The Impact of Time on Product-Harm Crises in the Food Industry: The Case of IKEA’s Meatballs

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Abstract: The current paper focuses on the recent crisis concerning the firm IKEA (meatball samples after analysis were found to include horsemeat) and examines the impact of time on consumers’ impression of the company, perceived danger, blame, perceived severity, anger and purchase intentions. Since previous studies have demonstrated that time diminishes the negative effects of a product-harm crisis, the paper aims at investigating the variations of the aforementioned variables in five different time periods after the crisis. Results showed that consumers were quite reluctant towards eating at IKEA’s restaurant a few days after the incident, but within the next ten weeks perceived danger had already been reduced and consumers felt that eating meatballs at the restaurant was pretty safe. Although the company did not follow a high accommodative crisis management strategy (i.e. issue an apology along with a straightforward explanation), it seems that consumers “forget” after a certain period of time and their purchase behavior returns to its normal pattern.

Key-Words: Product-Harm Crises, Recalls, Crisis Management, IKEA Meatball Crisis

1 Introduction
Pauchant and Mitroff [16] believe that a crisis consists of a disruption that affects the entire corporate system and threatens its basic principles. Barton [1] agrees that a crisis is a big and unexpected event, which is likely to have negative effects. According to Lerbingher [12], crises are events that have a negative impact on corporate reputation and have negative outcomes on the long-term goals of profitability, growth and survival. Crises are "abnormal situations" that present substantial risk to the company and could have severe consequences if the company does not properly manage them [15, 19]. Product-harm crises are incidents where a product is found to be unsafe for consumers, defective or dangerous [6].

Following the types of brand crises [7] as performance-related (product defect originating from process failure) and values-related (originating from moral failure) we can initially assign the hue of the IKEA meatball crisis as performance-related, since it superficially concerns a product defect.

As one may plainly observe from an exploratory visit to any IKEA location, the firm’s core principles, values and focus on quality are being constantly communicated to the public. Price reduction through economies of scale, logistics innovations, total efficiency and process optimization with priority on product quality are the firm’s key selling points.

The IKEA vision is to create a better everyday life for the many people (IKEA Group Sustainability Strategy for 2020, p. 5) and the firm’s self-description is as a “values-driven business with a culture based on strong values…our culture and values shape the way
we do business and create a powerful desire to do the right thing”. A sustainability strategy flows in synchronization with a firm that holds such core values, because of the fact that sustainability demands that a firm has such a grasp on quality and value that it can promote these principles today and in the future, for all its stakeholders.

By extension, we could argue that this crisis is a hybrid of the two types of brand crises since it is explicitly of a performance-related nature but implicit of a values-related crisis; since there has to be a dynamic involution between the practical value-system of a firm and the apparent effectiveness of said system.

A values-related crisis does not directly involve the product but involves social or ethical issues surrounding the values espoused by the brand [7]. The failure of a process concerning a firm in reference to a broad-ranged value culture that stands as a proponent of its processes supports the duality claim of this particular crisis.

2 Problem Formulation
The literature on the impact of time on crisis management is limited. Standop [24] found that the time span between the first signals of potential harm and the issue of the recall is crucial and may influence the effectiveness of crisis management strategies. Vassilikopoulou et al. [27] demonstrated that consumers could forget about a crisis approximately one year after the incident. Nevertheless, their research studies had two basic limitations: (a) it was based on hypothetical crisis scenarios (i.e. a fictitious company) and (b) there was a great gap between the three periods of time that the consumers’ reactions were measured (three days, three months and one year after the hypothetical crisis).

Crisis management literature reveals that the organization’s response to a crisis may significantly affect consumers’ attitudes, perceptions and reactions [3, 17, 18 and 26]. More specifically, Shrivastava and Siomkos [20] believe that organizational responses vary from “denial” to “super effort”, while Coombs [4] argues that there are three basic response levels, i.e. low accommodative strategies (denial), moderating accommodating strategies (simply accept or/and excuse) and high accommodative strategies (super effort). Super effort includes (among other actions) a full apology, great concern for consumer welfare and compensation [21].

After the crisis went public on February 25th, IKEA voluntarily recalled all meatball products in Greece and through a press release informed its customers that further details on the horsemeat would be given after the completion of the necessary investigation. As a result, it may be concluded that the company did not adopt a highly accommodative strategy and a single action was taken almost a month after the information about horsemeat in meatballs surfaced through the Media. Based on the above assumptions, the paper attempts to investigate consumers’ responses towards IKEA and the potentially tainted product across five different time periods after the crisis.

3 Methodology
Most of the past research studies on crisis management use imaginary scenarios [5, 8, 11, 14, 22, 23 and 28] as certain conditions would be difficult or impossible to be measured in actual crises. On top of that, Theofilou et al. [25] demonstrated that imaginary scenarios’ results do not differ significantly from the results of the studies based on real crises.

However, the use of hypothetical scenarios has been criticized [2] for ignoring important marketing variables, such as the Media [6] and the inability of the respondent to feel the actual experience of the crisis and express actual feelings [13].

As the authors conjecture, the impact of time as a variable could be more validly measured through real cases. Because of this factor, the survey was conducted right after the Media revealed that horsemeat was detected in IKEA’s meatballs in the Czech Republic and controls had not yet been implemented for the Greek market.

