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Conceptual Article

Coping with boycotts: An analysis and framework

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ABSTRACT

In recent years, consumer boycotts are increasingly being used by various activist groups to punish targeted countries. This paper develops an analytic framework to help managers formulate strategies to cope with country-of-origin-related consumer boycotts. Based on the two dimensions of brand–country association and boycott intensity, we propose four possible strategies. We discuss spillover effects wherein certain firms become unintended victims of boycotts due to misperceptions about their nationality. Also discussed are economic opportunities that boycotts present to potential new entrants.

Keywords: boycotts, consumer animosity, spillover effects

Introduction

In Quito, Ecuador, a torched Ronald McDonald statue becomes the latest victim of rage over the US invasion of Iraq. All over the world, iconic American companies and brands – Gap, Starbucks, and Levi's, to name just a few – are feeling the heat as they become the objects of anti-US, anti-war boycotts, and protests. In southwestern France, protestors staged a 'die-in' at a supermarket, where they daubed their clothes with red paint to represent blood and laid down next to a Coca-Cola display. Ten restaurants in Hamburg, Germany, are banning Coke, Marlboro, bourbon, and other American goods. In South India, activist groups are calling for boycotts of American tobacco, beverages, and cosmetics. Such moves are being echoed all over the world. (*Business Week Online*, 2003; Lindemann, 2003)

The above quote illustrates the pervasive nature of boycotts in today's world. By some estimates, 42% of the Fortune 50 companies and 54% of the top 50 brands were facing calls for boycotts (John & Klein, 2003). Leading companies such as Wal-Mart, Intel, Microsoft, Disney, and Procter & Gamble have been the targets of boycott attempts in recent years. In some cases, they have been targeted by various interest groups to protest specific acts of commission or omission by these companies. For example, while the complaint against Microsoft is abuse of monopoly power, Monsanto has been targeted for production of genetically modified organisms.

An increasing number of boycotts in today's world seem to be entirely unrelated to the actions or policies of an individual company. Instead they are related to 'country of origin' effects. That is, a firm and its products are boycotted because of its country of origin (COO). In such cases, a company like McDonald may be targeted not because of any specific actions on their part, but because they are an American company. Or Chinese consumers may decide to boycott French products because of the French support for the Tibetan cause. Even in the United States, in the wake of the Iraq war, there were boycotts of French wine, not because they have any complaints against the French wine producers, but to punish France in general for their unwillingness to support US military action in Iraq.

When a boycott directly targets a specific company because of its real or perceived acts of commission or omission, the literature suggests a number of mitigation strategies (Lee, Motion, & Conroy, 2009; Yuksel & Mryteza, 2009). However, extant literature provides limited guidance on strategies to prevent or alleviate brand or product avoidance when such avoidance is based on nationality rather than the actions of an individual firm (Ahluwalia, Burnkrant, & Unnava, 2000). After all, a firm cannot change its nationality every time a group of boycotters target it. So what can a firm do to cope with consumer boycotts?

In this paper, we present a framework that we have developed that offers some guidelines to firms to help them cope with boycotts. The framework is based on two dimensions: the brand–country association and the intensity of the boycott. The first is a characteristic of the product while the second is a characteristic of the boycott. These two characteristics, considered in conjunction, yields a typology of four strategies that we present in this paper. We also discuss spillover effects wherein firms become victims of boycotts due to misperceptions of their COO. Finally, we discuss how boycotts open windows of opportunities for new entrants against entrenched incumbents.

Boycotts: An overview

Consumer boycotts are not a recent phenomenon that has just emerged, but are almost as old the history of commerce itself. For example, during the American Revolution, colonists initiated what at that time was called a non importation movement (Witowski, 1989). In fact the word boycott itself dates back to an 1880 Irish peasant protest. This was 'when their landlord, Captain Charles Boycott, deprived them of wages and evicted them from their land, they mobilized all workers in the area to refuse to do any kind of business with him' (Gelb, 1995).

Types of boycotts

Boycotts are of many different kinds, based on who is targeted and who is organizing the boycott. As explained earlier, in some cases an individual company is targeted because of some real or perceived grievance. In other cases, all companies from a particular country are targeted. Well known examples of such boycotts include Arab boycott of Israeli companies and the nearly universal boycott of South African companies during the apartheid era. Boycotts, most of the time, are initiated by activist groups. Examples include boycott of Heinz by environmentalist groups to persuade them to follow fishing policies that are not harmful to dolphins and boycott of Coca-Cola by PUSH (an African American group led by Jesse Jackson) in the 1980s to push Coke to grant more bottling franchises to minority owners. There are also many boycotts that are government initiated. An extreme form of government initiated boycott is an embargo. For example, the United States has placed an embargo on trade with Cuba which means that US customers cannot import Cuban cigars or rum even if they want to. Although not as formal as embargos, many governments urge their citizens to 'buy local', in effect creating a low intensity boycott of foreign products. There are also cases where there is neither an embargo nor a non-governmental boycott in place, but customers continue to resist buying products from another country for historical reasons. For example, South Korea has one of the lowest penetration rates by Japanese automobile manufacturers because of Korean resentment toward Japan for its occupation of Korea during the early 20th century. Our focus in this paper is on non-governmental boycotts aimed at firms from another country. Mostly these boycotts are targeted at all the firms from a country. Occasionally, there are cases when an individual firm from a country is specifically targeted.

