

Examining the Impacts of Social Settings on Customers' Relational Ties and Emotional Responses

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Abstract

The purpose of this study is to examine the relational factors that influence existing customers' embarrassment when a negative brand incident (NBI) occurs. A 2 (brand relationship quality: low vs high) x 2 (social inclusion: presence or absence) between-subject experiment was conducted, to assess how the level of customer–brand relationship quality (BRQ) moderates this effect. Results show that customers who have a high level of satisfaction with their relationship with a brand feel less embarrassed than those with a low degree of satisfaction. Social inclusion drives this relationship. The findings also show that low BRQ customers feel less embarrassed in the presence of a social group. The results of this study extend the cognitive appraisal framework for negative emotions by examining the role of BRQ for existing customers towards an NBI, and provide new directions for brand managers with respect to how they manage customers' negative emotions when an NBI occurs.

Keywords: Brand Embarrassment, Brand Failure, Brand Relationship Quality

Track: Consumer Behavior

1. Introduction

‘Volkswagen offers customers financial compensation for the embarrassment of driving a Volkswagen.’

‘For Germans, the Volkswagen scandal is a national embarrassment.’

‘Who are the victims of the Volkswagen scandal?’

The headlines above were taken from media reports. In today’s information-rich marketplace, consumers have unprecedented awareness of negative incidents involving brands they care about, and ones they do not care about. People have commented that a brand’s behaviour threatens their self-concept and they regret possessing certain brands’ products. The embarrassment literature has examined the psychological process and consequences of acquiring ‘embarrassing’ products, with concerns raised about the effects of brand scandal on consumer affection and their subsequent behaviour. For example, when a negative brand incident (NBI) occurs, existing consumers might hide the brand logo from others or choose products with a small or hidden brand logo to avoid social attention. Potential customers suspend their buying decision regarding the brand’s products (Grant & Walsh, 2009a; Levy, 1959; Salzer-Mörling & Strannegård, 2004). Therefore, consumer embarrassment that is evoked by the brand cannot be ignored, as this emotion influences consumption behaviour.

Embarrassment is a self-conscious, negative emotion, which is not easily recognised unless explicit facial expressions or body gestures are evidenced (Moore et al., 2008). Embarrassed customer responses are different from other types of customers such as angry customers, with the latter showing their feelings of dissatisfaction via complaints, spreading negative word-of-mouth and refraining from future purchases (Romani, Grappi, & Dalli, 2012). However, embarrassed customers do not express their feelings and thoughts explicitly; conversely, they focus on repairing self-image or avoiding social attention (Song, Huang, & Li, 2016). Thus, brand managers or non-frontline staff of a company underestimate or are unaware of the negative effects of company wrongdoing on embarrassed customers. Consequently, brand managers do not resolve the psychological threats of embarrassed customers accurately and effectively, which may affect customer loyalty to a brand. The effects of brand-elicited emotion on the psychological processes of existing customers is an important and unexplored area of branding.

In this study, we examine the moderating effects of both social and relational factors on the link between NBIs and brand embarrassment. Apart from the investigation of the presence of social effects on the strength of embarrassment, we explore the role of a novel concept of customer–brand

relationship in the model of brand embarrassment. We propose that each dimension of the customer–brand relationship affects embarrassed customers at a different level.

2. Literature Review

Brand embarrassment is defined as any form of anxiety or negative emotion that a brand evokes. It occurs when an individual’s public identity is threatened in a particular situation. The embarrassed individual experiences feelings of awkwardness and discomfort as the result of an encounter with a brand. The negative emotions may arise in anticipation of, during or shortly after the encounter (Walsh, Albrecht, Hofacker, Grant, & Takahashi, 2016).

Emotions associated with consumption are formed in response to a specific consumer appraisal, so it is legitimate to apply a self–other distinction to consumer emotions (Bagozzi, Gopinath, & Nyer, 1999). Johnson, Matear, and Thomson (2011) indicated that when a brand has relevance to the goal of identity construction, the brand’s self-relationship tends to be strong and to have a significant effect on a person’s emotional wellbeing. A negative customer–brand relationship reflects the way consumers feel about themselves when in the relationship with the brand (Alvarez & Fournier, 2016). Therefore, it is expected that when a negative brand incident occurs, self-other relationship factors (e.g., customer-brand relationships, and social presence) may influence the strength of embarrassment and subsequently affect an individual’s behaviour towards a brand.

