Special Session Summary  You Done Me Wrong (And That Ain’t Right): the Role of Betrayal in Consumer Behavior
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SESSION OVERVIEW

When pivotal expectations of a trust are violated then betrayal may be experienced (Elagovan & Shaprio 1998). While betrayal has been studied in relationships among individuals (Buunk & Morrison 1997) only recently have we begun to examine the role of betrayal in consumer behavior (Koehler & Gershoff 2003; Price, Bardhi & Arnould 2002).

This session contributed to our understanding of role of betrayal in consumer behavior by investigating antecedents of betrayal (violations of expectations and relationship norms), moderators of effects of betrayal (degree of norm violation, type of norm violation, betrayers’ recovery attempts, type of betrayal experienced, decision frame factors, and deciding for oneself or for others), and consequences of betrayal (fleeing the relationship, negative word-of-mouth, and acceptance of increased risk).

Keith Niedermeier, first presented a paper coauthored with Yoshinori Fujikawa and William T. Ross, Jr. entitled Betrayal in Consumer-Retailer Relationships. This paper investigates expectations of relationship norms associated with price setting policies by retailers, and how the extent and type of relationship norm that is violated influences the betrayal experienced and subsequent behaviors. Two completed studies were presented. In the first study they find that post-purchase discovery of a lower price leads to greater intention to voice complaints, exit the relationship, and spread negative word of mouth when the lower price is found to be offered by the retailer in a separate channel as opposed to by a competitor. These behaviors are found to be mediated by feelings of betrayal. In the second study they find that the degree of norms violated moderates the feelings of betrayal while the type of norms violated moderates the subsequent behavioral intentions.

Linda Price then presented a paper coauthored with Eric Arnould and Fleura Bardhi entitled Service Providers’ Road to ‘Hell’: Service Betrayal, Consequences and Recovery Attempts. This paper examines the effects of service failures involving betrayal on the effectiveness of service recovery attempts. Two completed studies were presented. In their first study they manipulated whether or not the service failure involves a betrayal and whether or not there is an existing commercial relationship with the provider. Betrayal had a substantial impact on negative emotions, feelings of injustice, dissatisfaction, revenge and other behavioral intentions. A pre-existing relationship tempered responses to both failure and betrayal. A pre-existing relationship also influences the type of negative emotions experienced following failure and betrayal. Study 2 examined whether service organizations can recover from betrayal by employing a full recovery strategy of apology, compensation and taking responsibility as suggested in the services management literature. Recovery had a significant positive impact on emotions, feelings of justice, satisfaction and behavioral intentions for both service failure and betrayal. However, significant differences between failure and betrayal remain even following a full recovery attempt. This has important implications for how organizations avoid and recover from service betrayal, as compared to service failure.

The third paper entitled Avoiding Betrayal Over Choosing Safety? The Moderating Effects of Type of Betrayal, Type of Choice, and Choosing for Others on Betrayal Aversion was presented by Andrew Gershoff, coauthored with Jonathan Koehler.

While the first two papers examined how betrayal affects consumers’ behavioral intentions after a betrayal occurs, this paper examined consumer decisions prior to the occurrence of betrayal where only a probability of betrayal exists. Three studies were presented that examined how consumers make choices for safety products that have a very small risk of betraying by causing the very harm for which they are employed to prevent. In the first study they replicate their prior betrayal aversion finding: Consumers choose and prefer safety devices (airbags) with higher overall risks of death in order to avoid very small probabilities of betrayal. This study also makes the distinction between an active betrayal (an airbag with a small probability of causing death by the force of its deployment) and a passive betrayal (an airbag with a small probability of causing death by failing to deploy) and finds that active compared to passive betrayals are perceived as more egregious and are more avoided in choice. A second study finds that betrayal aversion can be attenuated when avoiding the betrayal means choosing no safety device at all. The third study finds that betrayal aversion is decreased and overall safer options are selected when the consumer chooses for someone other than him or herself.

“Betrayal in Consumer-Retailer Relationships”
Yoshinori Fujikawa, Penn State University
Keith E. Niedermeier, Penn State University
William T. Ross, Jr., Penn State University

The present research investigates the role of betrayal in consumer-retailer relationships. Betrayal has been studied primarily in person-person and employee-organization relationships, but less in consumer-firm relationships (with a few exceptions, e.g., Price, Bardhi & Arnould, 2002). Extant literature on close relationships and organization behavior defines betrayal as a perceived violation of a psychological contract by another (Morrison & Robinson, 1997). A psychological contract is one’s belief about reciprocal obligations between oneself and another. Research further indicates that a psychological contract is often assumed by one side (e.g., employee), without the need for agreement by the other (e.g., employer). Applying this conceptualization to the current context, we define consumer betrayal as a perceived violation of a consumer’s psychological contract with a retailer.

