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Cancel Culture and Customer Loyalty – A Quantitative Study of the Effect of Brand Response Types

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by

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Declaration of Honor

I hereby declare that I have written this thesis independently and without outside help, that I have not used any sources other than those stated and that I have quoted the sources used verbatim and have identified passages taken from them as such. The thesis or parts of the thesis have not previously been submitted in the same or a similar form to this or any other examination authority and have not yet been published. This version corresponds to the electronic version submitted.

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Celine Eibler

Abstract

The phenomenon of cancel culture is widespread on social media and has become increasingly popular in recent years. Both corporate brands and personal brands can be affected. One of the well-known cases is J. K. Rowling or Ellen DeGeneres, for example. Both personal brands. Recent research has shown that there are four types of brand reactions to “cancel attempts”. These are (1) Proactive Action, (2) Brand Apology, (3) Active Defiance and (4) Passive Ignoring. There is still no research on these brand reactions that investigates the connection to customer loyalty. In addition, communication managers are faced with the challenge of how best to respond to “cancel attempts”. For this reason, an experimentally based quantitative research design was conducted with samples of 386 participants. The results showed that brand reactions have an influence on customer loyalty. The analyses also showed that the brand reaction passive ignoring has a small, positive effect on customer loyalty. No significant relationship was found for the other types of brand reactions. The results provide valuable insights for communication managers as they show how complex the right choice of brand responses to cancel attempts is.

Keywords: crisis communication, cancel culture, brand reactions, customer loyalty

Zusammenfassung

Das Phänomen der Cancel Culture ist auf Social Media weit verbreitet und hat in den letzten Jahren immer mehr an Popularität gewonnen. Sowohl Unternehmensmarken als auch persönliche Marken können davon betroffen sein. Eines der bekannten Fälle ist beispielsweise J. K. Rowling oder Ellen DeGeneres. Beides persönliche Marken. Aktuelle Forschungen ergaben, dass es vier Arten von Markenreaktionen auf „Cancel-Versuche“ gibt. Diese sind (1) Proactive Action, (2) Brand Apology, (3) Active Defiance und (4) Passive Ignoring. Zu diesen Markenreaktionen gibt es noch keine Forschung, die den Zusammenhang zur Kundenloyalität erforscht. Zudem stehen Kommunikationsmanager vor der Herausforderung, wie sie am besten auf „Cancel-Versuche“ reagieren. Aus diesem Grund wurde ein experimentell angelehntes quantitatives Forschungsdesign mit Stichproben von 386 Teilnehmern und Teilnehmerinnen durchgeführt. Dabei ergab sich, dass Markenreaktionen einen Einfluss auf die Kundenloyalität haben. Zudem ergaben die Analysen, dass die Markenreaktion Passive Ignoring einen kleinen, positiven Effekt auf die Kundenloyalität hat. Bei den anderen Arten von Markenreaktionen wurde keine signifikante Beziehung festgestellt. Die Ergebnisse liefern wertvolle Erkenntnisse für Kommunikationsmanager, da sie aufzeigen, wie komplex die richtigen Auswahl an Markenreaktionen auf „Cancel-Versuche“ ist.

Schlüsselwörter: Krisenkommunikation, Cancel Culture, Markenreaktionen, Kundenloyalität

Table of Contents

1. Introduction 1

2. Crisis Management and Corporate Response Strategies 3

2.1 Crisis Management and Communication in the Age of Social Media 4

2.2 Latest Research Results 5

2.3 Interim Conclusion Crisis Management 6

3. Cancel Culture 7

3.1 Definition „Cancel Culture“ 7

3.2 Psychological Background 8

3.2.1 Power within relationships theory 9

3.2.2 Consumer Cancel Culture Framework 10

3.3 Call for Cancellation Process Model 13

3.3.1 Step One: Trangression Evaluation 13

3.3.2 Step Two: Consumer Mobilization 15

3.3.3 Step Three: Brand Response 17

3.3.4 Step Four: Market Realignment 18

3.4 Interim Conclusion Cancel Culture 19

4. Customer Loyalty 20

4.1 Influence of CRM and Reputation on Customer Loyalty 21

4.2 Customer Loyalty and Customer Relationship Management 22

4.3 Customer Loyalty and the satisfaction 22

4.4 Interim Conclusion Customer Loyalty 22

5. Theory Construction 23

6. Method 26
6.1 Research Design 26
6.1.1 Collection of Data 27
6.1.2 Questionnaire 27
6.1.3 Sampling 31
7. Empirical Study 33
7.1 Data Preparation 33
7.2 Descriptive Analysis 35
7.3 Mean and Standard Deviation 36
7.4 Reliability 37
7.5 Normal Distribution 39
7.6 Test for equality of variances 41
7.7 Hypothesis Testing 42
7.7.1 One-Way Independent ANOVA 42
7.7.2 Regression Analysis 44
8. Conclusion 51
9. Limitations 52
References 53
Backmatter 62

List of illustrations

Figure 1: Consumer Cancel Culture Framework 10
Figure 2: Conceptual model 25
Figure 3: Age of Participants 35
Figure 4:Frequency of purchases in fast fashion brands 36
Figure 5: Q-Q Diagram of Brand Apology 41
Figure 6: Model Summary Proactive Action 45
Figure 7: ANOVA Proactive Action 45
Figure 8: Coefficients Proactive Action 45
Figure 9: Model Summary Brand Apology 46
Figure 10: ANOVA Brand Apology 47
Figure 11:Coefficients Brand Apology 47
Figure 12: Model Summary Active Defiance 48
Figure 13: ANOVA Active Defiance 48
Figure 14:Coefficients Active Defiance 49
Figure 15: Model Summary Passive Ignoring 49
Figure 16: ANOVA Passive Ignorig 50
Figure 17: Coefficients Passive Ignoring 50

List of Tables

Table 1: Brand Response Types of the case.....30
Table 2: Mean and Standard Deviation.....37
Table 3: Item-Total Scale.....38
Table 4: Kolmogorov-Smirnove test.....40
Table 5: Levene test.....42
Table 6: Main ANOVA summary table.....43

1. Introduction

"If I were to have voted, I would have voted for Trump (Goldsbrough, 2020)". With this statement, Kanye West expressed his support for former US-President Donald Trump, which infuriated his fans. Later on, he was pictured with him at Trump Tower and he stated that "slavery was a choice". This statement caused him to be unfollowed by celebrities on social media platforms and to be declared as dangerous by Ta-Nehisi Coates, a public intellectual (Goldsbrough, 2020). In 2020, Ellen DeGeneres has also become the victim of a rising social media campaign against her show and herself (Goldsbrough, 2020). The campaign was triggered by reports of former employees who spoke of racism and intimidation on the set (Yandoli, 2020). A few months later, she also had to face allegations of sexual harassment on the show (Giacomazzo, 2020). Ellen DeGeneres apologized however, the audience numbers had already dropped by this time. As a result, the "Ellen Show" was announced to be cancelled (Quinn, 2021).

These examples show cases of "Cancel Culture". An occurrence in which socially networked consumers publicly call out brands for their controversial views and actions. The result is the cancellation of the target brand (Demsar et al., 2023, p. 322). Cancellation attempts have increased since 2020 and the word "cancellation" has become the focus of public debates (Mohsen, 2022 as cited in Demsar et al., 2023, p. 323). On one hand, critics believe that the "cancel culture" restrains open debates and freedom of speech (Norris, 2020 as cited in Demsar et al., 2023, p. 322). On the other hand, advocates of the "cancel culture" believe that cancellations are an important tool to ensure social justice. Especially for people in weaker positions (Bakhtiari, 2020; Clark, 2020 as cited in Demsar et al., 2023, p. 322). For brands, cancellation attempts, as in the case of Ellen DeGeneres, can have negative effects, such as image loss (Mohsen, 2022 as cited in Demsar et al., 2023, p. 323). That's why it's important for marketers and brands to have an understanding of this growing phenomenon (Demsar et al., 2023, p. 323). Consumers participating in cancellation attempts provide marketers with difficult challenges. The brand should address social issues but not attack any parties in the target market (Saldanha et al., 2023). According to a study from 2018, 88% of consumers want brands to help them make a positive impact in the

world (Townsend, 2021). 64% of respondents from another study stated that buying and boycotting decisions depend on the social and political position of a brand (Saldanha et al., 2023, p. 1072). Because of this and the ever-increasing number of cancellation attempts, it is important that companies have a good brand response strategy. In addition, Demsar et al.(2023) created a 4-step call for cancellation process model based on a qualitative study in which Twitter and media posts from newspapers, etc. were scraped via data mining and later analyzed. In the third step, called brand responses, four types of brand responses that are used in practice were derived (Demsar et al., 2023, pp. 327–341).

The paper does not show the effectiveness of brand responses. Measuring effectiveness can help companies with a more effective crisis management in the future (Demsar et al., 2023, p. 346). This new form of crisis poses new challenges for companies and how they can react correctly. The unpredictable nature of corporate crisis has risen due to social media. As such the approaches that have been successful thus far cannot be used to handle crisis on social media (Vignal Lambret & Barki, 2018, p. 295). As there has not been any research on the subject on the influence of brand responses to cancellation attempts on the customer loyalty to date, the following research question is answered in this Master's thesis.

- How do brand responses to cancellation attempts influence customer loyalty?

In order to answer the research question, a theoretical background is first developed. This will focus on the phenomenon of cancel culture. First, the literature and its current research on crisis communication is described. This is followed by the definition of cancel culture and the explanation why people participate in this phenomenon. For this purpose the power within relationship theory and the call for cancellation process are explained in detail. The latter model also serves as basis for the empirical research in the master's thesis. Following the literature analysis on cancel culture, the focus is placed on customer loyalty. The term customer loyalty will first be defined and then an excursus is given on the latest findings from research on customer loyalty. After that an experimental survey is conducted to answer the research question. The survey was limited to the fast fashion industry. The data is analyzed using an ANOVA and a linear

regression. For linguistic improvements, AI's such as Grammarly, Scribbr and DeepL were used to check the grammar.

2. Crisis Management and Corporate Response Strategies

According to Vignal Lambret and Barki (2018, p. 296) there is a wide range of literature on the subject of crisis management . A number of researchers including Coombs (1999) and Fink (1986), created analyses of crisis that take a cyclical approach. The aim was to plan for unavoidable crisis before they arise (Vignal Lambret & Barki, 2018, p. 296). More precisely, their models indicate that crises go through several phases and they define crisis management as a procedure that enables to successfully handle each phase (Vignal Lambret & Barki, 2018, p. 296).

Vignal Lambret and Barki (2018, p. 296) also state that another strand of crisis management literature deals with crisis communication and response strategies. This includes authors such as Piotet (1991) and Lagadec (1993).The goal of crisis response strategies is to protect the reputation of a company (Coombs & Holladay, 2007, p. 301). According to Dionisopolous and Vibbert (as cited in Coombs et al., 2010, p. 339) the four corporate strategies denial, bolstering, differentiation and transcendence can be referred to as the initial group of crisis response strategy and the core concept around which crisis communication study evolved is corporate apologia (Coombs et al., 2010, p. 338). It is a communication strategy that enables companies to maintain their reputation and shield them from reputational damage. Additionally it is an important tool to ensure stakeholder safety (Coombs et al., 2010, p. 338).

Another crisis communication strategy besides corporate apologia is the situational crisis communication strategy, in short SCCT (Coombs et al., 2010, p. 338). The genre apologia, which relates to self-defense is derived from rhetoric (Coombs et al., 2010, p. 339), whereas situational crisis communication theory uses a social scientific research methodology instead of an rhetorical approach (Coombs et al., 2010, p. 342). It is common to use experimental designs in situational crisis communication strategies. It uses and expands crisis response strategies with rhetorical methods by using experiments to evaluate how well strategies like apologia, defend and enhance

reputation (Coombs et al., 2010, p. 342). The theory suggests the use of rebuild strategies in avoidable crises. In addition to the rebuild strategies, bolstering strategies should be applied when a positive organization public relationships existed before the crisis (Coombs, 2007, 2014 as cited in Ma, 2023, p. 87).

Crisis Management models created between the 1980s and 2000s all incorporate two key elements, namely crisis avoidance and adapted communication (Vignal Lambret & Barki, 2018, p. 296). They assume that companies have power over their environment and form the traditional crisis management theory (Vignal Lambret & Barki, 2018, p. 329). But the Invention of the Internet has transformed corporate communications fundamentally (González-Herrero & Smith, 2008, p. 143).

2.1 Crisis Management and Communication in the Age of Social Media

The Internet has become the most used medium for communication with stakeholders like costumers in a matter of years. Also the way people use the Internet is constantly adapting. One indicator for this is the rapid growth in social media users (González-Herrero & Smith, 2008, p. 143). The wide range of online media create highly segmented target groups for companies and consumers use social media to share their opinions with other users (González-Herrero & Smith, 2008, p. 329). Crisis can be expedited or triggered by social media, for example when a crisis spreads on social networks and creates a momentum (Libaert, 2015 as cited in Vignal Lambret & Barki, 2018, p. 296). In addition to corporate voices, the rise of social media also allows corporate external voices to discuss corporate crises (Coombs & Holladay, 2014, p. 42). Therefore corporate crises are becoming increasingly more unexpected due to social media since irrationality can fuel them. Consequently, these issues cannot be resolved using the current approaches, which are based on the neo-classical approach of an individual who is presumed to be rational (Vignal Lambret & Barki, 2018, p. 303). Consequently, these issues cannot be resolved using the current approaches. These approaches are insufficient because they are based on the idea that individuals always act rational. Instead the connected individual is following the behavioral approach and follows their emotional biases (Vignal Lambret & Barki, 2018, p. 303).

In their work, Vignal Lambret and Barki (2018, p. 298) focus on response strategies and investigate the relationship between companies and stakeholders who express their emotions on social media during a corporate online crisis. Their Results highlight the importance of new stakeholder-centric and flexible crisis communication strategies. Furthermore, the findings reveal that brands suffer less reputational damage when they adapt their response strategy to the emotions of the stakeholders (Vignal Lambret & Barki, 2018, p. 303).

