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Editorial: Special issue on the spillover effect of crises

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ABSTRACT

This special issue contains ten articles covering a wide range of topics that examine crisis contagion, showcasing the diverse approaches and methodologies employed in understanding this critical aspect of Crisis Communication. The articles in this special issue represent a wealth of knowledge in an under-researched area of Crisis Communication, highlighting both the complexity and the importance of mitigating crisis spillover risks. By bringing together these varied perspectives, this special issue not only enriches the academic discourse but also offers practical insights for practitioners. We believe that this collection of articles will serve as a cornerstone for future research, encouraging scholars to explore and address the gaps in our understanding of crisis contagion. Through this special issue, we aim to spark a broader conversation about the strategies that organizations can employ to navigate the turbulent waters of crisis communication more effectively, thereby contributing to the resilience and sustainability of organizations in the face of crisis spillover risks.

1. Introduction

Back in 2018 we published an article in *Business Horizons* on the topic of Crisis Contagion (Laufer & Wang, 2018). This concept denotes the likelihood of incidents within one organization creating concern, uncertainty, or perceptions of harm for another organization (Veil et al., 2016). At that time, there was considerable research and understanding among scholars and practitioners on how crises impact an organization directly. However, we felt that much less attention was focused on how and why a crisis can spillover to other organizations not directly involved in the crisis. For example, in the aftermath of the Volkswagen emissions crisis in September 2015 there was much discussion about the impact of the crisis on Volkswagen and its reputation. However, much less attention was focused on Volkswagen's competitors in the industry. For example, how has the crisis impacted them? Will stakeholders believe that the emissions crisis is happening to BMW and General Motors, even though there is no evidence of wrongdoing at these companies? If crisis contagion is occurring, how should BMW and General Motors respond?

In an era of social media, the rapid spread of a crisis from one organization to another is particularly concerning due to the spillover

effect (Mehta et al., 2020). Our article in 2018 discussed the importance of assessing the likelihood of crisis contagion through monitoring social media and examined crisis contagion involving competitors in an industry, as well as other situations where crisis contagion is likely to occur. A major risk factor for crisis contagion that we highlighted in our article was sharing a common category with the organization directly involved in the crisis. In addition to competitors in an industry, belonging to the same country of origin, sharing a similar organizational type (e.g., state-owned company, private university) and pursuing a similar positioning strategy (e.g., engaging in corporate social responsibility, taking a public stance on sociopolitical issues) can also increase the risk of Crisis Contagion.

After publishing our article on Crisis Contagion, we were pleasantly surprised to see that spillover crises were increasingly becoming an emerging topic of interest to the academic community, practitioners, and the news media around the world. This trend may have been driven by several factors: First, the interconnectivity at a global level demands a deeper understanding of how crises can spread across different sectors and geographies. The COVID-19 pandemic is a prime example where a health crisis in one country affected economics and societies worldwide. Second, global challenges such as climate change do not respect national

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borders, leading to spillover risks where the actions of one country affect the global community. Furthermore, the rise of digital technology means that information and misinformation can spread rapidly around the world. This can lead to crisis spillovers where events in one domain or location can precipitate reactions elsewhere, often unexpectedly. Finally, the decline in trust in institutions such as government entities may have accelerated the spillover effect of crises among organizations sharing a similar organisational type.

As a result of increased scholarly and practitioner interest in understanding and mitigating spillover risks, we were invited by leading global universities and practitioners to discuss our research on Crisis Contagion, including the University of Texas at Austin in the USA, Vienna University and Lund University in Europe, the Public Relations Institute of Australia, and PwC in New Zealand. Additionally, the news media around the world expressed interest in the topic including the Wall Street Journal in the USA (<https://www.wsj.com/articles/when-another-firms-crisis-becomes-yours-how-to-combat-crisis-contagion-1508779523>) and the New Zealand Herald (<https://www.nzherald.co.nz/business/guilty-by-association-how-companies-can-protect-themselves-from-crisis-contagion/V7UPBBPQRGN76YWVWS6LWCRTMM/>), the most widely read newspaper in New Zealand.