Theoretical background

Given that our study focuses on non-governmental but organized attempts at boycotting products from specific foreign countries, two well-established streams of literature in marketing are relevant to our study. The first relates to research on 'country of origin' effects and the second relates to the concept of 'consumer animosity'. While a full review of these two literatures is beyond the scope of this paper, it is important to take advantage of the insights that have accumulated over the years in these two areas in studying consumer boycotts aimed at products from specific countries.

Over the past four decades, more than 300 empirical studies have examined COO effects. Detailed reviews of the COO literature are available in Bilkey and Nes (1982) and Papadopoulos and Heslop (1993). The principal research question in these studies is the extent to which consumers may rely on COO for product evaluations. Empirical evidence from these studies, despite their inconsistencies (Peterson & Jollibert, 1995), overwhelmingly show that generalizations and perceptions about a country tend to have a strong impact on an individual's judgments about products and brands from that country (Lampert & Jaffe, 1996; Roth & Romeo, 1992). That is, consumer perceptions, affect, and behavioral intentions toward foreign products are not solely based on product attributes but also the product's association with a country (Kaynak, Kucukemiroglu, & Hyder, 2000). Such associations can be either positive (as in the case of French wine and Swiss watches) or negative (as in the case of Chinese milk powder or Taiwanese perfumes). Further, COO effects are not static and can evolve over time as in the case of Chilean wines or Japanese cars.

In most of the examples discussed above, COO effects were formed over time and were based on the reputation about the quality of products in a specific industry from a country. Thus, COO effects relating to Swiss watches or German automobiles are based on the quality reputation that firms from these countries have built up over many decades through superior products. Therefore, they do not easily transfer to other industries from the same countries. That is, the positive perceptions about Belgian chocolates do not necessarily affect a consumer's perceptions about Belgian wine.

The research on consumer animosity provides a bridge between the literatures on COO effects and the emerging literature on consumer boycotts. Klein, Ettenson, and Morris's (1998) seminal study of Chinese consumers' attitudes toward Japanese products showed that the 'remnants of antipathy' related to the Nanjing massacre of 1937 had a negative impact on Chinese consumers' willingness to buy Japanese products, independent of their product judgments and above and beyond the effect of consumer ethnocentrism. Klein et al.'s (1998) study has been replicated and validated in subsequent years by a number of researchers (Klein, 2002; Nijssen & Douglas, 2004; Shin, 2001). A detailed review of these studies is provided by Riefler and Diamantopoulos (2007).

Ang et al. (2004) proposed a very useful typology of consumer animosity, using the national–personal and stable–situational dimensions. According to this typology, animosity could either be due to personal or collective (national) experiences and could either last a long time (stable) or be purely situational, arising temporarily due to specific events. In cases of situational animosity, the passage of time in itself might result in a tapering off of animosity as demonstrated by Ettenson and Klein (2005).

Definitions

Boycotts are one of the most common forms of a set of activities generally referred to as political consumerism (Micheletti, 2003; Sandikci & Ekici, 2009). A review of past literature provides a variety of definitions of boycotts. Garrett (1987) defines a boycott as 'a concerted refusal to do business with a particular person or businesa … to obtain concessions or to express displeasure'. John and Klein (2003) define a boycott as 'a tactic to influence the behavior of a firm (or other institution) by withholding purchase of their products'. Both these definitions apply more to boycotts targeted at individual firms by interest groups. A more general definition is offered by Friedman (1985) who defines a boycott as 'an attempt by one or more parties to achieve certain objectives by urging individual consumers to refrain from selected purchases in the market place'. Yuksel and Mryteza (2009, p. 249) define consumer boycotts 'as the collective action of foregoing or withholding consumption in response to perceived wrongdoing'. What is common across these definitions is the fact that boycotts are a form of anti-consumption behavior, typically a planned collective action by a consumer community in order to express displeasure or achieve specific objectives. Boycotts are deliberate retaliatory actions on the part of the consumers that involve three stages: perception that a nation's actions are harmful or wrong, assigning of blame which triggers anger and rage, and finally the determination of type of action and its target (Funches, Markley, & Davis, 2009).

Causes

A study of boycotts in the past decade leads to some general conclusions (Davidson, 1995). First, the 'root causes' of boycotts are of a social and political nature rather than due to traditional economic issues such as high prices or poor quality. Second, the boycotts usually target a surrogate and not the 'real' target that the boycotters are trying to affect and harm. That is, firms from a country represent a softer target than the government itself against whom the boycotters have grievances. Third, boycotts seem to be an effective tool to attract public attention to an issue. Furthermore, the low cost of activating a consumer boycott combined with its negative economic consequences for the affected firms make it a potent political tool. For example, one of the major planks of Mahatma Gandhi's non-violent resistance against British rule in India was the boycott of British products.

