The Influence of Religiously Motivated Consumer Boycotts on Brand Image, Loyalty and Product Judgment

Introduction

In an era of increased competition, companies nowadays are bound to make substantial efforts to manage their brand image. Nevertheless, the news abounds with instances of firms have finding themselves in the middle of an unforeseen, boycott-caused, marketing crisis stemming from a controversial event with which the firm has no explicit, direct relation. Although boycotting as a voluntary, anti-consumption behaviour has occurred for decades, consumer groups are increasingly adopting boycotts as their favoured coercive means of expressing their dissatisfaction against firms in the marketplace (Sen, Gurhan-Canli, and Morwitz, 2001). Despite this increase in boycotts, the impact of consumer boycotts on brand image and customer loyalty has seldom been examined. Klein, Smith and John (2004) have found that the act of boycotting harms brand image beyond the effects of perceived corporate egregiousness, supporting the partial mediation of boycotting on the relationship between egregiousness and brand image (Baron and Kenny, 1986). Nevertheless, the effect of boycotting on customer loyalty has yet to be explored.

 Literature concurs that consumers generally give preference to global brands over local ones (Shocker, Srivastava and Ruekert, 1994), and that their perceptions of the former brands are strongly linked to country-of-origin image (Nebenzahl and Jaffe, 1996). Related research shows significant evidence that information related to country-of-origin is often utilised as a ‘salient
cue’, shaping customers’ perception and evaluation of brands (Johansson, Douglas, and Nonaka, 1985; Papadopoulos and Heslop, 1993). Moreover, Haubl (1996) found that both the brand name and the country-of-origin have a significant impact on consumers’ attitudes. While this may seem encouraging for Western or international companies with strong brand names, the increase of animosities caused by (a) political (e.g., Ettenson, Smith, Klein and John, 2006; Sandıkcı and Ekici, 2009), (b) economic (e.g., Shin, 2001), or (c) military (e.g., Nijssen and Douglas, 2004) egregious acts, can turn into a threat in specific situations or contexts.

The unwillingness to buy the specific products of a particular company or country altogether is the individual output of boycott campaigns that can target either a particular firm or all the firms of a given country (Abosag, 2010). Boycotting occurs when people deem a firm’s (micro boycotting) or a country’s (macro boycotting) act to be egregious (Friedman, 1999; Klein, et al., 2004). Accordingly, the target of a boycott can be related either directly or indirectly to the offending party (Smith, 1997). In the case of a micro boycott, consumers find the policies of a particular company intolerable, and therefore decide to withhold consumption of its products. In a macro boycott, the targeted firm serves as a surrogate for the party whose actions are objectionable (Shebil, Rasheed, and Al-Shammari, 2011). In this case, the companies of a given country pay the price of a crisis for which they are not responsible, usually based on a country-of-origin motive.

Considering consumer ethnocentrism and animosity as two main motives for consumer boycotts, this study tackles the religious animosity at the base of several recent boycott campaigns around the world. This work aims to close the literature gap on religious animosity,
its ensuing boycott campaigns and its damaging effects on companies, by combining different streams of literature on: (a) animosity (Klein, Ettenson, and Morris, 1998), (b) ethnocentrism (Klein et al., 1998; Shimp and Sharma, 1987), (c) consumer boycotting (Klein et al., 2004), (d) brand image (Martinez, Polo and Chernatony, 2008), (e) product judgment (e.g. Hui and Zhou, 2002), and (f) customer loyalty (e.g., Zeithmal, Berry and Parasuraman, 1996). Indeed, no study has so far examined the influence of consumer boycotts on brand image in the specific case of boycotting due to religious animosity caused by a country-of-origin related cause.

The paper adapts the Animosity Model of Foreign Product Purchase developed by Klein et al. (1998) to investigate the concomitant influence of religious animosity based boycotts on corporate brand image, customer loyalty and product judgment. The study examines the effects of the religious animosity that Saudi Arabian Muslim consumers harboured towards the products of a specific company, namely Arla Foods, targeted because of its Danish origin. Denmark was considered as an offending country based on the controversy surrounding the Jyllands-Posten cartoon publication, in the last quarter of 2005, depicting the Prophet Mohammed in an unacceptable manner to the Muslim community, and the subsequent reactions of the Danish Government and Danish companies operating in the Muslim World. It should be highlighted that in Muslim societies, insults made against the Prophet Mohammed are deemed not only blasphemy but also the gravest of all crimes (Knight, Bradley and Gao, 2009), and that the Saudi Arabian culture is dominated by the Muslim belief system, Islam being the recognized religion of the State.
The paper starts with a description of the study context, followed by a discussion of the theoretical background supporting the proposed hypotheses. The methodology section describes the research design, including the survey instrument, the data collection and the sample obtained. The analysis and results sections set the ground for the discussion of the study implications both for researchers and for practitioners. Finally, the paper ends with a presentation of the research limitations and some directions for future investigation.

