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# Avoiding the brand for me, us, or them? Consumer reactions to negative brand events

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## ABSTRACT

Consumers react negatively to wrongdoings by brands. In this regard, managers often struggle to allocate their recovery resources effectively, as some consumers react more negatively to incidents that affect only themselves while others react more strongly to events that affect many people. In three experiments, we examine how consumers react to negative brand events (NBEs) that only affect themselves (i.e., personal scope) and NBEs that affect many people, including or excluding themselves (i.e., communal scope or external scope). Drawing on self-bias theory, we find that consumers experience stronger feelings of betrayal following an NBE with a personal (vs communal or external) scope, which in turn drives avoidance. We show that this effect may be mitigated if consumers are less self-focused (i.e., score low in grandiose narcissism or egocentric selfishness) or are from a less self-focused culture (i.e., collectivists). This research provides actionable implications for brand managers regarding NBEs.

## 1. Introduction

Wrongdoings committed by brands are ubiquitous (Hassey, 2019). Such events make customers angry and can be costly for companies. For example, the cost of Volkswagen's "Dieselgate" emissions scandal amounted to US\$25 billion (Parloff, 2018). Sometimes the cost is so high in monetary and reputational terms that the brand never recovers (e.g., Schlitz beer, Fashion Café, Enron) (Aaker et al., 2004; Haig, 2005). The latest Customer Rage Study (Customer Care Measurement & Consulting, 2020) estimates that American corporations stand to lose US\$494 billion in revenue by mismanaging customer complaints caused by negative brand events (NBEs). Consumer complaints due to brands' wrongdoings have been rising and are becoming more of a managerial challenge than ever before because customers can now register their complaints and share them more easily on social media (Alcántara, 2020). Without fully understanding the process leading to customer outcomes of NBEs (e.g., brand avoidance), managers may be hard-pressed to control the possible fallout of NBEs, mitigate brand avoidance, and, in some cases, prevent potential brand collapse (Lee et al., 2009).

The literature on the outcomes of NBEs focuses on brand transgressions, service failures, and product harm crises; however, these three research streams have developed relatively independently (Khamitov et al., 2020). We thus approach NBEs holistically and follow Khamitov et al. (2020, p. 529), who define them as "any conflict or friction—including failure, transgression, crisis, or any other negative incident—that occurs between a consumer/customer and a firm, its brand or its offering." Adopting relationship theory as a lens (Bowlby, 1980; Fournier, 1998; McCullough et al., 1998), the research on NBEs often focuses on how consumer-brand relationships and associated norms affect customer reactions after such events (Grégoire et al., 2009; Hassey, 2019; Wiggin & Yalch, 2015).

The present research, by contrast, focuses on an observable, managerially relevant predictor of post-NBE customer behavior—namely, the scope of NBEs. Specifically, we distinguish among three scopes: NBEs affecting one customer personally (i.e., personal scope); NBEs affecting a wider group of consumers, including the focal customer (i.e., communal scope); and NBEs affecting others but not the focal customer (i.e., external scope). This distinction is important for theoretical and

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practical reasons. Drawing on self-bias and construal level theories (Campbell & Sedikides, 1999; Shepperd et al., 2008; Trope & Liberman, 2010), we show that NBEs falling under the personal scope can elicit stronger consumer responses to NBEs. According to self-bias theory, “people are biased towards information relevant to themselves compared with information relevant to other people” (Humphreys & Sui, 2015, p. 129). This means that if an NBE affects a consumer personally—it is perceived as more personally relevant to the consumers due to their own self-bias. This increase in salience of an NBE influences customers’ information processing and could make brand avoidance more likely. Moreover, construal level theory (Lee et al., 2021; Liberman et al., 2007) suggests that events that are not experienced personally may be perceived as more psychologically distant. This social distance to the group affected by the event may also reduce a consumer’s emotional response to an NBE (Gutsell & Inzlicht, 2010). We suggest that self-bias is more likely to affect customers’ perceptions of an NBE when it affects only them (“it happened to *me*”) than when it affects them and other customers (“it happened to *us*”). Besides, we argue that a lack of proximity to an NBE causes consumers to react less strongly to an NBE that only affects other customers (“it happened to *them*”) than when an NBE affects only them (“*me*”) or them and others (“*us*”). Moreover, we posit that the perception of betrayal explains brand avoidance after an NBE depending on the particular scope of the NBE.

Note that the concept of the NBE scope in our theoretical exposition differs from the concept of self-relevance used by most of the research that investigates NBEs through the prism of consumer–brand relationships. In those studies, self-relevance is often associated with high customer involvement, personality fit, self-brand connection (SBC), or attachment (e.g., Cheng et al., 2012; Hassey, 2019; Johnson et al., 2011; Munichor & Steinhart, 2016; Wiggin & Yalch, 2015). In contrast with those studies, our conceptualization of NBE scope is based on work that treats self-relevance as the extent to which an NBE affects consumers. A few studies have examined self-relevance from an NBE scope perspective. For example, Trump (2014) manipulates self-relevance by exposing participants to NBEs that are particularly relevant to their in-group (e.g., female consumers’ reactions to gender-based discrimination). Similarly, Guckian et al. (2018) investigate self-relevance (proximity to a scandal) from a brand ownership perspective (e.g., car brand owners’ reactions to a product harm crisis). In both cases, the studies examine consumers’ reactions to NBEs that affected many consumers (communal vs external scope). To the best of our knowledge, no prior studies have compared reactions to NBEs that affect consumers as part of a group of people versus as a single individual (communal vs personal scope).

Finally, to add nuance to our understanding of the process between an NBE and brand avoidance and to enhance the internal validity of the results, we investigate how consumers’ self-focus moderates the link between the scope of an NBE and perceived betrayal. When an NBE affects only one customer, the negative impact of self-bias on the perceived betrayal may be exacerbated for those who chronically possess an acute self-focus—for example, narcissistic or selfish customers (Konrath et al., 2009; Raine & Uh, 2018). We also assess the impact of self-focus from a cultural perspective. We posit that individualism versus collectivism (Hofstede et al., 2005) interacts with the scope of an NBE to affect perceived betrayal and intentions to avoid the brand. Evidence from cross-cultural studies supports the view that individuals from collectivist and individualist societies differ in terms of information processing and behavior following service failures (Patterson & Smith, 2003).

