

**May I offer you a gift card?  
An analysis of Volkswagen's crisis response strategy  
in the wake of its Dieseltgate scandal**

**By**  
**© 2017**  
**Matthew Tidwell**  
**M.S., Syracuse University, 2007**  
**B.S., University of Kansas, 1987**

Submitted to the William Allen White School of Journalism and Mass Communications and  
the Graduate Faculty of the University of Kansas in partial requirement for the degree of  
Doctor of Philosophy

---

Chair: Charles Marsh, Ph.D.  
Professor

---

Genelle Belmas, Ph.D.  
Associate Professor

---

Tien-Tsung Lee, Ph.D.  
Associate Professor

---

Jane Zhao, Ph.D.  
Associate Professor

---

Terry Flynn, Ph.D.  
Assistant Professor

Date defended: 25 April 2017

The dissertation committee for Matthew Tidwell certifies that this is the approved version of the following dissertation:

**May I offer you a gift card?  
An analysis of Volkswagen's crisis response strategy  
in the wake of its Dieselgate scandal**

---

Chair: Charles Marsh, Ph.D.  
Professor

**Date Approved: 25 April 2017**

### **Abstract**

Volkswagen's Dieselgate scandal represents one of the largest automotive crises in history. In the United States, approximately 500,000 cars were found to emit as much as 40 times the legal limits in pollutants after the company installed software to defeat emissions testing. This mixed methods case study examines owner and consumer opinions to determine the impact and effectiveness of VW's choice of compensation strategy for its crisis response. The study's conclusions are that consumer brand sentiment didn't recover in the weeks following two separate compensation offers. In fact, factors including the company's prior heavy advertising of the cars as "clean diesel" before the discovery, intensified the feelings of shock and betrayal. Strong prior reputation, long seen as a buffer against negative crisis reputational impact, is also examined. The study observes a corollary to reputation as a buffer – finding instead that Volkswagen's strong prior reputation and heavy brand loyalty, coupled with its aggressive promotion of a false buying proposition, actually created a fall from grace that resulted in a stronger sense of betrayal and contributed to more negative brand sentiment.

## Acknowledgements

It takes a village to raise a Ph.D. candidate and my villagers are, without question, some of the best in the business. There are so many people at our school who have helped me through the course of my studies, but I felt it appropriate to acknowledge the advisors on my committee here.

**Chuck Marsh** is an outstanding counselor whose steady hand and excellent manner have guided countless scholars at our school. He brings the whole package – an intense appreciation for the profession as a former corporate communicator and an impressive record of scholarship that is wide-ranging and frequently cited. I am so glad Chuck agreed to be my committee chair and his mentorship and friendship mean the world to me.

**Terry Flynn** made me want to teach at the college level. I don't stand alone. In my master's cohort at Syracuse University's Newhouse School, many of my fellow students have gone into some form of teaching and, I know from our conversations, most of those sparks were lit by Terry who, like us, transitioned to academia after getting "bitten by the bug." It's no surprise that his stature in the global PR academic community continues to grow. He frames concepts better than anyone I know and I am lucky to have learned from him. He honored me by agreeing to serve from a distance. Here's to continuing our friendly major league baseball wagers.

**Genelle Belmas** attracts good graduate students like moths to flame. She understands that graduate teaching is about facilitating good conversations, which in turn facilitates good research, which ultimately results in quality scholars. She's immensely popular with students because they have found, as I have, that she cares about their agenda. Her unique teaching style and collaborative spirit have been a breath of fresh air.

I had the pleasure of teaching alongside **Tien Lee** last year, which allowed me to get to know him better, but I was impressed the first time I heard him speak. He addressed our Intro to PhD class, the first class in our program, and spent much of his valuable time with us explaining the path to being hired, the hidden unknowns of journal publishing and conferences, tips for job interviewing, etc. His extremely approachable manner and obvious desire to help students was illustrated then and continued to be apparent throughout my time in the program. He was an easy choice to ask to serve on my committee.

Business professor **Jane Zhao** was my designated committee member from another discipline. I had the pleasure of taking two classes from her in the Business School's MBA certificate program. She immediately impressed me by her interest in corporate behavior as it relates to culture, values and strategic decisions. I knew that our mutual interests would make her an excellent addition to my committee and I thank her for "climbing the hill" on my behalf.

## Table of Contents

<b>Introduction</b>	<b>p. 1</b>
<b>Literature Review</b>	<b>p. 14</b>
<b>Methods</b>	<b>p. 45</b>
<b>Results</b>	<b>p. 62</b>
<b>Discussion</b>	<b>p. 79</b>
<b>Conclusions</b>	<b>p. 87</b>
<b>References</b>	<b>p. 100</b>
<b>Appendix</b>	<b>p. 111</b>

## Introduction

As a public relations practitioner with 25 years of experience working with *Fortune* 500 companies across industries and continents, and as someone who has counseled senior executives through reputation management issues and worked crises ranging from national product recalls to employee fatalities, I have long been interested in crisis communications. In my academic scholarly research, I have gravitated toward theories and concepts related to crisis communications, organizational relationships and organizational stakeholder empowerment. I believe that intense examination of how organizations behave in times of reputational challenges can be instructive to the practice and can contribute to the body of academic knowledge that has been explored for decades in PR and marketing communications.

In terms of media coverage, public interest and government involvement, the current Volkswagen (VW) “Dieselgate” scandal has approached some of the largest historical corporate crises. Fines levied against the company are easily the biggest in the auto industry’s history (Bomey & Woodyard, 2016) and total more than \$17 billion. These events captured massive attention and even sparked major motion pictures. Hollywood has already announced production of a movie about VW and Dieselgate (Petroff, 2015). In VW’s crisis approximately 500,000 automobiles in the United States alone were sold with software that allowed them to pass initial environmental inspection, only later to switch off and allow harmful gasses at a multiple of up to 40 times what is permitted by environmental standards (Gates et al., 2017). Millions have been impacted by the VW

Dieseldiegate scandal starting with the company's own customers, many of whom were loyal, multiple VW car owners, who now face owning cars that have lost thousands of dollars in value and were essentially illegal.

The facts behind the VW scandal are well-documented. In the fall of 2015, VW admitted that, over a period of years, it had altered approximately 11 million diesel-powered vehicles worldwide so that they could cheat government emissions tests (Gates et al., 2017). The article speculated that VW's motive was to improve fuel economy and increase performance. Prior to the scandal, VW had been aggressively advertising and promoting its "TDI" diesel vehicles as clean-running and environmentally friendly. But, as described in the article and numerous other media reports, by cheating emissions standards, VW and Audi-branded diesels (VW manufacturers Audi cars) were actually emitting excessive amounts of nitrogen oxides, a pollutant that has been linked to respiratory diseases and other health issues.

### **Immediate Reaction**

One of the early questions in the wake of VW's admission was just how widespread the crisis was. By late September, Germany's transportation minister gave the first indication that affected cars also existed in Europe ("Volkswagen trickery," 2015) and that 11 million cars worldwide were fitted with the cheat software.

Much attention was also focused on who within VW's corporate governance structure had knowledge about the cheat device and when they knew it. CEO Martin Winterkorn resigned in the days following the announcement and was under heavy scrutiny. VW soon acknowledged that Winterkorn had received an internal memo in May

2014 “that contained information about irregularities in the emissions of its diesel cars” (Ewing, 2016) well over a year before the company admitted to planting the cheat software. The question of when the company had knowledge was important from a legal perspective since shareholders had claimed the company had broken German law by not informing them sooner.

Media coverage also focused on customer impact. VW was a widely popular brand and had aggressively marketed its TDI models as being environmentally friendly. CNN interviewed VW owners and reported that the company’s “costly lie” had “left its customers feeling confused, cheated and steaming mad” (Garcia, 2015). The CNN article shared TDI customer stories including a college freshman who had saved \$19,000 working summer jobs to get her first car, only to see the car lose more than \$10,000 in resale value in a matter of days. A California physician bought his TDI because he wanted to lower his carbon footprint: “There was a sense we were doing the world some good. To have it flipped 180 degrees is just shocking. I haven’t computed the cost to society now that I’m spewing out nitrous oxide but it’s definitely an ironic twist.” An Arizona TDI owner called the scandal a shame for corporate America: “People already had such skepticism about the labeling of products, and now this just adds to the sense that corporations don’t have consumers’ best interests at heart” (Garcia, 2015).

Another hot media topic was the possible impact on VW as a company and impact to its brand value. Just a month after the news broke, and well before any talk of the company’s ultimate response, *Fortune* magazine reported that, despite the massive impact of VW’s action, ultimate effect on the brand had been less than expected. It quoted a flash



survey conducted after the news broke from Northwestern University showing nearly 50 percent of consumers still had a positive or very positive impression of VW and less than five percent used negative terms to describe the company. It cited possible reasons including numerous prior automaker crises that had numbed consumers to bad news about automakers as well as the fact that most other previous auto crises were safety-related, resulting in loss of life.

### **Consequences for VW**

At the executive level, fallout was swift. After CEO Winterkorn resigned almost immediately, the company's United States head also resigned. Its U.S. regulatory director was arrested in January 2017.

Remaining company leaders have been left to deal with the far-ranging fallout from Dieselgate, which has included multiple lawsuits, actions by various governments and even a suit filed by the United States Federal Trade Commission alleging deceptive advertising relating to the "clean diesel" claim in which the FTC seeks more than \$15 billion in total damages (Bomey, 2016).

The stark contrast between vehicles that were promoted as clean running and the conclusion that they were actually highly polluting was "an FTC case waiting to happen because they based their entire advertising campaign on this benefit" according to one advertising and media attorney quoted in USA TODAY (Bomey, 2016). The FTC pointed to VW's use of terms such as "environmentally-conscious," "eco-conscious" and "green" to illustrate the deception. VW's "clean diesel" messages had appeared in multiple media channels. One VW online video in which a woman held a white scarf against the exhaust of

a VW TDI and proclaimed it to be pristine was viewed more than nine million times (Bomey, 2016).

In June of 2016, German prosecutors said they were formally expanding investigations to the VW executive ranks although the company had maintained that the scandal originated and was confined to lower ranking managers (Ewing, 2016).

Prosecutors were investigating whether senior executives were in violation of securities laws regarding information disclosure.

### **VW's History and Reputation**

VW is a German company with an interesting history dating back to the 1930s. Its name translates to "people's automobile," and its original mission was to provide affordable auto transportation for the masses. This mission was actively supported by Adolf Hitler and Nazi Germany; they wanted German citizens to have the same access to automobiles as did citizens in the United States. VW grew to be one of the world's largest automakers, with recorded revenues of nearly \$240 billion (U.S.) in 2014.

It is also important to note that, in the modern era and prior to Dieseldate, VW was one of the most well-respected and coveted brands in the world, ranking ahead of household names such as Ford, Audi, Sony, Facebook and Adidas in the annual brand value report from Interbrand (*Ranking The Brands*, 2013). Just as importantly, its brand value was growing -- with a 20 percent increase in value from the prior year. Only Apple, Google and Amazon had larger brand value growth over the same time. Among automakers, VW had the third highest brand ranking globally, behind only BMW and Toyota.

Another brand ranking instrument, the Reputation Institute's Global RepTrak 100, followed VW's brand rankings with attention given to post-crisis impact. That RepTrak 100 measures a company's ability to deliver on stakeholder expectations across seven dimensions including governance, leadership, performance and citizenship. (Reputation Institute, 2015) The Reputation Institute found that consumers support companies that perform well across those seven dimensions through supportive behaviors such as purchasing, recommending and investing. In 2015, VW had the third highest RepTrak auto industry reputation score trailing only BMW and Daimler. In 2016, it was in last place.

After Dieselgate, the RepTrak 2016 report found that the company's reputation dropped nearly 14 points from 2015 to 2016 from an overall score of 75.0 in 2015 to 61.3 in 2016 (Reputation Institute, 2016). The average loss for automakers in the 2016 RepTrak report was two points. The three dimensions of reputation where VW saw double-digit drops were governance, citizenship (a dimension where the year prior it was ranked in the top ten worldwide), and leadership.

In terms of financial performance, the company suffered almost immediately, as sales of all VW models fell 20 percent by December, 2015. Its stock price plummeted, with shares falling from a high of \$50 in March, 2015, to \$20 in the weeks following the news. It went from recording positive net income of more than \$2 billion in 2014 to taking a net loss of \$6.2 billion in 2015 (Gates et al., 2017).

### **Environmental Impact**

Unlike safety crises faced by other automakers, VW's crisis didn't result in immediate human health impact that could be directly tied to the emissions scandal.

However, environmental experts weighed in on the dangers of adding additional air pollutants and the long-term costs to human health. Selin (2015) in her article for grist.com explained the impact:

The pollutants that VW failed to effectively control are nitric oxide (NO) and nitrogen dioxide (NO<sub>2</sub>), which are collectively known as NO<sub>x</sub>. Combined with other atmospheric pollutants, NO<sub>x</sub> can form even more dangerous pollutants: ozone and particulate matter. The EPA regulations for diesel engines limit the amount of NO<sub>x</sub> that can be emitted per mile traveled. VW classified its vehicles as meeting the so-called TierII/Bin 5 emission standards, which means it was allowed to emit 0.07 grams of NO<sub>x</sub> for every mile traveled over the lifetime of the vehicle. Actual emissions from affected cars were reported to be 10 to 40 times higher. With more than 480,000 cars affected, estimates have ranged from 10,000 to 40,000 tons of extra NO<sub>x</sub> released in the United States. (Selin, 2015)

Selin also explained the health effects of breathing small particles into the lungs including asthma, decreased overall lung function, bronchitis and heart attack. VWs are popular cars amongst urban drivers, so the prospect of high-polluting automobiles in areas already saturated with carbon emissions painted an especially dark picture according to environmental experts. A satellite heat map published by grist.com shows a dramatic image of thousands of VW TDI auto owner home addresses overlaid onto already heavily-populated areas in high pollution index counties in California.

## **VW's Crisis Response and Communications**

VW's communications to customers throughout the crisis followed an arc that began with its public pledge to first cooperate with the investigation and "to fixing the issue as soon as possible" (Volkswagen: News & Updates, 2015, September 18) and several statements about its "shock" related to the findings. The company established a website as a means to keep customers informed, [www.vwdieselinfo.com](http://www.vwdieselinfo.com), and regularly posted news about its activities related to Dieseldate. In its very first posting to the site on Sept. 23, 2015, VW signaled that it understood the road ahead to rebuild its reputation, saying "the executive committee is aware that coming to terms with the crisis of trust will be a long term task the requires a high degree of consistency and thoroughness" (Volkswagen: News & Updates, 2015, September 23).

Finally, in January of 2016, the company announced what it called its attempt to "restore the invaluable trust" of its customers by offering them a "goodwill package" of two \$500 gift cards (one which could be redeemed anywhere, another that could be used for products and services at VW dealerships and free access to roadside assistance) (Volkswagen: News & Updates, 2016, January 11). The package was estimated to cost VW nearly \$250 million. The company conducted several outreach initiatives to customers to promote the compensation package, and approximately 125,000 customers signed on to receive the gift cards in the first ten days after it was offered ("Volkswagen CEO admits", 2015). Accepting the gift cards did not affect customers' right to pursue other legal action in the future (Ewing & Mouawad, 2015).

Media coverage of the goodwill package focused on customer reaction and recorded comments from customers who said they felt insulted. These customers expressed anger and characterized the action as an empty gesture. A *Kansas City Star* editorial called the package a “half-hearted attempt to compensate the people they had lied to, offering them a paltry \$1,000” (“VW scandal a case study,” 2016).

Prominent voices weighed in on the adequacy of the goodwill package. Two United States senators, Richard Blumenthal and Edward Markey, called the offer “grossly inadequate” and “a fig leaf attempting to hide the true depths of Volkswagen’s deception” (Leinert & Cremer, 2015). They called for further investigation and urged VW to offer all owners a buy-back option for their TDI models.

The goodwill package was the company’s only compensation outreach to consumers until June of 2016, when it finally reached an ultimate settlement of more than \$10 billion with the United States government. The settlement offered owners either a buy back or fix for all affected vehicles, as well as restitution payments of several thousand dollars to each owner. In total, *The New York Times* said that consumers could expect to get between \$12,500 to \$44,000 depending on the age of the vehicle (Gates, et al., 2017). Owners received individual notices about their buyback or fix offer with terms dependent on the age of vehicle and other benchmarks. The final settlement was easily the largest in the history of the auto industry and surpassed recent settlements from other crises faced by GM and Toyota by several billion dollars.

## **The Value of this Research Project**

In this project, I plan to undertake an extensive case study and analysis of one aspect of VW's strategic communications efforts after the crisis broke -- specifically, the crisis response strategies the company used as it sought to repair its reputation with its own customers and the car-buying public. By closely examining Dieselpgate and VW's crisis response strategy, I hope to learn more about the ability of an organization to repair, maintain or enhance trust after a major reputational crisis.

PR and marketing researchers frequently study trust (as an element of reputation) and the ability for organizations to form mutually beneficial relationships. In times of crisis, trust, reputation and relationships are tested. Further, modern consumers are more empowered than ever through digital engagement tools such as social media, which makes crisis response even more important.

Through qualitative and quantitative methodologies, I will examine customer reaction to VW's response strategies and how customer perceptions were impacted. As a theoretical basis for my research, I will draw on theories including Benoit's image repair theory (IRT) [1] and Coombs' situational crisis communications theory (SCCT). Other concepts discussed and applied will include values-based management, the reflective paradigm of public relations and other discussions of PR and relationship-building between an organization and its publics.

## **Research Project Timeframe and the Ongoing Nature of Dieselpgate**

My research focuses on a relatively short, but important, time in the Dieselpgate scandal. The crisis is not over. It continues as of the date of this research project, and

therefore the complete case study is unable to be written. In this project, my interest is in VW's crisis response strategy immediately afterwards in the fall of 2015 (specifically, the goodwill package offer timeframe) and later in 2016 when VW reached the final \$10 billion settlement in the United States. These moments are particularly important because they speak to VW's crisis response efforts. By examining how companies respond during crisis, we can contribute to the body of knowledge about what constitutes an effective response strategy and can help organizations understand how best to rebuild and preserve reputation.

Lawsuits, government actions and various stakeholder actions continue to surface and evolve as of the date of this project. News continues to break on an almost daily basis about Dieselgate as the U.S. and other countries assess impact, levy fines and work with VW to arrive at what they feel is adequate response. For example, a U.S. judge ordered VW to pay an additional \$2.8 billion penalty on April 21, 2017 (Burden, 2017). While I chose to focus only on VW's U.S. crisis response in fall of 2015 and 2016, these later developments are certainly interesting and perhaps worthy of further study.

