

STUDY ON THE INFLUENCE OF INVOLVEMENT DEGREE ON CUSTOMER FORGIVENESS IN CATERING INDUSTRY UNDER THE PRODUCT-HARM CRISIS

Peng Gao¹ and Guihua Lu²

^{1,2}Chinese Graduate School, Panyapiwat Institute of Management

Abstract

The catering industry takes an extremely important position in the social life. The research on product harm has received the attention of many scholars, but the current research results are mostly concentrated on the situation after the crisis occurs, the attitude of the enterprise itself as well as the enterprise's harm caused by the crisis. On the basis of the cases of product harm crises in the catering industry that happened in recent years, this paper puts forward relevant assumptions, then conducts verification through an experimental questionnaire survey, and studies the impact of consumers' involvement on their forgiveness to enterprises in "severe" and "mild" crises. Through the correlation analysis of the questionnaire and regression analysis, it is concluded that under the background of severe product harm crisis, advertisements in product involvement and willing to read articles on consumer reports are positively related to forgiveness. Under the background of mild product harm crisis, being interested in product description in product involvement, willing to read articles on consumer reports and willing to compare the different characteristics of food and beverage brands are positively related to forgiveness. The research results enrich the theories of related industries.

Keywords: Product Harm Crisis, Catering Enterprises, Involvement Degree, Forgiveness

Introduction

According to the released data of National Bureau of Statistics of China, the catering revenue was increased by 10.8% in 2016 compared with the previous year. But under the general trend of recovery of the catering industry, there are still frequent adverse catering events. For instance, KFC's "instant chicken" event in 2012. According to the report, some farms in Shandong province illegally use antibiotics and hormones to raise chickens, after taking illegal drugs, the white chickens will grow 5 Jin in 40 days. These "problematic chickens" are mainly served to KFC, McDonald's and other fast food companies. Once such events occur, customers will lose their trust in the catering enterprises, resulting in loss of customers, decrease of market shares, decline of profits and damage of brand image and other negative effects, which will seriously affect the entire industry and even the entire region. In the context of product crisis, the product involvement of consumers can directly affect consumers' forgiveness of enterprises, change their attitudes and choices whether to make the purchase. The product harm crisis of the catering industry is divided into two categories, one category is the product harm crisis events related to product quality, such as illegal cooking oil, etc., and the other category is the product harm crisis events irrelevant with product quality.

According to media reports, 19 cases were related to product quality in 21 crisis management cases from 2006 to 2016, accounted for 90% of all. In the product harm crisis of catering

enterprises, the crisis caused by product quality accounts for the overwhelming majority. The research scope of this paper only includes the product harm crisis events related to product quality.

Literature Review

The research on the issue of crisis management in the marketing field initially proceeds from the product harm crisis. Siomkos & Kurzbard (1994) considers that product harm crisis refers to those events that occasionally occur and are widely publicized about a product has defects or is dangerous to consumers. Based on the consensus within the industry, this paper adopts the definition of Siomkos & Kurzbard (1994). At present, the research on the harm of product harm events on enterprise brand relationship is mainly carried out from the impact of product harm events on enterprises. In the early state, Davidson & Worrell (1992) studied to find that the recall of products in negative events would cause loss of intangible brand equity based on customers' perception. When Dawar & Pillutla (2000) explored the regulating effect of the impact of consumer expectations on brand equity in negative events, they pointed out that the stronger the consumer expectations, the smaller the loss of enterprise brands caused by negative events; Wang, Chao & Wu (2008) found that amount of consumption plays a regulating role in the impact of negative events on brand equity, for the group with higher consumption (heavy consumers), the degree of harm of

negative events to brand equity is relatively small; Yang, Deng & Fang (2012) found that the repair strategy adopted by enterprises can reduce the impact of negative events on brand equity, and the repair strategy is to influence brand equity by influencing customers' perceived fairness.