2.1 Quality of Customer-Brand Relationships

Relational factors shape the significance of a relationship for the individual involved (Holbrook, 1993; Mick & Buhl, 1992). Relationships both affect and are affected by the contexts in which they are embedded (Berscheid, 1994). Meaningful relationships can change an individual’s self-concept through expansions into new domains or reinforce an individual’s self-concept through mechanisms of self-worth and self-esteem (Aron & Aron, 1996). Park, Eisingerich, and Park (2013) proposed that a brand’s hedonic, functional and/or symbolic benefits can help customers to achieve their self-related goals, and thereby bring a brand closer to the self. Individuals purchase a product from a brand because it helps them to express who they are (i.e., their actual self) or who they want to be (i.e., their ideal self). A brand as more of a reflection of who they are and what they stand for. If a brand enhances an individual’s self-esteem, the individual is more likely to maintain a relationship with that brand. Conversely, if a brand fails to enhance an individual’s self-esteem, the individual may decide not to maintain the customer–brand relationship.

A quality of customer-brand relationship composites of five constructs: self-brand attachment, trust, customer satisfaction, intimacy and commitment. Negative brand events damage consumers' trust, a lack of trust damages established customer-brand relationships and leads to customers' rage and disappointment (Castaldo et al., 2010; Gargiulo and Ertug, 2006). If a high-quality relationship exists, customers will trust and commit to a long-term relationship with a brand. Highly committed customers tend to question the validity of the information source or generate counter-arguments that neutralise the effect of negative brand publicity (Swaminathan, Page, & Gürhan-Canli, 2007); however, such customers will also be more likely to take offence if they find themselves the victims of a service failure episode. Further, such customers may feel betrayed if they believe that a firm has intentionally violated what is normative in their relationship (Elangovan & Shapiro, 1998; Ward & Ostrom, 2006). Thus, when existing customers experience negative brand incidents or negative associations, they may feel that they are the victims of the brand or that the brand has violated its commitment to them. Conceptually, this will deteriorate the customer-brand relationship. However, customers with extensive brand experience are less likely to consider any given piece of information as diagnostic (or reflective) of the brand's core competence. Because of their extensive prior knowledge about the brand, new information will not be used to update their prior judgements and is more likely to be discounted (Dawar & Pillutla, 2000).

Ho (2017) further demonstrated that consumers with high commitment to a brand have a stronger customer-brand relationship and experienced lesser brand embarrassment than consumers with low commitment to a brand. Further, a strong and positive customer-brand relationship reduced the perceived severity of a negative brand incident and made customers felt less embarrassed. The findings also showed that existing customers would have a high (past) level of self-brand connection reduced the strength of brand embarrassment. Consumers with a high-quality brand relationship experienced less brand embarrassment than consumers with a low-quality brand relationship (Ho, 2018). Therefore, we posit that when customers are satisfied with their relationship with a brand, the strength of their embarrassment will be weaker if an NBI occurs. The hypothesis below is proposed:

H1: Customers with high levels of satisfaction with BRQ feel less embarrassed than customers with low levels of satisfaction with BRQ.

2.2 Social Inclusion

Although social inclusion or presence increases embarrassment, if customers have a high-quality brand relationship (they are satisfied with the brand), they tend to question the validity of the information source or generate counter-arguments to minimise the effects of negative brand

news (Swaminathan et al., 2007). They may question the brand's staff about the causes of the negative incident, and explain the reasons for the incident to their social group in person to protect their self-worth and self-esteem. Through presenting an explanation to the people in their social group, customers can control the group's impression of them and the brand, and avoid negative social image, which reduces the negative feeling induced by the brand. Conversely, if customers have a low-quality brand relationship (they are less satisfied with the brand), they are unlikely to invest effort to argue against any negative incident or associations, as they do not plan to have a long-term brand attachment. They may feel embarrassed when the social group is present. Thus, it is expected that customers with high-quality brand relationships and high levels of brand satisfaction will experience less-negative emotions in the social presence (SP) condition and more negative emotions in the social absence condition. This means that SP polarises brand embarrassment (between consumers with high- and low-quality brand relationships), and the strength of brand embarrassment varies under different social settings. Based on these previous findings, the hypotheses below are proposed:

H2a: Customers with a high level of satisfaction with BRQ will feel less embarrassed in a social inclusion condition than customers with a low level of satisfaction with BRQ.

