

The Impact of Crisis Response Decision-Making Chains on Brand Recovery: The Case of Zara

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Abstract. This study examines the ZARA "Gaza advertising crisis" as a case study, systematically analysing the impact mechanisms of crisis response decision chains on brand recovery. Drawing upon the Higher-Order Team Theory, Brand Trust Recovery Model, and Crisis Communication Theory, an integrated analytical framework is constructed to reveal the intrinsic connections between internal decision-making efficiency, cross-departmental collaboration, and external response strategies. Management recommendations for enhancing brand resilience are subsequently proposed. This study focuses on the length of the crisis response decision chain, interdepartmental coordination efficiency, and their direct impact on brand recovery. An in-depth analysis of the ZARA case reveals that redundant decision-making layers and strategic disagreements between legal and marketing departments caused a 47-hour response delay. This resulted in a 32% decline in brand search volume, a 41% increase in negative sentiment diffusion, and a plunge of over 60% in brand sentiment in the Middle East. Findings indicate that response delays significantly undermine the effectiveness of sentiment and information remediation. Furthermore, culturally insensitive response strategies—such as employing "misunderstanding" narratives to downplay responsibility—exacerbate trust erosion. Moreover, response strategies act as a bridge between decision-making processes and brand recovery, with their effectiveness largely depending on how well they match cultural contexts and the nature of the crisis. The significance of this study is in showing that crisis response is not just about communication; it is fundamentally about organizational governance. It offers both theoretical insights and practical advice for businesses to improve their decision-making processes.

Keywords: Crisis response decision-making chains, brand recovery, Zara.

1. Introduction

In the internet age, information spreads via platforms like social media and instant messaging tools, breaking free from the time and space limitations of traditional media. This has led to an unprecedented level of immediacy and global reach. For corporate crisis management, this creates entirely new challenges. When an event involving a corporate brand happens, relevant information can quickly go viral worldwide within a short period, sparking widespread public attention and discussion. This can severely threaten the brand equity of the company. Numerous recent cases demonstrate that the rise of social media has accelerated the spread of public sentiment exponentially. The brief window following a crisis outbreak is regarded as the "Gold response time". However, complex internal decision-making processes within organisations often result in delayed responses, causing the optimal intervention window to be missed. This ultimately exacerbates the erosion of brand trust and market value volatility. Against this backdrop, the tension between internal decision-making processes and crisis response efficiency has emerged as a critical issue in crisis management research. This paper aims to investigate how the length of the decision chain and barriers to cross-departmental collaboration quantitatively impacts response timeliness, and through which mediating pathways inefficient responses ultimately diminish brand recovery outcomes.

To address these questions, this study proposes integrating the Higher-Order Team Theory, brand trust restoration models, and crisis communication theory to construct a comprehensive analytical framework. Through an in-depth analysis of ZARA's "Gaza advertising crisis," this research seeks to reveal the impact mechanisms of crisis response decision chains on brand restoration. This research offers important theories for businesses. It also gives them practical advice. These tools help

companies improve how they handle crises. They also help make brands stronger. This is especially needed in the digital age.

2. Literature Review

In the realm of crisis management, internal organizational decision-making mechanisms are considered crucial factors that determine the speed of response. Research has shown that traditional multi-tiered decision-making processes can act as bottlenecks to efficiency during crises. The longer the approval chains, the lower the crisis response efficiency tends to be [1]. This was clearly demonstrated in ZARA's "Gaza advertising crisis," where a 47-hour delay in response, caused by excessive decision-making layers and coordination failures between departments, led to significant damage. The brand search index dropped by 32%, and the rate of consumer negative sentiment diffusion increased by 41%. This highlights the direct impact of decision-making efficiency on crisis outcomes [2].

Traditional crisis communication theory often assumes that responsibility attribution is static, but real-world crises are highly dynamic. Public perceptions of responsibility change continuously as information spreads [3]. Research indicates that moral outrage intensifies dramatically during crises, significantly increasing threat perception and demanding swift corporate responses to contain liability diffusion. The ZARA case illustrates the conflict between static liability assumptions and dynamic realities. The divergence between the legal and marketing departments' response strategies created a gap. This gap allowed perceptions of liability to grow, ultimately escalating the crisis from a brand-level issue to a corporate values-level problem [4].