The degree of product involvement is measured mainly from the interest and performance of consumers, which belongs to the antecedents of consumption. In market research, the degree of involvement is defined as "the relevance to the object as perceived by a person based on intrinsic needs, values and interests" (Zaichkowsky, 1985). There are two main categories of involvement degree. One is classified by nature, Houston & Rothschild (1978) distinguished involvement into persistent involvement and situational involvement for the first time. The former reflects the consumer's persistent attention to a product while the latter describes the product concern that arises temporarily in a particular purchase or consumption situation. The other is classified according to the object. It can be divided into product involvement, advertising involvement and purchase decision involvement. Zaichkowsky (1985) considered that advertising involvement refers to consumer's concern level for advertising, product involvement means the degree of emphasis on the subjective perception of the product as well as the importance of a product to the individual. According to Lastovicka & David (1979) product involvement is defined with individual cognition, which can range from

indifference to the product to self-identification of fully engaged in it, rather than defined in specific to the product. Engel & Blackwell (1982) put forward that purchase involvement refers to the extent to which consumers are concerned about purchase activities. This paper deals mainly with classification method.

There is no consensus on the definition of forgiveness in academia. By gathering the definitions of previous scholars, this study defines the forgiveness of product harm crisis as follows: after consumers are offended or harmed by the crisis event, they give up the resistant or retaliatory behaviors and show their understanding of the enterprises that have suffered the product harm crisis. The willingness of consumers to forgive is the key to rebuilding trust after a product harm crisis. Scholars have carried out relevant theoretical research and empirical analysis on product harm crisis and consumers' willingness to forgive. Klein & Dawar (2004) drew a conclusion through empirical research that brand reputation is an important factor affecting consumers' forgiveness and willingness to buy after the product harm crisis. Through research, Wei & Wei (2011) found that brand commitment plays an important role in regulating the relationship between the responsibility of product harm crisis and the willingness of consumers to forgive; the higher the brand commitment level, the smaller the negative impact of crisis responsibility on consumers' willingness to forgive. The empirical research results of Ren & Jing (2015) indicate that corporate crisis response after product harm

crisis positively affects consumers' willingness to forgive. Cui, Yang & Li (2015) found that CRS strategy of product harm crisis has an important impact on consumers' forgiveness, and crisis type plays a significant regulatory role on the effect of CRS strategy. Qing, Li & Jiang (2014) explored the formation mechanism of consumers' reverse communication behavior in the background of harm crisis of agricultural products, and found that the inherent brand cognition of consumers before the harm crisis is closely related to the consumer's reverse behavior, and brand prejudice and consumers' anger feelings exert a significant influence on consumers' reverse behaviors. Furthermore, with respect to the product harm crisis of the catering industry, Jin & Qian (2018) also studied the substitution behaviors of consumers, and Zhang & Lin (2017) investigated the adverse selection of consumers.

Methods

1. Research Methods

Next, we design a questionnaire for this study adopted from the aforementioned classic scales. Verify the hypothesis by analyzing the consumers of different ages, backgrounds and regions, and the respondents are from China, Thailand, the UK and Malaysia. After the questionnaire design is completed, conduct a pre-test of the questionnaire, and revise and perfect the questionnaire. In terms of the pre-test of the questionnaire, conduct an online survey on the "WJX.cn" commercial survey platform and recover valid questionnaires. Then revise

and perfect the questionnaire based on the pre-test results of the questionnaire, and form the final questionnaire. Acquire data by issuing and recovering questionnaires on the spot as well as distributing questionnaires online, and verify and correct the hypothesis by using SPSS22.0 processing data.

2. Research Hypothesis

According to the definition of degree of involvement, it is adoptable to define the "relevance" in the definition of involvement from the perspectives of consumers' subjective awakening degree or attention level, the potential value of products, etc., and thus determine the degree of involvement. With the behavioral expressions of consumers while dealing with the involved objects as the classification basis, involvement can be divided into product involvement, advertising involvement and purchase decision involvement. This study mainly deals with consumers' product involvement. Generally speaking, the degree of consumers' product involvement is high, which is manifested as follows: they like reading the instructions of related products, for example. They like reading the menu as in the catering industry well as the detailed description of a restaurant or enterprise websites; they are willing and fond of reading consumer reports, such as the annual consumers' catering reports, as well as micro-blog websites and other information about catering; in respect of the characteristics of similar brands or similar products, they are willing to make a comparison; and besides, they pay attention to the ads of related products;

when choosing a product, they are willing to spend time researching instead of randomly choosing. This paper puts forward the following hypotheses: the degree of involvement of catering products exerts a positive influence on consumers' forgiveness of enterprises.

