

BRAND REPUTATION: DOES IT HELP CUSTOMERS COPE WITH SERVICE FAILURE?

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INTRODUCTION

When service failure occurs, customers experience disconfirmation and feel displeased (Smith, Bolton and Wagner, 1999). Prior studies indicate that customers maintain different levels of service expectations for high and low reputed brands (Roggeveen, Bharadwaj, and Hoyer, 2007). For high reputed brands, customers have high expectations, and view them as delivering superior services. The brand name acts as a predictive cue enabling customers to anticipate more accurately the service delivery process and outcome (Selnes, 1998). Research findings have confirmed that customers positively relate to brand reputation affecting the perceptions of service performance and benefits (Brodie, Whittome and Brush, 2009). Customers evaluate the characteristics of the service failure and assess the perceived stress in the given situation (Lazarus and Folkman, 1984; Gabbott, Tsarenko and Mok, 2011). This appraisal process influences the use of different coping strategies in managing the negative emotions. The stress encountered is contingent upon the expectations one has from the service provider. This indicates that customers might use different coping strategies depending upon the expectation associated with the brand that fails to serve appropriately. However, there is little systematic research on the linkages between brand reputation, customer coping strategies and failure outcomes. The primary goal of this study is to conceptualize the different coping strategies that customers use in managing service failures and to determine the role of brand reputation in determining the coping strategies and service failure outcomes. The current study uses expectancy-disconfirmation and uncertainty management theory to build the conceptual model of customers coping strategy to deal with the service failure. More specifically, the present study highlights the presence of “buffering effect” of brand reputation following the service failure. This study uses coping mechanism to propose that brand reputation reduces the negative effects of failure severity on customer satisfaction. Finally, the study proposes that coping mediates the relationship between failure severity and customer satisfaction.

THEORETICAL BACKGROUND AND PROPOSITIONS

This research investigates the role of brand reputation in coping with service failures and the mediating role of coping strategies in influencing satisfaction and behavioral intentions. The study proposes that coping strategies customers use to manage service failures occurring in high reputed brands and low reputed brands are different.

Consumer Coping Strategies

Coping refers to the actions or thoughts that people use in dealing with stressful encounters. As Lazarus and Folkman (1984) point out, coping is the “*constantly changing cognitive and behavioral efforts to manage specific external and/or internal demands that are appraised as taxing or exceeding the resources of the person.*” customers have coping preferences and engage in specific coping strategies across different situations (Endler and Parker, 1990; Yi and Baumgartner, 2004; Duhachek and Kelting, 2009; Carver and Connor-Smith, 2010). Thus, in this study we propose a multidimensional measure consisting of eight coping strategies that are described below.

Action coping (AC): Consumers who cope with stressful encounters through action coping think about ways to make things better, devise a plan of action, and try to resolve the problem (Duhachek, 2005).

Rational thinking (RT): Consumers who experience stress may try to step back from the encounter and cope by keeping their feelings to themselves (Duhachek, 2005).

Positive thinking (PT): Consumers may try to cope by identifying and focusing on the positive aspects of the stressful encounter (McCrae, 1984). Positive thinking is a constructive coping response where the consumers see an opportunity to learn from the stressful encounters.

Emotional venting (EV): Consumers who experience a stressful encounter may try to vent their feelings to get the attention of the service provider (Duhachek, 2005).

Instrumental-support seeking (IS): Consumers who cope with instrumental-support seeking try to seek advice from friends or acquaintances with similar experience (Duhachek, 2005).

Emotional-support seeking (ES): Consumers aim at managing stressful encounters by expressing their feelings to others to seek comfort (Duhachek, 2005).

Avoidance (AV): Consumers cope with negative experiences by doing other things to distract from the problem (Duhachek, 2005).

Denial (DEN): Consumers may cope by pretending that the stressful encounter never happened. Denial serves the function of managing one's emotions (Duhachek, 2005).

Impact of Failure Severity on Consumer Coping Strategies

The perceived severity of failure is a key determinant in forming post-failure attitudes and intentions. According to Duhachek and Kelting (2009), customers use a repertoire of coping strategies in managing the stressful encounter. The failure severity might affect the assessment of the encounter and the subsequent use of coping strategies (Gabbott *et al.* 2011). When customers perceive the service failure as severe, they may consciously take efforts to reduce the greater perceived loss and negative emotions. They ponder on the causes and consequences of the failure and actively engage in effortful actions to resolve the situation. Further, severe failure evokes anger which intensifies expressive tendencies and retaliatory behaviors (Bonefield and Cole, 2007). Thus, we expect customers to use action, emotional venting and instrumental-support seeking to manage severe failures. On the contrary, when customers experience less severe failures, they evaluate the potential loss as low and might ignore the negative emotions.