In summary, this research contributes to the literature on NBEs in several ways. First, building on prior betrayal and NBE research (Tan et al., 2021), we show that customers’ feelings of betrayal and subsequent brand avoidance may be contingent on the scope of the NBE. We demonstrate that this is especially true for NBEs that affect one customer personally rather than for NBEs that affect both a customer and many other customers. Second, to explain the process through which an NBE leads to brand avoidance, we show that a heightened self-focus

(operationalized across three studies as grandiose narcissism, individualism, and egocentric selfishness) increases the sense of betrayal and brand avoidance for NBEs affecting one customer. Third, we also contribute to the scarce literature that investigates how cultural aspects affect post-NBE customer judgments (e.g., Monga & John, 2008; Sinha & Lu, 2016; Xu et al., 2021). NBEs that affect many customers result in higher brand avoidance intentions than NBEs affecting one customer in collectivist (less self-focused) countries, whereas the opposite is true in individualist (more self-focused) countries. Thus, our research also provides relevant implications for international brand managers by showing that they should not underestimate the importance of a given culture in determining customers’ reactions to NBEs. Our study informs managers how to allocate resources effectively to mitigate the negative outcomes of NBEs and how to select appropriate recovery strategies. Specifically, we recommend that brand managers focus their recovery efforts on a more individual basis when dealing with segments with a heightened self-focus.

## 2. Theory and hypotheses development

### 2.1. Nbes

The key insight of the research on NBEs to date is the existence of a “buffering effect,” whereby a strong prior relationship between customers and a brand helps alleviate the negative impact of NBEs on customers’ post-NBE behavior (Cheng et al., 2012; Grégoire et al., 2009). This is because commitment and trust characterize strong consumer–brand relationships and make customers more forgiving of brands’ wrongdoings (Hassey, 2019). However, contextual variables such as brand personality (Aaker et al., 2004) and relationship quality (Grégoire et al., 2009) can moderate or even reverse the buffering effect. The buffering effect can also be reversed when customers perceive a transgressive service interaction as a violation of relational norms or when they judge a post-NBE service recovery as unambiguously unfair (Aggarwal, 2004; Grégoire & Fisher, 2008).

The focus of much of the NBE literature on relationship theory is understandable. The thoughts, affect, and behaviors of consumers after an NBE often resemble those of two partners after a falling-out. However, according to Hassey (2019), consumers do not always form strong relationships with brands, and reactions to NBEs may also be generated independent of them (Aaker et al., 2004; Reis & Knee, 1996; Schouten & McAlexander, 1995; Smith et al., 1999; Thomson et al., 2005).

Thus, the key predictor in our theoretical model is the scope of an NBE. As noted, we distinguish among NBEs that affect one customer (“*me*”, i.e., personal scope), NBEs that affect a customer who is part of a group of affected customers (“*us*”, i.e., communal scope), and NBEs that do not affect the customer but rather a group of other customers (“*them*”, i.e., external scope).

### 2.2. Self-bias and NBE scope

Drawing on self-bias theory (Humphreys & Sui, 2016), we expect an NBE, which, by definition, is a negative stimulus, to become more salient to a customer who experiences that NBE alone than when a customer experiences it alongside other customers (or when the focal customer does not personally experience the NBE, but other customers do). When just one customer experiences an NBE, self-bias is likely to make the event more personally relevant than when the event happens to many customers. After all, from the customer’s perspective, the NBE is something that has happened to “*me*” (and not to others). Therefore, customers are more likely to frame such an NBE in personal terms (Beverland et al., 2010). By contrast, when an NBE affects many customers, each customer in this group is one of many. In this case, the affected customers share a common knowledge of the NBE, which diminishes the possibility of self-bias. Self-bias is further diminished if an NBE does not affect the customer at all but rather a group of other

customers.

The conjecture that NBEs affecting a single customer are more personally relevant than NBEs affecting many customers is also consistent with the construal level theory of psychological distance (Sharma et al., 2020; Trope & Liberman, 2010). In line with Khamitov et al. (2020, p. 525), we argue that when an NBE affects a customer personally, they may feel a strong psychological proximity to the event, whereas when an NBE affects many customers, they “understand that they are part of a larger affected group and feel a certain psychological distance from a crisis.” Indeed, NBEs that are not personally experienced by a consumer (i.e., external scope) are characterized as further away in terms of social and psychological distance (Lee et al., 2021; Liberman et al., 2007). Moreover, individuals are less impacted by events affecting those they perceive as being socially distant (Gutsell & Inzlicht, 2010). However, if consumers are affected by an event—either themselves only (i.e., personal scope) or themselves and others (i.e., communal scope)—then such an event is perceived as more proximal. In sum, consumers will react more strongly to NBEs the more psychologically proximal the NBEs are. Specifically, NBEs of a personal scope are more proximal than those of a communal scope, which in turn are less distant than those of an external scope.

Overall, when an NBE affects one customer rather than many customers, the increase in salience and personal relevance of the NBE influences the customer’s evaluation of the event and the brand responsible. The evaluation becomes increasingly negative, prompting the customer to begin considering other alternatives. Further, consumers are less affected by NBEs that are outside of their own personal scope and less psychologically proximal. We summarize the preceding theorizing in the following hypotheses about the relationship between the scope of the NBE and brand avoidance:

**H1a:** NBEs that affect one customer personally (i.e., personal scope) make brand avoidance more likely than NBEs that affect a customer together with other customers (i.e., communal scope).

**H1b:** NBEs that affect a customer together with other customers (i.e., communal scope) make brand avoidance more likely than NBEs that affect other customers only (i.e., external scope).

### 2.3. The mediating role of betrayal

Prior research has examined a number of customer outcomes of NBEs (e.g., brand avoidance; Khamitov et al., 2020; Surachartkumtonkun et al., 2013). For instance, NBEs often cause negative customer reactions, such as feelings of betrayal, which have adverse consequences for brands (Aggarwal, 2004; Grégoire & Fisher, 2008).

We go beyond a brand relationship perspective to propose that betrayal is driven by a consumer’s self-bias, which is triggered by the scope of an NBE. Specifically, we examine whether betrayal mediates the effect of NBEs on “only me” (i.e., personal scope) versus “me and others” (i.e., communal scope) versus “others only” (i.e., external scope). In classic studies on betrayal, scholars demonstrate that close communal relationships are not necessary for individuals to experience betrayal but that betrayal can also be felt in exchange relationships (e.g., store clerk–customer relationships; Clark, 1984; Clark & Mills, 1979; Clark & Waddell, 1985; Shackelford, 1997).

