

STRATEGIES FOR RESTORING CUSTOMER LOYALTY AFTER A BOYCOTT

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ABSTRACT

Boycotts have become a significant form of consumer protest, often leading to lasting impacts on the relationship between brands and their customers. This study aims to explore the effects of a boycott on customer loyalty, particularly in the post-protest phase, and examine how brands can restore or maintain these relationships. Furthermore, the study explores the effectiveness of brand strategies, such as crisis communication and positive engagement on social media, in mitigating these effects. Through a conceptual model and empirical testing, we hypothesize that well-executed restoration strategies can positively influence customer loyalty and reduce the long-term repercussions of the boycott. The findings aim to provide valuable insights for marketers in developing effective post-crisis strategies to restore trust and loyalty in the aftermath of consumer protests.

Keywords: Boycott, Crisis Communication, Attitudinal Loyalty, Behavioral Loyalty, Social Media Engagement.

INTRODUCTION

In a world where consumers are increasingly sensitive to ethical practices and the values of companies, the phenomenon of boycotting has become a common strategy to express disagreement with a brand's actions or policies. A boycott, whether motivated by environmental, social, ethical, or political concerns, can lead to a significant loss of revenue and have a lasting impact on the brand's reputation (Zhou and Zhuang 2023). However, few studies have thoroughly explored the prolonged effects on customer loyalty once a boycott has ended, nor the effective strategies for restoring trust and regaining consumer loyalty. This research aims to fill this gap by examining not only the long-term repercussions of a boycott on customer loyalty but also the most effective recovery strategies that brands can adopt. Companies facing such crises must not only understand the short-term effects of a boycott but also develop effective strategies to restore their customers' loyalty in the long run.

By analyzing how boycotts influence both attitudinal and behavioral loyalty of customers and assessing the reconciliation initiatives implemented by brands, this study will provide strategies for managers seeking to restore strong relationships with their customers and prevent future negative impacts. Drawing on established theories in relationship marketing and crisis management, this research will explore the complex dimensions of post-boycott loyalty and offer practical recommendations for brands confronted with such situations. The ultimate goal is to provide a deep understanding of the mechanisms through which brands can not only survive a boycott but also emerge stronger, by reconsolidating customer loyalty and optimizing their crisis management strategy. In summary, understanding the effects of a boycott on customer loyalty and identifying the best practices for restoring that loyalty is essential to help brands overcome crises and build strong, resilient relationships with their customers in an increasingly demanding

and complex environment. These theoretical insights lead us to propose the following research question:

What are the effects of a boycott on customer loyalty after the protest movement has ended, and how can the brand restore or maintain these relationships?

LITERATURE REVIEW

Boycott

Boycott is a form of protest in which consumers refuse to purchase or consume the products or services of a company due to disagreements with its practices, values, or actions. A boycott can have significant effects on a brand's reputation, sales, and its relationship with customers. The ethical consumption theory, developed by various researchers including Barnett and al. (2005), explores how consumers make purchasing decisions based on ethical, environmental, or social considerations. Boycott is often a way for these consumers to express their dissatisfaction with a company's practices. According to this theory, boycotting consumers act not only to protect their own values but also to influence corporate behavior.

The Collective Action Theory, rooted in the work of Olson (1965), explains how individuals organize to achieve a common goal. In the context of a boycott, this theory suggests that consumers come together to exert collective pressure on a company to induce change. The success of a boycott often depends on the ability of opinion leaders to mobilize consumers and sustain collective engagement.

The Cost-Benefit Theory, when applied to boycotts, suggests that consumers decide to participate in a boycott by evaluating the costs (time, effort, alternatives) and the benefits (expression of values, impact on the company, social change). If the perceived benefits of the boycott outweigh the costs, consumers are more likely to participate. This theory helps explain why some boycotts attract large numbers of participants while others fail.

Attitudinal Loyalty

Attitudinal loyalty is a central concept in relationship marketing, distinguished from behavioral loyalty by its focus on consumers' attitudes and perceptions toward a brand, rather than solely on their purchasing behaviors. A theoretical framework of attitudinal loyalty examines the factors that influence consumers' attitudes and how these attitudes translate into sustained loyalty toward the brand (Xie, Bagozzi, & Grønhaug, 2021). Affective commitment, developed by Meyer and Allen (1991), is an essential component of attitudinal loyalty. It refers to a customer's emotional attachment to a brand. This commitment is often nurtured by positive experiences with the brand, perceived satisfaction, and identification with the brand's values. Strong affective commitment leads to sustained positive attitudes toward the brand, even in the absence of economic incentives.