Impact

Despite the widespread prevalence of consumer boycotts, surprisingly, research on this topic seems very limited. Boycotts impact stock prices, sales, profitability, and even the actions and behaviors of firms. It can also have negative consequences for the exports of a country and the prices paid by consumers in the importing country. It has been found that stock prices of boycotted firms greatly decreased over the 60-day period after a boycott was declared (Pruitt & Friedman, 1986). It has also been found that boycotts led to substantial decline in stock prices (Davidson, Worrell, & El-Jelly, 1995). Contrary evidence is reported by Teoh, Welch, and Wazzan (1999) who found that 'political pressure had little visible effect on the financial markets'. Koku, Akhibe, and Springer (1997) also did not find any evidence for decline in firm value either as a result of actual boycotts or threat of boycotts. Thus, based on available research evidence, it is somewhat unclear whether boycotts have immediate financial market implications.

There is very little research on the impact of boycotts on the behavior of affected companies. Davidson et al. (1995) found that about one third of the firms in their sample changed their behavior as a result of boycotts. While companies may be more susceptible to change behavior, it is unclear whether government behavior can be similarly influenced. While the boycott of South African goods contributed to bringing about an end to apartheid in South Africa, the American embargo on Cuba has not had any impact on changing Cuban government's actions despite the severity of the embargo and its existence over four decades.

Just as boycotts have negative economic consequences for the firms and countries targeted, they also have negative implications for consumers. Theoretically, consumers lose both in terms of quantity and quality of supply. Supply restrictions inevitably lead to higher prices and a reduction in variety in what is available to consumers. Fershtman and Gandal (1998) estimate that the Arab boycott of companies doing business in Israel led to per-unit price increase of $2343 for cars sold in Israel. Although in this case the boycott was not initiated by Israeli consumers, the economic consequences of restrictions in supply are clear.

The immediate impact of boycotts is on sales of a company's products or services. However, academic literature shows very little effort to quantify the sales implications of boycotts. What evidence we have is primarily anecdotal in nature. In the first three months of 2002, US exports to Saudi Arabia plunged by more than 40% (The Economist, 2002). In terms of fast food restaurants, a report by Americana, a Kuwait-based franchisee of Pizza Hut and Baskin-Robbins, stated a loss in sales and profits by '45 percent in Jordan, 40 percent in Egypt and 20 percent across the Gulf region over the past month' (Nation's Restaurant News, 2002). In another report, Coca-Cola stated that its sales declined as much as 10% in the Middle East and even more in specific countries such as Bahrain, Saudi Arabia and Lebanon. In Saudi Arabia, KFC and Burger King reported a 50% plunge in sales in 2001. Furthermore, in Muscat, the Omani capital, sales of KFC and McDonald's dropped between 45% and 65% in the first half of 2002 (Hari, 2002). An extreme case is reported from Jordan, where two of the six McDonald's restaurants had to close down due to poor business in 2002 (Hari, 2002; The Economist, 2002). There were violent attacks against Burger King in Lebanon, Oman, Bahrain, Cairo and Qatar causing considerable damages. Sales of Arla Foods, a Danish dairy company, dropped from $430 million to almost zero in the Middle East in the aftermath of boycotts against Danish products in response to caricatures of Prophet Muhammad in Danish newspapers (Ettenson, Smith, Klein, & John, 2006). Japanese auto companies experienced steep sales declines in China in the aftermath of protests sparked by Japan's approval of controversial history textbooks that played down its atrocities in Asia during World War II, and by Tokyo's bid for membership in the United Nations Security Council. Irrespective of whether a boycott inflicts significant economic costs on the offending country or its companies, for the consumers its value may lie in the fact that it is a retaliatory action that at the very least is cathartic (Huefner & Hunt, 2000).

A FRAMEWORK FOR STRATEGIES TO COPE WITH BOYCOTTS

As boycotts increasingly become a part of the business landscape, there is a greater need to identify appropriate strategies to cope with them and to mitigate their negative impact. Based on our study of responses by multinationals to boycotts in different parts of the world, we have developed a framework that we believe would be helpful to managers in analyzing boycotts and developing coping strategies. We base our framework on two dimensions, namely, brand–country association and boycott intensity. Each of these dimensions is discussed next.

Brand–country association

The image of a brand is traditionally understood to be consisting of three subimages: image of the firm, image of the user, and image of the product (Biel, 1993). In the case of international marketing, a fourth aspect, namely, the image of the COO also becomes very important. Farquhar and Herr (1993) suggest that brands 'are associated in consumer memory with product categories, usage situations, product attributes, customer benefits, and other elements'. In the case of internationally traded consumer goods, brands are also associated in the consumer mind with countries. For example, McDonald and Marlboro are associated with the US, Sony with Japan, and Ikea with Sweden.