In the aftermath of an NBE, the perceived betrayal makes consumers ruminate in personal terms about the situation in which they find themselves and prompts them to contemplate the brand’s intentions (Park et al., 2010; Reimann et al., 2018). We expect that these customer thought processes will be more pronounced when an NBE affects one customer personally than when it affects many customers (including or excluding the focal consumer). This happens for two reasons. First, self-bias makes “just-me-affected” NBEs more personally relevant than “me-and-other-customers-affected” NBEs. Similarly, these less personally relevant NBEs (i.e., “me-and-other-customers-affected”) will be perceived as more personally relevant than NBEs that are not personally

relevant at all (i.e., “not-me-but-others-affected” NBEs). In the first case, the motivation to restore a sense of fairness is likely stronger than in the second case, while such motivation in the second case is likely to be stronger than in the third case (Grégoire & Fisher, 2008). Second, consumers may feel a stronger psychological proximity to NBEs that affect only them than to NBEs that affect many consumers (Trope & Liberman, 2010). Owing to the increased rumination and contemplation of and psychological proximity to the event, customers should feel more betrayed when an NBE affects only them than when it affects many customers (including or excluding themselves). However, the difference in psychological proximity to the event also drives consumers to feel more betrayed if many customers are affected including themselves in comparison to excluding themselves. Given consumers strong aversion to betrayal (Koehler & Gershoff, 2003), betrayal increases the likelihood of brand avoidance (Tan et al., 2021).

### 2.4. The moderating roles of self-focus

In relation to the mediating role of betrayal, we also investigate boundary conditions. We propose that consumers’ self-focus moderates the mediating link between the scope of an NBE and betrayal. Individuals with a heightened sense of self-focus might be particularly reactive to NBEs with a personal scope, as they strive for self-enhancement through power and dominance, score higher in extraversion, and focus almost exclusively on their own experiences and achievements (Konrath et al., 2009).

We employ three proxies of self-focus to investigate its moderating role: grandiose narcissism, egocentric selfishness, and individualism (vs collectivism). First, narcissism is a trait that is closely associated with a strong self-focus (Campbell & Foster, 2007; Giacomini & Jordan, 2014, 2016; Jordan et al., 2014). The two main types of narcissism are vulnerable and grandiose. Vulnerable narcissists possess a fragile self-concept and low self-esteem and are characterized by anxiety and introversion, while grandiose narcissists have a strong sense of personal superiority and entitlement and high self-esteem, are more assertive, and are characterized by extroversion (Back et al., 2013; Harms et al., 2020; O’Reilly & Hall, 2021). Both Konrath et al. (2009) and Rohmann et al. (2012) find that narcissism is positively related to independent self-construal and negatively related to interdependent self-construal. In particular, grandiose narcissists seek confrontation when challenged and are generally more aggressive, showing increased testosterone levels when engaging in assessment tasks (Lobbestael et al., 2014; Miller et al., 2017). Given their antagonistic tendencies, grandiose narcissists are also less forgiving following an interpersonal confrontation or when treated unfairly (Brunell & Davis, 2016; Eaton et al., 2006; Fatfouta et al., 2017). In sum, grandiose narcissism is characterized by a heightened focus on the self and can be considered a proxy for self-focus.

Second, selfishness is another form of focus on the self. Raine and Uh (2018) distinguish between three types of selfishness: adaptive, pathological, and egocentric. We focus on egocentric selfishness, or “a single-minded attentional focus on the self” (Raine & Uh, 2018, p. 504), as another proxy of self-focus. Under this form of selfishness, others are not particularly advantaged or disadvantaged through specific pro- or anti-social behavior, but rather ignored in an egocentric person’s need calculus. In other words, people with heightened levels of egocentric selfishness are characterized by a strong self-focus and disregard for others’ needs or feelings (Lowe et al., 2019). For example, egocentric consumers exhibit pro-self rather than pro-social tendencies to maximize their gains (Messick & McClintock, 1968; Roux et al., 2015). Egocentric consumers therefore lack a perspective-taking ability and possess low levels of empathy for others. Thus, just like grandiose narcissism, egocentric selfishness is characterized by a high self-focus and can therefore be considered a proxy for self-focus.

Finally, according to research on how culture influences the conception of the self (e.g., Heine et al., 1999; Kim & Markus, 1999; Markus & Kitayama, 1991), the self is more of an autonomous entity in

individualist cultures, whereas the self is more interconnected with and tied to relationships in collectivist cultures. Therefore, consumers in collectivist cultures may be less motivated to protect their self-integrity because their culture puts less emphasis on venerating the self. Individualism is characterized by a high level of focus on the self and a low level of focus on others; by contrast, a low self-focus and a high other-focus characterize collectivism (Giacomin & Jordan, 2014; Hofstede et al., 2005). As such, similar to self-focused narcissistic or selfish consumers, consumers from individualist cultures should feel more betrayed and are more likely to avoid the brand in the future than consumers from collectivist cultures when the brand transgresses against them in some way individually. Consumers in collectivist cultures are more likely to blame an out-group member than consumers in individualist cultures (Van Vaerenbergh et al., 2014). When an NBE affects many people, an in-group consisting of all the individuals affected by the NBE forms naturally. Customers in that group are then prone “to protect” the in-group and are more likely to punish the brand (De Mooij & Hofstede, 2011; Van Vaerenbergh et al., 2014) by, for example, avoiding it in the future. Moreover, when a brand fails an individual in an individualist culture, that person’s identity is acutely threatened because his or her identity is largely based on personal accomplishments (Hofstede et al., 2005). Individualism boosts the negative consequences of a uniquely bad choice because it (implicitly) addresses the competence of the decision maker. Given these tendencies of individualists, one may conclude that individualism is a good proxy for self-focus.

In summary, we posit that consumers who have a high self-focus will suffer more from personally relevant NBEs than consumers who have a low self-focus. Such individuals may feel especially mistreated and betrayed if a brand wronged only them (i.e., NBEs of a personal scope) because they tend to have a strong urge to retaliate (i.e., toward the brand responsible for the negative event). At the same time, consumers with a high self-focus may care less about NBEs that affect others. We therefore posit that they will feel more betrayed if they are affected personally by an NBE, especially if they are the only ones affected. Moreover, we also propose that such betrayal is likely to increase the chances of brand avoidance. Thus, we propose the following:

**H2:** Customers’ self-focus moderates the effect of the scope of an NBE on their feelings of betrayal—which in turn acts as a mediator between NBE scope and brand avoidance; thus, the more self-focused customers are, the more betrayed they feel and the more likely they are to avoid a brand after a personally relevant NBE.

