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## **ABSTRACT**

Effectively managing a crisis is highly essential to any company to protect or restore its reputation, including consumer faith and loyalty to the brand, after the crisis has occurred, especially to competing brands. It is also essential that the rival brand approaches the situation with the correct response strategy (Veil, Dillingham, & Sloan, 2016). Extending Rohem and Tybout's (2016) research about the Negative Spillover Effect (NSE), this study's purpose is to examine the effective communication strategy a rival brand can employ to lessen and or prevent negative spillover from competing brand scandal and or crisis. Furthermore, exploring differentiation and bolstering strategy, by using controlled and uncontrolled group via online experiment to determine the most effective response strategy in crisis messaging framing. This paper will contribute to crisis response research, and it is hoped that it provides a useful and an insightful look into effective crisis response for rival brands in shared industries such as airlines. Implementing descriptive online experiment method to assess consumer's responses to competitive brand response strategy using two research questions, crisis messaging evaluations (PART), brand attitude, and purchase intent. Stimuli will be developed based on a real-life case of a brand crisis that warns of negative spillover to the competing brands.

RIVAL BRANDS' RESPONSE STRATEGIES TO MITIGATE THE NEGATIVE SPILLOVER  
EFFECTS DURING A BRAND CRISIS

by

Jan-Juba Arway

Arizona State University, 2016

Thesis

Submitted in partial fulfillment of the requirements for the degree of  
Master of Science in Public Relations.

Syracuse University  
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## Chapter 1: Introduction

A company's reputation is vital for many reasons, one being that it is one of the main factor in a consumer's decision to support the business and its stakeholders. Stakeholders' trust and confidence are a business's lifeline, so it is critical to maintain a good reputation. For businesses in the same industry (e.g., Uber and Lyft, United Airlines and Southwest) that business needs to stay in good standing when its competitor is battling a brand crisis or scandal to protect its brand from the potential spillover (Magnusson, Krishnan, Westjohn, & Zdravkovic, 2014).

Negative Spillover Effect (NSE) is defined as "Creating links between different brands that make them prone to the (NSE). If consumers are reluctant to purchase a sub-brand due to factors like lowered quality or defects in the products, and the sub-brand is closely linked to other sub-brands, then consumers are likely to lose faith in the linked sub-brands as well" (Bhasin, 2018).

Negative Spillover Effect (NSE) is not limited to companies and or brands, and it also applies to political and personal situations. A change for one person, country, or company can be either negative or positive change to an opposition or rival. The spillover effect can be both positive and negative, depending on the situation. Some companies benefit from their competitor's trouble; however, this study will focus on rival response to potential negative spillover from competing for brand crisis and or scandals.

For example, in 2017, when President Donald Trump signed a bill banning immigrants from entering the U.S., many protestors took to the streets, airports, and other ports of entry to protest the bill. The New York Taxi Workers Alliance encouraged all drivers to strike, including Uber and Lyft drivers (Huston, 2017). Uber sent out a Twitter post stating that "Surge pricing

has been turned off at #JFK Airport. This may result in longer wait times. Please be patient" (Uber NYC, 2017).

The tweet angered many Uber customers, and many started boycott by deleting the Uber app on their phones, switching to its rival Lyft, and posting their new account information on Twitter. Uber apologized for the tweet by stating that it was meant to inform people that they could still get picked up and dropped off at JFK for regular prices (Uber, 2019). Several Uber consumers took the company's tweet as offensive, undermining their strike and the seriousness of the bill, and supporting Trump's decision.

As a result, Lyft used the opportunity to announce it would "stand firmly against these actions and will not be silent on issues that threaten the values of our community." (Zimmer, 2017). Lyft also followed up by sending out an email to its customers promising to donate "one million dollars for the next four years to ACLU to defend our constitution" (John & Logan, 2017). Riders and drivers appreciated Lyft's actions and vowed to support the company. This offers a framework for understanding it is a dynamic (Coombs, 2007).

Another example happened in 2017, due to overbooking a flight, United Airlines asked one of its passengers to deplane to make room for a United Airlines crew member. The passenger refused and, as a result, United Airlines forcefully removed the passenger by dragging him off the plane. The incident was recorded and posted online, igniting public outrage. Many United Airlines' customers chopped up their mile reward credit cards and vowed never to fly with the airline again. This incident resulted in a fall of its stock market by 4% according to (CNN Travel, 2018). Two of United Airlines' rivals – Southwest Airlines and Delta Airlines - responded by announcing they would "stop overbooking altogether." Because of Southwest's and



Delta's action, "all of the airlines made a concerted effort to curtail the practice" (Goldstein, 2017).

The Negative Spillover Effect (NSE) theory refers to the phenomenon in which information about brand A influences a consumer's beliefs regarding brand B, even if the impact is not explicit (Almanza, Behnke, Jang, Miao, & Seo., 2014). Consumers expectations are essential and should be met by the brands they support, but in reality, it is brand responsibility to uphold the standards they set for their brand and product. Dawar and Pillutla (2000) highlighted their research on the impact of product harm crises could have on the equity of the brand. They concluded that there is not a direct correlation between brand equity and expectation. However, a moderate brand was firm when the consumer-brand relationship previous expectations were factored into the equations (Dawar, & Pillutla 2000).

It is important to remember that a brand-consumers relationships are essential (Brown & White, 2010). Having good relationships and staying in good standing with stakeholders will benefit the brand in the event of a crisis because these stakeholders are the ones that help the brand stay in business. Within brand and consumer relationship, Coombs and Holladay (2008) looked at an apology as equivalent to crisis response strategies, and the results revealed that the participant had a positive response to a sympathetic apology. Therefore, they recommend that crisis managers should offer "compensation and or express sympathy in the lower to moderate responsibility crises rather than relying on apology as the default" (Coombs & Holladay, 2008, p. 255-256).

As part of the response strategy, Meng and Pan (2013) revised Image-Restoration Strategies and tested differentiation and bolstering strategy for sports players involved in sex scandals: Kobe Bryant, a basketball player, Ben Roethlisberger, a football player, and Tiger

Woods, a tennis player. In their research, they have found that admitting one's fault in the incident and expressing regrets may help restore one's image. All three athletes received different coverage in the sports media, and sports fans reacted positively to some of these athletes when their achievement record was displayed on the sports news channel (Meng & Pan, 2013, p. 93-98).

Both Meng and Pan (2013) and Coombs and Holladay (2008) found similar results when they examined an apology as a mean and or equivalency to crisis response strategy. However, not every apology receives the same reaction from consumers. Therefore, doing more in-depth testing of a crisis response strategy is more creditable. This study will be using the general population to collect participant responses through MTurk, participants in control group will be provided with news article and those in uncontrolled group will be presented with the company response post without the background information.

Aggarwal (2004) stressed the importance of brand-differentiating, creating consumer brand-relationship, the distinctiveness of financial gains, level of positive influencing perception, dissimilarity in the quality, and insight between both relationships. Furthermore, some events are unplanned, which could contribute to a brand's rushed reaction and unprepared response, and as a result, add to initial backlash and potential lost revenues. With the rise of fast communication outlets available to anyone, rival brands should take advantage and learn from their competitor's mistake to help them be prepared to reduce or prevent the spillover.

### **Situational Crisis Communication Theory (SCCT)**

W. Timothy Coombs (2007) developed an influential theory for crisis management and communications, Situational Crisis Communication Theory (SCCT) is defined as a crisis response strategy, which was tested using an empirical method by Thomas Coombe.(Coombs,

2007, pg. 170) SCCT was first introduced by Coombs in 1995, as a symbol to approaching crisis communication. However, it has been redefined and tested over the years and redeveloped into a more logical theory. SCCT has three main core elements: (1) the crisis situation, (2) crisis response strategies, and (3) a system for matching the crisis situation and crisis response strategies (Coombs, 2007).

Implications from Coombs & Holladay's initial testing of SCCT argued that managers should first assess the crisis by identifying and categorizing the crisis to apply the appropriate response strategy. Only then, can they make an informed decision as to which strategy will work best for the situation, they also stated that crisis managers are the first responders and may have a better understanding of the crisis. Such as incidents, crisis type, and organizational misdeeds. Also, SCCT recommends an essential response, starting with an apology and or corrective action (Coombs & Holladay 2002). Tybout and Rohm argue that the critical factors in the brand scandal spillover for a brand within the same category are accessibility & diagnosticity that “moderate spillover” (Tybout & Rohem, 2006).

Timothy Coombs conducted many studies involving SCCT that all led back to communication. With his emphasis on crisis strategies, it is not surprising that many of his articles populate keywords such as "SCCT" and "crisis response strategy." One of his research studies titled, "the value of communication during a crisis” Insights from strategic Communication research” speaks volume and deeply relate to this study and almost sum up the propose of this paper (Coombs, 2015).

To further explore this research gap, the second theory is Coombs' Situational Crisis Communication Theory (SCCT) to analyze the crisis response strategies and better understand why some companies choose to respond using differentiation and bolstering. Differentiation is a

crisis communication strategy brands use to lessen negative spillover from rival brand scandals, for example, Lyft's response to Uber's crisis.