The Commitment-Trust Theory, proposed by Morgan and Hunt (1994), is an important framework for understanding attitudinal loyalty in long-term relationships. Commitment, defined as the willingness to maintain a valued relationship, and trust, defined as the belief in the reliability and integrity of the brand, are crucial for developing and sustaining attitudinal loyalty. When consumers are committed to and trust a brand, they are more likely to develop enduring positive attitudes.

Behavioral Loyalty

According to Gürhan-Canli and Maheswaran (2020), behavioral loyalty refers to the concrete and repeated actions of consumers toward a brand, such as repeat purchases, recommending the brand to others, or resisting switching to a competitor. Unlike attitudinal loyalty, which is based on perceptions and emotions, behavioral loyalty focuses on observable behaviors. The Theory of Reasoned Action, proposed by Fishbein and Ajzen (1975), suggests that individuals' behavior results from a behavioral intention, which is influenced by their attitude toward the behavior and by subjective norms. In the context of behavioral loyalty, this means that consumers who have a positive intention to remain loyal to a brand are more likely to exhibit loyalty behaviors, such as repeat purchases.

The Theory of Habit Formation, often associated with the concept of habit, explains that behavioral loyalty can result from routine behaviors. Consumers who regularly purchase a product or service may do so out of habit, without necessarily deliberating over each purchase. Once a behavior is established as a habit, it is likely to continue automatically.

The Behavioral Response Model suggests that behavioral loyalty is a direct response to a set of marketing stimuli, such as advertising, promotions, and loyalty programs. These stimuli reinforce loyalty behaviors by increasing consumer satisfaction and reducing the motivation to switch brands. Companies that successfully identify and maintain the right stimuli can encourage long-term loyalty behaviors. In the context of customer loyalty following a boycott, this theoretical framework can be used to analyze how boycotts affect the relationship between a brand and its consumers, and how companies can respond to restore or maintain both attitudinal and behavioral loyalty. In this framework, Zeithaml, Berry, and Parasuraman (1996) and Oliver (1999) have studied the direct impact of boycotts on customer loyalty.

- H_1 : *Boycott has a significant negative effect on customers' attitudinal loyalty toward the brand.*
- H_2 : *Boycott has a significant negative effect on customers' behavioral loyalty (reduction in purchases, brand abandonment).*

Recovery Strategies on Social Media post Boycott

Positive communication on social media after a boycott plays a crucial role in crisis management, restoring customer loyalty, and rehabilitating the brand's image (Heinberg, Ozkaya, & Taube, 2022).

Crisis Communication

The Crisis Communication theory, developed by Coombs (2007), suggests that how a company communicates during and after a crisis can determine the recovery of its reputation and the restoration of stakeholder trust. In a post-boycott context, positive communication on social media can help diffuse tensions, provide clear explanations, and demonstrate corrective actions. Crisis communication is central to managing the effects of a boycott on customer loyalty and in the brand's efforts to restore or maintain these relationships after the protest movement ends. This theoretical framework draws on several key concepts from the literature on crisis communication, relationship marketing, and customer loyalty.

Image Restoration

Proposed by Benoit (1995), this theory focuses on the strategies companies can use to repair their image after a crisis. Within this framework, positive communication on social media may include strategies such as minimizing the offense, correcting the error, and promising future improvements.

Trust Restoration

Restoring trust after a crisis is crucial for regaining customer loyalty. The Trust Recovery Model proposed by Tomlinson and Mayer (2009) outlines three key steps:

- **Acknowledgment:** The brand must recognize the existence of the problem and the concerns of consumers.
- **Apology and Repair:** Offering sincere apologies and taking corrective actions to address the issues raised by the boycott.
- **Re-engagement:** Initiating actions aimed at rebuilding the trust relationship, such as improving business practices or committing to social or environmental causes.

In their work on crisis perception and management, Lindell and Perry (2000) and Coombs (2007) examined the impact of brand recovery strategies on customer loyalty on the one hand, and the continuation of the boycott decision on the other Figure 1.