**Research Context**

Starting on 30th September 2005, a wave of religious animosity unfolded within the Muslim community because of the publication by *Jyllands Posten*, an independent Danish newspaper, of twelve cartoons depicting the Prophet Mohammad in an insulting manner to the worldwide Muslim community (Riefler and Diamantopoulos, 2007). In February 2006, a number of European newspapers reprinted the cartoons, spreading the controversy across the world. Soon thereafter, transnational religious animosity spread among Muslim communities. In the absence of direct access to *Jyllands Posten* and to the Danish Government who supported the newspaper’s freedom of speech, protesters throughout the Muslim World identified indirect boycott targets.

Consumer boycotts of Danish products took hold in most Middle Eastern countries. Whilst it was the Danish newspaper that had published those images and refused to apologise, Danish companies, particularly the dairy giant Arla Foods, were the most adversely affected by these publications. Arla Foods had been operating in thirteen countries in the Middle East for over four decades at the beginning of the crisis. Although the Middle East was the largest market for Arla
Foods outside Europe, the company lost over 60% of its market share in Saudi Arabia within the first five days of the boycott early in 2006 (Abosag, 2009).

As part of its crisis management strategy, the initial reaction of the company was to support ‘freedom of expression’. Shortly afterwards, and in order to distance itself from the outrage over the publications, Arla Foods chose to condemn the drawings in full-page advertisements published in twenty five Arab newspapers in the Middle East. The company also sponsored a number of humanitarian causes in the region in order to decrease consumer animosity (Knight, et al., 2009).

In order to reduce the boycott spread, the company particularly relied on the fact that it manufactures in Saudi Arabia. This strategy is in line with recent research on hybrid or bi-national products, those designed and manufactured in different countries (Verlegh and Steenkamp, 1999), that indicates that the latter characteristic seems to moderate consumer judgments and purchase intentions of these products (Funk, Arthurs, Treviño and Joireman, 2010). Literature shows that when a product’s country-of-origin is one towards which the consumer harbours animosity, the country of manufacture may alter product judgment and boycott intentions.

Nevertheless, using solely the country of manufacture of its products – mainly Saudi Arabia – in its counter-boycott communication strategy to distance itself from the crisis did not enable Arla Foods to efficiently recover its pre-crisis sales figures. Indeed, a few years after the break of the controversy, the company had not fully recovered its losses (Abosag, 2009). This explains
the choice of the specific case of Arla Foods in Saudi Arabia for this study, where the consumer animosity model is applied to the domain of boycotting in order to analyze consumers’ evaluation and buying decision processes in such a controversial situation.

Religious Animosity

The concept of animosity, derived from sociological literature, refers to the strong emotions of antagonism and enmity that people can have based on beliefs of past and on-going events of hostility between nations or people (Averill, 1982). Research on consumer ethnocentrism, examining the morality of purchasing foreign-made products, precedes that on consumer animosity defined as ‘the remnants of anger reactions related to prior or current political, military, economic, or diplomatic events that affect consumers’ purchase behaviour’ (Klein et al., 1998) by over a decade. The possibility that a country’s military or political actions in the international arena may create animosity towards the brands produced by that country has motivated research into consumer animosity, its antecedents, and its effects on purchase decisions (Leong et al., 2008). Nonetheless, additional motives such as religious ones may be at the base of consumer animosities. In fact, ‘religious animosity has been a strong cause for consumer boycotts in the Muslim dominant markets, in which consumers aggressively use boycott as an expression of their animosity towards the governments, corporations and individuals engaged in acts deemed as offensive to the Muslim population’ (Ili-Salsabila and Abdul-Talib, 2012, p. 75).

Religious animosity, which shapes consumers’ attitudes towards related macro boycotts, is mostly culturally dependent. Indeed, what makes a boycott campaign that is triggered by an
egregious act against a religion so effective and long lasting in highly religious societies is the fact that it attacks the core beliefs at the base of the identity of such religiously committed consumers (Al-Hyari, Alnsour and Al-Weshah, 2012). This implies that any flagrant act against religion needs to be evaluated within its social and cultural context. For instance, consumers in Saudi Arabia are likely to react more vigorously to a religious scandal than consumers in less religious societies.

Since market reality has revealed Islamism as being an increasingly compelling force shaping consumer choices, Izberk-bilgin (2012) conducted an ethnographic study examining how the Islamic ideology informs brand meanings, by elucidating ‘how consumers draw from religious myths, local ideological tensions, global events, and historical conflicts to construe global brands as ideological threats to Islam’ (p. 664). In line with the growing research interest on how Islamic values shape consumer choices, Mohamed and Daud (2012) studied the impact of religious sensitivity on brand equity, defining sensitivity as the ‘individual’s emotional perceived inability to predict something accurately, due to the lack of sufficient information or to the inability to discriminate between relevant and irrelevant information’ (p. 22). Interestingly, the impact of religious animosity on brand equity includes an assessment of brand loyalty and perceived product quality.

