

## Consumer Responses to Brand Failures: The Neglected Role of Honor Values

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## ABSTRACT

## PURPOSE

Very little research addresses whether the values that consumers bring to a situation can affect their reactions to a brand failure. This article suggests the interesting possibility that consumers may react very differently to the same brand failure depending upon their values. Here, the authors introduce a new construct to the marketing literature—honor values, and demonstrate its effect on responses to brand failures

## METHODOLOGY

Three experiments and one secondary data study were utilized.

## FINDINGS

Across four studies, honor values are shown to aggravate consumers' desire for vengeance following a brand failure. That is, as honor values increase, so too does desire for vengeance in the face of a brand failure. Additionally, this desire can be attenuated by allowing the consumer to play a role in resolving the failure or by giving a heartfelt apology.

## PRACTICAL IMPLICATIONS

High-honor consumers are a major obstacle for firms facing a brand failure. To overcome this challenge, the authors offer strategies, including (1) allowing high-honor consumers to suggest ways to punish the offending employee, and (2) offering simple, heartfelt apologies to high-honor consumers, which are as effective as monetary compensations.

Key words: Brand failures, Honor values, Branding

Classification: Research paper

Firms spend millions of dollars in building brands. However, the equity associated with a brand can be diluted by a single brand failure. We define brand failures as *situations in which a brand disappoints its customers*. For example, many of us have purchased brands and then realized that the products do not work well. Or, many of us have been treated rudely at a restaurant or an airline counter. Such brand failures are becoming increasingly common. Some well-publicized instances of brand failures include the recent recall of Tylenol products from the marketplace, the drastic increase in Netflix prices, and the listing of Bank of America and AOL in MSN Money's "customer service hall of shame." Huge advancements in modern technology allow news about brand failures to spread more quickly than ever, reaching millions of customers around the world within an instant. To make matters worse, social media enable consumers to exact revenge on businesses that have wronged them. Social networking websites (e.g., Facebook), recommendation websites (e.g., yelp.com), and anti-business websites (e.g., walmartsucks.com) allow consumers to now retaliate with far more ease and speed. For example, the Netflix price increase triggered 4000 comments on the Netflix blog and 79,000 responses on the Netflix Facebook page, most of which were negative (Taylor, 2011). And 800,000 customers cancelled their Netflix subscription (Pepitone, 2011).

Clearly, brand failures have negative repercussions for the brand. Brands typically serve as signals of quality to consumers and communicate unique symbolic attributes (Aaker & Keller, 1990; Rao, Qu, & Ruckert, 1999). Thus, when brands fail, favorable impressions of the brand get diluted (Kirmani, Sood, & Bridges 1999; Loken & John, 1993; Sood & Keller, 2012), consumer trust in the brand gets eroded (Dawar & Pillutla, 2000), consumers switch to competing brands (Janakiraman, Meyer, & Hoch, 2011), and firms can incur substantial financial losses. Much of the prior research on brand failures has focused on conditions that can "soften the blow" and

dampen consumer reactions to a brand failure. For example, firms that communicate information about the rarity of the failure for the focal brand (Folkes, 1984), or how common the failure is for all brands in the industry (Lei, Dawar, & Gürhan-Canli, 2012), can divert blame away from the focal brand. Similarly, building a strong foundation of loyal consumers who incorporate brands into their self-concept, or have positive expectations about the firm, can act as a buffer against the negative information contained within a brand failure (Cheng, White, & Chaplin, 2012; Dawar & Pillutla, 2000).

Although prior research offers an important set of ways to respond to brand failures, little research addresses whether the values that consumers bring to a situation can affect their reactions to a brand failure. As we know, brand failures do not occur in a vacuum. Instead, consumers are actively engaged entities who interpret the brand failure. This suggests the interesting possibility that consumers may react very differently to the same brand failure depending upon the values that they endorse. In this research, we introduce the construct of honor values, which *aggravates* consumer responses to brand failures. We draw upon research in psychology to suggest that high-honor consumers will react more severely to a brand failure than will low-honor consumers (Cohen & Nisbett, 1994). Given that instances of brand failures are so common, knowing which consumers are more likely to respond harshly is critical. Consumers who respond harshly are capable of going to extreme lengths to punish a firm (Bechwati & Morrin, 2003). Additionally, modern technology allows consumers to punish firms quickly and effortlessly. Therefore, from a firm's perspective, it is critical to be able to respond appropriately to such customers. Although prior research offers guidance on different response strategies that firms could potentially adopt, it is not clear whether these response strategies would work well with high-honor consumers, who are likely to respond more fiercely to a brand failure. Of the

utmost importance, honor values are known to vary across different regions of the US and the world (Vandello & Cohen, 2003), implying that managers would be able to tailor their firm's response strategy to brand failures, according to whether their customers are located in a high- or a low-honor region.

The increased ease and speed of consumer retaliation following a brand failure requires a clearer understanding of the role of honor values in responses to brand failures. To that effect, our research makes several important contributions. We are the first to introduce honor values to the brand failure and marketing literatures, as an important variable that affects how consumers respond to a brand failure. The results of four studies reveal that high-honor consumers are more likely to retaliate in the face of a brand failure than are low-honor consumers. Thus, we identify high-honor consumers as a major obstacle for firms facing a brand failure. Then, we turn our attention to managerial strategies that can attenuate high-honor consumers' desire for vengeance. We find that for high-honor consumers: (1) allowing them to suggest ways to punish the offending employee, and (2) offering simple, heartfelt apologies, and monetary compensations are effective in stemming the negative effects of a brand failure. In terms of the process mechanism, our research reveals that high-honor consumers have a desire to seek revenge that satiates when allowed to suggest ways to punish the offending employee. Our findings contribute to a better understanding of brand failures by showing that honor values that consumers bring to a situation play a focal role in determining responses. Our studies identify multiple boundary conditions that add to our understanding of honor values. By doing so, our research enhances our understanding of consumer values and behavior among different groups of people (Chen, Ng & Rao, 2005; Gürhan-Canli & Maheswaran, 2000; Swaminathan, Page Winterich & Gürhan-Canli, 2007; Zhang, Winterich & Mittal, 2006). Further, our studies

identify response strategies that managers may be able to leverage to quell the negative reaction that follows a brand failure.

### *CONCEPTUAL BACKGROUND*

#### *Honor Values*

What does it mean to endorse honor values? There are three main aspects that define honor values. First, people who endorse honor values believe that their sense of worth is derived both internally and externally. Second, high-honor individuals believe that their worth (or honor) can be appropriated by others, and in turn are vigilant in maintaining honor levels. Finally, high-honor individuals, due to the environment in which honor values emerge, develop a keen sensitivity to abuse. In order to better explicate what it means to be a high-honor individual, we will now discuss each of these aspects in detail.

Honor has been defined in terms of the “bipartite theory of honor.” One defining aspect of honor values is the manner in which they are derived. Honor is the value of a person in not only his own eyes, but also in the eyes of his society (Pitt-Rivers, 1966). To have honor implies that one is respected by others. “Although one’s own honor is dependent on an internal sense of honor, . . . ., it is the social recognition of individual behavior that legitimizes individual claims to honor” (Mosquera Manstead, & Fischer, 2002, p. 17). Thus, there is both a *personal* and a *social* component to honor—without both the construct is not complete. A person who endorses honor values is concerned not only with having personal integrity (i.e., being loyal to one’s values and principles), but also with maintaining one’s reputation (Mosquera et al., 2002). A person who is high in honor will experience damage to self esteem if he/she is known to lie to others, has the

reputation of being someone who is not to be trusted, or is known for not being able to support his/her family (Mosquera et al., 2002).