H2b: Compared with social exclusion, social inclusion will decrease perceived embarrassment for consumers with a high-quality consumer-brand relationship.

3. Methodology

3.1 Manipulation Check

To ensure that these scenarios elicited feelings of brand embarrassment, a manipulation check was conducted. 60 students and staff members (both male and female) at a university were asked to read scenarios (same as those in main study) and put themselves in the position of the Senior Manager of a company. Then, they were instructed to rate the severity of these scenarios on a scale of 1 to 5 (for instance, 5 indicated, 'I would be very embarrassed if I were the person wearing the brand's products in this situation' and 1 indicated, 'I would not be embarrassed if I were the person wearing the brand's products in this situation'). Participants were also asked to indicate how they would feel in these situations (e.g., embarrassed, joyful or angry on a scale of 1 to 5, where 1 represented 'not at all' and 5 represented 'very much'). All of the participants in the manipulation check understood the content and over 80% agreed that this scenario would elicit feelings of brand embarrassment. For the social presence 'Are your feelings of brand embarrassment (if you experience any) a result of thoughts of social presence in the scenario?' was asked (where 1=yes,

2=no). All participants in scenarios 1 and 3, and scenarios 2 and 4 aware the social presence and social absence respectively.

Although hypothetical scenarios were used for our experiment, we chose real-life setting with which respondents were likely to familiar with. Realism checks (Do you believe the scenario is realistic?) was also conducted before mass distribution of survey. In the manipulation check, 88.5% of respondents agreed that the situation in the scenario was realistic, therefore, it is perceived as a highly realistic scenario.

3.2 Data Collection, Experimental Design, and Measurement

This study aimed to test how the customer–brand relationship and social factors affect the strength of brand embarrassment. A scenario-based experiment was conducted with a sample of participants from Prolific Academic, who completed an online survey. Consent questions were asked at the beginning of the study, giving participants the opportunity to refuse to participate in the experiment. Participant responses remained anonymous. The respondents were randomly assigned to each scenario and recruitment stopped when the number of respondents reached the quota of 300. Of the 300 questionnaires, 26 were incomplete and excluded from the database. Of the 274 used, 49% of respondents were aged 25–34 years and 53% were women.

A 2 (BRQ: high vs low) x 2 (Social Inclusion: social presence vs social absence) between-subject experiment was conducted. The dependent variable was brand embarrassment. The core scenario described a customer in a situation facing a Brand X scandal. In the high BRQ condition, customers love and trust Brand X a great deal and are committed to the brand. In a low BRQ condition, customers are not satisfied with the quality of the product and do not commit to the brand. For the manipulations of social inclusion, the statement ‘Your subordinates are also now talking about the Brand X scandal’ was inserted at the end of the scenario. The statement ‘You know that no subordinates are in the office at the moment, and no one will be back to the office today’ was added to conclude the social absence scenario.

All measures in this study were adopted from existing scales in the established research. Likert scale of brand relationship quality was adopted from Kim, Lee, and Lee (2005). These 5-point scales include a four-item measure for self-connective attachment, six-item measure for satisfaction, three-item measure for behavioural commitment, three-item measure for trust, and three-item measure for emotional intimacy (where 1 = strongly disagree and 5 = strongly agree). Brand Embarrassment was measured using Grant and Walsh (2009)’s items and 5-point scale (where 1 = strongly disagree and 5 = strongly agree). The items included: ‘I do not want my friends and acquaintances to see that I buy products from Brand X, as it makes me feel embarrassed’ and

‘I feel embarrassed when I believe that others think the worst of me because I use and wear Brand X’.