One example of another area of interest is the culture that existed at VW. The company's management style and culture has drawn a high level of scrutiny. Shortly after Dieselgate broke, *The New York Times* described how, historically, VW had been highly autocratic and "governed through an unusual hybrid of family control, government ownership and labor influence" (Gates et al., 2017). The article quotes an expert who studied VW as saying that "the company's isolation, its clannish board and a deep-rooted hostility to environmental regulations among its engineers" made a major scandal all but



inevitable. Other published articles described VW's relentless push to be number one and how that singular focus led engineers and others involved with Dieselgate to cut corners in order to make the cars' performance even more appealing to the car-buying public.

Also of interest and perhaps an avenue for future research into automotive crises is the January, 2017, announcement that United States government was launching an investigation into Fiat Chrysler that involved that company's failure to disclose software that impacted environmental emissions. While that investigation is in the early stages and, as yet, does not allege the same level of knowledge and cover-up at the executive level, the parallels are interesting and definitely worthy of similar scrutiny in future research.

Because this project confines its scope to crisis response, I believe it can make an important academic research contribution. As will be covered in the literature review, crisis response strategies have usually been reviewed in the form of qualitative case studies looking at historically relevant organizational crises. Scholars have pointed to the lack of case studies that have combined both qualitative and quantitative analysis. Only in the recent past have studies been promoted that have included more quantitative analysis (the best example, as will be mentioned in the literature review, is the 2016 book edited by Blaney that includes a collection of case studies with quantitative analysis, all of which look at Benoit's image repair theory).

It is also interesting to view Dieselgate in context with the overall health and future of VW. By closely analyzing VW's crisis response strategy, we can try to gain insight into what the ultimate impact of a major crisis is on the affected brand. In recent weeks, VW overtook Toyota as the world's largest automaker in terms of volume of cars sold. Also, as

reported by the marketing analysis website thedrum.com, VW has continued to aggressively market its non-TDI models throughout the Dieseltgate time period, launching new ad campaigns at the Super Bowl and in prime time media.

The analysis by thedrum.com points out that while VW's reputation scores have not returned to pre-crisis levels, progress has been made as the company's new advertising emphasizes the high quality and great owner loyalty that characterized it pre-Dieseltgate. Niall Quinn, head of corporate public relations at The Reputations Agency, explains his feeling that the work that VW had already put into building its reputation over many years could also have helped its return to recovery and secure its top position globally ("Volkswagen's crowning," 2017).

To Quinn's point, this research will also look specifically at VW's prior levels of reputational goodwill, especially as it relates to how customers reacted to both of its compensation packages and whether its past reputational goodwill paid dividends later.

## **Literature Review**

In undertaking my case study of Volkswagen and Dieselgate, I seek to understand prior research of corporate crises as well as theories that can be instructive in helping analyze organizational behavior broadly and crisis communications response specifically. I want to understand how thinking about organizational behavior has evolved. Also, I want to review foundational thinking around crisis communications so that I have a comprehensive frame of reference when examining Volkswagen's activities.

In this section, I'll review recent trends toward ethical behavioral norms as manifested in values-based management (as well as broad notions about organizational-stakeholder relationships and organizational communications theories); how crises are defined and classified; the role of trust in relationships; crisis communications response theories; and scholarly observations about what constitutes effective crisis communications response.

### **Organizations and their relationships with stakeholders**

Just a few decades ago, the responsibility of an organization's management to its stakeholders was viewed as a secondary obligation. Winstanley and Myrmel (2006) explain that management guru Milton Friedman said in 1970 that management's duty was to focus on maximizing profits and that the free market and societal values will take care of everyone else.

In contrast, today most modern definitions of organizational public relations center on a concern with fostering mutually beneficial relationships between organizations and stakeholders. While each party has differing interests, goals and objectives, the goal is

often characterized as striving for “win-win” scenarios. Grunig (2001) describes a two-way communications model with a symmetrical orientation striving for a balance between advocacy on the one hand and accommodation on the other so that the parties perceive outcomes in what he calls the win-win zone

Two-way symmetrical communications has become a normative theory in public relations and organizational communications. Early on, some scholars took issue with the theory and equated it with accommodation. Grunig defended the criticism by saying that it balances advocacy and accommodation and that “the concept of symmetry directly implies a balance of the organization’s and the public’s interest” (p. 15).

The concept of how the organization views its agenda relative to all of its stakeholders is important when we examine corporate behavior (normally or in times of crisis). Grunig explains that is why he chose the term symmetry to describe his theory.

The basic idea was that public relations should go beyond the advocacy of self-interest without concern for the impact of an organization’s behavior on others to a balance between self-interest and concern for the interests of others. (p. 28)

Other scholars have studied the ways in which organizations orient themselves to stakeholders. Holmström (2008) describes the reflective paradigm of public relations as an orientation by which the organization sees itself in a polycontextual world where it exists within a societal framework with others (in contrast to a monocontextual view). The organization uses reflection, rather than reflex, to relate to stakeholders instead of trying to manage them from a purely self-motivated standpoint. Therefore the organization

recognizes multiple views and multiple players. This is relevant for excellence in PR practice because, as explained by Marsh (2010), under reflective paradigm, relationships are something to be built through engagement rather than to be managed. Holmström talks about the paradigm as including a move towards trust and a move for organizations to justify their decisions to stakeholders.

Holmström suggests that the reflective paradigm can become normative practice for organizations since it helps them frame their relationship to the world. For example, to further illustrate the difference between organizations that operate under the reflective paradigm and those that don't, Holmström (2008) provides examples of reflective versus reflexive operational mindsets. For example, she describes companies in a monocontextual, reflexive framework as viewing the environment as something to be managed versus a polycontextual, reflective organization that would view the environment as something to be respected. In this way, reflective paradigm brings "new expectations to legitimize practice" (Holmström, 2008, p. 240).

Importantly for organizations, those that take a reflective approach earn a figurative social license to do business. Van Ruler and Vercic (2005) conceptualize that Holmström "foresaw a new paradigm for legitimate business conduct that is no longer associated by the conventional economic growth and profit paradigm, but (also) by a public legitimate paradigm by societal legitimization" (p. 255). These authors advocate for a reflective communications management approach viewing people as "reflective human beings engaged in a continuous social process of constructing society" (p. 266).

As we think about trust as a cornerstone element in organizational-stakeholder relationships, we can see the importance of a reflective approach. Reflective organizations are oriented toward shareholder concerns and have a desire for a more symmetrical interaction. The reciprocity that is needed for a trusting relationship would come more naturally to them. Reciprocity isn't emphasized in monocontextual-framework organizations as Holmström (2004) describes them as being asymmetrical in nature.

It is also important to note that Holmström characterizes organizations as often being on a path to legitimacy that changes from being in a place of monocontextual reflexivity where the focus is on profit to polycontextual reflection where the focus shifts to people, plant and profit (Holmström, 2008).

Holmström sounds a warning for organizations that don't seek legitimacy in a reflective context. She posits that it's important for organizations to move to reflective paradigm because reflexivity is "blind, autonomous reproduction, which conflicts blindly with other world views and...is negligent to broader context and, consequently to its own unintended, however often far reaching side effects, and the risks involved in its decisions" (p. 241).

To conclude discussion on reflective paradigm, we can see similarities between reflective paradigm and symmetrical communications. By being reflective, organizations are oriented toward stakeholder concerns and are naturally inclined to the reciprocity that is needed for a trusting relationship. In contrast, Holmström (2004) describes monocontextual organizations as being asymmetrical. She notes that, while it is

challenging, reflective organizations strive to “take an open and understanding position towards other perspectives than their own” (p. 130).

It’s important to note that, at least in the professional realm of business management over the last 100 years, this focus on normative practices that take stakeholders into consideration such as two-way symmetrical communication and reflective paradigm could be seen as a relatively new mindset. For instance, Wenstop and Myrmel (2006) explained that management guru Friedman’s position in 1970 was that management’s duty was to focus solely on maximizing profits and that the free market and societal values would take care of everything else. A best-selling business author in the 1960’s and 70’s, the authors described Friedman’s belief that, while there are many stakeholders in an organization, the leader only needs to pay attention to the owners and “run the enterprise in accordance with their wishes” (p. 674)

It should be noted that an asymmetrical definition of public relations does survive in some definitions of PR including Cameron’s explanation that PR is the “strategic management of competition and conflict for the benefit of one’s own organization—and when possible—also for the mutual benefit of the organization and its various stakeholders or publics” (Wilcox & Cameron, 2009, p. 7).

### **Core values and values-based management**

We can look to modern management research to learn about ethical behavior. The move toward the adoption of corporate “core values” as guideposts for behavior is often referred to as values-based management. In the last couple of decades as greed and leadership misdeeds led to massive corporate scandals such as Enron, MCI Worldcomm

and many others (and with the resulting heavy hand of regulation that followed those scandals), companies are now turning toward core values as a way to define culture and guide management decisions. VanLee et al. (2002) said that, post-Enron, companies have begun to look inward instead of outward when things go wrong and have begun to implement beneficial values.

Many scholars have examined this trend and have attempted to define corporate core values. Urde (2009) calls core values “beacons in the management of a corporate brand” and posits that they also need to “resonate with customers” to be effective (p. 617). In his definitions, Urde tends to link values closely with the customer relationship and the brand. In his study of values, he says that they tend to fall into four categories: true (internally-rooted); aspirational (not yet perceived by stakeholders); potential (widely recognized but not yet linked with the brand) and hollow (with no real substance behind them). Lencioni (2002) looks at values a bit more globally and calls them “deeply ingrained cultural cornerstones” (p. 114). He also categorizes values statements that he reviewed and, for instance, identifies aspirational values (the organization knows it needs the value but currently lacks it) and permission-to-play values (meeting minimum behavioral and social standards).

Finally, Wenstop and Myrmel (2006) reviewed values statements from 300 companies. Their categorical definitions included core values (attitude and character traits such as integrity or honesty); created values (values that are the *raison d’etre* for the organization and include what stakeholders expect of it such as quality and ROI); and



protected values (values that can't suffer infringement and that are protected by duty ethic, rules and regulations e.g. ISO compliance).

Wenstop and Myrmel's discussion of protected values is interesting because they explain that protected values include concepts such as regulatory compliance and providing for basic environmental, health and safety standards. Other scholars discuss management standards and duties as being separate concepts from core values.

There are a number of both internal and external factors that can either help or hinder a company's values program. Commitment over time seems also to be an important enabler. Urde (2009) found that values programs are "rooted" in the organization and are "built over time" (p. 617). An already-engaged employee base is also helpful. Finally, VanLee et al. (2002) found that senior-level commitment was absolutely critical and that CEO support for the values was the most effective factor.

Importantly, the implications of poorly conceived and poorly reinforced values programs can be dire. Lencioni (2002) describes hollow values as destabilizing. Others are more forceful. Gruys et al. (2008) posit that if behaviors and values aren't aligned it can lead to internal cynicism and mistrust. They say this sets the stage for ethical disconnects and cite the Enron case as an example, since Enron had clearly published core values before its scandal occurred. In his qualitative study of organizations and how they enact values programs, Tidwell (2016) found broad acquiescence among communications leaders interviewed at large corporations that values must be "constantly reinforced," but found "little in the way of innovative ways to provide reinforcement" (p. 148).

## **VW's published core values**

VW embraced the concept of establishing and promoting corporate core values prior to dieselgate. In its 2014 annual report, the company described its values orientation:

Our Code of Conduct, which is applicable throughout the Group, provides guidance for our employees in the event of legal and ethical challenges in their daily work. It embodies the Group values of customer focus, top performance, creating value, renewability, respect, responsibility and sustainability. All employees are equally responsible for adhering to these principles (Volkswagen, 2014).

Further, in its 2014 annual report, we can see the supposed commitment to the environment that played such a prominent role in the VW's advertising for TDI models as it spells out in very specific terms how it plans to be a model of environmental sustainability among global automakers, even boldly claiming that its goal was to be "the leading automotive company in ecological terms by 2018" (Volkswagen, 2014) The degree to which VW spells out its environmental commitment is surprisingly specific and transparent. It lists specific CO2 emissions targets by the numbers and and claims that it is "pursuing them systematically."

The irony of the lengths VW takes to explain its environmental commitment in the 2014 annual report (only a year before Dieselgate was discovered) is shocking. The company describes a holistic commitment involving all employees and all levels.

Anchoring environmental aspects firmly within our organizational and decision-making processes is essential to achieving our ambitious targets.

The Group's environmental management system has been in place for many years and provides the basis for ensuring that these aspects are taken into account...The fact that environmental issues are firmly anchored within the Group is also reflected in the way that ecological aspects feature in all our employees' thinking and actions – another target field in our environmental strategy. We pool and make use of all our employees' skills and expertise in the area of environmental protection across brands and regions. (Volkswagen, 2014)

### **Crisis Definition and Classifications**

Coombs and Holladay (1996) explain that crisis situations are those that can be viewed as a threat to an organization with the potential to damage the organization's reputation. This reputational damage can take the form of damaging trust or not meeting the expectations of stakeholders. Subsequent damage can have financial impacts or even threaten the survival of the organization.

Companies have varying levels of crisis preparedness. Mitroff and Alpaslan (2003) monitored the crisis readiness of *Fortune* 500 companies over a period of 20 years. They made distinctions between companies that are crisis prepared (those companies that develop plans to handle a variety of multiple crises) and those that are crisis prone (those companies that treat crisis with a more cavalier attitude and invest in readiness only when cost effective). Over the 20 years in their study, they found that only between 5 and 25 percent of *Fortune* 500s studied were crisis prepared. Interestingly, while the authors did

not focus on ethical behavior in their study, they found that “crisis-prepared companies believe no harm should come to even one person when a crisis erupts” (p. 110).

For the purposes of this research, attention should also be given to the specific typology assigned to organizational crises. Mitroff and Alpaslan (2003) studied corporate crises in detail and found three general forms of misfortune. They explain that there are “natural accidents”, which would include fires, hurricanes, earthquakes, economic crisis; “normal accidents”, which involve applied technologies that are so complex that they can be assumed to normally breakdown or malfunction; and “abnormal” crises – intentional incidents and criminal actions, “which are the result of deliberate evil actions such as bombing, kidnappings and cyber attacks” (p. 10).

Snyder et al. (2006) define organizational crisis as “an extraordinary condition that is disruptive and damaging to the existing operational state of an organization. An organizational crisis, if ignored or mismanaged, will threaten competitiveness and sustainability of the affected entity” (p. 372). Snyder and his colleagues saw the value of Mitroff’s three general forms of misfortune analysis and suggested a more detailed typology to help draw the link to ethical philosophy:

Building on their (Mitroff et al.) work, we advance a new typology of organizational crises to consider in an ethical context. Our crises classification groups all events affecting organizations in terms of the relationship of the crisis to the organization. There are two dimensions to our crises typology. The first dimension is based on the organizational distance to the crisis’ original center of gravity (internal/external). The

second dimension refers to a frequency factor (normal/abnormal). (p. 373)

For the purposes of this research into the VW Dieslegate case, I am specifically interested in what Snyder et al. call “internal-abnormal” crises. They describe these as rare and unpredictable events originating from within the organization. They cite examples such as criminal crises including all types of corporate scandal and misappropriation as well as information theft and other kinds of tampering. Internal crises are especially problematic for an organization because of the reputational fallout. Hearit (2001) explains that “these misdeeds bring unwanted public scrutiny, and if organizations’ responses are judged to be unconvincing, then social sanctions issue on the part of disgruntled stakeholders and special interest groups” (p. 511).

One final crisis typology to mention is that discussed by Coombs (2007) in relation to his Situational Crisis Communications Theory (SCCT). Coombs classifies crises in clusters: victim cluster (where the organization is clearly a victim of the event such as with product tampering); accidental cluster (where the organization’s actions leading to the crisis were unintentional such as with an equipment or technology failure); and preventable cluster (such as with organizational misdeed or misconduct).

Table 1 below summarizes the crisis definitions and typologies.

**Table 1. Crisis typology summary**

This table summarizes often-cited crises types with definitions and originating source.

Type	Definition	Source
Natural accidents	Naturally occurring events such as earthquakes, hurricanes, economic downturns, etc.	Mitroff et al., 2003

Normal accidents	Normal breakdown or malfunction of applied technologies.	Mitroff et al., 2003
Abnormal crises	Intentional incidents and criminal actions.	Mitroff et al., 2003
Internal or external	The organization's relation to the crisis' original center of gravity (and often combined with the earlier Mitroff definitions, such as internal/abnormal or external/natural)	Snyder, 2006
Victim crisis cluster	Where the organization is the victim of the crisis event (e.g. product tampering by an external party).	Coombs, 2007
Accidental crisis cluster	Organization's actions were unintentional but led to the crisis (e.g. equipment or technology failure).	Coombs, 2007
Preventable cluster	Organizational misdeed or misconduct.	Coombs, 2007

Along with classifying crises types, crisis researchers have also worked to describe the lifecycle of a crisis in order to help inform crisis response planning. Fearn-Banks (2001) took a fairly typical path by identifying five stages: detection, where the organization is scanning the environment for potential signs of crisis; preparation/prevention, where the organization makes plans and takes proactive steps to avoid the crisis; containment, which is characterized by efforts to limit the duration or keep it from becoming more serious; recovery, or the efforts to return to normalcy; and learning, which evaluates what is lost and how the learnings can help prevent future crises (p. 480).

## **Crisis and Trust**

If we adhere to the proposition from Coombs and others that a crisis can damage an organization's trustworthiness, it is important to discuss the role of trust in organization-stakeholder relationships. In a crisis scenario, the importance of trust is magnified such that Diermeier (2011) calls trust "the magic word in managing reputational crises" (p. 21).

Hon and Grunig (1999) identify trust as one of the outcomes of successful relationships and define it as "one party's level of confidence in and willingness to open oneself to the other party" (p. 19). They identify three underlying dimensions of trust: integrity, dependability, and competence.

In addition to being a hallmark of successful relationships, trust can also be seen as an enabler of communications. Flynn (2016) posits that trust makes for easier organizational communications because it breaks down barriers and clears a quicker cognitive path for message delivery. Like Grunig and Hon (1999), he also identifies necessary elements for trust: authenticity, credibility and an ability to meet the expectations of stakeholders.

Importantly, stakeholders' expectations of organizations have changed with the availability of the internet and new tools to empower them. Scholars have found that stakeholders are increasingly more active and more demanding of corporate transparency, which in turn makes organizations feel more vulnerable (Christensen, 2002). Christensen describes an environment where stakeholders thirst for more organizational disclosure putting pressure on organizations to "publicize strategic choices, corporate plans and business practices – all in order to cultivate accountability and trust" (2009, p. 209).