- **H₃:** *The recovery strategies (crisis communication, positive communication on social media) implemented by the brand after the boycott have a significant positive effect on customers' attitudinal loyalty.*
- **H₄:** *The recovery strategies implemented by the brand after the boycott have a significant positive effect on customers' behavioral loyalty.*
- **H₅:** *The recovery strategies implemented by the brand have a negative effect on the continuation of the boycott decision.*

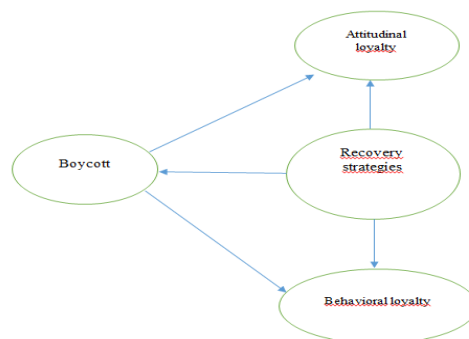


FIGURE 1
CONCEPTUEL MODEL

METHODOLOGY

To test our research hypotheses, we selected the virtual community "Boycott Israeli," which was the focus of this study. This choice was motivated by the fact that this page has called for boycotts of several brands and companies due to their perceived pro-Israel positions or statements, leading some of these companies to issue apologies or clarify their intentions. In this research, we focused on two brands: Coca-Cola and McDonald's.

Coca-Cola has been repeatedly criticized by pro-Palestinian activists for its investments and activities in Israel. In 2024, during a boycott campaign, Coca-Cola had to clarify its position by stating that it had no political bias and that it respected all cultures and religious beliefs. This clarification was perceived as an attempt to ease tensions.

McDonald's was involved in a controversy over the management of its franchises in Israel. In 2014, accusations were made against McDonald's for allegedly supporting the Israeli army. The company quickly denied these accusations and issued a statement clarifying that it provided no financial support to military or political entities. This statement was perceived as an indirect apology to appease critics.

The data collection tool used for gathering responses was a questionnaire. The structure of the questionnaire, the types of questions, and their coherence were critical elements in its development. For data collection, we opted to administer our questionnaire online via the social network Facebook and through private messages sent directly to community members. These consumers actively follow the brands on social media, are influenced by online content, and have participated in the boycott by actively ceasing to purchase the brand's products.

To ensure that the questions were well understood by respondents, we conducted a pre-test with 10 individuals. This pre-test indicated that all questions were perfectly understandable, allowing us to proceed with the formal data collection from 100 participants, of whom 51.5% were men and 48.5% were women.

Measurement Scales: Reliability and Validity Measurement

The reliability of the measurement scales ranged from 0.851 to 0.901, indicating acceptable values. Thus, all scales are unidimensional and explain more than 50% of the variance. These measurements are presented in Table 1.

Measurement scales	Structure	Explained variance	Reliability	KMO test
Boycott	One unidimensional	81,077	0,880	0,851
Attitudinal loyalty	One unidimensional	94,541	0,870	0,701
Behavioral loyalty	One unidimensional	88,071	0,811	0,811
Recovery strategies	One unidimensional	87,963	0,910	0,751

We also conducted confirmatory analyses (using AMOS 20 software) to ensure the reliability and validity of our measurement scales through indices such as Jöreskog's rho to verify internal consistency and convergent validity rho. Once the reliability and validity of the measurement scales were confirmed, we assessed the overall model fit to ensure the discriminant

validity of each construct. The results confirm that all the measurement instruments we used, on one hand, exhibit a high level of reliability with Jöreskog's rho values exceeding 0.890, and on the other hand, demonstrate strong construct validity with Fornell and Larcker's convergent validity rho values exceeding 0.776 for all measurement scales, proving good convergent validity. Regarding discriminant validity, it is well confirmed since all squared high correlation coefficients are below the average variance extracted for each construct.

Hypothesis Testing: Causal Model

The causal relationships between variables in the brand loyalty model were analyzed using structural equation modeling with AMOS 20. This method was chosen due to the complexity of the research model, which involves multiple independent and dependent variables (Roussel et al., 2002). Structural equation models provide gamma regression coefficients (γ) that help understand the relative weight of each variable in explaining brand loyalty formation. The fit indices of the structural model are excellent. The GFI and AGFI are greater than 0.9, and the RMSEA is below 0.08. Incremental indices indicate a good quality of the model relative to the saturated model. Additionally, the parsimony indices are lower than those of the saturated model, indicating a parsimonious model.

The final step of the results analysis involves evaluating the causal links between the different constructs of the model (testing the research hypotheses) (Roussel et al., 2002). We find that all structural coefficients are significant. Therefore, we can conclude that all hypotheses are validated. Specifically:

Hypotheses H1 and H2: The boycott negatively influences both attitudinal and behavioral loyalty towards the brand, with correlation coefficients of ($t=6.120$ and $t=6.119$), respectively. These results align with findings by Oliver (1999) and Guèvremont (2022) on customer loyalty and with Zeithaml, Berry, and Parasuraman (1996) on service quality, satisfaction, and loyalty.