Participants were asked to imagine that they were the Senior Manager of a company who was possessing a Brand X car and many people were discussing Brand X for its involvement in a recent scandal. Participants were then instructed to answer questions related to the scenario, and to provide demographic information. At the end of the study, debriefing was conducted. Each participant received compensation in the local currency equivalent to US\$0.7. The details of the four scenarios are shown in the appendix.

4. Results and Discussions

4.1 Measures and Checks

A Likert scale for BRQ was adopted from Kim, Lee and Lee (2005). These 5-point scales include a four-item measure for self-connective attachment, a six-item measure for satisfaction, a three-item measure for behavioural commitment, a three-item measure for trust and a three-item measure for emotional intimacy (1 = strongly disagree and 5 = strongly agree) (Cronbach’s alpha = 0.958). The independent variable was centered to reduce multicollinearity, which resulted in VIF-values below 10 (Cohen, Cohen, West, & Aiken, 2003). The BRQ manipulation had a significant effect on the check ($M_{low} = 3.49$ vs $M_{high} = 3.05$, $F(1, 272) = 15.301$, $p = 0.000$).

Our manipulation to check for social inclusion was ‘Are your feelings of brand embarrassment (if you experience any) a result of thoughts about social presence in the scenario?’, with three options (where 1 = yes, 2 = no). The effect of the SP manipulation on the check was significant ($M_{sp} = 3.48$ vs $M_{sa} = 2.95$, $t(272) = -4.51$, $p = 0.000$).

The dependent variable, brand embarrassment, was measured using Grant and Walsh’s (2009) items and 5-point scale (1 = strongly disagree and 5 = strongly agree). The items included ‘I do not want my friends and acquaintances to see that I buy products from Brand X, as it makes me feel embarrassed’ and ‘I feel embarrassed when I believe that others think the worst of me because I use and wear Brand X’ ($M = 3.27$; $SD = 0.97$; Cronbach’s alpha = 0.927).

A confirmatory factor analysis (CFA) model containing the key reflective constructs (BRQ, SP and BEmb) revealed adequate fit indices ($\chi^2/df = 2.753$ ($p = 0.334$), $GFI = 0.994$, $AGFI = 0.910$, $RMSEA = 0.057$) and evidence of discriminant validity according to Fornell and Larcker (1981).

4.2 Hypotheses Testing

The goal of this study was to test the effect of brand relationship quality (BRQ) and social presence (SP) on the strength of brand embarrassment (BE_{mb}). We expected that in a social presence condition, compared with a social absence condition, customers with a high satisfaction in brand relationship quality will feel less embarrassed than customers with a low satisfaction in brand relationship quality. A regression analysis in SPSS was conducted to test hypothesis 1. Satisfaction served as an independent variable and brand embarrassment served as a dependent variable. The results revealed a significant main effect of satisfaction on brand embarrassment ($t(135) = -.408, p < .05$) in a high brand relationship quality condition but no significant main effect of satisfaction on brand embarrassment in a low brand relationship quality condition ($t(137) = 0.016, p > .05$). It means satisfaction contributes high brand relationship quality that reduces the feeling of brand embarrassment. Hypothesis 1 was supported.

A two-way between-group ANOVA was conducted to explore the impact of BRQ and SP on levels of brand embarrassment (BE_{mb}); that is, BRQ and SP were independent variables and BE_{mb} was a dependent variable. There was a statistically significant main effect for BRQ ($F(1, 270) = 14.34, p = 0.000$) and SP ($F(1, 270) = 20.93, p = 0.000$). However, the interaction effect between BRQ and SP was not statistically significant ($F(1, 270) = 0.213, p = 0.645$).

In the SP condition, there was a significant difference in the brand embarrassment of low BRQ participants and high BRQ participants ($M_{\text{lowBRQ}} = 3.71, M_{\text{highBRQ}} = 3.23; F(2, 166) = 5.547, p = 0.005$). However, for the social absence condition, there was no significant difference in the brand embarrassment of low BRQ participants and high BRQ participants ($M_{\text{lowBRQ}} = 3.14, M_{\text{highBRQ}} = 2.76; F(2, 104) = 2.921, p = 0.059$). This shows that high BRQ participants feel less embarrassed than low BRQ participants in the SP condition.