As trust becomes more important in the age of the empowered stakeholder, organizations should have a firm understanding of consequences for violating trust. Diermeier explains this in the context of moral outrage from stakeholders regarding an organization's actions. He cautions that moral outrage tends to come from intuitive judgments which are very emotionally-driven. This outrage often leads to a desire for punishment as a way to seek retribution. Finally, in a nod toward the importance of prior reputation, he explains that moral outrage is especially pronounced when stakeholders feel that trust has been violated (p. 127).

### **Crisis Response Theories**

Benoit's (1997) image repair theory (IRT) is useful because it provides a typology of responses used by organizations to manage crises. Benoit says the theory's value is on its focus on message options that are available and argues that "the theory of image restoration discourse is a viable approach for use in developing and understanding messages that respond to corporate image crises" (p. 177). Specifically, the strategic response options available under IRT are denial (simple denial or blame-shifting); evasion of responsibility (provocation, defeasibility, accidental or good intentions gone bad); reducing offensiveness of the act (bolstering, minimization of event, differentiation of event, transcendence in the forms of means justifying ends, accuser attack, compensation, or corrective action); and mortification (apologizing for the act).

Of particular interest to this researcher is compensation, which is classified by Benoit as a strategy to reduce the offensiveness of the act through restitution and is characterized by an organization providing something of value back to the harmed



stakeholder(s). Benoit posits that when an organization compensates its stakeholders (and if the compensation is acceptable to the victim), the firm's image should be improved.

Other researchers have also attempted to classify crisis responses. Coombs and Holladay (1998) describe the continuum developed by Marcus and Goodman (1991) wherein they divided crisis responses into either accommodative or defensive strategies. In Coombs' Situational Crisis Communications Theory (SCCT), he looks at the perceptual nature of crises and calls his process "stakeholder reaction management" (2007, p. 167). Coombs suggests that when response strategies tend to be more accommodative and show significant concern for victims, that stakeholders perceive the organization as taking greater responsibility for the situation. Some of Coombs' earliest works looked at crisis effects on organizations and their images. In analyzing frameworks for crisis situations (1996), Coombs concluded via experiment that image damage varies with who stakeholders perceive an organization's responsibility for a crisis.

Stakeholder perception and, more specifically, stakeholder attribution of responsibility, are foundational to SCCT. Coombs cites attribution theory as being extremely relevant when viewing crisis stakeholder reaction. He posits that "stakeholders evaluate organizational responsibility for a crisis when they determine the cause of the crisis. The more publics attribute crisis responsibility to an organization, the stronger the likelihood is of publics developing and acting upon negative images of the organization" (1996, p. 282).

As for naming various response strategies within SCCT, Coombs' classifications look much like Benoit's and are divided between primary strategies which are primarily denials

(denial, attack accuser, scapegoat, excuse, justification, compensation and apology) and secondary strategies, which are primarily bolstering (reminder, ingratiation and victimage).

As for compensation, Coombs describes it as a “rebuild strategy” where the idea is to counteract the negatives from the crisis through good works. He posits that rebuild strategies are best for crises with severe reputational threats including intentional acts. He further asserts that rebuild strategies are “safest...because they address victims so well” (2007, p. 172)

Rebuild strategies are the main avenue for generating new reputational assets. Rebuild strategies attempt to improve the organization’s reputation by offering material and/or symbolic forms of aid to victims. The crisis managers say and do things to benefit stakeholders and thereby take positive action to offset the crisis. Offering compensation or a full apology both are positive reputational actions. (2007, p. 172)

Dawar and Pillutla (2000) introduced the concept of the ambiguous vs. unambiguous crisis response. These terms hinge on the degree to which the crisis response is clear and comprehensive. They explain that responses exist in a continuum between stonewalling, denial-type responses at one extreme and clear and unambiguous responses at the other. Unambiguous responses consist of “assumption of responsibility, an apology to consumers or other affected constituencies and some form of remedy.” They explain that the opposite of an unambiguous response is stonewalling, or “denial of responsibility and absence of remedial measures or no communication at all” (p. 216). In the middle lies what

they call ambiguous responses – responses that have elements that suggest support through partial acceptance of responsibility and remediation. Importantly, these ambiguous responses lack clarity in terms of remediation or responsibility and are often not deemed final in the eyes of the stakeholders.

### **Coombs' SCCT and the Importance of Prior Reputation**

In many ways, Coombs advances the work of Benoit in the sense that he identifies the factors that are important in building reputation. For Coombs, crisis is essentially a “reputational threat” (2007, p. 164), and reputations are based, in large part, on how well stakeholders perceive that organizations have met their expectations. When a crisis hits, the organization loses some of the reputational capital it has accumulated over time but, if it has sufficient reputational capital built up, the path to crisis recovery can be quicker:

A favorable prior (pre-crisis) reputation is a buffer against the reputational capital lost during a crisis. An organization with a more favorable prior reputation will still have a strong post-crisis reputation because it has more reputational capital to spend than an organization with an unfavorable or neutral prior reputation. As a result, a favorable prior reputation means an organization suffers less and rebounds more quickly. (2007, p. 164)

In SCCT, it is crucial to gain an understanding of where an organization stands with its stakeholders in terms of pre-crisis reputation. Coombs describes poor prior reputation as an organizational flaw that shows the organization has little consideration for stakeholders in many situations, not just crises (2007, p. 167).

Attribution of responsibility is, again, a key mechanism within SCCT. According to Coombs, “unfavorable prior relational reputation intensifies attributions of crisis responsibility thereby indirectly affecting the reputational threat” (p. 167). Since prior reputation is a crisis intensifying factor, Coombs recommends that crisis managers assess prior relationship reputation with stakeholders as part of crisis planning.

In terms of ultimate impact on an organization, Coombs cautions that how an organization handles itself in a crisis affects its post-crisis reputation. Stakeholder backlash in the event of poor post-crisis reputation can manifest in behavioral intentions including intent to purchase and support for the organization.

Many communications scholars explain the importance of stakeholder expectations of organizations. Flynn (2016) posits that receivers “use prior knowledge to generate expectations of a communicator’s position or intention” (p. 8). Scholarly research in business and marketing also discusses the importance of an organization’s prior reputation relative to stakeholder reaction post-crisis. Dawar and Pillutla (2000) examined how the prior expectations about a company (either more positive or negative) affects the company’s brand equity after a crisis. They found that when firms have a good previous reputation they tend to get a more positive stakeholder reaction – especially when the company provides what they call a clear and complete, “unambiguous” response.

It is important to understand how Dawar and Pillutla conceptualize prior reputational expectations. They explain that these expectations are based on past behavior and that consumers tend to interpret information in the context of prior reputational expectations. They posit that, in a crisis, “objectively identical firm responses may have

substantially different impacts on customer-based brand equity depending on consumers' prior expectations about the firm" (p. 215).

Through experimental research looking at how subjects interpreted a firm's response in a crisis, Dawar and Pillutla (2000) concluded that prior positive reputational expectations about a firm may provide a "form of insurance against the potentially devastating impact of crises" on a company's brand equity (p. 224). In summarizing their findings, they explained:

From a managerial perspective, the result that consumers' interpretation of the evidence of firm response is moderated by their prior expectations about the firm indicates that an identical response can have dramatically different effects on brand equity, depending on consumers' prior expectations about the firm. In other words, in developing an understanding of the impact of corporate actions on brand equity, firm actions alone are unlikely to be sufficient to predict the effects of product-harm crises on brand equity; consumer's prior expectations are a key moderator. (p. 224)

In this project, Dawar and Pillutla also identified the type of crisis response as a variable. Responses were either ambiguous or unambiguous. They found that strong prior expectation combined with an unambiguous crisis response actually increased brand equity compared to brand equity measured in a no-crisis environment. Even more importantly for my project, when the prior expectation was strong but the crisis response was ambiguous and incomplete, they found that brand equity resembled the unambiguous

response condition. The worst result was found for companies who combined weak prior expectation with a stonewalling response.

Together with Klein, Dawar (2004) corroborated the 2000 findings with a study that looked at the effect of a firm's corporate social responsibility (CSR) on brand evaluations in a crisis situation. That experimental study also found that a negative prior reputational image was a "powerful liability" (p. 215) to a firm facing crisis.

Diermeier (2011) is another scholar who studies corporate behavior in times of crisis. He posits that there are four dimensions to consider when responding to crisis – each of these residing in his "trust radar" tool (p. 21). He describes the trust radar as a tool for preserving and protecting relationships and reputations during an evolving crisis. Shaped in a diamond pattern, the radar has four elements with empathy at the top (conveying messages with warmth and authenticity); transparency at the right (relevant information openly shared); expertise at the bottom (conveying deep experience and knowledge); and commitment at the left (the sense that the organization is working on correcting the situation). The utility of this tool is that it is meant to help organizations keep all four elements in alignment, so that not too much effort is spent in one quadrant at the expense of another. As discussed earlier, some crisis case studies have seen organizations spend too much time and effort in the "expertise" quadrant at the expense of another dimension such as empathy or commitment. Similarly, it is also possible to be too heavily weighted in another category. For example, an organization could be so focused on commitment to solving the crisis that it neglects the empathy quadrant and fails to send the appropriate messages of sympathy to victims or others. The trust radar tool was

instructive for me because it so clearly illustrated the complex and multi-faceted nature of appropriate crisis communications.

### **Crisis Response Research and the Lack of Quantitative Methods**

Benoit's IRT strategies are frequently used in crisis case studies. While IRT clearly provides a way to classify and explain crises response, scholars point to a lack of knowledge about the effectiveness of these strategies in practice and there have been few studies that have employed quantitative research on IRT (Benoit, 2016). Peijuan et al., (2009) quote Benoit as saying that qualitative rhetorical analysis has been "the prevalent and primary method of analysis in image repair strategies" (p. 214). In an attempt to validate this finding, I reviewed some of the most cited studies on image repair theory and found that qualitative content analysis and qualitative rhetorical analysis were by far the most prevalent methods used (see Table 2 below).

#### **Table 2. Examples of prominent image repair theory studies**

Following are examples of case study research projects that utilized Benoit's image repair theory. Each project is listed along with the author and the methodology used (qualitative, quantitative, content analysis, etc.). These are all case studies involving crisis situations faced by organizations, governments, etc. All of these studies were cited in other research more than 50 times as referenced in Google Scholar.

Study	Author, year	Methodology	Citation
President Bush's major post-Katrina speeches: Enhancing image repair discourse theory applied to the public sector	Liu, 2007	Qualitative content analysis identifying themes in texts	Liu, B. F. (2007). President Bush's major post-Katrina speeches: Enhancing image repair discourse theory applied to the public sector. <i>Public Relations Review</i> , 33(1), 40-48.

A critical analysis of USAir's image repair discourse	Benoit & Czerwinski, 1997	Qualitative critical analysis	Benoit, W. L., & Czerwinski, A. (1997). A critical analysis of USAir's image repair discourse. <i>Business Communication Quarterly</i> , 60(3), 38-57.
BP initial image repair strategies after the Deepwater Horizon spill.	Harlow, WF, et al., 2010	Quantitative content analysis	Harlow, W. F., Brantley, B. C., & Harlow, R. M. (2011). BP initial image repair strategies after the Deepwater Horizon spill. <i>Public Relations Review</i> , 37(1), 80-83.
Image repair in President Bush's April 2004 news conference	Benoit, 2004	Qualitative critical analysis	Benoit, W. L. (2006). Image repair in President Bush's April 2004 news conference. <i>Public Relations Review</i> , 32(2), 137-143.
Managing a nation's image during crisis: A study of the Chinese government's image repair efforts in the "Made in China" controversy	Paijuan, et al., 2009	Qualitative critical analysis	PeiJuan, C., Ting, L. P., & Pang, A. (2009). Managing a nation's image during crisis: A study of the Chinese government's image repair efforts in the "Made in China" controversy. <i>Public Relations Review</i> , 35(3), 213-218.
Queen Elizabeth's image repair discourse: Insensitive royal or compassionate queen?	Benoit, 1999	Qualitative critical analysis	Benoit, W. L., & Brinson, S. L. (1999). Queen Elizabeth's image repair discourse: Insensitive royal or compassionate queen? <i>Public Relations Review</i> , 25(2), 145-156.



Gary Condit's image repair strategies: Determined denial and differentiation	Len- Ríos & Benoit, 2004	Qualitative critical analysis	Len-Ríos, M. E., & Benoit, W. L. (2004). Gary Condit's image repair strategies: Determined denial and differentiation. <i>Public Relations Review</i> , 30(1), 95-106.
The image repair strategies of Terrell Owens	Brazeal, 2008	Qualitative rhetorical analysis	Brazeal, L. M. (2008). The image repair strategies of Terrell Owens. <i>Public Relations Review</i> , 34(2), 145-150.
Image repair strategies, local news portrayals and crisis stage: A case study of Duke University's Lacrosse team crisis	Len- Ríos, 2010	Qualitative rhetorical analysis and quantitative textual analysis	Len-Ríos, M. E. (2010). Image repair strategies, local news portrayals and crisis stage: A case study of Duke University's lacrosse team crisis. <i>International Journal of Strategic Communication</i> , 4(4), 267-287.

In the 2016 book edited by Blaney, *Putting Image Repair to the Test*, seven authors use quantitative analysis to evaluate specific strategies and offer commentary on their effectiveness. Gribas et al. (2016) explain that “testing various principles of effectiveness is vital, particularly if one is to advise practitioner choices regarding image repair” (p. 41). While it would be interesting to see how IRT strategies affect audience perceptions and attitudes in areas such as trust quantitatively, Spence et al. (2016) note that there have been no extensive empirical tests assessing attitudinal changes among individuals receiving the response.

Coombs (2017) echoes this need for empirical testing of IRT strategies, saying that research to date has been via case study form and therefore can yield only “speculative conclusions” (p. 171).

### **Findings from quantitative research**

The book previously referenced and edited by Blaney, *Putting Image Repair to the Test: Quantitative Applications of Image Restoration Theory* (2016), gives us the most comprehensive modern view of research implementing quantitative methods to study Benoit’s IRT. Blaney’s book includes IRT case studies, all of which provide elements of quantitative review.

In his introduction, while acknowledging IRT as a seminal work and giving credit to the importance of case study application of the theory, Blaney states that “scholars have pointed to the empirical limitations of the rhetorical/critical approaches largely deployed to this point” (p. 4). This is why he included only studies that made generalizable claims.

In writing the book’s first chapter, Benoit himself acknowledges the dearth of research with any quantitative methodology and points out problems with the few studies that had been conducted to date, calling them “piecemeal” and yielding only a “fragmentary understanding” of various responses studied (p. 8). Therefore, this book makes an important contribution as the various chapter authors approached IRT strategies by using either mixed or entirely quantitative methods. Table 3 below summarizes the studies included in the book and describes their either entirely quantitative or mixed methodologies.

Table 3. A summary of IRT studies published in 2016 *Putting Image Repair to the Test*

Following is a list of case study research projects included in the book edited by Blaney with a summary of each study's methodology and research goals as well as summarized findings.

<b>Study Title</b>	<b>Author, year</b>	<b>Methodology/goals</b>	<b>Summary of findings</b>
Examining the impact of message strategy on organizational reputation	Spence, et al., 2016	Quantitative content analysis identifying themes in texts. Goal was to test the effectiveness of corrective action and mortification strategies.	No support for differences in perceptions of organizational reputation based on the use of corrective action or apology.
Exploring the alignment of image repair tactics to audience type	Gribas, et al., 2016	Exploratory survey of students to find which IRT response strategies are perceived to be more or less appropriate and successful for various audience types.	Accommodative strategies such as corrective action, mortification and compensation are most successful regardless of audience type.
Crisis communications effectiveness: The role of relationship history and compassion	Caldiero, 2016	Exploratory survey looking at accommodative and defensive strategies for effectiveness based on prior reputational history with the affected audience.	Participants perceived responses as either compassionate or lacking compassion based on prior relationship history and either defensive or accommodative nature of the response.
An empirical test of image restoration strategies	Cos, et al., 2016	Tested audiences' perceptions of sincerity based on various response strategies employed in a fictional company crisis scenario.	Participants exposed to a combination of mortification and corrective action showed significantly more positive feelings toward the

			organization than with any other strategies.
“I’m sorry” is hard to say for Lance Armstrong. Examining how this impacts public perception.	Haigh & Alwine, 2016	Mixed method content analysis and experiment. Goal was to examine the IRT strategies employed by Armstrong and test assumptions the media (print or video) would impact public reaction to the chosen IRT strategies.	Content analysis found that simple denial was the strategy most frequently used. Participant perceptions turned more negative after both reading and watching statements from Armstrong.
Responding to criminal accusations: An experimental examination of Aqib Talib’s 2011 aggravated assault case	Brown & Brown, 2016	Experimental test of response strategies to analyze athlete image repair strategies (mortification and attack the accuser strategy effectiveness as a means to mitigate negative word of mouth reaction).	Mortification and attack the accuser strategies were both effective at mitigating negative word of mouth.
Measuring the impact of IRT via social media. What are organizations and stakeholders saying during crises?	Chewning, 2016	Content analysis of social media messages from Paula Dean and Barilla US as they engaged in image repair during crisis. Goal was to determine message efficacy.	Mortification and attack the accuser were used in both cases and neither garnered more positive than negative reactions from stakeholders on social media platforms.

### Scholarly Consensus on Response Strategy Effectiveness

Many case studies have described how poor crisis management and communications have negatively affected organizational reputation and relationships. We’ve seen examples of misguided response strategies, errant anticipation of stakeholder reaction to messages, inadequate attempts at compensation, and hollow apologies –

missteps that can have long-lasting consequences as stakeholders often view organizations more negatively as a result.

However, we also know from numerous case studies that if an organization chooses the right strategy and conceives the proper response, its reputation can actually improve and it can build important advocates among stakeholders because of the way in which it handled itself.

But proper crisis response is challenging as crises often evolve and morph over time. With the explosion of media outlets, an organization can lose at least some of its control of the message along the way. Scholars talk about the media as an intensifier that can grab control away from the organization. Kim (2016) maintains this control shift occurs as the media position the story in their coverage decisions. Media often bring in new elements and shine light on the human impacts of crisis situations, which can be a force magnifier.

As mentioned earlier, both Benoit and Coombs have expressed opinions on which response strategies are most effective. In his theory, Coombs links the anticipated stakeholder reaction to the choice of crisis communications strategy. In SCCT, the response posture adopted by the organization should relate directly to the type of crisis and the level of responsibility that stakeholders attribute to the organization.