### 3. Overview of studies

We conducted three experimental studies to examine the interplay of NBE scope and consumers’ self-focus in determining consumers’ reactions to NBEs. In Study 1, we asked consumers to report personally relevant events (i.e., personal scope) versus events affecting a wide

range of customers (i.e., communal scope), while measuring their self-focus in the form of grandiose narcissism. In Study 2, we examined the effects of NBE scope (i.e., personal vs communal) on feelings of betrayal and brand avoidance, while capturing levels of self-focus (operationalized by individualist vs collectivist culture) with the help of a cross-national sample. In Study 3, we examined the three levels of NBE scope (i.e., personal, communal, and external) and measured self-focus in the form of egocentric selfishness. Fig. 1 presents our conceptual model.

## 4. Study 1

The purpose of Study 1 was to examine how the scope of an NBE and self-focus influence brand avoidance. Specifically, the study employed grandiose narcissism as a proxy to measure consumers’ self-focus tendencies. We predicted that higher levels of grandiose narcissism would boost the relationship between NBE scope and brand avoidance. Moreover, we proposed feelings of betrayal as the mediator of this moderating effect. Thus, Study 1 tests H1a and H2.

### 4.1. Method

We recruited 318 British participants (50.3 % female;  $M_{age} = 46$ ) with the help of Qualtrics panel service to take part in a 2 (NBE scope: personal vs communal)  $\times$  grandiose narcissism experiment. While NBE scope was a manipulated between-subjects factor, grandiose narcissism was a measured factor. After the participants agreed to take part in the study and indicated their age and gender, we instructed them to think of a negative event related to a brand they “used or purchased at least once.” The manipulations of the scope of the NBE kept the fact that the participants were affected stable while varying the scope of how many others were affected (i.e., no other consumers vs many other consumers). The Appendix provides the full instructions. Only those who could recall a relevant incident were invited to participate in the study. In the next step, we asked the participants to take some time to describe the incident in a few sentences. We then instructed them to describe how they felt and what they thought about the incident. Finally, we asked for the name of the concerned brand.

After the participants finished writing about the NBE, we asked them to respond to questions about their feelings toward the involved brand. We measured betrayal with a two-item 7-point Likert scale adapted from Grégoire and Fisher (2008) and Reimann et al. (2018) ( $\alpha = 0.74$ ; e.g., “I feel like I have been betrayed by this brand”; 1 = strongly disagree, 7 = strongly agree). Moreover, we measured brand avoidance with a two-item 7-point Likert scale adapted from Grégoire et al. (2009) ( $\alpha = 0.93$ ; e.g., “I do not consider this brand anymore when evaluating alternatives”; 1 = strongly disagree, 7 = strongly agree). We measured grandiose narcissism with the 18-item 7-point Likert-type Narcissistic Admiration and Rivalry Questionnaire developed by Back et al. (2013) ( $\alpha = 0.88$ ; e.g., “I show others how special I am”; 1 = strongly disagree,

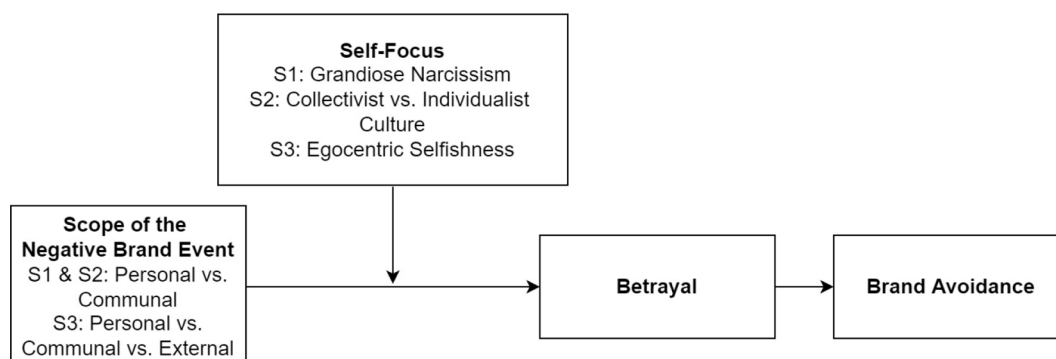


Fig. 1. Conceptual model.

7 = strongly agree). Finally, as a covariate, we measured participants' SBC before the incident adapted from Escalas and Bettman (2003) ( $\alpha = 0.97$ ; e.g., "This brand reflected who I am") to control for any pre-existing relationships with the brand.

4.2. Results

To check our manipulation of NBE scope, two independent coders examined whether the NBEs described in the personal versus communal NBE scope conditions matched their respective categories. That is, the coders checked whether the NBEs the participants reported were indeed cases in which they were personally affected (as stated in the participation requirements of the study). Moreover, the coders checked whether each participant was affected as an individual (i.e., personal NBE scope) or as part of a group (i.e., communal NBE scope) (high inter-rater reliability  $K$ -alpha = 0.88; Hayes & Krippendorff, 2007). A chi-square test for independence with the Yates continuity correction confirmed that the manipulation served its intended purpose ( $\chi^2 = 215.85, p < .01, \phi = 0.87$ ).

To test the relationship between NBE scope and brand avoidance as hypothesized in H1a, we ran a one-way analysis of covariance (ANCOVA) with prior SBC as the covariate. In support of H1a, the results indicated a significant main effect of NBE scope on brand avoidance ( $F(1, 315) = 6.540, p = .01, \eta^2 = 0.02$ ), in that a communal scope ( $M = 4.10, SD = 1.98$ ) generated lower levels of brand avoidance than a personal scope ( $M = 4.62, SD = 2.02$ ).

In addition, we conducted a moderated mediation analysis to test H2 (in which we hypothesized that self-focus moderates the relationship between the predictor NBE scope and the mediator betrayal—ultimately, generating brand avoidance). The moderated mediation model included the scope of the event as a dichotomous independent variable (0 = communal NBE scope, 1 = personal NBE scope); self-focus, operationalized as grandiose narcissism as the continuous moderator; betrayal as the mediator; brand avoidance as the dependent variable; and prior SBC as the covariate (PROCESS Model 8, 10,000 resamples; Hayes, 2022).

First, we tested whether betrayal acts as a mediator in the relationship between the interaction of NBE scope with self-focus (narcissism) and brand avoidance. We found a significant indirect effect for the cases of medium (0.45, 95 % confidence interval [CI] = 0.23 to 0.70) and high (+1SD; 0.70, 95 % CI = 0.40 to 1.05) grandiose narcissism, while the indirect effect for the case of low grandiose narcissism (-1SD) was not significant (0.20, 95 % CI = -0.13 to 0.54). As expected, we found no significant direct effects for all levels of narcissism ( $p > .20$ ). These effects indicate full mediation.