### **Statement of Problem**

This study will examine the reasoning behind competitors' approach to brands linked to detrimental scandals and consumer reactions. Past research has addressed NSE on brands and how competitors should respond, but not much research has been conducted about the way competitors responded to a rival crisis to avoid or limit negative spillover to its brand (Zavyalova, Pfarrer, Reger, & Shapiro, 2012).

In addition, Rahman (2013) did a research study on brand parity which stated that in order to effectively compete, differentiating the brand will help to rival brand in the know of the competing brand strategies (Carpenter, Glazer, & Nakamoto, 1994; Ehrenberg, Barnard, & Scriven, 1997, p. 604). In addition, Sellnow & Brand (2001) discovered that Nike's 1990 manufacturing factory scandal harmed its rival brand. Seven months after Nike's chairman speech, Gilley speculated that the speech could have sent a message to the rival brand to clean up their manufacturing factory labor conditions (Gilley 1998, p. 66). Lei, Dawar, and Lemmink (2008) have discovered, in their previous research that there is a pattern of Negative Spillover Effect to competing brands strength and directionality linkage, which results in several associations linked to each brand and the salience of the associations.

### **Purpose of the Study**

The purpose of this study is to examine the Negative Spillover Effect (NSE) of a company's crisis on rival brands and how those rival brands can respond during their rival's crisis. It is a replication of the Michelle L. Rohem and Alice M. Tybout (2006) research titled,

“When Will a Brand Scandal Spill Over, and How Should Competitors Respond?” about how rival brands respond to competitor brand scandals and backlashes.

### **Thesis Proposal Overview**

In chapter 2, this thesis will discuss the literature review aimed to understand the rival brand's subsequent response to the competitor scandal. The next chapter will discuss the methodology section, which includes an online experiment via MTurk to demonstrate the NSE. Chapter 4 will discuss the results of the study, and the final chapter will focus on the conclusion of the Negative Spillover Effect (NSE) and Situational Crisis Communication Theory (SCCT) research using differentiation and bolstering as the response strategy.

## **Chapter 2: Literature Review**

### **Accessibility-Diagnosticity Framework**

Feldman and Lynch's (1988) accessibility and diagnosticity framework explained spillover effects. Accessibility is described as an activation theory, which is a notion of like-category that brands, and their product attributes affiliates that operate in the same network, thus, with strong link between them, they can activate each other (Anderson, p. 983; Collins & Loftus, 1975). Broniarczyk, Alba (1994) refers to diagnosticity as a function of stakeholder's indirect speculations with reference to the how things connect to the world. Consequently, the accessibility-diagnosticity standpoint advise in the event that Brand A is distinguished as existence explanatory about diagnostic for Brand B, the review about Brand A, would be concluded to apply to Brand B, contributed that Brand A, Brand B, and reviews are activated all at once.

To extend accessibility and diagnosticity logic to a scandal, this study predicts that a spillover to the same product category is bound to occur (e.g., fast-food) is viewed as a member of brand's (e.g., McDonald's) adversity information is received and during the scandal the

problem (e.g., beef contamination) is unconsciously perceived as relevant to the same category at large. Conversely, spillover could happen when the competitor is within reach when the scandal occurs and if the scandal is considered as diagnostic for other rival brands. In contrast, if the joint or separate access is not attained or the crisis is not understood as diagnostic for the same rival category which is where spillover is more unlikely to happen.

It is argued that crisis spillover is moderated by accessibility, and diagnosticity is reinforced by discoveries that suggests spillover is generally more possible for negative information which is regarded as more diagnostic than the positive information. In order for attributes that are most likely connected or strongly linked with to attributes that becomes the target of negative publicity. And for those products in the same brand family with strong association with a underperforming member of the brand family (Ahluwalia, Bumkrant, & Unnava, 2000; Ahluwalia & Gurhan-Canli, 2000).

If provided information about the brand is negative, consumers attitudes and perceptions about the other brand with similarity to the brand in crisis will be impacted by affiliation and diagnosticity thus, generating the negative spillover effect (Lei, Dawe, & Lemmink, 2008). Previous studies propose that negative spillover is more influential and frequent because negative information is diagnostic than the positive information (Ahluwalia, Unnava, & Burnkrant, 2001).

Accessibility-diagnosticity theory illustrates how and when the cognition is activated considering brand new renovate the judgement of different brand in the same category (Feldman & Lynch, 1988). The theory recommends that when brands are strongly linked due to shared brand category, the knowledge activated about one of the brands that will give helpful information for the judging the other brand, which is diagnosticity (Roehm & Tybout, 2006).

### **Negative Spillover Effect**

Many scholars have conducted research testing the Negative Spillover Effect (Borah & Tellis, 2016; Cleeren, van Heerde, & Dekimpe, 2013; Poroli & Huang, 2018; Raufeisen, Wulf, Köcher, Faupel, & Holzmüller, 2019; Roehm & Tybout, 2006; Veil & Anthony, 2017) and Situational Crisis Communication Theory. However, there has been very few research studies done about a rival's response to crisis affecting its competitor and how or what strategy the rival brand used to lessen and or eliminate the negative spillover.

Other scholars have previously researched the Negative Spillover Effect (NSE), measuring the effect of negative information spilling over in brand alliance. Votolato and Unnava (2006) examined how one brand's misbehavior can affect an associated brand after testing 221 undergraduate students' opinions on fictitious brand information using survey questionnaires as stimulus materials. The findings were different: Votolato and Unnava have stated that the NSE research that was done on the co-brand alliance has positive & negative attributes in previous literature.

Votolato and Unnava's (2006) study was focused on the lack of research done on negative information about partner brands. The limitations were the inability to examine one's mind since the consumer's decisions and attitudes toward a brand stem solely from their way of thinking. In addition, regardless of past research strategies, "the characteristics of a negative act that cause spillover to occur might vary in many different ways" (Votolato & Unnava, 2006, p. 201).

Martin, Borah, and Palmatier (2017) evaluated the spillover vulnerability of adverse effects on cases by data breaches comparing Lowe's and Home Depot's performance and customer reaction. Their research found that consumers reacted negatively toward both brands,

even those who were not financially affected. This led to the belief that spillover effect can occur with or without brand involvement in a scandal (Martin, Borah, & Palmatier, 2017).

Therefore, a prepared crisis management strategy is essential to combat a crisis before its spillover, similar to Wan and Pfau's (2004) findings when they tested combined crisis communication approaches. However, they suggested that the proactive response should not only focus on the positive response, but also needs to include negative response. This allows brands to solve any possible weakness that might pose image or reputation harm in the future (Wan & Pfau, 2004)

Raman, Sismeiro, and Dutta, (2009) tested the validity of Wan and Pfau (2004) by looking at the perception of spillover among competing brands to determine if a negative perception from one consumer experiences can spill over to a rival brand. They discovered that a spillover could occur for specific brands that offered the same services or products (e.g., Uber & Lyft, United & Southwest). This possible confusion is not surprising, which is why differentiation is essential (Janaki Raman, Sismeiro, & Dutta, 2009).

Kashmiri, Nicol, and Hsu (2017) examined the intra-industry spillover effect during Target's consumer data breach that occurred in 2013, and what roles did marketing, IT, and CSR play in recovering from that crisis. Their findings indicated that the breach from Target yields negatively "abnormal" from competing U.S. retail brands. Factors considered were the size of the product market, related ties with Target, and IT-related ability to protect, and prevent such breaches from occurring (Kashmiri, Nicol, & Hsu, 2017).

On October 19, 2018, passengers recorded an incident on Ryanair flight FR015 from Barcelona to London of an older woman of color being verbally abused by a racist passenger. Many people on social media were upset by the incident and called for Ryanair to respond. To



their surprise, Ryanair did not kick out the racist passenger. Instead, they decided to do nothing and pass the information to the authorities, which caused consumer outrage. People who were exposed to the video express outrage and negative thoughts about the company, including calling for a boycott. (Topping, 2018).

Their negative thoughts were supported by Ryanair's lack of response to the situation, because of the unpleasant experience of one passenger seen by millions around the world; it resulted in consumers' negative connotation about Ryanair as a company. Thus, Ryanair's brand evaluations decreased greatly. This negative incident could have spilled over the company boundary. Consequently, one company's mishaps could potentially expose another company in the same tier to damages and or monetary loss.

Veil, Dillingham, and Sloan, (2016) present another precedent, when Peanut Corporation of America encountered a major product crisis due to Salmonella contamination in 2009. Thus, over 200 distributions companies recalled all products by PCA totaling in over 3,900 peanut butter products after 714 reports of illness and nine deaths. The incident spilled over to other, jarred peanut butters causing a loss in sales. Even though jarred peanut butter products were not part of the recall nor did it had contaminations, it was still affected by PCA's crisis.

The aforementioned example provides two fundamental connotations about negative spillover: (1) A crisis of one company and or brand can spillover to another; (2) the scope of the spillover is determined by the robustness of the alliance between the company in crisis and the company that might be affected by the crisis. The adverse impacts on the same-tier companies could be more significant if the alliance between the affected brand is fortified, as shown in the PCA case, which presented a strong example of the Negative Spillover Effect (NSE) of one

brand crisis affecting another brand. This negative image association is stronger for businesses and brands in the same category (Yu, Sengul, & Lester, 2008).