SCCT guidelines are designed to help choose the best response. For example, the theory suggests that the organization should adopt a rebuild response such as compensation or apology when there is strong attribution of crisis responsibility (preventable crises). Diminish strategies such as excuse or justification should be used for

crises with minimal attribution (accidents). Victimhood can also be used for crises with minimal attribution (e.g. workplace violence or product tampering).

Hagan (2007) is aligned with many other researchers in her observation that mortification (in the form of sincere apology) followed by corrective action is best so that organizations both say and do the right things. These concepts are deeply rooted in PR history. In the original “Page Principles” established by the Arthur W. Page Society, two of the core principles are “tell the truth” and “prove it with action” (Koten, 2004).

PR as a function, with its role in crafting organizational communications, is a major player in response strategy. In her research on reputation management in the automotive industry crises, Hagan (2007) explains organizational responsibility:

For example, when a product fails, customers expect the manufacturer to fix it and make it right. Executives typically weigh their decisions based on “hard” factors such as economic, legal, technical, logistical, and timing concerns. Therefore, too, they need to base decisions on “soft factors” or human factors involving emotion as well. When a product has defects, especially something safety related, a company must act quickly and responsibly. It is public relations’ role to communicate those actions to publics and maintain relationships with them. (p. 429)

As mentioned above, several recent studies included in the Blaney book examined the effectiveness of response type (these are summarized in Table 3). Many of these examined mortification, compensation and corrective action relative to effectiveness perception by stakeholders. The strategies that were more accommodative, such as

mortification, corrective action and compensation, were generally, but not uniformly, seen to be more effective and impactful. According to Coombs, as quoted in Caldiero (2016), “accommodation reflects compassion and concern for victims, whereas defensive [sic] lacks compassion by denying victims’ needs” (p. 68)

In their experiment to test audiences’ perceptions of sincerity based on various response strategies employed in a fictional company crisis scenario, Cos et al. (2016) found that mortification and corrective action were significantly more effective than other strategies tested including scapegoating, transcendence, bolstering and minimization.

In a similar project, Gribas et al. (2016) conducted an exploratory survey of students to find which IRT response strategies are perceived to be more or less appropriate and successful for various audience types. The audience types included antagonistic, concerned, bemused and animated. Interestingly, these researchers found that, regardless of audience type, “certain tactics such as corrective action, compensation and mortification seem to be very good actions across audiences” (p. 59).

Finally, Caldiero (2016) looked at the role of prior reputation and compassionate response in the context of IRT strategies. Like Coombs, Caldiero posited that relationship history is central to effective crisis communications. His exploratory survey examined accommodative and defensive strategies for effectiveness based on prior reputational history with affected audiences. He did find that audiences tended to assign compassionate or uncompassionate perception of response but saw similar results in both the accommodative and defensive response types.

## **Channels for Effective Crisis Response and the Element of Execution**

The credibility and appropriateness of the source of messages in and after a crisis constitute an important area in terms of how stakeholders will perceive outcome. Message channels and sources have proliferated in the digital era, so researchers have renewed interest in which sources might have the most influence. In their study of sources of information and how people are likely to react to crisis communications, Liu, Jin and Austin (2013) found that, in general, people are more likely to comment positively about an organization in crisis when they receive the crisis details from the organization directly instead of through a third party. They also found that organizations could play a role in encouraging stakeholders to communicate positive messages to others in online public channels.

Diermeier (2011) explains that people examine how the company is handling itself in a much more focused manner when it is in crisis recovery and “when people are paying attention, they remember, sometimes for a very long time” (p. 91). Therefore, any comprehensive review of crisis response should mention the importance of executing once the responses (especially accommodative responses) are communicated. Crises are often described as “make or break” moments for organizations. Diermeier describes them as times when “companies are on stage” and explains that all elements of the response (from communication through execution) must be managed effectively and with minimal mistakes. The risk, for instance, of a flawed corrective action, compensation or other accommodative strategy becomes further reputational damage.



In conclusion, I am interested in studying crisis response as a component of organizational-stakeholder communications because I believe it has an impact on the quality of reputation and, ultimately, relationships. I share Grunig's (2006) view that PR and those who practice it should strive for it to be seen as a bridging activity helping to preserve and build relationships, rather than simply a buffering activity that often results in isolation and focuses on self-interest.

As we examine the VW Dieselgate crisis through the lens of this literature review, I would like to explore three specific research questions.

RQ1: How, if at all, did Volkswagen's response to Dieselgate affect customers' opinions about the company?

RQ2: Did consumers views about VW show improvement after more substantial compensation was offered?

RQ3: How, if at all, is brand equity impacted for a company with a previously highly favorable reputation based on whether it provided a complete and unambiguous response/remedy or an ambiguous response/remedy following a crisis?

Footnotes:

[1] In published works, Benoit's theory has been referred to as both "image restoration theory" as well as "image repair theory". More recently, Benoit has used "repair" more frequently, so that is the term used in this dissertation.

## Methods

In my research into Volkswagen's Dieselpgate crisis, I employed a mixed-method approach using qualitative and quantitative strategies. By using these techniques, I hope to increase the body of knowledge about organizational behavior in crises and crisis response specifically. Table 4 below summarizes the methods used for all research questions.

**Table 4. Research questions methods**

Research Question	Method
RQ1: How, if at all, did Volkswagen's response to Dieselpgate affect customers' opinions about the company?	In-depth interviews with VW owners
RQ2: Did consumers' views about VW show improvement after more substantial compensation was offered?	Qualitative content analysis of tweets and online discussion board postings in both compensation offer periods (Goodwill Package and final offer). The researcher and two outside coders analyzed the texts.
RQ3: How, if at all, is brand equity impacted for a company with previously high reputational expectations based on whether it provided a complete and unambiguous response/remedy or an ambiguous response/remedy following a crisis?	Quantitative content analysis of tweets and online discussion board postings with a dependent variable of expressed brand sentiment and independent variables comprised of the two separate compensation events. Two outside coders analyzed the texts and inter-coder reliability was established before and after analysis.

### Qualitative Methods

I believe robust qualitative methods serve my research objectives well. Baxter and Babbie (2004) describe qualitative research as being characterized by its demands for the flexibility and insightful interpretation by the researcher. The focus of qualitative research

is on interpreting meaning. Unlike quantitative research, Mason (2010) explains that, in general, frequencies aren't as important in qualitative research, as one occurrence of the data is potentially as useful as many in understanding the process behind a topic. This is because "qualitative research is concerned with meaning and not making generalized hypothesis statements" (p. 1).

There are a few primary qualitative methods often employed. These include participant observation (either observing participants from afar or participating with them in the field); qualitative interviews (a conversation with a purpose to help the researcher explore a line of inquiry with a qualified source); and focus groups (small groups of people in a discussion about a topic of interest to the researcher). These methods have different utility and advantages and disadvantages. Scholars suggest that the research direction and research question should determine which methods are best for the situation.

Baxter and Babbie (2004) describe what they call the "triad" of qualitative research: participant observation, qualitative interviewing and social text content analysis. Importantly, many scholars cite trustworthiness as an important test for qualitative research. Baxter and Babbie (2004) also cite Shenton to describe trustworthiness elements for good qualitative research to be credibility (how congruent are the findings with reality); transferability (can the results be applied to a wider group or population); dependability (are the observations dependable and is the researcher's process trackable); and confirmability (is the data objective).

These authors also say that qualitative researchers are obligated to provide "thick descriptions" of their observations in a quest to interpret phenomenon or derive meaning.

Geertz (2003) describes thick description as an in-depth analysis and an elaborate venture in so that we are able to distinguish between something we observe at the surface level and what might be the true meaning. Baxter and Babbie (2004) call thick description an obligation of the researcher to provide extremely detailed descriptions of what he/she observed.

For the purposes of this project and to address RQ1, I chose in-depth interviews, which are generally defined as conversations with a purpose so that the researcher can explore a line of inquiry with a qualified source or sources. I also conducted a qualitative content analysis to address RQ2.

### **In-depth Interviews with VW TDI Owners**

In-depth, one-on-one interviews are a frequently used qualitative method. These must also meet the trustworthiness test. Baxter and Babbie (2004) suggest that interviews be either unstructured or semi-structured so that the researcher is following a general line of inquiry. Scholars suggest interviewing can be a good choice to learn about something that can't be observed by you as the researcher; to understand an individual's feelings or thought processes; or to use as triangulation to see if findings "ring true" from another method or process. I sought to meet all of those objectives by conducting interviews with VW automobile owners who were directly affected by the Dieselgate crisis. Further, these authors explain that, to ensure trustworthiness, the researcher should take steps including ensuring his/her process is trackable, having a sufficient number of participants to reach saturation and achieving credibility by doing a second round of interviews.

I obtained IRB approval to conduct a series of interviews with human subjects who were, in this case, VW owners directly affected by the Dieseldate crisis (see Appendix for a copy of the IRB approval documentation). I developed a semi-structured questionnaire allowing for open-ended answers as frequently as possible. The questions explored owner opinions about Volkswagen as a company and about its response to Dieseldate at relevant time periods including both compensation offer events – after VW offered its goodwill gift card package and after the ultimate final offer was announced. A copy of the questionnaire instrument is included in the Appendix and the major categories of interview questions are detailed in Table 5 below. Each interview was conducted in the same manner and used the same questionnaire instrument (a copy of which is provided in the Appendix).

**Table 5. In-depth interview question summary**

<b>Content category</b>	<b>Questioning strategy</b>
<b>Subject information</b>	Gather demographic information as well as establish location and obtain information about vehicle type, length of ownership, etc.
<b>Purchase intent and satisfaction</b>	Determine initial motivations for purchasing the VW TDI model, learning satisfaction levels with the car since its purchase and establishing the subject's willingness to recommend the car to others in his/her peer group.
<b>Situation awareness</b>	Establish the subject's general awareness about Dieseldate, how closely they followed/continue to follow news about the crisis and their awareness about the Goodwill Package and final compensation offers.
<b>Opinions about Dieseldate, compensation and future intention to purchase</b>	Establish the subject's initial reactions upon hearing about the crisis; what they remembered about VW's communications at the time; their reaction to the Goodwill Package and final settlement and whether

	they accepted either/both offers; whether they felt the compensation efforts were satisfactory; whether their opinion of VW as a company has changed; and whether they would consider purchasing another VW vehicle or recommend purchase to others.
--	--

Interviews were conducted over the phone or in-person over a four-week period. Interviews lasted 20-30 minutes each. Names of interview subjects were kept confidential so that respondents could answer with anonymity assured. Interview subjects agreed to be recorded and transcribed and, in accordance with IRB requirements, I will personally maintain all interview raw materials for five years before destruction. In accordance with recommendations from Edwards and Holland (2013), interview subjects were briefed about the purpose and process for the interview and how long the interview was likely to take. Edwards and Holland explain the importance of providing this briefing to subject so as to “draw the participant onto the terrain of the research” (p. 8)

A total of six owners participated in the in-depth interviews. All of these were from the same major metropolitan area (with the exception of one owner who lived in New York state). Convenience sampling and later snowball sampling were used to recruit interview subjects. Convenience sampling relies on participants who are identified by the researcher. Snowball sampling occurred when initial participants suggested additional available participants who then agreed to be interviewed. Baxter and Babbie (2004) suggest that snowball sampling is appropriate when members of a specific population are difficult to identify.

Table 6 below provides basic demographic information about each interview subject including their VW TDI model owned.

**Table 6. In-depth interview subjects**

<b>Subject Number</b>	<b>Age, Sex</b>	<b>Location</b>	<b>TDI Model/Year</b>
1. C.B.	29, M	Kansas City, MO	2010 VW Passat
2. J.S.	42, M	Kansas City, MO	2010 VW Jetta Sport Wagon
3. A.P.	39, M	Kansas City, MO	2010 VW Jetta Sport Wagon
4. R.M.	67, M	Rochester, NY	Audi A7
5. S. E-S.	71, F	Gladstone, MO	2013 VW Passat
6. B.G.	43, M	Kansas City, MO	2012 VW Passat

While more time was allotted for interviewing, saturation was observed from the total sample by the sixth interview. The saturation concept as described by Glaser and Strauss and cited by Francis et al (2010) was used to guide this sampling decision.

The concept of data saturation was introduced to the field of qualitative research by Glaser and Strauss (1967) and referred to the point in data collection when no new additional data are found that develop aspects of a conceptual category...if sampling is adequate (and if the interviews have been effective at eliciting participants' experiences or views from within these conceptual categories), it is likely that the content domain of the

construct has been adequately populated (or saturated). (Francis et al., 2010, p. 3)

Edwards and Holland (2013) further elaborate on saturation as a valid concept to determine sample size. They describe it as an ideal method when an interpretive approach is utilized and agree that saturation is reached when the researcher fails to hear new themes or information. Thus, “rather than the number in a sample being representative...in qualitative research it is the range of meanings that should determine numbers of interviewees in a study” (p. 65).

These authors note that certain researchers have attempted to land on a specific number, often determined by whether the goal is phenomenological or grounded. Lester (1999) describes phenomenological research as “the study of experience from the perspective of the individual” (p. 1). Edwards and Holland quote Morse’s recommendation of six interviews as a minimum for phenomenological studies (p. 66). Creswell, as cited by Mason (2010) suggests a minimum of five. Mason also cited the finding from Guest et al. that, in samples with a high level of homogeneity, “a sample of six interviews may [be] sufficient to enable the development of meaningful themes and useful interpretations” (p. 4).

Importantly, the interview subjects in this project were deemed to be particularly relevant with a high level of obvious subject matter expertise since they were directly affected by the Dieselgate crisis. This personal involvement provided them with a high level of credibility. In his review of saturation in qualitative interviews, Mason (2010) discussed the importance of participant credibility and expertise as well as the use of more than one



method. He cited Jette, Grover and Keck who posited that subject expertise was very valuable to achieve saturation.

### **Qualitative Content Analysis**

In addition to the in-depth interviews, a qualitative content analysis of online comments generated by affected VW owners was conducted. Qualitative content analysis involves analyzing texts for their meaning and significance (Altheide & Schneider, 2013). It also considers how these texts represent individuals' and cultural assumptions, beliefs, expectations and meanings in regards to a specific topic or phenomenon (Altheide & Schneider, 2013). This content can also serve as "representations of social meanings and institutional relations" (p. 5). Unlike textual analysis, qualitative content analysis involves a systematic procedure for collection and analysis and considers the context of the content.

Qualitative content analysis was chosen because of its effectiveness in providing a focus on meaning making. While quantitative content analysis captures data to be statistically analyzed, qualitative content analysis focuses on processes and meaning. In addition, there is a paucity of previous research to guide quantitative coding. Qualitative content analysis was a suitable method for this study as it sought to understand how VW owners and consumers reacted to the Dieseltgate scandal. Past research illustrates the success of utilizing the qualitative content analysis method for consumer research (Kassarjian, 1977; Kolbe & Burnett, 1991; Smith, Fischer, & Chen, 2011).

The units of analysis were consumer tweets and postings to online discussion boards designed for VW owners. For Twitter, hashtags relating to Dieseltgate were accessed and included #dieseltgate, #BuyBackMyTDI and #GoodwillPackage. Owner discussion

boards included [www.tdiclub.com](http://www.tdiclub.com) and [www.volkswagenownersclub.com](http://www.volkswagenownersclub.com). It is important to note that, while it is likely that people posting to these online venues were actually VW owners because of the content being discussed on the platforms, by their nature the platforms provide anonymity through anonymous user names and by not requiring the user to disclose specific information about him/herself. Therefore, VW ownership by commenters could not be verified.

The Twitter texts analyzed included the tweet text, as well as any hashtags, images, or emojis used within the tweet text. Tweets and discussion board postings were collected from two specific timeframes – two weeks immediately after the announcement of the Goodwill Package offer in November 2015 and two weeks after the announcement of the final settlement in the United States in October 2016. These dates were chosen in an effort to capture user expressions and sentiment when the news about both compensation events was still relatively recent and reactions were unclouded by further developments in the Dieselgate crisis.

The tweets were accessed using Twitter's Advanced Search feature. Tweet capture tools and software were not used to collect tweets due to lack of funding. Retweets were not analyzed as I was interested in original, initial reactions to the Dieselgate compensation offers directly from individuals. Tweets with advertisements or from commercial entities were also not included in the population as they did not represent consumer communication. Tweets or postings that did not address the VW compensation offers were also not included.

For this research question, the tweets and discussion boards postings analyzed were selected through systematic random sampling from a population total of 674 tweets/postings. For this analysis, the population was then randomized to get to a total of 241 total tweets/postings using the randomization table provided by Wrench, et al. (2008, p. 293) to determine sample size from a total population with a confidence interval of 95 percent. Tweet search results from Twitter's Advanced Search were saved as PDF documents.

A matrix was used to organize the data (see Appendix). The matrix was constructed based on Barnett's (2008) matrix. This study's matrix included inventory and content variables. The matrix served as a research protocol to ask specific questions about each tweet or posting analyzed (Altheide & Schneider, 2013). I served as a coder and also used two outside coders for this analysis. I established inter-coder reliability by analyzing a subsample and found similar themes. The data were analyzed using thematic analysis and open and axial coding. Thematic analysis involved reading and sorting the data collected into themes and categories. These themes were assigned codes or labels that represented the phenomenon occurring in the text (Altheide & Schneider, 2013). Axial coding was also conducted to find relationships by combining related themes and categories based on their similarities (Corbin & Strauss, 1990; Marshall & Rossman, 2011). These combined categories become the dominant themes of the data.

### **Quantitative Method**

Using the total population of online tweets and postings discussed above from affected VW owners, I applied a quantitative content analysis to address RQ3.

Baxter and Babbie (2004) define quantitative content analysis as the process of coding communications texts according to some conceptual framework developed as a coding schema. It is important for the researcher to identify whether his/her content to be studied is manifest or latent content. Generally, these authors describe manifest content as that which is easily identifiable on the surface and doesn't require much interpretation. In latent content, the coders rely on their interpretation of the overall texts to find its underlying meaning. They describe latent content analysis as "better designed for tapping the underlying meaning of texts" (p. 243).

My identified dependent variable was an assessment of brand attitude sentiment. My independent variables included both of the compensation events (the goodwill package gift card offer in 2015 and the ultimate compensation offer in the United States in 2016). Owner comments were coded from both time frames. Tweets and message board comments were coded for positive, negative or neutral overall sentiment in keeping with Krippendorff's model. Krippendorff (1980, as cited in Baxter & Babbie, 2004) saw coding units as categories that are mutually exclusive. Positive, negative and neutral codes were assigned so as to help determine brand attitude as a determinant of brand equity.