H1 Frequently and spontaneously reading the product instructions exerts a positive impact on forgiveness.

H2 Frequently and spontaneously reading consumers' reports exerts a positive impact on forgiveness.

H3 Frequently comparing product characteristics while choosing products exerts a positive impact on forgiveness.

H4 Comparing and paying attention to catering ads exerts a positive impact on forgiveness.

H5 Consuming plenty of time while choosing a product exerts a positive impact on forgiveness.

Results and Discussion

1. Questionnaire Contents

The questionnaire designed in this study is divided into three parts. The questionnaire scale includes a total of five options from "strongly disagree" to "strongly agree", and this study adopts the general five point system of Li Kete for scoring. The Product Involvement Scale is the questions to measure consumers' involvement in the product, the involvement of consumer products and the involvement of advertisements, and it is adapted from Zaichkowsky (1994) Revised Personal Involvement Inventory (RPII)

Scale; Purchase Involvement is adapted from Product Involvement (PI) Scale proposed by Slama & Tashchian (1985). Degree of negative word-of-mouth is the 7th question, and the scale is adapted from the studies of East and other people (2008) who distinguished between the degrees of negative Internet word-of-mouth from the purpose of word-of-mouth content, namely mild negative Internet word-of-mouth and severe negative Internet word-of-mouth. It includes a question: in what aspect do you think the word-of-mouth of the catering brand belongs to in the above incident? The mild negative to the severe negative is indicated by the numbers 1-5. The definition of forgiveness is in the 8th question, the question (1) is adapted from the research of Fesenmaier & Xiang (2014), the questions (2) and (3) consult the research of Finkel et al. (2002), and the questions (4) and (5) refer to the scale of Siomkos (1999) concerned with measuring the company's active recall. Due to the particularity of catering enterprises, there do not exist recall behaviors, so the words are changed to some extent. The question (6) on the measurement of forgiveness is self-designed.

2. Sample Statistics

Among the surveyed respondents, there are 242 males, accounting for 45.7% of the total, and 285 women, accounting for 54.3% of the total. Therefore, this study has basically achieved a gender balance.

Among the surveyed respondents, 31 persons are under 18 years old, taking up 5.9% of the total population; 225 persons are aged between

18 and 25 years old, taking up 42.9% of the total population; 237 persons are between 26 and 45 years old, taking up 45.1% of the total; and 32 persons are over 45 years old, taking up 6.1% of the total. Relatively, the respondents aged between 18 to 45 years old occupies the largest proportion among all the investigated persons, reaching 88% of the total.

Among the surveyed respondents, 18 persons have no income, making up 3.4% of the surveyed; 143 persons have earned a monthly income of less than 3000 yuan (RMB), making up 27.2%

of the surveyed; 239 persons have earned a monthly income of between 3000 and 6000 yuan, making up 45.5% of the surveyed; 104 persons have earned a monthly income of between 6001 and 12000 yuan, making up 19.8% of the surveyed; 21 persons have earned a monthly income of over 12000 yuan, making up 4% of the surveyed. Among the surveyed respondents, 89.1% persons have the behavior of having meals outside within the last three months, 10.9% respondents do not have such a behavior.

3. Correlation Analysis

Table 1 Correlation analysis table between the degree of involvement and forgiveness

		Degree of involvement	Forgiveness (Severe)	Forgiveness (Mild)
Degree of involvement	Pearson correlation	1	.374**	.469**
	Significance (Two-tailed)		.000	.000
Forgiveness (Severe)	Pearson correlation	.374**	1	.483**
	Significance (Two-tailed)	.000		.000
Forgiveness (Mild)	Pearson correlation	.469**	.483**	1
	Significance (Two-tailed)	.000	.000	

Source: Author's calculation

As shown in Table 1, the degree of involvement of products takes on a positive correlation with whether consumers forgive the enterprise. In the contexts of severe product harm crisis

and mild product harm crisis, such a relationship is displayed remarkably, and both present a positive correlation.