Second, to test the moderating role of self-focus (narcissism), we

regressed NBE scope ( $-0.68, t(313) = -1.10, p = .27$ ), narcissism ( $0.01, t(313) = 0.06, p = .96$ ), the interaction term ( $0.43, t(313) = 2.26, p = .03$ ), and the covariate ( $0.20, t(313) = 3.50, p = < 0.001$ ) on the mediator (i.e., betrayal). A floodlight analysis (Spiller et al., 2013) revealed that NBE scope is significantly related to betrayal starting from a Johnson–Neyman (J-N) point of 2.50 on the grandiose narcissism scale ( $\beta_{J-N} = 0.39, SE = 0.20$ ; 81.45 % of the moderator's values lie above the J-N point). Taken together, these findings lend support to the notion that self-focus (narcissism) boosts the positive effect of the NBE scope on betrayal (see Fig. 2).

In line with H2, we found a significant index of moderated mediation ( $0.29, 95\% \text{ CI} = 0.04 \text{ to } 0.57$ ). Overall, these results confirm our claim (i.e., H2) that betrayal is a full mediator in the relationship between the NBE scope  $\times$  narcissism interaction and brand avoidance, except when consumers have low narcissistic tendencies. Thus, we find support for our predicted moderated mediation model.

4.3. Discussion

The findings of Study 1 show that NBEs that affect a consumer personally and thus have a personal scope drive brand avoidance. Moreover, this effect is stronger if consumers are more self-focused. Specifically, the findings suggest that highly narcissistic consumers feel a greater sense of betrayal by the brand and therefore exhibit a higher level of brand avoidance. By contrast, for consumers with low levels of self-focus in the form of grandiose narcissism, the NBE scope affects neither betrayal nor brand avoidance.

5. Study 2

The purpose of Study 2 was to test the robustness of the effects found in Study 1 by replicating the experiment in a cross-national context. Specifically, we tested the effects of NBE scope and self-focus in the United Kingdom, which is characterized by high levels of individualism (more self-focused), and Greece, which is characterized by high levels of collectivism (less self-focused; Hofstede, 2022). Study 2 also aimed to test H1a and H2.

5.1. Method

We collected data from 612 participants (47.1 % female;  $M_{\text{age}} = 47$ ) with the help of Qualtrics panel service to run a 2 (NBE scope: personal vs communal)  $\times$  2 (culture: low vs high self-focus) between-subjects experiment. As in Study 1, after participants indicated their age and gender, we instructed them to think of a negative event related to a brand they used or purchased from in the past. We also instructed

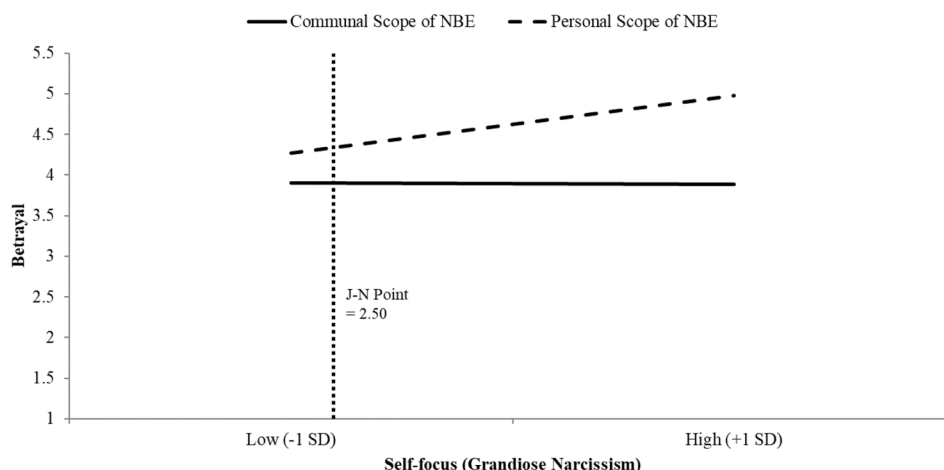


Fig. 2. Moderation results of Study 1 for betrayal.

participants to recall and write about an incident with a brand that had either let them down personally (i.e., personal scope of the NBE) or that had affected not only them but also other consumers (i.e., communal scope of the NBE). Again, we invited only those who could recall a relevant incident to participate in the study. To manipulate self-focus, we collected data in the United Kingdom and Greece. Given the generally individualist orientation of its citizens, we used the responses from the United Kingdom for the high self-focus conditions; conversely, we used the responses from Greece for the high other-focus conditions, given their collectivist orientation. After the participants finished writing about the NBE, we asked them to fill out a questionnaire, which included the same focal measures as in Study 1, including betrayal ( $\alpha = 0.75$ ; adapted from Grégoire & Fisher, 2008; Reimann et al., 2018), brand avoidance ( $\alpha = 0.89$ ; adapted from Grégoire et al., 2009), and prior SBC ( $\alpha = 0.96$ ; adapted from Escalas & Bettman, 2003).

## 5.2. Results

We employed two independent and bilingual coders to examine whether the NBEs described in the personal versus communal NBE scope conditions matched their respective categories (with high inter-rater reliability  $K\text{-alpha} = 0.92$ ; Hayes & Krippendorff, 2007). A chi-square test for independence with the Yates continuity correction confirmed that the manipulation served its intended purpose ( $\chi^2 = 371.16, p < .01, \phi = 0.78$ ).

In addition, we tested the relationship between NBE scope and brand avoidance (as predicted in H1a). We found that the more self-focused (individualist) participants reported higher levels of brand avoidance following NBEs of a personal scope ( $M = 4.56, SD = 2.05$ ) than following NBEs of a communal scope ( $M = 4.08, SD = 1.99; F(1, 305) = 4.804, p = .03, \eta^2 = 0.02$ ). Thus, the results for the self-focused (individualist) sample provide support for H1a, replicating the results of Study 1. By contrast, the less self-focused (collectivist) participants reported higher levels of brand avoidance following NBEs of a communal scope ( $M = 4.60, SD = 1.76$ ) than NBEs of a personal scope ( $M = 4.09, SD = 1.78; F(1, 301) = 7.466, p = .007, \eta^2 = 0.02$ ). We compared the less self-focused (collectivist) ( $M = 4.60, SD = 1.76$ ) and more self-focused (individualist) ( $M = 4.08, SD = 1.99$ ) participants following an NBE of a communal scope and found a significant difference in their levels of brand avoidance ( $F(1, 286) = 5.437, p = .02, \eta^2 = 0.02$ ). Examining the same contrast for NBEs of a personal scope, we found that less self-focused (collectivist) consumers ( $M = 4.09, SD = 1.78$ ) exhibited significantly lower levels of brand avoidance than their more self-focused (individualist) counterparts ( $M = 4.56, SD = 2.05; F(1, 320) = 6.659, p = .01, \eta^2 = 0.02$ ).