**Theoretical Background and Hypotheses**

**Consumer Ethnocentrism and Religious Animosity**

Borrowing the sociological concept of ethnocentrism, Shimp and Sharma (1987, p. 280) define consumer ethnocentrism as ‘the beliefs held by consumers with reference to the
appropriateness and morality of purchasing foreign-made products.’ These tendencies are derived from a love of one's country and the fear of harming its economic interests by purchasing foreign products (Netemeyer, Durvasula and Lichtenstein, 1991). These attitudes are also nurtured and sustained by the influence of surrounding groups (Nijssen and Douglas, 2004), as consumer ethnocentrism gives the individual a sense of identity and belonging.

The consumer animosity model reveals a correlation between consumer animosity and consumer ethnocentrism (Klein et al., 1998; Nijissen & Douglas 2004; Shin, 2001). We propose that religious animosity and ethnocentrism are related. Additionally, it is expected that during a macro-boycotting campaign, triggered by an egregious act against a specific religious group, ethnocentric consumers may develop a high level of animosity against the perpetrator of the act. Whilst animosity is a negative emotional attitude towards a country or a group (Klein and Ettenson, 1999), ethnocentrism is an attitude that is based on the values of one’s ethnic or national group that becomes a source of pride (Nijssen and Douglas, 2004), whereas the symbols of other groups become objects of contempt (Shimp and Sharma, 1987). While some studies (e.g. Klein and Ettenson, 1999; Rose et al., 2009) relate animosity and ethnocentrism, Shankarmahesh (2006) conceptualise animosity to be an antecedent of customer ethnocentrism. In this study, similarly to the vast majority of the literature, we argue that during religiously motivated macro-boycotts, consumer ethnocentrism and the level of animosity towards the boycotted country are related. Indeed, the combined effect of animosity and ethnocentrism during religiously motivated boycotts can determine the intensity and ferociousness of the campaign.
Religious Animosity, Boycotting Behaviour and Product Judgment

An early definition by Laidler (1913, p. 27) considered a boycott as ‘an organized effort to withdraw and induce others to withdraw from social or business relations with another.’ Eight decades later, Friedman (1999, p. 4) described a boycott as ‘the attempt by one or more parties to achieve certain objectives by urging individual consumers to refrain from making selected purchases.’

Consumers who develop feelings of enmity towards a country, due to a related religious offence, may decide to boycott the products produced by its companies (Klein et al., 1998). Looking at religious animosity, Ili-Salsabila and Abdul-Talib (2012) examine the relationship between animosity in the Muslim markets and consumer boycotts, paying particular attention to the underlying reasons which perpetrated consumer anger and animosity. Swimberghe, Flurry and Parker (2011) also examine the religious commitment of consumers, or religiosity as termed by Sandıkçı and Ekici (2009) and suggest that ‘customers who are highly religious not only morally judge sellers’ support of controversial causes as wrong, but also express their dissatisfaction in the marketplace through an increase in boycott participation’ (p. 464). In line with previous research, this study tests the following:

\[ H_1: \text{Religious animosity towards Denmark increases Saudi consumers’ boycott of Arla Foods’ products.} \]
Research related to country-of-origin (COO) in the past three decades has focused on how a country’s image affects consumer evaluation of its manufactured products (Johansson et al., 1985). This stream of studies sheds light on the ability of the COO to shape product judgment, evaluated in terms of production quality, technological advancement, reliability, and value (Darling and Arnold, 1988). While established COO studies presume a direct relationship between consumer product judgment and purchase behaviour, the animosity model suggests that consumer animosity affects buying behaviour directly and independently of product judgment (e.g. Green and Srinivasan, 1990). Unlike previous findings, the work by Rose et al. (2009) indicates that high levels of animosity could lead to lower evaluation of product quality, with both animosity and consumer ethnocentrism leading to a decreased willingness to purchase a nation’s products.

In addition, previous research postulates that consumers could assume or recognize that a product is of good quality by its COO, but still refuse to buy the product due to feelings of enmity towards the country (Klein et al., 1998). Contrastingly, Rose et al. (2009) examine the influence of animosity on product judgment and consumers’ unwillingness to buy, and provide: (a) partial support to the claim that animosity is negatively influenced by the judgment of products made by an offending country; and (b) full support that animosity positively affects consumers’ unwillingness to buy products made by the offending country. In the context of our study, we extend prior research by proposing that religion-related egregious acts may generate high levels of religious animosity among consumers who feel insulted. These feelings of antagonism towards the offending country may be translated into a boycott of the goods produced by the companies of that country independently of product assessment (Klein et al.,
1998). Therefore, even if consumers acknowledge the quality of a product, they will avoid buying it, if it is produced by a country against which they harbour animosity. Accordingly, we hypothesise:

\[ H_2: \text{Religious animosity towards Denmark negatively influences Saudi consumers’ judgment of Arla Foods’ products.} \]

