results only indicate intention to behave, rather than actual behavior, and are difficult to validate within the scope of this study. On the other hand, similar criticisms could arguably be leveled at many experimental and questionnaire-based studies.

Several possible directions for future research emerge from this study. First, it may be advisable to run a confirmatory study with a larger sample size to investigate whether the significant results still hold, and whether new significant results emerge. In addition, it would be beneficial to determine whether the use of different product categories would cause significant variations in results. Researchers could conduct a behavioral study in order to determine whether people really behave in a marketplace situation as they have indicated in their responses. In terms of the strategic responses tested, future research could be conducted into the comparative effectiveness of non-publicity-based responses (e.g., amending the egregious act) in order to determine which type of response yields the most beneficial changes. Future research could explore the effects of individual moderators on the likelihood to boycott, such as preference, commitment, and usage (Ahluwalia et al., 2000) (which the authors have simply tested for uniformity in this study, in order to discount any possible distraction), in order to determine whether the levels of these variables significantly moderate the effects of strategic responses. In addition, several of the findings should be investigated in more detail. For example, it may be interesting to determine what actually mediates the relationship between the given direction and the likelihood of forgoing; that is, whether it relates to collective action theories or is simply a case of consumers being easily led (context/demand effect).

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