To examine the predicted interaction effect of NBE scope and self-focus, represented by individualist vs collectivist culture, on brand

avoidance, we conducted a two-way ANCOVA with prior SBC as the covariate. In line with our predictions, we found a significant interaction effect of NBE focus and culture on brand avoidance ( $F(1, 607) = 11.928, p < .01, \eta_p^2 = 0.02$ ; see Fig. 3).

Next, we conducted a moderated mediation analysis to test H2 (in which we hypothesized that self-focus moderates the relationship between the predictor NBE scope and the mediator betrayal—ultimately, generating brand avoidance). The moderated mediation model included NBE scope as a dichotomous independent variable (0 = communal scope, 1 = personal scope); culture as a dichotomous moderator; self-focus, operationalized as individualist vs collectivist culture (0 = low self-focus (collectivist), 1 = high self-focus (individualist)); betrayal as the mediator; brand avoidance as the dependent variable; and prior SBC as the covariate (PROCESS Model 8, 10,000 resamples; Hayes, 2022; see Fig. 4).

First, we tested whether betrayal acts as a mediator in the relationship between the interaction of NBE scope with self-focus (individualist vs collectivist culture) and brand avoidance. We found a significant indirect effect for the more self-focused (individualist) sample (0.40, 95 % CI = 0.17 to 0.62) but a non-significant indirect effect for the less self-focused (collectivist) sample ( $-0.19, 95\% \text{ CI} = -0.42 \text{ to } 0.03$ ). Moreover, we found no significant direct effects of NBE scope on brand avoidance ( $p > .06$ ; full mediation). Thus, in line with the predicted moderation, the results of provide support for a conditional mediation.

Second, to test the moderating role of self-focus (individualist vs collectivist culture), we regressed NBE scope ( $-0.29, t(607) = -1.68, p = .09$ ), culture ( $-0.54, t(607) = -3.04, p < .01$ ), the interaction term (i.e., NBE scope  $\times$  culture;  $0.90, t(607) = 3.69, p < .01$ ), and the covariate ( $0.14, t(607) = 3.02, p = .003$ ) on betrayal. We found that culture moderates the relationship between NBE scope and betrayal.

In line with H2, we found a significant index of moderated mediation (0.58, 95 % CI = 0.27 to 0.91). Overall, these results lend support to our claim (i.e., H2) that betrayal is a mediator in the relationship between the NBE scope  $\times$  culture interaction and brand avoidance, particularly in the self-focused (individualist) sample (i.e., more self-focused, individualist culture).

## 5.3. Discussion

In Study 2, we replicated the findings of Study 1 and demonstrated the robustness of the positive effect of NBE scope on betrayal and brand avoidance in the more self-focused (individualist) sample. In addition, we expanded the findings by showing that culture moderates this relationship. In particular, we find that, in contrast with more self-focused consumers, less self-focused (collectivist) consumers are more likely to avoid brands that wronged the wider public (i.e., communal scope of the NBE) than them personally (i.e., personal scope of the NBE). Thus, we

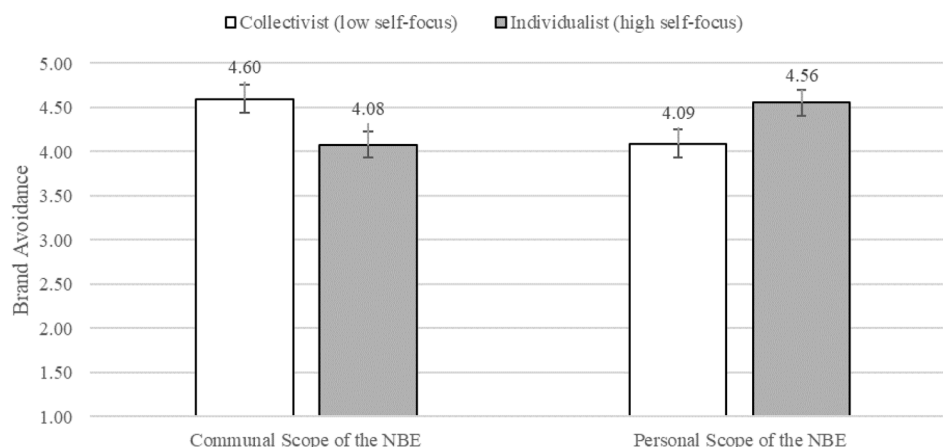


Fig. 3. ANCOVA results of Study 2 for brand avoidance.

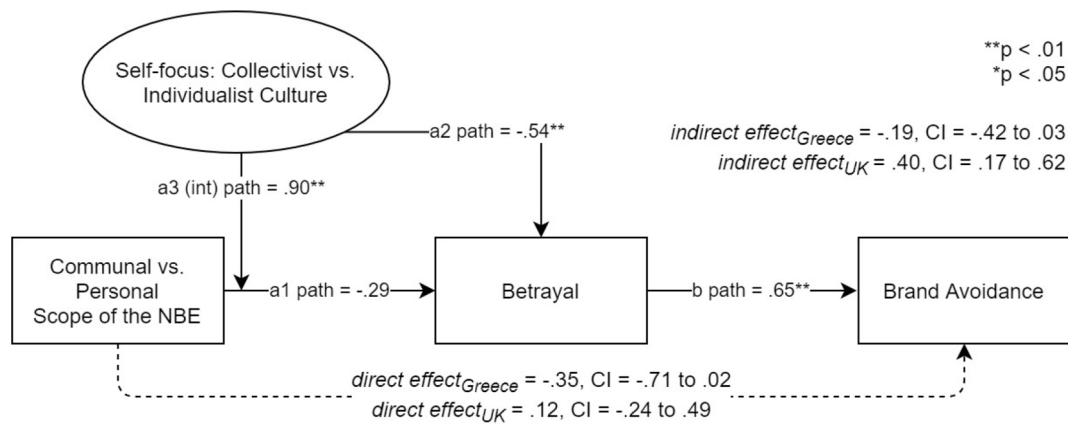


Fig. 4. Moderated mediation model of Study 2.

conclude that a culturally determined self- versus other-focus affects how consumers react to NBEs of personal versus communal scope.