Brand–country association relates to the extent to which the brand is associated with a country in the minds of the customers in a particular country. The higher the association the more likely it is to be targeted by boycotters. For example, if the boycotter is targeting all American products, the brand–country association dimension is a measure of how strongly the brand is associated with the US in the eyes of the boycotters. Thus, what is important is not the overall visibility of the brand, but more specifically whether it is identified as representing a country. Brand–country association, therefore, is a function of the perceptions of the consumers within a particular country. There may well be cases when a particular brand is very popular in a country but customers in that country do not associate it with the country of its origin. The opposite is when a product is associated with a country in the public mind, when in fact the company is from a different country. There may be variations from one country to another in terms of the perceptions about the national origin of a company. That is, a product may be viewed as very American in one country while in another country it is not associated with the US at all.

When NATO bombed the Chinese Embassy in Belgrade during the Yugoslav war, the Chinese were outraged at the US. In many cities, rioters attacked KFC outlets, smashing the Col. Sanders look alike statues that are invariably displayed in front of KFC outlets in Asia, eventually causing the closure of 20 outlets. Surprisingly, Pizza Hut outlets, owned by the same parent company escaped unscathed, apparently because most Chinese believe that the chain is Italian (Madden, 1999). Thus here, though both KFC and Pizza Hut are owned by the same American company, Pepsico, to the Chinese, KFC has a high brand–country association but the Pizza Hut brand is not strongly associated with its COO in the minds of the Chinese consumers.

Even in the US, where customers are generally believed to be well informed, instances of such misperceptions abound. As anti-French sentiment developed in the US in the months immediately after the outbreak of the Iraq war, French restaurants and businesses in the US experienced declining sales. This may not be that surprising, since they were obvious targets with high visibility. But in most cases, Americans may have boycotted American businesses because of the misperception that they were French while at the same time buying French products thinking that they were American. In a recent poll, it was found that anti-French sentiment was aimed at the wrong brands (Freedman, 2003). The brands Estée Lauder, Grey Poupon, Vidal Sassoon, and Yoplait seemed French but were actually American. Similarly Courvoisier, French's mustard, and Pret A Manger appeared to the customers as French, but were actually British. On the other hand, Donna Karan, Wild Turkey and Car & Driver magazine, seemed American but were actually French! (Freedman, 2003). Furthermore, in a survey it was found that German brands maybe at a greater risk than their French counterparts. The survey said that 'more than twice the number of respondents could name German brands as name French ones', thus indicating that German brands may have a higher brand–country association than French ones (O'Leary, 2003). Interestingly, Lego, a Danish company experienced no decline in sales in the Arab world during the recent boycott of Danish products because the consumers do not associate Lego with Denmark in their minds (*Arab News*, 2006).

Boycott intensity

The second dimension in our framework is boycott intensity. There are several aspects to boycott intensity such as size, duration and aggressiveness. Size refers to how many people are boycotting the brand or product. Duration is how long it would likely continue and can be evaluated on the basis of the underlying reasons for boycott. Finally, aggressiveness reflects if in addition to boycotting the products, violent acts or attacks are likely to be conducted against the outlets or offices of the foreign firm.

It is difficult to develop quantitative metrics for the above two dimensions. Like all management tasks, considerable judgment is involved in assessing where one stands with respect to these two dimensions. Based on how low or high along each dimension a firm finds itself, we suggest four possible strategic responses as indicated in Figure 1.

Blend in

When a brand with a high level of association with its COO confronts a high intensity boycott, our framework suggests a 'blend in' strategy. The 'blend-in' approach essentially emphasizes the 'local' character of the company and downplays its foreign identity. The effort is to engage in visible demonstrations of local citizenship, thereby mitigating perceptions of foreignness. There are a number of ways in which a company can try to present a local face. These include public relations, advertising campaigns, sponsorship of sporting events and teams, charity activities, etc. Ideally, such a strategy should be adopted proactively rather than reactively. That is, engaging in an exercise to alter perceptions about national origin after a boycott has begun is more difficult than a more long-term proactive effort to educate the public about a firm's citizenship behavior. McDonald's is a high visibility American brand that has faced boycotts in a number of countries. This is not surprising, given that a big part of McDonald's appeal is the American way of life that the company projects. Despite this, they have very consciously tried to present a local face in different parts of the world as the following examples illustrate.

Angered by the continuing US support for Israel, an anti-American boycott was initiated in Egypt in recent years which has subsequently spread to other Arab countries. Being a brand that is strongly associated with its COO, McDonald's has borne the brunt of the wrath of the boycotters. The company has responded using two approaches. First, it took out advertisements in Egypt's highly respected daily newspaper, *AlAhram*, branding as 'ridiculous' rumors that have circulated in Egypt, the UAE and Jordan that the chain was donating part of its profits to Israel. McDonald's rebuttal stated that the rumors threatened 'the future and source of income of over 3000 Egyptian workers' (*Nation's Restaurant News*, 2002). At the same time, they also introduced the McFalafel[1] sandwich, with an ad jingle by a famous local country singer, Shabaan Abdel Rahim, best known for his chart-topping hit 'I Hate Israel' (Karon, 2002).