In the previous paper, it has been analyzed and verified that the degree of involvement has a significant positive correlation with consumers' forgiveness of the enterprise after the occurrence of product harm crisis. Since this paper is to

analyze the factors after factor analysis, the linear regression analysis method will be adopted to analyze independent variables and dependent variables.

Table 2 Analysis table of the degree of involvement and forgiveness (severe) coefficient

Model		Unstandardized Coefficient		Standard Coefficient	t	Significance
		B	Standard errors	Beta		
1	(Constant)	1.953	.106		18.457	.000
	Degree of involvement	.341	.037	.374	9.236	.000

Source: Author's calculation

Table 3 Analysis table of the degree of involvement and forgiveness (mild) coefficient

Model		Unstandardized Coefficient		Standard Coefficient	t	Significance
		B	Standard Errors	Beta		
1	(Constant)	1.649	.098		16.783	.000
	Degree of involvement	.416	.034	.469	12.129	.000

Source: Author's calculation

After the product harm crisis occurs, the author takes the regression analysis method to analyze the influence of the degree of consumers' involvement in catering products on their forgiveness of the enterprise. There are two cases of severe adverse event and mild adverse event. From the analysis table of

various means of the degree of involvement and forgiveness (as shown in Table 2 and Table 3), the significance of the degree of involvement and forgiveness is <0.05 , and thus the two take on a positive correlation. It is the same in both mild and severe cases.

Table 4 Analysis table of sub-item of degree of involvement and forgiveness (severe) coefficient

Model	Unstandardized Coefficient		Standard Coefficient	t	Significance	
	B	Standard Errors	Beta			
1	(Constant)	1.887	.105		17.921	.000
	Q (1)	.041	.034	.061	1.218	.224
	Q (2)	.106	.032	.159	3.359	.001
	Q (3)	.006	.033	.009	.172	.863
	Q (4)	.195	.033	.280	5.980	.000
	Q (5)	.012	.029	.020	.434	.665

Source: Author's calculation

In the chart, the question is represented by Q, such as Q1. According to Table 4, simply observe the title item of consumers' degree of involvement, the significance of Q (2), Q (4) is <0.05 , there exists a significance, and thus the two take on a positive correlation. The significance of Q (1), Q (3), Q (5) is all >0.05 , so it is insignificant. That is to say, in the context

of severe product harm crisis, consumers are willing to read consumers' reports and the like in terms of ads in product involvement, which is positively related to forgiveness. While in respect of product description, it is not positively related to forgiveness by comparing with different brand characteristics and time investment.

Table 5 Analysis table of sub-item of degree of involvement and forgiveness (mild) coefficient

Model	Unstandardized Coefficient		Standard Coefficient	t	Significance	
	B	Standard Errors	Beta			
1	(Constant)	1.665	.100		16.721	.000
	Q (1)	.115	.032	.177	3.622	.000
	Q (2)	.102	.030	.156	3.396	.001
	Q (3)	.091	.031	.146	2.958	.003
	Q (4)	.057	.031	.085	1.863	.063
	Q (5)	.048	.027	.079	1.769	.077

Source: Author's calculation

As shown above, simply observe the title item of consumers' degree of involvement, the significance of Q (1), Q (2), Q (3) is all <0.05 , there exists a significance, and thus the two take on a positive correlation. The significance of Q (4), Q (5) is both >0.05 , so it is insignificant. That is to say, in the context of mild product harm crisis, consumers take interest in product description in product involvement, are willing to read consumers' reports and the like, and tend to compare the characteristics of different catering brands, which is positively correlated with forgiveness. But there is no positive correlation between advertising and time investment and forgiveness.

4. Research Results

After the product harm crisis occurs, there are two cases of severe negative event and mild negative event. Various means of the degree of involvement and forgiveness present a positive correlation. In the context of severe product harm crisis, consumers are willing to read consumers' reports and the like in terms of ads in product involvement, which is positively related to forgiveness. While in respect of product description, it is not positively related to forgiveness by comparing with different brand characteristics and time investment. In the context of mild product harm crisis, consumers take interest in product description in product involvement, are willing to read consumers' reports and the like, and tend to compare the characteristics of different catering brands, which is positively correlated with forgiveness. But there is no positive correlation between

advertising and time investment and forgiveness.

