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**Title**

*The Impact of Product Recall Compliance on Customer Satisfaction and Stock Returns.*

**Abstract**

*Product recalls negatively impact the performance of the recalling firm, and managers often struggle to mitigate the damage. Recall compliance—the proportion of recalled products that have been repaired—is monitored by government agencies to assess the effectiveness of recall management. However, research on how this metric affects firms remains limited. To address this gap, we construct a unique secondary dataset by integrating quarterly recall compliance data from 2,784 U.S. vehicle recalls (2013–2021) across 23 vehicle brands and 12 publicly traded manufacturers with corresponding customer satisfaction and abnormal stock return data. Our panel vector autoregressive models reveal that recall compliance positively influences both customer satisfaction and abnormal stock returns, with stronger effects in cases of high recall volumes. Interestingly, while high advertising awareness amplifies the effect of recall compliance on customer satisfaction, it weakens its impact on abnormal stock returns. Overall, managers and investors should consider recall compliance as an early indicator of both corporate non-financial and financial performance.*