

SYMPOSIA SUMMARY

To Breakup or Make Up? The Psychology of Consumer Forgiveness

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SESSION OVERVIEW

As brands are highly motivated to foster their relationships with consumers, they actively nurture the number and frequency of positive interactions with those consumers (Fornell and Wernerfelt 1987). However, brands, like all relationship partners, inevitably make mistakes (Grayson and Ambler 1999; Rusbult et al. 1991). Traditionally marketers have documented the negative consequences that result when brand transgressions occur (Boon and Holmes 1999; Davidow 2003), yet a small but growing literature is starting to acknowledge the more complex qualities of relationships (Gottman 1993) and the possible positive consequences that might result when brands do bad (Aaker, Fournier, and Brasel 2004). The three papers in this session and the discussant's comments all focus on the subjective qualities of brand transgressions, which remain poorly understood. Broadly construed, this symposium aims to identify the psychological processes driving consumers' reactions to brand transgressions in order to gain deeper insight into when and why consumers will forgive brands for their mistakes. Drawing on principles of accessibility, these papers identify how consumers perceive (Mogilner and Aaker 2007), remember (Kyung, Menon and Trope 2007), and, therefore, react (Moore and Fitzsimons 2007) to brand transgressions.

To offer a fuller understanding of the psychology underlying consumers' forgiveness, each paper takes a distinct approach and perspective. First, Mogilner and Aaker (2007) examine the extent to which particular forms of compensations make consumers' prior brand relationships accessible, which in turn influence consumers' subsequent brand attitudes. Second, Kyung et al. (2007) explore how the temporal distance from a transgression influences what type of information is accessible and, therefore, whether consumers assign blame to the brand. Finally, Moore and Fitzsimons (2007) focus on stockouts, examining how the relative accessibility of the product versus the source of the stockout influence consumers' tendency to forgive once the availability of the desired product has been restored. Together these papers suggest that where consumers direct their attention when considering a negative brand experience determines their likelihood of forgiving the brand.

This symposium aims to contribute to consumer research by bridging the gap between the growing research on mixed emotions (Williams and Aaker 2002) in consumer psychology and consumers' growing negative impressions of marketers and marketing (Friestad and Wright 1994). That is, even though mounting evidence suggests that most relationships are defined by a mix of positive and negative experiences (Gottman 1993), much of consumer research implicitly or explicitly assumes that brands' actions will always be positive—garnering good will and ultimately leading to favorable brand attitudes. These assumptions starkly contrast with consumers' increasing distaste towards and distrust of marketers and their tactics. Thus, this session bridges this apparent disconnect by focusing on specific instances wherein brands behave badly, determining when and why consumer goodwill decreases, attitudes plummet, and relationships dissolve.

EXTENDED ABSTRACTS

“Forgiving by Not Forgetting: The Effect of Compensations following Brand Transgressions”

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Imagine that you are checking-in for your flight on United Airlines. At the ticket counter, the airline attendant informs you that your flight is overbooked and that you have been bumped off and rescheduled to leave on a flight the following day. The attendant apologizes on behalf of United Airlines by offering you a voucher for a future free flight on United. Consider your reaction. Despite United's recovery efforts, might the United voucher aggravate you even more—particularly given they just bumped you off your flight? What if they instead offered you a voucher for a free meal at an upscale restaurant? More generally, if United wants to keep you “onboard” as a loyal consumer, which of the two forms of compensation should they offer you, and why?

Although a considerable amount of consumer psychology research has focused on the occurrence and impact of transgressions on consumer-brand relationships (e.g., Aggarwal 2004; Bolton and Lemon 1999; Folkes 1984; Grayson and Ambler 1999), much less work has examined when recovery efforts serve to further hurt a brand versus repair consumer attitudes, and why such effects may occur. This sparseness of research is even more surprising in light of research noting that nearly all partners in close relationships eventually behave badly (Finkel et al. 2002; Rusbult et al. 1991) and that recovery efforts vary considerably in their effectiveness (Davidow 2003; Maxham and Netemeyer 2002a).

