



**THE EFFECTS OF PRODUCT HARM CRISIS ON CONSUMER
PURCHASE INTENTION
(WITH SPECIAL REFERENCE TO THE DAIRY PRODUCTS
INDUSTRY IN WESTERN PROVINCE)**

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ABSTRACT

This research focuses on product harm crisis and examines consumer responses associated with product defect. Product harm crisis has negative effect on consumer's purchase intention. However, consumers' responses to product harm crisis are different among consumers with different psychological characteristics. Such crises may cause major revenue and market-share losses, lead to costly product recalls, and destroy a carefully nurtured reputation. Moreover, an experiment was conducted based on widely accepted influences on product harm management. They are Company reputation, external effects and company response. Each of the three factors was founded to exhibit a significant main effect. This study takes dairy products harm crisis as an example to explore the difference of purchase intention after the product harm crisis. To understand the consumer reaction towards the product harm crisis. This study analyzes hundred dairy consumers in Sri Lankan market. In order to investigate trade offs and the relative importance of the above factors, regression and descriptive analysis are used. Ultimate purpose of this research to examine the importance of each factor of company reputation, company response and external effects towards the product harm crisis.

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