Although consumers can associate brands in the same category during crisis or scandal (Gao, Zhang, Zhang, & Knight, 2015), government agencies are not held to the same standard as private companies. As a result, they are prone to more public and media criticism, which demands actions. Veil and Anthony (2017), outlined how The Federal Emergency Management Agency (FEMA) failed as an organization during Hurricane Katrina in 2005. FEMA experienced significant backlash for their lack of responses and urgency to the victims affected by the disaster. The same victims were also subjected to harm again by formaldehyde, a colorless, flammable, strong-smelling chemical, found in their temporary housing trailers. The head of FEMA did not handle the communication correctly, instead, he led interviews with excuses and shifting blame for being short-staffed and lack of other agencies' corporations.

Veil and Anthony (2017) concluded that their research findings pointed out that FEMA officials faced six challenges: (a) unrealistic expectations, (b) could do no right, (c) cover-up claims, (d) no one is listening, (e) reluctant partners, and (f) responsibility and control. (Veil and Anthony, 2017, p. 147) Each theme is supported by case evidence and direct quotes to reflect the voices of the participants. Upon examining public relations challenges in compounding crises, they found a decrease in social capital and organizational legitimacy as the risk perceptions for stakeholders and crisis response attribution increased in compounding crisis.

The definition of Negative Spillover Effect is any negative impact caused due to unrelated events; in other words, one brand's crisis affecting another brand in the same category. Spillover effect includes reliable supply and sufficient demand in differing markets when one financial resource in safe- haven encounter hardship, expenditure continue to the unused safe-

haven. Generating links between different brands makes them more prone to negative spillover effects in case of product or services crises.

Cleeren (2013) discussed the crisis characteristics into two categories, the first category is negative publicity, saying that "negative publicity is the extent to which the media reports on the product harm crisis" (Cleeren, 2013, p. 61). Negative media coverage about any products or services does more harm to the brand than positive coverage because consumers view the coverage as product diagnostic and evaluation due to consumer's trust in the media.

The second category is blame, "blame accounts for whether the company acknowledges responsibility for the product-harm crisis." (Cleeren, 2013, p. 61). When a company shifts blame and denies responsibility for a product or service crisis, it leads to consumer anger and outrage toward the company, resulting in negative word of mouth. Thus, when consumers feel hesitant to buy from a particular affiliated brand due to product defects and or inferior quality, the affiliated brand has immediately linked to other affiliated brands.

Subsequently, consumers are more likely to lose trust in associated brands (Siomkos, Triantafillidou, Vassilikopoulou, & Tsiamis, 2010). Additionally, the linked affiliated brand sales could decline even though the products are not perish (Freedman, Kearney, & Lederman, 2012). Any arousal of emotional state could play a massive part in the way people process information (Lee, 2018). The mood indirectly impacts evaluation through corresponding perception, for the reason that positive mood amplifies remembrance of positive information; hence, the spillover effect positive or negative (Raufeisen, 2019).

Negative media coverage could affect marketing communications. Rohini Ahluwalia (2001) stated that message valence "persuasive appeals can contain both positive and negative information about a brand. The previous person perception literature suggests that positive and

negative information have asymmetric effects on persuasion." (Ahluwalia, 2001, p. 45). Besides, consumers are more likely to remember the information about the brand than the positive, which could result in a negative spillover effect costing the monetary loss.

During a brand's crisis, competing brands will reduce the negative spillover effect when they issue a formal statement rather than when they do not (Shin, Casidy, Yoon, & Yoon, 2016). For instance, Roehm and Tybout (2006) examined whether issuing a denial statement is better than not responding at all (i.e., control group). Found that respondents who were exposed to the food brand on the scale ratings of 11-points, that it was likely for consumers to generate inferences between both brands.

Category beliefs showed that spillover has occurred post-scandal (Lee & Fan, 2014), following up on the three-way interaction, evaluating interaction between the scandalized company and the scandal. They found significant and positive change in score, indicating a spillover when the brand category involved in scandal is a typical brand (i.e.hamburger, dessert category).

Roehm and Tybout (2006) also tested competing brand responses to scandals like the Nike pollution scandal and whether it will spillover to Reebok, which is a relatively similar brand to Nike in terms of being the same category. Participants were prompted to consider differentiation between Nike and Reebok, and participants evaluated that Reebok is less likely to be involved in such a scandal. Furthermore, they were shown news stories, preferably omitted denial, which led participants to change their beliefs and attitude toward the brand (Roehm and Tybout, 2006). They finalized their research finding by concluding that "denial will boomerang if no spillover has occurred." (Roehm and Tybout, 2006, p. 371).

After the United Airlines incident in 2017, which had negatively affected the United Airlines stock market, since it dropped by 11% about a 1% billion market capitalization. (Desjardins, 2017). The publicized incident played a significant role in the change of the overbooking policy not only from United Airlines but competing airlines such as South West and Delta to change and end passengers voluntarily removal policy on any overbooked flights. This happened after legislators forced both United Airlines executives and other airlines to produce a new policy to accommodate the culture shift or else will impose new regulations. (Zumbach, 2018 ).

Borah and Tellis (2016) discussed product recall and the negative spillover effect it has on brands by testing a halo in the online chatter. They found the main determinants of negative spillover are bringing attention to the crisis by released ads. This could backfire and increase consumer's concerns about both the recalled brand and its rivals. Negative spillover occurs when a negative conversation about one brand of crisis which happens for brands operating in the same country and of the same size.

Roehm and Tybout (2006) explained that negative spillover happens when consumer's spillover target is activated and the information about the scandal is processed. Both brands must be strongly associated and or linked by direct competition history and consumers must view the crisis as relevant to the brand category. Advising that draws attention to the brand's relationships could promote diagnosticity, which could lead to a spillover. Companies should refrain from publicly elaborating on the details of the crisis to avoid invoking consumer's negative expression about the brand and its products and or services.

Dahlen and Lange (2006) concluded that a brand's crisis does affect brands in the same product category; however, it has a specific effect on rival brands. Two factors play a crucial role

in the contamination of one brand crisis to the rival brand, (1) rate of report crisis for the brand can affect the brand image in the news media and increase focus on the negativity. Therefore, the rival brand is bound to suffer the spillover. (2) with today's technology, brand success depends on publicity, which makes it difficult for brands to be unique and almost impossible for them to convince consumers to purchase their products.

Lei, Dawar, and Lemmink's (2008) research indicated that negative spillover can occur to sub-brands. The risk is low, even though brand A crisis may not influence sub-brand B evaluations. The directionality of strengthening association and the effect of the spillover has implications for how the linked brands manage the negative spillover. In order for managers to design therapeutic messaging strategy to avoid exposure to the crisis, they must be made aware of the asymmetric spillover.

Barlow, Verhaal, and Hoskins (2016). found that products in stigmatized categories receive less-favorable social evaluations compare to non-stigmatized product categories. Additionally, if an organization is progressively linked with the stigmatized product category, the stigma is more likely to spill over to the company's other products they offer. Lastly, the organization's excellent reputation is likely to increase because of the category of stigma (Zavyalova, Pfarrer, Reger, & Hubbard, 2016). Borah and Tellis (2016) suggested that to decrease perverse negative spillover effect or halo, brands should avoid comparisons with the brand going through product recall crisis. Social comparison theory proposes that by avoiding comparisons with less respected rivals' brands in crisis, a brand can preserve its image and status. Shifting blames and denying responsibility for the crisis by expressing that the company's design, manufacture, sourcing, and scientific procedures have not involved in the recall could boomerang.

Rival brands in the country and of the comparable size should evaluate the role of consumer's opinions when deciding who their rival is because it will help the competing brand create ways to digress from the consumer point of view. If two brands are inseparable due to shared similarities, that rival brand risks facing the negative spillover and feed during brand A's recall. Brands existing in another country and of distinct size could capitalize on recalled brand crisis because they can use the event to highlight its individuation and strength of its brand during recalled brand crisis.

Snyder, Lassegard, and Ford (1986) explained that cutting off reflected failure is an image management theory that states if a rival brand is in crisis, it is best to lay low and increase the distance from the brand facing catastrophe. Also, avoiding all negative associations and responding to crisis by assuring the consumer that the company is unlikely to associate with a failed brand. In other words, denying relations and distinguishing the differences between both brands and "basking in reflected glory can most clearly be understood as an enhancement tactic." (Snyder & Lassegard, 1986, pg. 383).

Roehm and Tybout (2006) believe that rival brands should only issue a denial after the negative spillover has occurred; it is not an effective communication strategy beforehand; hence, consumers could misconstrue it thus could raise undesirable backlash. Therefore, issuing denial will encourage the audience to engage the rectification process by changing their perspective and the beliefs they had about the brand during the rival's crisis, turning consumer's positive evaluation in their favor.

Veil, Dillingham, and Sloan (2016) revealed that during the Peanut Cooperation of America's recall of Peter Pan Peanut Butter's past contamination crisis that occurred in 2007 mentioned by the media, brought attention to Peter Pan products; in response and an attempt to

differentiate itself from the PCA contamination in 2009. Following Jif's decision to advertise and reassure its consumers of their product safety, Peter Pan joint by issuing press releases and advertisement paid off, also highlighting the changes they have made since their past recall. Furthermore, as a result, Peter Pan only lost 45% of sales compared to Skippy, who chose to lay low and not respond during the crisis, which cost it 54% drop in sales a month after the recall.