**Consumer Ethnocentrism, Brand Loyalty and Boycotting Behaviour**

According to the animosity model (Klein et al., 1998), animosity is country-specific and cannot be generalised (Nijssen and Douglas, 2004); in other words, consumers who have animosity towards a specific foreign country would discriminate against the products of that country. In contrast, Klein and Ettenson (1999) advocate that ethnocentrism contributes to a consumers’ propensity to avoid buying foreign products in general and a tendency to view their own country’s products as higher in quality than those of all foreign countries. Besides, consumers who are not particularly ethnocentric are likely not to purchase goods from a specific country based on animosity towards that particular country (Klein et al., 1998).

\[ H_3: \text{Saudi consumers’ ethnocentrism increases their boycott of Arla Foods’ products.} \]

Previous research has found that, given the consequences of purchasing foreign products on the local economy, consumer ethnocentrism is negatively related both to the evaluations of product quality (Klein et al., 1998) and to the willingness to buy foreign products (Netemeyer et al., 1991; Shimp and Sharma, 1987). In other words, highly ethnocentric consumers tend to view the products of their own country as higher in quality than those of foreign countries and are unwilling to buy imported products. Nonetheless, even if consumers have a negative attitude
towards foreign brands, in the absence of domestic alternatives, they are likely to purchase it, with the only other alternative being not to make the purchase at all (Nijssen and Douglas, 2004). By all accounts, ethnocentric consumers generally give their loyalty predominantly to domestic brands. Since loyalty is about a consumer’s intention to stay with an organisation (Zeithaml et al., 1996), we expect that, during a boycotting campaign targeting a foreign company, ethnocentric consumers will have little, if any, loyalty towards the boycotted organisation. In view of this, we suggest the following hypothesis:

\[ H_4: \text{Saudi consumers’ ethnocentrism negatively affects their loyalty to Arla Foods’ products.} \]

**Boycotting Behaviour, Brand Image, Product Judgment and Customer Loyalty**

Research related to consumer boycotts is essential, especially on a managerial level, due to the repercussions that it can have on the performance of companies (Farah and Newman, 2010). Numerous empirical studies on the stock market reactions to boycott campaigns show evidence that boycotts significantly reduce the market value of firms (Friedman, 1999). In addition, the targeted firm usually suffers a number of other consequences, including a brand image damage, a decline in customer loyalty, and possibly a decrease in the way consumers evaluate the products of the targeted company (Klein et al., 2004).

Literature on macro boycotting suggests that brands from the boycotted country will be negatively impacted, as consumers will hold a more negative image of the foreign country brands (Smith and Cooper-Martin, 1997). Klein et al. (2004) argue that boycott participation is generally prompted by the belief that a firm has engaged in conduct that is remarkably wrong and harmful to various entities, and propose that egregiousness affects brand image (Smith and...
Cooper-Martin, 1997), suggesting that the greater the perceived egregiousness, the more negatively affected the brand image is. According to various social-psychology theories, such as the cognitive dissonance theory and the self-perception theory (Fazio, Zanna and Cooper, 1977), undertaking an action typically leads to behaviour-consistent attitudes. Therefore, consumer boycotting is likely to lead to a devaluation of their brand perception, and to their judgment of the goods produced by the offending party. A consumer boycotting a foreign brand is likely to associate the brand’s image with the egregious act perpetrated by that foreign nation, thus resulting in a negative image held by the boycotters, and a negative evaluation of the products produced by companies of that country. The latter can infer a long-term renunciation of the brand, and hence a decrease in loyalty to the targeted brand. In view of the preceding discussion, we propose the following hypotheses:

\[ H_5: \text{The boycott of Arla Foods’ products by Saudi consumers negatively affects Arla Foods’ brand image.} \]

While the literature overwhelmingly reports that product judgment positively leads to customers’ willingness to buy (e.g. Klein et al., 1998; Shoham et al., 2006; Huang et al., 2010), we suspect that product judgment does not necessarily lead to the opposite behaviour, that is unwillingness to buy. We further argue that it is expected that during boycotting, customer’s unwillingness to buy may negatively influence customer’s evaluation of the boycotted products. Thus, we propose the below hypothesis.

\[ H_6: \text{The boycott of Arla Foods’ products by Saudi consumers negatively influences their judgment of Arla Foods’ products.} \]
Additionally, given the strong empirical support for product judgment positively influencing customers’ willingness to buy, this study will test a competing model, which examines the influence of product judgment on customers’ unwillingness to buy (the opposite to $H_6$).

Furthermore, the literature focuses mainly on product judgment and its relationship to animosity and willingness to buy. However, the impact of the unwillingness to buy (i.e. to boycott) on customer loyalty is largely ignored. It is safe to assume that customers who boycott products that they used to buy will decrease their loyalty to all the products of the related brand. Therefore, we hypothesize the following:

$H_7$: The boycott of Arla Foods’ products by Saudi consumers decreases their loyalty to the brand.