Conclusion

After the product harm crisis occurs, the degree of product involvement has a positive impact on consumers' forgiveness of the enterprise. Specifically, the influences of consumers' degree of involvement on their forgiveness of the enterprise are not the same in the case of mild and severe situations. The analysis results indicate that after the mild crisis, the degree of involvement as a result of understanding of the product, reading consumers' reports, comparing the characteristics of products as well as other behaviors can all contribute to consumers' forgiveness. But advertising exposure does not increase the degree of consumer forgiveness.

While in a severe crisis, on the contrary, consumers who watch a large quantity of ads tend to produce trust in the brand of the enterprise, and they are more likely to forgive the enterprises. In the case of a severe crisis, consumers' familiarity and comparison of products does not help them forgive the enterprises. Whether it is mild or severe, consumers who spend more time in the selection of products do not agree to forgive the enterprises. Spending more time, consumers will hope more intensively that the products they select are perfect, once a problem appear, consumers are more prone to fraud, betrayal and other emotions, then it is more difficult for them to forgive the enterprises.

Catering enterprises should establish a system for old customers. In order to promote the operation, many catering enterprises will

introduce membership cards and so on, and in the meanwhile, they will make use of membership cards to promote the distribution of discount coupons and carry out other activities. Consumers who are deeply involved in the products are more likely to forgive the enterprises, and the catering enterprises should make more proper use of the channel of membership cards, and find more customers with deep involvement in the products. At the same time, it is wise to promote the knowledge of products, release consumer reports and other knowledge that seems to have little relevance to product promotion by taking advantage of WeChat Official Account, microblog and other tools, which can prevent crises before they emerge. First of all, when studying the impact of product involvement on customers' forgiveness,

this paper only discusses the regulating effect of variables of product involvement on consumers' forgiveness, but actually there are also some other variables that may interfere with the psychological mood of customers, such as the orientation of the media; other regulatory factors may be considered in the future, such as communication platform. In fact, the psychological change of customers' forgiveness is a very complex psychological process, customers will show a lot of negative emotions after being hurt, and the transformation of these negative emotions may be a long-term process and will not disappear after several repair actions of enterprises, so it is also required to consider the effect of time length on forgiveness in the future.

References

- Chung, E. & Beverland, M. B. (2006). An Exploration of Consumer Forgiveness Following Marketer Transgressions. *Advances in Consumer Research*, 33, 98-99.
- Chung, E., Beverland, M. B. & Gabbott, M. (2004). An Exploration of Consumer Forgiveness Following Marketer Failure. *Advances in Consumer Research*, 1, 98.
- Cui, P., Yang, Y. & Li, W. (2015). The Research on the Impact of CSR Strategy on Brand Trust after Product Harm Crisis: The Effect of Moderator and Mediator. *Journal of Central University of Finance & Economics*, (2), 69-74. [in Chinese]
- Davidson, W. N. & Worrell, D. L. (1992). Research notes and communications: The effect of product recall announcements on shareholder wealth. *Strategic Management Journal*, 13(6), 467-473.
- Dawar, N. & Piillutla, M. (2000). Impact of Product-harm Crisis on Brand Equity: the Moderating Role of Consumer Expectations. *Journal of Marketing*, 37(2), 215-226.
- Eastetal. (2008). The making of the USA Patriot Act II: Public sentiment, legislative climate, political games man ship, media patriotism. *International Journal of the Sociology of Law*, 34(2), 105-140.
- Engel, J. F. & Blackwell, R. D. (1982). *Consumer behavior* (4th ed.). New York: Dryden press.