2.2 Latest Research Results

Since 2021, many crisis management studies have focused on COVID-19. For example, Su et al. (2021, p. 1) investigate the legacy media coverage of COVID-19, the consequences of infodemics on social media regarding mental health and crisis communication solutions to mitigate the negative effects. Bengtsson and Brommesson (2022, p. 481) examine public trust and crisis readiness for upcoming crises in Sweden with data conducted during COVID-19. Additionally, Sharma et al. (2022, p. 1) explore the connection between innovation and crisis management during the COVID-19 crisis to have a deeper understanding of upcoming advancements in practice.

A further limitation of crisis management to crisis communication shows that current research is primarily concerned with the topic communications during pandemics and natural disasters, such as earthquakes (Splendiani & Capriello, 2022, p. 509) and hurricanes (Noor et al., 2024, p. 1). For example, Bukar et al. (2022, p. 57266) investigate the degree to which social media crisis response and information influence people's capacity of crisis recovery during floodings and other crises.

In addition to these research topics, Ma (2023, p. 84) conducts an online experiment to investigate the effect of customer-brand identification on the success of response strategies. In order for consumer brand identification to occur, individuals have to use brand-specific characteristics to define themselves. The response strategies are defined by SCCT for avoidable crisis. According to the study's findings crisis that jeopardize the shared characteristics of the brand and the consumer have a negative impact on the success of brand responses. Furthermore, when brands incorporate

customer brand identification into their response strategies, they are more effective at reducing negative customer reactions (Ma, 2023, p. 84).

Demsar et al. (2023, p. 341) cover the topic of brand responses in their four-stage call for cancellation process model. In this model, they look at how cancellation attempts occur in the context of cancel culture. It will be discussed in greater detail in Chapter 3.2.

2.3 Interim Conclusion Crisis Management

Crisis management and corporate response strategies have been extensively studied. Early models describe a cyclical approach to manage crises through their various phases. The primary goal is to plan for crises before they occur, ensuring that each phase is handled effectively.

A significant focus within crisis management literature is on crisis communication and response strategies. Some authors highlight the importance of protecting a company's reputation through strategies like denial, bolstering, differentiation, and transcendence. Corporate apologia, a key concept in this field, helps companies maintain their reputation and address stakeholder concerns.

With the arrival of the Internet, especially social media, crisis management has evolved. Social media has amplified the speed and reach of crises, often making them more unpredictable and emotional. Traditional crisis management theories, which assume rational behavior, are increasingly inadequate. Newer research emphasizes the need for stakeholder-centric and flexible communication strategies.

Recent studies, particularly those since 2021, have focused on the impact of COVID-19 on crisis management. Research includes topics such as legacy media coverage, public trust, and the role of innovation during crises. Additionally, studies have explored crisis communication during natural disasters and the effectiveness of response strategies incorporating customer-brand identification.

Overall, the field of crisis management continues to adapt to new challenges and technologies, requiring updated approaches and strategies to effectively manage and communicate during crises.

3. Cancel Culture

In this chapter, cancel culture and customer loyalty are defined and explained in detail. The aim is to provide an understanding of why consumers participate in cancellation attempts and how companies can react to such attempts.

3.1 Definition „Cancel Culture“

Although the phenomenon of “cancel culture” is new, there are many different definitions that take different aspects into account. Abbasi et al. (Abbasi et al., 2023, p. 47) state that it is a general experience in which a brand gets hate due to a bad brand experience. Moreover, they call it an idea in which someone loses their trustworthiness and credibility if they violate social norms and guidelines that are important to the majority of society (Abbasi et al., 2023, p. 47). Although the cause of cancellation can vary, it usually stems from the individual or brand in question engaging in contentious, objectionable, or what the public considers to be unacceptable behavior or activity, whether in the past or present (Saldanha et al., 2023, p. 1072). Studying the effects of cancel culture is necessary because it is having an increasing negative impact on brands and celebrities (Saldanha et al., 2023, p. 1072).

In this master’s thesis, the following definition is used. *“We define a cancellation as deliberate collective action on part of consumers – today typically performed on social media – which attempts to force market change through calling for the cancellation of a brand in retribution for an irreparable transgression. To this end, cancellations represent a new form of active consumer resistance that seeks to withdraw all support for a brand to (re) align markets and marketing practices with prevailing societal values and logics* (Demsar et al., 2023, p. 323).” The noun cancellation and the term cancellation attempt is used instead of “cancel culture”. For this work, there are two models that are important for the basic understanding of cancel culture. One is the Call

of Cancellation Process model and the other is the Consumer Cancel Culture framework.

3.2 Psychological Background

The increasing popularity and distribution of social media has given consumers more power because it gives them a platform where they can criticize marketing practices they deem inappropriate. It has given voiceless members of society a place to express their dissatisfaction and gain power and influence that they otherwise would not have had. Cancellation can therefore be seen as a form of power and that power theories offer an appropriate theoretical framework for investigating this occurrence (Saldanha et al., 2023, p. 1072). In this scenario, an in every other social context, power plays a crucial role since it is primarily the ability to influence behavior from its causes to its consequences (Wilson, 2018 as cited in Saldanha et al., 2023, p. 1072). According to Saldanha et al. (2023) customers engage in cancelling behaviors when there is an unequal or asymmetrical power dynamic between them and brands (Saldanha et al., 2023, p. 1072).

The idea of unequal control in comparison to another is known as the psychological perspective on power (Jiang et al., 2014; Rucker et al., 2012 as cited in Saldanha et al., 2023, p. 1075). In this situation the psychological effects that power has on consumer's emotions are a crucial point to consider. Customers may feel more in control of their surroundings and feel positive and confident after having this experience, but they may also process information less quickly than they would if they had less power (Rucker et al., 2014, p. 381). This can become worse when there is more negative information available because it tends to increase psychological arousal and spread exponentially (Wang & Kim, 2020, p. 115) Perceived power leads to assertive consumer behavior, self-centeredness and a decreased tendency to consider other people's viewpoints (Jiang et al., 2014 as cited in Saldanha et al., 2023, p. 1075) The result is consumers canceling brands. The "power within relationship theory" can help to understand deeper psychological factors that describe the reason behind cancellation attempts (Saldanha et al., 2023, p. 1075).

3.2.1 Power within relationships theory

The power within relationships theory describes how a partner in a relationship can consciously influence the other partner to help them accomplish their goal or at least not obstruct them in achieving their goal (Huston, 1983 as cited in Saldanha et al., 2023, p. 1075). By withholding support, refraining from purchases and rejecting the brands values, the consumer shows their power by cancelling the brand (Saldanha et al., 2023, p. 1075). Relationship imbalances originate from power imbalances, and this includes those between the influence victim (brand) and the influencer (consumer) (Saldanha et al., 2023, p. 1075). Furthermore relationship dissatisfaction brought on by power asymmetry has negative effects on the power partners (Saldanha et al., 2023, p. 1075). The power within relationship theory takes four causal conditions, namely the characteristics of each partner's personality, the physical and social surroundings, the distinctive characteristics of the partnership, including guidelines and norms, and the embedded relationships into account that either facilitate or impede each partner's capacity to consciously influence the other or resist being influenced (Mikulincer & Shaver, 2015 as cited in Saldanha et al., 2023, p. 1075). In the case of the cancel culture the consumers have characteristics that are anxious or avoidant (Japutra et al. 2018 as cited in Saldanha et al., 2023, p. 1075). These traits are also called insecure attachment. They occur when an attachment person isn't there to provide a place of safety or a stable foundation. More and stronger relationships are typically formed between brands and consumers with an insecure attachment style than between secure consumers (Saldanha et al., 2023, p. 1075). Furthermore, consumers with insecure attachment style are more prone to anti-brand actions after a transgression of the brand occurred (David et al., 2020, p. 3018) According to Thomson et al.(as cited in Saldanha et al., 2023, p. 1076) people who are highly anxious are more likely to develop relationships with specific brands and to be distressed when those relationships end. That's why consumers with an insecure attachment style are more likely to participate in cancellation attempts (Saldanha et al., 2023, p. 1076). These two personalities lead to an avoidance of connectedness in relationships, that also serves as the basis for customers disliking brands (Saldanha et al., 2023, p. 1076). Customers establish the ground roles for their relationship and interactions with brands and they

halt these relationships when norms are transgressed (Saldanha et al., 2023, p. 1076). According to Hall and Knox (2017, p. 4) relationship experiences are influenced by the partners perceptions of power. Saldanha et al. (2023, p. 1076) claim that there are two power dimensions that determine how powerful a consumer perceives themselves to be. These are called competence and warmth of the target that gets influenced (Saldanha et al., 2023, p. 1076). As claimed by Fournier and Alvarez (2012, as cited in Saldanha et al., 2023, p. 1076) one way to understand power in a relationship is to compare the level of competence and warmth's of the relationship's participants. They also state that warmth includes for example socially conscious business practices or support for charitable causes and competences are the skills of the partner.

3.2.2 Consumer Cancel Culture Framework

In order to explain the power dynamics between the costumer and the brand Saldanha et al. (2023, p. 1076) present the consumer cancel culture framework. The framework is illustrated in Figure 1.

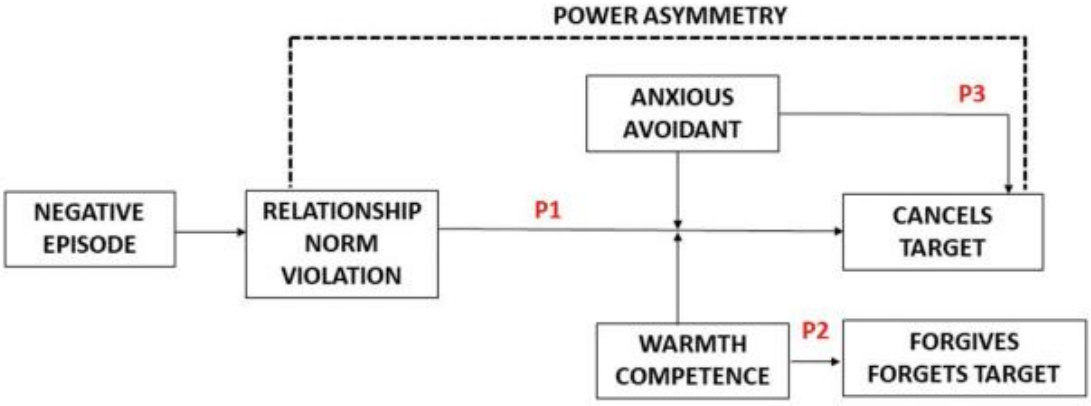

Figure 1: Consumer Cancel Culture Framework
Source: (Saldanha et al., 2023, p. 1076)

The foundation of this relationship is the power imbalance between the influencer agent and the target. Hereby is the consumer the agent and the brand the target (Saldanha et al., 2023, p. 1076). Once the brand (influence target) engages in contentious and unpleasant activities, also referred to as negative episodes the consumer (influence agent) reacts by cancellation attempts. The cancellation signifies a transgression of

established norms in the relationship between the costumer and the company (Saldanha et al., 2023, p. 1076). When there is a recognized absence of power dimensions on the brand by the consume the attachment starts to decrease. Consumers become less understanding and accommodating of the brand as a result of the attachment decrease, which leads to the cancellation attempt of the brand (target) (Saldanha et al., 2023, p. 1076). Nonetheless, it is crucial to keep in mind that a consumers recognized warmth or competence in the brand serves as a barrier against them engaging in cancellation behavior. When this happens and the incident doesn't go above a certain level, the customer is more likely to overlook the foolishness of the brand (Saldanha et al., 2023, p. 1076).

According to a study on social judgment, people's judgements of other people can be divided into two categories, namely competence and warmth also known as power dimensions (Saldanha et al., 2023, p. 1076) Competence is defined as being knowledgeable, self-assured, capable, efficient, intelligent, and skilled, whereas warmth is defined as being kind, well-intentioned, trustworthy, good-natured, and genuine (Fournier and Alvarez, 2012 as cited in Saldanha et al., 2023, p. 1076) Furthermore warmth is described as acting in the public interest, such as when a corporation takes socially responsible steps or supports social programs (Fournier and Alvarez, 2012 as cited in Saldanha et al., 2023, p. 1076). Competence is defined as one's capacity or ability (Fournier and Alvarez, 2012 as cited in Saldanha et al., 2023, p. 1076). Brand personality competence is described by success, dependability and intelligence (Lunardo et al., 2015, p. 688). Customers act negatively toward their partner or the brand , when they believe that these dimensions are lacking (Figure 1) (Saldanha et al., 2023, p. 1078).

What potential consequences could the power imbalance within the cancel culture triad have für canceling behavior (Saldanha et al., 2023, p. 1078) According to Rucker et al. (2012, as cited in Saldanha et al., 2023, p. 1078) power asymmetry leads to a state of powerlessness, that is typically unpleasant and something people try to escape and Saldanha et al. (2023, p. 1078) claim that canceling behavior of the consumer is caused by that sense of powerlessness. They also state that similar to interpersonal

relationships consumers are forced to engage in cancelling attempts due to internal threats like being less accommodative and merciful. The reason for that feelings are because of consumer noticing that brands are less competitive in their field and are less appreciative of social initiatives. This perception originates from transgressions of the brand (Saldanha et al., 2023, p. 1078). When the consumer notices threats, the power dynamic tilts in favor of the consumer, who will start to retaliate by becoming less tolerant to the brands transgressions. However, in some cases, customers can overlook transgressions and forgive the brand (Saldanha et al., 2023, p. 1078). The reason for this is that when a threat arises, forgiveness often becomes a useful tool for preserving relationships (Saldanha et al., 2023, p. 1078) Nonetheless, consumers who take part in canceling behavior aren't forgiving and accommodative. They will leave the relationship and the customer loyalty will decline when take part in canceling behavior (Saldanha et al., 2023, p. 1079). According to Saldanha et al.(2023, p. 1079) consumers' anxiety and avoidance of transgressions can impact the cancellation tendencies.

