

Understanding Consumer Responses to Product Recalls: The Role of a Brand's Warmth and Competence

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Abstract

As product recalls become more frequent, they pose a major threat to brands. Social media amplifies the salience of negative consumer responses to recalls by providing a platform to voice negative sentiments and bundle complaints, significantly damaging a brand's reputation. Yet, consumer responses to product recalls differ. In analyzing the sentiment in electronic word-of-mouth related to 316 recalls across 80 brands, derived from consumer posts on brands' Twitter pages, we discover that perceptions of brands' warmth and competence play a pivotal role in shaping these responses. Our findings reveal that negative electronic word-of-mouth after recalls increases with competence and decreases with warmth perceptions. However, we show that for brands already scoring high on warmth, increased competence buffers a brand against negative consumer responses. Our results contribute to a better understanding of consumer responses to recall announcements.

Subject Areas: *Branding, Marketing Strategy*

Track: Product and Brand Management