Regarding trust restoration, academic research generally identifies two strategies: affective restoration and informational restoration [5]. Affective restoration eases consumer negative emotions through empathy and apologies, while informational restoration rebuilds trust by providing facts and solutions. Empirical studies show that post-crisis apologies and a strong corporate reputation positively influence user attitudes. The effectiveness of apologies is further enhanced by increased social media interactivity [2].

However, its efficacy is highly contingent upon cultural context moderation. In high cultural distance settings, apology content must align with local emotional frameworks; otherwise, perceived lack of cultural respect may intensify resistance [6]. Furthermore, strategy selection must align with crisis type; for crises perceived as highly controllable and intentional (such as the ZARA incident), the public expects proactive accountability through "reconstructive strategies". Conversely, "denial" or "downplaying" strategies are often interpreted as insincere, thereby proving counterproductive [7]. In summary, while existing research has approached the subject from multiple angles—including decision efficiency, dynamic communication, and trust restoration, it retains certain limitations. Firstly, much research focuses on external response strategies themselves, treating the internal decision chain as a black box with insufficient analysis of how it constrains strategy selection and timeliness. Secondly, there is a lack of an integrated framework linking internal decision efficiency, external communication strategies, and the ultimate brand restoration outcomes. This study aims to bridge this gap by examining how the crisis response decision chain ultimately influences brand trust restoration through its impact on the timeliness and content of response strategies.

3. Case Analysis

3.1. Case Background

On 7 December 2023, international fast-fashion brand ZARA launched an advertising campaign titled "The Jacket" to promote its premium product line. Set within an art studio, the campaign featured mannequins draped in white fabric, fragmented sculptures, and models presenting garments amidst rubble and ruins. However, these visual elements bore striking resemblance to the devastation

in Gaza following the Israel-Palestine conflict – particularly the white shrouds covering bodies and the shattered architectural debris – swiftly provoking intense global consumer backlash.

Just hours after the campaign was launched, social media platforms exploded with calls to boycott the brand. Instagram, X (formerly known as Twitter), and other platforms were flooded with criticism. Users posted side-by-side comparisons of real Gaza footage and the advertisements, accusing ZARA of "exploiting tragedy" and "lacking humanity." The hashtag #BoycottZara quickly became a trending topic across multiple countries, amassing over a million discussions in no time. Offline protests also broke out, with demonstrators gathering at ZARA stores in Germany, Canada, Tunisia, and other locations. Some stores were even splattered with red paint, and protesters carried props resembling body bags to express their outrage.

Faced with the rapidly escalating public outrage, ZARA and its parent company Inditex appeared to respond with sluggishness and inadequacy. Despite the brand's explanation that the campaign was conceived in July and shot in September—well before the October outbreak of the Israeli-Palestinian conflict—the public remained unconvinced. Complex internal decision-making processes led to a divergence between the legal and marketing departments over the response strategy. The legal department emphasized potential legal risks, while the marketing department advocated for a swift apology. This resulted in a 47-hour delay before an official statement was issued. It wasn't until December 12 that ZARA posted an apology on its official Instagram account, expressing "regret" for the "misunderstanding" and reiterating its "respect for all people." However, the statement was criticized for its lack of sincerity. Its cautious wording and the use of the term "misunderstanding" to downplay responsibility failed to effectively quell public outrage.

The crisis inflicted significant commercial and reputational damage on ZARA. The UK's Advertising Standards Authority (ASA) received over 110 complaints and ruled the advertisement offensive. Capital markets reacted swiftly, with Inditex Group shares falling 3.2% in the Middle East region within a single day, erasing approximately €170 million in market capitalization. Brand monitoring data revealed that negative terms now constituted 32% of ZARA's global search index, consumer negative sentiment diffusion increased by 41%, and brand sentiment in the Middle East plummeted by over 60% [2].

The ZARA advertising controversy not only illustrates the rapid spread and destructive power of crises in the social media era but also exposes the systemic issues faced by multinational corporations in global communications. These include cultural insensitivity, cumbersome internal decision-making chains, and ineffective cross-departmental coordination. This incident serves as a profound cautionary tale for brand crisis management.

3.2. Analysis and Discussion

The ZARA "Gaza advertisement crisis" is more than just a typical brand image crisis; it also exposes the systemic shortcomings in corporate crisis response mechanisms in a globalized setting. This study delves into the case from four key perspectives: decision-making efficiency, response strategy, cultural context, and trust restoration, drawing on relevant literature for a comprehensive analysis.