## 6. Study 3

This study aimed to examine how the scope of an NBE and self-focus influence brand avoidance. For this purpose, Study 3 distinguishes between three levels of scope: personal, communal, and external. Moreover, this study measured egocentric selfishness as a proxy of self-focus. We also aimed to assess the robustness of our findings by testing the effects in a different population, focusing on the context of service failures, and measuring additional control variables. In terms of population, Study 3 used an American sample, which shares similarities to the British sample from Studies 1 and 2 (e.g., high individualism; Hofstede, 2022). Consumer spending in the US market is increasing, reaching almost US\$14 billion in the first quarter of 2022 (Trading Economics, 2022), while consumer loyalty toward brands is decreasing (Charm et al., 2020). This makes the US market a relevant context, as there is a high likelihood that NBEs could lead to brand avoidance. Study 3 focuses on service failures as a commonly experienced type of NBE that can differ in terms of NBE scope. Specifically, service failures can be experienced by an individual consumer or by a group of consumers (Khamitov et al., 2020). Study 3 aimed to test H1a, H1b, and H2.

### 6.1. Method

Overall, 377 American participants (47.3 % female, 51.6 % male, 1.1 % other gender identities;  $M_{\text{age}} = 42$ ) recruited from Amazon Mechanical Turk agreed to take part in a 3 (NBE scope: personal vs communal vs external)  $\times$  egocentric selfishness experiment. The NBE scope was a manipulated between-subjects factor, while egocentric selfishness was a measured factor. After the participants agreed to take part in the study and indicated their age and gender, we instructed them to think of an NBE. Participants could terminate their participation in the study if they could not recall a relevant event (28 participants terminated, which left a final sample of 349).

We manipulated the scope of the NBE at three levels and adapted the instructions accordingly. Depending on the condition, we asked participants to think of a service failure that affected them only (i.e., personal scope), them and others (i.e., communal scope), or others only (i.e., external scope). In the next step, we asked participants to take some time to describe the incident in a few sentences. We then instructed them to describe how they felt and what they thought about the incident. Finally, we asked for the name of the concerned brand (see the Appendix for full instructions).

After the participants finished writing about the NBE, we asked them to respond to questions about their feelings toward the involved brand. We used the same measures for betrayal ( $\alpha = 0.80$ ), brand avoidance ( $\alpha$

= 0.97), and prior SBC ( $\alpha = 0.95$ ) as in the previous studies. We measured egocentric selfishness with a six-item 7-point Likert scale adopted from Raine and Uh (2018) ( $\alpha = 0.90$ ; e.g., “I care for myself much more than I care for others”; 1 = strongly disagree, 7 = strongly agree). We also measured participants’ brand loyalty ( $\alpha = 0.94$ ), product involvement ( $\alpha = 0.93$ ; both Stokburger-Sauer et al., 2012), and brand experience ( $\alpha = 0.87$ ; Brakus et al., 2009) before the incident. Finally, we added a manipulation check question regarding the NBE scope, for which participants had to choose who was affected by the incident they described (“I was affected by the incident” vs “Others and I were affected by the incident” vs “Others were affected by the incident”).

### 6.2. Results

Our check of the NBE scope manipulation indicated that participants followed our instructions and reported incidents that affected themselves only, themselves and others, or others only in the corresponding experimental conditions ( $\chi^2 = 291.70, p < .01, \phi = 0.91$ ). To test the relationship between NBE scope and brand avoidance, as hypothesized in H1a and H1b, we ran a one-way ANCOVA with prior SBC as the covariate to control for pre-existing relationships with the brand. In line with H1a and H1b, we found a significant main effect of NBE scope on brand avoidance ( $F(2, 345) = 21.024, p < .01, \eta^2 = 0.11$ ). A post hoc Tukey test provided further support for H1a and H1b and revealed significant differences in terms of avoidance among the personal scope ( $M = 4.79, SD = 1.86$ ), communal scope ( $M = 4.06, SD = 2.07$ ; in support of H1a), and external scope ( $M = 3.24, SD = 1.99$ ; in support of H1b) conditions.

In addition, we conducted a moderated mediation analysis to test H2 (in which we hypothesized that self-focus moderates the relationship between the predictor NBE scope and the mediator betrayal—ultimately, generating brand avoidance). The moderated mediation model included NBE scope as a multi-categorical predictor variable, represented by two indicator coded dummies ( $X_1 = 0, X_2 = 0$  for personal scope;  $X_1 = 1, X_2 = 0$  for communal scope;  $X_1 = 0, X_2 = 1$  for external scope; Hayes & Montoya, 2017). The model also included self-focus, operationalized as egocentric selfishness, as a continuous moderator; betrayal as the mediator; brand avoidance as the dependent variable; and prior SBC as the covariate (PROCESS Model 8, 10,000 bootstrap samples; Hayes, 2022).

First, we tested whether betrayal acts as a mediator in the relationship between the interaction of NBE scope with self-focus (selfishness) and brand avoidance. We found a significant indirect effect for the difference between the personal and communal scope conditions ( $X_1$ ) in the cases of medium ( $-0.42, 95\% \text{ CI} = -0.65 \text{ to } -0.20$ ) and high ( $-0.66, 95\% \text{ CI} = -0.98 \text{ to } -0.37$ ) egocentric selfishness; the indirect effect in the case of low egocentric selfishness did not reach statistical significance ( $-0.17, 95\% \text{ CI} = -0.51 \text{ to } 0.16$ ). We also found significant

indirect effects for the difference between the personal and external scope conditions ( $X_2$ ) for low, medium and high selfishness levels. Moreover, we found that all direct effects for  $X_1$  and  $X_2$  were non-significant in this model, regardless of the level of egocentric selfishness (indicating full mediation). Thus, the results provide conditional support for the predicted mediation, in line with our moderation prediction.

Second, to test the moderating role of self-focus (selfishness), we regressed both dummy-coded variables  $X_1$  ( $-0.62, t(342) = -3.47, p = .001$ ; representing the difference between the personal and communal conditions) and  $X_2$  ( $-1.91, t(342) = -10.50, p = .001$ ; representing the difference between the personal and external conditions), the moderator (i.e., egocentric selfishness;  $0.20, t(342) = 2.51, p = .01$ ), the first interaction term ( $X_1 \times$  moderator;  $-0.24, t(342) = -2.00, p = .046$ ), the second interaction term ( $X_2 \times$  moderator;  $-0.35, t(342) = -3.02, p = .003$ ), and the covariate (i.e., prior SBC) on betrayal. The results provide support for our prediction that egocentric selfishness as a proxy of self-focus moderates the relationship between NBE scope and betrayal (see Fig. 5).

