



**PRODUCT TRUSTWORTHY
CONSUMER REACTION TO PRODUCT RECALLS**

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DECEMBER 2014

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Submitted in Partial Fulfilment of the Requirement for the
Bachelor of Business Administration with Honours (Finance)

FACULTY OF BUSINESS MANAGEMENT
UNIVERSITY TEKNOLOGI MARA
KAMPUS BANDARAYA MELAKA

DECEMBER 2014

DECLARATION OF ORIGINAL WORK



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“DECLARATION OF ORIGINAL WORK”**

I, HASNEEZAH BINTI ABD RASHID, (I/C Number: 910604-14-5976)

Hereby, declare that:

- This work has not previously been acceptance in substance for any degree, locally or overseas, and not being concurrently submitted for this degree or any other degrees.
- This project paper is the result of my independent work and investigation, except otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

Date: 23th December 2014

LETTER OF SUBMISSION

HEAD OF PROGRAM

Faculty of Business Management

Universiti Teknologi MARA

Kampus Bandaraya Melaka

75300 Melaka

23th December 2014

Dear Sir,

SUBMISSION OF PROJECT PAPER (FIN668)

As referring to the attachment is the project paper titled “**PRODUCT TRUSTWORTHY - CONSUMER REACTION TO PRODUCT RECALLS**” to fulfill the requirement as needed by the Faculty of Business Administration, Universiti Teknologi MARA, Kampus Bandaraya Melaka.

Thanks and Best Regards.

Yours Sincerely,

.....

(HASNEEZAH BT ABD RASHID)

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BACHELOR (HONS) FINANCE

ABSTRACT

The number of product recalls has been increasing in recent years worldwide. Several studies have tried to define the best ways for the companies to manage product recalls and to mitigate negative impacts on brand image. However these efforts mostly adopt a managerial perspective, thus largely ignoring the customers' point of view.

The experimental study investigated three factors that may affect consumer perceptions of companies making product recalls. When information indicating that the company acted in a socially responsible manner was present, student consumers held more favorable feelings toward the company. A government press release was viewed as more objective than a company advertisement discussing the recall. Finally, the print medium was viewed as more trustworthy and somewhat more objective than the sound medium. Managerial implications are provided. A quasi-experiment is conducted on a sample of 50 participants in order to analyze customers' reaction to the communication activated by the company. Findings underline the impact of responsible vs. opportunistic recall management and partly disconfirm previous results about the moderating role of brand reputation.