In developing the coding schema and identifying themes, I relied on the operational definition of brand equity used by Dawar and Pillutla (2000) in their study of prior reputation, crisis response and brand equity. Central to their definition of brand equity were stakeholder attitudes toward the brand, expressed desirability and trust in the brand (p. 216). Online tweets/postings were coded based on a determination of each commenter's positive/neutral/negative expressed brand sentiment.

With regard to the steps in the method, I relied on Neuendorf's (2002) eight steps to conduct a content analysis as cited by Wrench et al. (2008). The steps and how my project elements correspond to them are shown in Table 7 below.

**Table 7. Neuendorf's 8 steps for content analysis**

<b>Step</b>	<b>This project</b>
1] Theory and rationale Research questions must stem from work of other researchers	RQ based on prior work on crisis response from Benoit, Coombs, Dawar and Pillutla
2] Conceptualization The determination of the research and what variables you are studying	Based on prior work from Dawar and Pillutla, variables include brand equity (DV) and the two settlement offers made by VW (IVs)
3] Operationalization The determination of units of analysis and level of measurement	Units of analysis are tweets/online postings and measurement level is nominal
4] Coding schemes The development of a consistent method of coding and coder training providing materials including a codebook and coding forms, etc.	Conducted coder training that included providing and introducing a detailed code book for each coder
5] Sampling The determination of the population and sample to be analyzed	Tweets from relevant hashtags and online VW TDI owner discussion board postings
6] Training Introduction to the coding book, sample coding, establishing an inter-coder reliability coefficient	Training and inter-coder reliability session conducted before coding began
7] Coding	Coding conducted for entire population of tweets/online postings
8] Final reliability	Final reliability was determined by

	comparing results after the entire population was coded to obtain a Cohen's kappa value
--	---

### **Coding Process and Intercoder Reliability**

This project used the recommendation of Baxter and Babbie (2004) that, for quantitative content analysis, two coders be used to allow for the assessment of inter-coder reliability. Two outside coders (undergraduate students) were trained and both participated by coding the entire population of 674 tweets/online postings (which were the units of analysis for this method).

It is important to establish inter-coder reliability so as to help ensure overall reliability of results reporting. The authors suggest that determining reliability is often achieved by having coders code a sample of the texts and determining a Cohen's kappa reliability coefficient (which should be at least .70). Another reliability check can be conducted after the entire population has been coded.

Wrench et al. (2008) describe Cohen's kappa as being a useful technique if you have only two coders. This method allows for a determination as to whether the coders are perceiving data similarly.

The initial reliability check included both coders working from the same coding sheet to determine if the expressed sentiment of a tweet/online posting was positive, negative or neutral. Following the steps outlined by Wrench et al., both coders were given the same trial sample of specific tweets/postings to analyze. Examples of sample tweets are shown in Table 8 below.

**Table 8. Examples of tweets/postings used in intercoder reliability assessment**

Tweet/posting text	Coder 1	Coder 2
@VW how about you replace my dirty diesel engine with a 6 cylinder hybrid engine and we call it even? #dieselgate #vw #volkswagenscandal	Negative	Negative
Thank you @VW for sending a screenshot of the claims website...Just let me know when you cut that check #tdi #dieselgate #tdibuyback #vw	Neutral	Neutral
I DO love my Jetta S. Especially if I get the \$1000. It will bring the price down to \$19,254.	Positive	Positive
\$500 doesn't come close to compensating @VW #TDI owners for fraud, loss in resale value, post-recall loss in efficiency #dieselgate	Negative	Negative
Calling in has been a nightmare. Despite the hold recording emphasizing having your claim number, when you get to a real person, they ask for name, address, phone, VIN - all of which should be in my claim record. Then I got hung up on three times during a "transfer"	Negative	Negative

Submitted #dieselgate claim @volkswagen >10 days ago. Still under review. Call center hold time is >1 hr. This is not "expeditious"	Negative	Negative
---	----------	----------

Results from inter-coder reliability testing were charted on a 3 x 3 matrix in order to get the row and column totals needed to compute an expected frequency value and to be able to complete the Cohen's kappa formula. To determine if the two coders were assessing sentiment accurately, a Cohen's kappa was calculated at  $K=1.0$ , which is considered satisfactory.

Wrench et al. (2008) recommend that the same Cohen's kappa analysis be used after all coding is completed using the same process. At that point, once a sum of expected frequencies was calculated, I utilized the Cohen's kappa formula to reach a kappa value ("K"). To determine if the two coders were assessing sentiment accurately after all coding was completed, a Cohen's kappa was calculated at  $K=.83$ , which is considered satisfactory.

After determining final reliability (and as detailed in the results section), data were analyzed using descriptive statistics. Wrench et al. (2008) explain that statistical interpretation of data is important because statistics lend credibility to an analysis. They explain that "statistics allow us to summarize or describe data...statistics assist us in understanding and interpreting the world around us" (p. 145). Using descriptive statistics allows a researcher to organize and summarize information so that a description of what exists in the data can be provided.



For this project, important descriptive statistics include the mean (M), or average, which Wrench et al. define as the value that represents an entire group of scores and the standard deviation (SD), which they define as, on average, how far each individual score differs from the average score (2008, p. 160). Larger standard deviation scores indicate that the scores are more different from each other than are smaller standard deviation scores. To conduct the descriptive statistics analysis, coding results for both of the independent variable offer event groups were loaded into the SPSS statistical software program and results are reported in the results section.

While this project does not include an experimental method where effects can be measured against a hypothesis, RQ3 compares two independent variables (the two offer events) to see how commenter perception of brand sentiment might be affected based on the substance of each offer. To analyze this research question, it was also helpful to identify the variations in the averages (mean) scores of brand sentiment amongst the online commenters who were analyzed using our coding schema (positive-neutral-negative) in both offer periods. Then, to determine if the variance in the means was significant, an independent samples t-test was conducted.

Wrench et al. (2008) explain that an independent samples t-test is frequently used when a researcher has two independent grouping variables that are nominal in nature and the researcher seeks to determine if the two groups' means differ against the dependent, or measurement, variable. For this project, the two offer events were the independent grouping variables and the coded brand attitude sentiment was the dependent variable.

Coding results were loaded into the SPSS statistical software program and results are reported in the results section.

## Results

### **RQ1: How, if at all, did Volkswagen's response to Dieselgate affect customers' opinions about the company?**

As mentioned in the Methods section, I was fortunate to be able to conduct in-depth interviews with six different VW owners during spring 2017. I found these owners all very willing to engage, and all yielded interesting insights and opinions. I found myself drawn to this aspect of research more than any other because the richness of the dialogue with people who had been personally impacted by Dieselgate was exactly what I was hoping for when I embarked on this project.

Further, by doing the interviews first, I was able to glean valuable perspective that helped me in the later stages of the project in the content analysis research. By identifying sentiments and themes voiced by the interview subjects, I was able to design more efficient content analyses and identify relevant themes.

It should also be noted that my interview subjects represented a wide variety of experiences and backgrounds. For example, owners included an auto mechanic who was personally responsible for recommending the sale of 11 other VWs to friends and family; a PR agency owner from New York who teaches crisis communications; and a mechanical engineer who had purchased his VW because he thought he was making an environmentally-friendly decision. All of the subjects reported following news about Dieselgate closely, and all owned VW diesel models. Feedback from these subjects was grouped according to dominant themes that were voiced multiple times.

## **Theme 1: Buyer's Remorse Following Betrayal**

As customers became aware of Dieselpgate, many used the words “shock” and “surprise” as the news was breaking about their automobiles. Many of the same owner comments observed in media reports were echoed by these subjects as they described a feeling of betrayal, some even recalling the VW advertising campaign and its ironic “clean diesel” claim.

One owner characterized his initial feelings as “shock and anger. I felt betrayed that I was supposed to be burning clean fuel, and then it turns out I’m not. I’m certainly concerned that I’m driving a car around that’s polluting the environment especially since that’s one of the reasons I bought the car in the first place.”

An auto mechanic who described himself as extremely brand loyal to VW and reported once having five VW’s parked in his driveway was especially troubled by the company’s admissions. He reported that, in the course of his jobs for customers, he had personally recommended TDI models to many others.

“I’m an extremely brand loyal person and they killed that. Like I said, I have almost a dozen people I know who have purchased similar cars on my recommendation, and here it was, sold on a false pretense. It’s one thing to misrepresent something, but it’s another to do outright fraud.”

Another owner reported, as a buying motivation, the desire to join others looking for better fuel economy with environmental benefits. He remembered being motivated by seeing signs in the parking lot at his workplace reserving parking spaces for lower emission cars. At first, he thought Dieselpgate would be like other recalls until he learned

about the implanted cheat software and then “I became kind of offended and I thought I was sold a vehicle that no one would ever be interested in and that I would be stuck with for the rest of my life -- and that, if I was able to sell it, the resale value would drop.”

Interestingly, all of the subjects interviewed reported being either satisfied or extremely satisfied with all other elements of the car including performance, interior, ride quality and fuel economy, etc. Were it not for Dieselpgate, they would have anticipated being happy with their cars for years in the future, and some reported they would have bought another TDI for the same benefits.

Some subjects characterized this previous general satisfaction with the TDI models as making the betrayal harder to process. When asked his first reaction, one owner said, “probably disappointment because I love my car. My first car was a Volkswagen, and it’s a brand that’s always had a special place in my heart. I still love the car, you know, so I was disappointed.”

## **Theme 2: Trust Erosion**

As the size and scope of Dieselpgate became more clear, and their own sense of concern about their financial situation worsened, these subjects universally reported an erosion in their trust of VW and in their general regard for the VW brand. Many pointed to the intentionality of VW’s actions as being crucial to how they perceived the company. As the news of the scope of the deceit became clearer, one owner described how his opinions about VW changed dramatically.

“My opinion of the company has changed. I’m not sure they are an ethical company. I hadn’t thought that they weren’t, but now I have serious

concerns that their leadership is unethical because it seems to me that there were a significant number of executives who were privy to this and maybe even gave their blessing to this software that was deliberately intended to get around the law -- so that really concerns me a lot.”

One owner admitted that, even though he was one of only two interviewed who might consider buying another VW in the future, his trust in the company had definitely diminished, and he described VW as a “tarnished brand.” There was a small subset of subjects who reported that, even though their trust in VW had eroded, there was a sense that all car companies are focused almost exclusively on profit. Therefore, actions such as Dieselgate were not overly surprising to them in the grand scheme. The difference, as one owner described it, was that even though VW’s was an intentional act, “they were caught, and I think they’ve had to pay for it as they should have.” Another indicated that her trust in car companies was already low, so Dieselgate simply reinforced those notions.

### **Theme 3: Questioning VW’s Motives in Crisis Response**

As the crisis evolved and VW responded with written statements and actions such as the GWP, subjects began to analyze the company’s motives. Many offered their own critiques of why VW might have responded as it did. This armchair quarterbacking occurred from the beginning as owners tried to read between the lines of the company’s actions partially in an attempt to forecast what type of ultimate retribution they might receive.

Even though the company did admit responsibility relatively quickly, three of the subjects seemed to perceive VW as still trying to hide its actions or, as one called it, “sweep

it under the curtain.” One remembered specifically watching an interview with the new VW CEO who replaced Winterkorn, Matthias Mueller, and remembering that he referred to Dieselgate as “not really a fraud but more of a misunderstanding” and then watching as the company backtracked from that statement. As a long-time VW customer, he described himself as a student of the company’s culture and explained his feeling that Dieselgate and the response to it might not be so surprising given how the company had been led from the beginning. He pointed toward long-time former Chairman Ferdinand Piech, who preceded Winterkorn and resigned in April 2015.

“You do have to wonder how much the corporation was allowing this to be an issue instead of fixing it. Under Ferdinand Piech they really did start a corporate culture that was quite unhealthy and led to this kind of thing. He got results in kind of all of the wrong ways, I think.”

Subjects had different interpretations of VW’s initial reactions and response to customers. As mentioned, some felt it were trying to diminish or deny, while others felt that VW appropriately admitted details early. One explained that, although admission of responsibility was important, remorse was lacking, as was a sufficient level of communication.

“They put serious doubts in my mind. I don’t know that they have done enough in the sense that they didn’t really show any remorse, which makes you think less of them as a company. Also, the communication was really poor -- infrequent and poor. I think through this whole process I might have received two letters. And then I would call my local dealership

and they kept saying they were in the dark as well, and that they were a victim as well as they were stockpiling all of these diesel cars they had and they couldn't sell them. So the management there sympathized with me but couldn't get me information."

#### **Theme 4: GWP as a Good Gesture but Unfulfilling Overall**

All but one of the customers interviewed said they had accepted VW's 2015 Goodwill Package. They seemed to view it as a significant gesture and indicated varying levels of appreciation. They described it using words including "gift" and "free money." An important consideration seemed to be the ability to retain legal rights for future remedy if the customer desired to pursue it. Once the company made clear that the offer was without strings attached, these customers said they signed on quickly.

Although there was appreciation for the gift card offer, these subjects indicated that it was by no means totally satisfying in relation to the potential ultimate financial costs. It was seen as a step in the right direction, but by no means complete restitution.

"No, I didn't feel it was satisfactory at the time. I felt heartened that they were knowing that it was going to be a long process and that they were doing something immediately to say 'hey, we're working on this.' You know, a \$500 gift card and then \$500 to use on your service, that's nice, but this is a \$25,000 car."

Other owners described it as "not enough, certainly, but a gesture that made sense," "the right thing to do" and "I took it, but it didn't satisfy me." Only two owners remembered



being confused about whether they would retain legal rights for future action by accepting the GWP. One said he debated about accepting it until his car dealer assured him there was no downside. The owner who turned down the offer had the definite opinion that she might be leaving future money on the table saying “because, once you accepted that I was afraid that I wouldn’t get the full buyout.”

### **Theme 5: Final Settlement Was Fair and Complete But Poorly Executed**

All but one of the customers interviewed accepted the final buyout offer. That subject’s car was an Audi with a 3.0 liter engine and, at the time of the interview, a final offer had not yet been finalized for cars with those diesel engines. None chose the option to wait for the final fix and keep their existing car.

The subjects described the buyout as being financially fair (and some leaned toward generous) from a financial perspective. They seemed happy with the analysis used to calculate their car’s buyback value and restitution payments. Some complained about the time lag between the GWP and the final offer but acknowledged their understanding that this was a legal process that inherently took time to complete.

The buyback/fix choice seemed to be a simple one. One subject said the company made it “financially silly” not to accept the buyback money based on the generosity of the buyback value calculation. The Audi owner said, if given the opportunity, he would choose the buyback and not the fix, not for financial reasons but rather “I feel I was lied to. My next car won’t be an Audi. I don’t think I’ll ever buy an Audi again.”

While owners felt they received a satisfactory financial settlement and saw the offer as a suitable conclusion to their Dieselgate experience, there was a clear sense that the

company had failed to execute well on delivery of final restitution. Subjects voiced concerns about lack of communication, excessive time lags in communication and general poor customer service in trying to see their process to completion.

One owner described his difficulties negotiating the website set up for the final offer, calling it “pretty terrible” customer service. He described that the ten-day period quoted for processing his paperwork took 30 days, and it wasn’t until he contacted a headquarters representative that he finally received the service he needed. Another owner said that the customer service executional issues changed his level of satisfaction regarding the offer.

“I think I was OK with it and thought they handled it well up until a few weeks ago when I started hearing stories about customer service not being very friendly and accommodating when it came to the buyback program. As of yesterday, or two days ago, we had another gentleman here that had a diesel as well -- he tried selling it back and it’s become a big pain.”

One owner did urge tolerance in regard to VWs customer service issues. “There were a lot of people complaining that ‘this is taking too long,’ but I thought ‘you know, there is no template for this.’”

### **Theme 6: Damaged Brand Loyalty and Purchase Intention**

Some owners echoed the previously stated sentiment from the Audi owner that their loyalty to VW manufactured cars had been severely damaged and that their intent to purchase (always a very important customer benchmark for car manufacturers) had been lessened if not completely eliminated. Responses here were a bit polarized, however, as

other owners reported that, given the right circumstances, they might purchase another VW.

Owners who reported buying their car with a clear sense that they were making an environmentally-motivated decision were the ones who also reported that they were uninterested in buying another VW and were quite vocal about their loss of trust in the company. This was an interesting contrast because most all of these owners had described themselves as extremely brand loyal. We know from the brand value and reputation data previously reported that VW enjoyed excellent prior reputation globally, yet these interviewed owners cited Dieselgate as the reason for their now much more negative perceptions of the company and brand.

The owners who reported that they would possibly consider another VW purchase were also those who cited other motivational factors (performance, size, etc.) for their initial purchase and also tended to be those who reported having low levels of trust in car companies even before Dieselgate. Loss of trust didn't seem to be a "make or break" event for these owners.

"I think, you know, the shine has worn off a little bit. In full disclosure I have looked at buying another Volkswagen. I ultimately went a different way, but it was in my top three choices. I'm hopeful for them that they can regain my trust in the position that they sort of held or had held. But, yeah, I think they've fallen a little."

While those were the major themes covered in the in-depth interviews, there was one other sub-theme that was observed. Three of the owners interviewed seemed either

confused by or actually questioned the validity of the evidence on environmental harm. One of the opinions reported was that other vehicles seemed to also be highly-polluting and these owners were unsure why VW was singled out. One owner made this comparison by commenting that “who are they to go and criticize a car that gets 40 miles to the gallon when trucks are running the road and blowing coal smoke.” Another expressed that “I’m not big on environment. I mean when I get up behind one of these trucks that blows black smoke I’m thinking ‘they’re calling my car back?’ There’s something wrong with this picture.”

**RQ2: Did consumers’ views about VW show improvement after more substantial compensation was offered?**

This research question was addressed through a qualitative content analysis of online tweets and discussion board postings. The goal was to examine comments after both compensation events to discern meaning and sentiment from those affected by Dieslegate and to compare their expressed sentiments to see if they improved after the final compensation offer was announced.

**Reaction After the Goodwill Package Offer**

As might be expected based on the media reports reviewed as well as the qualitative content analysis completed by Molleda (2016), several online commenters expressed extremely negative feelings in the days following the GWP offer. Many characterized it as insufficient relative to the overall potential loss in value for individual owners and demanded more in terms of substantial response from VW. Commenters expressed feelings including “how about buying back your garbage cars that poison us all,” “what VW did not

only violated federal law it also violated business ethics,” and “I don’t think \$1,000 in gift cards is doing it for me.”

Often, commenters would address the company specifically and include VW’s Twitter handle to send their message directly to the source of their anger. Comments such as “no deal on the gift cards, I’ll see you in court,” “you’ve ruined my car and my experience,” “stop insulting your customers...offer full refunds and outline a plan to remediate NOx,” and “@VW how about you replace my dirty diesel engine with a 6 cylinder hybrid engine and we call it even?” were commonly observed in the days following the offer.