The goal of this research is to address the aforementioned questions by examining brands' compensation efforts following a transgression and the differential ability of those efforts to promote consumers' forgiveness. To do so, we build on a recent literature stream which argues that transgressions may serve as defining moments in consumer-brand relationship development that, if managed properly, can in fact strengthen (rather than threaten) the relationship (Aaker, Brasel and Fournier 2003; Smith and Bolton 1998). However, rather than focusing on the severity of the transgression or on the fit between the transgression and the compensation as prior work has (e.g., Gilly and Gelb 1982; Maxham and Netemeyer 2002b; Smith, Bolton, and Wagner 1999), we focus specifically on the type of compensation—whether it relates to the brand (e.g., United voucher) or is unrelated to the brand (e.g., voucher for an upscale restaurant).

Drawing on principles of accessibility and the literature on the psychology of relationships, we posit and show that the effectiveness of these two compensation types depends on (a) whether a prior relationship with the brand exists and (b) the nature of that relationship. The results from three experiments demonstrate that when consumers have a positive prior relationship with the brand, the attention culled by the brand-related compensation can prime that positive prior relationship, diverting attention from the transgression. In such cases, brand-related (vs. brand-unrelated) compensations are indeed effective. However, brand-related compensations become ineffective when there is no such prior relationship to prime, and can even backfire when the prior relationship was negatively-valenced. Insight into the underlying process was documented through tests of moderation where transgressions were

manipulated (Café Study), were imagined (Airline Study), and naturally occurred (Baseball Study).

First, the Café Study was conducted at a café among customers with prior brand relationships to test whether a brand transgression followed by a brand-related compensation (a brand name inscribed coffee mug) or a brand-unrelated compensation (a "Coffee" inscribed coffee mug) would induce more positive attitudes. After the café employee had "messed up" their order, customers reported more positive attitudes from receiving the brand-related compensation than from receiving the brand-unrelated compensation.

Next, the Airline Study was a scenario-based study conducted among travelers as they were waiting to board their flights. These travelers reported to either have positive or negative prior relationships with the airline. Results revealed that following a brand transgression, although travelers with positive prior brand relationships reported more positive attitudes from receiving a brand-related compensation (an airline voucher), travelers with negative prior brand relationships reported more positive attitudes from receiving a brand-unrelated compensation (a restaurant voucher).

Finally, the Baseball Study was conducted among attendees of college baseball games wherein the team either won or lost. Results revealed that after having been let down by a team loss, attendees who had a positive prior relationship with the team reported more positive attitudes from receiving a brand-related compensation (a team t-shirt) than a brand-unrelated compensation (an ice cream gift certificate). However, the attitudes of attendees who did not have a prior relationship with the team were not differentially affected by the type of compensation received.

Together, these findings (a) suggest how brand managers should focus their recovery efforts following a transgression, and (b) provide insight into the psychological mechanism by which prior relationships influence pursuit of future relationships, despite negative interactions.

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"Reconstructing History: How Construal of Past Events Influences Judgments of Recency and Culpability"

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Human memory is ill equipped to handle temporal information due to the fact that it is stored associatively (Davachi, Mitchell, and Wagner 2003), must be contextually reconstructed (Hayes, Ryan, Schnyer, and Nadel 2004), and was an evolutionarily unnecessary skill for survival (Friedman 2004). Given the malleability of these judgments, we examine how construal level at memory recall influences these temporal judgments given the constraints of information availability and accessibility. Further, we demonstrate that influencing these temporal judgments can in turn influence judgments of culpability of responsible parties in negative events.

Construal Level Theory illustrates that those things that are in the near future are construed in more concrete terms while those in the distant future are construed in more abstract terms (Trope and Liberman 2003). In this research, we focus on whether inducing abstract versus concrete mindsets (Freitas, Gollwitzer, and Trope 2004; Fujita, Trope, Liberman, and Levin-Sagi 2006) can actually influence people's perception of when an event happened in time such that concrete mindsets will lead people to believe an event happened in the more recent past while abstract mindsets will lead people to believe an event happened in the more distant past.