Based on the mentioned research, it is safe to say that whether the company chooses to respond or lie low during rival crisis, the result could depend solely on the company's reputation, history, and similarity to the brand in crisis. In Veil, Dillingham, and Sloan's (2016) research, it showed that it was best for Peter Pan to respond using differentiation strategy because the spillover occurred, as Roehm and Tybout (2006) suggested that rival should only respond when it has been affected by the negative spillover. Public relations managers should evaluate the crisis risk before deciding to respond or lie low.

William L. Benoit (1997) suggests that public relations or crisis communication specialist for a company or brand should practice communication strategies and be prepared to respond when a crisis occurs. He listed four strategies: (1) preparation of crisis contingency plans implanted and reviewed regularly, having a plan in place, and could help reduce and or prevent the organization's first response. Firms should have appointed communicators ready to respond quickly at the first sign of crisis. (2) Analysis of the crisis and the accusations, understanding the crisis, and determining whether it is just allegations or suspicions.

The level of potential damage caused by the alleged crisis or scandal, once the firm knows the who and what, they will be able to customize the response to the offense. (3) Identification of the relevant audiences, it is crucial that firms identify their key audiences, which is imperative when it comes to responding appropriately. (4) Repairing a tarnished image, using



persuasive interchange, it is imperative to steer away from providing false information and or making false claims; if the company/brand is at fault, they should admit their wrongdoing immediately.

Moreover, before responding, the firm should consider if they can redefine the crisis, refocus the consumer and media attention, and if the crisis or scandal is of value to its key audiences. (Benoit, 1997). Coombs' Situational Crisis Communication Theory (SCCT) suggests that the right crisis response strategy should measure up to the crisis characteristics. Even though the SCCT base argument is on the sole belief that it is the beliefs of the stakeholders about the crisis that determine the right response strategy (Coombs, 2007). Not assessing the categorizing crisis risks and damages could put both the rival brand and the band in crisis in a very unpredictable situation should the response strategy fail to relay the message in a positive light. This causes more damage than good, public relations managers should refrain from rushing responses and take the time to produce a strategic messaging tactic.

Moreover, Image Restoration Theory (IRT) does not provide related links between the elements of the crisis and the response strategies for that crisis. However, it suggests that managers consider combining IRT with SCCT to create a messaging strategy system to use for future crises and could also be used to predict stakeholder's reactions to the crisis. Crisis response strategies should have three objectives to implement in the goal reputation protection, "(1) shape attributions of the crisis, (2) change perceptions of the organization in crisis, and (3) reduce the negative effect generated by the crisis." (Coombs, 2007, p.171).

## **Bolstering Strategy**

Bolstering is a crisis response strategy used by both the rival and competing brand in the event of crisis affecting a competing brand. Coombs defines bolstering in 3 terms: **Reminder:** Tells stakeholders about the past good works of the organization by showing clean history and brand good deeds. **Ingratiation:** Crisis managers praise stakeholders and remind them of past good works by the organization. **Victimize:** Crisis managers remind stakeholders that the organization is a victim of the crisis, too (Coombs, 2007, p.10).

When a scandal occurred for a brand, the other brand within the same category (rival) reacts by issuing statements denying and or supporting such scandal and or behavior ever happened to them in an attempt to protect themselves from potential spillover effects (Trybout & Rohem, 2006).

Zhang and Benoit's (1997) theory of image restoration discourse suggested that brands should first understand the nature of attack they are facing whether a response is needed or not. Considering the two components that come with an attack, first, the accused is held responsible for the attack; secondly, it was the act deemed offensive by the stakeholders. Furthermore, the communications managers must know the critical audience and prioritize them based on their importance to the company.

Because this theory focuses on image restoration messaging options, firms need to assess the situation carefully and choose the best messaging strategy. There are five categories; denial, evasion of responsibility, reducing offensiveness, corrective action, and mortification. Each category has its benefits and risks when used to deal with a crisis. Communicators must first prepare a contingency plan for crisis response, analyze the accusations and the crisis, identify

relevant audiences, work to repair the damaged image, and create suggestions on how to effectively amend the tarnished image discourse.

Dow Corning Corporation a breast implant manufacturer, came under fire for selling unsafe breast implants to consumers in 1991. The corporation used bolstering strategy to respond to the claims by releasing statement debunking consumers and Food and Drug Administration (FDA) reassuring consumers that its product is safe for use and had no association with breast cancer. Two months after the scandal, they backtracked to reduce the offensiveness of the scandal. They tried to restore their public image by minimizing the adverse claims from the consumers and the FDA by saying that, “there may be side effects from the use of breast implants, but an overwhelming majority of women who have them are happy with them.” (Brinson & Benoit, 1996, p. 4).

Due to overwhelming negative media about their products, Dow Corning used mortification by confessing to the wrongdoing and appointing new senior executive with extensive experience in damage control. Additionally, they took corrective action by corporating with the FDA as a strategy to salvage their image and promising to start adding warning messages to users. They also settled a \$4.75 billion lawsuits from the silicone breast implant recipients. Lastly, the corporation used bolstering to repair its public image with the new leader retract and taking a sympathetic stance with the victims whose complaints were ignored previously. Corning’s choice to use corrective action and mortification helped them repair their image and sooth public perception after the crisis.

### **Differentiation Strategy**

In the age of technology and social media, news spread rapidly; it is hard to control the negative news which calls for professionals to be prepared. As aforementioned, the Negative

Spillover Effect (NSE) can affect any company or brand, so they need to have a messaging strategy ready to implement during crisis. Ryanair did not have a strategy when they were faced with a crisis that threatens their business, which required delicate care and timely responses – companies or brands can use either differentiation or bolstering strategy.

According to Dawes & Sharp (2010), differentiation is when a firm or brand outperforms its rivals in the provision of a feature(s) such that it faces reduced sensitivity for other features (or one feature). Through not having to provide these other features, the firm has an avenue to save costs. The firm benefits from the reduced sensitivity in terms of the reduced directness of competition, allowing it to capture a higher proportion of the value created by exchange (Dawes & Sharp, 2010, p.1).

Differentiating products is a more critical variable predictor than differentiation of quality when dealing with corporate social responsibility (CSR), which may show improved production (Boehe, & Cruz, 2010, p. 340). Bolstering is another crisis communication strategy that can be used by both the rival and competing brands.

To understand the root causes of the spillover, it is vital to consider the different factors, including the type of event, consequences, and intentions behind the action, before ruling out the final decision of whether the negative spillover affected the brand alliance negatively or positively. Since the concept of the Negative Spillover is new, research that addresses brands that share economy (example, Uber & Lyft) is limited.

Mary Sullivan (1990) at the University of Chicago, did research focusing on measuring the image spillovers with umbrella branded products companies (Jaguar enhancement versus Audi's demand). She discovered that using brand image and intra-brand substitution effects to

decompose spillovers, then the brand image spillover can occur (Mary Sullivan, Vol. 63, No. 3, 1990, p. 309-329). Therefore, the effect of spillover can be measured.

This research study will test two crisis communication strategies (differentiation and bolstering), following SCCT recommendation, to assess how effective differentiation and or bolstering when applied to crisis response by the rival brand. This study is being one due to the lack of research about competitive response strategy to a crisis in the event of competing brand scandals, to prevent a negative spillover to the rival brand. This study will examine the effectiveness of differentiation and bolstering strategy.

One of these study goals is to evaluate and compare the effectiveness of differentiation and bolstering communication strategy as a messaging tool during a rival brand crisis. To determine the best messaging strategy and generate positive results, the four evaluative metrics (PART) designed for crisis response messages will be implemented. These metrics include (1) Promptness, (2) Assertiveness, (3) Reliability, (4) Transparency (PART) metrics. (Lim, 2018). This study will use a descriptive online experiment method to assess consumer's responses to competitive brand response strategy using three research questions, crisis messaging evaluations (PART), brand attitude, and purchase intent.

By implementing brand reputation and brand demand, using empirical analysis, Sullivan (1990) argues, that products that share advertisement can experience positive spillover effects; however, they "can also facilitate cannibalization." (Sullivan, 1990). Also, consumers are more likely to confuse brands that provide the same services such as app-based ride-sharing services and have negative connotations about that brand. To understand the root cause of the spillover, first, it 's important to understand why and how rival brands respond when a crisis hits close to home.

Several research studies have been done to address the Negative Spillover Effect (NSE) and its influences on the brand decision to respond and which strategy it chooses. Differentiation shows its consumers and stakeholders that this brand is less likely to have the same or similar scandal or bolstering for justification.

### **Situational Crisis Communication**

Bhasin (2018) argued that the positive spillover effect directly spills over to the rival when a competitor suffers from "an imbalance in power dynamics" from crisis or scandal, such as racial or sexual harassment and unfair labor. The spillover effect was commonly cited in psychological and marketing literature evaluating consumer's behaviors and attitudes toward brands that violate their moral or core values.

