Product Recall Effectiveness – An Early Indicator of Firm Performance

Jan von Schlieben-Troschke
Freie Universit�t Berlin (FU Berlin)
Setareh Heidari
Freie Universit�t Berlin
Sascha Raithel
Freie Universität Berlin
Alexander Mafael
Stockholm School of Economics
Stefan J. Hock
University of Connecticut

Cite as:
von Schlieben-Troschke Jan, Heidari Setareh, Raithel Sascha, Mafael Alexander, Hock Stefan J. (2026), Product Recall Effectiveness – An Early Indicator of Firm Performance. *Proceedings of the European Marketing Academy*, 55th, (133856)

Paper from the 55th Annual EMAC Conference, Bath, United Kingdom, June 2-5, 2026

Product Recall Effectiveness – An Early Indicator of Firm Performance

Abstract

Product recalls have a negative impact on customer satisfaction and stock returns of recalling firms. Recall effectiveness—the proportion of recalled products that have been repaired—is monitored by government agencies to assess how well recalls are managed by manufacturers. However, research on how recall effectiveness affects customer satisfaction and firm value is missing. To address this gap, we construct a unique secondary dataset by using quarterly recall effectiveness data from 2,862 U.S. vehicle recalls (2013–2021) across 23 vehicle brands and 12 publicly traded manufacturers. Panel vector autoregressive models reveal that recall effectiveness has a positive impact on customer satisfaction and firm value. The positive effect on customer satisfaction is stronger when recalls are large or receive more media coverage. Advertising awareness further strengthens the impact on customer satisfaction but weakens the effect on firm value.

Track: Marketing Strategy & Theory