However, given that memory-based judgments (particularly temporal judgments) are subject to contextual influence, we propose that construal level will have a differential impact on temporal judgments depending on information availability and accessibility. Judgments of recency (e.g. subjective temporal judgments) can be driven by 1) the content of what is recalled, such that events remembered with a greater level of detail are judged to be more recent (Brown, Rips, and Sheval 1985); or by 2) the metacognitive experience of recall, such that things that are more easily remembered are judged to be more recent (Tversky and Kahneman 1973; Schwarz et al 1991). Reliance on recall content versus the metacognitive experience of recall has been found, in certain contexts, to depend upon the discrepancies between expected and experienced ease of retrieval, such that judgments tend to depend

more upon content when expected and experienced ease of retrieval are consistent, and to depend more upon ease of retrieval when there is a discrepancy between expected and experienced ease (Raghubir and Menon 2002).

We draw on this research and make several propositions. First, those people that have low information availability for an event will make temporal judgments based on the content of what they remember, such that a concrete mindset cuing event details will lead people to believe an event happened more recently, relative to an abstract mindset. Second, those people with high information availability for an event will make temporal judgments based on the metacognitive experience of recall, such that abstract mindsets cuing high-level features of an event will lead people to believe an event happened more recently relative to a concrete mindset because these higher-level features are easier to remember. Third, this differential effect is due to when and how the discrepancy (or lack thereof) between expected and experienced ease of retrieval influences judgments. Finally, because greater temporal distance in both the future and the past is associated with greater dispositional (versus situational) attributions (Nussbaum, Trope, and Liberman 2003; Frank and Gilovich 1989, Ross and Wilson 2002), we suggest that decreasing perceived temporal distance from an event decreases judgments of culpability.

These propositions are supported by five experiments involving negative events with potentially culpable parties. In all the studies we demonstrate that with low information availability, temporal judgments follow those expected from construal level theory, where concrete mindsets lead to more recent temporal judgments relative to abstract mindsets while with high information availability, the opposite effect holds true if there is an effect of construal at all. This holds true for both temporal judgments involving objective dates (experiments 1 and 4, Hurricane Katrina) and subjective passage of time (experiment 2, Dell laptop battery recall, and experiment 3, Dole spinach recall). In experiments 3 through 5, using information availability defined by self-report (experiment 3) and objective knowledge (experiment 4 and experiment 5), we find that dispositional and situational attributions follow judgments of temporal distance, such that dispositional attributions (defined as blame assigned to specific parties) decreased and acknowledgement of situational constraints (defined as recognition of circumstances beyond anyone's control) increased when events were judged to have occurred more recently in time.

We demonstrate that the mechanism for the differential effect of construal on temporal judgments depends upon the discrepancy between expected and experienced recall. Those people with low information availability make judgments based upon the content of what they recall because they both expect and find that experience of recall is difficult (e.g. use content for the basis of judgments). Those people with more information availability expect ease of recall to be easy. Thus when in a concrete mindset, which cues more difficult to recall episodic qualities of an event rather than higher-level semantic ones (Tulving 1972), people with more information availability actually judge an event to have happened less recently in time based on their subjective experience of recall. Thus, we show that given constraints of information availability, construal level can drive judgments of greater temporal recency in a concrete mindset for people with low information availability and in an abstract mindset for people with high information availability. In addition, when the temporal judgment results in perceptions of greater recency, culpable parties were blamed less for the negative event: that is, the federal government was blamed less for the disastrous evacuation of New Orleans, Dole was blamed less for the *e coli* outbreak from its tainted spinach, and JetBlue was blamed

less for its extensive flight cancellations after the Valentine's Day ice storm.

In conclusion, from a theoretical perspective, we demonstrate that 1) construal level can influence both objective and subjective perceptions of time in memory and that its influence depends upon information availability; and 2) these temporal judgments can influence those of culpability.

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"Just Say No: Can Firms Enhance Customer Happiness by Denying Their Requests?"

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Denying customer requests is seldom touted as a key success factor for marketers. Indeed, stockouts are a frequent marketing problem to which consumers generally react negatively (Fitzsimons

2000). However, stockouts may be used as a strategic tool. For example, Nintendo's resurrection of the video game market in the 1980's has been partially credited to "a controlled dearth of game cartridges... [which] kept consumer interest ... high" (Wolpin 1989). Thus, imagine that you are at the store to purchase a certain game cartridge, which the salesperson informs you is out of stock. You request a second choice, and as the salesperson retrieves it, he finds a copy of the original game you requested. How would you respond to the restored availability of your preferred option? Would you be satisfied with the store? Could the restoration of the option make you happier than if the product had been immediately available?