[1] Falafel is an Arabic type of vegetarian sandwich representing a famous dish in Egypt and the Arab world.

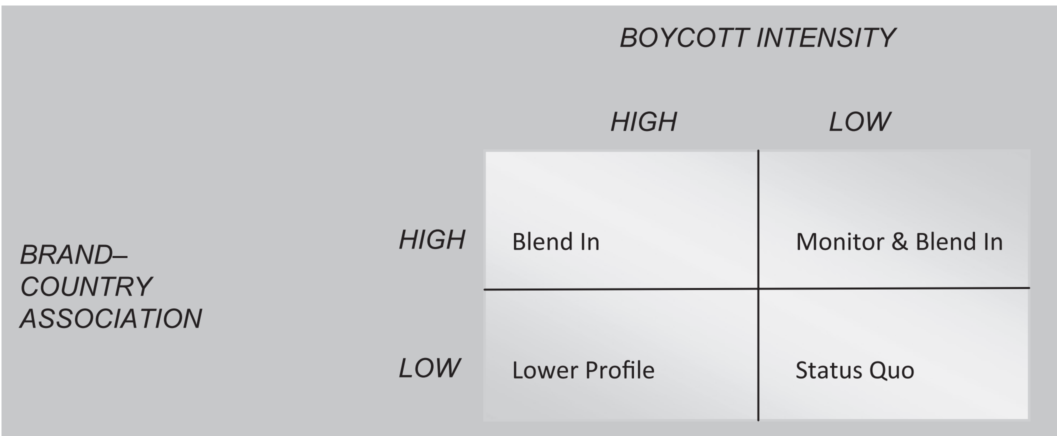

FIGURE 1: STRATEGIES FOR COPING WITH BOYCOTTS: A FRAMEWORK

In Indonesia, the world's most populous Muslim country, McDonald's launched TV ads stressing its local ownership and showing its staff wearing traditional Islamic clothing on Fridays, the Muslim weekly holiday. In many of the outlets, they even posted large photos of the Indonesian franchise owner making the hajj pilgrimage to Mecca! Meanwhile in Saudi Arabia, McDonald's launched a Ramadan promotion that had one Saudi Riyal (26 cents) donated to the Al Quds Intifada Fund, which finances Palestinian children's hospitals for every meal sold (Abu-Nasr, 2004; Karon, 2002; *The Economist*, 2002). Likewise, in Jordan, for a period of time, McDonald's donated 10% of all sales to the Hashemite Relief Fund, a Jordanian government charity that gives aid to Palestinians (Hari, 2002).

McDonald's efforts to present a local face are in no way confined to Muslim nations alone. During the Yugoslav war of 1998, McDonald's repositioned itself as a symbol of anti-NATO protest to better appeal to its local customers. It distributed free burgers and added a Serbian nationalist cap to the Golden Arches icon with the slogan 'McDonald's is yours'. These efforts not only kept the burger chain going despite heavy anti-American sentiment during NATO's 78-day bombing campaign against Yugoslavia but made it the only Western venture that really worked in the internationally isolated and economically depressed Serbia. Their marketing strategy was to preserve the original American brand by giving it a local touch – temporarily making McDonald's more international. Less then a month after the bombings began, with Belgrade still under attack, McDonald's reopened its doors, plastered with cardboard and plastic sheeting and posters categorically telling Serbs, 'McDonald's is yours!' (Kratovac, 1999).

In Argentina, anti-war demonstrators blocked the entrances of a number of McDonald's stores during protests against the Iraq war. They showed signs with statements such as 'Here they sell "Happy Meals" to finance the war'. McDonald's countered by launching an ad campaign featuring a Big Mac with the words 'Made in Argentina' stamped in bold, black letters. The ad explained that McDonald's is a local company employing more than 10,000 Argentines (Postlewaite, 2003). The recent introduction of the McItaly burgers in Italy was an effort by the company to present a local face, but unfortunately it seems to have led to considerable controversy and even backlash against the company.

In Bahrain, the Jawad Trade Group, which holds the franchise for Burger King launched an ad campaign emphasizing its local ownership and labor and pointing out that it does not pay anything to any American company, distancing itself from its US counterpart. This was in addition to a charity drive they initiated benefiting Palestinians (BBC News, 2002). Similarly, in Saudi Arabia, the Olyan Group which owns the Burger King franchise, released an ad campaign in the most well known Arab newspaper, *AlSharq AlAwsat* showing a Whopper burger with arrows pointing to 'All' its local contents thus emphasizing its 'localness' (claiming being 100% Saudi!) and proclaiming 'Burger King is one of us'. Similarly, Arla Foods, a Danish dairy products firm, took out newspaper advertisements in Saudi Arabia condemning the cartoons considered disrespectful to the Prophet and pledged to fund projects helping disabled children and cancer victims in the Middle East. As a result, although Danish products continued to be boycotted, Arla was exempted from the boycott.