Although dissatisfaction was present in the vast majority of the online comments observed, a few commenters expressed satisfaction with the offer, or at least a sentiment that it represented a good faith gesture on the part of VW to those affected. These subjects indicated that they liked their vehicle and viewed the offer as “free money” to use to make improvements to their vehicles in the form of new parts, new tires and other equipment.

Specific comments that fell into this offer satisfaction theme included “That works for me, I love my car and was called by my dealer about the GWP,” “I seriously thought we were going to get a recall and that’s it...I think this is a good job from VW,” “it’s better than a class action lawsuit and maybe a settlement check for \$2.50,” “Volkswagen is really doing their best in regaining their customers’ trust,” and “love my car but stinkin’ mad if a fix is mandated and it affects my mileage.”

As might be expected in the early days of Dieselpgate, some commenters expressed concern about their legal rights and any possible future compensation they might forfeit as

a condition of accepting the GWP. Even though the company had clearly stated in the written terms of the program that owners would retain all legal rights, some were clearly concerned and took their speculation about legal status to the online communities.

Specific comments included in this legal uncertainty theme included “they will make you sign away legal rights for the money,” “I’m concerned we’ll be giving away our rights,” “I wonder if by accepting this offer you are excluding yourself from further legal action or monetary compensation...hmm, we will really need to read the fine print on this one,” and “are you giving away your right to sue?” A few voices in the online community tried to calm the uncertainty by quoting the VW terms for accepting the gift cards including one commenter who asked “how many times do we have to repeat, there are no strings attached to the GWP money.”

Many of the negative voices in the online community used sarcasm liberally to help make their point about their displeasure with the GWP offer. Commenters would put a sarcastic spin on most all elements of the offer including comments such as “So happy with the gift card offer, my car is worth \$10,000 less, but \$500 for Taco Bell sounds fair,” “the Germans are pros at reparations,” “\$1,000...it’s a start,” “I wonder if they can be used to buy gas masks too,” and “Happy holidays?”

Finally, one theme that emerged specifically from this review was a propensity for commenters to speculate as to VW’s strategic motives for offering the GWP. Commenters would speculate as to possible ulterior motives or accuse VW of creating a smokescreen to divert attention. Others guessed that VW was making this offer soon after Dieselgate so as to head-off potential class action litigation that might be in the works.

One commenter accused VW of “slow rolling” the compensation back to owners in hopes that they would “panic dump” their cars to be rid of the problem. Another suggested that the GWP was a strategy derived from “the PR firm.” The fact that one of the gift cards was restricted to purchases at a dealership caused one commenter to speculate that VW’s ulterior motive was to spur foot traffic to dealer locations.

### **Reaction After the Ultimate Compensation Offer**

In reviewing online postings after the final offer was announced about a year following the GWP, many of the same themes were observed but with different frequency and intensity.

Many commenters were still clearly unhappy with the company. Comments included “I believe the cheat device has killed and damaged the health of thousands through air pollution,” “they say they can fix my tainted diesel, see you in court,” “paid \$41K for my diesel Jetta, getting \$10K back. Doesn’t look like justice to me,” “this isn’t making good. It’s a pittance for the headache and fraud from them,” and “Audi, please be honest and refund me \$\$ I wasted on my Audi Q5. #dieselgate is a disaster.”

While many comments expressed general displeasure, one major theme observed with the negative comments in this time period related to specific perceived customer service issues for owners trying to take advantage of the offer. Commenters frequently complained about long hold times on the company’s offer hotline, slow delivery of paperwork needed to process their buyback and other poor execution by VW when attempting to accommodate owners.

Specific comments noted within this customer service related theme included “when the recording says ‘your call is important to us’ but you’re on hold for 56 minutes...,” “VW being radio silent on this is horsecrap...I was considering another VW but this lack of communication is slowly eroding that away,” “No surprise that VW failed me again, was promised offer letter within 10 business days, today’s the day and nothing,” and “I have submitted everything, it says 10 days so what’s the holdup?”

Still, other commenters seemed glad to be receiving restitution and indicated satisfaction with this final offer. Comments noted in this offer satisfaction theme included “glad to be near the finished line,” “good news,” “good...now let’s get this out of my driveway,” “relief at last for U.S owners!” and “get my final offer in two weeks, woohoo!” In total, however, there were fewer positive sentiment comments observed after the final offer than after the GWP offer.

While the tone of comments after the GWP offer was often sarcastic, sarcasm was not used as frequently in postings reviewed during the final settlement period. Also, it should be noted that many of the postings reviewed in both time period samples were not expressing an opinion or sentiment, but were simply sharing news about the offers, often sharing a link to a news article. This might be attributed to the timeframe of the collection which was immediately after the offer announcements.

**RQ3: How, if at all, is brand equity impacted for a company with a previously highly favorable reputation based on whether it provided a complete and unambiguous response/remedy or an ambiguous response/remedy following a crisis?**



As described in the Methods section, to answer this question all of the online postings (tweets and discussion board comments) were accessed and divided between postings after the GWP offer event in 2015 (offer event 1) and those that occurred after the final offer event in 2016 (offer event 2). As Dawar and Pillutla (2000) described, companies with previously high brand reputations saw their brand equity increase if they offered what the authors referred to as an “unambiguous” or complete crisis response. But when the prior expectation was high and the crisis response was ambiguous and incomplete, they found that brand equity resembled the unambiguous response condition. This would indicate that companies such as VW who enjoyed a strong prior reputation can be protected from damage to their brand equity even when their crisis response is deemed to be incomplete. Therefore, to address this research question, it was important to capture expressed brand sentiment in online postings after both offer event time period.

As described in the methods section, after establishing inter-coder reliability, the coding team coded all postings with a ranking of positive (1), neutral (2), or negative (3). Descriptive statistics results from both offer events are shown in Table 9 below.

**Table 9. Descriptive statistics for quantitative content analysis of online postings**

	<b>Offer event 1 (GWP)</b>	<b>Offer event 2 (final settlement)</b>
N =	467	207
Positive	15.2%	8.7%
Neutral	55.5%	30.4%
Negative	29.3%	60.9%
M =	2.14	2.52
SD =	.653	.652

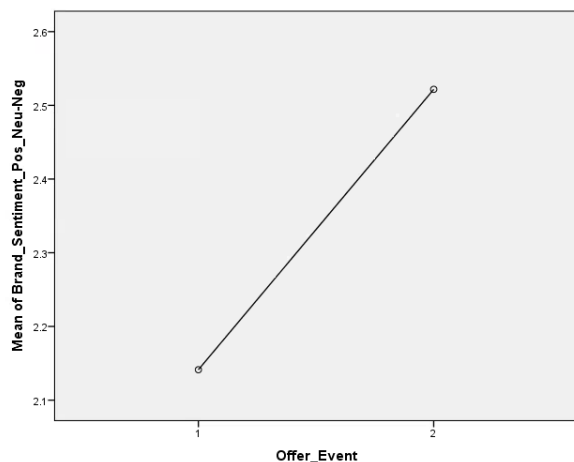
--	--	--

Importantly, these results show that, compared with the sentiment measured after the first offer event, the percentage of positive comments about VW brand sentiment after the final offer was lower. Also, negative brand sentiment comments after the final offer were more than double, on a percentage basis, the amount measured after the first offer event. The difference in means between both offer events is shown graphically in Table 10.

To look further at this difference, an independent samples t-test was conducted. Offer 1 ( $M = 2.14$ ,  $SD = .65$ ) generated more positive brand sentiment than did Offer 2 ( $M = 2.52$ ,  $SD = .65$ ), and the difference is statistically significant ( $t = -6.98$ ,  $p < .05$ ). This finding rejects the observation that, in companies with strong prior reputation, an ambiguous crisis response offer will generate as much positive brand sentiment as an unambiguous crisis response offer.

**Table 10. Table showing difference in means between offer events 1 and 2.**

**Means Plots**



It should be noted that more postings were captured in offer event 1 than in offer event 2. Because this was secondary research utilizing publicly available postings, I can only speculate as to why the comment volume was lower after the final offer. One possible reason may be that specific details about car buyback values and restitution payments came after the announcement and, because commenters were unsure of the specific financial remuneration they could expect, they were more reluctant or simply didn't have the personal motivation to comment.

## Discussion

It is important to understand where Dieselpgate fits according to the research on types of crises discussed earlier. Dieselpgate could be characterized as an internal-abnormal crisis using the Snyder et al. (2006) typology since it was an unpredictable event originating from within the organization. Under Coombs' (2007) typology, it could be seen as residing in the "preventable cluster" since it involved admitted organizational misdeed or misconduct.

I was intentional about the choice to begin my research with lengthy, in-depth conversations with VW owners because I wanted to gain personal insights and perspectives directly from people who had been most profoundly affected by Dieselpgate. This method, which I used to address RQ1, allowed me to explore their feelings about the crisis and to get a sense for how their opinions and perceptions changed as the crisis wore on. It also allowed me to better define the online content analysis and, later, compare and contrast the interview subjects' comments against what was being observed in the online content analysis.

Not only did I want to assess owner perceptions; I wanted to see if, before Dieselpgate, they carried the same high opinion of the company that was reflected in the national brand rankings observed in media. In evaluating crisis response, Coombs (2007) emphasizes the importance of gaining an understanding of how stakeholders perceive an organization before trouble hits so that we can know if the organization has amassed prior reputational capital to help it weather the storm. This aspect of positive prior reputation was also important to be able to answer RQ3.

It was evident that these owners had been mostly loyal customers and some talked passionately about their regard for the company using specific words such as “brand loyal,” “love” and “a special place in my heart.” They described purchasing their cars for the motivational factors that had become synonymous with VW: performance, comfort, durability, fuel economy and environmental friendliness.

Of course, when the Dieselpgate story broke, emotions changed to shock and a pervasive sense of betrayal. Owners explained that their prior positive feelings for the company had made the betrayal seem even more pronounced. Their stance went from being willing recommenders of VW to one in which most expressed no future intentions of buying another VW car. Even owners who didn’t describe themselves as being particularly environmentally conscious and were more concerned with other TDI features such as performance and gas mileage expressed a feeling of general betrayal.

With the betrayal came the subsequent erosion of trust that is often described in reputational crises such as Dieselpgate. As the company admitted its action and news began to further implicate executives at higher and higher levels, owners got a clearer sense of how intentional Dieselpgate had been. They described their trust in the company eroding even further. Car owners are no strangers to periodic recalls for mechanical and safety issues, but these owners viewed those as more errors of omission as opposed to an intentional act where the company had purposely conspired to commit the act.

As described by Coombs (1996), victims of a crisis attribute responsibility at varying levels and the more direct attribution they place on the firm, the more its image will be perceived negatively. The owners interviewed saw Dieselpgate as internally driven with a

high degree of responsibility attributed to the leaders of the company. As the crisis wore on, this took the form of speculation by stakeholders as to the company's strategic motivations for crisis response actions. Some felt the company was trying to lessen the crisis by being evasive or attempting to hide details through poor or unclear communications. Some subjects in both the in-depth interviews and online comments suggested that the company was orchestrating its actions with its own interests primarily in mind – whether it be offering the GWP to head off future lawsuits or even to drive more business by spurring traffic into dealerships. Responses in the interviews and the content analysis of online comments reflected several instances of second-guessing of company actions and communications.

Along those lines, some subjects in both interviews and online speculated that VW was employing a diminish-style response, particularly in the early period around the time of the GWP offer, in which VW was seen as being less than transparent about its own responsibility or the impact of Dieselgate on society and the environment.

In both interviews and online comments, there was a definite sense from a few owners that they had been sensitized to the many automobile crises over the years, which had led them to a general level of distrust of all car companies. This group seemed less shocked at VW's involvement and, in their minds, the difference with Dieselgate was that VW leadership had been caught in an overtly deceptive act.

One finding from the in-depth interviews was that, while they were a minority, some owners questioned whether the environmental impact of Dieselgate was as bad as was being reported, or at least relative to other environmental pollutants. They seemed to have

a hard time rationalizing how their cars could be “as bad” as larger vehicles such as over-the-road trucks and looked at their own contribution as a polluter to be small in comparison with the big picture.

When looking at the company’s first significant attempt to compensate customers, in the interviews and online there was general agreement that the Goodwill Package was worthy of acceptance but that it fell significantly short of being a complete response. As described in the review of literature, media coverage of criticism of the GWP by owners and government leaders was also significant at this point and could have had an impact on owner opinion, thereby achieving the force magnifier effect that media coverage can bring in a crisis as described by Kim (2016). The fact that many owners were suspicious that the GWP was designed to limit their ability to seek further legal remedy again pointed to a poor level of general trust.

Owners described accepting the package because there was no downside to doing so, but didn’t seem to assign credit to the action beyond calling it merely a gesture and unsatisfactory compensation. Several of the online commenters used sarcasm to underscore their feeling that the GWP fell short of what they deemed to be a satisfactory response. Even those who seemed to view the GWP the most favorably offered feeble endorsements at best, using phrases such as “a good start.”

RQ2 attempted to evaluate perceptions about VW after the final compensation offer was announced in fall of 2016. This question sought to explore whether views showed improvement after this, much more substantial monetary compensation, was rendered. By taking a close look at sentiments expressed directly by owners in the interviews and by

commenters online, I hoped to discover if they felt more satisfaction after a more final and substantial crisis compensation response. In first conceptualizing compensation, Benoit (1997) posited that, if compensation is deemed acceptable to victims, the image of a firm should improve.

Interviews and online comments showed a range of reactions after the final offer. There was a definite sense of relief that the long wait for restitution was ending and that the uncertainty owners had felt regarding the final dispensation of their automobile was beginning to ease. As might be expected in a crisis of this size and scope, the degree of satisfaction was wide ranging. While many expressed that, from a financial perspective, the offer was fair, others felt that their buyout offer was insufficient and left them feeling as if they had wasted the money spent purchasing their cars in the final analysis. Others expressed that the offer didn't account for their own pain and suffering. Still other commenters reflected back on the societal costs to the environment and couldn't rationalize how this offer began to make up for the impact of nearly a half-million polluting cars in the United States.

The qualitative content analysis of comments after the final offer also looked at future purchase intent as a possible sign that owners were more favorable toward VW but very few comments were observed indicating that people were likely to turn back to VW for future car purchases. As mentioned, most of the interview subjects specifically stated their unwillingness to consider VW even after they received the final offer.

One observation that had definite relevance for the research questions was the clear sense from most owners and online commenters that VW executed the final offer package



poorly. They made numerous comments about many different problems related to customer service execution including poor general communications, excessive wait times when calling phone lines established to handle individual owner buyback details, lengthy waits for documents to be transferred and website functionality issues. Owners reported feeling fatigued by the process and disappointed by the poor execution.

One of the interviewed owners expressed this secondary victimization by saying that the company had “failed me again.” The many others who were unhappy with the post-final offer customer service show the disconnect between planning and execution. Crisis scholars have cautioned that rebuilding trust after a crisis is difficult. Grunig and Hon (1999) identify confidence as a basic building block of trust. Flynn (2016) notes that an organization’s credibility is a foundational element of trust. By failing to execute with excellence, VW seemed to compound its problems by not fostering the levels of confidence and credibility needed to rebuild trust. Hearit (2001) describes that corrective action responses are essentially a promise to the stakeholder that the situation will be resolved. If the firm’s response is deemed insufficient, disgruntled stakeholders react even more unfavorably.

In RQ3, the purpose was simply to understand if VW’s positive prior reputation would help it weather the storm of Dieselpgate. Since we know the company’s prior reputation was strong, would, as Dawar and Pillutla (2000) observed in their study, VW’s brand equity be protected in either an ambiguous (GWP) or unambiguous (final offer) scenario.

Taken independently, the interviews and qualitative content analysis would indicate that owners were glad that their Dieselgate experience was coming to an end and that they would be receiving more substantial compensation. However, the company's poor job of executing and delivering the final offer created a headwind obstacle that hindered the company's efforts to rebuild trust.

Executorial problems in the crisis response phase are no small matter when viewed through what we know about stakeholder reaction to a crisis response. As mentioned in the literature review, scholars consistently view mortification combined with accommodative strategies as being the most effective in reputational, internal crises. Authors including Coombs, Hagan and Cos et al. all found this combination to be the best. Coombs (2007) elaborated by stating that mortification combined with compensation is the most effective strategy in the preventable cluster. Therefore, it would be important to ensure that the accommodative strategy employed is well managed with minimal flaws or executorial problems.

Of course, executing with excellence goes beyond simply crisis communications and applies to best practice in organizational communications as a whole. Concepts as foundational as the Page Principles talk about the need for delivering on promises and "proving it with action" (Koten, 2004). Another global group of PR thought leaders, the Global Alliance for PR and Communication Management promotes competent performance stating that "Ethical performance, not principles, is ultimately what counts." (Global Alliance for Public Relations and Communication Management, 2016)

In the quantitative content analysis, I was able to judge the levels of brand sentiment overall and at the two critical offer periods. Relative to RQ3, findings from the content analysis were that negative brand sentiment actually increased after the final offer event and was more than double, on a percentage basis, than the negative sentiment expressed earlier in the crisis and after the GWP offer. These findings would reject the Dawar and Pillutla (2000) observation that, with strong prior reputation companies, positive brand sentiment in both unambiguous and ambiguous response scenarios should resemble each other. Since negative brand sentiment increased, we can see that VW's strong prior reputation didn't provide a protective effect even when the offer was deemed more complete.

Coombs (2007) posited that prior reputation plays an important role and that, without a strong prior reputation, crisis attribution can be intensified and recovery can be more difficult. Again, in these results we don't see VW's strong prior reputation helping contribute to its recovery since stakeholders assigned less, not more, positive brand sentiment to it after the final Dieseltgate compensation offer.

## Conclusions

There is broad consensus amongst communications and PR scholars that studying crises is of lasting value to the academy and the profession. In many cases, the stakes are never higher for an organization in terms of its future reputation and, sometimes, its very survival, than when it is facing crisis. In addition to learning, organizations actually grow and improve as they study how mistakes were made in handling crises (Hagan, 2007). Hagan explains that crisis planning is a process of ongoing learning and that “learning comes from assessing whether the organization handled the crisis appropriately or mishandled aspects of it. This helps organizations prepare for the next crisis” (p. 436).

This process of contributing to the research on how organizations handle large crises was my major motivation for this project. As I learned more about crisis communications and the important factors cited for success including, most notably, prior reputation, I came to see the Dieselpgate case as ideal for my research needs and as a way to contribute to existing research in the field.