To enhance our understanding of Crisis Contagion and to encourage further research in this area, we decided to organize a research seminar at Erasmus University on the topic of Spillover Crises in November 2022 (<https://www.eur.nl/en/eshcc/events/research-symposium-spillover-effect-crisis-2022-11-11>). The research seminar “The Spillover Effect of Crises: Understanding when and why crises spread from one organization to another” included keynote presentations by leading researchers from the fields of Marketing and Public Relations. During the research seminar Prof. Roland Rust, Prof. Shari Veil and Prof. Arvid Hoffmann talked about their research related to spillover crises from different perspectives. Prof. Roland Rust gave a presentation on the topic of “Real-Time Brand Reputation Tracking Using Social Media”. This topic is of great importance in assessing whether a spillover crisis is occurring through the monitoring of social media. Prof. Shari Veil in her keynote presentation focused on the “Contextual Challenges of Spillover Crisis”. She addressed why context matters through diving into a variety of contextual challenges, including platform companies controlling access to audiences, media no longer being the gatekeeper of information, truth becoming an obstacle to reaching an audience, people being locked into their own self-defining feedback loop, among others. Finally, Professor Arvid Hoffmann talked about the impact of spillover crises on investors, and how to mitigate the spillover effect in his keynote presentation “The Role of Advertising in Reducing Crisis Spillover Effects in Financial Markets”.

This special issue in *Public Relations Review* builds on earlier work on Crisis Contagion (see e.g., Laufer & Wang, 2018; Roehm & Tybout, 2006; Veil et al., 2016) and is a natural extension from our research seminar at Erasmus University. In total, the special issue contains ten articles covering a wide range of topics that examine crisis contagion, showcasing the diverse approaches and methodologies employed in understanding this critical aspect of Crisis Communication. The articles in this special issue represent a wealth of knowledge in an under-researched area of Crisis Communication, highlighting both the complexity and the importance of mitigating crisis spillover risks. By bringing together these varied perspectives, this special issue not only enriches the academic discourse but also offers practical insights for practitioners. We believe that this collection of articles will serve as a cornerstone for future research, encouraging scholars to explore and address the gaps in our understanding of crisis contagion. Through this special issue, we aim to spark a broader conversation about the strategies that organizations can employ to navigate the turbulent waters of crisis communication more effectively, thereby contributing to the resilience and sustainability of organizations in the face of crisis spillover risks.

2. Articles in the special issue

This special issue on Spillover Crises includes conceptual articles, articles about spillover crises in industries, corporate brand alliances and spillover crises, how country of origin can cause and moderate spillover crises, and crisis spillover in non for-profit organizations. Below we give an overview of the articles in the special issue.

2.1. Conceptual articles

Conceptual papers are important for developing frameworks that offer a structured approach to understanding the complex interactions between various factors involved in Crisis Contagion. The special issue includes two conceptual articles related to Spillover Crises. In the first article, Vogues, Eaddy, Jin and Buckley (2024) refine the “crisis spillover” concept and propose a relationship between crisis spillover and sticky crises. The authors suggest that

“Among sticky crisis challenges, crisis spillover, is an emerging yet understudied crisis type, which often brings extra complexities and communication demands, signalling the danger to multiple organizations in one industry (or even across multiple industries) and the urgent need to deepen our understanding in order to improve public relations effectiveness in times of crisis spillovers” (p. xx).

The authors in their article also develop a conceptual framework that maps out the multi-layered characteristics of crisis spillover and proposes new directions for advancing research and practice for industry-wide complex crisis challenges. This framework was refined based on feedback and evaluation from an expert panel composed of crisis communication executives.

Wang and Laufer (2024), in the second conceptual article, conduct a multidisciplinary literature review on empirical studies about crisis spillover. They identify 56 articles published in 35 different journals between 1985–2021, covering the marketing discipline, finance and accounting, media and communication, management, and political science. With respect to the theoretical frameworks for explaining the mechanism of crisis spillover, Wang and Laufer (2024) find that the accessibility-diagnostics framework, associative network theory and attribution theory were incorporated in multiple studies. In their literature review, the topics they examine include which spillover types were most commonly researched, the types of crises most frequently examined, the stakeholder type that was of most interest to researchers, the types of methodology used in spillover studies, and responses used by organisations during a spillover crisis. In addition to reviewing the literature, they propose areas for future research.