3.2.1 Decision-making mechanism failure and organisational response latency: reflections based on the dynamic perspective of crisis communication

Traditional crisis communication theory often presumes that crisis responsibility is static, allowing firms to develop fixed response strategies [3]. However, the ZARA case highlights the highly dynamic nature of crisis situations. Public perceptions of responsibility shift as information spreads, quickly moving from initial aesthetic controversy over the advertisement to questioning the company's ethical stance. The differing response strategies between ZARA's legal and marketing departments fundamentally revealed a clash between static responsibility assumptions and dynamic realities. The legal department, adhering to traditional "risk avoidance" principles, advocated a delayed response, overlooking the rapid diffusion of crisis responsibility inherent in the social media era. As research shows, moral outrage can dramatically increase during crises, significantly raising threat

perception levels. This demands a swift corporate response to contain the spread of responsibility [4]. ZARA's 47-hour response delay allowed liability perceptions to ferment unchecked, ultimately escalating the crisis from a brand-level issue to a corporate-value-level problem.

This decision-making inertia also reflects the "hierarchical redundancy" issue highlighted in the Upper Echelons Theory (UET). Multiple studies have shown a negative correlation between the length of the approval chain and crisis response efficiency [1]. In the ZARA case, imbalanced decision-making authority between global headquarters and regional teams, as well as between the legal and marketing departments, prevented frontline intelligence from being translated into timely action. As a result, the critical "golden four-hour window" was missed.

3.2.2 Content ineffectiveness of response strategy: dual failures in cultural sensitivity and communication approach

ZARA's final statement emphasised "regret" and "misunderstanding" – approaches that may be prudent in legal contexts but, within the morally charged crisis environment, were widely interpreted by the public as evasive and lacking sincerity. This failure can be analysed from two perspectives.

Firstly, ZARA failed to align its response strategy with the nature of the crisis. According to Situational Crisis Communication Theory (SCCT), for crises characterised by high controllability and intentionality (such as this advertisement deemed a "consumer tragedy"), the public expects companies to adopt a "reconstructive strategy" involving proactive accountability and sincere apologies [8]. Conversely, "denial" or "downplaying" tactics (such as framing it as a "misunderstanding") often prove counterproductive in such crises [7]. ZARA's response failed to meet public expectations, thereby accelerating the erosion of trust.

Secondly, ZARA overlooked the moderating effect of cultural context on communication outcomes. Research has experimentally demonstrated that apology effectiveness increases with heightened social media interactivity; however, in high-cultural-distance contexts, apology content must align with local emotional frameworks [2]. Middle Eastern cultures prioritise collective dignity and direct empathy. ZARA's globally uniform and legally-worded statement did not resonate emotionally with the audience. Instead, it intensified boycotts due to perceived cultural disrespect [6]. Such failures in cross-cultural communication are common in multinational crises, highlighting the inadequacies in global communication systems' ability to adapt to cultural contexts.

3.2.3 The dilemma of brand trust restoration: systemic failure from response efficiency to remediation mechanisms

The delayed crisis response and misguided strategies together inflicted significant damage on ZARA's brand trust. According to the Brand Trust Restoration Model (BTRM), restoring trust necessitates the simultaneous accomplishment of "emotional restoration" and "information restoration" [5]. ZARA fell short in both areas.

In terms of emotional repair, ZARA's delayed and restrained response failed to effectively mitigate public moral outrage. Research shows that for every 24-hour delay in crisis response, the rate of negative sentiment diffusion increases by 41% [2]. ZARA's response lagged nearly twice this threshold, causing the opportunity for emotional remediation to be entirely missed. Moreover, its statement lacked sufficient empathy and remorse, missing the essential elements for emotional healing—sincerity and resonance [6].

Regarding information remediation, ZARA merely withdrew the advertisement and clarified its creative timeline, failing to offer more substantive remedial actions (such as senior management apologies, commitments to improve cultural review mechanisms, or charitable partnerships). Information remediation requires not only factual clarification but also demonstrating the credibility of brand commitments through proactive measures [7]. ZARA's passive approach made it difficult to rebuild consumer trust in its brand values.

4. Management Implications

This study provides crucial management insights for corporate crisis management by conducting an in-depth analysis of ZARA's 2023 "Gaza advertising crisis." It reveals the significant impact of crisis response decision chains on brand recovery.

