

Managing A Product-Harm Crisis

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Abstract: Product-harm crisis has cut across all sphere of United States of America's economy. It is in all industries from nonagricultural, mining, construction, manufacturing, retail trade, transportation, information, financial services, Healthcare, Educational services, goods-producing, professional and business services, wholesale trade, utilities, agricultural, automobile, county, state and federal government. Product-harm crisis is important because of the safety of people compared to the profitability of the firm or government. Product recall is very important in the society. The organization need not wait or embark on any risk analysis or report to execute the recall. There is the need to justify this act of product recall without any risk analysis embarked upon by explaining that the nature of a product is dangerous or harmful, and there is justification that a recall is in order. It is of extreme importance to issue a recall at any time to avert the potential of risk or harm and hitherto creating a negative reputation for the organization.

Keywords: Product-harm crisis, product recall.

DEFINITION OF PRODUCT-HARM CRISIS

It is important to fragment the above, by this the product-harm crisis will be more understood when holistically analyzed later in this paper. The question what is a crisis? (Vassilikopoulou, Lepetsos, Siomkos & Chatzipanagiotou, 2009) Defined a crisis as an event that causes extended damages and potentially affects an entire organization. There are effects of crisis as attributed to this studies; they are either short term or long term. The short term affects sales significantly and the cost attributed to the crisis. ("Toyota Recalls," 2015). Stated that "TORRANCE, Calif., Nov. 3, 2015 – Toyota Motor Sales, USA, Inc. today announced that it is conducting a safety recall of approximately 31,000 Model Year 2013-2015 Avalon, Avalon Hybrid, Lexus ES350 and ES300h sedans." The above statistic is a fractional example of the value lost to the recall of products. The long-term effect stems from the negative reputation of the organization as a result of the crisis. Products are goods and services. It can also be elaborated to be information, tangible and intangible objects that are meant to create utility. A utility that is the satisfaction attributed to consumption of the product. When the utility is negative, that implies that the products are harmful or not fulfilling the intended purpose.

(Vassilikopoulou et al., 2009) Defined product-harm crisis as a sudden break in a product's lifecycle. The manufacturer's negligence or product misuse are the causes of the crisis. The company can suffer great loss financially by the Product-harm crisis. The crises are as a result of the defective or even dangerous products. Product recalls are one of the possible ways a company can confront such crisis.

The crisis as explained earlier is not pre-planned and subsequently affect the organization. At this juncture, it is important also to examine the effect of the product recall on the economy, although this will be an issue for next discuss. The necessity of products also affects the availability of products. Looking at recalling more than fifty percent of public buses will create excess demand over supply for this means of transportation that may trigger an increase in price and subsequently affect the labor of the country's movement to productivity at workplace. Teachers that commune with such transportation means may find it difficult if not impossible to get to school. So the scholar discussion arose as to what to embark on in this critical situation, is it to shut the economy? It is convincingly important to research the premise as mentioned earlier.

(Vassilikopoulou et al., 2009) Identified the four factors that contributed to the Product-harm crisis as the reputation of the organization, the impact of the harms, the effect of social responsibility, and the response period of the organization in the period of crisis. They also increased the factors to cover the external factors that are in place during the crisis and after the

crisis. The negative reputation of the organization had been a point of worry for most organizational management; this concerns has potential to result in strength and positive reputation by the willingness and proactively recalling the products from circulation. The consumers no longer visualize their lost but sympathetically align with the organization and sometimes give their support in what so ever means deemed fit. The aforementioned motivates the organization to quickly and spontaneously recall products before their reputation is affected. The second factor is the way and manner the company respond to the crisis to reduce the impact on consumers. Prompt product recall reduces the impact of the dangerous product from affecting or increasing the harm of products caused by the products. An example is a processed meat containing the chemical that leads to cancer, this needs to be recalled immediately to reduce the level of harm caused. The information after the crisis is also important, to build the reputation of the organization.

The comparison and contrast are important by drawing on the findings attributed to various studies of product-harm crisis. (Chen, Ganesan & Liu, 2009) Summarized their finding to look at the alarming impact of the proactive product recall strategy on the organization's financial value. (Chen et al., 2009) Reiterated that the adoption of passive strategy may result in the reduction of the financial values. As explained above emphasis should be attributed to the people rather than the financial loss of the product recall. Their findings and interpretation above are antagonistic towards the importance of product recall impact and the need for consideration of people rather than organization profitability.

The above assertion is supported by (Vassilikopoulou et al., 2009) reiterating and justifying that an honest recall tends to bring about positivity, and the wound of crisis easily recedes from view and mind, thereby disapproving the (Chen et al., 2009) financial loss as a result of the recall. This statement explained that an honest recall will be accepted by the consumers and thereby increasing trust, reputation and subsequently increasing productivity and profitability. (Cleeren, Dekimpe, & Helsen, 2008) Concluded that organization opts for advertisement as a means of gaining back the trust and reputation that resulted due to the product recall but they said this will be necessary as a result of protection provided. Other scholars like (Silvera, Meyer, & Laufer, 2012) had considered the effect of age on the acceptance of product recall and product harm crisis. The question that arose from this argument is the change attributed as a result of cognitive and motivational aging. The younger customers wanted value for their money, and the tolerance level of the crisis is not permissible. The older believed through experience that the world, crisis, and products are inseparable. They believe that accepting recalls are part of life and must be embraced positively and holistically to avert situations like unemployment, reduction of reputation, and total closure of the organization.

The research conclusion of (Chen, et al., 2009) should be developed to incorporate the importance of human factor and reduction of financial values. It is important to know that organization should focus on reputation building as compared with the financial value. The social responsibility should be paramount to the organization. (Cleeren, et al., 2008) Advertisement to gaining back the trust and reputation that resulted due to the product recall is essentially important. Communication is very important to build the trust, and this must be collective responsibility rather than individualism. All ages must be educated or carried along to inform them of the importance of the product recall.

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