Hypotheses H3 and H4: The recovery strategies (crisis communication and positive communication on social media) implemented by the brand after the boycott have a significant positive effect on both attitudinal and behavioral loyalty ($\gamma=0.226$; $t=5.119$; $p=0.000$), ($\gamma=0.232$; $t=5.006$; $p=0.000$). Hypothesis H5: The recovery strategies implemented by the brand have a negative effect on the continuation of the boycott decision ($\gamma=0.287$; $t=5.178$; $p=0.000$).

These results are consistent with several marketing studies, such as Coombs (2007) on crisis management and crisis communication, and Lindell and Perry (2000) on crisis perception and management. In summary, all hypotheses related to the conceptual model of the effects of boycott on customer loyalty, as well as the strategies brands can adopt to restore or maintain these relationships after the protest movement, are validated. These findings highlight the critical role of online communities and social media in crisis communication and the dissemination of positive messages.

DISCUSSION AND CONCLUSION

This research focused on understanding the effects of a boycott on customer loyalty, as well as the strategies brands can adopt to restore or maintain these relationships after the protest movement ends. The results show that the boycott has profound and lasting repercussions on customer loyalty, affecting both their attitudinal and behavioral loyalty. Even after the boycott ends, some customers continue to feel mistrust or weakened emotional attachment towards the brand, which can lead to a decrease in purchase intentions and a reduction in positive word-of-

mouth. The data suggest that customer loyalty after a boycott is influenced by several factors: the nature of the brand's actions during and after the boycott and the alignment of these actions with consumer values. Customers who perceive that the brand has taken genuine corrective measures, rather than mere cosmetic ones, are more likely to restore their loyalty.

Managerial Implications

Brands need to anticipate the long-term effects of a boycott on customer loyalty and act quickly to restore trust. This may include public apologies, transparent explanations of past mistakes, and credible promises of change. Additionally, brands must continuously demonstrate their commitment to ethical and responsible practices, not only to regain lost trust but also to strengthen their long-term position.

Companies should also implement ongoing risk monitoring and crisis management strategies as part of their long-term planning. By preparing effectively to respond to a boycott, brands can limit the negative impacts on customer loyalty. In addition, brands should engage in proactive reputation management by regularly communicating their values and initiatives through various channels, including social media, community outreach, and corporate social responsibility (CSR) programs. Brands can also benefit from engaging with key stakeholders, including customers, employees, and industry influencers, to rebuild relationships and gather feedback. Involving these groups in the recovery process can enhance credibility and show that the brand values their input. Furthermore, brands should consider implementing robust internal policies and training programs to ensure that all employees understand and adhere to the brand's ethical standards, which can help prevent future crises. To further strengthen their position, brands could explore partnerships with third-party organizations or advocates who align with their values. Such alliances can provide external validation and support for the brand's commitment to positive change. Additionally, brands should regularly evaluate and adjust their crisis management plans based on lessons learned from past experiences and industry best practices. Companies should also implement ongoing risk monitoring and crisis management strategies as part of their long-term planning. This includes developing and testing crisis response plans, monitoring media and social media for emerging issues, and maintaining open lines of communication with customers.

Suggestions for Future Research

Future research should focus on longitudinal studies that track the evolution of customer loyalty over an extended period after a boycott. This would help better understand long-term dynamics and identify whether and how customer loyalty recovers or deteriorates over time. Additionally, in-depth research could explore how brands use social media to restore their image after a boycott, and how the nature of interactions on these platforms (direct responses to customers, communication campaigns, etc.) influences customer loyalty. By exploring these future avenues, researchers can deepen our understanding of the effects of a boycott on customer loyalty and provide valuable insights to help brands better manage and overcome such crises.

Limitations of the Study

Our research has some limitations, primarily related to the generalizability of the results. The study focused on a specific boycott context and particular consumer samples. Consequently,

the conclusions drawn may not uniformly apply to all industries, brands, or types of boycotts. For instance, a boycott motivated by ethical concerns might have different effects compared to a boycott driven by economic or political concerns. Another limitation is that the impact of social media in spreading the boycott and restoring the brand was only partially addressed. Social media plays a crucial role in shaping and expressing consumer opinions, but this study may not have captured all the influence dynamics specific to these platforms.

In summary, the effects of a boycott on customer loyalty can be significant and long-lasting. However, with well-designed and sincerely implemented strategies, brands have the opportunity to restore, and even strengthen, their relationship with customers. This requires a proactive approach, empathetic management of emotions, and a continuous commitment to customer values. Brands that successfully navigate this post-boycott period can not only recover lost loyalty but also build a more loyal and engaged customer base in the long term.

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