### **The Importance of VW and Dieselpgate in Crisis Communications Research**

Not only was VW a high-profile company and under heavy scrutiny when I began my research, I noted other factors that made Dieselpgate a good case to study. Because VW was a consumer company with a long history, people easily identified with it and knew it well. Unlike some other big reputational internal crises where the companies affected were primarily business-to-business giants, such as Enron or some of the investment banks involved in recent scandals, it is much more likely that people might know someone on their street who owns a VW or perhaps even a VW TDI car affected by Dieselpgate.

Another factor that I viewed as a positive reason to apply my research questions to VW was its obvious and long-measured prior positive brand reputation. This was not a little-known company or one that had suffered from a number of past crises (like some other large car companies). As described in the introduction and literature review, this was a firm that had long been recognized, by multiple ranking services, as a premier brand in its segment – making it quite suitable for my questions about the value of prior reputation. Since other crisis scholars including Coombs and Dawar and Pillutla had looked closely at the relationship between prior reputation and effectiveness of crisis response, I saw VW and Dieseltgate as relevant. Further, since research showed that internal reputational crises can be particularly problematic, the fact that Dieseltgate was admittedly intentional and involved complicity at the very highest senior levels made it appealing for study.

### **Key Differences From Other Automotive Internal Crises**

One important conclusion I observed after studying Dieseltgate was that it had another element that increased the complexity and impacted stakeholder reaction. Specifically, I was very interested in the fact that VW had so clearly and vociferously stated its commitment to responsible environmental practice prior to Dieseltgate. I also noted the efforts the company took to make environmental friendliness a buying proposition through its heavy consumer advertising. In that sense, I viewed Dieseltgate differently than other internal crises because the misdeed related directly to an overt customer buying proposition that had been heavily promoted (by a company with a previously strong prior reputation).

One can begin to see this distinction when viewing Dieselpgate against other recent and prominent internal crises in the automotive industry. One example was GM's crisis with defective ignition switches that caused cars to shut down in the middle of operation and disable key systems including airbags, steering and brakes (Isidore & Perez, 2015). CNN reported that the car giant paid \$900 million to settle charges related to deaths as a result of the defect. While there was a call to investigate and prosecute individuals at GM, the United States Justice Department deferred prosecution as the company agreed to independent monitoring and oversight.

In another prominent internally caused automotive crisis, Toyota faced customers in 2009 and 2010 with the news that safety systems were faulty in some of its models including gas pedals that could be stuck while driving, causing unintended acceleration. Media reports told of drivers whose cars had accelerated to more than 100 miles per hour. The company, at the time the world's largest automaker, vowed to fully investigate and initiated recalls that affected about four million cars across many different model families (Vlasic & Bunkley, 2009). Impact to the company was significant as sales of new Toyota vehicles were down by nearly 25 percent as of November 2009.

These two crises shared the same internal classification as Dieselpgate. Both were widespread incidents involving massive numbers of vehicles on multiple continents. In addition, both included questions about the involvement/prior knowledge of senior leaders. But while there were many similarities with Dieselpgate, I observed that a key difference was that in neither of these examples did the companies specifically call out the defective feature in marketing efforts to consumers. Toyota didn't say "buy our cars for

their superior accelerators” and GM didn’t implore consumers to buy its cars “because we’re your best choice for ignition switches.” While safety is often a selling point for automobiles, it has become more ubiquitous and less advertised by car companies as governments and other regulatory bodies have mandated that all cars must meet certain safety standards.

### **Dieseldate as a “Double Hit” Crisis**

Indeed, with Dieseldate, we observe a company that had all of the features of prior large-scale automotive internal crises. The difference seems to be that it compounded its error by aggressively marketing not just compliance with environmental regulations, but the fact that it was going above and beyond what was required to keep the environment safe.

Importantly for Dieseldate victims, this seems to have created a “double hit” in terms of how they perceived the impact. We know this because customers described their deep feelings of betrayal from a situation wherein they were not only sold an illegal car, but they were purposely baited into buying it for features it could never deliver. VW’s prior excellent reputation seemed to make this even more shocking. Instead of prior reputation protecting the company, it seemed to make the betrayal even worse in the minds of many stakeholders. This was voiced especially strongly by those who described themselves as being VW brand loyal.

From literature, it seems little is known about the implications in terms of effective response for this kind of double hit crisis and perhaps further study is needed. We know from Coombs’ work in reputational crises with high victim attribution that mortification

and accommodative action are observed as working best (and both were used by VW in Dieselgate). It would seem that stakeholders would need to be extremely satisfied with the execution of those strategies in a double hit crisis case.

In terms of my examination of the two specific crisis response events within Dieselgate, I observed that both used an accommodative strategy, specifically compensation (which had been preceded by apology). Unlike some crisis cases where only one compensation effort was made, VW compensated victims in the United States twice – once on its own with the Goodwill Package offer and once as the result of a final offer settlement after negotiations through the court system. I studied stakeholder reaction at both of these offer timeframes.

### **The GWP as a Recognized Gesture but Ultimately Unsatisfying**

I initially viewed the GWP as an interesting choice because it seemed inadequate on its face. After all, \$1,000 in gift cards represented less than five percent of the value of a new VW TDI. This was the first compensation offer from VW to its harmed victims and it fell grossly short of what their potential financial loss could eventually be. In the beginning, stakeholder reaction seemed to echo those thoughts as victims, many times in strikingly sarcastic tones, chided VW for what they characterized was an insufficient offer.

Later, in the days following the GWP, tones changed somewhat as owners began to see that this was a crisis that would take a protracted period to resolve. Beyond convincing needed by some owners that their acceptance wouldn't jeopardize their future legal remedies, owners began to express that they would take the offer, albeit begrudgingly. The general sentiment observed was that it was a gesture that they would accept, while



acknowledging that it was in no way was enough to satisfy them completely. This “not enough” sentiment is what led me to view the GWP in the context of the ambiguous response type as defined by Dawar and Pillutla (2000).

In the end, all but one of the owners I interviewed accepted the GWP. Many of those interviewed and those who posted/tweeted online described how they had used the money for their benefit while waiting for a final and complete settlement. Unlike the final offer execution, little frustration was voiced with how the offer was delivered.

As an interim step on the way to final compensation, and with what was found about brand sentiment after the final offer, the GWP seems to have been a reasonable step for VW to take at the time. However, I would emphasize that customer reaction would indicate it clearly wasn't satisfactory as a standalone response, and therefore would be an ambiguous response.

### **Relief and Frustration with the Final Offer**

Approximately one year later the final offer was presented to owners who quickly accessed whatever information they could find about what would be the final resolution to their VW issue. Initial reactions included relief and an easing of their concerns but, unfortunately for VW, owners quickly encountered numerous customer service problems that left them lacking important information about their personal situations or even delayed the time to final payment that they said they had been promised.

The content analyses revealed that these customer service issues were significant. This was a stakeholder base that had already waited for more than a year for financial resolution to what is one of the largest investments most households will make. It would be

hard to expect already-harmed stakeholders to give VW a pass for poor execution at the end of this long crisis cycle. The spirit of accommodative actions as described by crisis scholars is that such strategies would be well-executed.

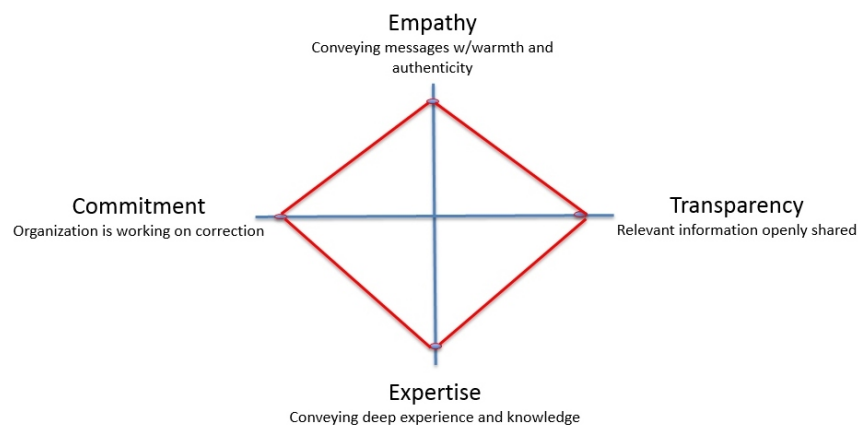
The concept of delivering an effective response is well established in PR literature and is articulated often in texts as foundational as the Page Society's Page Principles. If the action is flawed, it becomes harder to receive the reputational benefit from the response. Coombs explains that these rebuild strategies must "address victims well" (2007, p. 171). This makes sense when looking at other crises. Automotive safety recalls, for instance, are expected to be done right the first time. One wonders what would happen if product recalls were done incorrectly or if Johnson & Johnson in the Tylenol case, for example, would have removed only some product lots from stores. As Diermeier (2011) emphasized, companies are effectively "on stage" when responding to a crisis and stakeholders expect a high level of execution in a remedy like corrective action. Organizations have little room for error.

My conclusion is that it would be better for an organization to wait to provide compensation (or any accommodative strategy) until its response mechanism is robust and tested to prevent errors or mistakes. Mortification and transparent and ongoing two-way communication must suffice until the organization's response is tested and robust. Coupled with prior comments about the force magnifier effect of prior reputation on betrayal, this is the best way I can rationalize the findings of RQ3, where, in the content analyses, stakeholders voiced more negative brand sentiment after the final offer.

## Evaluating Dieselgate with the Trust Radar

Disciplinary literature gives us other ways to view VW's crisis communications handling. Diermeier (2011) urges organizations to think about four elements working together during communications in crisis. His trust radar diagrams communications that show empathy, transparency, commitment and expertise as working in unison for the organization to be most effective during a crisis (see Fig. 1 below).

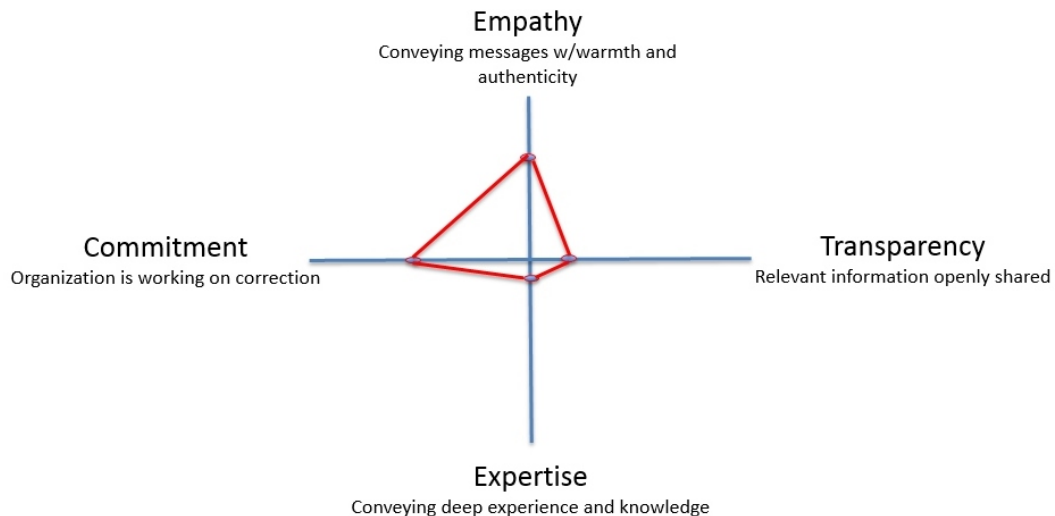
**Fig. 1 Diermeier's Trust Radar for Crisis Communications**



In reviewing the findings from this project, we can see that VW's diagram would not look nearly as symmetrical as the one shown above. While VW received credit for empathizing with owners and certainly created lots of communications indicating that it was committed to solving the crisis, many stakeholders criticized it for withholding pertinent information or delaying communications, which would affect the transparency quadrant of the diagram since Diermeier defines transparency as relevant information openly shared. In the Dieselgate case, I would expect the expertise component of

communications to be a smaller element of the communications because this crisis was caused internally and was actually the result of misuse of expertise. However, VW's executional issues surrounding the final offer would also contribute to low marks in the expertise quadrant as well. For Dieselgate, I would suggest that the trust radar might look more like what is seen in Fig. 2 below.

**Fig 2. How VW's Dieselgate United States Response Might Be Viewed**



### **Other Relevant Stakeholder Mindsets**

As mentioned, while they were in the minority, there were a few owners who expressed that the number of automotive crises over the years had affected their perceptions. These owners talked of being fatigued by car crises that had left them jaded toward the industry in general. They expressed a general feeling of discontent or even distrust of the industry and, therefore, seemed less shocked by Dieselgate.

Another observed sentiment on the part of some owners involved skepticism about how bad the environmental impact of Dieselpgate might be. While they didn't openly dispute what had been reported or offer any other evidence, they talked about how they couldn't rationalize how their own typical automobile could be as highly polluting as much larger vehicles or how their individual car could make a significant negative impact on the environment.

### **Strong Prior Reputation as a Hindrance: The Corollary to Coombs**

Those minority views aside, I do believe Dieselpgate is an exemplar of a crisis case that can help us understand how a company who had been previously highly-regarded should handle crisis response after internal misdeeds. As mentioned above in the discussion of dieselpgate as a "double hit crisis," I posit that the stakeholder reactions here and the brand sentiment data measured illustrates an observed negative force magnifier effect of prior reputation: when someone you respect lets you down, it can hurt more than if someone you didn't know did the same thing. Combined with the promotion of a false virtue, clean diesel, we can see, in a case like this with a strong prior reputation company caught in an internal, preventable cluster crisis, a corollary to the concept of reputation as a brand protector.

As Diermeier (2011) pointed out, we have always known that when stakeholders feel that trust is violated, they react with outrage. Couple that with the findings that stakeholders are more empowered and demanding than ever before, and this negative force magnifier effect of strong prior reputation is an important finding and a contribution to prior research on crisis response for internal reputational crises. Finally, the customer

service issues identified after the final offer event remind us again of the importance of delivering on promises so that victims can more quickly move on and that the organization can begin the process of rebuilding reputation.

### **Limitations**

This project had limitations that should be mentioned. As discussed in the introduction, this project looked only at a relatively short time in the Dieselgate crisis and only at the outcome in the United States. The crisis continues globally as many countries have yet to reach agreement with VW on their individualized outcomes.

Regarding methodology, the qualitative in-depth interviews relied on convenience and snowball sampling. Convenience sampling uses participants who are identified by the researcher. While Baxter and Babbie (2004) acknowledge that it is justified “if the researcher wants to study the characteristics of people passing the sampling point at specified times,” (p. 134) they warn that it can be risky when trying to generalize the results.

For the qualitative content analysis, the research examined only Twitter posts using certain hashtags including #Dieselgate, #BuyBAckMyTDI and #GoodwillPackage. This was in an effort to explore stakeholder interaction regarding the Dieselgate crisis. In addition, only original tweets, and not retweets, were collected and analyzed. Future research could examine retweets as well to determine the viral spread and to better assess interactivity with the campaign. Lastly, Twitter’s Advanced Search tool has its limitations and future research should utilize multiple tools to access past tweets on Twitter.

For both the qualitative and quantitative content analyses, fewer tweets and online postings were found for the period after the final offer than for after the GWP. As mentioned, this may have been because there was a time lag between the announcement of the offer details and individualized communications to owners about their own compensation payments. Also, as previously mentioned, online comments were drawn from pertinent Twitter hashtags and from online discussion boards designed for owners – all online venues likely populated by VW TDI owners. However, because there is no way to verify identities on these platforms, TDI ownership could not be verified from these commenters.

### **Future Research**

Internal crises with high reputational impact are worthy of future study. Because Dieselgate lives on in terms of impact around the globe in other countries, research could examine more recent company response efforts in other global regions. Other potential avenues for future research might look at crises with similarities in terms of consumer features that had been highly promoted but were later found to be faulty, creating the double-hit explained above.

Further, a closer look at the observed corollary to Coombs' and Dawar and Pillutlas' findings about the value of a strong prior reputation is also warranted. As today's consumers become more empowered and more demanding, will the sense of victimization and betrayal from a previously trusted organization be worsened as was observed with Dieselgate? Looking at the effects of the corollary on reputation in companies that promoted what turned out to be a false virtue would be especially relevant.

As mentioned, the VW corporate culture is also ripe for future study. This project found stakeholders who viewed VW's corporate culture as having contributed to the internal environment that allowed it to approve cheating its customers. Media reports also posited that VW's historically command-and control culture and unwavering drive for profits led to Dieselgate. Specific research into VW's culture might provide further insight. Using Holmstrom's reflective paradigm as a theoretical basis, research could look at how VW's more reflexive operational mindset precipitated the crisis and perhaps impacted its crisis response decisions. A review of VW's stated corporate values and how those were enacted might also be enlightening and would contribute to knowledge about flawed values enactment.



## References

- Altheide, D. L. & Schneider, C. J. (2013). *Qualitative media analysis*. Thousand Oaks, CA: Sage Publications Inc.
- Barnett, B. (2008). Framing rape: An examination of public relations strategies in the Duke University lacrosse case. *Communication, Culture & Critique*, 1(2), 179-202.
- Baxter, L. and Babbie, E. (2004). *The basics of communications research*. Belmont, CA: Wadsworth/Thomson Learning.
- Benoit, W. L. (1997). Image repair discourse and crisis communication. *Public Relations Review*, 23(2), 177-186.
- Benoit, W. (2016). Effects of image repair strategies. In Blaney, J. (Ed.) *Putting image repair to the test* (pp. 7-28). Lanham, MD: Lexington Books.
- Blaney, J. (Ed.). (2016). *Putting image repair to the test*. Lanham, MD: Lexington Books.
- Bomey, N. (2016, March 29). FTC sues Volkswagen over 'deceptive' diesel claims. *USA TODAY*. Retrieved from <http://www.usatoday.com/story/money/cars/2016/03/29/ftc-federal-trade-commission-volkswagen-group-clean-diesel/82376012/>
- Bomey, N. & Woodyard, C. (2016, June 28). VW to pay owners up to \$10K, buy back up to 475,000 diesel cars. *USA TODAY*. Retrieved from <https://www.usatoday.com/story/money/cars/2016/06/28/vw-pay-owners-up-10k-back-back-up-475000-cars/86462942/>
- Burden, M. (2017, April 21). VW to pay \$2.8B fine, gets 3 years probation. *Detroit News*.