Another defining aspect of honor values is the manner in which individuals believe that honor can be gained or lost. One's claim to honor can be taken away by a competitor by either public insults or refusal to acknowledge the honor that is claimed (Leung & Cohen, 2011). There are numerous fronts on which a person who subscribes to honor values can "lose" honor, such as in the domains of family honor (e.g., one's family having a bad reputation) or personal integrity (e.g., betraying other people; having the reputation of being dishonest with others; Mosquera et al., 2002). As such, people who endorse honor values must be vigilant to ensure that no honor is lost or claimed by others.

Note that honor is different from impression management or face (Goffman, 1959). A person who is concerned with face wishes to project a positive impression of herself in front of others. In contrast, a person who endorses honor is concerned with not only how others think about her and how much they value her, but also the degree to which she values herself (Mosquera et al., 2008). Unlike face, where there is only a social component, honor has both a personal and a social component (Leung & Cohen, 2011).

Honor values have emerged in lawless environments, particularly those that are historically associated with herding (Cohen, Bowdle & Schwartz, 1996). Herding in a lawless environment is a precarious endeavor, as unwary herders can have their cattle and livelihood whisked out from underneath them by wily thieves who operate in the absence of law-enforcement authorities. As such, people who are raised in this type of environment develop a keen sensitivity to perceived abuse, due to the fact that they must act as the sole protector of their livelihood. The best way to deal with future offenses is to stop them before they occur by gaining

the reputation of someone who easily detects offenses (Leung & Cohen, 2011). Although herding has become less prevalent in certain parts of the world, honor values appear to have persisted. For example, honor values can still be found embedded in the laws and social policies of high-honor regions (Cohen et al., 1996). Further, honor values are collectively held and preserved in social interaction long after conditions that gave rise to them have diminished (Cohen & Nisbett, 1994). More importantly, many of the conditions that give rise to honor cultures (e.g., weak or absent law enforcement, mobile possessions that can be stolen, uncertainty in livelihood) are present today in inner cities of the United States, and sparsely populated areas of the world (Cohen & Nisbett, 1997).

More central to our research is the manner in which people who endorse honor values perceive any kind of abuse. Perceptions of abuse can manifest itself in many ways, *such as in feelings of unfairness and perceptions of an insult as being damaging*. It has been demonstrated that high-honor individuals have stronger perceptions of abuse. For example, Cohen et al. (1996) found that, low-honor individuals were relatively unaffected by a person bumping into them and muttering a derogatory word, while high-honor individuals were more likely to view the insult as damaging. The authors suggest that high-honor people possibly view an insult as a greater affront than low-honor people do (Cohen et al., 1996). Related research shows that high-honor individuals also tend to detect more aggression in their peers in a conflict situation, compared to low-honor individuals (Vandello, Cohen & Ransom, 2008). Notably, IJzerman, van Dijk and Gallucci (2007) conducted a study among train riders and found that people who strongly subscribe to honor values, and who are insulted by a physical bump and degrading remark from a confederate, perceive more hostility in subsequently presented stimulus that involves an affront or challenge, but not for a neutral stimulus. Presumably, high-honor individuals are attuned to

and respond more strongly to anything that represents an affront (IJzerman et al., 2007). Further, IJzerman et al. (2007) suggest that high-honor individuals may perceive an affront as more unpleasant and more unfair. Taken together, these findings demonstrate that high-honor individuals may perceive stronger perceptions of abuse in a situation than low-honor individuals. That is, those who are high in honor may perceive a transgression even when an issue is rather inconsequential. We anticipate that within a brand-consumer context, consumers will most likely not experience abuse in the form of a physical confrontation or aggression as one would in a social context. Rather, *perceptions of abuse* will manifest in terms of *feelings of being cheated or taken advantage of by the brand*. Indeed, prior research shows that such feelings tend to be particularly common after a brand failure (Gregoire & Fisher, 2008). Going forward, we will use this conceptual form of abuse in developing our theory.

Honor values can vary cross-culturally and tend to be more prevalent in certain parts of the world, such as in Mediterranean countries (Mosquera et al., 2002), Latin and South American cultures with Iberian origins (Vandello & Cohen, 2003), and the American South (Cohen & Nisbett, 1994). However, it is also the case that honor values vary within cultures, and recent research acknowledges within-culture differences (IJzerman et al., 2007).

### *Honor Values and Brand Failures*

Our research focuses on a particular consequence of brand failure, namely, consumer vengeance. According to Bechwati and Morrin (2003, p. 440), desire for consumer vengeance is defined as, “*the desire of a decision maker to “get even” with an entity, such as a firm, in response to a perceived wrongdoing.*” Feelings of wanting to seek vengeance are commonly experienced by consumers after a brand failure (Folkes, 1984; Folkes & Kotsos, 1986). Although

vengeful behavior is clearly common and important, very little research addresses the antecedents of vengeance among consumers (Bechwati & Morrin, 2003). We suggest that honor values can affect consumer vengeance in response to a brand failure.

Earlier, we suggested that high-honor consumers are more likely to perceive abuse (Cohen et al., 1996; IJzerman et al., 2007; Vandello et al., 2008). For example, Cohen et al. (1996) found that low-honor individuals were relatively unaffected by a person bumping into them and muttering a derogatory word, whereas high-honor individuals were more likely to perceive abuse. Further, high-honor individuals may perceive an affront as more unfair and damaging (IJzerman et al., 2007; Cohen et al., 1996). Upon exposure to a brand failure, we anticipate that high-honor consumers are likely to experience stronger perceptions of abuse, and therefore will have a greater desire to seek revenge than will low-honor consumers. Thus, as honor values increase, the desire for vengeance will also increase. Stated formally:

**H1:** In response to a brand failure, honor values will have an aggravating effect on the desire for vengeance.

*Reducing the Desire for Vengeance by Allowing the Consumer to Suggest Ways to Punish the Offender*

High-honor individuals believe that honor can be lost as well as reclaimed (Leung & Cohen, 2011). This notion suggests that allowing the consumer to play a larger role in the resolution of a brand failure may be useful in decreasing consumer vengeance. One way to resolve the brand failure and reclaim honor might be to allow the consumer to suggest ways to punish the offending employee in a suitable manner. Prior research suggests that when consumers have a desire to engage in a certain behavior, allowing them to engage in that

behavior satiates their need to subsequently engage in that behavior. For example, Chartrand et al. (2008) found that a desire (e.g., to seek prestige) can influence a choice task when an intervening task does not satiate the need, but not when the intervening task satiates the need. In terms of the process mechanism, if high-honor consumers are indeed driven by a desire to seek revenge, then proactively allowing them to suggest ways to punish the offending employee would satiate their need to seek vengeance subsequently. In contrast, for low-honor consumers who do not have a desire to seek vengeance, allowing (vs. not allowing) them to punish the offender is unlikely to affect their desire for vengeance. Stated formally:

**H2:** For high-honor consumers, the desire for vengeance will be lower when they are allowed to suggest ways to punish the offender vs. when they are not allowed to suggest ways to punish the offender. For low-honor consumers, the opportunity to punish the offender will not affect their desire for vengeance.

### *Reducing the Desire for Vengeance by Using a Response Strategy*

Next, we consider the firm's response strategy as another option for reducing vengeance among high-honor consumers. Prior research suggests that an apology or a monetary compensation can attenuate the negative effects of a brand failure (Folkes, 1984; Gregoire, Tripp, & Legoux, 2009; Smith, Bolton, & Wagner, 1999). Monetary compensations can restore perceptions of fairness after a brand failure, whereas apologies can communicate concern and empathy to consumers who have encountered a brand failure (Smith, et al., 1999). For high-honor consumers, maintaining their honor is a core concern (Leung & Cohen, 2011). Since an apology is social in nature and grants social esteem to the recipient (Smith, et al., 1999), it is likely to be quite effective for high-honor consumers in reducing consumer vengeance. High-

honor consumers, being more socially attuned, are likely to respond more favorably after an apology. Monetary compensation is also likely to be effective for high-honor consumers given its ability to restore fairness. In contrast, for low-honor consumers, maintaining their honor is not a core concern. Therefore, an apology, which grants social esteem to the recipient, is unlikely to be effective for low-honor consumers. However, compensation, which restores fairness, is likely to be effective for low-honor consumers. Stated formally:

**H3:** Given a brand failure, for high-honor consumers, an apology would be as effective as monetary compensation in reducing consumer vengeance. However, for low-honor consumers, monetary compensation would be more effective than an apology in reducing consumer vengeance.

Next, we present four studies that show support for our hypotheses. In study 1, we induce honor values and show that high-honor consumers experience a stronger desire for vengeance than do low-honor consumers. We also identify strategies that stem this negative effect for high-honor consumers: (1) giving high-honor consumers an opportunity to suggest ways to punish the offender decreases their vengeance (study 2), and (2) a simple heartfelt apology is just as effective as monetary compensation in reducing vengeance (study 3). Finally, in study 4, we use archival data to show that honor values can affect vengeful behavior in a real world setting.

### *STUDY 1: INDUCING HONOR VALUES*

Although people may be chronically inclined to endorse honor values to a different degree, situations or environments can also induce individuals to be high or low in honor (Leung & Cohen, 2011). Priming honor values allows us to test our predictions using a more controlled manipulation, and to rule out extraneous influences that may come into play when measuring

honor. In this study, we predict that desire for consumer vengeance following a brand failure will be higher when consumers are primed with high-honor versus low-honor values (H1). One hundred and twenty three adults from an online survey panel participated. Participants read about a failure scenario, in which they were treated rudely by a waiter at a restaurant (Chez Albert; see Appendix A; adapted from Chan, Wan, & Sin, 2009). Scenarios are commonly used in prior research on brand failures because they exclude problems associated with enactment of failure incidents in the field, threats to internal validity, and ethical considerations (Bechwati & Morrin, 2003; Smith, et al., 1999). Further, scenarios reduce biases from memory loss, and the huge variability typically associated with retrospective self-reports of brand failures (Smith, et al., 1999).

#### *Honor Prime*

In order to induce honor values, participants were exposed to a description of a bullying situation during a month long trip. In the high (vs. low) honor condition, the description focused on (1) the trip being remote from (vs. close to) civilization, (2) the absence (vs. presence) of supervisory figures during the trip, and (3) the presence (vs. absence) of bystanders. These differences were intended to capture high-honor being associated with lawless, frontier-like conditions, and the importance of social observers (see Appendix B for prime). A pretest (n = 85) exposed participants to one of the primes and asked them to respond to several items measuring honor (adapted from Mosquera et al., 2002; [e.g., In this scenario, how important is it for you to be known as a person that keeps his/her word? In this scenario, how important is it for you to be known as a person that can take care of him/herself? In this scenario, how important is it for you to be known as a person that can take care of his/her friends? In this scenario, how important is it for you to be known as a person that can take care of his/her possessions?]) 1= not at all important

and 7 = very important; In this scenario, how likely would you be to lie to one of the other campers? 1= not at all likely and 7 = highly likely). Additionally, we measured impression management (Bolino & Turnley, 1999), concern for face (Chan, Wan, & Sin, 2009), interdependence (Singelis, 1994), and entitlement (Campbell et al., 2004) to rule out these competing processes. Our results confirmed that participants primed with high-honor scored higher on honor measures than those primed with low-honor ( $M_{\text{high-honor prime}} = 6.00$  vs.  $M_{\text{low-honor prime}} = 5.55$ ;  $F(1, 83) = 4.92, p < .05$ ). No differences were found for interest, happiness, frustration, and sadness across the prime conditions (all  $p$ 's  $> .1$ ), indicating that the primes were equivalent on these measures. Additionally, differences in impression management, concern for face, interdependence, and entitlement did not emerge across prime conditions (all  $p$ 's  $> .1$ ).

### *Procedure and Measures*

In the main study, participants were told that they will be participating in a variety of different tasks, and that there are no right or wrong answers. Next, participants were exposed to either the high-honor or the low-honor prime followed by the brand failure scenario. Then, they completed the desire for consumer vengeance scale, DCV (e.g., I should do something to get even with the brand, anchored at 1 = strongly disagree and 7 = strongly agree; Bechwati & Morrin, 2003). Next, participants reported their degree of interest, the amount of attention paid, and the perceived difficulty of understanding the scenario, in order to rule these out as alternative explanations. Finally, participants indicated their gender, and years spent living in the southern US (as measured by Cohen et al., 1996).

### *Results and Discussion*

A one-way ANOVA was conducted comparing the high and low-honor prime conditions with years spent in the southern US as covariate. The analysis revealed a significant main effect of prime. As hypothesized, desire for vengeance was higher for the high-honor-primed consumers than for the low-honor-primed consumers ( $M_{\text{high-honor}} = 3.84$  vs.  $M_{\text{low-honor}} = 3.20$ ;  $F(1, 93) = 4.47, p < .05$ ). Further, no differences in attention, interest, and understanding emerged ( $p$ 's  $> .1$ ), ruling these out as alternative explanations. The results support our prediction that honor values have an aggravating influence on consumers' desire for vengeance. Thus, high-honor consumers appear to respond more severely to a brand failure, which poses a major obstacle for firms. In the following studies, we shift our attention to strategies that reduce vengeance among high-honor consumers. In addition, we provide converging evidence for our theory. One might argue that our prime manipulates a number of things, which is necessary given that honor is a multifaceted construct. Going forward, we will measure levels of honor values, demonstrating that our proposed effects emerge whether honor is primed or measured.

*STUDY 2: REDUCING THE DESIRE FOR VENGEANCE BY ALLOWING THE CONSUMER TO SUGGEST WAYS TO PUNISH THE OFFENDER*

In this study, we anticipate that for high-honor consumers, allowing them to suggest ways to punish the offending employee will decrease their desire for vengeance. In contrast, for low-honor consumers, an opportunity to punish the offender will not influence their desire for vengeance (H2). One hundred and forty two students participated in a 2 (honor values: high vs. low) x 2 (opportunity to punish: punishment vs. "no punishment") between subject design experiment.

*Stimuli, Procedure and Measures*

Participants were exposed to a different scenario depicting a brand failure. Participants were exposed to a process failure by reading a scenario about a computer repair service (Techfix) that returned the computer in working order but treated the consumer rudely (Chan, Wan, & Sin, 2008). In the punishment condition, an extra paragraph was included, which allowed the respondent to suggest ways to punish the offending employee (see appendix C for scenarios). During the experimental session, participants were first exposed to one of the scenarios. Next, they completed the desire for consumer vengeance scale (Bechwati & Morrin, 2003), and the honor values scale (Mosquera et al., 2002)<sup>1</sup>. They also indicated their degree of interest, frustration, happiness and ease of understanding the scenarios. Lastly, participants gave their thoughts in response to the brand failure, and answered various demographic questions.

### *Results*

Our hypothesis was tested by conducting regression analyses with opportunity to punish, honor scores, and their 2-way interaction as independent variables. Honor scores were continuous and opportunity to punish was categorical.

*Desire for consumer vengeance (DCV)*. The results showed a significant two way interaction between honor and opportunity to punish ( $\beta = -.65$ ,  $t = -2.44$ ,  $p < .05$ ; see figure 1). We conducted a spotlight analysis (Fitzsimons, 2008) one standard deviation below and above the mean of honor to assess differences in the desire for consumer vengeance based on the opportunity to punish at low versus high levels of honor. As predicted, for high-honor

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<sup>1</sup> In this paper, items pertaining to virility and sexual restraint were excluded since they are not relevant for our context (Cohen and Nisbett 1994; Cohen et al. 1996; Cohen and Nisbett 1997), and are more relevant for Mediterranean conceptions of honor (Mosquera et al. 2002).

consumers, the punishment condition decreased consumer vengeance relative to the “no punishment” condition ( $\beta = -.97$ ,  $t = -3.12$ ,  $p < .01$ ). However, for low-honor consumers, there was no significant effect of opportunity to punish on consumer vengeance ( $\beta = .07$ ,  $t = .25$ ,  $p > .1$ ).

*Ancillary analysis.* No differences in happiness, frustration, degree of interest, and ease of understanding emerged ( $p$ 's  $> .1$ ), ruling these out as alternative explanations.

[Take in figure 1 about here]

### *Discussion*

The results show that giving high-honor consumers an opportunity to play a role in punishing the offender is an effective way to reduce the desire for vengeance. Consistent with our hypothesis, we found that the desire for vengeance decreased when high-honor consumers were allowed to suggest ways to punish the offender. However, for low-honor consumers, the opportunity to punish the offender did not affect their desire for vengeance. Evidence for the process mechanism was also obtained. Since high-honor consumers are indeed driven by a desire to seek revenge, proactively allowing them to suggest ways to punish the offending employee satiated their need to seek vengeance against the brand subsequently. In contrast, for low-honor consumers who do not have a desire to seek vengeance, an opportunity to punish the offender did not affect their desire for vengeance.

Next, continuing with our theme of reducing vengeance among high-honor consumers, we examine the effectiveness of response strategies (apology vs. monetary compensation).

### *STUDY 3: REDUCING THE DESIRE FOR VENGEANCE BY USING A RESPONSE STRATEGY*

In this study, we anticipated that an apology and monetary compensation would be equally effective for high-honor consumers. However, an apology would be less effective than monetary compensation for low-honor consumers (H3). To assess the effectiveness of the apology and the monetary compensation strategies, a “no response” condition was included, where participants were exposed to the brand failure, but there was no response from the firm. Consumer responses are expected to be the worst in the “no response” condition. Three hundred and three participants from an online consumer panel participated in a 2 (honor values: high, low) x 3 (response strategy: apology, monetary, “no response”) between subjects design experiment.

### *Stimuli*

Participants were exposed to a scenario from study 2. In the “no response” condition, participants were exposed only to the brand failure stimuli. Participants in the remaining conditions were exposed to the brand failure followed by a heartfelt apology from the manager (in the apology condition), or a \$25 deduction from their bill (in the compensation condition, see appendix D; Smith, et al., 1999). A pretest (n = 45) was conducted where participants were exposed to the brand failure followed by the apology or the compensation condition, and then asked to respond to several items measuring the degree of realism/ believability of the scenario, degree of positivity of the information in the scenario, and the degree of negativity of the information in the scenario. The apology and monetary compensation stimuli were equivalent on these measures (*all p's > .1*).

### *Procedure and Measures*

Participants were told that they will be participating in a variety of different tasks, and that there are no right or wrong answers. Participants were exposed to one of the brand failures which had the response strategy embedded in it. Next, they indicated their satisfaction with the outcome [(i.e., “How likely are you to spread positive word of mouth regarding Techfix to your friends?” “How satisfied are you with the manner in which the manager handled the situation?” “How likely would you be to have your computer repaired by Techfix in the future?” (Folkes, Koletsky, & Graham, 1987; Smith, et al., 1999)]. Then, they completed the desire for consumer vengeance scale (Bechwati & Morrin, 2003), the honor values scale (Mosquera et al., 2002), demographic questions, and provided their thoughts about the brand failure.

### *Results*

Regression analyses were performed with mean centered honor scores, response strategy, and their interaction as independent variables. All spotlight analyses were conducted one standard deviation below and above the mean of honor to assess differences in DCV at low versus high levels of honor (Fitzsimons 2008).

*Desire for consumer vengeance (DCV).* The results showed a significant 2-way interaction between honor and response strategy ( $\beta = .38, t = 3.50, p < .01$ ; see figure 2). To investigate the interaction, a number of spotlight analyses were conducted.

For *high-honor* consumers, both the monetary compensation ( $\beta = -1.15, t = -5.10, p < .01$ ), and the apology condition ( $\beta = -1.08, t = -4.08, p < .01$ ) decreased consumer vengeance relative to the “no response” condition. There was no difference in vengeance between the apology and the monetary compensation conditions ( $\beta = -.06, t = -.30, p > .10$ ). Consistent with

our expectations, for high-honor consumers, both apology and monetary compensation were equally effective in reducing consumer vengeance relative to the “no response” condition.

For *low-honor* consumers, the monetary compensation decreased consumer vengeance relative to the “no response” condition ( $\beta = -.52$ ,  $t = -2.15$ ,  $p < .05$ ). However, the apology condition showed no differences in vengeance relative to the “no response” condition ( $\beta = -.17$ ,  $t = -.60$ ,  $p > .10$ ). Thus, an apology did not help at all relative to the “no response” condition. Further, the monetary compensation condition resulted in lower vengeance compared to the apology condition ( $\beta = -.70$ ,  $t = -3.11$ ,  $p < .01$ ). Consistent with our expectations, for low-honor consumers, a monetary compensation was more effective than apology in reducing consumer vengeance relative to the “no response” condition.

[Take in figure 2 about here]

*Satisfaction.* The results showed a significant 2-way interaction between honor and response strategy ( $\beta = -.35$ ,  $t = -3.26$ ,  $p < .01$ ). To investigate the interaction, a number of spotlight analyses were conducted which are reported below.

For *high-honor* consumers, both the monetary compensation ( $\beta = 1.92$ ,  $t = 9.55$ ,  $p < .01$ ) and the apology ( $\beta = 1.63$ ,  $t = 9.53$ ,  $p < .01$ ) resulted in higher satisfaction relative to the “no response” condition. However, there was no difference between the apology and the monetary compensation in terms of satisfaction ( $\beta = .29$ ,  $t = 1.14$ ,  $p > .10$ ). As expected, for high-honor consumers, apology and monetary compensation were equally effective in increasing satisfaction relative to the “no response” condition.

For *low-honor* consumers, both the monetary compensation ( $\beta = 1.60$ ,  $t = 7.45$ ,  $p < .01$ ), and the apology ( $\beta = .46$ ,  $t = 2.45$ ,  $p < .05$ ) resulted in higher satisfaction relative to the “no

response” condition. However, the monetary compensation condition resulted in higher satisfaction versus the apology condition ( $\beta = 1.13$ ,  $t = 4.35$ ,  $p < .01$ ). As expected, for low-honor consumers, the monetary compensation was more effective than apology in increasing satisfaction relative to the “no response” condition.

### *Discussion*

Our results identify ways to reduce consumer vengeance among high-honor consumers. For high-honor consumers, an apology was just as effective as a monetary compensation in terms of reducing consumer vengeance (and increasing satisfaction). However, for low-honor consumers, a monetary compensation was more effective than an apology in terms of decreasing consumer vengeance (and increasing satisfaction). In fact, for low-honor consumers, relative to the “no response” condition, the apology did not work at all in terms of reducing vengeance. Although managers may be quick to hand out monetary compensation in order to satisfy irate customers, this study reveals that this course of action may not always be necessary. A simple, heartfelt apology, which is much cheaper than monetary compensation, can be quite effective for high-honor consumers.

### *STUDY 4: HONOR EFFECTS IN THE REAL WORLD*

Thus far, our studies rely on experiments to test our hypotheses, and all did so in interpersonal contexts. To boost external and internal validity, we examine the effects of regional variations in honor on real world vengeful behavior, in which interpersonal interaction is not necessarily present. Combining experiments with archival data has been used in prior research on consumer behavior, and offers us the ability to balance the need for external validity with the

need for internal validity (Zhang et al., 2010; Levav & Zhu, 2009). Honor values are known to vary across different regions of the United States (Cohen & Nisbett, 1994; Nisbett & Cohen, 1996) with Southerners being higher in honor values than Northerners. We procured archival data on actual household transactions from a US-based catalog retailer. We relied on a proxy measure to operationalize vengeful behavior demonstrated by customers. The advantage of this dataset is that it provides information on special coupons given to pacify angry customers who complain (hereafter referred to as “revenge coupons”). Vindictive complaining, where a customer expresses anger towards, or abuses an employee, is an important kind of vengeful behavior (Gregoire & Fisher, 2008). We consider issuance of such coupons as a proxy for vengeful behavior toward the firm, because only customers who vindictively complain (vs. those who simply complain) are given these revenge coupons. Our overall prediction is that customers from high-honor (vs. low-honor) regions of the US are more likely to vindictively complain, and therefore receive such revenge coupons. Since the data set did not include other variables such as nature of the response strategy, it allowed us to test for the main effect of honor only.

#### *Data Set*

The Direct Marketing Education Foundation’s “DMEF data set 8” was used to test our prediction. The retailer has mailed catalogs seasonally to existing customers and customers of subsidiary/affiliated companies. The initial data comprises of transactions of U.S. households and spans a time period of 12 years through April 30, 2009. The dataset includes the order history of households such as the size of the order in dollars and the zip-code of the household.

*Dependent variable.* The dataset includes special coupons issued by the retailer to pacify irate customers who vindictively complain to the retailer. According to the retailer, such “revenge coupons” are issued to customers who complain about a failure. To clarify, the only

occasion the retailer issued a coupon was when customers vindictively complained about brand failures. For example, in some cases, the failure might be because the delivered product was inconsistent with the advertised product in the catalog or on the website. In other cases, the failure might be because the product was not delivered on the promised time. *Importantly, there were no other promotional coupons issued in this transactional period.* We use the revenge coupon issuance as our measure of vengeful behavior. Each transaction is also stamped with a unique household identifier, order date, and order channel (i.e., catalog versus web). The data do not reveal the product categories for the various transactions or the specific type of failure, presumably for confidentiality reasons.

*Independent variables.* We used regional variation in honor values, specifically state-level honor scores in the US (Gastil, 1971; Nisbett et al., 1996), as the key independent variable. Consistent with this research, we use the zip-code identifier in the database to construct the independent measure of honor values across households. Thus, all households within a particular state are deemed to have similar levels of honor values. We include collectivism as a control variable (state-level collectivism scores from Vandello & Cohen, 1999), since honor values could be correlated with collectivism values. All households within a particular state are deemed to have similar levels of collectivism. To account for alternative explanations, we controlled for several transactional (order size) and zip-code characteristics (e.g., household income, population in zip code, household education, household size, and average age of household; see table 1).

[Take in Table 1 and Table 2 About Here]

## *Results*

*Model description and fit.* Our final dataset is comprised of transactional data on 6036 households across the United States. The data represents households in all of the 50 states in the

United States. The dependent variable is a binary choice variable that indicates whether revenge coupons were issued to a household or not (0 = no; 1 = yes). We estimated a probit model to examine the variation in our dependent measure. We estimated the results in a step-wise manner with different models to test our predictions (see M1-M3 in table 2). M1 includes only the zip-level control variables, M2 includes the collectivism and the control variables, and M3 is the full model that includes honor values, collectivism, and control variables. We compare the fit statistics of the three models to ascertain whether honor values explain a statistically higher percentage of the variation in coupons issued. The Wald's chi-square statistic for M3 is significantly higher than that for M2 ( $\chi^2(1) = 7.86, p < .01$ ) and M1 ( $\chi^2(3) = 10.05, p < .05$ ). (see table 2 for Wald's chi-square statistic for the individual models). Thus, we find that the addition of honor values variable improves the fit of the probit model significantly.

*Hypothesis test.* Consistent with our prediction, the effect of honor values on the likelihood of revenge coupon issued is positive and significant (M3,  $\beta = .008, p < .05$ ; see table 2); as honor values increased, so did the likelihood of revenge coupon issued. However, the effect of collectivism on revenge coupon issued is not significant ( $p > .10$ ). One could argue that the results may be driven by multicollinearity since honor values and collectivism may be positively correlated. To address this possibility, we computed an honor values measure that is orthogonal to collectivism, using standard procedures (Aiken & West, 1991; Burrill, 1998). We regressed honor values on collectivism scores of households and used the residuals from this regression as the new measure of honor values. Thus, the new honor values measure is orthogonal to the collectivism measure, and is no longer correlated with collectivism. M4 reports the results of the probit regression using the orthogonal measure of honor values. Again, the

effect of honor values on revenge coupon issued is positive and significant ( $\beta = .005, p < .05$ ; see table 2); as honor values increased, so did the likelihood of revenge coupon issued.

For the control variables, we find that order size is negatively related to the likelihood of revenge coupons issued (M3,  $\beta = -.001, p < .01$ ). While household income is positively related to the likelihood of revenge coupon issued (M3,  $\beta = .000, p < .05$ ), household size is negatively related to the likelihood of revenge coupon issued (M3,  $\beta = -.02, p < .05$ ). Household age and education are not significantly related to the likelihood of revenge coupon issued ( $p$ 's  $> .1$ ).

### *Discussion*

The results of this study validate our prediction that honor values aggravate vengeful behavior in a real-world setting, and boost the external validity of our research. Customers from high-honor regions are more likely to vindictively complain to the retailer in response to a brand failure, and thus receive revenge coupons. Our effects for honor emerged even after controlling for transactional size (order size), zip-code characteristics (e.g., household income, zip-level population, household education, household size, and average age of household), as well as collectivism. Importantly, our probit model that includes honor values as a predictor gives significant better model fit than other models that exclude honor values. Further, the effect of honor emerged even when an orthogonal measure of honor values was used, ruling out multicollinearity as an alternative explanation. Although such real data sets can be countered by alternative explanations, it does provide a high level of external validity, and was intended to provide complementary support for our hypotheses. Importantly, looking at the entire package of 4 studies, using both experiments and archival data, allows us to offer interesting insights into the role of honor on vengeful behavior.

*GENERAL DISCUSSION*

Our findings support our prediction that honor values have an important influence on how consumers retaliate in response to a brand failure. We examine our effects using measures of desire for consumer vengeance and actual vindictive complaining (archival data), which together boost the validity of our findings. Our findings were supported in a variety of experiments using a diverse set of stimuli (Chef Albert's restaurant, Techfix computer repair, real world brand failures in the archival data), multiple operationalizations of honor (priming honor, measuring honor, regional variation in honor in the US), and different samples (adult population, students).

The results of four studies reveal that honor values can aggravate consumer responses to a brand failure. This was confirmed in studies that situationally induced honor (study 1), measured honor (study 2), or used regional variations in honor values (study 4). Thus, high-honor consumers appear to be a major obstacle for firms facing a brand failure. The results also provide guidance for managers in overcoming the obstacle. First, for high-honor consumers, allowing them to suggest ways to punish the offending employee decreased their desire for vengeance (study 2). Second, for high-honor consumers, heartfelt apologies and monetary compensations, were equally effective in stemming the negative effects of the brand failure (study 3).

Importantly, we shed light on the process mechanism. First, we find that perceptions of abuse mediate the effect of honor and failure type on consumer vengeance. Second, we find that vengeful behavior of high-honor consumers decline when they are given an opportunity to suggest ways punish the offender, because their desire to seek revenge is satiated. In contrast, low-honor consumers, who do not have the desire of exacting revenge, are unaffected by the

opportunity to punish the wrongdoer. This shows that high-honor consumers have a strong desire to seek revenge, which dissipates when they are allowed to do so.

### *Conceptual Contributions*

We find that consumers may react very differently to the same brand failure depending upon the values that they endorse. In order to develop a complete understanding of repercussions of brand failures, examining firm actions alone is insufficient—the consumers' endorsement of honor values is a key factor.

First, we contribute to the brand failure literature by showing that honor values can aggravate consumer vengeance in the face of a brand failure. To our knowledge, we are the first to introduce honor values to the brand failure and marketing literatures. Firms make huge investments in developing strong brand equity, which can be jeopardized by a single instance of brand failure (Dawar & Pillutla, 2000; Folkes, 1984; Sood & Keller, 2012). Much of the prior research has focused on conditions that “soften the blow” from a brand failure. Surprisingly, very little research has addressed the influence of values that consumers bring to a situation. Further, advancements in technology allow news about brand failures to spread quickly, and also enable customers to take revenge on brands with far more ease. Given the risks involved, identifying which factors can aggravate responses to brand failures is critical. We draw upon the honor literature to delineate conditions under which honor values can aggravate consumer vengeance. Further, our conceptual model tests a number of different moderators that allows for a holistic understanding of the conditions that aggravate response to a brand failure, as well as response strategies that firms may use to deflect the adverse effects.

Second, we are the first to suggest that allowing consumers to play a larger role in the resolution of the brand failure can be effective. Giving high-honor consumers an opportunity to

suggest ways to punish the offending employee decreased their desire for vengeance. Suggesting punishments for the offending employee satiated the high-honor consumers' need for vengeance against the brand. This represents a novel approach to addressing consumer vengeance.

Additionally, we suggest that honor values can influence the effectiveness of response strategies. Prior research shows that complaints are frequently launched soon after a brand failure, and typically put customers in a heightened state of frustration. A heartfelt and sincere apology can easily diffuse this situation (Tax et al., 1998). We add to this line of research by showing that an apology is particularly effective for high-honor consumers, and is as effective as monetary compensation. However, for low-honor consumers, monetary compensation appeared to work better, and an apology was equivalent to doing nothing.

Our findings make an important contribution to the revenge literature. Bechwati and Morrin (2003) have called for further research to understand the antecedents of vengeful behavior among consumers. By exploring honor values, we introduce an important construct that can predict consumer vengeance during a brand failure. Although prior research has explored antecedents such as the severity of the problem, outcome of the complaint (Bechwati & Morrin, 2003) and perceptions of fairness (Gregoire & Fisher, 2008), we are the first to show that the consumers' endorsement of honor values can affect consumer vengeance.

Finally, it is important to note that our findings are quite different from what other cultural frameworks would suggest (Agrawal & Maheswaran, 2005). First, honor is unique and different from face/impression management. The face literature would imply that when dealing with a brand failure, consumers who endorse face values, who are more socially-oriented, would be *less* likely to retaliate because of their desire for maintaining harmony with others, and because it is considered bad to cause another party to lose face (Leung & Cohen, 2011). Second,

honor is also distinct from interdependence. Interdependence research would predict that when faced with a brand failure, interdependent consumers, who are more socially-oriented, are *less* likely to retaliate because they attribute the failure to external causes, and do not attribute the failure to the brand (Monga & John, 2008). Therefore, our predictions relating to honor, wherein high-honor consumers, who are internally- and externally-focused, respond *more* harshly to a brand failure, introduce a perspective that is distinct from that provided by face and interdependence.

### *Managerial Implications*

Prior research suggests that the costs of consumer vengeance are significant and tend to exceed the loss of a customer's lifetime patronage (Gregoire & Fisher, 2008). Consumer vengeance that occurs within a firm's boundaries (e.g., vindictive complaining) can place considerable burden on employees. Other vengeful acts that occur outside of a firm's boundaries (e.g., spreading negative word of mouth), can quickly spread negative information to a wide network of consumers. Our findings offer several important implications for firms facing brand failures: First, high-honor consumers tend to respond more severely to brand failures than low-honor consumers. Although high-honor consumers may be difficult to target individually, we do know that consumers from certain ethnic groups (e.g., Latinos; Leung & Cohen, 2011) and geographic areas (e.g., Southern US, Mediterranean region; Mosquera et al., 2002; Nisbett & Cohen, 1996) tend to endorse honor values strongly. For such consumers, firms should take special care to avoid brand failures. Training front-line employees, who tend to be a cause of brand failures, should be an important focus for the company.

Given the intensity of consumer vengeance among high-honor consumers, one could speculate that, it might be wise for brands not to launch their products or services in high-honor

regions, or among ethnic groups characterized by high honor. However, this guideline would be quite restrictive in nature. Given that high-honor values reside among segments of the U.S. population that are rising rapidly in size (e.g., Hispanics), or in countries with high GDP growth rates (e.g., Brazil, Turkey), avoiding these segments would imply avoiding attractive markets. To address this challenge, we find ways to stem the harsh response from high-honor consumers. One way is to give high-honor consumers an opportunity to suggest ways to punish the offending employee. Making such suggestions on websites or filling out forms might be a cost-effective way to stem vengeance against the firm. Although adopting this method may appear somewhat counterintuitive to firms, we find that making suggestions about how to punish the offender is sufficient to satiate high-honor consumers' need to seek revenge against the firm. Importantly, high-honor consumers do not need to see the offending employee being punished. Thus, firm could seek such feedback from consumers about ways to punish, without having to demonstrate having carried out the punishment in front of customers.

Another way to reduce revenge tendencies of high-honor consumers is to offer compensation or an apology. Although managers may be quick to hand out monetary compensation in order to satisfy irate customers, our study reveals that this course of action may not always be necessary. Indeed, it was shown that for high-honor consumers, a simple heartfelt apology is just as effective as monetary compensation in terms of reducing vengeance, and increasing satisfaction. Presumably, the social nature of an apology, grants esteem to high-honor consumers, leading to vengeance and satisfaction levels that are equal to those achieved with monetary compensation. However, this strategy is not amenable to situations dealing with low-honor consumers, as it was shown that for low-honor consumers, an apology was equal to doing nothing in terms of subsequent vengeance. Instead, monetary compensation worked better.

*Future Research*

By introducing honor, this research opens the door to future research into honor values within the marketing domain. One could speculate that high-honor consumers respond differently to brand failures of prestige versus functional brands. Prestige brands (e.g., BMW) are more symbolic in nature and have more social capital, when compared to functional brands (e.g., Toyota; Monga & John, 2010). This suggests the possibility that high honor-consumers who tend to be more socially attuned, would respond more severely when the brand failure is caused by a prestige brand than a functional brand. Examining this moderator may provide additional managerial insights on the role of honor in brand failures.

Although it may appear that high-honor consumers, being prone to vengeful behavior, are the bane of managers' existence, this may not always be the case. We have shown that high-honor consumers are quick to punish companies that wrong them, but research suggests that these same consumers may be just as quick to reward companies that treat them well. People from honor cultures strive to maintain an image of trustworthiness, such that they are known to keep their word and repay debts (Leung & Cohen, 2011). If this is true, then it is plausible that high-honor consumers will go out of their way to repay businesses (in the form of positive word of mouth, referrals, etc.) that treat them well, much in the manner that they go out of their way to punish businesses that have wronged them. This warrants further investigation.

Another avenue for future research lies in the reactions of high honor consumers to failures that involve others. For instance, if a brand fails the friend or relative of a high honor consumer, will he/she act vengefully? Given that the honor scale frequently mentions family (Mosquera et al., 2002), one might hypothesize that high honor individuals will also take action to protect the honor of close others.

Another interesting avenue would be to examine the relationship between honor and a number of individual differences. For example ego or pride (Wilcox, Kramer & Sen 2011) may be related to honor, as such constructs deal with both personal and societal judgment of worth. Also, given that honor deals with one's standing in the eyes of others, it would be fruitful to examine the relationship between honor and power (Rucker, Galinsky & Dubois 2012). For instance, would those high in honor be likely to take vengeance against a high power individuals who slights him/her? Additionally, honor and political affiliation may be related, as many indicators of high honor values, such as support of gun ownership rights, preference for strong national defense, and endorsement of capital punishment (Cohen 1996) are consistent with the policies of the Republican party. Indeed, in a separate pretest, we found that Republicans indicated higher levels of honor values versus Democrats. Could honor values be mapped according to voting outcomes? These questions regarding possibly related individual differences can be answered by future researchers.

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**APPENDIX A*****Study 1: Brand Failure Stimuli***

You chose the French restaurant, "Chez Albert," to celebrate your father's birthday. It was a special occasion, since your father had just turned 55. You and your parents went to "Chez Albert" last Saturday night. Although you had a reservation, you had to wait 20 minutes in the lobby before your table was ready. The waiter approached the table and introduced the drink specials for the night. When you declined and ordered water instead, the waiter sighed and rolled his eyes at you. When you and your family ordered, you all were told that the restaurant was out of the first two entrees that you selected.

The entrees were cold when they arrived and the vegetables didn't look fresh. Moreover, when the entrees arrived the waiter plopped the plates down on the table rather than gently setting them down. At that point, you complained a first time to the waiter about the poor service. The waiter listened, but didn't correct the situation. In addition, the waiter never stopped back to check on you and your parents during the meal. After you had finished eating, the waiter dropped off the bill (around \$75) in a hurry. Before leaving the restaurant, you directly complained to Albert, the owner. Albert listened but refused to apologize or offer any compensation that night.

## APPENDIX B

### *Study 1: Priming Manipulation*

#### **Low-honor prime**

You have booked a place in a month long educational enrichment experience. The campus is located right near the highway, very close to civilization. There are a number supervisory figures participating in the experience to ensure that order is kept, rules will be followed, and that no disruptions are caused. A bus will drop you off at the beginning of the experience and will be back to pick you up in a month. Basically, you will be living in a dorm with the other participants and the supervisory figures for the entire month.

One day while you were walking toward your room, Rory, a person who has become known as a bully in the group, appeared out of nowhere. Rory shoved you quite violently, seemingly for no reason at all. You asked Rory, "Why did you do that? What is your problem?" Rory responded, "Because I felt like it. What of it?" while giving you another push in the shoulder.

Rory was being extremely loud and obnoxious. Rory kept advancing, taunting you: "Yeah, I'm going to push you around, and you are going to take it, right? Because there is nothing you can do! And I'm going to keep on doing it! You know what? I kind of like your dorm...I might just take that too!" Rory pushed you yet again, this time while delivering a wad of spit directly in your eye. You finally turn your back to Rory and walk away.

#### **High-honor prime**

You have booked a place in a month long summer survival camping trip. The campsite is deep within the woods, very remote and cut off from civilization. Furthermore, there are no supervisory figures coming along on the trip, only other people that have signed up for the camping experience. A bus will drop you off at the beginning of the experience and will be back to pick you up in a month. Basically, you will be alone with these other campers for the entire month, fending for yourself.

One day while you were walking toward your tent, Rory, a person who has become known as a bully in the group, appeared out of nowhere. Rory shoved you quite violently, seemingly for no reason at all. You asked Rory, "Why did you do that? What is your problem?" Rory responded, "Because I felt like it. What of it?" while giving you another push in the shoulder.

A crowd had started to gather, as Rory was being extremely loud and obnoxious. Quite a few of the members of the crowd were openly laughing at you. Rory kept advancing, taunting you: "Yeah, I'm going to push you around, and you are going to take it, right? Because there is nothing you can do! And I'm going to keep on doing it! You know what? I kind of like your tent...I might just take that too!" Rory pushed you yet again, this time while delivering a wad of spit directly in your eye.

**APPENDIX C*****Study 2: Stimuli*****No punishment condition:**

Your computer has broken down. You take the machine to a company named Techfix for repair. Since the hard disk is damaged, it takes two days for Techfix to get the disk replaced. Two days later, you go back to Techfix to pick up the computer. You try to talk to the technician on duty; however, he ignores you at first, even though it was clear that he saw that you were there. When you are finally able to show him the receipt and ask him about your computer, he looks impatient and mumbles something under his breath.

You ask the technician what exactly was wrong with your computer, but he is quite rude in answering your questions. He makes it quite evident that he feels if you don't understand what was wrong with your computer then you must be a complete idiot. When he eventually returns your computer, he carelessly flings it down on the counter and takes your payment without saying a word.

**Punishment condition:**

Your computer has broken down. You take the machine to a company named Techfix for repair. Since the hard disk is damaged, it takes two days for Techfix to get the disk replaced. Two days later, you go back to Techfix to pick up the computer. You try to talk to the technician on duty; however, he ignores you at first, even though it was clear that he saw that you were there. When you are finally able to show him the receipt and ask him about your computer, he looks impatient and mumbles something under his breath.

You ask the technician what exactly was wrong with your computer, but he is quite rude in answering your questions. He makes it quite evident that he feels if you don't understand what was wrong with your computer then you must be a complete idiot. When he eventually returns your computer, he carelessly flings it down on the counter and takes your payment without saying a word.

After paying for your repairs, you ask to speak with a manager. The manager comes to speak with you and listens as you explain the poor service that you just received. He listens sympathetically and says, "We want to make sure that you are satisfied and will return as a customer in the future. How do you think we should punish the technician? We will do our best to follow your recommendation."

**APPENDIX D*****Study 3: Brand Failure Stimuli*****Control condition**

Your computer has broken down. You take the machine to a company named Techfix for repair. Since the hard disk is damaged, it takes two days for Techfix to get the disk replaced. Two days later, you go back to Techfix to pick up the computer. You try to talk to the technician on duty; however, he ignores you at first, even though it was clear that he saw that you were there. When you are finally able to show him the receipt and ask him about your computer, he looks impatient and mumbles something under his breath.

You ask the technician what exactly was wrong with your computer, but he is quite rude in answering your questions. He makes it quite evident that he feels if you don't understand what was wrong with your computer then you must be a complete idiot. When he eventually returns your computer, he carelessly flings it down on the counter and takes your payment without saying a word.

**Apology condition:** extra paragraph added after the control scenario

You ask to see a manager to deal with this issue. The manager comes to you and says, "It is unacceptable that you received such poor service. Please accept my heartfelt apology."

**Monetary compensation condition:** extra paragraph added after the control scenario

You ask to see a manager to deal with this issue. The manager comes to you and says, "It is unacceptable that you received such poor service. I am going to remove \$25 from your service bill."

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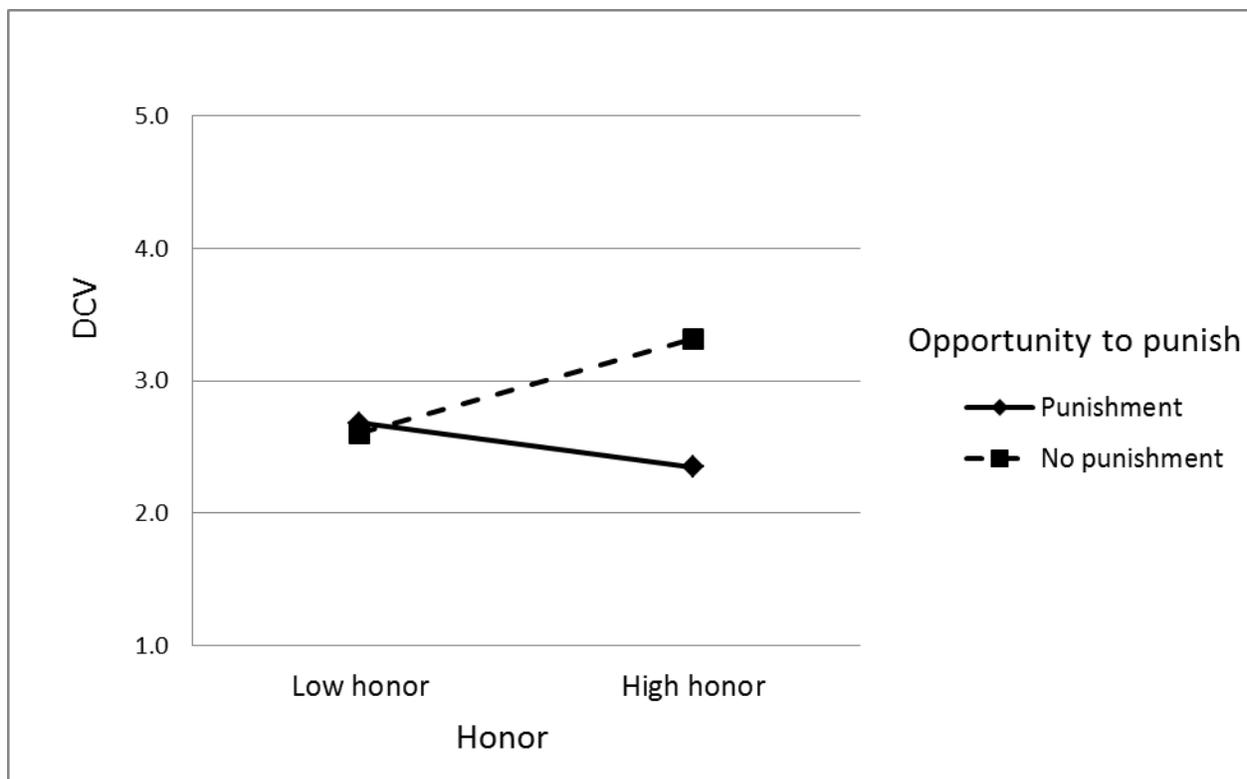
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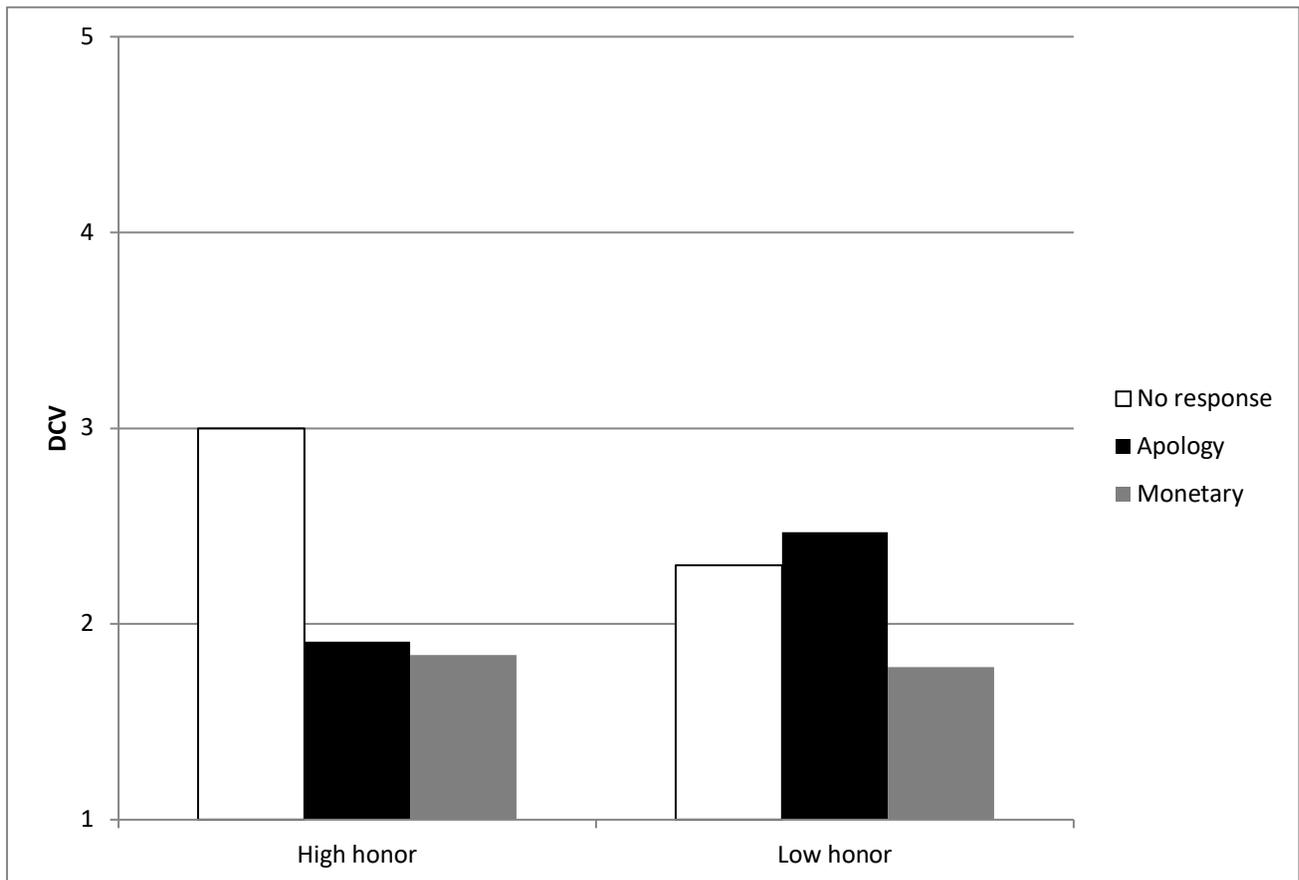
FIG. 1

STUDY 2: Allowing high-honor consumers to play a role in resolving the brand failure reduces their desire for consumer vengeance (DCV)



**FIG. 2**

STUDY 3: For high-honor consumers, apology and monetary compensation are equally effective in reducing desire for consumer vengeance (DCV) relative to the “no response” condition. For low-honor consumers, only monetary compensation is effective.



**TABLE 1**  
STUDY 4: VARIABLE DESCRIPTION AND SUMMARY STATISTICS FOR ARCHIVAL DATA

<b>Variables</b>	<b>Operational Measure</b>	<b>Mean</b>	<b>Standard Deviation</b>
Consumer vengeance	Binary outcome =1, if the retailer issued a revenge coupon, 0 otherwise	.08	.28
Honor values	State level honor scores, higher scores imply greater adherence to honor values	21.11	15.36
Order size	The total amount purchased on the order in dollars. This total does not include shipping and handling charges.	58.11	54.21
Collectivism	State level scores as operationalized by Vandello and Cohen (1999)	52.48	11.76
Household income	Median income of a household in a zip in thousands of dollars	43.589	18.123
Population	Population in a zip-code	7349	11604
Household education	Average years in school for households in a zip-code	12.695	.888
Household size	Average number of individuals in a household in a zip-code	2.764	.639
Household age	Average age of individuals in a household in a zip-code	48.82	5.29

TABLE 2

## STUDY 4: RESULTS FOR ARCHIVAL DATA

Dependent measure = Binary outcome of whether a 'revenge coupon' was issued

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>
	<b>(only control variables)</b>	<b>(collectivism + control variables)</b>	<b>(honor values + collectivism + control variables)</b>	<b>(residual honor values + control variables)</b>
Honor values			.008 (.003)**	.005 (.002)**
Collectivism		.004 (.003)	-.00 (.00)	
Order size	-.001 (.000)***	-.001 (.000)***	-.001 (.000)***	-.001 (.000)***
Household Income	.000 (.000)**	.000 (.000)*	.000 (.000)**	.000 (.000)**
Population	1.91x 10 <sup>-7</sup> (1.70x10 <sup>-6</sup> )	1.59x 10 <sup>-7</sup> (1.70x10 <sup>-6</sup> )	1.66x 10 <sup>-7</sup> (1.73x10 <sup>-6</sup> )	3.64x 10 <sup>-7</sup> (1.71x10 <sup>-6</sup> )
Education	.001 (.003)	.001 (.003)	.001 (.003)	.001 (.003)
Household size	-.02 (.01)**	-.02 (.01)**	-.02 (.01)**	-.02 (.01)**
Household Age	-.00 (.00)	-.00 (.00)	-.00 (.00)	-.00 (.00)
N (sample size)	6036	6036	6036	6036
Wald $\chi^2$	29.32	31.51	39.37	32.63

\*\*\*  $p < .01$ ; \*\*  $p < .05$ ; \*  $p < .10$ . Reported are unstandardized  $\beta$  coefficients. Robust standard error in parentheses.