Strikes Against Emerging Competition: Respecting Consumers' Needs and Gaining Their Hearts

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Economies are changing with the emergence of on-demand businesses, and many countries are suffering from strikes by traditional businesses against these competing initiatives. The current research investigates consumer responses toward such strikes, demonstrating that strikes against competing businesses may backfire, and presents what can be done to gain consumers' empathy.

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EXTENDED ABSTRACT

The current research examines how different types of labor strikes change consumers' perception of the company as well as their subsequent consumption decisions. Employees engage in strikes and protests for various legitimate reasons, including maltreatment of employees and breach of conduct of competing firms. While attracting the attention of the public regarding such issues can fuel necessary changes, the way such strikes are carried out can instead fuel stronger misperceptions and oppositions. We show that certain types of strikes, such as strikes protesting against a competing company, can drive consumers away from the company where employees initiated the strike and actually prefer the competing firm. Importantly, we demonstrate how such strikes can be framed to earn consumers' understanding, empathy, and business.

Reflecting the exponential rise in on-demand economy as well as strikes fiercely resisting such change, we aim to gain insight regarding consumers' reaction towards such anti-on-demand business strikes. Specifically, we focus on mobility-related on-demand businesses that use digital platforms to directly connect consumers with providers of product delivery or transportations. While on-demand businesses have been welcomed by many consumers for their transparency and convenience (The Economist Intelligence Unit 2016), they also have been subjected to widely active anti-on demand strikes from traditional businesses.

Drawing on theories of psychological reactance (Brehm & Brehm 1981), perceived fairness (Thompson & Loewenstein 1992), and empathy (Batson 1990), we posit that consumers will perceive anti-on demand business strikes by traditional businesses as going against their wishes, thus unfair, resulting in a lack of empathy towards the strikers, and ultimately shifting consumers' preference away from traditional businesses and toward on-demand businesses. Yet, when the method of strike reflects respect for consumers' needs and strike slogan communicates concrete ethical reasons for the strike, we expect consumers to show greater empathy and favor the strikers and the striking traditional business, as research has shown that concrete rather than abstract information enables greater perspective-taking and thus induces greater feelings of empathy (Batson et al. 2007; Batson, Early & Salvarani 1997; Galinsky et al. 2008).

Study 1 had three manipulated conditions of *strike type* (N=206). Participants read a news article that described a strike of food delivery employees traditionally hired directly by a restaurant. In the control condition, no information was given regarding the reason for the strike. In the 'up-salary strike' condition, the strike was described as an attempt to increase the restaurant delivery employees' salaries. In the 'anti-on-demand business strike' condition, the strike was described as a protest against on-demand food delivery apps. To be consistent across conditions, all news articles mentioned an increasing number of food delivery persons working for on-demand apps were reducing the amount of work for delivery employees hired by restaurants. Then, participants indicated their preference of on-demand versus traditional businesses, perceptions of the strike in terms of respecting consumers' needs and fairness, and feelings of empathy toward the strikers. The result showed that consumers perceived anti-on-demand business strikes as being ignorant of consumers' needs, less fair, and felt less empathy towards the strikers than with other types of strikes. Importantly, we found that these psychological

mechanisms ultimately led to a lower consumer preference for traditional over on-demand businesses, suggesting that anti-on-demand business strikes may backfire rather than help traditional businesses.

Study 2 investigated whether a certain form of anti-on-demand business strike could actually aid traditional businesses by increasing fairness perceptions and empathy toward the strikers. As such, we manipulated the framing of anti-on-demand business strikes in two ways (2x2 between-subjects design, N=326): First, the degree of respect for consumers' needs was manipulated by the strikers not delivering food (*low respect*) versus the strikers delivering food for free (*high respect*) for a certain period of time. Second, the *concrete slogan* read "We do not want to be exploited like the app delivery workers," while the *abstract slogan* read "The food delivery app industry is the enemy of society." Both slogans were selected from real-world anti-on-demand business strike slogans reported in the news. Participants responded to the same measures as in Study 1. Results demonstrated that a strike-slogan that emphasizes concrete unethical behavior of the opposing business won consumers' hearts while such a slogan in more abstract terms drove consumers away from the company which employees initiated the strike. Importantly, we found that strike-slogan framing matters only when the strike was carried out in a manner that respects consumers' needs. When the strike method was perceived as disrespecting consumers' needs by causing harm to consumers, consumers turned away from the striking firm regardless of the slogan framing.

Our research makes three key contributions. First, we demonstrate that consumers' perception of a strike is not simply a matter of supporting or not supporting the striking employees (Kelloway, Francis, Catano, & Dupre 2008), but can spur brand switching behaviors away from the striking company to the competing firm when turned off by the strike. Second, we show that gaining the essential understanding and empathy from consumers for strikes against competing businesses can be challenging, especially when going against on-demand businesses that often fulfill the needs of consumers that have not been met with traditional businesses. Third, we provide marketing implications regarding the specific framing of strikes that can gain consumers' empathy, even when striking against competing on-demand businesses.

By making these key contributions, the current research breaks new ground on the management of consumers' perceptions of labor strikes as a promising new research avenue in marketing. Moreover, we extend prior research on fairness-as-a-motivated-cognition (Barclay, Bashshur, & Fortin 2017) by showing that consumers' fairness perception of the strike hinges on whether the strike method communicates respect for consumers' needs. As demonstrated in the current research, strikers must first gain understanding and empathy from consumers to successfully communicate their objectives and drive positive corporate changes without turning them away from their business. For this reason, investigating consumers' perspectives of strikes is a noteworthy topic in marketing and crucial in developing strategies to voice employees' needs in ways that constructively build sustainable business environments.

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