Retrieved from

<http://www.detroitnews.com/story/business/autos/foreign/2017/04/21/volkswagen-emissions-scandal/100736014/>

- Caldiero, C. (2016). Crisis communication effectiveness: The roles of relationship history and compassion. In Blaney, J. (Ed.) *Putting image repair to the test* (pp. 65-84). Lanham, MD: Lexington Books.
- Christensen, L. (2002). Corporate communication: The challenge of transparency. *Corporate Communications: An International Journal*, 7(3), 162-168.
- Coombs, W. T., & Holladay, S. J. (1996). Communication and attributions in a crisis: An experimental study in crisis communication. *Journal of Public Relations Research*, 8(4), 279-295.
- Coombs, W. T. (2007). Protecting organization reputations during a crisis: The development and application of situational crisis communication theory. *Corporate Reputation Review*, 10(3), 163-176.
- Corbin, J. & Strauss, A. (1990). Grounded theory research: Procedures, canons, and evaluative criteria. *Qualitative Sociology*, 13(1), 3-21.
- Cos, G., Worrell, T., & Blosenhauser, J.D. (2016). An empirical test of image restoration strategies. In Blaney, J. (Ed.) *Putting image repair to the test* (pp. 85-94). Lanham, MD: Lexington Books.

- Dawar, N., & Pillutla, M. M. (2000). Impact of product-harm crises on brand equity: The moderating role of consumer expectations. *Journal of Marketing Research*, 37(2), 215-226.
- Diermeier, D. (2011). *Reputation rules*. New York, NY: McGraw-Hill.
- Edwards, R. & Holland, J. (2013) *What is qualitative interviewing?* New York, NY: Bloomsbury Publishing.
- Ewing, J. (2016, March 2). VW says old memo told Winterkorn of emissions irregularities. *The New York Times*. Retrieved from <https://www.nytimes.com/2016/03/03/business/vw-says-old-memo-told-winterkorn-of-emissions-irregularities.html>
- Ewing, J. and Mouawad, J. (2015, November 9). VW looks at cost cuts and offers money to diesel car owners. *The New York Times*. Retrieved from <https://www.nytimes.com/2015/11/10/business/international/volkswagen-offers-1000-to-diesel-owners.html>
- Fearn-Banks, K. (2001). Crisis communication: A review of some best practices. In R.L. Heath (Ed.) *Handbook of public relations* (pp. 479-486). Thousand Oaks, CA: Sage Publications.
- Francis, J. Johnston, M., Robertson, C., Glidwell, L., Entwistle, V., Eccles, M. P. & Grimshaw, J.M. (2010). What is an adequate sample size? Operationalizing data saturation for theory-based interview studies. *Psychology & Health*, 25(10), 1229-1245.
- Flynn, T. (2016). You had me at hello: How personal, developmental and

social characteristics influence communicator persuasiveness and effectiveness.

*Research Journal of the Institute for Public Relations*, 3(1), 1-11.

Garcia A. (2015, September 29). Meet 3 angry Volkswagen owners. *CNN*. Retrieved from

<http://money.cnn.com/2015/09/28/news/volkswagen-emissions-scandal-customers/>

Gates, G., Ewing, J., Russell, K., & Watkins, D. (2017, January 11). How Volkswagen has grappled with its diesel scandal. *The New York Times*. Retrieved from

<https://www.nytimes.com/interactive/2015/business/international/vw-diesel-emissions-scandal-explained.html?smid=tw-nytimesbusiness&smtyp=cur>

Geertz, C. (2003). Thick description: Toward an interpretive theory of culture. *Culture: critical concepts in sociology*, 1, 173-196.

Global Alliance for Public Relations and Communications Management (2016): Code of ethics. Retrieved from

<https://static1.squarespace.com/static/561d0274e4b0601b7c814ca9/t/56c201e11d07c00b66443b47/1455555043172/GA+Code+of+Ethics.pdf>

Gribas, J., DiSanza, J., Legge, N., Hartman, K, and Santee, C. (2016). Exploring the alignment of image repair tactics to audience type. In Blaney, J. (Ed.) *Putting image repair to the test* (pp. 41-63). Lanham, MD: Lexington Books.

Grunig, J.E. (2001). Two-way symmetrical public relations: Past, present and future. In R.L. Heath (Ed.) *Handbook of public relations* (pp. 11-30). Thousand Oaks, CA: Sage Publications.

- Grunig, J. E. (2006). Furnishing the edifice: Ongoing research on public relations as a strategic management function. *Journal of Public Relations Research*, 18(2), 151-176.
- Gruys, M. L., Stewart, S. M., Goodstein, J., Bing, M. N., & Wicks, A. C. (2008). Values enactment in organizations: A multi-level examination. *Journal of Management*, 34(4), 806-843.
- Hagan, L.M. (2007). For reputation's sake: Managing crisis communication. In E.L. Toth (Ed.), *The future of excellence in public relations and communications management* (pp. 413-440). Mahwah, NJ: Lawrence Erlbaum Associates.
- Hearit, K.M. (2001). Corporate apologia: When an organization speaks in defense of itself. In R.L. Heath (Ed.) *Handbook of public relations* (pp. 501-512). Thousand Oaks, CA: Sage Publications.
- Holmström, S. (2004). Intermezzo: The reflective paradigm of public relations. In B. van Ruler & D. Vercic (Eds.), *Public relations and communication management in Europe* (pp. 121-133). New York: Mouton de Gruyter.
- Holmström, S. (2008). Reflection: Legitimising Late Modernity. In A. Zerfass, B. van Ruler, & K. Sriramesh (Eds.). *Public relations research: European and international perspectives and innovations* (pp. 235-249). Wiesbaden: VS Verlag für Sozialwissenschaften
- Hon, L. C., & Grunig, J. E. (1999). Guidelines for measuring relationships in public relations.
- Isidore, C. & Perez, E. (2015, September 17). GM CEO: People dies in our cars. *CNN*. Retrieved from <http://money.cnn.com/2015/09/17/news/companies/gm-recall-ignition-switch/>

- Kassarjian, H. H. (1977). Content analysis in consumer research. *Journal of Consumer Research*, 4, 8-18.
- Kim, Y. (2016). Understanding publics' perception and behaviors in crisis communication: Effects of crisis news framing and publics' acquisition, selection, and transmission of information in crisis situations. *Journal of Public Relations Research*, 28(1), 35-50.
- Klein, J., & Dawar, N. (2004). Corporate social responsibility and consumers' attributions and brand evaluations in a product-harm crisis. *International Journal of research in Marketing*, 21(3), 203-217.
- Kolbe, R. H. & Burnett, M. S. (1991). Content-analysis research: An examination of applications with directives for improving research reliability and objectivity. *Journal of Consumer Research*, 18(2), 243-250.
- Koten, J. (Ed.). (2004). *Building trust: Leading CEOs speak out: How the create it, strengthen it, and sustain it*. New York, NY: Arthur W. Page Society.
- Lencioni, P. M. (2002). Make your values mean something. *Harvard Business Review*, 80(7), 113-117.
- Lester, S. (1999). *An introduction to phenomenological research*. Tuanton, UK: Stan Lester Developments.
- Lienert, P. & Cremer, A. (2015, November 9). Volkswagen moves to appease angry customers, workers. *Reuters*. Retrieved from <http://www.reuters.com/article/us-volkswagen-emissions-idUSKCN0SY1UO20151110 - C9uTjqR7OU2PdOgW.97>

- Liu, B. F., Jin, Y., & Austin, L. L. (2013). The tendency to tell: Understanding publics' communicative responses to crisis information form and source. *Journal of Public Relations Research*, 25(1), 51-67.
- Marcus, A. A., & Goodman, R. S. (1991). Victims and shareholders: The dilemmas of presenting corporate policy during a crisis. *Academy of Management Journal*, 34(2), 281-305.
- Marsh, C. (2010). Precepts of reflective public relations: An Isocratean model. *Journal of Public Relations Research*, 22(4), 359-377.
- Mason, M. (2010, August). Sample size and saturation in PhD studies using qualitative interviews. In *Forum qualitative Sozialforschung/Forum: qualitative social research* (Vol. 11, No. 3).
- Marshall, C. B. & Rossman, G. B. (2011). *Designing qualitative research*. Los Angeles: Sage Publications, Inc.
- Mitroff, I.I. & Alpaslan, M.C. (2003). Preparing for evil. *Harvard Business Review*, 81(4), 109-115.
- Molleda, J. (2016, January 11). Taxonomy of responses to VW's goodwill package reveals PR lessons. *PR News Online*. Retrieved from <http://www.prnewsonline.com/taxonomy-of-responses-to-vws-goodwill-package-reveals-pr-lessons-measuring-social-responses-to-vws-offer/>
- Patton, M.Q. (2002). *Qualitative research and evaluation methods*. Thousand Oaks, CA: Sage Publishing.
- Peijuan, C., Ting, L. P., & Pang, A. (2009). Managing a nation's image during crisis: A study of

- the Chinese government's image repair efforts in the “Made in China” controversy. *Public Relations Review*, 35(3), 213-218.
- Petroff, A. (2015, October 13). Volkswagen movie in the works with Leonardo DiCaprio. *CNN*. Retrieved from <http://money.cnn.com/2015/10/13/media/volkswagen-scandal-movie-leonardo-dicaprio/>
- Ranking The Brands [Website]. (2013). Retrieved from <https://www.rankingthebrands.com/The-Brand-Rankings.aspx?rankingID=37&year=697>
- Reputation Institute [Website]. (2015). Retrieved from <https://www.reputationinstitute.com/research/Global-RepTrak-100.aspx>
- Reputation Institute [Website]. (2016). Retrieved from <https://www.reputationinstitute.com/research/Global-RepTrak-100.aspx>
- Selin, N. (2015, September 30). Volkswagen emissions cheating caused \$100 million in health costs, according to analysts. *Grist.org*. Retrieved from <http://grist.org/climate-energy/volkswagen-emissions-cheating-caused-100-million-in-health-costs-according-to-analysis/>
- Smith, A., Fischer, E., & Chen, Y. (2011). Differences in brand-related user-generated content across three social media sites: An inductive content analysis. *Advances in Consumer Research*, 39, 766-767.



- Snyder, P., Hall, M., Robertson, J., Jasinski, T., & Miller, J. S. (2006). Ethical rationality: A strategic approach to organizational crisis. *Journal of Business Ethics*, 63(4), 371-383.
- Spence, P., Lachlan, K., & Omilion-Hodges, L. (2016). Examining the impact of message strategy on organizational message. In Blaney, J. (Ed.) *Putting image repair to the test* (pp. 29-39). Lanham, MD: Lexington Books.
- Tidwell, M. (2016). Preparing for the coming storm: Exploring interactions between corporate values and crisis management. *Journal of Professional Communication*. 4(2), 136-158.
- Urde, M. (2009). Uncovering the corporate brand's core values. *Management Decision*, 47(4), 616-638.
- Van Lee, R., Fabish, L., & McGaw, N. 2002. The values of corporate values. *Strategy + Business Magazine*, 39: 1-14.
- Van Ruler, B., & Vercic, D. (2005). Reflective communication management, futureways for public relations research. In: Kalbfleisch P.J. (ed.) *Communication yearbook 29*. Mahwah, NJ: Lawrence Erlbaum Associates, pp. 238-273.
- Vlasic, B. & Bunkley, N. (2009, November 25). Toyota will fix or replace 4 million gas pedals. *The New York Times*. Retrieved from <http://www.nytimes.com/2009/11/26/business/26toyota.html>
- VW scandal a case study in bad corporate ethics. (2016, July 1). *The Kansas City Star*. Retrieved from <http://www.kansascity.com/opinion/editorials/article87287037.html>

Volkswagen (2014). Annual report. Retrieved from

<http://annualreport2014.volkswagenag.com/servicepages/search.php?q=corporate+values&pageID=52801>

Volkswagen (2016, September 18): News & Updates. Retrieved from

<https://www.vwdieselinform.com/updates/statement-by-volkswagen-regarding-epa-investigation/>

Volkswagen (2016, September 23): News & Updates. Retrieved from

<https://www.vwdieselinform.com/updates/statement-by-the-executive-committee-of-volkswagen-ags-supervisory-board/>

Volkswagen (2016, January 11): News & Updates. Retrieved from

<https://www.vwdieselinform.com/>

Volkswagen's crowning of world's top car maker a triumph for crisis PR strategy. (2017, February 2). *TheDrum.com*. Retrieved from

<http://www.thedrum.com/news/2017/02/02/volkswagens-crowning-worlds-top-car-maker-triumph-crisis-pr-strategy>

Volkswagen trickery may be more widespread, German official says. (2015, September 24).

*The Kansas City Star*. Retrieved from

<http://www.kansascity.com/news/business/article36491997.html>

Volkswagen's US CEO admits "apologies are not enough." (2015, November 20). *New China*.

Retrieved from [http://news.xinhuanet.com/english/2015-11/20/c\\_134836656.htm](http://news.xinhuanet.com/english/2015-11/20/c_134836656.htm)

Wilcox, D.L., & Cameron, G.T. (2009). *Public relations: Strategies and tactics* (9th edition).

Boston, MA: Pearson Education.

Wenstop, F., & Myrmel, A. (2006). Structuring organizational value statements.

*Management Research News*, 29(11), 673-683.

Wrench, J., Thomas-Maddox, C., Richmond, V., & McCroskey (2008). *Quantitative research*

*methods for communication*. New York, NY: Oxford University Press.

## **Appendix**



## APPROVAL OF PROTOCOL

January 20, 2017

Matthew Tidwell  
mtidwell@ku.edu

Dear Matthew Tidwell:

On 1/20/2017, the IRB reviewed the following submission:

Type of Review:	Initial Study
Title of Study:	Can I offer you a gift card? An analysis of Volkswagen's crisis response strategy in the wake of its Dieseldgate Scandal
Investigator:	Matthew Tidwell
IRB ID:	STUDY00140428
Funding:	None
Grant ID:	None
Documents Reviewed:	<ul style="list-style-type: none"> <li>• Consent script for qualitative interviews - M Tidwell,</li> <li>• Application for qualitative interviews-M Tidwell,</li> <li>• Reised study form 1-16-17, • Tidwell interview questions list</li> </ul>

The IRB approved the study on 1/20/2017.

1. Notify HSCL about any new investigators not named in original application. Note that new investigators must take the online tutorial at [https://reg.drupal.ku.edu/human\\_subjects\\_compliance\\_training](https://reg.drupal.ku.edu/human_subjects_compliance_training).
2. Any injury to a subject because of the research procedure must be reported immediately.
3. When signed consent documents are required, the primary investigator must retain the signed consent documents for at least three years past completion of the research activity.

Continuing review is not required for this project, however you are required to report any significant changes to the protocol prior to altering the project.

Please note university data security and handling requirements for your project:  
<https://documents.ku.edu/policies/IT/DataClassificationandHandlingProceduresGuide.htm>

You must use the final, watermarked version of the consent form, available under the "Documents" tab in eCompliance.

Sincerely,

Stephanie Dyson Elms, MPA  
IRB Administrator, KU Lawrence Campus

## Oral Consent – Tidwell Interviews for Dissertation Project -- 2017

As (a student, professor, etc.) in the University of Kansas's Department of Journalism\_\_\_\_\_, I (we) am conducting a research project about Volkswagen and its recent “dieselgate” crisis. I would like to interview you) to obtain opinions about this matter as a Volkswagen or Audi automobile owner. Your participation is expected to take about 20 minutes. You have no obligation to participate and you may discontinue your involvement at any time.

Your participation should cause no more discomfort than you would experience in your everyday life. Although participation may not benefit you directly, the information obtained from the study will help us gain a better understanding of how companies react in a crisis and how they go about interacting with customers during such an event. Your identifiable information will not be shared unless (a) it is required by law or university policy, or (b) you give written permission.

*\*It is possible, however, with internet communications, that through intent or accident someone other than the intended recipient may hear your response.*

*\*\*This interview will be recorded. Recording is required to participate. You may stop taping at any time. The recordings will be transcribed by me. Only I and/or the faculty supervisor) will have access to recordings which will be stored in my project files and will be destroyed in five years.*

Participation in the interview indicates your willingness to take part in this study and that you are at least 18 years old. Should you have any questions about this project or your participation in it you may ask me or my (our) faculty supervisor, Dr. Charles Marsh at the School of Journalism. If you have any questions about your rights as a research participant, you may call the Human Subjects Protection Office at (785) 864-7429 or email [irb@ku.edu](mailto:irb@ku.edu).

**Interview script-Matt Tidwell, University of Kansas  
Volkswagen Dieselpgate dissertation research project**

**2017**

**1] Subject information**

Demographics: Age/sex

Location:

Volkswagen model owned:

Length of ownership:

**2] Purchase intent and satisfaction**

Why did you purchase your VW car? What were the major motivational factors (performance, fuel economy, environmental impact, etc.)

Was there a reason you chose a diesel powered car?

Generally, Have you been happy with your car in terms of performance, service you've received from the company, etc.?

Have you recommended VW to others (at any time?)

**3] Situation awareness**

How closely have you followed the news about Volkswagen and its diesel vehicles?

Do you remember when you first heard about it?

How frequently do you follow news about VW now?

Are you aware of two elements of the situation: The 'goodwill package' that was offered to customers in fall of 2015 and the ultimate settlement package for customers that was announced in October of 2016?

**4] Dieselpgate compensation and future intention**

When you first heard about Dieselpgate, what was your immediate reaction?

What do you remember about how VW reacted in the beginning?

Did you accept the Goodwill Package gift card offer? Why or why not?

Did you feel like the Goodwill package was a satisfactory offer from VW at the time? Do you feel any differently now?

Later, in 2016, VW settled in the US and offered its final compensation package. Have you accepted that final compensation? Why or why not?

Did you feel like that final settlement package was a satisfactory offer at the time? Do you feel any differently now?

Now that customers have received final compensation, what is your opinion of VW as a company? Has it changed since before Dieselpgate?

Would you purchase another VW automobile? If so, under what conditions and what would be your motivating factors?

**RQ 2 Coding Form-Tidwell Dissertation 2017-Qualitative content analysis matrix**

<b>Inventory variables:</b>	
User name	
Date of posting	
Source (Twitter or discussion board)	

<b>Content variables:</b>	
The user made comments indicating satisfaction with VW or its offer (Y/N)	
The user made comments indicating dissatisfaction with VW or its offer (Y/N)	
The user reported news about the offer (Y/N)	
The user expressed concern over his/her legal options regarding the offer (i.e. ability to sue VW) <u>or</u> expressed a desire to sue VW (Y/N... explain)	
The user displayed sarcastic comments about VW as a company or its behavior (Y/N... explain)	
The user addressed the company directly with a positive feeling (Y/N... explain)	
The user addressed the company directly with a negative feeling (Y/N... explain)	

**RQ 3 Coding Form-Tidwell Dissertation 2017 – Quantitative content analysis**

<b>Inventory variables:</b>	
User name	
Date of posting	Oct-Nov 2016 OR Nov 2015
Source (Twitter or discussion board)	T or D