2.2. Industry

Understanding how crises can spread within and between industries is essential for developing effective risk management strategies. It will allow companies and industries to better prepare for potential disruptions by identifying vulnerabilities and interdependencies that may not be apparent without an in-depth investigation of spillover risks. Wang and Laufer (2024) find in their literature review that the most common category examined for spillover crises was industry. Similar to the results from the literature review, industry in general has the most articles in this special issue ($n = 3, 30\%$). These articles cover a wide range of industries including banking, the electric car industry and personal cloud storage, and different crisis types (organizational misdeed, product recall and data breach).

Tyquin, Mehta and Bradley (2024) explore a complex crisis spillover in the Australian banking industry involving misconduct in banking, superannuation and financial services. Several organisations in the industry were implicated in the crisis, however there were also organisations in the industry that were not involved in the misconduct that experienced negative spillover effects. This study adopts associative

network theory and extends its application via a case study approach focusing on the Australian banking industry. Through content analysis the study identifies message response strategies utilised by organisations to rebuild perceptions of trustworthiness and reduce perceptions of untrustworthiness.

Xu, Guo, Zhao and Liu (2024) in their article examine the spillover effect of a product recall in the electric car industry. Through a two-period time series analysis the authors find that online public opinion regarding Tesla, the company that conducted the product recall, exerts an indirect spillover over abnormal returns on non-focal companies in two ways – through social media buzz and public sentiment.

The last article by Xiao, Zhou and Yu (2024) focuses on the personal cloud storage industry. Their article examines the effectiveness of response strategies for spillover crises. They find in an experiment conducted in China that organizational response strategies for spillover crises are influenced by an anchoring effect, where competitors' level of accommodation in their crisis response serve as an anchor point. The authors find that

“if an organization chooses to respond with advocacy, it may experience a decline in reputation compared to adopting a competitor's accommodative anchor response due to decreased stakeholder confidence. Conversely, using an accommodative response can result in a higher organizational reputation than following a competitor's advocative anchor response since it boosts stakeholder confidence” (p.xx).

2.3. Corporate brand alliances

As businesses increasingly engage in partnerships to extend their market reach and share resources, misdeeds of one brand can adversely affect its partners. Understanding Crisis Contagion in this context will help companies assess potential risks and develop strategies to manage or mitigate those risks. Quamina and Singh (2024) examine spillover crises in brand alliances. Research in this area focuses on the consumer as the stakeholder of interest, and examines consumer attitudes towards the brand partners before and after the partnership formation. The authors examine spillover crises in brand alliances by applying Balance Theory from social psychology. Employing an experimental design across three crisis contexts – preventable, accidental and victim, the authors find that crises in brand alliances negatively impact consumers' evaluation of the culpable brand which spills over to the co-branded product. The non-culpable partner, however, is not found to be negatively affected. The results also show that post-crisis attitudes can be improved if consumers are exposed to recovery information that diminishes the culpable brand's role in the crisis.

2.4. Country of origin

Consumer perception can be heavily influenced by the country of origin (COO) of a product or service, affecting brand reputation during Crisis Contagion. According to Laufer and Wang (2018), organizations from the same COO are at risk of crisis contagion because they belong to the same category (COO). In this special issue, two articles discuss the role of COO and spillover crises. In the first article Tachkova and Coombs (2024) talk about revenge by proxy which occurs when consumers attack a brand because of its COO. In their article they mention that “Specific risk factors of revenge by proxy include nationalism, consumer nationalism, connection between the firm and the COO, and the promotion of the revenge by proxy via social media” (p. xx). An example of revenge by proxy mentioned in the article was the boycott of the Danish dairy company Arla Foods in the Middle East because of cartoon drawings published in a Danish newspaper.