Dealing with a crisis can be a terrifying experience, especially dealing with a brand crisis, which requires excellent communication strategy to handle the crises effectively. Park (2017) evaluated Situational Crisis Communication Theory (SCCT) effective crisis response strategies, one of which was bolstering. Crisis should not use the bolstering strategy, instead, it "should be supplemental to other crisis response strategies" Failing to do so could be interpreted by the consumers as selfish, and it will also show that the brand does not care about consumers affected by the crisis. (Park, 2017, p. 1-8).

Although this research will examine the thinking behind rival brand decisions when responding to a crisis, often scholars seek to understand a specific topic such as "When Will a Brand Scandal Spill Over and How Should Competitors Respond?". To answer this question, c two experiments will be conducted by developing stimulus materials and creating scandal using two brands that share an economy. One brand might have established a better relationship and

reputation with its consumers and stakeholders, while the other brand might be new to the market and is not likely to have a strong consumer base.

Therefore, you cannot generalize the results based on three experiments; repetition should be considered concerning brand spillover and the way the competitor will and should respond in the event of scandal. To fill the research gap as mentioned before, the current research aims to examine the how and why brand B's choice to respond to brand A's crisis could lessen or prevent the Negative Spillover Effect (NSE) caused by brand A's crisis.

### **Applying SCCT to understanding Negative Spillover Effect (NSE)**

So far, many research studies have directly yielded SCCT to examine NSE for brands within the same category. Almanza, Behnke, Seo, Jang, and Miao (YEAR) found that brand A (Jack in the Box) still suffers from indirect Negative Spillover Effect (NSE) from the E. coli outbreak that occurred more than a decade ago. They also found that brands with a history of scandal suffers from stronger spillover effects. (Almanza, Behnke, Seo, Jang, & Miao, 2014, p.117)

Gerken, Land, and Meer (2016) evaluated response strategy AirAsia used after flight QZ8501 crash in 2014. They argued that along with the SCCT response strategy, which proved the information to help the public "adjust psychologically to the crisis" (Coombs & Holladay, 2007, p. 301). AirAsia prevented reputation damage by using informational strategy to be communicating with its consumers and keeping them informed of the situation to lessen their fear. (Gerken, Land, & Meer, 2016, p.883)

The primary aim of this research is to shift the focus to the competitive response strategy rather than the affected brand response to the scandal and or crisis implementing Coombs SCCT theory. As mentioned before, most researchers focused on how the rival brand should respond in

case of crisis. Often, any method can produce accurate results for a research aim to target a specific issue or answer direct research. However, as a result, there are many limitations as mentioned above. In chapter 3, we will discuss more details about the methods for this study.

### **Hypotheses and Research Questions**

H1: Respondents who are exposed to either bolstering or differentiation message will have a higher brand trust than counterparts in the control group

H2: Respondents who are exposed to either bolstering or differentiation message will have higher purchase intention than counterparts in the control group.

RQ1: Which message strategy between bolstering and differentiation will generate more positive message evaluations, including a) overall crisis communication evaluation, b) promptness, c) assertiveness, d) reliability, and e) transparency.

### **Chapter 3: Methodology**

Since it has been observed that there are NSE on the rival brand during a crisis, this study used an online experiment to connect communication strategy to brand response to crisis to limit and or prevent spillover from an economically shared brand. Using an online experiment, this study measured the results of NSE and SCCT to mitigate rival responses to the brand crisis. The current study attempted to see whether differentiation or bolstering strategy work best for crisis management for competitive brand response strategy will depend on the experiment results.

#### **Design**

The study aimed to examine the impact of crisis response strategy adopted by brands on reducing the negative brand evaluations in light of the crisis of another brand in the same business category. The study manipulate the crisis response strategy used in response messages, including bolstering, differentiation, and control group.



## **Stimuli**

The stimuli consisted of a USA Today's news article that reported a negative incident occurred to a budget airline and a Facebook post in which a competing airline responded to the crisis. To eliminate any effects that may derive from brand familiarity, all the brands' names in the stimuli were fictitious. The simulated USA Today's report is an inspiration from a real-life crisis in which a budget airline was under a public outrage because of its crew's mishandling a passenger's racist rant. With the headline "Rosetta Airlines, a Budget Airline, Under Fire for Ignoring Passenger's Racist Rant," the USA Today article reported the incident in a very negative way addressing crew's poor handling of the situation.

The lead of the report says, "This incident will be a big setback for Rosetta that has made significant previous efforts to lure passengers from other low-cost carriers (full-service carriers), such as IndiJet." The crisis response Facebook post was composed by applying either bolstering or differentiation strategy. The post using bolstering strategy emphasized the brand's proud history and commitments in respectful treatment of every passenger. The post utilizing differentiation strategy made a direct and sharp contrast regarding passenger treatment between the responding brand and the brand in crisis. The name of the airline in crisis (i.e., Rosetta) Explicitly mentioned in the Facebook post, and its misbehavior were compared to the responding brand's competitive advantages.

## **Participants and Procedures**

A total of 105 participants were recruited via Amazon's Mechanical Turk (MTurk) by offering an incentive of \$ 0.50 for each of them. Prior research showed that the data collected from MTurk was as reliable as the data collected by other methods (Berinsky, Huber, & Lenz, 2012). Participants were randomly assigned to one of the three conditions and took part in the

online experiment administered via Qualtrics. First off, the participants were asked to read the USA Today's news regarding a budget airline's crisis.

Then, the participants in the treatment groups were exposed to the competing brand's Facebook post responding to the crisis. In contrast, those in control groups have been exposed to a statement that says the competing brand makes no response to the crisis. Next, the participants in treatment groups were asked questions to check the success of the manipulation of crisis response strategy and reported their perceived overall effectiveness of crisis response. Lastly, all participants were asked to report the perceived trust and the purchase intention for the competing brand.

### **Measures**

The overall effectiveness of the crisis response message was measured by a three-item 7-point Likert scale adapted from Lim (2019). The participants were asked to rate from "1-strongly disagree" to "7-strongly agree" if they think the competing brand's crisis response message "responds to the Rosetta airline's crisis well." "Was well-prepared to handle its competing's crisis," and "is effective in delivering its message in responding to its competing's crisis." The reliability ( $\alpha$ ) for the three items was 0.92 ( $M = 14.75$ ,  $SD = 4.11$ ).

Perceived trust reflects three dimensions of trust, which are competence, dependability, and integrity. It was measured by a ten-item 7-point Likert scale, which was adapted from Lim (2019). The reliability of these 10 items was 0.96 ( $M = 49.06$ ,  $SD = 10.93$ ). Purchase intention asked the participants to show the likelihood to use the airline brand if it was available in their area. A three-item semantic differential scale was adapted from Spears and Singh's (2004) study (unlikely/likely, improbable/probable, and impossible/possible). The reliability ( $\alpha$ ) was 0.95 ( $M$

= 15.07, SD = 4.31). Reliability for the four evaluative metrics of Promptness, Assertiveness, Reliability, Transparency (PART) are provided in Table 1.

**Table 1. Means, Standard Deviation and Reliability of All Scales**

Scales	Mean	SD	Cronbach's $\alpha$	N of Items
Overall Crisis Communication Evaluation	14.75	4.11	.92	3
Trust in Company	49.06	10.93	.96	10
Purchase Intention	15.07	4.01	.95	3
Promptness	15.76	2.91	.93	3
Assertiveness	21.64	3.94	.85	4
Reliability	15.15	3.41	.83	3
Transparency	14.83	3.49	.87	3

### Manipulation Check

For crisis response strategy, a manipulation check was conducted and participants were asked to indicate how much they agreed on three statements. That describes the characteristics of differentiation strategy: “It compares the differences between Rosetta Airlines and IndiJet,” “It explicitly refers to the name of a competing brand facing criticism,” and “It addresses the issue and problems facing by its competing brand(s).” In an independent-samples t-test using the composite index showed that participants in the differentiation group ( $M = 5.90$ ,  $SD = .0.95$ ) showed more agreement on the statements than counterparts in the participants in the bolstering

group ( $M = 4.51$ ,  $SD = 0.81$ ),  $t = -9.351$ ,  $df = 138$ ,  $p < .001$ . Therefore, the manipulation of crisis response strategies was successful.

### **Researched Instrument**

The instrument for this study will be developed based on existing research on crisis communication and consumer psychology. The questionnaire will have relevant research and discussion after advisor suggestions. While the instrument was prepared, the requirement for designing excellent data collections was considered. For example, questions, statements, or descriptions of the situation and or issues will be toned down to satisfy the knowledge adequacy of the respondents. Open-end questions were provided as an option to accommodate the comprehension preparation participants.

In doing so, the survey was authorized to acquire valid responses from participants. The structure for this study's questionnaire was hypothesized on two research presumption: 1) lessen the pressure for respondent's immediate response, and giving he/she feeling of obscurity, 2) eluding any personal bias, and consideration of the less expensive way to collect data.