The literature presents sufficient evidence that global brands can have a significant impact on product perception and judgment (Leclerc, Schmitt and Dube, 1994) and on customer loyalty (Delgado-Ballesta and Munuera-Aleman, 2000). In many countries, global brands are perceived to be more prestigious and of higher quality (Steenkamp, Batra and Alden, 2003), though perceptions vary from country to country (Moore, Kennedy and Fairhurst, 2003). Research on the subject supports the proposition that both country-of-origin and brand image are important factors in consumer evaluations of product quality (Aaker, 1997). We expect brand image to influence positively both product judgment and customer brand loyalty even during boycotting campaigns; hence, we postulate the following:

$H_8$: Arla Foods’ brand image increases Saudi consumers’ loyalty.
Arla Foods’ brand image positively influences Saudi consumers’ judgment of the company’s products.

The following structural model summarizes the set of hypotheses proposed above (see Figure 1).

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Figure 1 Here
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**Research Study**

Prior to engaging in a quantitative analysis, the researchers examined the various effects of this religiously motivated boycott by conducting eleven face-to-face interviews with Saudi boycotters of Arla Foods (3 females and 8 males). The purpose was to examine consumers’ perceptions of Arla Foods in the midst of the boycotting campaign. The interviews revealed a similar attitude among the interviewees towards Arla Foods, with minor variations as to the extent of their negative sentiment toward the brand. One interviewee (male, aged 23) said ‘I hate seeing any Danish product in our markets. We don’t need these products. We have our own products and we should help our firms.’ Another participant (male, aged 42) said ‘in the past, I used to buy Danish products, they were my first choice but since the attack on our prophet I stopped buying them. We need to teach the others that we don’t tolerate any attack on our prophet even if they have better products.’ A third participant (male, aged 29) stated that he was ‘only loyal to Saudi products, which are of good quality’. He went on to say ‘these days, I only buy Danish products when I have to.’ A fourth participant (female, aged 30) said ‘I tend to like supermarkets, Panda for example that respect consumers’ requests not to have Arla [Foods’] brands in their stores’. Finally, another participant (female, aged 27) said “everyone knows
Danish products like Puck and Lurpak are good products but even if these are the only products in the market I’ll never buy them again”. While the findings have helped to better understand consumers’ views on Danish brands in general, and Arla Foods in particular, the interviews have been useful in developing the quantitative part of this study.

Data Collection and Participants

The research was conducted on Saudi Arabian consumers in the last quarter of 2009. Using a systematic sampling method, which ‘produces samples that are almost identical to those generated via simple random sampling’ (McDaniel and Gates, 2001, p. 341), the study has achieved the randomized sample necessary for this kind of study. The local telephone directory was used to assemble the sample, implementing a skipping interval that was randomly fixed to number eleven in each column (two columns) on each page. Respondents were first contacted to secure their consent to participate in the study. Telephone interviews were then used to complete the questionnaire. Social and religious reasons were key drivers behind the adoption of the telephone survey methodology. This method has been very useful in reaching female respondents who would otherwise be unreachable.

At the beginning of each interview, the investigator explained to the participant that the study was designed to understand the boycotting of the Danish company Arla Foods by Saudi consumers. It was explained to the respondents that Arla’s brands include Puck, Lurpak, and Cravendale. The following screening statement was made to clarify the selection criteria of potential respondents: ‘It is not important if you have or have not participated in the boycott of Arla’s products. We would greatly appreciate your participation to help us understand this
phenomenon.” Moreover, the participants were ensured of the complete confidentiality of their responses, and were guaranteed that data generated from the interviews will be used anonymously and for academic purposes only. The interviewers also clearly conveyed that the survey would take approximately five to six minutes to complete.

Data was collected in Riyadh, the capital of Saudi Arabia. Riyadh is the largest city in Saudi Arabia with a population of 4 million, 3 million of whom come from other cities within the country. This makes the population of Riyadh an ideal representation of the entire Saudi population (20 million in total). Data collection covered 19 major districts of the city. The actual data collection was performed by a professional research agency with many years of experience in the country. Four hundred and fourteen respondents were contacted to take part in the study. The total sample counted 261 completed questionnaires (a response rate of 63%); yet, because of missing data, 23 questionnaires were eliminated from the analysis, yielding a final sample of 238. All respondents were Saudis and the sample was made up of 55.2% males and 44.8% females. The average age of the respondents was 33 years. Education-related data revealed that 46.1% of the respondents had a bachelor’s degree, whereas 41.6% held a secondary certificate.