In the current research, we focus on investigating the role of betrayal in consumers’ post-purchase reactions to cross-channel price differences, which is an increasingly common phenomenon. As many retailers now operate across multiple channels (e.g., stores, websites, and catalogs), they often do not standardize their marketing offerings across channels for strategic, organizational, or operational reasons. Compared to finding a lower price at a different retailer (the between-retailer condition), we argue that consumers are more likely to perceive a lower price at a different channel of the same retailer (the within-retailer condition) as violation of their psychological contract with the retailer and therefore experience feelings of betrayal. Betrayed consumers should react to the retailer by engaging in voice, exit, and negative word-of-mouth behaviors (Richins 1983). In other words, we predict that betrayal mediates the effect of post-purchase price differences on behavioral intentions.

We further theorize that consumers’ feelings of betrayal and behavioral consequences will be moderated by perceived relationship norms that consumers apply to a particular retailer. Past
research in social psychology has identified two types of relationship norms: communal and exchange (Clark & Mills, 1979). Communal and exchange relationships differ in terms of the norms that govern reciprocal behaviors. In communal relationships, a person gives benefits to improve the welfare of the other, while expecting the partner to follow the same norm. In contrast, in exchange relationships, an individual provides benefits in response to past favors or in expectation of future repayments, while expecting the other to reciprocate similarly.

By applying relationship norms to consumer-retailer context, we predict that the degree of relationship norm will moderate consumers’ feelings of betrayal, whereas the type of relationship norm will moderate behavioral consequences. First, in both communal and exchange relationships, the more strongly consumers expect a retailer to follow the norm, the more betrayed they should feel in the within-retailer condition. Our rationale for this prediction is that consumers in both types of relationship perceive the within-retailer price differences as a violation of the retailer’s reciprocal obligation (i.e., expectation of the retailer’s caring about consumer welfare in a communal relationship or expectation of the retailers’ reciprocating past or future favors in an exchange relationship). Second, we further hypothesize that betrayed consumers behave differently in the two types of relationship. That is, consumers who perceive a communal relationship should engage in constructive behaviors such as voice because such behaviors are consistent with the norms of improving mutual welfare. In contrast, customers who perceive an exchange relationship should resort to destructive behaviors such as exit and negative word-of-mouth because such behaviors serve the goal of restoring relationship equity.

We conducted two scenario-based studies. Study 1 was carried out to test the mediational role of betrayal. Participants in the within-retailer price difference scenario imagined a situation in which they purchased a PC at a fictitious retailer’s store ($1,000) and later found a lower price ($900) at the same retailer’s website. In the between-retailer scenario, consumers purchased a PC at a retailer’s store ($1,000) and later encountered the lower price ($900) at a different retailer’s website. Betrayal was measured based on three descriptors identified in a pilot study—“betrayed,” “deceived,” and “exploited.”—anchored with “1. not at all” and “7. very much.” (αBetrayal=.93). Behavioral intentions were also measured with seven-point single-item scales for voice (complaining, demanding apology), exit (reducing repurchase, switching retailer), and negative word-of-mouth. As expected, consumers in the within-retailer condition felt more betrayed than those in the between-retailer condition (MWithin-Retailer=4.99 vs. MBetween-Retailer=2.71, F(1.59)=27.10, p<.01). In addition, consumers in the within-retailer condition were more likely to voice, exit, and spread negative word-of-mouth. Furthermore, mediation analyses suggest that feelings of betrayal mediated the effect of cross-channel price differences on behavioral intentions.

Study 2 was conducted to test the moderating effects of relationship expectation norms. Study 2’s design was identical to Study 1, except that we used a real-world retailer (Wal-Mart) and an ink-jet printer in the cover story. Relationship expectation norms were measured with a 20-item scale (αCommunal=.72, αExchange=.81). We developed this scale by modifying existing relationship norm scales to reflect consumer’s relationships with Wal-Mart (Clark, Oullette, Powerll, & Milberg, 1987; Chen, Lee-Chai, & Bargh, 2001). First, results replicated the findings from Study 1 such that participants in the within-retailer condition, versus those in the between-retailer condition, felt more betrayed and had more intentions to voice, exit, and spread negative word-of-mouth. Furthermore, moderated regression analyses revealed that, in both communal and exchange relationships, the higher the relationship norm scores, the higher the level of betrayal in the within-retailer condition, supporting the predicted moderation by degree of relationship norms. In addition, consumers with higher perceived communal relationship norms, compared to those with higher perceived exchange relationship norms, were more likely to voice but less likely to exit in the within-retailer condition, supporting the predicted moderation by type of relationship norms. Negative word-of-mouth behavior did not differ.