## Chapter 4: Results

### TESTING NEGATIVE SPILLOVER PHENOMENON

#### Testing H1

H1 predicted that participants who were exposed to the crisis response message using either bolstering and differentiation strategy would have a higher brand trust than counterparts in the control group. A one-way ANOVA with a Tukey b post hoc test was conducted to compare the respondents' trust perception, between the two treatment groups where the rivalry brands used either bolstering strategy or differentiation strategy in their response message and the control group, where the rivalry brands made no responses. The results showed that the respondents in the bolstering ( $M = 5.15$ ,  $SD = 1.02$ ) and differentiation groups ( $M = 5.40$ ,  $SD = .81$ ) had significantly higher brand trust in the competing brand than those in the control group ( $M = 4.17$ ,  $SD = 1.02$ ) [ $F(2, 207) = 32.22$ ,  $p < .001$ ]. Therefore, H1 was supported (Table 2).

#### Testing H2

H2 predicted that participants who were exposed to the crisis response message using either bolstering and differentiation strategy would have a higher purchase intention than counterparts in the control group. The results from a one-way ANOVA and Tukey's b Post hoc test indicated that respondents who were exposed in either bolstering ( $M = 5.28$ ,  $SD = 1.42$ ) or differentiation message ( $M = 5.33$ ,  $SD = 1.28$ ) had a significantly higher purchase intention for the competing brand than those who were not exposed to the message ( $M = 4.45$ ,  $SD = 1.45$ ) [ $F(2, 207) = 8.93$ ,  $p < .001$ ]. The results demonstrate that making a response to the crisis of other brands in the same product category can prevent the brand from the potential negative evaluation spillover. Therefore, H2 was supported (Table 2).

**Table 2.**

Mean, SD, and F value for brand trust and purchase intention of different strategies

	Bolstering Strategy		Differentiation Strategy		Control		F
	Mean	SD	Mean	SD	Mean	SD	
Brand Trust	5.15	1.02	5.40	.81	4.17	1.02	32.22***
Purchase Intention	5.28	1.42	5.33	1.28	4.45	1.45	8.93***

Note. \*\*\*  $p < .001$ , \*\*  $p < .01$ , \*  $p < .05$

### Answering RQ1

RQ1 attempted to explore which strategy, bolstering or differentiation, would generate higher message evaluations in terms of overall effectiveness, promptness, assertiveness, reliability, and transparency. However, the results showed that there was no significant differences in overall effectiveness (Bolstering:  $M= 5.47$ ,  $SD= 1.05$ ; Differentiation:  $M=5.27$ ,  $SD=1.19$ ), promptness (Bolstering:  $M= 5.48$ ;  $SD= 1.06$ ; Differentiation:  $M=5.70$ ,  $SD=.88$ ), assertiveness (Bolstering:  $M= 5.26$ ,  $SD= .98$ ; Differentiation:  $M=5.55$ ,  $SD=.97$ ), reliability (Bolstering:  $M= 4.94$ ,  $SD=1.12$ ; Differentiation:  $M=5.16$ ,  $SD=1.14$ ), and transparency (Bolstering:  $M= 4.89$ ,  $SD: 1.21$ ; Differentiation:  $M=5.00$ ,  $SD=1.12$ ) of the crisis response message using either bolstering or differentiation.

## Chapter 5. Discussions

The purpose of this study was to determine if a negative spillover occurs when one brand experience crisis, will the rival brands in the same category also experience a spillover, and which response strategy is best to mitigate the spillover from both the stakeholder and the media. This study's goal is to evaluate and compare the effectiveness of differentiation and bolstering strategy as a messaging tool during a rival brand crisis.

To determine which of the messaging strategy and to generate positive results, four evaluative metrics (PART) designed for crisis response message were implemented. (1) Promptness, (2) Assertiveness, (3) Reliability, (4) Transparency (PART). Earlier research has addressed the framing strategy focusing on the brand's different responses to the crisis.

Research conducted using online survey simulating crisis that often occurs in the airline industry to test this theory, a budget airline experiencing consumer's outrage due to racially motivated attack on the passenger. With inspiration from previous researchers' work in crisis communication strategies, this research examined two versions of crisis response strategies bolstering and differentiation, testing which strategy would be best for rival brands. We predicted that either bolstering or differentiation would generate a more positive attitude toward the brand purchase intent than counterparts in the control group. Furthermore, responders exposed to either or both strategies will have more positive messaging evaluations and overall evaluation of the crisis communications than the counterparts in the control group.

### **Summary of findings**

Interestingly, the pretest of consumer's attitude, brand trust, and dissatisfaction towards the brand and its rivals had almost the same statistics in consumer's responses to both messaging strategies. Thus, competing brands did not experience negative spillovers. Moreover, there was a statistical difference in groups who were exposed to bolstering versus controlled, as well as differentiation versus controlled. Overall, the result demonstrates that to prevent potential negative evaluation from spillover, brands in the same product category need to respond to the rival brand crisis by either using bolstering or differentiation as part of crisis communication strategy.

### **Theoretical Implications**

From the theoretical perspective, present day research focuses on how to implement crisis communication strategies on a brand in crisis and not the rival brands in the same product category. The research questions for this study has prime theoretical implications that bolstering or differentiation strategy will have higher brand trust or purchase intention, which showed that if employed by rival brand, bolstering and differentiation could help them prevent spillover. This research showed that a rival brand could receive a positive attitude by using both bolstering and differentiation messaging than those rivals who choose to lie low and not respond to a crisis by another brand in the same product category.

Moreover, this research discovered that purchase intent and brand attitude from either form of response strategy has an indirect effect on the rival brand. It also suggested that the competing brands' response message must be competently received by stakeholders for a brand to lessen the negative spillover effect from a brand's crisis/scandal. Depending on the brand's position in the category, the rival brands must utilize a precise distancing strategy in order to generate a more positive attitude about the message.

### **Managerial Implications**

A scandal or crisis can happen to any brands or institution without warning, and rival brand could potentially suffer a spillover from the competing brand scandal if that brand chooses to not respond. A negative publicity from one brand category can also cause a ripple effect for another brand reputation in the same product category and in worse cases, causing brand to lose consumer's and consequently money, which is what is called negative spillover effect. The current research did confirm the negative spillover effect can occur from brand A's scandal to brand B in the same, causing decrease in consumer's trust and purchase intent. It's believed that



this perceived loss of consumer's trust and purchase intent needs to be addressed accordingly by both the competing and rival brand.

From a managerial perspective, the current study also recommends that the rival brand in the same category as the brand hit by product recall or scandal should indeed take into consideration their position in the market, by choosing the correct crisis communication strategy to mitigate the negative spillover effect. It's believed that the results and findings of this study could be applied to any crisis situations across all industries, no matter the crisis topic.

For example, in April of 2017, a video of United Airlines employees forcefully dragging a passenger off the plane was posted on the social media which prompt outrage around the world, many of UA consumers voiced their disappointment on social media and boycotted UA (Zdanowicz & Grinberg 2017). Delta Airlines which is in the same tier, took the opportunity to respond by changing their overbooking policy and increasing displaced passenger compensation \$10,000 and authorized gate agents to offer \$2,000 incentive (Gonzales, 2017).

### **Limitations and Suggestions for Future Research**

Many limitations need to be addressed for future research, although a great deal of caution was taken to increase the internal validity of the research design. First, this study is a one-time and a small part of more prominent research. The current results should be confirmed to reproduce the study. With different crisis and scandals storylines, we encourage future researchers to test if bolstering is useful in producing positive messaging evaluations for top-tier brands in comparison to lower-tier rival brands, although differentiation might produce the opposite result.

Additionally, this research examined the negative spillover effect by comparing the understanding of the negative spillover of purchase intent and negative emotions from a

scandalized airline brand to the other airlines' brands, which was initially assumed it was directly measured. However, the experiment had limitations because fictitious brand was used for this study, which tested the negative spillover effect by comparing consumer's response to the racial attack of a passenger both before and after exposure to stimuli. Moreover, by employing survey methods, future researchers could compare the extent of damage experienced by rival brands during a crisis.

### **Recommendations For Future Research**

There are limited gaps in our knowledge in negative spillover involving research that follows our current study findings, and further research could benefit from this including setting realistic evaluation to expand and further test aforementioned theories developed here:

- Extensive exploration of how consumer's perception can influence their purchase intent and brand trust in both same and different tier testing one theory at a time. Also, further research might compare bolstering vs. differentiation using accessibility and diagnostic framework.
- Additional methodological work is needed to use to determine how to robustly obtain the outcomes and impact of negative spillover effect on human-relation scandals including further communication analysis and exploration of the impact when personal and professional relations overlaps during crisis.
- We recommend that future research carry out a full analysis to test if bolstering is useful in producing positive messaging evaluations for top-tier brands in comparison to lower-tier rival brands to use in longer-term studies on such indicators as recruitments.

- Lastly, after collection was completed and analyzed, we identified one question that wasn't answered after the result is: will participant who are exposed to bolstering message have positive message evaluation including overall crisis evaluations about the brand's crisis communication than differentiation or controlled group?

## APPENDIX

### Informed Consent

To be presented in electronic format

NEWHOUSE SCHOOL OF PUBLIC COMMUNICATION

(315) 443 – 2302 Located at 215 University Pl, Syracuse, NY 13210

#### **Rosetta Airline Evaluation**

Thank you for choosing to participate in my project. My name is Jan-Juba Arway, and I am a graduate student at Syracuse University, S.I. Newhouse School of Public Communications.