Respondents were asked whether they had, at any point, boycotted Arla Foods’ products since the launch of the campaign early in 2006, and if they actually had, whether they were still boycotting. While 15.2% of the respondents claimed never to have participated in the boycott (and were eliminated from the final analysis), 37.6% acknowledged having boycotted the brand only for some time in the past. Most interestingly, 46% of the respondents confirmed their continued boycotting of Arla Foods. This self-reported behaviour was ascertained by the
participants’ response to the question about the frequency of their Arla Foods’ products purchases. The reported continued boycotting of Arla Foods by consumers can be established by the fact that up to the data collection period, large stores in Saudi Arabia had not reinstated Danish products. The presence of a social desirability bias cannot be completely ruled out from this study as the animosity in question is related to religion, in a society where the latter significantly shapes the identity of local citizens. Nonetheless, people are likely to be more honest the greater the ‘social distance’ between themselves and their interviewers. It is believed that a telephone interviewer has little ability to convey favourable or unfavourable reactions to the respondent, and as such may be seen as meriting less concern in this regard (Bowling, 2005). Accordingly, telephone interviews were favoured over face-to-face interactions. Furthermore, and as recommended by Nederhof (1985), the respondents were systematically assured confidentiality and anonymity.

Survey Instrument and Measures

The survey instrument is derived from Klein et al.’s (1998) initial test of the animosity model. It consists of demographic variables and the following six key constructs: (1) consumer ethnocentrism; (2) consumer animosity; (3) boycotting behaviour; (4) product judgment; (5) brand image; and (6) brand loyalty. Scales were used to assess a series of statements reflecting the items measuring the constructs cited above. All statements were measured on a seven-point Likert-Scale, ranging from 1 (strongly disagree) to 7 (strongly agree). The questionnaire comprised measures and scales from established sources that have previously been tested for validity and reliability. The scale related to ‘consumer animosity’ was adapted from the work of Klein et al. (1998). The original scale for ‘consumer ethnocentrism’ was initially
developed based on the CETSCALE by Shimp and Sharma (1987); we have however adopted the scale proposed by Rose et al. (2009). The ‘boycotting scale’ was adopted from the scale on the ‘unwillingness to buy’ scale used by Rose et al. (2009). Due to the lack of scales on boycotting behaviour, the scale on ‘unwillingness to buy’ was deemed to best reflect the definition of boycotting. The scale on ‘product judgment’ relating to the workmanship, technological advancement, quality, reliability, design and value for money, was borrowed from Darling and Wood (1988). Statements measuring ‘brand image’ were adopted from Martinez et al. (2008), whereas those measuring ‘brand loyalty’ were adopted from Zeithmal et al. (1996). All of these scales have been widely used in different contexts and in different languages, which is a sign of the robustness of these scales.

The questionnaire was first written in English and subsequently translated into Arabic. As suggested by Brislin (1986), the translation began with a forward translation into Arabic, followed by a blind back-translation into English in order to ensure readability, clarity and linguistic equivalence. Two professional translation agencies based in Riyadh were hired: the first translated the questionnaire from English into Arabic, and the second translated it back into English. There followed an examination of the original, the translations and the blind-back translation versions of the questionnaire, as well as a pilot testing of the Arabic version. Face validity was insured by the pre-testing of the questionnaire through in-depth interviews with twenty-two respondents in the capital Riyadh. The sample was considered representative of the population for whom the questionnaire was designed. Respondents were asked to complete the questionnaire and to evaluate each question separately in order to determine whether the wording used made the item difficult to answer, confusing, difficult to understand, or offensive. Two
Arabic academics were invited to review the translated Arabic version, to which a few amendments were made. Both methods of face-validity revealed no problems in the survey.

Results

All constructs in the model were operationalised using multi-item scales. Table 1 below shows the scales, scales’ source, items retained, the factor loadings, composite reliability, Cronbach’s Alpha, average variance extracted, and the results of the unidimensionality tests. To ensure that the statements would be appropriate in testing the hypotheses, they were subjected to a rigorous assessment of validity and reliability. Validity assessment was conducted using LISREL 8.51. The utilisation of this technique enables statistical efficiency and effective testing of multiple relationships amongst constructs simultaneously in a systematic and holistic manner (Hair, Anderson, Tatham and Black, 1995).

The composite reliability and variance extracted were calculated for all constructs, and all were above the threshold of .60 for composite reliability (Fornell and Larcker, 1981) and .50 for variance extracted (Hair et al., 1995). Evidence of convergent validity is provided by t-values for statement loadings greater than 2 (Diamantopoulos and Schlegelmilch, 2000). T-values ranging between 8.86 and 21.17 support the convergent validity for all statement loadings. All critical ratios for the construct item loadings (extracted using confirmatory factor analysis) are greater than 2.0, providing some evidence of convergent validity (Segars, 1996). The range of R² for all indicators varies between .562 and .833. Finally, discriminant validity was assessed by using Fornell and Larcker’s (1981) method where the shared variance between two constructs is compared with the average variance extracted for each construct in the model. If the average
variance extracted (AVE) is greater than the shared variance, there is evidence of discriminant validity. In addition, the unidimensionality tests for constructs with reflective indicators were performed as suggested by Anderson and Gerbing (1982). All indicators of fit χ²(df), p-value, GFI, AGFI and RMSEA show a reasonably good fit for all constructs thus showing evidence of construct unidimensionality which is further evidence for discriminant validity. Table 2 shows the correlation matrix. With these solid results, the model was estimated. Using the criteria suggested by Hu and Bentler (1999), the measurement model largely met (further evidence for discriminant validity) the criteria: χ² (df) = 591.4(186), p value = .038, CFI = .97, IFI = .97, RMSEA = 0.075. The results show acceptable support for the measurement model making the way for testing of the structural model.