Results across these studies indicate that consumers perceive the same retailer’s cross-channel pricing as a violation of relationship norms, and betrayed consumers reacted differently depending on specific types of perceived relationship norms they apply to a given retailer.

“Service Providers’ Road to ‘Hell’: Service Betrayal, Its Consequences and Recovery Attempts”

Linda Price, University of Nebraska
Eric Arnould, University of Nebraska
Fleura Bardhi, University of Nebraska

Understanding service failures has recently garnered wide attention in the marketing literature. Service failures are viewed as a major cause of customer dissatisfaction (Maxham & Netemeyer 2002; Smith, Bolton & Wagner 1999); customer switching (Keaveney 1995), customer complaints (Colgate & Norris 2001); negative word-of-mouth (Richins 1983); and exhaustion of customer loyalty (Bejou & Palmer 1998; Mattila 2001). Theory and research has been directed at identifying different typologies and magnitudes of service failures (Bejou & Plamer 1998; Bitner, Booms & Tetreault 1990; Keaveny 1995; Kelley, Hoffman & Davis, 1993; Mack, Mueller, Crotts & Broderick 2002; Mattila 2001; Richins 1983; Smith, Bolton & Wagner 1999). These inquiries have opened the way to a more recent stream of research that examines interactions between service failure type and magnitude of service providers’ recovery attempts (e.g. Smith et al. 1999).

This paper is part of a broader program of research focused on consumer feelings of and responses to betrayal in service encounters. In previous work, we identified and differentiated service failures that feel like betrayal (Price et al. 2002), and differentiated commercial from interpersonal betrayal (Price et al. 2001). Some extreme service failures are perceived as incidents of betrayal because they damage relationship components and influence consumers’ self-esteem and identity. Commercial betrayal is similar to interpersonal betrayal in several respects, but also has unique characteristics. As with interpersonal betrayal, commercial betrayal violates relationship norms and as such can be represented as a specific case of a breach of interactional justice (Price et al. 2001). Consumers perceive service betrayal as an extreme service failure with dramatic consequences for consumer satisfaction, intentions and behavior.

In this paper, we report results of two experiments. Our first experiment explored the consequences of commercial betrayal as compared to service failure, asking whether relationships make a difference in feelings of betrayal and the consequences of betrayal. A convenience sample of students responded to scenarios in a 2 x 2 between subjects design that manipulated the relationship with the service organization and service failure versus service betrayal. The experimental scenarios were based on interview data and constructed to map to several actual incidents of service betrayal. There was a significant main effect for betrayal versus failure and a weaker main effect for relationships across the set of dependent measures. Although the outcome was the same for failure and betrayal, ratings on distributive justice, interactional justice, satisfaction and repurchase intention were significantly lower for betrayal. Negative emotions, revenge and negative word of mouth...
were significantly higher for the betrayal scenario. A pre-existing relationship with the service organization tempers consumers’ response to both failure and betrayal.

In experiment two, we ask whether service organizations can recover from betrayal. We replicated experiment one but added in a complete recovery strategy as recommended in the services literature (Smith et al. 1999). That is, we used a 2x2 between subjects, repeated measures design. This study shows that service recoveries that include apology, acknowledgement of the cause of the incident, and express responsibility mitigate the negative consequences of service betrayal. The full recovery strategy had a positive impact in both the failure and betrayal scenarios, but even after the recovery attempt significant differences in consumer responses remained between failure and betrayal. A full recovery strategy was not able to close the distance between a service failure and a service betrayal. Specifically, even following the recovery strategy, consumer satisfaction is lower in the betrayal incidents compared to the service failure incident. Moreover, in the case of service failure, consumers perceived the recovery strategy as fair, did not express negative feelings or intention to revenge, and expressed future purchase intentions. In incidents of betrayal, after attempts to recover consumers still experienced feelings of anger and discontent and expressed intention to engage in negative word of mouth, revenge, and no future purchase intentions. Overall, this result shows that incidents of betrayal can have uncorrectable negative consequences in customer-organization relationships leading to their dissolution. An especially difficult challenge is to recover from consumers’ attributions of intentionality that are a common factor in feelings of betrayal. We end our paper with a discussion of how organizations can alleviate instances of betrayal and enhance likelihood of recovery.

**“Avoiding Betrayal Over Choosing Safety? The Moderating Effects of Type of Betrayal, Type of Choice, and Choosing for Others on Betrayal Aversion”**

Andrew D. Gershoff, Columbia University
Jonathan J. Koehler, University of Texas at Austin

A form of betrayal occurs when agents of protection cause the very harm that they are trusted to guard against. In choosing safety products consumers may experience betrayal when products intended to protect them, such as airbags trusted to save lives explode with such force that they cause death and when vaccines cause illnesses (Wald 1996).