In the second article, Guo and Xu (2024) examine the role of COO as a moderating variable during an industry spillover crisis. In a meta analysis they find that when the COO is a developed country the COO

effect can mitigate the crisis spillover to a medium extent ($r = 0.371$), and when the COO is a developing country the effect is only small ($r = 0.162$). The authors also find in the meta-analysis that the COO effect has a medium degree of mitigating effect on both morality ($r = 0.356$) and competence crises ($r = 0.330$).

2.5. Non-profit organizations

Non-profit organizations operate based on public trust and credibility. When a crisis occurs, particularly one related to governance or misuse of funds, it may have a cascading effect on public perception of other non-profits, even those not directly involved. Two articles in this special issue look at spillover crises in the non-profit sector. In the first article, Chang and Chon (2024) examine whether a non-profit organization (NPO) affects others in both similar and differing sectors. They conducted a web-based experiment in the USA that involved a fictitious crisis affecting two different types of NPOs (charitable vs. environmental) and two different levels of attributions of responsibility for the crisis (high vs. low). They find that in the NPO context, an organizational crisis would generate a negative spillover effect when there is a negative expectancy violation. An important implication of the authors' study is that “even if an organization appears to bear low responsibility for a crisis, it could still have a spillover effect on other NPOs if the public perceives the crisis as a violation of their expectations” (p.xx).

In the second article, Chang and Rim (2024) examine the effectiveness of response strategies to another charity's crisis. They conduct a web-based experiment with three response strategies (bolstering vs. denial vs. differentiation), two charity types (local vs. global), and three time periods (pre-crisis vs. post crisis vs. post-response). The authors find that the use of bolstering and denial strategies were more effective in mitigating the damage caused by crisis spillover compared with a differentiation strategy. In other words, bolstering and denial strategies were more effective in improving public attitudes, trust, and donation intentions toward the charities (both local and global).

3. Areas for future research

There is still much to research in the area of spillover crises, and Wang and Laufer (2024) in their literature review have identified several under-researched topics that are worth exploring. For example, they find that consumers and investors are the stakeholders that researchers most frequently focus on in spillover studies, and that future research should incorporate other types of stakeholders such as employees. In addition to stakeholders, Wang and Laufer (2024) find in their literature review that the most common category examined for spillover crises was industry. A category that was researched much less frequently was organisational type. For example, when is a crisis spillover likely to occur among state-owned enterprises? How should state-owned enterprises respond if they are at high risk of crisis contagion? Finally, the types of crises examined in spillover research also varied. Product harm crisis was the crisis type examined most frequently by researchers; however, data breaches and other types of crises were not as common in spillover research. It is worth noting that Vogues, Eaddy, Jin and Buckley (2024) also highlight the importance of crisis type in understanding spillover crises. As they mention in their article “Logic dictates that a crisis spillover understanding and organizational response(s) also depend on crisis type” (p.xx).

In summary, the contributions within this special issue enhance our comprehension of the triggers and mechanisms of spillover crises, offering insights into the strategies organizations can employ to mitigate potential damage. By dissecting various aspects of crisis spillover, from its initiation to its aftermath, this collection of work lays a foundation for a more resilient approach to crisis management. Moreover, this special issue sheds light on promising directions for future inquiry, suggesting that there is much to be explored in the dynamics of crisis spillover. It encourages scholars to delve deeper into understanding the role of

digital platforms in spillover crises, the psychological impact on stakeholders, and the long-term effects on organizational reputation.

This special issue will hopefully inspire researchers to conduct more research on spillover crises. In an age of social media where information is spread in a matter of seconds, it is important for organizations to realise that they can be a victim of a spillover crisis if they are not prepared. The articles presented here underscore the necessity for a proactive stance on crisis management, emphasizing the need for continuous innovation in strategies to safeguard against the unforeseen impacts of crisis spillover. This special issue furthers our understanding of when a spillover crisis occurs, and how organisations can protect themselves from harm. In addition, it identifies future areas for research that can add to this important body of knowledge.

Declaration of Competing Interest

On behalf of all authors, the corresponding author states that there is

no conflict of interest.

Data Availability

No data was used for the research described in the article.

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