Therefore, proposition 1 (P1), proposition 2 (P2) and proposition 3 (P3) in Figure 1 can be explained as follows. Proposition 1 suggests that the likelihood of cancellation increases with higher perceived confidence and warmth in the brand (target) and with the consumers (agents) level of anxiety and avoidance inclinations (Saldanha et al., 2023, p. 1078). Proposition 2 states that an consumers propensity to forgive a transgression increases with the brands perceived warmth and competence (Saldanha et al., 2023, p. 1078). Proposition 3 indicates that the cancel threshold decreases with increasing transgressions in the relationship and increased inclinations of consumers anxiety and avoidance (Saldanha et al., 2023, p. 1079).

Last but not least the attachment will be explained. Studies have demonstrated that attachment plays a significant role in the formation of connections, including those between consumers and brands (Saldanha et al., 2023, p. 1077). The majority of studies have concentrated on two significant stream on attachment research in marketing. The first stream is on attachment strength and the second one on attachment style. The latter focuses on how customers view themselves in relation to

other people (David et al., 2020, p. 3016). Saldanha et al. (2023, p. 1077) are of the opinion that due to their attachment styles or personalities, customers feel a loss in attachment to a brand. Furthermore, studies also show that a positive attachment can enhance the customer loyalty (Saldanha et al., 2018, as cited in Saldanha et al., 2023, p. 1077). Attachment styles are a reflection of people's personalities and innate behaviors and . They can be anxious, avoidant or secure (Thomson et al., 2012 as cited in Saldanha et al., 2023, p. 1077). According to Saldanha et al. (2018, as cited in Saldanha et al., 2023, p. 1077) how good or bad a person's self-perception is referred to as the anxiety dimension. In contrast, they also state that the avoidance dimension depends on how favorable or unfavorable one's perception of people is. Due to their impact on how customers interpret personal situations, the attachment styles are thought to be crucial to comprehending the cancel culture from the consumers perspective (Saldanha et al., 2023, p. 1077).

3.3 Call for Cancellation Process Model

Within the framework of a qualitative study the authors Demsar et al. (2023) have developed a "*four-stage call for cancellation process model*" (Demsar et al., 2023, p. 327). The model describes how cancellation attempts arise (Demsar et al., 2023, p. 329). In the next step "*how markets are shaped to realign with prevailing institutional logics around political ideology, race, gender, sexuality, abuse, and corporate greed*" (Thornton 2004 as cited in Demsar et al., 2023, p. 322). Institutional logics help to define the meaning of institutions. They consist of assumptions, values and beliefs that are built by society and actors use to give their social reality meaning (Demsar et al., 2023, p. 326). It consists of the following steps: "*transgression evaluation, consumer mobilization, brand response and market realignment"* (Demsar et al., 2023, p. 326).

3.3.1 Step One: Trangression Evaluation

In the first stage consumer entrepreneurs decide whether the brand transgression is unforgivable or not (Demsar et al., 2023, p. 332). The consumer is more conscious of macro social movements. These relate to the topics race, gender, corporate greed, abuse and political ideology. They are also familiar with the ways in which the institutional logics are linked to these macro-social movements and how they have

pervaded the market, marketing and institutional logics (Demsar et al., 2023, p. 329). In the eyes of the consumers, brands have a duty to support these macro-social movements, by following their institutional logics. This allows them to retain their legitimacy in the organizational field (market), as they contribute to the good of society. If this is not the case, an attempt to cancel the brand will be made, but before brands are canceled, the brand profile and the type of transgression are analyzed (Demsar et al., 2023, pp. 329–332).

The brand profile consists of the values, size and type of the brand (Demsar et al., 2023, p. 334). As well as the historical background. The brands compliance with institutional logics and, thus, its legitimacy in the market (organizational field) are especially demonstrated by its historical background and values. Almost no attempt to change a organizational field (market) is successful. Therefore, the success factor is analyzed prior to the cancellation attempt. Large, well-known, and homogenous corporate brands, like Nike are thought to be less vulnerable to cancellation efforts. With these brands, consumers don't attack the brand itself but events, products and marketing campaigns, due to a more successful delegitimization attempt (Demsar et al., 2023, p. 334). On the other hand, cancelation efforts are more likely to affect personal brands, such as J.K. Rowling. Customers delegitimize these brands by not reading, viewing or visiting anything from them. A unforgivable transgression takes place when a brand shares values with the public that defy the institutional logics imposed by macro-social movements. The same applies to communicating public positions that don't fit to the institutional logics (Demsar et al., 2023, p. 334). Furthermore, the history of the brand is evaluated when an transgression has been committed. Negative news reports and multiple transgressions in the past have influence on the assessment of unforgiveness. The more the brand transgresses, the more the new transgression is seen as unforgivable (Demsar et al., 2023, p. 335).

There are five types of unforgivable transgressions (Demsar et al., 2023, p. 332). These are related to the topics *"political ideology, racism, gender and sexuality discrimination, abusive behavior, and corporate greed*" (Demsar et al., 2023, p. 332). Examples are transgression regarding abortion or human rights and they arise because of censorship,

conflicting opinions regarding ideologically and lack of support (Demsar et al., 2023, p. 332).

3.3.2 Step Two: Consumer Mobilization

Consumers participate in institutional work to delegitimize the brand in the market and to validate the cancellation attempt (Demsar et al., 2023, p. 335). On the one hand consumers disrupt the status quo by doing this and they also indicate to other players in the industry that maintaining legitimacy requires adhering to institutional logics. On the other hand, there are also consumers who are against the cancellation attempt. They use institutional work to mitigate the cancellation momentum and to preserve the brand's legitimacy. The media, influencers and affiliates are some of the other actors who determine the momentum of cancellations as they shape and intensify the momentum (Demsar et al., 2023, p. 335).

Consumer entrepreneurs use institutional work to organize a significant amount of collectives against a transgressing brand and validate the cancellation attempt. The goal is to organize provocations that highlight violations and advance the demand for cancellation (Demsar et al., 2023, p. 335). Demsar et al. (2023, p. 335) identified three types of institutional work consumers use to validate the cancellation attempt. These are building awareness, education and anecdotal evidence. Building awareness is mostly accomplished through social media posts, which foster community among consumers and also convey a common message that corporates must adhere to ingrained logics or risk being cancelled. Employees of transgressive brands can also be drawn into the cancellation conflict. They can give out internal information and quit the job (Demsar et al., 2023, p. 335). By educating other consumers, consumer entrepreneurs enable people who aren't sure whether to participate in the cancellation attempt or not to understand why the transgression is irreversible and how it violates institutional logics. It also generates a collective feeling of anger towards the brand that is violating institutional logics. Consumers who are educated are able to understand the reason behind the transgression better, understand the intellectual foundation of macro social movements and validate the cancellation attempt for a larger number of consumers (Demsar et al., 2023, p. 335). Anecdotal evidence is usually presented

through appeals to emotion (Demsar et al., 2023, p. 339). In this type consumers explain the impact of the violation on their personal life, which strengthens the credibility of the cancellation effort. Because it provides proof that the violation is legitimate and motivates other consumers to participate in the cancellation attempt (Demsar et al., 2023, p. 339). In conclusion, consumer entrepreneurs send a strong message to other players in the institutional field by consistently exposing and humiliating corporations that violate institutional logics formed by macro social movements. Transgressing brands risk being delegitimized if they don't comply to the institutional logics forced by macro-social movements (Demsar et al., 2023, p. 339).

Those who are against a cancellation attempt participate in institutional work that challenges the supremacy of institutional logics demanded by macro social movements and questions whether a transgression actually happened, in order to delegitimize the cancellation attempt (Demsar et al., 2023, p. 339). This includes downplaying the gravity of the violation, especially if it was not intentional. Opponents of cancellation attempts also defend violations by claiming that customer backlash was out of proportion to the violation and that the corporation was punished unreasonably (Demsar et al., 2023, p. 339).

The media conducts institutional work with the goal of amplifying messages (Demsar et al., 2023, p. 339). This intensifies cancellation calls and encourages consumer to mobilize against the brand. Reporters are able to gain attention and expand their audience by covering the controversy and moral outrage surrounding cancellation attempts. When the media reports about a cancellation attempt, it lends weight to the attempt, indicating it's significance and calling for further discussion (Demsar et al., 2023, pp. 339–340). Also social media influencers have the ability to validate cancellation attempts by spreading messages to their followers (Demsar et al., 2023, p. 340). Furthermore, partners of the transgressive brand use institutional work to preserve their own legitimacy by isolating themselves from the offense (Demsar et al., 2023, p. 340).

3.3.3 Step Three: Brand Response

Brands try to defend and maintain their legitimacy with their own type of institutional work. There exist four types, namely proactive action, brand apology, active defiance and passive ignoring (Demsar et al., 2023, p. 341)

Proactive Action

Brands can prevent cancelation calls and reduce the risk of delegitimization by taking proactive action and adhering to institutional logics enforced by macro-social movements. Examples are Uncle Ben's and Aunt Jemima. After being called out for having a racist brand name, both deliberately renamed it. They were praised for giving in to institutional logics and meeting consumer expectations (Demsar et al., 2023, p. 341).

Brand Apology

Some brands try to preserve their legitimacy by apologizing when an unforgivable transgression occurs and a cancelation attempt is made (Demsar et al., 2023, p. 341). By apologizing and announcing a plan to prevent the transgression from happening again, consumer entrepreneurs should be reassured. This only works when apologies are genuine. Sincere apologies often refrain from placing blame or using sarcasm while detailing the steps that will be taken to prevent such offenses in the future. Such apologies can dissolve the negative impact of the cancelation attempt and restore the image (Demsar et al., 2023, p. 341).

Passive Ignoring

Sometimes brands ignore cancellation attempts (Demsar et al., 2023, p. 341). It is a more passive response, that has an interesting effect on the cancellation attempt, compared to apologies and proactive action. The response type can have a positive and a negative effect on the consumer entrepreneurs. It can strengthen or delegitimize the cancellation attempt. When the passive ignoring is perceived negatively, an answer is tried to be forced. In the case of a delegitimization the brand sees the cancellation attempt as something that does not deserve a response (Demsar et al., 2023, p. 341).

Active Defiance

The fourth type, active defiance, brands are purposefully downplaying, ignoring and aggravating transgressions (Demsar et al., 2023, p. 342). They avoid the institutional logics consumer are imposing on the brand. This type occurs more often with individual brands (e.g. influencer) than with corporate brands. They can aggravate the cancellation attempt by repeating transgressions. But they can also be advantageous to the violating brand if they offer counterarguments that appeal to those who oppose the effort at cancellation (Demsar et al., 2023, p. 342).

3.3.4 Step Four: Market Realignment

Realignment within the market results from consumer-brand conflicts that result from brands getting cancelled and brand reacting to the cancellation attempts to preserve their legitimacy (Demsar et al., 2023, p. 342). As a result, institutional logics centered on ideology, gender, sexuality, abuse and greed are strengthened even more and new logics can also be generated.

Market realignment happens when companies decide whether to give in to consumers demands and line up with institutional logics forced by macro social movements, or whether to oppose it. The majority of the transgression brands in Demsar et al's. (2023) research adopted the institutional logics in response to cancellation attempts. This usually led to realignments by management resignations, replacements of advertising campaigns and modifications to the brands design. In the perspective of customers, brands that opt to adhere to institutional logics typically succeed in preserving their legitimacy (Demsar et al., 2023, p. 342). When a brand apologizes, acknowledges its transgression, and promises to change people respond favorably to that brand. Consumers were ready to embrace this as a positive result of the call for cancellation, which resulted in field stability (Demsar et al., 2023, p. 342). When an apology is not genuine consumer entrepreneurs have two options: they could either continue to cancel the brand or use coping mechanisms to deal with unsuccessful cancellation attempt and the formation of alternative logics (Demsar et al., 2023, p. 343). With big brands like Dolce & Gabbana insincere brand apologies don't always have an obvious backlash. When the cancellation attempt does not work consumers sometimes change

their consumption habits and subtly stop supporting the brand. For instance, a lot of people stopped to follow J.K. Rowling after her transgression yet still proclaimed that her publications were publicly owned. A further coping mechanism is to classify transgressions as separate incidents or person-specific offenses (Demsar et al., 2023, p. 343).

Tensions between consumers and brands that violate institutional logics of macro social movements continue even after the organizational field is realigned (Demsar et al., 2023, p. 343). *“With heightened awareness of macro social movements around ideology, race, gender, sexuality, abuse, and corporate greed, consumers and boundary actors continue to monitor the field for behavior that transgresses these institutional logics”* (Demsar et al., 2023, p. 343). Brands that have already violated the institutional logics of macro social movements in the past are more at risk. In these situations, the cancellation attempt is justified and consumer entrepreneurs are more forcefully and swiftly (Demsar et al., 2023, p. 343). In order to prevent future cancellation attempts in this case, corporations self-regulate their ideological vies, products, services and marketing communications. By altering their actions to meet the demands of the costumer, brands support the institutional logics as cognitively and culturally acceptable and normal commercial practices, realigning the market with values that are now dominant in society (Demsar et al., 2023, p. 343).

3.4 Interim Conclusion Cancel Culture

In conclusion you can say the following. Although "cancel culture" is a relatively new phenomenon, it is defined in various ways. It generally describes a situation where a brand faces backlash due to negative experiences or perceived violations of social norms. This backlash often arises from contentious or unacceptable behavior by the brand or individual, whether recent or from the past. The growing negative impact of cancel culture on brands and celebrities necessitates further study.

There are two important models for understanding cancel culture. These are the Call of Cancellation Process model and the Consumer Cancel Culture Framework.

The Consumer Cancel Culture Framework outlines how power imbalances lead to canceling behavior. When a brand engages in negative activities, consumers may react by attempting to cancel the brand, driven by their perceptions of the brand's competence and warmth. If a brand is seen as lacking in these areas, or if consumers are particularly anxious or avoidant, the likelihood of cancellation increases.

The "Call for Cancellation Process Model" describes a four-stage process for how brands face cancellation attempts and how markets realign.

