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Consumer Risk Reactions to Food Product-Harm Crises Over Time: Evidence From Cross-Cultural Field Studies

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1. Introduction

- Consumer risk reactions during a product-harm crisis may substantially impact the demand of food products and other services, affect business reputations and sales, and compromise the performance of marketing channels of an entire industry .
- Consumer reactions may vary greatly among countries because of cultural differences and diverging public and industry risk-management policies regarding the communication of the "actual" level of risk.
- ➤ Market barometers and consumption dropped dramatically in many countries throughout the BSE and bird flu crisis.

Conceptual Model

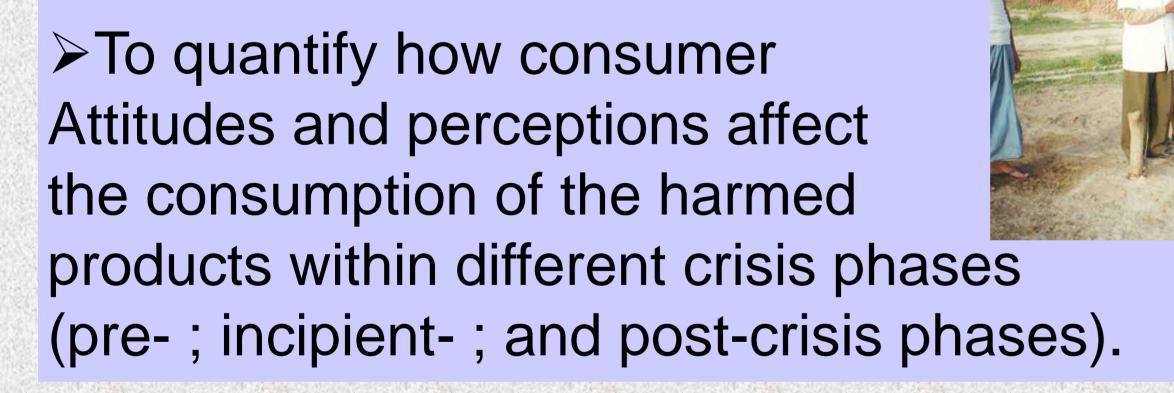
- ➤ CRB may be conceptualized as comprising two decisions that share the same decision-making structure:
 - a) participation decision, and
 - b) quantity (reduction) decision.

These two separate but interdependent decisions reflect the reduction in the consumption of a harmed product. We hypothesize that:

The impact of consumers RA, RP and RA*RP on consumer decisions is more likely to decrease in the pre- and post- phases than in the incipient-phase of a product harm crisis.

2. Research Objective

To evaluate consumer risk attitudes towards and risk perceptions of harmed products (beef due to BSE; chicken due to bird flu/BF) across different countries in which different contingent market conditions occur, and



Research Design

- ➤ Method: Face-to-face interviews with Americans & Germans regarding reduction in beef consumption due to the BSE crisis; and with Dutch, Greek and Egyptian consumers regarding reduction in chicken consumption due to the BF crisis. Interviews conducted at grocery malls.
- ➤ A structured questionnaire was used including psychometric scales for measuring RA and RP. A total of 823 American, 600 German, 294 Dutch, 302 Egyptians, and 347 Greek consumers were interviewed during different BSE and BF crisis phases.
- >Analysis: A double-hurdle model was applied

3. Theoretical Background

The influence of risk attitudes and risk perceptions on consumer risk behavior (CRB) can be used to formulate effective marketing strategies in case of a product-harm crisis (Pennings et al., 2002; Pennings & Wansink, 2004; Schroeder et al., 2007; Kalogeras, 2010). How?

By decoupling consumer risk behavior into the separate components of risk attitude (RA) and risk perception (RP), and the interaction of the two: (RA * RP), a more robust conceptualization and prediction of the puzzling consumer reactions to a market crisis situation may be possible.

Yet, CRB is a part of a dynamic decision problem that does not simply terminate in a specific point in time. Instead, the behavior of an individual consumer may adapt to the contingent conditions (i.e., contingent contexts) occurring in a dynamic decision environment (Hogarth, 1981; Hoch & Deiton, 1989; Bettman et al., 1998; Moorman et al., 2004)

Main Findings & Implications

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	Pre-crisis phase	Incipient-crisis phase	Post-crisis phase
		Increased influence & magnitude	Decreased influence & magnitude
(RA)	Product elimination and recalls	Full product- elimination and recall strategies	Partial product-elimination and recall strategies
(RP)	Communication strategies	Investing more in communication strategies	Investing less in communication strategies
RA* RP	Mixture of strategies based on the relative importance of RA & RP	Strengthening both product-elimination and communication strategies	Partial product-elimination and investing less in communication.

- The relative importance of RA, RP, and RA* RP changed during crisis phases for differents segments of the population: it is lower in the pre- and post-crisis phases
- ➤ Marketing strategies, agribusinesses and public policies must be adapted over time.