This research examines how individuals respond when formerly "forbidden fruits" or unavailable products become available. We investigate how consumers react when they experience a service transgression followed by a recovery, that is, how consumers respond when their freedom is restricted and then restored. We identify conditions under which individuals respond positively and negatively to restoration of previously unavailable products. To examine these issues we rely on reactance theory, which posits that individuals have specific psychological and behavioral responses when their freedom to make a decision is restricted or removed, as in a stockout situation. Although a great deal of research has examined responses to restriction of freedom (Brehm 1966; Fitzsimons and Lehmann 2004), less research has investigated responses to restoration of freedom (Worchel and Brehm 1971).

We argue that reactance motivation and its psychological consequences will not dissipate "no matter how restoration comes about" (Worchel and Brehm 1971), but rather that responses to restoration of freedom can be positive or negative, depending on how individuals react to the initial transgression and subsequent restoration of freedom. Restriction of freedom leads to 1) increased desirability of the restricted object (product desirability), and 2) a negative evaluation of the source of the restriction (source negativity). We hypothesize that responses to restoration of freedom arise from different strengths of these two forces, and that individuals focus on the stronger of the two reactions in responding to restoration of freedom (Taylor and Thompson 1982). If product desirability outweighs source negativity, then responses to restoration should be positive (relative to an "unrestricted" situation), as the valued product is attained. If source negativity is the stronger response, responses to restoration should be negative, because the focus is on the transgression and not on the attainment of the product. If the two forces are balanced, individuals should display neutrality in terms of their response to the restoration—as Worchel and Brehm argue (1971), it will be as if reactance motivation was never experienced.

The strengths of these two forces in response to restriction and restoration of freedom depend on various moderators which influence product desirability and source negativity. The studies presented in this paper examine three variables that moderate responses to restriction (and thus restoration) of freedom: individual levels of reactance, attributions, and product attractiveness. Studies 1 and 2 examined consumer responses to restoration based on chronic levels of reactance. Study 3 used a high-involvement context, and incorporated product attractiveness and attributions about the restriction of freedom as additional moderators.

In our first two studies, individuals went on multiple shopping trips to choose jelly bean flavors from different stores. On one shopping trip, individuals were told that the store was out of their favorite flavor and they would have to make a second choice, but at the last minute, the shopkeeper discovered some additional stock of their preferred flavor. We compared individuals' satisfaction after

this unintentional restriction and restoration of freedom to a control condition where they received their favorite jelly beans with no incidents. We also measured individual levels of reactance motivation. We hypothesized that in an unintentional restriction situation, high reactance individuals would feel minimal source negativity and strong product desirability, leading to positive responses to restoration of freedom. Low reactance individuals, on the other hand, would not experience strong product desirability and would instead focus on the service failure aspect of the experience, leading to a negative reaction to restoration of freedom. As predicted, high reactance individuals were more satisfied with the store after having their freedom unintentionally restricted and restored than they were in a control condition. Low reactance individuals showed the opposite results.

Study 3 investigated two additional moderators of responses to restoration: attributions of intentionality and product attractiveness. In Study 3, we manipulated whether individuals perceived the restriction as intentional or unintentional on the part of the store, and we measured product attractiveness. Further, Study 3 used a high-involvement situation (choosing Spring Break vacations) where both high and low reactance individuals should experience reactance. We found that in such a high-involvement scenario, high and low reactance individuals were willing to forgive service transgressions after restoration of freedom, but were particularly forgiving for highly attractive, formerly unavailable products. The exception to this finding was high reactance individuals who perceived the initial restriction of freedom as intentional on the part of the firm—in this case, even if the product was highly attractive, they were much less forgiving.

This work extends reactance theory by proposing a model of how individuals respond to restoration of freedom, and provides a useful framework for understanding when consumers will respond positively or negatively to transgressions and recoveries. We identify conditions under which some individuals are happier to experience a temporary stockout than to have an uneventful service encounter. Further, for most consumers, restoring freedoms by remedying the stockout is an acceptable means of repairing relationships—most individuals' change in satisfaction was positive after restoring freedom. However, the degree of forgiveness depends on individual levels of reactance, product attractiveness, and attributions regarding intentions.

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