During boycotts, very often rumors get spread around which may or may not have any basis in reality. Companies facing these rumors have to respond fast before the rumors become accepted as reality in the public mind. An interesting example of such attacks based on rumors was the case of a boycott against Procter & Gamble's laundry soap Ariel in the Arab world, not because it is an American product but because of alleged Israeli connections. Protesters targeted Ariel because of a perception that Ariel was somehow related to Israel's Prime Minister, Ariel Sharon. The fact that its logo had the same six-pointed star as in Israel's flag did not help either. P&G experienced a 10% drop in its sales as a result of these rumors and the resultant boycott. Initially taken by surprise, P&G responded by running TV ads hyping up the history of Ariel in Egypt and emphasizing its local Egyptian labor operations (Postlewaite, 2001; *The Economist*, 2002). It is also interesting that Ariel has since then changed their logo to a four-pointed star. Chili's, the Dallas-based American casual dining chain, has also been trying to deflect the anger of the boycotters by vowing to donate some percentage of sales to aid injured Palestinians (Postlewaite, 2001).

Monitor and blend in

In the case of a brand with high association with its COO facing a low intensity boycott, our framework suggests a strategy of monitoring and blending in. Though the boycott itself is not very intense, brands that are strongly associated with their home countries tend to be disproportionately vulnerable. Therefore it is important to monitor the environment and proactively engage in blending in strategies whenever possible. The various strategies for blending in have already been discussed in the previous section. Careful monitoring of the environment will enable the company to detect potential causes for boycotts, assess the probabilities of their occurrence, and proactively take measures even before the boycotts are announced. A low intensity boycott may not always remain that way and carries the risk of becoming a full-blown boycott, especially because modern means of communication can accelerate the snowballing effect of even low intensity boycotts. Perrier is an example of a company that has adopted this type of 'monitor and blend in' strategy. The French sparkling water brand has been in the US for more than 100 years and it claims that it has not been affected by the recent American boycott of French products partly 'because the brand has been working hard for the past three years to disassociate itself from its French origins' (*Brandweek, 2003*). It launched an ad campaign 'Perrier in America' that sought to reposition itself as an American brand targeting the American youth market. It also changed its name from the 'Perrier Group of America' to 'Nestle Waters North America'. In a recent market study that the company conducted, a person drinking Perrier was looked at as 'trendy, image-conscious, a leader, fashion-oriented and popular'. This was in sharp contrast to the company's image just three years ago when it was viewed as 'French, snobbish, stuffy and my parent's drink' (Brandweek, 2003). It is important to notice here that Perrier started its campaign several years before the political problems began, so it was more proactive in blending in the environment which at that time perhaps showed no sign of boycott. But the marketing managers of Perrier were proactive and wanted the brand to be perceived as being American so that it can gain acceptance and loyalty in the US.

Lower profile

When a brand has low association with its home country but is in a high intensity boycott environment, it may be better off adopting a strategy of 'lowering its profile'. This essentially involves efforts aimed at diluting or lowering the brand–country association in the minds of the consumers. For instance, during the recent boycott of American products because of the Iraq war, Northwest Airlines decided to go for a more conservative branding strategy and tone down its 'American roots to reflect a more sobered America', thus in some sense trying to 'hide' its identity from customers in foreign locations (*Media Asia, 2003*). In another example, a Saudi furniture store in Khobar, Saudi Arabia that sells American furniture has tried lowering its visibility because of the high intensity boycott in the Kingdom due to the Iraq war by changing its name from 'Saudi-American Furniture Store' to the 'Saudi Furniture Store'. At least in some cases, it is possible to move from a high visibility situation to a low visibility situation through this strategy. An interesting recent example is some Danish companies labeling their products as 'Made in the

European Union' instead of 'Made in Denmark'. However, in most cases, such a strategy may not be an option for brands strongly associated with their home countries. In cases like the one discussed above, the store could change its name, thus reducing its visibility. But the fact remains that the furniture they sell is still American. In this particular example, the strategy of lowering its profile is viable because furniture is not often distinctly associated with countries in the public mind, at least in the Middle East. Thus, considerable judgment is involved in a decision to transition to low association with the home country. The success of such a strategy depends on characteristics of the market and the product.

Status quo

The final quadrant of our framework consists of the status quo approach. This is appropriate for low visibility brands operating in low intensity boycott environment. In such cases, no specific action may be required on the part of the company. However, it is absolutely important to engage in environmental monitoring to ensure that the situation does not change.

Spillover effects

Although boycotts are targeted against a specific company or companies from a specific country, very often there are spillover effects. That is, customers mistakenly perceive a brand or a company to be associated with a country when they are not. Marketing researchers have found that any negative information cast on one product of a multiproduct company leads to negative perceptions of their other brands (Weinberger, 1986). This effect is referred to as the 'spillover effect'. In the case of consumer boycotts, there is a similar spillover effect although there is no connection between the brands. Such instances represent the 'collateral damage' of the boycott wars.