In the Transgression Evaluation stage, consumers judge whether a brand's actions are unforgivable based on its alignment with social values like race and gender. In Consumer Mobilization, people work to delegitimize the brand by raising awareness and sharing personal stories, while media and influencers amplify the issue.During the Brand Response stage, brands respond with proactive action, brand apology, active defiance or passive ignoring. Finally, in Market Realignment, the market adjusts based on how brands respond.

4. Customer Loyalty

The field of marketing has completely changed as a result of recent developments in the global business and economic surrounding (Rasool et al., 2021, p. 274). With a predominate focus on connections between the business and its customers, marketing has changed from being primarily about sales and the supply of goods and services to the building and maintaining of long-term relationships with customers and other stakeholders, like employees (Rasool et al., 2021, p. 274). According to Rasool et al. (2021, p. 274) marketing has evolved from the mass-marketing period in the 1950s to the market segmentation-marketing. The 21st century, on the other hand is known as the "era of relationship marketing", characterized by non-transactional consumer behavior, networked societies and a wide range of online media platforms, like social media, that allow consumers to engage with brands and one another (Rasool et al., 2021, p. 274). In latest studies on the non-transactional connections and relationships of customer management, customer engagement has been a major topic of interest for academics and marketers (Islam and Rahman 2020, Rasool, Shah, Islam 2020 as cited

in Rasool et al., 2021, p. 274). Furthermore, key business outcomes are strongly correlated with customer engagement (Inc, 2014). In addition to the importance of customer experience, brand experience has also gained considerable attention in recent marketing research, mainly because of its major role in providing companies with competitive advantage (Khan and Rahman 2015 as cited in Rasool et al., 2021, p. 275) It's interesting to note that businesses are progressively focusing on methods for creating experiences that encourage interactions between consumers and brands (Rasool et al., 2021, p. 275). Rasool et al. (2021, p. 275) also state that brands are offering platforms like social media sites, blogs and events to incite consumers to communicate with the brand and other consumers to the point where they become involved with the main product. This leads to customer loyalty. Companies are willing to offer brand experience and customer engagement in order to increase customer loyalty (Rasool et al., 2021, p. 275).

Previous research has defined customer loyalty as a behavioral expression that involves repurchasing goods or services. This notion has been widely accepted and applied in the field of consumer behavior for many years (Tellis, 1988 as cited in Malki et al., 2023, p. 5). There are two components to customer loyalty. The first one is behavioral loyalty, which involves repurchasing from the company. The second one is attitudinal loyalty, which is expressed by referrals of the company and a positive word-of-mouth (Haumann et al. 2016 as cited in Rasool et al., 2021, p. 1179).

Other current studies are looking at the effects of customer relationship management (CRM) , customer satisfaction, corporate reputation and corporate social responsibility (CSR) on customer loyalty. Examples are Malki et al. (2023), Iglesias et al. (2020) and Le (2023). The results of these research are summarized in the following subchapters.

4.1 Influence of CRM and Reputation on Customer Loyalty

Studies have discovered that poor management is one of the reasons why companies fail to achieve high levels of customer loyalty (Khan et al., 2022, p. 2). This includes dissatisfaction with the product, poor policies and reputation (Wolter et al., 2017 as cited in Khan et al., 2022, p. 2). These companies do not respond to customer needs

and new trends (Herhausen et al., 2019 as cited in Khan et al., 2022, p. 2). As a result, companies do not win new customers and lose old ones. However, customers can be attracted with strong customer relationship and turned inro regular customers. In order to achieve good customer loyalty and satisfaction the reputation also needs to be improved (Khan et al., 2022, p. 2).

4.2 Customer Loyalty and Customer Relationship Management

Customer relationship management, or CRM for short, is the term used to describe IT procedures and strategies that increase revenue and customer satisfaction (Bull, 2003 as cited in Khan et al., 2022, p. 9). It also helps to increase customer loyalty and to retain it in the long term (Khan et al., 2022, p. 2). Khan et al. (2022, p. 16) have investigated CRM in their paper. More specifically, the relationship between customer relationship management and customer loyalty. They discovered that it has a major influence on customer loyalty (Khan et al., 2022, p. 16). They also agree with Grönroos (2007 as cited in Khan et al., 2022, p. 16), who states in his research that close customer relationships influence customer trust and commitment straight.

4.3 Customer Loyalty and the satisfaction

Oliver (1980 as cited in Khan et al., 2022, p. 6) stated that customer satisfaction impacts customer loyalty. Trust in products and their quality is increased by satisfaction with the company’s products and services (Khan et al., 2022, p. 6). Many experts have also recognized a positive link between loyalty and satisfaction in previous studies (Ali et al., 2016 as cited in Khan et al., 2022, p. 6). Khan et al. (2022, pp. 17–18) also highlighted the role of satisfaction in the context of customer loyalty. More specifically, that it has a mediating role between loyalty and customer relationship management. Furthermore, it also increase customer trust in the company , which is important in an industry that is competitive.

4.4 Interim Conclusion Customer Loyalty

Recent developments in the global business environment have shifted marketing from a focus on sales to building long-term relationships with customers and stakeholders.

This change has evolved from mass marketing to relationship marketing in the 21st century. This new era is marked by non-transactional consumer behavior , networked societies, and a broad range of online media platforms, including social media, which enable consumers to engage with brands and each other.

Research indicates that customer loyalty is strongly linked to customer engagement and brand experience. Companies are increasingly using platforms to foster interactions between consumers and brands, which enhances customer loyalty. Studies also highlight that effective customer relationship management and customer satisfaction are crucial for customers loyalty. Poor management, dissatisfaction, and a negative reputation are barriers to achieve high loyalty levels. However, strong CRM boost customer loyalty.

5. Theory Construction

Because there is, to the best of the authors' knowledge, a research gap on the topic of brand responses to cancellation attempts and their impact on customer loyalty, the master's thesis addresses the following research question.

- **How do brand responses to cancellation attempts influence customer loyalty?**

A conceptual model was created to answer the research question. This is derived from literature by Demsar et al. (2023). In the third stage of the four-stage cancellation process Demsar et al. (2023, p. 341) define four types of brand responses. These include proactive action, brand apology, passive ignoring and active defiance. They form the foundation of the hypotheses. Customers' purchasing decisions are impacted by crises and the responses to them (Ahluwalia et al., 2000; Dean, 2004 as cited in Helm & Tolsdorf, 2013, p. 146). Further factors are additional characteristics of behavioral loyalty include price elasticity, resistance to competitors' offers, repurchasing plans and advocacy behavior (Ganesh et al., 2000 as cited in Helm & Tolsdorf, 2013, p. 146). So, assuming that how brands respond to crises influences customer loyalty, the following hypothesis emerges:

H_1: Brand responses influence customer loyalty

In addition to hypothesis 1, there are four other hypotheses that take the response type in consideration. According to Demsar et al. (2023, p. 341), proactive action can prevent cancellation attempts since brands that are proactive detect a problem and receive positive feedback from consumers. In addition Alonso-Almeida et al. (2015, p. 1653) have discovered that the best way to handle crisis is a proactive strategy and they have an impact on the growth of dynamic capabilities, like keeping loyal customers. As a result, we can formulate the following hypothesis:

H_2: Proactive action has a positive effect on customer loyalty.

One element of an effective response to a transgression is a brand apology (Shao et al., 2022, p. 3420). In a brand apology, brands admit that they have violated social norms and apologize. They take responsibility for their breach. This action is intended to reassure consumers. A genuine apology can defuse the situation (Demsar et al., 2023, p. 431). Also a research by Lyon and Cameron (2004, pp. 230–231) shows that customers are more likely to purchase from a brand again if it apologizes. However, if this is not the case, the situation gets worse (Demsar et al., 2023, p. 431). Assuming that the apology is sincere, the following hypothesis is derived:

H_3: Brand apology has a positive effect on customer loyalty

With passive ignoring, two cases can occur for the brand. On the one hand, it could come across as if the brand does not recognize its mistakes (Demsar et al., 2023, p. 341). This can lead to a worsening of the situation because it does not recognize its mistakes. In some cases, however, it can also defuse the situation because the brand does not pay attention to the problem and thus signals that the problem is not worth mentioning (Demsar et al., 2023, p. 341). Since the worse is often the case, the following hypothesis is formulated:

H_4: Passive Ignoring has a negative effect on customer loyalty.

With active defiance, the brand actively rejects the problem and talks down the transgression. That usually has a negative effect (Demsar et al., 2023, p. 342). This leads to the following hypothesis:

H_5: Active Defiance has a negative effect on customer loyalty.

These hypotheses were summarized in a model. Figure 2 shows this model. The plus behind the hypothesis means that the brand response type has a positive effect on customer loyalty. A minus means that it has a negative effect on customer loyalty and the plus/minus shows that brand responses can have a negative or positive effect on customer loyalty in general.

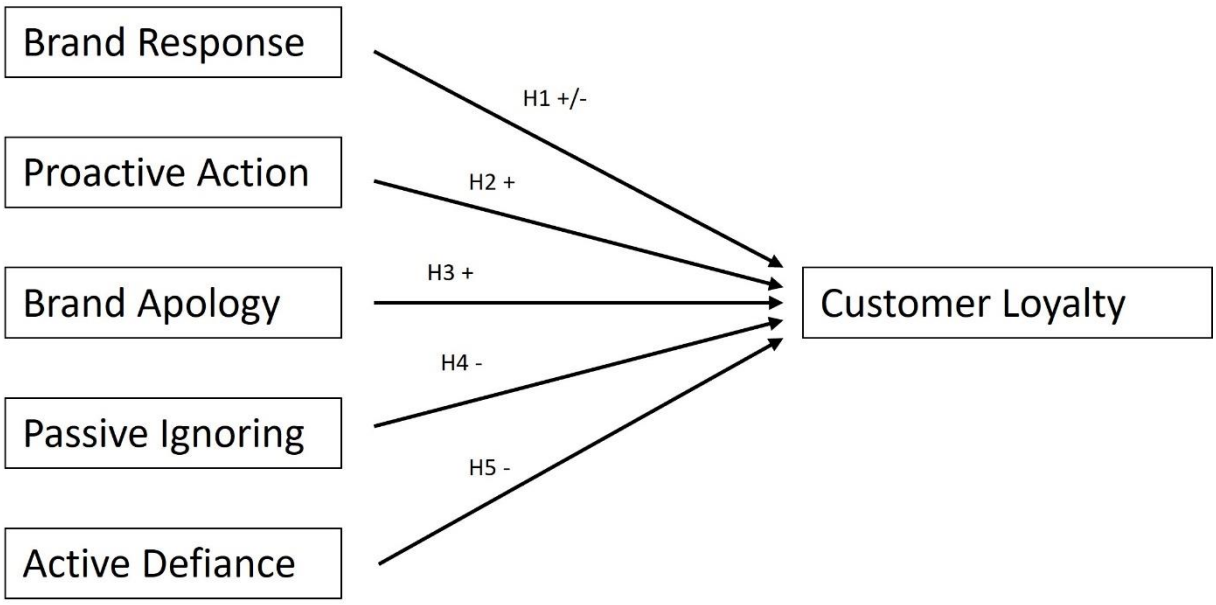

Figure 2: Conceptual model
Source: own illustration

Variables have to be measured in order to test hypotheses (Field, 2013, p. 7). The majority of hypotheses can be indicated in two sorts of variables. The dependent and independent variable. A dependent variable is influenced by an independent variable. In other words, the independent variable is the cause of the effect, whereas the dependent variable is the effect itself (Field, 2013, p. 7). In this master's thesis, the

brand response type (proactive action, brand apology, active defiance and passive ignoring) are the independent variables and customer loyalty is the dependent variable, because it is assumed that the brand response type effects customer loyalty.

6. Method

Researchers are generally trying to answer questions (Field & Hole, 2013, p. 3). These questions can be addressed in two different ways. In the first technique, researchers observe the world without becoming involved. This can be accomplished using observational or correlational methods (Field & Hole, 2013, p. 3). In the second technique, researchers modify components of the world to determine their consequences. This strategy is called an experimental method (Field & Hole, 2013, p. 3). An experimental method is used to answer the research question. More precisely, a quantitative experiment. The experimental and observational methods differ mainly in the manipulation of the variables (Field & Hole, 2013, p. 5). In this process, one variable is manipulated to see the effect on another variable in the environment (Field & Hole, 2013, p. 5). In the master thesis, the brand response type (independent variable) is manipulated to determine the influence on customer loyalty (dependent variable). An online questionnaire was created to measure the hypotheses.

6.1 Research Design

The research design, also known as a strategy, deals with the methodological approach of a scientific study (Doring, 2023, p. 184). It determines the significance of the findings. A research design can include several analysis and data collection methods. Decisions on data collection and analysis also need to be taken into account (Doring, 2023, p. 184). The master thesis employs a quantitative research strategy in combination with an experiment. Research hypotheses are derived theoretically and investigated using structured data collection methods (Doring, 2023, p. 186). This is followed by the statistical analysis of numerical data. The aim of the quantitative approach is to expand theories. It is judged by objectivity, replicability, and validity (Doring, 2023, p. 186). The study investigates the influence of brand response types on cancellation attempts

within the cancel culture and their impact on customer loyalty. Demsar et al. (2023) provide the theoretical basis in their Call for Cancellation Process Model.

6.1.1 Collection of Data

In order to answer the research question and test the hypotheses, a questionnaire for data collection was conducted after the literature review in the theoretical section. The questionnaire is the most common method of data collection in social research and is. classified as either written or oral (Steiner & Benesch, 2021, p. 44). In a written questionnaire, participants are given the questions in written form. These must be answered independently by participants (Steiner & Benesch, 2021, p. 44). One advantage of this method is its low cost-effectiveness. It also enables the survey of large, homogeneous groups. This is mainly due to the rapid distribution via the Internet and social media (Steiner & Benesch, 2021, p. 45). For the master's thesis an online questionnaire was used. The questionnaire was created using "Unipark". The survey period was from 22.02.2024 to 15.03.2024. The big advantage of online surveys is that the problem of missing data can be reduced because you can define mandatory questions. Without an answer, the respondent cannot go to the next page of the questionnaire (Diamantopoulos et al., 2023, p. 45).