One hundred and twenty four respondents participated in the survey. Participants, who were randomly selected in
three shopping malls of Athens, were given a Newspaper article that described in detail the event. After reading carefully the article, a questionnaire was distributed. Regarding the demographic characteristics of the sample, approximately 41% of the participants were men, and the greatest percentage (56%) consisted of university/college graduates. Almost 30% of the respondents were 18–25 years old. The questionnaire included the questions below:

- I have a good impression about IKEA (strongly disagree / strongly agree) (source: [29])
- How would you characterize the decision of whether to buy meatballs from IKEA’s restaurant? (significant opportunity / significant risk) (source:[30])
- I hold IKEA responsible for the product harm (strongly disagree / strongly agree)  
  (source: [29])
- I feel angry about the event (strongly disagree / strongly agree)  
  (source: [32])
- How severe was the event (1 = not at all severe to 7 = very severe)  
  (source: [33])
- I intend to buy meatballs from IKEA’s restaurant in the future (strongly disagree / strongly agree)  
  (source: [31])
- I intend to buy furniture from IKEA in the future (strongly disagree / strongly agree)  
  (source:[31])

All items were formulated in 7-point Likert-type scale format.

4 Results
Table 1 presents the mean scores for the seven items investigated in the current research study at the five different temporal points.

<table>
<thead>
<tr>
<th>Item</th>
<th>Mean Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3 days after</td>
</tr>
<tr>
<td>Impression</td>
<td>3.45</td>
</tr>
<tr>
<td>Perceived risk</td>
<td>4.91</td>
</tr>
<tr>
<td>Anger</td>
<td>5.09</td>
</tr>
<tr>
<td>Severity</td>
<td>4.88</td>
</tr>
<tr>
<td>Purchase intentions (meatballs)</td>
<td>2.54</td>
</tr>
<tr>
<td>Purchase intentions (furniture)</td>
<td>5.89</td>
</tr>
</tbody>
</table>

From the above results it is clear that time plays an important role on consumer reactions during product-harm crises and that the general impression of the company gradually improves over time. The difference between the first measurement and the second one (i.e. 1 week after) is notable. Similarly, the perceived risk, anger and the responsibility of blame towards the company diminish over time. Moreover, participants believe that the meatballs are less dangerous (perceived risk) as time passes. Three days after the crisis, consumers declared that would not easily eat IKEA’s meatballs in the future (average=2.54). However, this statement seems to change over time and it is quite impressive that 6 weeks after the incident consumers are much more willing to eat said meatballs (average=4.69).

It seems that the crisis has had negligible effects on IKEA and that the corporate brand was not much impacted by the crisis. From the beginning (3 days after crisis) consumers answered that they would visit IKEA to buy furniture. Thus, it is obvious that consumers after the detection of the defected product continue to trust IKEA for buying home
equipment, although their attitudes towards IKEA’s restaurant did present some differentiation (at least in the beginning). Figures 1, 2 and 3 graphically present the temporal volatility of the examined variables.

**Fig. 1: The Volatility of Perceived Risk and Impression**

![Graph showing perceived risk and impression over time](image)

**Fig. 2: The Volatility of Anger, Severity and Blame**

![Graph showing anger, severity, and blame over time](image)

**Fig. 3: The Volatility of Purchase Intentions**

![Graph showing purchase intentions over time](image)

5 Conclusions

It may take people years to forgive and forget negative experiences deriving from a crisis and for them to form more positive perceptions [9] in regard to the firm, but in this instance we observe that a bland general statement offering no explanation surrounding the crisis that could be evaluated more favorably [4, 10] might pose as a sufficient stronghold of security for a firm, so much so that the market can be flooded with advertisements concerning the (price-reduced) comeback of a once tainted product just seven weeks after the crisis first went public. This is a very interesting development if we take under consideration that: 1) the level of explanation for the crisis was low and cannot be considered substantial, 2) said response does not even imply prevention of the crisis and 3) there is no evident correlation between the value-system of the firm and the response strategy. Still it would seem that the crisis has been mitigated by an absent (in terms of active volition) firm following a pause/proceed with caution plan.

In addition, this crisis provides the opportunity to research the correlation between the brand in crisis and other product line(s) of a firm, how the crisis may or may not affect the firm as a whole and whether this fact might pose as a crisis planning tactic in order to shield collateral product lines. Diffusing from product cannibalism might pose as an efficient strategy for the firm that does not see product cannibalism as a practical methodology and an asset for internal antagonism but as a threat to steer away from; at the same time this diffusive strategy may very well act as a product line insulator during a product-harm crisis. Distinct product lines and diversification may serve as a salvage vessel of brand equity in time of dire need.

This study focused on IKEA’s recent crisis and measured consumers’ responses in five different periods of time. The last survey was conducted 6 weeks after the crisis (a few days before this paper was written). It would be interesting to take more measurements (e.g. up to 6 months after the event or beyond). Moreover, a couple of weeks after the horsemeat detection, some chocolate tarts of IKEA were found to contain sewage bacteria. It would be interesting to compare those two crises to find out whether the second one provokes more negative reactions. Finally, further research could empirically test an equation model involving the full scales of the investigate measurements and examine the impact of time through growth curves.
References: