Linear versus Step-Function Decision Making: The Moderating Role of Relationship Norms on Consumer Responses to Brand Transgressions

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Running Head: Relationship Type and Response Function for Brand Transgressions
Abstract

*Purpose:* This research uses the distinction between communal relationships (based on mutual care and concern) and exchange relationships (based on the principle of quid pro quo) to propose a framework that predicts differences in the shape of consumer response function to increasing levels of brand transgressions.

*Methodology/Approach:* The paper proposes a conceptual model based on insights from prior research on brand relationships.

*Findings:* The premise being proposed in this paper is that exchange-oriented consumers, being focused on the balance of inputs and outcomes, base their evaluations on an objective assessment of the final outcome, such that their response function will be relatively proportional to increasing levels of brand transgression. On the other hand, communally oriented consumers are concerned with whether or not the relationship partner cares for them, such that up to a point brand transgressions are overlooked while beyond a threshold there is a sudden negative shift in brand evaluations. These consumers thus exhibit a step-function response to brand transgressions.

*Research Limitations:* This paper proposes a framework but does not test it empirically.

*Practical Implications:* Managers now have a toolkit to better manage instances of product and service failure.
Social Implications: Findings from this model can be applied to better manage interpersonal relationships too.

Originality/Value of the Paper: This paper proposes a model that shows how and why different consumers might vary in their response to brand transgressions. Further, this is a dynamic model in that it traces the response function of the consumers at increasing levels of transgressions.
The passion for original Coca-Cola - and that is the word for it: passion - was something that caught us by surprise … it is a wonderful American mystery … and you cannot measure it more than you can measure love, pride or patriotism.”

Don Keough, President Coca-Cola

(After the unsuccessful launch of the New Coke)

The year was 1985. Three months after the launch of the New Coke, it was clear that the Coca Cola Company had widely missed the mark with its flagship brand. In spite of interviewing over 200,000 consumers, and spending nearly $50 million in marketing costs, the New Coke launch was not just unsuccessful but managed to convert loyal Coke consumers into a group of very vocal protesters. Why was it that even though consumers overwhelmingly preferred the taste of the New Coke to that of the old Coke (63% to 37%), it was rejected at introduction? The answer presumably lies in a group of ardent Coke lovers who felt so utterly betrayed when the basic essence of the brand – the product formula – was changed that they took to the streets, and displayed a militant fervor that forced the company to overhaul its strategy. This paper proposes a conceptual framework that could explain why some consumers are likely to resort to such extreme behavior while others might respond barely with a shrug.

Influential work by Oliver (1980) suggests that people evaluate a brand negatively when their expectations are not met. Consistent with this work, Folkes (1984, 1988) suggests that attributions made by consumers about the reasons for the brand transgression significantly affect consumer evaluations and their subsequent behavior. For example, a field study conducted at an airport relating to delayed flights and consumer attributions for the delay suggested that attributions had not only direct effects
on desire to complain about the problem and to fly the same airline, but also indirect effects, mediated by anger at the airline (Folkes, Koletsky, & Graham, 1987).

One crucial factor that helps deliver customer satisfaction is the effective management of service encounters (Parsuraman, Zeithaml, & Berry, 1985; Solomon, Surprenant, Czepiel, & Gutman, 1985). Although the importance of managing brand transgressions has always existed, with growing relative power of consumers through the use of social media, consumers are increasingly willing to exercise that power and voice their dissatisfaction and frustration with instances of brand transgressions and poor product or service delivery. This means that the knowledge of these negative experiences which was typically limited to a few consumers now has the potential to be communicated instantly to millions of other users, with its associated negative consequences. Clearly, a first step in managing negative brand interactions and instances of product and service failure is an understanding of how and why consumers respond to transgressions the way they do.

In this paper we propose a conceptual model whereby we suggest that the type of relationship between a brand and its customers predicts consumer responses to brand transgressions, and that customer responses to changes in the perceived intensity of the brand transgression will follow a distinct pattern depending upon their relationship with the brand. In particular, we suggest that consumers who have an exchange relationship with a brand (a relationship that is characterized by the principle of quid pro quo) will demonstrate a linear response function to changes in the intensity of brand transgression. In contrast, consumers who have a communal relationship with a brand (a relationship characterized by mutual care and concern) will exhibit a step-function response to changes in the level of brand transgressions. Thus, this paper suggests a model of
consumer response function to different levels of brand transgression and argues that the shape of the consumer response function will depend on the type of relationship that they have developed with the brand.

Brand Transgressions and Poor Performance

A service failure is defined as “any service-related mishaps or problems (real and/or perceived) that occur during a consumer’s experience with the firm” (Maxham, 2001). Although problems in product and service delivery may occur from time to time, research has shown that, in general, companies fare better in the eyes of consumers by avoiding service failure than by responding to failure with superior recovery (McCollough, Berry, & Yadav, 2000). As noted before, Oliver (1980) suggests that people evaluate a brand negatively when their expectations are not met. Oliver’s (1980) expectancy disconfirmation theory suggests that consumers’ satisfaction with an outcome is a linear function of their expectations and the degree to which there is a discrepancy between these expectations and the actual outcome. That is, “expectations are thought to create a frame of reference about which one makes a comparative judgment. Thus, outcomes poorer than expected (a negative disconfirmation) are rated below this reference point” (Oliver, 1980, 460–461). Folkes (1984, 1988) finds that attribution theory provides a framework for predicting consumer responses to product failures: Reasons for product failure influence consumer reactions such as desiring a refund or an exchange for the product, perceiving that an apology is owed to the consumer, and wanting to hurt the firm's business. In a similar vein, it has been noted that service failure often triggers an emotional response in the consumer, and the consumer assesses the
situation, considers issues related to fairness, and apportions accountability. If the service provider does not appear to exhibit an appropriate level of effort, consumers attribute this to the service provider not caring, leading to negative emotions, such as anger and frustration (McColl-Kennedy & Sparks, 2003; Smith & Bolton, 2002).

In the absence of eliminating the very occurrence of these problems, handling these instances of brand transgressions effectively is vital to maintaining customer satisfaction and loyalty (Tax & Brown, 2012). Since service recovery starts with identifying the problem (Hart, Heskett, & Sasser Jr., 1990), the first step to managing these customer responses effectively is to understand the way different customers respond to brand transgressions and why they respond the way they do. Consistent with this, prior research finds that customer-organizational relationships help to shape customers’ attributions and expectations when service failures occur (Hess, Ganesan, & Klein, 2003).

Interestingly, recent research has found evidence of the service recovery paradox, suggesting that a successful recovery in response to a transgression or failure can strengthen the consumer-brand relationship, and result in greater sales and loyalty as a result (Maxham & Netemeyer, 2002). Other research, however, suggests that service recovery efforts cannot compensate for poor service delivery, and that consumer perceptions of the brand and future repurchase intentions are lower than they would have been if the transgression had not occurred (Andreassen, 2001). Similarly, researchers examining the threshold of consumer evaluations suggest that though satisfactory recoveries can produce a "recovery paradox" after one failure, they do not trigger such paradoxical increases after two failures (Gilliland, Benson, & Schepers, 1996). This research shows that recovery efforts are attenuated when two similar failures occur and
when two failures happen in close time proximity. Similar ambivalent findings have been noted for consumers’ willingness to forgive brands in response to transgressions. Some researchers have noted that consumers in close relationships with marketers are more willing to forgive marketer transgressions (Chung & Beveralnd, 2006; Mattila, 2001), and that such relationships provide a ‘buffer’ against failures and brand transgressions (Tax, Brown, & Chandrashekaran, 1998). However, others have examined the question why strong emotional bonds with brands are weakened, and noted that, similar to personal relationships, psychological injury is a key reason for brand love to vanish (Hemetsberger, Kittinger-Rosanelli, & Friedmann, 2009). Consistent with this, Aaker, Fournier, and Brasel (2004) have found that consumer-brand relationships, especially those driven by sincerity and warmth, suffered in the wake of serious transgressions. This suggests that relationships can sometimes buffer and at other times magnify consumer responses to transgressions. In fact recent work by Aggarwal and Larrick (2012) suggests that the interaction between the norms of fairness and norms of relationship is fairly complex such that consumers in different type of brand relationships pay attention to different aspects of fairness.

The current research builds on this line of work, and further explores the manner in which consumers’ responses to a negative brand outcome might vary by the type of relationship norms salient at the time they make the assessment. In particular, this research uses the social relationship metaphor in a brand context to examine differences in the shape of consumers’ response function when faced with negative outcomes. Since different consumer-brand relationships have different underlying norms of relationships (Aggarwal, 2004) which in turn lead to different expectations, consumers in one type of relationship are hypothesized to respond differently than the consumers in another type of
relationship. Furthermore, rather than just focusing on differences in consumer responses to one instance of a brand transgression across different relationship types, this paper suggests that the distribution of responses to different levels of transgressions committed by a brand would vary by the nature of their relationship with that brand. Thus, this research makes two important contributions to the literature: a) this research proposes norms of consumer-brand relationships as a moderator of consumer responses in the face of a negative brand outcome; and more importantly, b) this research attempts to discern differences across different relationship types by tracing the pattern in the shape of consumers’ response function in the face of negative outcomes.

Consumer Brand Relationships

Support for consumer-brand relationships emerges from marketing practitioners who have long appreciated the value of invoking the social relationship metaphor in a brand context as reflected in the very name of brands such as Aunt Jemima or Uncle Ben's and in the strong bond that consumers have formed with brands such as Harley Davidson, Volkswagen Beetle, and Apple. Brand relationships are actively forged by marketers who humanize their brands through creating endearing brand mascots and characters such as the Pilsbury Doughboy or the Energizer Bunny, and by portraying the brand as a warm and friendly partner such as when State Farm uses the tagline of being a friendly neighbor or United encourages people to fly the friendly skies. Tropicana's famous packaging redo a few years ago not only brought the power of the consumer voice front and center but also solidified the new two-way street in brand relationships. One can observe the strength of consumer-brand relationship in action if one goes into
any Starbucks store to clearly see that everything there is designed to be about connection and sharing. The beauty of the relationship metaphor is that it is a dyadic relationship: not only do the marketers try to forge a relationship with the consumer, the consumer too forms a bond that goes well beyond the traditional definition of economic utility and benefit maximization. In fact, a paper in the strategy journal published by the consulting firm Booz-Allen and Hamilton calls such consumers “brand zealots”, and suggests that these consumers experience a relationship that goes well beyond the fulfillment of a functional need by giving the brand it quasi-human qualities and relating to it in a way similar to how they relate to human beings. (Rozanski, Baum, & Wolfsen, 1999).

Recent academic work in marketing has echoed these notions about consumer-brand interactions mirroring inter-personal interactions by suggesting that consumers differ not only in how they perceive brands but also how they form relationships with them (Fournier, 1998; Muniz Jr. & O’Guinn, 2001; Thomson, MacInnis, & Park, 2005). These researchers have drawn upon social psychology and the literature on interpersonal relationships to get deeper insights into consumer-brand interactions, and have noted that sometimes people imbue brands with human characteristics, identify with them as they identify with people around them, and interact with them in ways similar to how they interact with each other in a social context. In her foundational paper, Fournier (1998) finds that consumer–brand relationships traverse the full spectrum of social relationship types, such as casual friendships, committed partnerships, arranged marriages, courtships, flings, secret affairs and enslavements.

Other work in this area has found evidence of differences in behavior and attitudes of consumers towards a brand depending upon the type of relationship they form with the brand (Aggarwal, 2004). Results from this work show that norms of behavior
that consumers use to guide their actions are different in different relationships, and if the actions of the brand violate the norms of that relationship, consumers’ evaluation of the brand is worse than if the norms were not violated. These results are interesting also because they show that sometimes people use communal relationship norms to guide their behavior – norms that are akin to those used in relationships with friends and family members. Since economic theory is based primarily on the exchange-based view of consumer brand relationships (quid pro quo), the use of communal norms of behavior to predict consumer behavior helps us tremendously in understanding seemingly ‘irrational’ ways in which consumers sometimes behave.

The proposed research program intends to build on this previous line of work, and proposes a model that explicates the differences in consumers’ responses when faced with a negative brand interaction. In particular, the objective of this paper is to put forth a framework that can predict and explain how the consumers pursuing different types of relationship with a brand will respond to increasing levels of brand transgression, and second, why these differences across different consumer types will be observed.

Norms of Communal and Exchange Relationships

The present research relies on the distinction made in social psychology between relationships based primarily on economic factors, termed exchange relationships, and those based more on social factors, termed communal relationships (Clark & Mills, 1993; Clark, 1986; Clark, Mills & Powell, 1986; Mills & Clark, 1982). The distinction between exchange and communal relationships is based on the underlying motivation why people give benefits to their partner. Exchange relationships are those where the underlying
motivation for giving any benefits is to get comparable benefits in return. People are concerned with how much they have received in exchange for how much they have given, and how much is owed to the other person for the benefits received. Relationships between strangers and people who interact for business purposes are typical examples of an exchange relationship. On the other hand, relationships in which the underlying motivation is the welfare of the partner are termed communal relationships. In such relationships, people give benefits to others to demonstrate a concern for that person and express attention to their needs, and they expect others to demonstrate a similar concern for their own needs. Most family relationships, romantic relationships and friendships fall in this category. The norms of behavior that are typical of these two relationships are summarized in Table 1.

Recent research in marketing has used the communal-exchange distinction to uncover some interesting insights about consumer-brand interactions. Specifically, it has been noted that a particular brand action may result in a more or less positive brand evaluation depending upon whether the action is seen to be in conformity with or in violation of the norms of that consumer-brand relationship (Aggarwal, 2004). Aggarwal and colleagues have further used this framework to highlight differences in consumers’ perception of fairness, information processing strategies, as well as the degree of loss aversion depending on whether the norms of a communal or an exchange relationship are salient (Aggarwal & Larrick, 2012; Aggarwal & Law, 2005; Aggarwal & Zhang, 2006). Similarly, Wan, Hui, and Wyer (2011) have employed the communal-exchange distinction to a consumer-brand context to examine issues related to consumer responses to service failures, while McGraw, Schwartz, and Tetlock (2012) differentiate between
communal sharing and market exchanges to examine issues related to taboo-tradeoffs in the context of pharmaceutical and religious marketing.

This current research employs this interpersonal metaphor in general, and the communal-exchange framework in particular, to propose that the type of relationship norms that underlie the relationship between the consumer and the brand influence consumer responses in one more critical context: the shape of consumer response function in the face of brand transgressions.

Responses to Transgressions and Negative Outcomes

Research in social psychology has examined issues relating to how people respond to an act of perceived transgression or a negative outcome. Prior work has noted that negative and unusual incidents initiate causal search (Folkes, 1982; Wong & Weiner, 1980), stimulate more unsolicited explanations (Weiner, 1985), and contain more information (Kanouse, 1971) than normal incidents. Hence, when the brand’s actions themselves are dissonant and unexpected, consumers are more likely to try and make sense of the brand’s actions. In other words, if all’s well, then there is no need to ‘figure’ out why things are going well. But if the people experience some negative interaction then they are a lot more likely to try and comprehend the partner’s actions.

Researchers have also looked at the different ways in which interpersonal relationship affects how people respond to being wronged. For example, Kearns and Fincham (2005) found an influence of the type of relationship (romantic versus nonromantic) between two individuals on the perceived severity of the transgression. Other researchers such as Linardatos and Lydon (2011) have found a significant effect of
relational self identity on responses to partner transgressions. Finally, Friesen, Fletcher, and Overall (2005) highlight the influence of relationship quality on people’s willingness to forgive their relationship partner. Given that consumers’ expectations in their interactions with a brand are formed by the type of their brand relationship and the norms that govern that particular relationship, any effort to make sense of brand behavior that violates consumer expectation is naturally likely to rely on the norms of the underlying relationship to figure out both who to blame and what their own action should be. Since the norms of communal and exchange relationships are distinct and point to very different underlying motivations for any action undertaken by the relationship partner, response to a particular brand transgression is likely to very different.

Recent research by Aaker et al. (2004) examining the role of consumer-brand relationships in the face of brand transgression finds an interesting interactive effect of brand personality and transgression on the strength of the consumer-brand relationship. Specifically, Aaker et al. (2004) find that brands characterized by sincere personality traits encourage relationships analogous to close friendships in the interpersonal space, but that such brand relationships were particularly susceptible to transgressions that breached brand trust since they damaged the fundamental meaning on which this close relationship was based. However, for brands that were characterized by exciting brand personality, the recovery subsequent to a transgression invigorated the brand relationship, with the relationship strengthening in the wake of the transgression. Other research by Wan et al. (2011) finds that consumers’ evaluations in response to service failure depend on the type of relationship (friendship with the service provider) and whether consumers focus on their own obligations or the marketer’s obligations. When consumers focus their attention on the provider’s obligation to respond to their needs, they react more
negatively to a service failure when they are friends of the provider than when they have only a business relationship with him or her. When their attention is drawn to their own obligation in the relationship, however, the reverse is true. Both these research studies are consistent with Aggarwal (2004) who finds that consumers’ evaluations of a brand are a function of the extent to which brand’s actions are consistent with the norms of relationship that consumers perceive with that brand: Evaluations are more positive if the brand’s actions are consistent with the relationship norms while their evaluations are less positive if the brand’s actions violate these norms.

The current research is an effort to extend the research on this topic, in particular, the influence of the type of consumer-brand relationship on the consumers’ response to a negative brand outcome. Furthermore, this research takes a somewhat dynamic approach by exploring differences in the shape of the consumers’ response function. As stated before, prior research notes that negative and unusual events trigger causal search – people need to make sense of this dissonant and unexpected event (Wong & Weiner, 1980). This current paper suggests that when faced with a negative brand outcome, consumers use the norms underlying their relationship with the brand as a lens to evaluate the outcome and their subsequent responses are thus, moderated by the type of their brand relationship. In the following section we outline the logic for this proposed model and why we expect communal and exchange oriented consumers to show distinctly different response function to increasing levels of brand transgression.

*The Shape of the Response Function: The Proposed Framework*
The specific premise being tested in this research is that when faced with an instance of negative outcome, the consumers who have an exchange relationship with the brand are more likely to revise their evaluation of the brand downwards in proportion to the level of perceived transgression such that the response function will be relatively smooth. Conversely, those who have a communal relationship with the brand resist making instantaneous adjustments to their evaluations in response to a perceived transgression. However, beyond a threshold, these consumers would make a significant downward readjustment in their evaluation, resulting in a step-function response. Thus, exchange oriented consumers would show a gradual change in their brand evaluations as the perceived level of brand transgression increases while communal consumers would be more likely to show stickiness in their brand evaluations up to a point in the face of negative brand interactions, after which they would show a sudden reduction in their assessments. This hypothesized difference in the shape of the response function is based on the differences in the norms that underlie the two relationships: When consumers have to make judgments about the negative actions and the underlying intentions of the brand based on limited information, they will rely on the norms of their relationship with the brand to make such judgments, which will consequently lead to different evaluations.

Exchange relationships are quid pro quo, that is, people interact with others in order to get comparable benefits in return. Furthermore, in such a relationship, partners tend to keep track of their own inputs relative to the final outcome from the interaction. In such a relationship, the value of the interaction is gauged from what one receives in exchange for what gives to the partner: it is simply a tit-for-tat relationship. In other words, people in an exchange relationship assess the ‘worth’ of the relationship from the goodness of the outcome. If the final outcome is positive, the worth of the relationship
will be perceived to be high, and consumers will evaluate the brand positively. If, on the other hand, the final outcome is negative, the worth of the exchange relationship is reduced significantly, and the consumers will evaluate the brand negatively. Thus, objectively evaluating the merits of the benefits being exchanged is the best way to estimate whether or not the relationship is progressing well and is worth continuing. A negative outcome shifts the balance of inputs and outcomes unfavorably. The worse the outcome gets, the worse is the assessment of the relationship since the interaction becomes increasingly worthless. Hence, as the final outcome becomes increasingly unfavorable, the balance of inputs versus outcomes also becomes proportionately unfavorable, and the consequent evaluation of the relationship partner, that is, the brand itself will also be lowered appropriately to reflect this imbalance. As a result, it is expected that the consumers’ response function to brand transgression would be relatively smooth and downward sloping, exhibiting a linear negative relationship between measures of brand preference and levels of brand transgression (see Figure 1).

On the other hand, in a communal relationship, people derive utility not just from the concrete benefits that they receive but also from the knowledge that their partner cares for them. Norms of communal relationship suggest that the underlying motivation for why people interact with each other is a genuine concern for the well being of their relationship partner (Clark, 1981). Since partners are expected to be driven by the interest and needs of each other, they are also appreciative of the constraints and pressures faced by their relationship partner. As a consequence, they do not expect to maximize their benefits at each and every interaction; instead, the relationship partners tend to take a longer term perspective when judging their communal partner. As a result, an objective evaluation of every outcome is not necessarily seen as a good predictor of the well being
of the relationship. People in communal relationship understand that even though the final outcome may sometimes end up being not very favorable, the underlying motivation of the relationship partner might still be bona fide. As long as the underlying motivation of the partner is right, the relationship would be deemed ‘worthwhile’. Negative brand interactions are therefore evaluated by the degree to which it is diagnostic of the caring attitude of the partner rather than the immediate benefit (or lack thereof) it gives to the consumer. Since a small transgression by the brand could result from a variety of external uncontrollable factors, these transgressions are unlikely to be diagnostic of any change in the underlying benevolence of the brand. As such, the consumers are likely to resist revising their evaluation of the brand downwards in response to each small or minor transgression. However, as the level of perceived transgression increases, beyond a certain threshold, consumers see this relatively severe negative interaction as a much clearer signal of the deteriorated state of their relationship and the brand’s relative lack of concern for their well being. Thus, at the point the consumers makes the assessment that such a severe level of transgression is intentional on the part of the brand, or at the very least an undeniable signal of the brand’s lack of concern for their needs, they will assess the overall worth of the relationship less positively and show a significant reduction in their evaluation of the brand. Consequently, beyond a threshold, the consumers are likely to dramatically lower their brand evaluation, thereby showing a step-function response to increasing levels of perceived negative outcome (see Fig 1).

Thus, according to our model, consumers’ response function to increasing levels of brand transgression is dependent on the type of their relationship with the brand such that those in an exchange relationship with the brand will show a relatively smooth negatively sloped response function. On the other hand, those in a communal relationship
with show a step-function response function with an initial resistance to any lowering of the brand evaluation to increasing levels of brand transgression, but beyond a threshold, as the transgression becomes clearly signals lack of concern for the consumer’s well being, the evaluation of the brand will show a significant and dramatic reduction.

Support from Prior Research

Support for the above premise comes from a wide and diverse variety of studies. Work by Krosnick (1991) has distinguished between ‘satisficing’ and ‘optimizing’ strategies used by people. It is reasonable to think that exchange-oriented consumers who look for a balance between their inputs and outputs adopt an optimizing strategy incorporating every incremental piece of information to arrive at the ‘ideal’ decision. Conversely, communal consumers who care about maintaining their relationship are likely to adopt a satisficing strategy thereby resisting reevaluation of the brand as long as possible. That is to say, consumers in an exchange relationship, being drive by a desire to optimize their outcomes, are likely to re-evaluate the brand to every small change in the brand’s action. Hence, they show a relatively smooth downward sloping response function to increasing levels of transgression. However, consumers in a communal relationship are more likely to be driven by a satisficing goal – once they form a communal relationship with a brand, they are looking for an outcome that is ‘good enough’ rather than necessarily the ‘best’. As such, below a threshold, even though the level of transgression increases in intensity, such consumers would be prone to resist lowering their evaluations.
Similarly, work in impression formation has distinguished between the use of categories and attributes (Brewer, 1988, Fiske & Neuberg, 1990), and found that different conclusions may be reached depending upon whether category-based information or individuating information is used for overall assessment. Since exchange relationship encourages the use of specific features while communal relationship encourages an overall gist-based evaluation (Aggarwal & Law, 2005), it is likely that each incremental piece of information howsoever small is incorporated in the brand’s reevaluation in an exchange rather than a communal relationship. As a consequence, as the level of transgression increases, the evaluation of the brand is correspondingly lowered. On the other hand, communal consumers are more likely to be using a category-based strategy, which means that they would be more likely to wait for the evidence to add up sufficiently before they change their evaluation of the brand by re-categorizing it from their high evaluation to a significantly lower evaluation.

Further, studies on motivation and bias show that when no a priori judgment is preferred and a person’s implicit or explicit goal is to ‘seek the truth wherever it might lead’ (Petty & Cacioppo, 1986, page 19), people are likely to have an accuracy motivation (Chaiken, 1980). On the other hand, a motivated bias can occur whenever people prefer one judgment over another (Chaiken, Giner-Sorolla, & Chen, 1996), and look at the event through the lens of this motivation to reappraise the facts and details of the outcome (Kunda, 1990). In our framework, it is likely that exchange-oriented consumers ‘seek the truth’ since accuracy is the only way to maintain the right balance in a give-and-take relationship. On the other hand, communal consumers are likely to experience some distress if faced with a prospect that their relationship partner does not care for them, and hence may be motivated to favor a conclusion that maintains the status
quo. These consumers would thus show a reluctance to re-evaluate the brand at every small transgression.

In a somewhat similar vein, Bobrow and Norman (1975) note that objective processing tends to be data-driven or bottom up, while biased processing is more likely to be top-down. Given the bottom-up processing adopted by exchange consumers (Aggarwal & Law, 2005) and their accuracy goal, it is to be expected that such consumers would show sensitivity to small changes in outcome. On the other hand, communal consumers being guided by a top-down processing are less likely to scrutinize each piece of new evidence. All these studies give us some confidence in our prediction that the type of relationship between consumers and brands would lead to different response functions in the face of negative interaction with the brand.

In sum, since information about the balance of input and outcome is available immediately from an assessment of a brand’s actions, consumers in an exchange relationship, being focused on quid pro quo, would re-evaluate the brand continuously at each level of brand performance. Hence exchange consumers would show a relatively smooth response to different levels of perceived brand transgressions. On the other hand, since the information about the degree of care and concern of the partner is not readily available, communal consumers look for cues to help them make that assessment. With insufficient information in the cues, consumers will initially be sticky in their evaluation of the brand. As the amount of information crosses a threshold, they would reassess the brand’s underlying motivations and at this point show a discrete shift in their evaluations.

Implications for Managing Customer Responses
The primary implication of the proposed model is that while exchange consumers are likely to show a proportionate response to a brand transgression, communal consumers are likely to show one of two extreme responses – either overlook the transgression and behave as if nothing of consequence really occurred, or exhibit such a strong and negative response that the entire relationship may come under jeopardy. This is of course of immense value to brand managers who will then be able to develop effective coping and recovery strategies if they are able to identify which customers perceive what type of relationship with their brand. Further, within the communal consumer group, it would be important to identify if the threshold point for the significant change in brand evaluation is unique for each customer, and ideally what that threshold point might be. Thus, to start with, managers might wish to develop strategies to figure out what proportion of their customers have an exchange-like relationship with their brand and what proportion have a communal-like relationship. Second, within the communal customer group, what might be the size of the segment that is strongly resistant to changing their evaluation and of that segment that is more likely to abandon the brand? Third, what types and levels of transgressions are easily forgiven (hence below the threshold) and what transgressions lead to strong negative responses (hence above the threshold)? Since prior work has shown that a violation of relationship norms leads to significant lowering of the brand evaluation (Aggarwal, 2004), it can be argued that transgressions that give a clear indication of the brand’s lack of care and concern for the consumer might be more likely to ‘cross the threshold’ for communal consumers than those that are equally negative but seen as an ambiguous signal of lack of concern.

Research in marketing and social psychology has noted that both people (Fiske, Cuddy, & Glick, 2007) and firms (Aaker, Vohs, & Mogilner, 2010; Kervyn, Fiske, &
Malone, 2012) can be characterized by the two fundamental dimensions of warmth and competence. The warmth dimension relates to a group’s intentions and includes traits such as helpfulness, trustworthiness, and sincerity, whereas the competence dimension relates to a group’s ability to carry out those intentions and taps into traits such as effectiveness, intelligence, and skill. Given that a communal relationship is based on the expectation of mutual care, presumably issues of warmth will be relatively greater salience and concern than issues of competence. As such, one could expect that the threshold for extreme evaluations for communal consumers will be observed much faster for transgressions of warmth compared to transgressions of competence. It would be interesting to note, however, if the exchange consumers show an equally negatively sloped response function to both transgressions of competence and transgressions of warmth. Consistent with this, recent work examining the effect of relationship norms on the perception of fairness norms shows that communal consumers are more sensitive to issues of interactional fairness when the distributive fairness is low (Aggarwal & Larick, 2012). That is to say, when the outcome is negative, consumers in a communal relationship show a significantly more negative response to being treated shabbily relative to those in an exchange relationship. If marketers can be sensitized to issues of warmth versus competence, and to those of different types of fairness, they will be better able to manage customer dissatisfaction emanating from brand transgressions.

General Discussion

This research proposes a framework which suggests that relationship norms influence consumers’ responses differently to increasing levels of brand transgression.
According to the proposed model, communal participants are more likely than exchange participants to be one of two kinds: a) those who show a greater tendency to maintain the relationship by overlooking the brand’s transgressions, and b) those who show a greater tendency to break the relationship beyond a threshold level of transgression. In contrast, the exchange participants’ response to a brand transgression is relatively less volatile – they are less likely to completely break their relationship with the brand and also less likely to be unresponsive to brand transgressions. The model suggests that the type of consumer-brand relationship leads to differences in how people process the information and how they make sense of the brand’s actions. While exchange consumers are more likely to focus on the final outcome (in line with the norms of this relationship), communal consumers are more likely to focus on whether or not the brand cares for them (in keeping with the norms of this relationship). Consequently, consumers for whom the threshold is not yet crossed will be more willing to stick with the brand even in the face of negative outcome; however, consumers for whom the threshold is crossed will be more likely to break away from the relationship completely. Exchange consumers, on the other hand, show a lot more measured approach in their responses, showing a proportionate lowering of the brand evaluation to increasing level of brand transgression. Presumably, the exchange consumers let their head rule over the heart while the communal consumers show the typical behavior of the heart ruling over the head.

**Theoretical and Practical Implications**

The proposed model is interesting in that it suggests that the type of relationship that consumers form with a brand determines the manner in which they would respond to
brand transgressions. It has been noted in prior research that there are significant
differences across consumers based on their demographics such as age, gender, race etc.
For example, it has been shown that women tend to be more relational in their
interactions compared to men (Gabriel & Gardner, 1999). Consequently, it might be
useful for brand managers to use an easily identifiable consumer characteristic to help
figure out which consumers have a communal and which have an exchange relationship
with their brand since conducting an individual level research might be both cumbersome
and expensive to administer. As a start, it might be interesting if marketing managers
consider examining the value of using gender as a way to divide consumers into the two
categories with women being categorized as communal and men as exchange relationship
partners. Of course this would need to be fine-tuned over time as the managers get more
information about individual customers. Other managers might consider employing
ethnicity, culture, age or some other such factor to see if these might correlate
significantly with the type of relationship that consumers form with the brand, and use
the factor that makes most practical sense for their brand.

This research suggests some very interesting theoretical issues to examine. A
step-function behavior is consistent with a sufficiency objective, suggesting a non-
compensatory processing strategy whereby consumers care about a certain trait or feature
of the brand and are unwilling to below a minimum threshold level of that feature.
Conversely, a smoother response by exchange consumers, might suggest more of a
compensatory processing strategy which often involve trade-offs suggesting that a lower
level of one feature can be made up if a higher level of another feature is made available.
Researchers and practitioners could delve deeper into the differences and the implications
of the differences in the processing strategies employed by consumers when making 
brand evaluations under the two relationships.

This research has highlighted the differences in how consumers respond to brand 
transgression depending on the type of their relationship with the brand. If the type of 
relationship affects consumer behavior when the brand performs below expectations, it is 
reasonable to expect that there might be some interesting differences in how consumers 
respond to the brand when it performs above and beyond the customers’ expectations. In 
other words, theoretical and practical implications of finding differences in consumer 
evaluations when the brand over-performs might be a very useful follow-up issue to 
examine. Recent research by Aggarwal and Larrick (2012) has noted that when the 
Distributive fairness in a brand interaction is high (i.e., outcome is positive), the exchange 
rather than the communal consumers are more responsive to issues of interactional 
fairness. This interesting reversal of the effect might suggest that when the brand over-
performs, the exchange rather than communal consumers might show a step-function 
response above a threshold. That is to say, exchange customers might feel so 
overwhelmed by the brand’s highly unexpected positive performance that the nature of 
their relationship itself could change – the exchange relationship might start to become 
more communal-like. This, of course, is an interesting issue that might be worth an 
empirical investigation in the future.

It is interesting to note that the proposed model, although suggested for a 
consumer-brand context, might be equally applicable for a person-to-person interaction. 
For example, one can easily see how in a marriage relationship, people may be willing to 
overlook their partner’s minor mistakes and transgressions but, when the transgressions 
cross a threshold, such as cheating on the spouse, marriages may end up in a divorce
since people may be unwilling to forgive their partner for such a transgression. Similarly, extending the idea to an exchange relationship, business partners may be unwilling to overlook both minor as well as major acts of transgressions from their relationship partner, and may conduct business with their exchange partner only to the extent they think it is warranted by the profits they will make by the transaction. Thus, we think that the value of the proposed model goes beyond the context of a consumer-brand interaction, and may help us better understand our response to transgressions by all the different relationship partners that we might interact with.