6.1.2 Questionnaire

The questionnaire was combined with an experiment. The structure of the experiment is based on the experimental survey by Helm and Tolsdorf (2013). To improve comprehensibility, this chapter first explains the experiment of Helm and Tolsdorf (2013) before deriving the questionnaire of the master's thesis.

Research Design of Helm and Tolsdorf

In their study, they examined how corporate reputation mediates the relationship between customer loyalty and crisis occurrences. The main focus was on the airline industry (Helm & Tolsdorf, 2013, p. 144). In the following paragraph, Helm & Tolsdorf's (2013, p. 148) research design is explained in detail.

A 2x2 between subjects design was selected in order to investigate the relationship between crisis and loyalty as well as the suggested moderation effect of reputation (Helm & Tolsdorf, 2013, p. 148). Each participant received a scenario describing a company with positive or negative reputation (positive reputation vs. negative reputation). By exposing only two of the four participant groups to a corporate crisis scenario, the occurrence of a crisis (i.e., "crisis" vs. "no crisis") was manipulated. Loyalty was measured between subjects and every group was randomized (Helm & Tolsdorf, 2013, p. 148). They created a fictious non-victim accident scenario that evolved from an unexpected crisis with the goal of avoiding blame attributions that could affect the crisis's primary impact on customer loyalty. Since it is not ethically or practically possible to investigate participants' actual experiences in crises for research purposes, the scenario approach was chosen to paint a vivid picture of a corporate crisis (Helm & Tolsdorf, 2013, p. 148). Students meet the characteristics of a group that is not victimized. They all have the same traits, including not being personally impacted by the crisis and not having strong feelings toward the (fictitious) company before it happened (Helm & Tolsdorf, 2013, p. 148). Since media coverage of events and corporate crises are directly related the scenario was constructed using (fictitious) news articles. An introductory paragraph was used to describe the relationship that participants were instructed to imagine having with the airline in order to support the premise that reputation is not formed by a single exposure to information. One half of the participants were given a description of a fictional airline with a good reputation in an attempt to manipulate corporate reputation (Helm & Tolsdorf, 2013, p. 148). The remaining 50% of participants read an article concerning a fictional airline with a poor reputation. By presenting a newspaper article about an airline crash to one half of the participants, the crisis was artificially created. This article was not distributed to the remaining half of the group. That’s why four groups can be differentiated: “positive reputation, no crisis”, “negative reputation, no crisis”, “positive reputation, crisis” and “negative reputation, crisis” (Helm & Tolsdorf, 2013, p. 148). Then everyone had to rate their loyalty to the airline (Helm & Tolsdorf, 2013, p. 153).

Structure of the questionnaire

As in Helm's and Tolsdorf's study, each participant in the study was given a fictitious case about the fashion industry. The scenario is based on an actual case from December 2023. The Zara fashion chain's advertising campaign was linked to the war between Israel and the Hamas terrorist group (Standard, 2023). This resulted in calls of cancellation and shitstorms on social media (Standard, 2023). Since war in general and especially the war in the Middle East is a very sensitive topic, it is not mentioned in the fictional case. The case talks about a war but no specific war is mentioned.

To ensure that all participants understood the questionnaire, the terms "cancel culture" and "fast fashion" were explained beforehand. The questionnaire is structured as follows. First there is a general introduction. This is followed by an explanation of the terms and the case scenario. After the case scenario, all participants are assigned one of four brand response types and have to answer questions about customer loyalty. At the end there are demographic questions to answer.

Before the participants see the case scenario, a filter question is asked. As the survey is about the fast fashion industry, all participants who state that they never shop at fast fashion brands are eliminated. This is followed by an open question in which they have to name their favorite brands in order to stage customer loyalty later in the survey. In the case scenario, the participants have to imagine their favorite brand. The case scenario is shown in the following section.

Now imagine that your favorite brand, the one you mentioned earlier, has been targeted by Cancel Culture in recent days. A controversial advertising campaign by the brand, shared on social media, has led to a massive public outcry. The advertisement shows models in garments from the current collection posing against a backdrop of debris and plastic-wrapped figures resembling corpses. The advertisement was perceived by many people as tasteless, disrespectful and inappropriate. They saw it as a direct allusion to an actual war, which was seen as exploiting tragedies for commercial purposes. The public outcry led to a wave of outrage and calls for a boycott of the brand. The brand now faces a difficult decision about how to respond to the attacks.

After the case scenario, participants are randomly assigned one of four brand response types. These types are proactive action, brand apology, active defiance and passive ignoring. The examples of each brand response type is shown in the following table.

Brand Response Type	Case for the Questionnaire
Proactive Action	The brand publicly acknowledges the serious mistake in the advertising campaign, apologizes sincerely and announces concrete measures to address the problem. It promises to hold those responsible and to make a donation to organizations that support victims of war. The campaign was also immediately withdrawn.
Brand Apology	The brand issues a formal apology in which it takes responsibility for the tasteless advertising campaign and expresses its regret. It promises to review internal policies and ensure that such incidents are not repeated.
Active Defiance	The brand rejects Cancel Culture's allegations and argues that the advertising campaign has been misinterpreted. It claims that the campaign is merely a series of images of unfinished sculptures in a sculptor's studio. It was created with the only goal of presenting handcrafted clothes in an creative context.
Passive Ignoring	The brand chooses to ignore the public accusations and not make an official statement. It is continuing its business activities as usual and hopes that the public outcry will subside over time.

Table 1: Brand Response Types of the case
Source: own illustration

At the end of the survey, participants were asked how much they could imagine this scenario in the real world, using a 5-point Likert scale. This was followed by questions on age, educational level and gender. Before the questionnaire was published for the general public, a pre-test was conducted. A pre-test is used to test the questionnaire for errors with a small group before the main survey (Burzan, 2015, p. 101). The comprehensibility and the duration of the questionnaire are checked with the pre-test (Steiner & Benesch, 2021, p. 60).

6.1.3 Sampling

According to Diamantopoulos et al. (2023, p. 11) a sample is a subset of the population, which is a bigger entity. The population is an entire collection of entities that researchers are interested in, meaning people, things or events that that they wish to draw conclusion about (Adamantios Diamantopoulos et al., 2023, p. 11). It must be precisely defined and limited in terms of space, time and subject matter (Topfer, 2012, p. 228). Sampling involves examining a smaller quantity of a whole in order to be able to draw conclusions about the whole. The reason why the entire population (census) is not surveyed is that it is not possible or for example because it's too expensive and time-consuming (Diamantopoulos et al., 2023, pp. 11–13).

The population of the survey for the master's thesis are Austrians who regularly shop at fast fashion brands and are between the ages of 16 and 75. According to a study conducted by Arbeiterkammer, 49% of the participants regularly shop in large fashion chains such as H&M or Zara and 48% of the respondents shop in large online stores such as Zalando (Tröger et al., 2023, p. 6). 1506 Austrians between the ages of 16 and 75 were surveyed, which is therefore also the age of the target group (Tröger et al., 2023, p. 6). There are 6,950,426 16 to 75-year-olds living in Austria (Statista Austria, 2024). According to the survey, this means that around 3,405,709 regularly shop in fashion chains such as Zara and H&M. The population of the sample is therefore 3,405,709. It must be precisely defined and limited in terms of space, time and subject matter (Topfer, 2012, p. 228).

Diamantopoulos et al. (2023, p. 14) also clarify that there are two different types of sampling, namely probability sampling and non-probability sampling. At probability sampling every element's likelihood of being chosen was known (Diamantopoulos, 2023, p. 14). In other words every element of the population had a non-zero probability of being chosen, which was known. As such, we can use the laws of chances to determine the likelihood of the data representing the actual status in the population (Diamantopoulos, 2023, p. 14). At the non-probability sampling the researcher is free to choose the sampling elements and there is no scientific model, like the law of chances to evaluate the amount of sampling errors (Diamantopoulos, 2023, p. 14).

The present master's thesis uses the convenience sampling method. Here, participants are selected according to availability (Diamantopoulos, 2023, p. 15). This is where the name of the sampling method comes from. As sample selection is based on convenience (Diamantopoulos, 2023, p. 15). This means that for this Study, the questionnaire was first distributed to relatives, students and family friends. However, as the number of participants was still too low, the study was distributed further via social media, especially Facebook, Instagram and LinkedIn.

The following paragraph is form Diamantopoulos (2023, pp. 17–18).Another important aspect is the sample size, as it is related to the sampling error. Important factors of the calculation are the degree of variability, precision and confidence and cross-classification (Diamantopoulos, 2023, pp. 17–18). Variability is one of the main considerations when determining the sample size. The sample size depends on the diversity of the population . In other words, the more diverse the population, the larger the sample size must be to reflect the diversity of the population. The second most important factor is the precision. The precision size has an impact on the sample size. In order to achieve high precision a large sample size is required. The third important factor is the level of confidence related to any approximations made. The level of precision and confidence are connected. If the precision is increased, the sample size must be increased too to maintain the same level of precision. For this reason, it is critical to coordinate and balance these two components. The last factor is cross-classification in which will be considered if sub-samples will be used for cross-

classification or if statistical techniques which require a minimum sample size to generate relevant findings will be use (Diamantopoulos, 2023, pp. 17–18). The population of the study is 3,405,709 people. The confidence interval used is 95% and the error rate 5%. This results in a sample size of 385.

7. Empirical Study

Before the collected data can be analyzed, it has to be prepared. Therefore, this chapter begins with the preparation of the data. This is followed by the descriptive and reliability analysis of the data. Once this has been completed, the hypotheses are tested.

7.1 Data Preparation

Diamantopoulos et al. (2023, p. 43) state that the raw material of a survey that is used for data analysis is always a data matrix. Where the columns show the measurement variables and the rows shoe the units of measurement (Diamantopoulos, 2023, p. 43). Good preparation is particularly important to ensure that no error occur when evaluating the data. To guarantee this, the data is first cleaned and then encoded (Diamantopoulos, 2023, p. 43).

The aim of data cleaning is to find errors and ambivalences in the data set. In other words, data cleaning is used to avoid subsequent errors in the data matrix (Diamantopoulos et al., 2023, p. 43). The most common problem after the field phase of the survey is missing data (Diamantopoulos et al., 2023, p. 45).

After the field phase of the survey for the master's thesis, data from 457 participants had to be cleaned. Because there was a filter question at the start of the survey, the first step was to determine which participants were eliminated. This was revealed by the answer of the filter question and by the errors in the remaining questions. After that the survey duration of the individual participants was checked. All participants with an error value were eliminated. Finally, the remaining data was checked for further errors, like answering "I don't shop at fast fashion stores" or "Prada" in the open question.

This paragraph summarizes Diamantopoulos et al. (2023, pp. 47–48). As explained by Diamantopoulos et al. (2023, pp. 47–48) there is no need to create a data matric when using an online tool, because it will be generated automatically. However, a data matrix alone is very meaningless unless a connection can be created between the questionnaire and the responses. Therefore, the creation of a code book, also known as code plan, is recommended. For this reason, this was also done for the data analysis of the survey. It explains the connection between the replies and the variables and indicates if a certain variable is numeric or alphanumeric. Besides that it provides the length of the specified variable. In SPSS, the “data view” section is used for entering the data and the “variable view” section is used for coding. In the latter each row reflects a variable that correlates with a column in the “data view” section (Diamantopoulos, 2023, p. 48).

After cleaning the data, the first steps of the data analysis are the descriptive statistics (Braunecker, 2023, p. 49). In this type, characteristic distribution are described and displayed. In addition, it often uncovers correlations between attributes and serves to summarize information (Braunecker, 2023, p. 49). This chapter first describes the demographic data. This is followed by the examination of the normal distribution and the selection of the analysis method. At the end hypothesis testing will be performed.

7.2 Descriptive Analysis

The survey included 457 participants. After cleaning the data, 386 responses remained. 72.5% of respondents identify as female, 25.6% as male, and 1.8% as divers. Figure 3 shows the age structure of the participants.

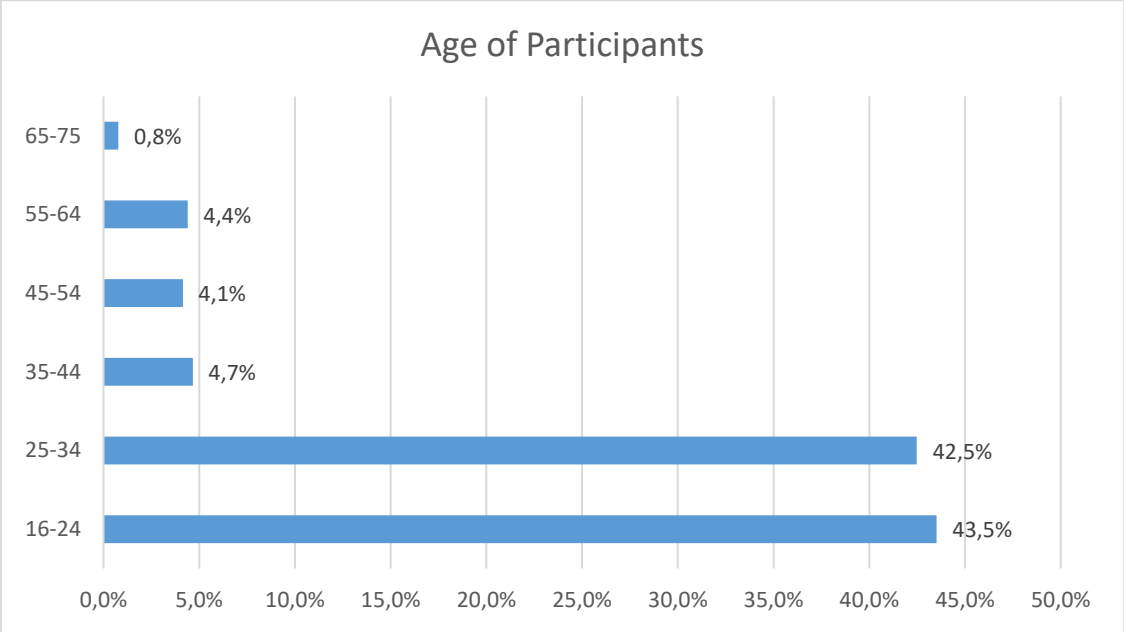

Figure 3: Age of Participants
Source: own illustration

The figure shows that the majority of participants are aged between 16 and 24. That's 43.5%. Followed by 25 to 34 year olds, of whom 42,5% took part. 4.7% of respondents are between 35 and 44 years old, 4.1% between 45 and 54 years old, 4.4% between 55 and 64 years old and 0.8% between 65 and 75 years old.