- Fang, Z., Yang, Y., Li, W. & Cai, J. (2013). The Spillover Effect of Product Harm Crisis: How to Resolve Product Harm Crisis Triggered by Others. *Nankai Business Review*, 6, 19-27. [in chinese]
- Fesenmaier, D. R. & Xiang, Z. (2014). Tourism marketing from 1990–2010: Two decades and a new paradigm. *The Routledge Handbook of Tourism Marketing*, (1), 31-39.
- Finkel, E. J. & Rusbult, C. E. (2008). Prorelationship motivation: An interdependence theory analysis of situations with conflicting interests. *Handbook of motivation science*, 547-560.
- Finkel, E. J., Rusbult, C. E., Kumashir, M. & Hannon, P. A. (2002). Dealing with betrayal in close relationships: Does commitment promote forgiveness? *Journal of Personality and Social Psychology*, 82(6), 956-974.
- Houston, M. & Rothschild, M. L. (1978). Conceptual and Methodological Perspectives on Involvement, Educator's Proceedings. *American Marketing Associations*, (44), 184-187.
- Jin, M. & Qian, S. (2018). Consumer Substitution Behavior in Food Safety Crisis—Driving Effect and Anchoring Effect. *Journal of Shanxi University of Finance and Economics*, 40(1), 12-25. [in Chinese]
- Klein, J. & Dawar, N. (2004). Corporate social responsibility and consumers' attributions and brand evaluations in a product-harm crisis. *International Journal of Research in Marketing*, 21(3), 203-217.
- Lastovicka, J. L. & David M. G. (1979). Low involvement versus high involvement cognitive structures. In H. Keith Hurt. *Advance in consumer research*. Ann Arbor: Association for consumer research.
- Laufer, D. & Coombs, W. T. (2006). How should a company respond to a product harm crisis? The role of corporate reputation and consumer-based cues. *Business Horizons*, 49(5), 379-385.
- Qing, P., Li, H. & Jiang, X. Y. (2014). Research on the Reverse Communication Behavior Mechanism of Consumers' Network under the Background of Product Harm Crisis—A Case of Agricultural Products. *Issues in Agricultural Economy*, (12), 85-95. [in Chinese]
- Ren, J. & Jing, F. (2015). The Impact of Corporate Crisis Response Regulatory Fit on Forgiveness under Ambiguous Product Harm Crisis. *Chinese Journal of Management*, 12(4), 583-592. [in chinese]
- Siomkos, G. J. & Kurtzward, G. (1994). The Hidden Crisis in Product-harm Crisis management. *European Journal of Marketing*, 28(2), 30-41.
- Siomkos, G. J. (1999). On achieving exoneration after a product safety industrial crisis. *Journal of Business & Industrial Marketing*, 14(1), 17-19.
- Slama, M. E. & Tashchian, A. (1985). Selected socioeconomic and demographic characteristics associated with purchasing involvement. *Journal of Marketing*, 49(1), 72-82.

- Wang, X., Chao, G. & Wu, J. (2008). Responses to Product-harm Crisis and Variation of Consumer Consideration Set—A Cross-category Contrast. *Chinese Industrial Economy*, 7, 36-46. [in chinese]
- Wei, H. & Wei, W. (2011). The impact of consumers' forgiveness willingness on product harm crisis. *Economic Management Journal*, 33(8), 101-108. [in Chinese]
- Yang, Y., Deng, F. & Fang, Z. (2012). The research on the effect of repair strategy on brand equity in negative publicity. *China Business and Market*, 26(1), 90-95. [in chinese]
- Zaichkowsky, J. L. (1985). Measuring the involvement construct. *Journal of Consumer Research*, 12(3), 341-352.
- Zaichkowsky, J. L. (1994). The personal involvement inventory: Reduction, revision, and application to advertising. *Journal of Advertising*, 23(4), 59-70.
- Zhang, B. & Lin, J. (2017). Research on the Impact of Product Harm Behaviors of Food Enterprises on Consumers' Adverse Selection—Based on the Perspective of Brand Assets. *Consumer Economics*, 33(2), 45-51. [in chinese]
- Zhang, M., Xu, X. & Fu, X. (2014). Impact of Negative Events on Brand Relationship in Restaurant Services: Experimental Study from the Perspective of Hierarchy of Customers' Interests. *Tourism Tribune*, 4, 69-78. [in chinese]



Name and Surname: Peng Gao

Highest Education: CPHD, Panyapiwat Institute of Management

University or Agency: Panyapiwat Institute of Management

Field of Expertise: Marketing

Address: 85/1 Moo 2, Chaengwattana Rd., Bang Talad, Nonthaburi 11120



Name and Surname: Guihua Lu

Highest Education: Ph.D., Tsinghua University, Beijing, China

University or Agency: Panyapiwat Institute of Management

Field of Expertise: Corporate Finance, Accounting

Address: 39, South College Rd., Haidian, Beijing, China