Proposition 1: Satisfaction and behavioral intentions are determined by the severity of failure

Proposition 2: Use of coping strategies of (a) action coping, (b) rational thinking, (c) positive thinking, (d) emotional venting, (e) instrumental-support seeking, (f) emotional-support seeking, (g) avoidance and (h) denial are determined by the severity of the service failure.

Mediation Effect of Coping Strategies

In the present study, we propose that when service failure occurs, the perceived stress triggers different coping strategies that affect the customer evaluation of service encounter. In case of coping strategies such as action and instrumental-support seeking, customers appraise the stressful encounter as severe and unalterable (Oakland and Ostell, 1996). This results in unfavourable evaluation of customer satisfaction. Thus, it is proposed that action and instrumental-support seeking coping strategies will be negatively associated with evaluation of customer outcomes following a service failure. On the other hand, the use of coping strategies such as positive thinking, rational thinking, emotional venting and emotional-support seeking results in reinterpretation of the stressful encounter (Gabbott *et al.* 2011). This results in more favorable evaluation of customer satisfaction and behavioral intentions.

Proposition 3: The coping strategies mediate the relationship between failure severity and customer outcomes.

Moderating Role of Brand Reputation on Coping Strategies And Customer Outcomes

Brand reputation refers to the customers' perception of service quality associated with the brand name (Selnes, 1998). Brands with high reputation reduce the perceived risk resulting in favourable evaluations. More importantly, brand reputation affects customer perceptions, preferences and behaviors as they are viewed as valuable and intangible assets (Erdem and Swait, 1998). Prior studies indicate that favorable brand reputation protects the firm during the crisis by creating a buffer or shield (Dawar and Pillutla, 2000; Greyser, 2009). Customers attribute the firm to be less responsible for the crisis and give the benefit of doubt to the organization. They discount the negative information and focus on the positive aspects associated with the firm (Coombs and Holladay, 2006). The present study uses key insights from expectancy-disconfirmation theory and uncertainty management theory in hypothesizing the role of brand reputation on service failure outcomes. The expectancy-disconfirmation theory suggests that when customers encounter failure, negative disconfirmation occurs as product performance fails to meet the expectations (Oliver and Burke, 1999). For high reputed brands, customers have high expectations that result in greater negative disconfirmation and dissatisfaction with the service failures. They might experience 'shock' or 'betrayal' on encountering service failures in high reputed brands (Brady *et al.* 2008). This betrayal or shock could displace the positive attitudes and beliefs associated with the brands resulting in unfavourable evaluation of service failure (Mattila, 2004). Similarly, uncertainty management theory posits that people tend to react more unfavourably when they face uncertainty in the environment. They feel anxious and distressed and might try to find comfort in related or unrelated experiences (Van den Bos and Lind and 2002; Thau, Aquino and Wittek, 2007). Consequently, when service failures occur in high reputed brands, customers experience greater uncertainty motivating them to cope by seeking salient information to reduce anxiety and distress. Thus, brand reputation might impede the evaluation of service failure and its

effect on customer outcomes. Thus, when customers experience high severe failures in high reputed brands, they evaluate the negative experience as novel resulting in greater disconfirmation and lower satisfaction. For less severe failures, we propose that customers might ignore the negative information as they expect occasional mild failures to occur (Hess, 2008). This results in greater satisfaction for less severe failures in high reputed brands than less reputed brands.

Proposition 4: Brand reputation moderates the relationship between failure severity and coping strategies

Proposition 5: Brand reputation moderates the relationship between failure severity and customer satisfaction and behavioural intentions.

CONCLUSION AND IMPLICATIONS

The present study shows that customers use a repertoire of coping strategies in managing service failure. Understanding what coping strategies customers use would assist service managers in adapting the recovery strategies that match the customer coping process. Also, understanding the role of brand reputation is important given its influence on evaluation of service failure and recovery. Our proposition indicates that brand reputation has an important role to determine customer satisfaction for varied degree of failures. The prediction that brand reputation could shield or buffers the negative outcomes of service failure suggest that customer would like to give another chance to the highly reputed brands. However, considering that customers would employ different types of coping strategies to deal with the failure, service managers should devise recovery strategies that would help the customers cope better.

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