Spillover effects occur, as mentioned earlier, because of misperceptions about the national identity of a product. For example, at the height of anti-American sentiment in the Arab region and elsewhere, many foreign brands and retail stores became targets of protests and boycotts because they were perceived to be American when in fact they were not. Many businesses with American sounding names felt compelled to publish statements in local newspapers clarifying their identity and explaining that their brands have no relation to the US whatsoever. In Jordan, Chili House, a local restaurant felt the need to publish a statement saying that they are not affiliated with any US company (Natasha, 2002). The Bahrain Danish Dairy Company, which was a 100% Bahraini company with no connection to Denmark, decided to change its name to Awal Dairy Company after experiencing a 35% sales decline. Similarly, when sales of NIDO, a milk powder product dropped during the boycott of Danish products in Middle East, Swiss based Nestle, its maker, had to educate customers that they were a Swiss company. For firms that find themselves caught in the cross fires of boycott wars, the only strategy is consumer education on an ongoing basis.

Another type of spillover occurs when a particular product or industry from a country is targeted, but the negative consumer feelings spill over to all products from that country. For example, there has been considerable anger and even consumer activism aimed at Japanese fishing industry because of its slaughter of dolphins. Future research needs to examine whether the negative feelings generated by graphic pictures of slaughtered dolphins and the subsequent actions of the animal rights activists would result in lower intentions to buy Japanese products in general.

Opportunities for new entrants

Although boycotts motivated by geopolitical or ideological reasons present significant challenges to established companies, interestingly enough, they also provide windows of opportunities for potential new entrants by lowering entry barriers. It also helps some low market share brands to significantly expand their share of the market. Our research shows that in many instances substitute products have jumped in to fill the voids created by boycotts. In many cases, the substitutes are in a position to piggyback ride on the distribution infrastructure as well as the product awareness created by the boycotted brand. The substitutes provide an alternative to the customers who still want to satisfy their need for the boycotted brand. Many of these substitutes may have previously had only miniscule market shares and even lower 'mindshare'. Some may even be completely new, exploiting the window of opportunity created by the boycott. There is very little research on what happens to the market shares of these substitutes once the boycott ends. But it seems reasonable to say that those substitutes that provide good value to the customers and carefully position their brands may be able to retain some of their market share even after the boycott ends. Of course, that is likely only if the boycott is of significant duration.

As Arab countries and Muslims in other parts of the world began boycotting American products due to US support of Israel and the Iraq war, many substitutes have appeared to take the place of American products. Perhaps the best example of substitute products encroaching on the turf of the established incumbents comes from the Cola Wars in the Middle East. In many of these countries, over the decades, customers have become used to consuming cola beverages such as Coke and Pepsi. The recent boycotts of these US brands have led to the introduction of a number of substitute brands. Capitalizing on the lucrative void left by American brands are substitutes emphasizing their 'Islamic' and 'ethical' attributes such as Zam Zam Cola, Mecca Cola, Qibla Cola, Muslim Up and others.

Zam Zam Cola, an Iranian brand, is named after a water spring in Mecca that Muslims consider sacred. It dates back to the days of the Islamic revolution in Iran in 1979 and was created to replace American brands after the revolution (*The Economist*, 2002). It was confined, by and large, to Iran and was rarely heard of in the Gulf and the Arab region. However, things changed dramatically after the boycott of US products began. Today Zam Zam Cola has become a major player in the soft drinks industry in the Middle East. In just four months in 2002, it exported some 10 million cola bottles to supermarkets across the region. Encouraged by its initial success, it is expanding its operations worldwide, trying to reach the Muslim communities to begin with. In Saudi Arabia, the distributor reported that the demand was 'three times higher' than expected during its launch. In the very first week alone, more than four million bottles were sold. The company is clearly tapping into the growing demand for substitutes to American soft drinks in many parts of the world, especially in Muslim countries. The Ulker group in Turkey launched a product named Cola Turka immediately after the US invasion of Iraq and within months captured 10% market share tapping into the general anti-American political sentiment (Sandikci & Ekici, 2009). Some authors refer to this phenomenon as 'buycotts', that is a push to purchase specific products in support of a cause (Ettenson et al., 2006).

Mecca Cola is another substitute that is finding world-wide success. Named after the Muslim holy city of Mecca, it has already found markets in as many as 54 countries ranging from Australia to Cameroon in just one year, as anti-American feelings grew at the beginning of the war in Iraq (Parmar, 2004). Its slogan says 'No more drinking stupid, drink with commitment'[2], encouraging consumers to become more 'engaged' in politics and behave more ethically (Kaplan, 2003). Mr. Tawfik Mathlouthi, the founder of Mecca Cola has pledged to donate 20% of profits to charitable causes, 10% to Palestinian children and the other 10% to local charities in all the 54 countries. Although anti-American sentiment alone is not a long-term feasible marketing strategy, the company believes that they have found a

[2] http://www.mecca-cola.com/en/company/company.html

niche market that is beyond the reach of their far bigger American rivals (Parmar, 2004).