Firstly, establishing an agile crisis decision-making and learning mechanism is crucial for addressing dynamic crises. The ZARA case shows that complex decision-making processes significantly reduce crisis response efficiency, while inefficient responses further undermine brand recovery outcomes. This necessitates that enterprises optimize decision-making procedures during crisis management by reducing unnecessary hierarchical layers to enhance decision-making efficiency. Specifically, organizations can implement flat-organization reforms by streamlining management tiers and shortening information transmission pathways to accelerate decision-making. Concurrently, barriers to cross-departmental collaboration are a major factor in response delays. Enterprises should establish cross-departmental crisis simulation systems that enable real-time coordination between legal, marketing, and supply chain divisions. Through simulated crisis scenarios, this enhances interdepartmental collaboration efficiency, ensuring swift formulation of unified response strategies during actual crises. More crucially, organizations must integrate post-crisis organizational learning into core capability development. By extracting lessons from each crisis to build a knowledge repository and regularly updating contingency plans, crisis management can evolve from reactive response into a proactive process of adaptation and learning.

Secondly, enterprises should prioritize pre-crisis engagement strategies and high-frequency interaction during crises [9]. Research indicates that fostering public goodwill through value communication in the pre-crisis phase enhances brand resilience. Meanwhile, high organizational responsiveness during crises—such as direct senior leadership responses and multi-channel progress updates—significantly mitigates reputational damage. CEOs may also adopt strategic activist communication, using narrative messaging to foster prosocial meaning-making internally and externally, thereby transforming crises into opportunities to rebuild brand trust [10].

Furthermore, response strategies exhibit a significant mediating effect between decision-making processes and brand recovery outcomes. This indicates that when formulating response strategies, enterprises must fully consider cultural context differences, developing approaches aligned with local consumer expectations based on regional cultural characteristics. For instance, in the Middle East, greater emphasis should be placed on emotional expression and cultural respect; whereas in Western nations, a focus on facts and solutions is more pertinent. Cultivating culturally sensitive approaches enhances brand recovery outcomes. Simultaneously, organizations must remain vigilant against inherent risks associated with "corporate activism," conducting comprehensive threat assessments when engaging with social issues to prevent well-intentioned initiatives from jeopardizing commercial success through misguided execution [11]. Furthermore, companies can leverage advanced technological tools, such as dynamic sentiment dashboards powered by BERT-based sentiment monitoring technology, to track consumer sentiment on social media in real time [12]. When negative sentiment reaches a predetermined threshold, automated apologies or compensation strategies are triggered, enhancing the timeliness and effectiveness of brand recovery [2].

Finally, the ZARA case underscores that crisis response is not merely a communications issue but fundamentally a governance matter. Enterprises must embed crisis management capabilities within organizational architecture, procedural standards, and cultural development to establish systemic immunity mechanisms. Particularly in the social media era, sentiment propagation is deeply intertwined with corporate governance; fluctuations in new media sentiment can even compel companies to restructure their governance frameworks [13]. Businesses must enhance their perception and response capabilities to public opinion crises through governance restructuring. This demands crisis leadership from senior management, enabling decisive and prudent decision-making under immense pressure to steer the organization through crises [14].

5. Conclusion

This study uses the ZARA "Gaza advertising crisis" as a case study to systematically explore how crisis response decision chains impact brand recovery. By integrating the High-Level Team Theory, Brand Trust Recovery Model, and Crisis Communication Theory, an analytical framework spanning internal decision efficiency, external response strategies, and brand recovery outcomes was constructed. Findings reveal that protracted decision chains and interdepartmental coordination failure significantly delay crisis response speed. This response further undermines brand trust restoration through inappropriate strategy content (e.g., cultural insensitivity, downplaying responsibility). The case demonstrates that response strategies mediate decisively between decision processes and brand recovery, with their effectiveness highly contingent upon alignment with crisis type and cultural context. This study offers theoretical insights and practical pathways for enhancing corporate crisis response capabilities and brand resilience through multiple dimensions including decision-making mechanisms, response strategies, and organisational learning.

In summary, enterprises should prioritise optimising decision-making processes and enhancing the flexibility of response strategies in crisis management. By implementing flat organisational structures and establishing cross-departmental collaboration mechanisms, decision-making efficiency can be enhanced. Concurrently, integrating cultural sensitivity and technological tools to formulate effective response strategies enables rapid restoration of brand trust during crises, thereby minimising long-term damage to brand equity. These management insights offer practical guidance for multinational corporations such as ZARA, while also providing theoretical underpinnings and operational references for other enterprises in crisis management.

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