This is a voluntary survey; all participants may choose to participate or not to participate willingly. Please feel free to ask any questions or concerns about this survey at any time.

This is a quick online survey designed to investigate people's evaluations of several airline brands in different contexts dealing with crisis. You will be asked to answer some questions first about your travel preferences and perceptions about brand name airlines. Afterward, you will be presented with an article about the airline crisis and answer questions based on your readings. Lastly, we will ask you to provide general demographic information.

The process of this survey should take about 15 to 20 minutes. All information, such as your name and other information you provided will be kept anonymous.

#### **Risks**

This study will not ask for your sensitive information, and all information will be kept entirely confidential. Your MTurk worker ID will not be shared with anyone outside of the research team. It will also be removed from the data set. You will never be identified in any presentations or papers that we might submit for publication.

Whenever one works with email or the internet, there is always the risk of compromising privacy, confidentiality, and anonymity. Your confidentiality will be maintained to the degree permitted by the technology being used. You must understand that no guarantees can be made regarding the interception of data sent via the internet by third parties.

#### **Benefits**

Your answers will help researchers understand the factors that shape people's evaluations towards the brand in crisis and its rivalry brand response strategy.

**Compensation**

All participants will receive a \$0.50 incentive paid via Amazon Mechanical Turk platform.

To minimize any possible risks associated with participating in the study (e.g., loss of time, inconvenience associated with participation in the research project). Your participation is entirely voluntary. You will also be provided with the option of withdrawing from the experiment at any given moment.

By participating in this study, you will have an opportunity to think about how you would react to marketing claims.

**Contact**

Please contact prof. Joon Soo Lim, Ph.D. at [jlim01@syr.edu](mailto:jlim01@syr.edu) if you have any questions, concerns, or complaints about this survey. If you have any questions regarding your rights as a research participant, concerns, or complaints that you want to be answered by someone other than the investigator, or if you cannot reach any of the professors listed above, please contact the Syracuse University Institutional Review Board at 315- 443- 3013.

**Please print a copy of this document for your records**

All my questions were answered, I am 18 years of age or older, and I wish to participate in this study.

**By continuing, I agree to participate in this study.**

**[Link to the survey will be inserted here]**

## Demographics

Please answer the following demographic information before completing this survey, and this information will be used for study purposes only. We appreciate you for taking the time to assist with this study.

**1) Which gender do you identify as?**

- Male
- Female
- Other
- Prefer not to answer

**2) What is your age group?**

- 18-23
- 24- 29
- 30-35
- 36-41
- 42-47
- 48-53
- 54 plus

**3) Which ethnicity do you identify as?**

- White, Non-Hispanic
- Hispanic American
- African American
- Native American
- Asian American/ Pacific Islander
- Multiracial
- Other (be specific) \_\_\_\_\_

**4) Please indicate the highest level of education you completed:**

- Less than High school
- High school graduate, diploma or the equivalent (for example GED)
- Some college credit, no degree
- Trade/technical/vocational training
- Associate degree
- Bachelor's degree
- Graduate degree

**5) Please indicate your household annual income:**

- Under \$ 25,000
- \$ 25,000 - \$ 29,999

- \$ 30,000 - \$ 34,999
- \$ 35,000 - \$ 39,999
- \$ 40,000 - \$ 49,999
- \$ 50,000 - \$ 59,999
- \$ 60,000 - \$ 84,999
- Over \$ 85,000

**Recruitment Message will be posted on Amazon's Mechanical Turk**

Requestor: Jan-Juba Arway

HIT Expiration:

Reward: \$0.50

Keywords: response strategy, crisis, rival response, brand

**I. [Consent Form]**

A graduate student at S.I conducts this research. Newhouse School of Public Communications at Syracuse University.

You are invited to participate in a survey that investigates people's evaluations of two airlines brand dealing with crisis in a variety of contexts. The results of this survey will require for academic purposes only. To participate in this survey, you must be 18 years old, and United States resident. This survey is 15 to 20 minutes long; upon completion, you will receive \$0.50 as compensation for your time and effort.

Please select the link below to participate in this survey. At the end of the survey, you will be given a code to paste into the box below to receive your credit for taking this survey. **Please make sure you do not close this window before completing this survey.** When you are done, you will be redirected to this page to paste the credit code into the box.

If you have any questions or concerns, please contact Jan-Juba Arway at [jyarway@syr.edu](mailto:jyarway@syr.edu).

[Thank you for your participation.](#)

By clicking the link below and taking this survey, I am acknowledging that I am 18 years of age or older.

### 1) Experiment Stimuli: Market statistics

**[Instruction]:** To avoid brand familiarity, the names of the real brands will be replaced with fictitious names.

Nationwide airlines sales revenue amounted to approximately \$142 billion U.S. dollars in 2019

2019 Top 3 Airlines Brands in the United States Market				
Ranks	Brand	Market Share	Sales in 2019 (U.S dollars)	
1	Rosetta Airlines	18.9 %	\$3.9 Billon	
2	Indijet Air	17.5%	\$2.5 Billion	
3	Mil Airlines	15.6%	\$487 Million	
4	Redeye Airlines	11.06%	\$233 Million	



### III. Presenting Stimulus: News article

NEWS	SPORT	MONEY	TECH	TRAVEL	OPINION	CROSSWORDS	SUBSCRIBE
------	-------	-------	------	--------	---------	------------	-----------

By Juliana Adams

Oct. 31, 2018 11:15 a.m. ET

Oct 25, 2018 – Phoenix – From his window seat on Rosetta's flight set to take off for Phoenix, the white man berated and bullied an elderly black passenger, loudly ordering her to move out of his way, and making racist comments about her appearance and her accent.

He called her a “stupid, ugly cow” and an “ugly black n\*\*\*\*,” and told her not to speak to him in a “foreign language,” though the Haitian-born woman was speaking English.

Nevertheless, flight attendants did not usher him to a different seat or off the plane. Instead, with a cellphone camera recording, the woman was forced to move as the man threatened to push her. The flight soon took off from Los Angeles, California, without the man facing any consequences.

The budget airline responded to the incident with a tweet on Saturday that it had seen the footage and reported the incident to the police. It did not provide further comment.

STATEMENT: “WE ARE AWARE OF THIS VIDEO AND HAVE REPORTED THIS MATTER TO LA POLICE”

---ROSTTAAIRLINES (@ROSETTAAIR) OCTOBER 21,2018

Rosetta Airline’s handling of the episode on Friday is now the focus of intense criticism, with people threatening to boycott the airline.

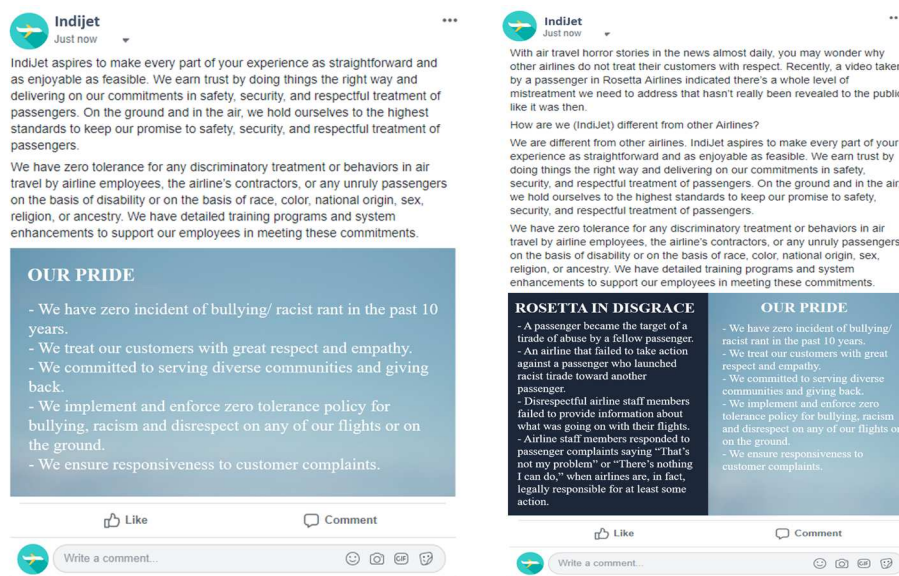
Rosetta Airlines, a Budget Airline, Under Fire for Ignoring Passenger’s Racist Rant

- It is a significant setback for Rosetta when it tries to lure passengers from other low-cost carriers, such as IndiJet [Version for the same-tier airline]

The incident may be a significant setback for Rosetta Airways' recent campaign to attract passengers from other competitors' low-cost carriers such as **IndiJet [Version for the same-tier airline]**.

## 2) Experiment Stimuli: Rival brand's Facebook post responding to Rosetta Airlines crisis

### Bolstering and Differentiation



**Indijet** We are committed to providing a level of service to our customers that makes us a leader in the airline industry. We understand that to do this, and we need to have services we are proud of and employees who like coming to work every day and customers who like to fly with us. Our goal is to make every flight a positive experience for our customers. We have detailed training programs and system enhancements to support our employees in meeting these commitments, and we measure how well we meet them. We hold our customers to the highest standard; we have a zero-tolerance policy for bullying, racism, and disrespect on any of our flights.