The data on the highest educational status shows that half of the people have a university degree and around a third have a degree from an academic secondary or higher vocational school. In addition, 9.6% have a degree from a vocational middle school and 7.5% have completed compulsory schooling.

Figure 4 is also interesting, as it describes purchasing behavior in terms of frequency of the participants. The chart shows that 59.1% of respondents shop at fast fashion brands less than once a month and 30.6% once a month. 10.4% of respondents shop there two or three times a month.

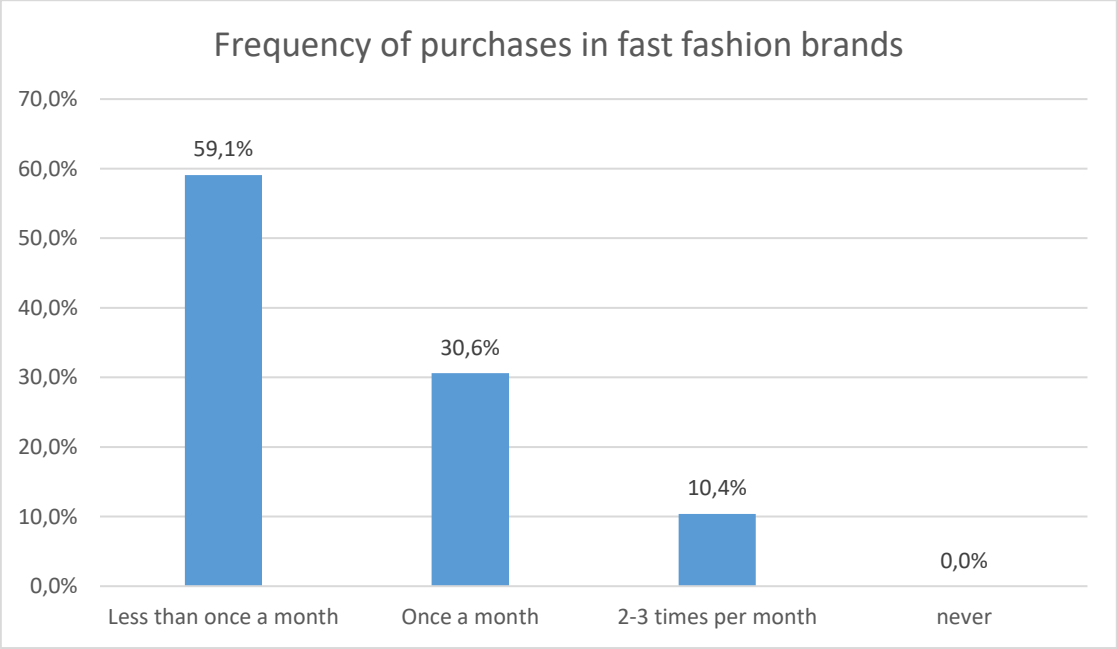

Figure 4:Frequency of purchases in fast fashion brands
Source: own illustration

After the questions on customer loyalty were answered, all respondents were asked how much they could imagine this scenario in real life. A total of 15.3% stated that they could imagen it very well. 43.3% can imagen the scenario well and 25.4% can imagen it moderately. 12.7% of the respondents could imagine the case scenario a little and only 3.4% could not imagine it at all. In summary, this means that more than half of the respondents can imagen the scenario happening in real life.

It should also be mentioned that out of 386 participants 97 people received the proactive action scenario. 98 participants out of 386 the scenario brand apology, 95 active defiance and 96 people passive ignoring. This means that the proportion of brand response types is approximately the same.

7.3 Mean and Standard Deviation

In the survey, customer loyalty is measured using a 5-point Likert scale. Rating scales, such as the scale used in this master's thesis, are often considered to be interval scaled (Backhaus, 2003, p. 5). Interval scaled data is more useful than ordinal scaled data (Field & Hole, 2013, p. 8) and allows the calculation of the standard deviation and the

mean value (Backhaus, 2003, p. 5). As these are good calculations for describing the variable (Steiner & Benesch, 2021, p. 28). A mean is calculated by dividing the total number of scores by their sum (Field & Hole, 2013, p. 118). The precision of the mean is measured by the standard deviation (Field & Hole, 2013, p. 128).

The data was divided into four groups. For this reason, there are a total of four relevant mean values. These are shown in table 2.

Group	Mean Value	Standard Deviation
Proactive Action	3,16	0.916
Brand Apology	3,11	0.846
Active Defiance	3,34	0.748
Passive Ignoring	3,53	0.887

Table 2: Mean and Standard Deviation
Source: own illustration

The mean value for proactive action (group 1) is 3.16 and for brand apology (group 2) 2.88. Group 3 (active defiance) has an mean value of 3.46 and last but not least the value mean of group 4 (passive ignoring) revealed 3,48.

The standard deviation for group 1 is 0.916. For group two, brand apology 0.846 and for active defiance 0.748. Passive Ignoring has a standard deviation of 0.887.

7.4 Reliability

A psychometric scale is used for the survey in this Master's thesis. This is a scale that attempts to measure a latent variable with the help of a set of scale items (Doring, 2023, p. 269). Psychometric scales have to meet the quality criteria of objectivity, validity and reliability (Doring, 2023, p. 269). The most popular type of psychometric scales is the Likert scale. It measures constructs at interval scale level (Doring, 2023, p. 271). In order for data to be interval-scaled, similar differences in the property being measured are presented by similar intervals on the scale (Field & Hole, 2013, p. 8). This means,

for example, that on a 10-point Likert scale, the distance between 9 and 10 has the same distance between 2 and 3 on the scale (Field & Hole, 2013, p. 8).

SPSS offers many methods for measuring reliability. The most commonly used one is Cronbach's alpha (Eckstein, 2012, p. 293). This method measures the internal consistency of a construct (Eckstein, 2012, p. 299). A Cronbach's alpha test was carried out for the master's thesis. The reliability value of Cronbach's alpha can be between 0 and 1 (Malhotra et al., 2017, p. 360). For a multi-item scale to be reliable the Cronbach's alpha value has to be 0.7 and above (Adamantios Diamantopoulos et al., 2023, p. 39).

The 7 questionnaire items result in a reliability value of 0.861. The multi-item scale therefore is reliable. In addition to that, the item scale statistics were examined more closely. These are shown in table 3.

Items	Corrected Item – Total Correlation	Cronbach's alpha if item deleted
WOM	.728	.827
Refferal	.761	.822
Encouragement	.772	.821
First Choice	.676	.834
Price	.456	.864
Loyalty	.734	.826
Competitor	.303	.884

Table 3: Item-Total Scale
Source: own illustration

The column „corrected item – total correlation" shows the total item correlations of the questionnaire (Field, 2013, p. 713). It can identify items that don't correlate with the

overall score. These are items that have a value of less than 0.3 (Field, 2013, p. 713). All items have a value of over 0.3. As the value for competitor is still just above 0.3., it is being considered whether this item should be removed. For this reason, the column “Cronbach’s alpha if item deleted” is also considered. Field (2013, p. 713) notes that this column shows how the deletion of the particular item affects the Cronbach’s alpha value. If there is a greater value than the overall reliability value, then the deletion of this value increases the reliability of the scale (Field, 2013, p. 713). Since deleting the item “competitor” would significantly increase the reliability and the “corrected item – total correlation” value is barely over 0.3, the item is excluded from the further analysis. In the following chapters, the mean value, the standard deviation and the nominal distribution are determined.

7.5 Normal Distribution

The normal distribution is a requirement of various statistical methods (Brosius, 2018, p. 477). For this reason, a normal distribution has to be tested before applying the method. Normal Distribution plots and significance tests are used for this purpose (Brosius, 2018, p. 477)

There are two types of significance tests, namely the Shapiro-Wilks-Test and the Kolmogorov-Smirnov-Test (Brosius, 2018, p. 480). The latter is used for large samples. A sample is large if more than 50 observations were made. If they are smaller, the Shapiro-Wilks-Test has to be used additionally (Brosius, 2018, p. 480). Both of them test the null hypothesis. The null hypothesis states that there is a normal distribution of the variables in the population. A probability of error is calculated (Brosius, 2018, p. 480). The higher this probability is, the more likely it is, that the values are normally distributed, because the rejection of the null hypothesis is false (Brosius, 2018, p. 480). The Kolmogorov-Smirnov-Test was used to analyze the data due to the fact that the sample is larger than 50. The table shows the results of the test. The significance value is important for the determination of the normal distribution (Brosius, 2018, p. 480). It shows the probability with which the null hypothesis is rejected (Brosius, 2018, p. 480).

Brand Response Type	Significance Value
Proactive Action	.157
Brand Apology	.045
Active Defiance	.200
Passive Ignoring	.174

Table 4: Kolmogorov-Smirnove test
Source: own illustration

If the significance value is higher than .05, a normal distribution can be assumed (Field & Hole, 2013, p. 160). This means that the data for the proactive action, passive ignoring and active defiance groups are normally distributed. For the Brand Apology group, the significance value of 0.45 is less than .05 and therefore a normal distribution is not assumed. But it should be noted that both tests are susceptible to minor deviations (Brosius, 2018, p. 480). They test a perfect normal distributions, so approximate normal distributions may be rejected. Therefore it is also important to look at the graphs (Brosius, 2018, p. 480). If the Shapiro-Wilks test and the Kolmogorov-Smirnov test reject the normal distribution, but the graphs show that there are only minor deviations, consideration can be given to whether a normal distribution is accepted. In that way, some analysis methods can still be used (Brosius, 2018, p. 480).

Normal distribution diagrams, such as the q-q-diagram, compare theoretical values that occur in a normal distribution with those from data collection. As a result, deviations in the collected data become visible (Brosius, 2018, p. 477). The values of the normal distribution are represented as a straight line and the values of the data collection have to follow the straight line in order to be considered normally distributed (Brosius, 2018, p. 478). Figure 5 shows the q-q diagram of the brand apology group.

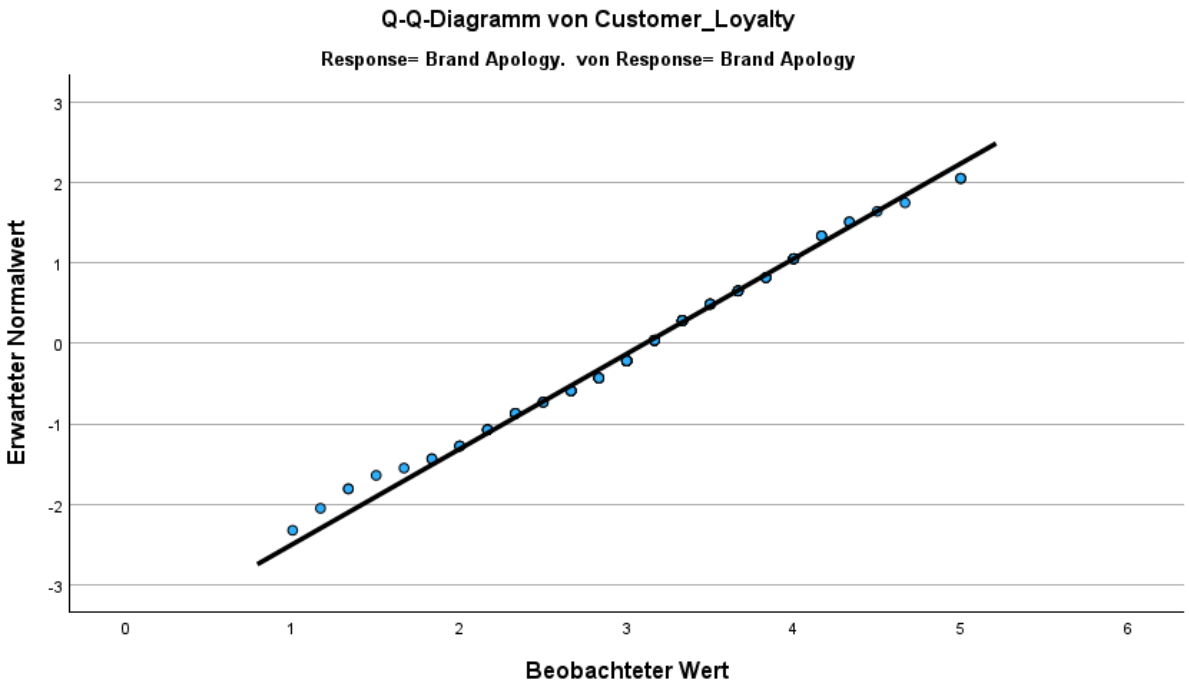

Figure 5: Q-Q Diagram of Brand Apology
Source: own illustration

Looking at the q-q diagram, it is noticeable that the values of brand apology are on and close to the straight line with the exception of a view outliers. Since the values are very close to the straight line, a quasi-normal distribution can still be assumed. In addition, the Shapiro-Wilk test revealed a significance value of .476, which is above .05. This means according to the test a normal distribution can also be assumed. For this reason, this master's thesis assumes that the data for all groups are normally distributed.