Qibla Cola is yet another brand capitalizing on the lucrative cola void created by the boycott of Coke and Pepsi. Qibla Cola gets its name from the Arabic word for the direction of Mecca. Muslims perform their daily prayers facing Mecca and thus the name has deep religious significance. It produced half a million bottles in its first month of operations and it expects that demand will grow to one million a month in the UK alone. Qibla Cola, like Mecca Cola, also plans to donate 10% of its net profit to charitable causes around the world (Kaplan, 2003; Majidi & Passarielo, 2003). Although the US invasion of Iraq may have acted as a trigger, the company does not see its product as a mere reaction to US foreign policy. Instead, they view and market themselves as an 'ethical cola' in the way that it obtains finance, thoroughly probes business partners' undertakings before signing a licensing agreement, and have decided to commit funds for charity (Parmar, 2004).

Muslim Up, an alternative to Seven Up has also jumped in to the race to grab its share of the beverage market. It was created by three French-Tunisian men in France and its ads read 'No to War, Yes to Peace. … Muslim Up … Freshness has a sense' (Arab News, 2006).

Each of the above substitutes is banking almost entirely on the surge in anti-American sentiments in different parts of the world and the Islamic countries in particular. Although great brands cannot be built on the politics of resentment alone, there is no denying that the boycotts have presented these firms with a once in life time opportunity to establish beachheads in the previously well defended domains of the Cola giants. Time alone will tell whether they are able to leverage this initial boom to become brands that have appeal beyond the niche created by current political developments.

Conclusion

Boycotts have become an unavoidable aspect of the business environment. As more and more companies go international, the likelihood that they will encounter consumer boycotts due to religious or ideological reasons is also increasing. Consumer boycotts are a potent economic weapon in the hands of political activists. They cause real financial harm to the targeted companies and are easy and virtually costless for boycotters. Modern communication technologies have greatly enhanced the power of even fringe groups to mobilize like-minded people and sympathizers and to do lasting damage to a brand. Websites, emails and short messaging system (SMS) text have all been used by boycotters to get their word out to ever increasing numbers of people almost instantaneously. When the boycott of American products was initiated, a barrage of emails was forwarded to thousands if not to millions of consumers around the world and especially in the Arab and Muslim region. Websites sprung up advocating boycotts and providing a list of companies to boycott. And with today's cell phone technology, SMS text messages became yet another means to mobilize consumers. Many boycott messages like this one were sent: 'Join us … USA lost profits last week. Cola 25 per cent; Ariel (laundry soap), 35 per cent; fast food chains, 20 per cent. Billions of dollars and we can do a lot more. Send this to everyone, help Palestine'. Another message said: 'Let's make April a U.S.-products free month. Tomorrow is the beginning of the boycott against U.S. products. Participate by passing this along' (Hilotin, 2002). The rapid diffusion of the boycott message requires companies to act at lightning speed to limit damages. This is particularly true when rumors with no basis in reality are spread about a product or firm.

Given the increasing occurrence of consumer boycotts, both marketing scholars and practitioners have been looking for ways to overcome them (Okada & Reibstein, 1998; Yuksel & Mryteza, 2009). The analytical framework presented in this paper provides a rough guideline for developing strategies to successfully deal with boycotts. Brand–country association and boycott intensity provide two convenient yet powerful dimensions along which we can analyze boycotts and suggest possible coping strategies. In addition to intended targets, our research also suggests the possibility of collateral damage in boycott wars. We also find that boycotts may even open windows of opportunities for small players and potential new entrants.

While the analysis of COO-related consumer boycotts and the framework for adopting specific strategies to cope with them presented in this paper represents a promising beginning, there are a number of avenues for fruitful research in the future. The application of the contingency framework suggested in this paper requires the development of metrics to assess boycott intensity and brand–country association. Another avenue for future research involves the role played by local intermediaries in mitigating brand–country association. Most consumer products are sold through local retailers and in such cases the visibility of the retailer's name may have some role in reducing consumer animosity. On the other hand, in the case of businesses like fast food outlets, the brand is upfront. Even if a local franchisee is involved, his role is almost invisible. A particularly challenging issue for managers is when the positive COO effect is a big part of the appeal of the product, but sudden political developments make the country a target of consumer anger and even boycotts. This is the precisely the situation French wine producers faced in the US in the aftermath of the Iraq war. What are the ways in which a product or brand can temporarily disassociate itself from its COO and how effective are such strategies in the long run?

Another area that requires additional research involves situations when the nationality of the brand and the nationality of the product are different. Altoids, a very popular peppermint is a quintessentially British brand but owned by an American company which has traditionally downplayed its ownership of the brand. Motorola is an American company and an American brand, but the majority of Motorola cell phones are produced in Malaysia. In fact, many products today are hybrid products due to the dispersion of firms' value chains into multiple countries. Funk, Arthurs, Trevino, and Joireman (2010) in a recent study found that a consumer's willingness to purchase a hybrid product is negatively affected by partial production shifts to an animosity-evoking country. This implies that location decisions driven purely by cost considerations may come back to haunt a firm when they try to sell a product unless proactive strategies have been undertaken to downplay its association with an animosity-evoking country. Future research needs to address the implications of developing global brands not directly associated with a country or region as well as the possibility of creating multiple brands with different national identities.

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