### Our Airline

- Treated customers and staff with at most respect
- Implement and enforce a zero-tolerance policy
- Zero incident of bullying/ racist rant in the past ten years
- Committed to servicing community and giving back – yearly donations

- Affordable fares

### **Differentiation**

How is **Indijet** different from Rosetta Airlines? We are dedicated to inspiring humanity. We aspire to make every part of your experience as straightforward and as enjoyable as feasible. However, we know there can be times when things might not go as arranged. If you are vexation, as a result, we think you must know precisely what you can expect from us. That is why we created our Customer Bill of Rights. These Rights will always be subject to the highest level of safety and security for our customers and staff.

### **Our Airline**

- Treated customers and staff with at most respect
- Implement and enforce a zero-tolerance policy
- Zero incident of bullying/ racist rant in the past ten years
- Committed to servicing community and giving back – yearly donations
- Affordable fares - 24/7 crisis management/response center

### **Rosetta Airlines**

- Focused on being the first leading airline in the U.S.
- Expand low-fare offerings to increase passenger traffic
- Few customers focused committed / policies
- Focused on cost-containment and operating efficiencies
- Delayed response to customer complaints

## Survey questionnaire

### II. Pretest

#### (1) [Involvement] How is/does budget airline important/mean/matter to you?

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	
Not Important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Important
Means nothing to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Means a lot to me
Of no concern to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Of concern to me
Relevant to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Irrelevant to me

### IV. Manipulation check [Same Tier]

#### 1) Which of following airline category does Rosetta Airlines belong to ?

- a) A budget airline
- b) A full-service airline (Legacy airline)

#### 2) Which of the following brands is a budget airline ?

- A) IndiJet
- B) Skytop

#### 3) Which of the following brands is a full-service airline ?

- A) IndiJet
- B) Skytop-test

### V. Post-test: Emotional Spillover

Especially, satisfaction was adapted from Oliver's (1997) research ( $\alpha=.96$ ) (Allen, Brady,

Robinson, & Voorhees, 2015) (Kos Koklic, Kukar-Kinney, & Vegelj, 2017)

(Kos Koklic et al., 2017)(Kos Koklic et al., 2017)

(Allen et al., 2015)(Allen et al., 2015)

**[Satisfaction for Rosetta Airlines]** After reading the news article regarding Ryanair Airline crisis, please indicate to what extent do you agree or disagree with the following statements about **Rosetta Airline**

	Strongly Disagree (1)	(2)	(3)	(4)	(5)	(6)	Strongly Agree (7)
My satisfaction with this airline has increased	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The price ticket for this airline is reasonable compared to the service offered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I now have a more positive attitude towards this airline.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am satisfied with this airline.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am happy with this airline.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

My satisfaction with this airline has increased. (Kos Koklic et al., 2017)

The price ticket for this airline is reasonable compared to the service offered. (Kos Koklic et al., 2017)

I now have a more positive attitude towards this airline. (Kos Koklic et al., 2017)

I am satisfied with this airline. (Allen et al., 2015)

I am happy with this airline. (Allen et al., 2015)

**[Satisfaction for rival brands]** After reading the news article regarding **Rosetta** Airlines crisis, please indicate to what extent do you agree or disagree with the following statements about

**[Indijet]**





## **VI. Stimulus: Response Strategies (Bolstering vs. Differentiation vs. Control)**

### **Bolstering**

**[Indijet] We earn trust by doing things the right way and delivering on our commitments every day.** On the ground and in the air, we hold ourselves to the highest standards in safety and reliability. We aspire to make every part of your experience as straightforward and as enjoyable as feasible. We discover ways to make our unique brand of customizable travel a tremendous personal experience. We are dedicated to inspiring humanity. We have detailed training programs and system enhancements to support our employees in meeting these commitments, and we measure how well we meet them. We hold our customers to the highest standard; we have a zero-tolerance policy for bullying, racism, and disrespect on any of our flights.

### **Our Airline**

- Treated customers and staff with at most respect
- Reliable, on-time service
- Clean, fuel-efficient airplanes
- Implement and enforce a zero-tolerance policy
- Zero incident of bullying/ racist rant in the past ten years
- Committed to servicing community and giving back – yearly donations

### **Differentiation**

How is **Indijet** different from Rosetta Airlines? We aspire to make every part of your experience as straightforward and as enjoyable as feasible. We discover ways to make our unique brand of customizable travel a tremendous personal experience. We are dedicated to inspiring humanity. We have detailed training programs and system enhancements to support our employees in meeting these commitments, and we measure how well we meet them. We hold our customers to





Its post bolsters the good traits of its brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Its post reinforces the excellent reputation and history of its brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**[Differentiation]** Please indicate to what extent you agree or disagree with the following statements regarding **[Indijet] Facebook Post**.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
Its tweet highlights a competitive advantage over Rosetta Airlines	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Its tweet compares the differences between Rosetta Airlines and its brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Its tweet differentiates its brand from the Rosetta Airlines.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### VIII. Post-test: Mitigating Behavioral Spillover DV1: PART

**[PART][Promptness]** To what extent do you agree with the following statements that describe

IndiJet's **Facebook post** responses?







The airline seems to have a good reputation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The airline is legitimate.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This airline operates in an acceptable manner.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**DV4: [Brand trust: brand in crisis]** Please indicate your perceptions about **Rosetta Airlines** on each scale below.

	1	2	3	4	5	6	7	
Untrustworthy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Trustworthy
Unreliable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Reliable
Not dependable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Dependable

**[Brand trust: rivalry brand]** Please indicate your perceptions about **IndiJet** on each scale below.

	1	2	3	4	5	6	7	
Untrustworthy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Trustworthy
Unreliable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Reliable
Not dependable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Dependable

**DV6: [Purchase intention] DV5: [Switch Intentions: brand in crisis]** How likely would you use **Rosetta Airlines** if the airline were available in your area?



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# Resume

## JAN-JUBA ARWAY

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**Syracuse University**  
 M.S. Public Relations  
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 B.S. Criminal Justices & Criminology  
 GPA 3.0  
 Class of 2016

### SKILLS

Hootsuite  
 Tweet-deck  
 WordPress  
 Adobe Photoshop  
 Microsoft Office Suite  
 Google Analytics/Cision/Wix  
 Stukent /Meltwater /Canva /HARO pitch

### WORK EXPERIENCE

2018-19	<b>E.I.S. of CNY</b> <b>Public Relations &amp; Marketing Intern</b> <ul style="list-style-type: none"> <li>• Setting objectives for the PR team and monitoring team members' performance.</li> <li>• Maximizing brand presence on various channels (web, TV and social media).</li> <li>• Cultivating and maintaining relationships with media and influential professionals.</li> <li>• Developed and executed public relations and marketing campaign for the grand opening, which garnered national attention.</li> <li>• Leading to a successful grand opening and acquired 20 clients.</li> </ul>	2016-18	<b>Olinsky Law Group</b> <b>Case Manager</b> <ul style="list-style-type: none"> <li>• Update client account/medical records, paid invoices using credit cards and checks.</li> <li>• Submit medical records via fax and SSA website for over 30 clients per day.</li> <li>• Download records from various providers website and via email</li> <li>• Compiled documentation, ensuring accuracy and detail for legal briefs, responses to opposing counsel, motions to court and trial exhibits.</li> <li>• Worked closely with litigation attorneys to research, complete trial. preparations and create document drafts for court use.</li> <li>• Supported administration and research processes for civil litigation cases</li> </ul>
2019-19	<b>New American Women's Empowerment</b> <b>Social Media Strategist Intern</b> <ul style="list-style-type: none"> <li>• Design social media strategies to achieve marketing targets. Created and publish original, high quality content.</li> <li>• Administer all company social media accounts ensuring up-to-date content. Wrote and designed all content in informative and appealing way.</li> <li>• Collaborate with Marketing and Product development teams to create social 'buzz' regarding new new summer programs launches. Facilitate client-company communication (respond to queries, get reviews and organize chats and Q&amp;A sessions).</li> <li>• Prepare weekly and monthly reports on web traffic Monitor SEO and user engagement and suggest content optimization.</li> <li>• Communicate with industry professionals via social media to create a strong network.</li> <li>• Trained internal teams to integrate and maintain a cohesive social media strategy Stay up-to-date with new digital technologies and social media best practices</li> </ul>	2013-15	<b>Phillips Disability</b> <b>Legal Asstant</b> <ul style="list-style-type: none"> <li>• Assist with preparation of legal documents, assisted in litigation procedures and project management.</li> <li>• Respond to client inquiries/inbound and outbound calls. Perform research activities about precedents and other information.</li> <li>• Organize law libraries and example. Prepared thorough, accurate and well-edited documents for cases, client communication and internal needs.</li> <li>• Mailed and arranged for delivery of legal correspondence to clients, witnesses and court officials.</li> <li>• Handled all telephone 50 + calls, meeting plans and conference, organization requirements.</li> <li>• Managed communication with courts regarding status of petitions and granted orders.</li> </ul>