To test the effects of each dimension of BRQ and SP on brand embarrassment, the SPSS AMOS moderation test was used. SP served as a moderator, each BRQ dimension was an independent variable and BE_{mb} was a dependent variable. Results show that SP moderates the relationship between satisfaction and brand embarrassment when customers have a high BRQ ($F(2, 166) = 19.681, p = 0.05$). No significant interaction effects on other BRQ dimensions or other social settings were observed. Thus, H2a and H2b were supported.

Our proposed hypotheses were supported by the data from the empirical study. We found that customers with a high level of satisfaction with BRQ felt less embarrassed than customers with a low level of satisfaction with BRQ (H1 was supported). This research also investigated how social inclusion influenced brand embarrassment when participants had different levels of BRQ satisfaction. Results show that when customers are satisfied with BRQ, they feel less embarrassed

under the social inclusion condition when compared with customers who are not satisfied with the brand relationship (H2a and H2b were supported).

The study shows that when a negative brand incident occurs, satisfying customers evoke less brand embarrassment compared with less satisfying customers, but in the presence of a social group the strength of brand embarrassment will increase. The satisfying customers refer to the existing customers who do not regret choosing the brand despite a scandal relating to the brand. The customers continue to like the brand and enjoy using the products, as they are exactly what they want. The experience of using the brand is good and the performance of the brand is better than what they expected.

These findings reveal that the quality of customer experience, the level of satisfaction with a brand's offerings, and identity and goal congruence positively influence the quality of the customer-brand relationship, reducing the negative effects resulting from a brand crisis or from brand misconduct. However, the effect of social identity threats and damage to the self-esteem reduce customer satisfaction towards the brand. If a brand can restore a customer's identity in front of the social group, the strength of negative emotions will be reduced. The brand can rebuild a good relationship with customers. Therefore, it is important for brand managers to choose the right relationship-building actions to resolve the problems.

5. Contributions

This research extends the understanding of consumer embarrassment by demonstrating the role of satisfaction in brand relationship quality in predicting consumer affective responses towards an negative brand incident (NBI). We have shown that if an NBI occurs, in the context of social presence, consumers with different levels of BRQ will feel different levels of brand embarrassment. Moreover, previous studies have focused on the factors leading to embarrassment prior to or during the purchase or consumption of a convenient product. Little attention has been paid to customers' post-purchase emotions, especially when they are still in possession of the brand's product such as cars, clothes, bags and facial treatment packages. Building and maintaining a good relationship with customers is important for business success. Factors that could reduce negative emotions towards a brand when customers are facing an NBI are vital for maintaining or improving this relationship.

The findings of this research also further enhance our understanding of the literature on Lazarus's (1991) cognitive appraisal theory. First, we have shown that customer satisfaction contributes significantly to the quality of brand relationships, affecting the evaluation process of consumers possessing a brand's product in the event of an NBI. Second, we have demonstrated that

in the case of an NBI, consumers who have high BRQ feel less embarrassed (less negative emotion is elicited) than consumers with low BRQ. This finding suggests that in the primary appraisal and secondary appraisal of an NBI, customers no longer evaluate solely using a cognitive mindset and causal reasoning. The relationship between the perceived severity of the NBI and negative emotion is not always positive—the BRQ must also be considered.

6. Limitations and Future Directions

Several limitations of this paper have been identified, and await further investigation. One is that this study used a hypothetical brand to test emotions. To manipulate stronger respondent feeling and reduce ecological validity, we could adopt a real brand, such as Volkswagen, in a future study. Another limitation is that all studies were based on one NBI in the automobile industry. Future research could be conducted using different scenarios and in different industries to increase the generalisability. Moreover, most of the participants were people from Europe, who may not be universally representative. Cultural differences between westerners and easterners may lead to different affective responses towards an NBI. For example, Chinese people may have less awareness regarding unethical business practices and may perceive the NBI as less severe. They may feel more embarrassed in front of other people as easterners tend to be more conscious of ‘saving face’ (Kitayama, Markus, Matsumoto, & Norasakkunkit, 1997; Singelis & Sharkey, 1995).

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