7.6 Test for equality of variances

The quality of variance is a further requirement for certain analysis methods, such as significance tests for mean value comparisons (Brosius, 2018, p. 481). In SPSS, this be performed with the Levene test. The null hypothesis of the test assumes that all variances in the population of the groups are equal. The test measure is the F value. This measures the probability of equality of variance. A low probability rejects the null hypothesis (Brosius, 2018, p. 481). This is the case when the significance value is less than .05 (Field & Hole, 2013, p. 165). A value of over .05, on the other hand, is in agreement with the null hypothesis and therefore the variances are equal (Field & Hole,

2013, p. 165). The Levene test was conducted for the data in the master's thesis. The results are shown in table 5.

Levene statistic	df1	Df2	Significance Value
1.651	3	383	.177

Table 5: Levene test
Source: own illustration

The test shows a significance value of .177, which means that the null hypothesis is accepted since .177 is higher than .05. This indicates that all variances in the group are identical. Next, an analysis method is selected for hypothesis testing.

7.7 Hypothesis Testing

In this chapter, the hypotheses are tested using two analysis methods. The first method is the one-way independent ANOVA. However, as it does not measure exactly how the independent variable affects the dependent variable, a correlation analysis has to be performed. Therefore the second analysis method is a linear regression analysis.

7.7.1 One-Way Independent ANOVA

A one-way independent ANOVA is used to test the hypotheses of the master's thesis. The one-factorial analysis of variance is similar to a t-test (Brosius, 2018, p. 585). It tests a hypothesis which states that a variable has the same average in different subgroups of the population. The difference to the t-test is that several mean values can be compared with the ANOVA. Only two mean values are possible with the t-test (Brosius, 2018, p. 585). The mean values of each group is compared. In addition, several comparative tests are performed (Brosius, 2018, p. 585). These make it possible to determine which of the considered groups show significant differences in the arithmetic mean. The ANOVA only allows a comparison of one group variable (Brosius, 2018, p. 585). This variable has to be independent. Therefore, different case groups of a group variable are analyzed (Brosius, 2018, p. 858). Three criteria have to fulfilled for a one factorial analysis of variance to be conducted (Brosius, 2018, p. 586).

The first requirement is that the variables in question have to be interval-scaled. The second requirement is states that the data has to be normally distributed and the third requirement is that the variance of the individual groups have to be identical (Brosius, 2018, p. 586).

The data from the experimental survey fulfill all criteria. As explained in the previous chapters, they are interval-scaled and normally distributed. In addition, the Levene test was performed to test the equality of variance. It confirmed the equality. For this reason a one-way independent ANOVA was performed. Table 5 shows the main ANOVA summary table form SPSS.

Customer Loyalty	Square Sum	Df	Mean of the Squares	F	Significance value
Between the groups	10.384	3	3.461	4.762	.003
Within the groups	278.395	383	.727		
Total amount	288.778	386			

Table 6: Main ANOVA summary table
Source: own illustration

The following hypothesis is to be tested with this model.

H_1: The means of the groups are different (Field, 2013, p. 435).

H_0: The means of the group are identical (Field, 2013, p. 435).

The F-ratio indicates whether the mean values of the groups in the population are identical or different (Field, 2013, p. 435). For customer loyalty, the F-ratios is as shown in table 5 4.762. With the significance next to the F-ratio SPSS shows the probability of F taking on a certain value when the mean values of the groups are identical (Brosius, 2018, p. 591). This means that the probability to get the value F of 4.762 is .003 (Field

& Hole, 2013, p. 178). As explained in Chapter 6.5., the null hypothesis is rejected if the probability value (significance) is low (Brosius, 2018, p. 481). Since the significance value of the variable customer loyalty is .003, which is lower that the value .05, the null hypothesis is rejected in this case. This means that there is a significant influence of the brand response type on the customer loyalty (Field & Hole, 2013, p. 178). For H_1 of the master's thesis, that brand responses influence customer loyalty, this means that it is confirmed.

As the ANOVA does not indicate which group differs from which group and how, further tests must be conducted (Field, 2013, p. 442). For this purpose Post hoc test are performed (Field & Hole, 2013, p. 178). According to Field and Hole (2013, p. 178) Gabriel's procedure should be used if the sample sizes are a little different and in addition they recommend the Games-Howell procedure. The Gabriel's procedure revealed that there are significant differences between proactive action and passive ignoring ($p<.018$) and brand apology and passive ignoring ($p<.005$). Games-Howell procedure came to the same conclusion. The values here were as follows: proactive action and passive ignoring ($p<.027$) and brand apology and passive ignoring ($p<.006$).

7.7.2 Regression Analysis

With the one-way independent ANOVA you can recognize whether there is a difference between the variables, but not what effect the independent on the dependent variable has. For this reason, a linear regression is conducted. Regression Analysis is one of the most commonly used analytical methods that investigates the relationship between dependent and independent variables (Backhaus, 2003, p. 46). In this Master's thesis the linear regression analysis is supposed to test the effect of the independent variables, proactive action, brand apology, active defiance and passive ignoring on the dependent variable customer loyalty. In this way, the individual hypotheses can be confirmed or rejected.

Effect of proactive action on customer loyalty

The hypothesis that assumes the relationship between proactive action and customer loyalty is as follows:

H_2: Proactive Action has a positive effect on customer loyalty.

Figure 6, 7 and 8 illustrate the results of the regression analysis.

Modellzusammenfassung

Modell	R	R-Quadrat	Korrigiertes R-Quadrat	Standardfehler des Schätzers
1	,083[a]	,007	,004	,86310

a. Einflußvariablen : (Konstante), D_ProactiveAction

Figure 6: Model Summary Proactive Action
Source: own illustration

ANOVA[a]

Modell		Quadratsumme	df	Mittel der Quadrate	F	Sig.
1	Regression	1,974	1	1,974	2,650	,104[b]
	Nicht standardisierte Residuen	286,804	385	,745		
	Gesamt	288,778	386			

a. Abhängige Variable: Customer_Loyalty

b. Einflußvariablen : (Konstante), D_ProactiveAction

Figure 7: ANOVA Proactive Action
Source: own illustration

Koeffizienten[a]

Modell		Nicht standardisierte Koeffizienten		Standardisierte Koeffizienten		
		RegressionskoeffizientB	Std.-Fehler	Beta	T	Sig.
1	(Konstante)	3,324	,051		65,473	<,001
	D_ProactiveAction	-,164	,101	-,083	-1,628	,104

a. Abhängige Variable: Customer_Loyalty

Figure 8: Coefficients Proactive Action
Source: own illustration

Based on the results, proactive actions negatively impact customer loyalty, as indicated by a coefficient of -0.164. This means that for every unit increase in proactive actions, customer loyalty decreases by 0.164 units, assuming other variables remain constant. In order words, when a brand responses with proactive action to a cancellation attempt, customer loyalty declines. The correlation coefficient (R) of 0.083 suggests a very weak positive correlation between proactive actions and customer loyalty. Additionally, the coefficient of determination (R^2) reveals that only 0.7% of the variance in customer loyalty is explained by proactive actions. The ANOVA significance, p-value = 0.104 is greater than 0.05, suggesting that the results are not statistically significant and likely due to chance.

This means proactive action has no significant impact on customer loyalty. Furthermore the significance indicates that the model has little explanatory power. Therefore, the hypothesis is rejected.

Effect of brand apology on customer loyalty

The hypothesis that assumes the relationship between brand apology and customer loyalty states the following:

H_3: Brand Apology has a positive effect on customer loyalty.

Modellzusammenfassung

Modell	R	R-Quadrat	Korrigiertes R-Quadrat	Standardfehler des Schätzers
1	,116[a]	,013	,011	,86023

a. Einflußvariablen : (Konstante), D_Apology

Figure 9: Model Summary Brand Apology
Source: own illustration

ANOVA[a]

Modell		Quadratsumme	df	Mittel der Quadrate	F	Sig.
1	Regression	3,881	1	3,881	5,245	,023[b]
	Nicht standardisierte Residuen	284,897	385	,740		
	Gesamt	288,778	386			

a. Abhängige Variable: Customer_Loyalty

b. Einflußvariablen : (Konstante), D_Apology

Figure 10: ANOVA Brand Apology
Source: own illustration

Koeffizienten[a]

Modell		Nicht standardisierte Koeffizienten		Standardisierte Koeffizienten		
		RegressionskoeffizientB	Std.-Fehler	Beta	T	Sig.
1	(Konstante)	3,341	,051		66,022	<,001
	D_Apology	-,230	,101	-,116	-2,290	,023

a. Abhängige Variable: Customer_Loyalty

Figure 11:Coefficients Brand Apology
Source: own illustration

Based on the results, brand apology has negatively impact customer loyalty, as indicated by a coefficient of -0.230. This means that for every unit increase in proactive actions, customer loyalty decreases by 0.230 units, assuming other variables remain constant. In other words, when a brand responses with an apology to a cancellation attempt, customer loyalty declines. The correlation coefficient of 0.116 suggests a very weak positive correlation between proactive actions and customer loyalty, highlighting a minimal relationship between these variables. Additionally, the coefficient of determination reveals that only 1.1% of the variance in customer loyalty is explained by brand apology. The ANOVA significance (p-value = 0.023) is smaller than 0.05, suggesting that the results are statistically significant.

The hypothesis states that brand apology has a positive effect on customer loyalty. However, the results show a negative regression coefficient of -0.230, indicating that

an increase in "Brand Apology" is associated with a decrease in customer loyalty. While the ANOVA significance suggests that the effect is statistically significant, the negative coefficient contradicts the hypothesis.

Effect of active defiance on customer loyalty

The hypothesis that assumes the relationship between active defiance and customer loyalty states the following:

H_4: Active Defiance has a negative effect on customer loyalty.

Modellzusammenfassung

Modell	R	R-Quadrat	Korrigiertes R-Quadrat	Standardfehler des Schätzers
1	,038[a]	,001	-,001	,86544

a. Einflußvariablen : (Konstante), D_ActiveDeffiance

Figure 12: Model Summary Active Defiance
Source: own illustration

ANOVA[a]

Modell		Quadratsumme	df	Mittel der Quadrate	F	Sig.
1	Regression	,421	1	,421	,562	,454[b]
	Nicht standardisierte Residuen	288,357	385	,749		
	Gesamt	288,778	386			

a. Abhängige Variable: Customer_Loyalty

b. Einflußvariablen : (Konstante), D_ActiveDeffiance

Figure 13: ANOVA Active Defiance
Source : own illustration

Koeffizienten[a]

Modell		Nicht standardisierte Koeffizienten		Standardisierte Koeffizienten		
		Regressionskoeffizient B	Std.-Fehler	Beta	T	Sig.
1	(Konstante)	3,264	,051		64,442	<,001
	D_ActiveDeffiance	,077	,102	,038	,750	,454

a. Abhängige Variable: Customer_Loyalty

Figure 14:Coefficients Active Defiance
Source: own illustration

The coefficient (b-value) for the brand response "active defiance" is 0.077, indicating that an increase in active defiance would increase customer loyalty by 0.077 units, assuming all other variables remain constant. The correlation coefficient (R) is 0.038, suggesting a positive but weak correlation between active defiance and customer loyalty. Additionally, the ANOVA yielded a significance value of 0.454, which is above the threshold of 0.05, indicating that the linear regression model is not statistically significant. There is also a high probability that these results occurred by chance.

Therefore, it can be concluded that there is no significant negative influence of active defiance on customer loyalty, and the hypothesis is consequently not supported.

Effect of passive ignoring on customer loyalty

Last but not least the hypothesis that predicts the relationship between passive ignoring and customer loyalty states the following:

H_5: Passive ignoring has a negative effect on customer loyalty.

Modellzusammenfassung

Modell	R	R-Quadrat	Korrigiertes R-Quadrat	Standardfehler des Schätzers
1	,162[a]	,026	,024	,85464

a. Einflußvariablen : (Konstante), D_PassiveIgnoring

Figure 15: Model Summary Passive Ignoring
Source: own illistration

ANOVA[a]

Modell		Quadratsumme	df	Mittel der Quadrate	F	Sig.
1	Regression	7,572	1	7,572	10,366	,001[b]
	Nicht standardisierte Residuen	281,207	385	,730		
	Gesamt	288,778	386			

a. Abhängige Variable: Customer_Loyalty

b. Einflußvariablen : (Konstante), D_PassiveIgnoring

Figure 16: ANOVA Passive Ignorig
Source: own illustration

Koeffizienten[a]

Modell		Nicht standardisierte Koeffizienten		Standardisierte Koeffizienten	T	Sig.
		RegressionskoeffizientB	Std.-Fehler	Beta		
1	(Konstante)	3,202	,050		63,916	<,001
	D_PassiveIgnoring	,324	,101	,162	3,220	,001

a. Abhängige Variable: Customer_Loyalty

Figure 17: Coefficients Passive Ignoring
Source: own illistration

Based on the results, "Passive Ignoring" has a positive effect on customer loyalty, as indicated by a coefficient of 0.324. This means that for each unit increase in "Passive Ignoring," customer loyalty increases by 0.324 units, assuming other variables remain constant. The correlation coefficient of 0.162 indicates a weak positive correlation between "Passive Ignoring" and customer loyalty, suggesting a minimal but positive relationship. The coefficient of determination shows that only 2.6% of the variance in customer loyalty is explained by "Passive Ignoring," reflecting a relatively small contribution. Despite this, the ANOVA significance (p-value = 0.001) is highly significant, confirming that the relationship observed is unlikely to be due to random chance.

The hypothesis is that "Passive Ignoring" has a negative effect on customer loyalty. However, the results show a positive regression coefficient of 0.324, indicating that an

increase in "Passive Ignoring" is associated with an increase in customer loyalty. Although the p-value the result is statistically significant, the positive direction of the effect contradicts the hypothesis that "Passive Ignoring" negatively impacts customer loyalty.

8. Conclusion

This Master's thesis explored the impact of brand responses to cancellation attempts on customer loyalty, focusing on the phenomenon known as "cancel culture".