**Future Research Directions**

Although our model suggests that communal consumers are likely to show both greater likelihood to stick with the brand and also greater likelihood to break away from the brand, it is not clear what determines the exact threshold level of different consumers. That is to say, the threshold level for some communal consumers is likely to be reached sooner than those of the others. It would be useful if future work could get some insight on the determinants of the actual threshold level. What determines the threshold levels for different consumers and how might this threshold be formed? Is this threshold a consumer level characteristic, or is it more a function of the brand? That is, are there individual differences in the threshold of perceived transgression, or does the threshold vary systematically for different product categories and brands? Would such an effect hold equally strongly for more communal-like categories such as healthcare and education compared to say financial products and services? Alternatively, would the
response function of the exchange consumers be insensitive to the type of product category and brands?

An interesting possibility is that the difference in the response of the communal and exchange oriented consumers might also relate to the number (rather than the intensity) of transgressions. That is to say, since relationships often involve multiple interactions over time, this model could be extended to study consumer responses over time. The question that one might ask is whether communal consumers keep some kind of ‘running total’ and if it is this temporal threshold that is being tracked for decisions about continuing a particular relationship? The greater the strength of the perceived communal relationship, the greater the number of transgressions that the consumers are willing to overlook before they significantly lower their brand evaluations. Further, it is possible that at some point, when the running total of perceived transgressions crosses the threshold of acceptable level, even a small transgression by the brand may break the proverbial camel’s back for the communal consumers who may then decide to walk away from their relationship partner.

Another related issue for the brand managers is to examine if the response functions of the communal and exchange oriented consumers differ depending upon whether the multiple transgressions are the same transgression repeated multiple times or a number of transgressions but each transgression being committed in a different context/domain. That is to say, do communal and exchange consumers make differential attributions based on not just on the intensity or the number of transgressions but also on whether the same transgression is being repeated multiple times or if there are multiple transgressions experienced but each transgression being unique. One could argue that exchange consumers might show similar pattern across these two different patterns of
transgressions while communal consumers might be more sensitive to the domain of the transgression. Future longitudinal and/or field work might explore this interesting issue.

Conclusion

Referring back to the earlier example, the Coca-Cola Company found that an overwhelming proportion of its customers preferred the taste of the New Coke, and simultaneously faced the wrath of the consumers who took up arms against the company for withdrawing the old Coke. Clearly, a small proportion of some consumers who had likely developed a communal relationship with the brand felt betrayed by the brand’s decision to change the product formulation and was the vocal group up in arms against the company. Prior work in customer loyalty (Heskett, Jones, Loveman, Sasser Jr., & Schlesinger, 1994) has labeled such customers as terrorists: ‘customers so unhappy that they speak out against a poorly delivered service at every opportunity’ (page 166) and distinguished them from ‘apostles’ who are so satisfied that they convert the uninitiated to a product or service. Future work could also study what factors determine why some communal consumers respond to brand transgressions by feeling betrayed and behaving as brand terrorists while others overlook these transgressions as nothing but minor aberrations and in fact reaffirm their commitment to the brand, behaving more like brand apostles. If mangers can get further insights into these two types of communal consumers and figure out how to convert brand terrorists into brand apostles they may pave the way for their brands to achieve unimaginable future success.
References


Figure 1

Response Function for Brand Transgressions: Communal vs. Exchange Relationships
<table>
<thead>
<tr>
<th><strong>Exchange Relationship</strong></th>
<th><strong>Communal Relationship</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Prompt repayment for specific benefits received is expected</td>
<td>Prompt repayment for specific benefits received is not expected</td>
</tr>
<tr>
<td>2. Desirable to give ‘comparable’ benefits in return for benefits received</td>
<td>Less desirable to give comparable benefits in return for benefits received.</td>
</tr>
<tr>
<td>3. More likely to ask for repayments for benefits rendered.</td>
<td>Less likely to ask for repayments for benefits rendered.</td>
</tr>
<tr>
<td>4. Keep track of inputs and outcomes in a joint task</td>
<td>Less likely to keep track of individual inputs joint task.</td>
</tr>
<tr>
<td>5. Divide up rewards according to each person’s inputs &amp; contributions</td>
<td>Divide rewards according to each person’s needs and requirements.</td>
</tr>
<tr>
<td>6. Helping others is less likely.</td>
<td>Helping others is more likely</td>
</tr>
<tr>
<td>7. Requesting others for help is less likely</td>
<td>Requesting others for help is more likely.</td>
</tr>
<tr>
<td>8. Accepting help with money is preferred to no payment.</td>
<td>Accepting help with no monetary payment is preferred.</td>
</tr>
<tr>
<td>9. Keeping track of others’ needs is less more likely</td>
<td>Keeping track of others’ needs is likely more likely</td>
</tr>
<tr>
<td>10. Less responsive to others’ emotional states</td>
<td>More responsive to others’ emotional states</td>
</tr>
</tbody>
</table>