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Table 1 Here

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Table 2 Here

Following the suggestion of Hu and Bentler (1999) for the structural model, the incremental fit measures used were CFI and IFI (greater than .90). For absolute fit measures, χ² statistic, RMSEA (less than .06), GFI and AGFI (greater than .90) were all used. The hypothesized links among constructs in the model were tested. The estimation of the model resulted in a very good fit χ² (df) = 10.42 (5), p-value = .064, CFI = .99, IFI = .99, GFI = .98, AGFI = .94, RMSEA = 0.067. All indices show a good fit; however, RMSEA is slightly above the recommended level. Nonetheless, this result is deemed acceptable especially when reflecting on the overall fit indicated by all measures. Figure 2 shows the estimation of the model. To validate the model, a
competitive model was tested. The competitive model proposes that ‘product judgment’ influences ‘boycott’ (e.g. Mostafa, 2010). The estimation of the competitive model shows a significant but lesser fit compared with the original model. The estimation of the competing model resulted in $\chi^2 (df) = 11.94(6)$, p-value = .042, CFI = .99, IFI = .99, GFI = .97, AGFI = .93, RMSEA = 0.081. Despite these significant results, the comparison between the two models (original and competitive models) shows the original model to have a better fit confirming its legitimacy. Furthermore, the path from ‘product judgment’ to ‘boycott’ is not significant, achieving a coefficient of only .02. This further indicates that whilst product judgment does not influence boycotting, boycotting does not lead to a reduction in product judgment. Although there have been studies (e.g. Klein et al., 1998; Huang et al., 2010) that have found product judgment to effect willingness to buy, this study does not support either side of the relationship (product judgment influencing boycott).

Discussion

Prior research has suggested that boycotts are effective in that the mere announcement of a boycott can have a negative effect on an organisation’s share price, pushing it to take either reactive or corrective actions (Davidson, Worrell and El-Jelly, 1995; Pruitt and Friedman, 1986). When consumers boycott a company, positive emotions tied to its brand image, and consequently sales and stock price, are likely to decrease. The key findings show that consumer ethnocentrism increases the occurrence of boycotting behaviour and reduces customer loyalty towards Arla Foods.
Moreover, studies suggest that religion undoubtedly influences consumer behaviour. This research extended extant literature by proposing a theoretical framework for how religious animosity increases the likelihood of boycotting. Furthermore, religious animosity has not destroyed the perceived quality of Arla Foods’ products, although consumers continue to refuse to buy them. This finding is similar to other animosities in literature, notably political, economic, military and inter-ethnic (Nijessen and Douglas, 2004; Shoham et al., 2006, Rose et al., 2009). Clearly, no type of animosity seems to influence how products are judged by consumers. This includes religious animosity as found by this study. In addition, it seems the findings from all of these empirical studies conclusively found no impact from ‘animosity’ on product judgment.

The impact of boycotting on brand image and on customer loyalty was found to be negative and significant. However, no relationship was found between boycotting and product judgment. Our testing of the competitive model, which hypothesized that product judgment influences boycotting, was not found significant. This confirmed that no influence exists between the two boycotting and product judgment in either side of the relationship. This emphasises the fact that, although consumers deliberately avoid purchasing certain products during boycotting, this does not change their opinion of the products’ quality, thus rendering product judgment independent of the influence of boycotting and religious animosity, with the opposite also standing true. Furthermore, brand image is the lifeline supporting and maintaining Arla Foods’ position in the market. Our findings show that brand images evoking positive emotions increase customer loyalty and help consumers make better judgments about products.
Religiously motivated boycotting significantly impacts the way consumers perceive the image of the brand and all its related products, which ultimately influences the way consumers judge these products. To illustrate this more clearly, a respondent in the interview stated ‘I’m a Muslim and Islam taught us what is Halal (can consume) and what is not Halal (cannot consume). Since the Danish attacked our Prophet then it isn’t Halal to buy their products. I’m not a scholar but the relationship is clear’ (male, aged 21). Clearly, during religiously-motivated boycotts, some consumers tend to redefine the righteousness of their consumption of the boycotted products in a more religious interpretation, by which they justify their boycotting and consolidate their boycotting behaviour with their peers.