The key findings indicate that brand responses to cancellation attempts in general influence customer loyalty. This aligns with the first hypothesis. Contrary to the hypothesis, proactive action did not have a positive impact on customer loyalty. While brand apology were expected to positively impact customer loyalty, the findings indicate a negative effect. This implies that apologies might sometimes be seen as insincere or insufficient in addressing the problem. The hypothesis that active defiance would negatively impact customer loyalty was not supported. Instead, the results showed a weak positive correlation. Last put not least passive ignoring was found to positively influence customer loyalty.

The findings of the literature review and the analysis suggest that traditional crisis management strategies may not always work in the context of social media-driven cancel culture. Brands need to carefully consider their response strategies, as consumer perceptions can vary widely. The different reactions to various response types highlight the complexity of maintaining customer loyalty during public backlash.

The insights from this study are crucial for brand managers and marketers. The mixed reactions to proactive actions and brand apologies suggest that transparency and genuine engagement are vital. Brands must ensure that their apologies and corrective actions are seen as sincere and effective.

In conclusion, this thesis contributes to the growing literature on cancel culture and crisis management by offering insights into how different brand responses influence customer loyalty.

9. Limitations

This master's thesis encounters several limitations that require careful consideration when looking at the results. Firstly, one of the main limitations is the lack of representativeness of the sample. As the research is limited to students and the surrounding area, a student bias has emerged. As a result, these respondents may not fully represent a more diverse population.

Secondly, the use of images to illustrate case studies could enhance engagement and comprehension. However, since this study did not include any images, it lacks visual elements that might have helped in better representing the scenario. Including such visuals could potentially provide clearer depiction and reduce the risk of misunderstandings.

Thirdly the target group for this study was quite broad. It might have been beneficial to limit the survey to individuals who have participated in cancellation attempts. This would ensure that the respondents have a genuine interest in the topic and therefore provide more relevant insight into the subject matter.

Fourthly, this study focused on the fast fashion industry and used a specific controversial scenario to gauge consumer responses. Future research could explore other industries and different scenarios to provide a broader understanding of the dynamics at play. Additionally, investigating the long-term effects of brand responses on customer loyalty would be valuable.

Last but not least future research could conduct interviews with individuals who have taken part in the cancellation process. This could provide richer insights into their decision making. Additionally, partnering with actual companies for research purpose could offer more practical and applicable data. Such collaboration could help capture real customer loyalty and provide more accurate findings.

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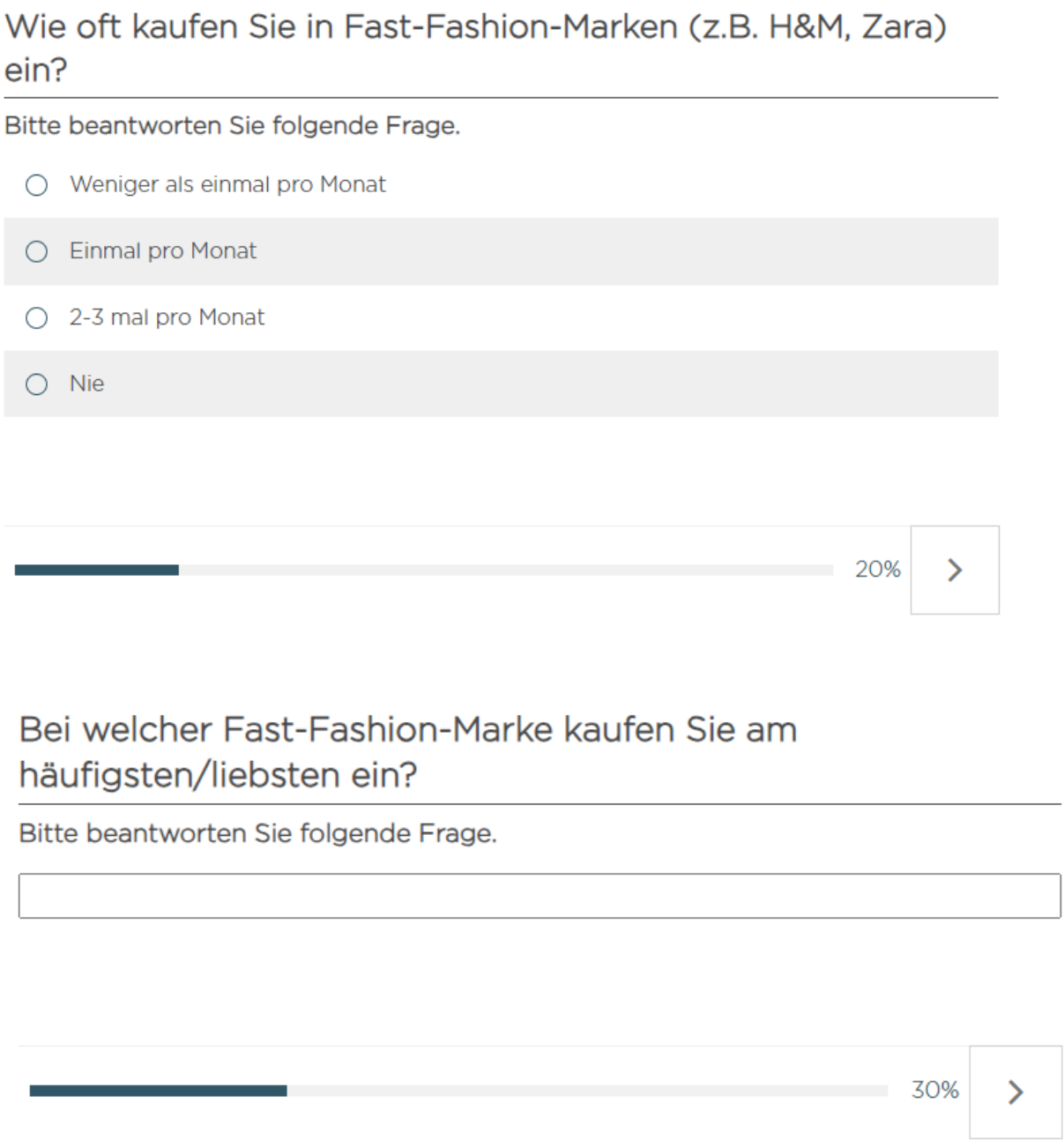
Backmatter

1. Survey in Unipark



Wir bitten Sie, das Szenario sorgfältig durchzulesen und sich gedanklich darin zu versetzten.

Stellen Sie sich nun vor, dass Ihre Lieblingsmarke, die Sie zuvor genannt haben, in den letzten Tagen ins Visier der Cancel Culture geraten ist. Eine kontroverse Werbekampagne der Marke, die auf sozialen Medien verbreitet wurde, hat zu einem massiven öffentlichen Aufschrei geführt. Die Werbung zeigt Models in Kleidungsstücken der aktuellen Kollektion, die vor einem Hintergrund von Trümmern und in Plastik eingewickelten Figuren posieren, die an Leichen erinnern.

Die Werbung wurde von vielen Menschen als geschmacklos, respektlos und unangemessen empfunden. Sie sahen darin eine direkte Anspielung auf einen aktuellen Krieg, was als Ausnutzung von Tragödien für kommerzielle Zwecke betrachtet wurde. Der öffentliche Aufschrei führte zu einer Welle von Empörung und Boykottaufrufen gegen die Marke.

Die Marke steht nun vor einer schwierigen Entscheidung darüber, wie sie auf die Angriffe reagieren soll.

Die Marke hat sich entschieden, folgende Handlung zu unternehmen.

Die Marke erkennt den gravierenden Fehler in der Werbekampagne öffentlich an, entschuldigt sich aufrichtig und kündigt konkrete Maßnahmen an, um das Problem anzugehen. Es verspricht, die Verantwortlichen zur Rechenschaft zu ziehen und eine Spende an Organisationen zu tätigen, die sich für Opfer von Kriegen einsetzen. Zudem wurde die Kampagne sofort zurückgezogen.

Wie wahrscheinlich ist es, dass Sie anderen Menschen etwas Positives über die Marke erzählen, nachdem Sie dessen Antwort gelesen haben?

Berücksichtigen Sie bitte das vorherige Szenario bei der Beantwortung der folgenden Frage.

- ○ Sehr wahrscheinlich
- ○ Wahrscheinlich
- ○ Neutral
- ○ Unwahrscheinlich
- ○ Sehr unwahrscheinlich

Wie wahrscheinlich ist es, dass Sie diese Modemarke jemandem empfehlen, der Sie nach der Antwort der Marke um Rat fragt?

Berücksichtigen Sie bitte das vorherige Szenario bei der Beantwortung der folgenden Frage.

- ○ Sehr wahrscheinlich
- ○ Wahrscheinlich
- ○ Neutral
- ○ Unwahrscheinlich
- ○ Sehr unwahrscheinlich

Wie wahrscheinlich ist es, dass Sie Freunde und andere Personen dazu ermutigen, etwas von dieser Marke zu kaufen, nachdem Sie diese Antwort gelesen haben?

Berücksichtigen Sie bitte das vorherige Szenario bei der Beantwortung der folgenden Frage.

- ○ Sehr wahrscheinlich
- ○ Wahrscheinlich
- ○ Neutral
- ○ Unwahrscheinlich
- ○ Sehr unwahrscheinlich

Wie wahrscheinlich ist es, dass Sie diese Marke nach dieser Antwort in Zukunft als Ihre erste Wahl betrachten werden?

Berücksichtigen Sie bitte das vorherige Szenario und beurteilen Sie das folgende Statement basierend auf seiner Wahrscheinlichkeit.

- ○ Sehr wahrscheinlich
- ○ Wahrscheinlich
- ○ Neutral
- ○ Unwahrscheinlich
- ○ Sehr unwahrscheinlich

Wenn ein konkurrierendes Modeunternehmen dasselbe Sortiment unter ähnlichen Bedingungen anbieten würde, würde ich zu diesem Unternehmen wechseln.

Angesichts des vorherigen Szenarios, bewerten Sie bitte die Wahrscheinlichkeit des folgenden Statements.

- ○ Sehr wahrscheinlich
- ○ Wahrscheinlich
- ○ Neutral
- ○ Unwahrscheinlich
- ○ Sehr unwahrscheinlich

Selbst wenn die Marke ihre Preise erhöhen würde, würde ich dennoch weiterhin bei diesem Modelabel einkaufen.

Beantworten Sie bitte folgende Frage.

- ○ Sehr wahrscheinlich
- ○ Wahrscheinlich
- ○ Neutral
- ○ Unwahrscheinlich
- ○ Sehr unwahrscheinlich

Ich habe die Absicht, der Marke treu zu bleiben.

Angesichts des vorherigen Szenarios, bewerten Sie bitte die Wahrscheinlichkeit des folgenden Statements.

- ○ Sehr wahrscheinlich
- ○ Wahrscheinlich
- ○ Neutral
- ○ Unwahrscheinlich
- ○ Sehr unwahrscheinlich

Wie gut können Sie sich vorstellen, dieses Szenario selbst zu erleben?

Bitte beantworten Sie folgende Frage.

- ○ Sehr gut
- ○ Gut
- ○ Mäßig
- ○ Wenig
- ○ Gar nicht

70% >

Welches Geschlecht fühlen Sie sich zugehörig?

Bitte teilen Sie uns einige demografische Informationen mit, um uns bei der Analyse der Umfrageergebnisse zu unterstützen.

- ○ Weiblich
- ○ Männlich
- ○ Divers

Wie alt sind Sie?

- ○ 16-24 Jahre
- ○ 25-34 Jahre
- ○ 35-44 Jahre
- ○ 45-54 Jahre
- ○ 55-64 Jahre
- ○ 65-75 Jahre

Was ist Ihr höchster Bildungsabschluss?

- ○ Kein Abschluss
- ○ Pflichtschule
- ○ Berufsbildende mittlere Schule ohne Matura (z.B. Handelsschule)
- ○ Allgemeinbildende oder berufsbildende höhere Schule (z.B. HLW, HAK oder Gymnasium)
- ○ Universität oder Fachhochschule

2. Codebook

Name	Type	Label	Values	Missing
BUYING BEHAVIOUR	Numeric	Buying rate fast fashion brands	Less than once a month = 1 Once a month = 2 2-3 times a month = 3 Never = 4	-999
BRAND	Sequence of letter	Favorite Brand	-	-999
BRAND RESPONSE	Numeric	Type of Brand Response	Proactive Action = 1 Brand Apology = 2 Active Defiance = 3 Passive Ignoring = 4	-

WOM	Numeric	Positive word of mouth probability	Very likely = 5 Likely = 4 Neutral = 3 Unlikely = 2 Very unlikely = 1	-999
REFERRAL	Numeric	Referral probability	Very likely = 5 Likely = 4 Neutral = 3 Unlikely = 2 Very unlikely = 1	-999
ENCOURAGEMENT	Numeric	Buying encouragement probability	Very likely = 5 Likely = 4 Neutral = 3 Unlikely = 2 Very unlikely = 1	-999
FIRST CHOICE	Numeric	First Choice in the future	Very likely = 5 Likely = 4	-999

			Neutral = 3 Unlikely = 2 Very unlikely = 1	
COMPETITOR*	Numeric	Probability to switch to the competitor	Very likely = 5 Likely = 4 Neutral = 3 Unlikely = 2 Very unlikely = 1	-999
PRICE	Numeric	Increase in Price probability to stay loyal	Very likely = 5 Likely = 4 Neutral = 3 Unlikely = 2 Very unlikely = 1	-999
LOYALTY	Numeric	Probability to stay loyal	Very likely = 5 Likely = 4 Neutral = 3 Unlikely = 2	-999

			Very unlikely = 1	
IMAGINABILITY	Numeric	Imaginability of the case in real life	Very well = 5 Well= 4 Moderately = 3 Little = 2 Not at all = 1	-999
GENDER	Numeric	Gender of respondent	Male = 1 Female = 2 Divers = 3	-999
AGE	Numeric	Age of respondent	16-24 = 1 25-34 = 2 35-44 = 3 45-54 = 4 55-64 = 5 65-75 = 6	-999
EDUCATION	Numeric	Level of Education	No Graduation = 1 Compulsory school = 2	-999

			Vocational middle school = 3 Academic secondary or higher vocational school = 4 University= 5	