Recently, Koehler & Gershoff (2003) demonstrated a betrayal aversion such that for identical negative outcomes, individuals request more punishment for, have more negative emotions toward, and more frequently seek to avoid potential betrayers compared to non-betrayers, even when doing so means accepting a greater overall risk of injury. For example, most subjects were willing to double their risk of death from automobile crashes, fires, and diseases to avoid a small possibility of death by airbags, vaccines, and faulty wiring in smoke detectors. Greater feelings of betrayal were found to be caused by a reaction to violations of positive expectations, or broken implicit or explicit promises, associated with the trust relationship. Negative emotions, such as anger and resentment, caused by the violation of expectations in a betrayal were found to be mediated by feelings of disorder and unpredictability in the social order.

The present research expands on this prior work by examining moderators of the effects of betrayal on consumer choice for protective, or safety products. Three completed studies examine the type of failure (passive or active), the type of choice (status quo present versus absent) and the decision maker frame (self versus other). Our results replicate and expand on our prior findings.

No safety product can always guarantee protection, but there are a number of ways in which they have the potential to fail. For example, an airbag that usually saves lives may fail by not deploying in an accident, allowing a passenger to die who might have otherwise been saved. Alternatively, an airbag may deploy with such force in an accident that it causes the death of a passenger. The unfortunate outcome of the failures is identical. However, while both violate expectations of trust (Rousseau, Sitkin, Burt & Camerer 1998), in the first case the failure is passive and in the second case the safety device is active in causing a death that otherwise would not have occurred.

Drawing on research on omission bias (Ritov & Baron 1999), which suggests that people will favor bad outcomes that arise from their own inactions compared to actions, we hypothesize that consumer choice for safety products with identical potential rates of failure will be affected by whether the failure is active or passive. Three hundred and forty one subjects participated in study one which served to examine the hypothesis as well as to replicate prior results of Koehler & Gershoff (2003). In all conditions subjects made choices between two automobiles with airbags. One was described as having a 2% risk of death in the event of a serious car accident. The other was described as having a 1% risk of death in the event of a serious car accident plus an additional one in ten thousand (.01%) risk of death in the event of a serious accident that varied in its description by condition. In the active betrayal condition the .01% risk was described as coming from the force of the exploding airbag. In the passive betrayal condition the .01% risk was described as coming from the airbag failing to deploy. In the non-betrayal condition the .01% risk was described as coming from engine fumes due to a cracked engine block. Note that despite having identical risks, in the non-betrayal condition the additional risk is not directly caused by the agent of protection. Results replicate prior research and support the hypothesis. In the non-betrayal condition most subjects (60%) selected and rated as more preferable the airbag with the lower overall risk (1.01%) of death. In the active betrayal condition only 34% of subjects selected the airbag with the lower risk. Further, when the betrayal was passive as opposed to active, aversion to the betraying product was reduced, and significantly more subjects (50%) chose the lower risk alternative.

Study two examined whether the decision involved a status quo position or not. In study one subjects actively made choices between two possible safety product alternatives. Thus in this case, rejecting the lower risk, yet potentially betraying, alternative still involved some level of protection. However in many consumer circumstances the decision is whether or not to employ the safety product, not which one to employ. Fifty-nine subjects participated in study two. Identical materials to the active betrayal condition in study one were used, however in study two the choice was described between no airbag with a 2% chance of death and an airbag with a 1% chance of death plus a .01% chance of death from the force of the exploding airbag. While only 34% of subjects chose the lower (1.01%) risk airbag when the alternative was a higher (2%) risk airbag, 69% of subjects chose the lower (1.01%) risk airbag when the alternative was a higher (2%) risk associated with no airbag at all.

Effects of interpersonal betrayal involve visceral and intense emotional reactions (Strauss 1994). Visceral reactions have been described as being weighed extremely heavily in decisions by the individual experiencing the reaction, but that they tend to be underweighted or even ignored when making decisions for others (Loewenstein 1996). Study three examined the impact of having others make a safety decision in the face of a potential safety product betrayal. Sixty subjects participated in study three. Mate-
rials were identical to the active betrayal condition in study one (potential risk from exploding airbag) except that subjects were told that they were making the decision for another person who they did not know and would never meet. Supporting the hypothesis, the betrayal effect was moderated by whether the decision was self or other focused. While only 34% of subjects chose the lower risk airbag for themselves, 63% of subjects chose it for someone else.

REFERENCES