The main finding of this study shows that macro boycotting has a significant negative impact on customer loyalty. This key result needs to be treated with some caution. Since the study was conducted five years after the start of the boycott campaign, time could not be overlooked, especially as the paper stipulates that religiously-motivated boycotts are to have a more persistent and long-term effect than other types of boycotts on brand image, product judgment and brand loyalty. In fact, it is noteworthy to highlight that a large percentage of Saudi customers were still engaging in boycotts at the time of the data collection. In addition, the significant religious animosity that drove the campaign made the boycott particularly harmful to Arla Foods’ brand image. The impact, if any at all, on brand image from other types of boycotts that tend to be shorter-term, lasting from a few weeks to a few months at most, is hence worthy of investigation.
The findings of our study are in line with Swimberghe et al. (2011) research which looks at religion and religiosity, and suggests that highly religious customers who feel offended for a religious reason may express their outrage by sustaining their participation in the boycott against the offending entity. Accordingly, and as should be the case in any highly religious society, business managers must carefully assess the religious commitment of the consumers in their target market before explicitly expressing their opinion relating to any religiously or politically contentious controversy. Local managers must be empowered to make stances that are compatible with the local market to avoid the animosity and alienation of customers whose ultimate consumption decisions may lead to decreased corporate sales and profit, or yet more, to a long-term damage to company brand image or equity.

Managerial Implications and Future Research

Once targeted by a macro-boycott campaign, companies typically face a great challenge choosing amongst the various strategies available to counteract boycotting campaigns. Arla Foods would have been more successful in counteracting the boycott if it had considered the following suggestions:

Firstly, while consumer ethnocentrism in macro boycotting is influential, international firms need to distance themselves quickly and effectively from the cause of the boycott which has been triggered by its country of origin. However, managers need to be particularly careful to balance their response to the boycott and not alienate their customers at home or in other markets. Arla Foods was slow in responding to the boycotting campaign (Abosag, 2010), and ultimately a quicker response may have reduced the influence of customer ethnocentrism.
Secondly, our findings show that religious animosity increases the boycott. Managers should not ignore boycotters’ religious interpretations of the situation but can certainly build their counter argument based on religious interpretations. For example, Arla Foods obtained a Fatwa (religious explanation) from Muslim religious leaders, stating that Arla Foods should not be punished for something it has not done. Thus, it appears that there is always, in any religion, an opposite but legitimate argument that international firms can use to defend themselves against the action of boycotters. However, managers need to be aware that whilst using a religious ‘Fatwa’ may lessen the severity of religious animosity, it will not guarantee an end to the boycott, as was the case with Arla Foods.

Thirdly, the findings show that the boycott does not influence product judgment. In addition, the competitive model shows that product judgment does not lead to an increase in the boycott. Therefore, managers need not put much emphasis on the influence of product judgment during their analysis of the boycott.

Fourthly, we find the boycott to have a significant and negative impact on the brand image of Arla Foods in Saudi Arabia. This negative influence on brand image is likely to make the recovery from the boycott more challenging, as restoring brand image can be time-consuming. Accordingly, managers need to understand that the best way to protect brand image is through avoiding the boycott altogether. However, given this is a macro-boycott where typically the targeted companies have nothing directly to do with the cause of the boycott, it seems almost impossible to avoid the boycott, especially for large international brands. Therefore, international
firms must start distancing their brand from the cause of the boycott almost immediately, and then start reminding customers of the positive past history of the brand in the country. Abosag (2010) points out that Arla Foods used old advertisements of its brand to remind Saudi customers of the long contributions it had made to the society throughout the generations.

Fifthly, our findings show the boycott decreases customer loyalty. Managers need to know that since the boycott has been motivated largely by religious animosity, customer loyalty will be the most negatively affected from the boycott. Therefore, regaining customer loyalty will, to a large extent, depend on the restoration of brand image. Thus, the above suggestion remains relevant to improving customer loyalty.

The above recommendations combine both preventive and reactive strategies, which should be considered by all international firms. Furthermore, Knudsen, Aggarwal and Maamoun (2008) argue that firms need at all times to have an up-to-date contingency plan ready for such situations. However, before implementing any of these strategies, the targeted firm should gather the relevant information related to the cause of the campaign in order to make the right decision about how to deal with the potential consequences of the boycott.

Saudi Arabia was selected as the focus of this study because it still has a high percentage of customers (46%) boycotting Arla Foods compared with other countries in the Middle East. For various financial and time constraints, other countries could not be included in this study. Future research could consider testing the model in other Middle Eastern countries where Arla Foods
has recovered its market share. Subsequent research could also test the model in non-Islamic countries where religion dominates people’s daily life. Although we expect the findings from this study to be applicable to other countries where religion has a controlling effect on societies, future research should investigate whether religious animosity varies based on an individual’s religious belief system. In addition, our paper is the first to test the impact of religiously motivated boycotting on brand image and loyalty. Perhaps future studies may test these two constructs in other non-religious boycotting context. Finally, future studies could consider comparing different Danish brands in Saudi Arabia and see if consumers have reacted or responded differently compared with Arla Foods.
References