H2 is supported by the significant index of moderated mediation in the comparison of the personal and communal scope conditions ( $X_1$ ;  $-0.16, 95\% \text{ CI} = -0.32 \text{ to } -0.01$ ). Similarly, H2 is supported when comparing the personal and external scope conditions ( $X_2$ ). We found a significant index of moderated mediation ( $-0.24, 95\% \text{ CI} = -0.42 \text{ to } -0.07$ ) and significant indirect effects for all levels of egocentric selfishness.

Overall, these results confirm our claim (i.e., H2) that betrayal is a mediator in the relationship between the NBE scope  $\times$  egocentric selfishness interaction and brand avoidance. Thus, we find support for our predicted moderated mediation model in H2. These findings, the directions of the relationships and their significance levels remained robust regardless of which covariates were included in the model (i.e., brand experiences, product involvement or brand loyalty).

6.3. Discussion

Study 3 introduced a third level of NBE scope to the analysis (i.e., external scope, or whether the NBE affected others only). Building on the aforementioned studies, we find that in the individualist cultural context of the United States, NBEs of a personal scope drive brand avoidance more strongly than NBEs of a communal or external scope. Moreover, the study provides additional evidence that this effect is stronger if consumers are more self-focused. Specifically, we find that consumers with higher levels of egocentric selfishness feel more betrayed if an NBE affects them personally.

7. General discussion

We show that following an NBE, customers may experience feelings of betrayal, which ultimately drive them away from the concerned brand. We demonstrate that this effect is contingent on the scope of the NBE. Specifically, we distinguish between personal scope (i.e., when an NBE affects one customer personally rather than a group of customers), communal scope (i.e., when an NBE affects both a customer and a wider group of customers), and external scope (i.e., when an NBE does not affect a customer personally but affects a wider group of customers).

7.1. Theoretical contributions and managerial implications

First, we contribute to the body of literature on NBEs (Khamitov et al., 2020) by offering a new, observable, and managerially relevant determinant of post-NBE customer behavior—namely, the scope of NBEs. Specifically, we demonstrate the existence of a differential impact of personal versus communal versus external NBE scope on betrayal and brand avoidance. Drawing on self-bias theory (e.g., Campbell & Sedikides, 1999; Shepperd et al., 2008), we find that customers who experience an NBE alone are more likely to avoid the brand than customers who experience an NBE alongside a wider group of people and customers who are not affected but are aware of others being affected by an NBE. We argue that this avoidance is due to the increased salience and personal relevance of NBEs of a personal scope. This finding complements the literature on brand transgressions that examines, *inter alia*, other transgression characteristics, such as the severity or type of the transgression (e.g., performance vs value) (Pullig et al., 2006; Tsarenko & Tojib, 2015).

Second, our study also contributes to an emerging stream of literature that operationalizes self-relevance as the extent to which NBEs affect consumers (e.g., Guckian et al., 2018; Trump, 2014). Research in this area has examined whether being part of an affected group of customers (vs not being a part of a group) drives negative reactions to an NBE. Our work extends the understanding of this by comparing cases in which consumers are affected as part of a group or as single individuals (i.e., communal vs personal scope). We also tested consumer reactions to cases in which only other consumers are affected (i.e., external scope). Moreover, while brand relationships may require costly ongoing measurement and monitoring, our focus on NBE scope—as an observable variable—generates meaningful and actionable managerial implications (which we subsequently elaborate on).

Third, our research sheds further light on the link among NBE scope, betrayal, and brand avoidance by examining self-focus by proxy of three variables—two measured at the individual level (grandiose narcissism and egocentric selfishness) and one operationalized at the country level

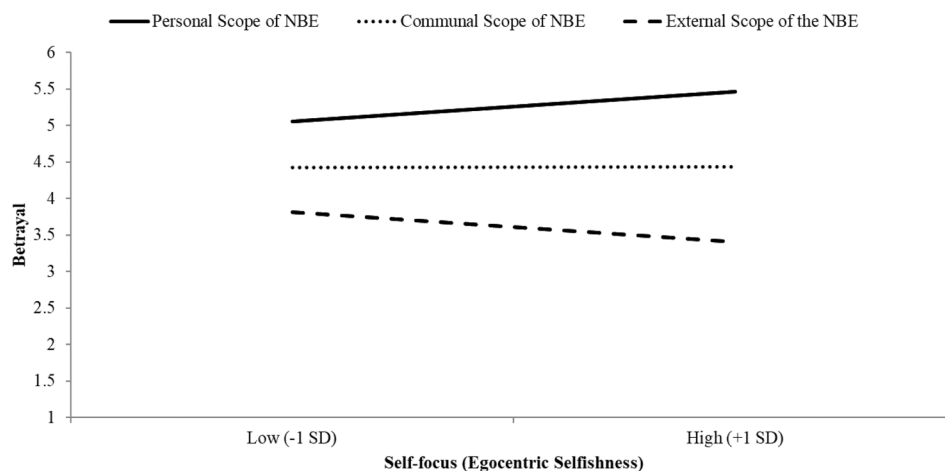


Fig. 5. Moderation results of Study 3 for betrayal.



(individualism)—that moderate the relationship between the scope of an NBE and perceived betrayal. The findings of the three studies consistently show that self-focus increases the sense of betrayal and brand avoidance when an NBE affects one customer personally. Studies 1 and 3 show that narcissistic and egocentric customers, respectively, exhibit higher levels of betrayal after an NBE of a personal scope, leading to higher levels of brand avoidance. In Study 2, a similar pattern occurred for consumers in individualist societies (high self-focus), while consumers in collectivist societies (low self-focus) reported similar feelings of betrayal and brand avoidance after an NBE of a communal scope. These findings add to the limited literature on consumers' individual differences (see Cisek et al., 2014) and the role of culture vis-à-vis consumers' post-NBE judgments and behaviors (Monga & John, 2008; Sinha & Lu, 2016).

In addition to the theoretical contributions, our research can guide brand managers in their decision-making regarding NBEs. Specifically, we advise companies not to mention that customers are the only ones affected by an NBE, especially when dealing with self-focused consumers. Staff often try to protect the reputation of their company by pointing out how uncommon service failures are (e.g., "This hardly happens!"). Our findings suggest that such reputation-protecting practices could backfire as they make the personal scope of an NBE more salient (e.g., "Wow, this isn't normal for us!") could be interpreted as if a customer is the only one affected by a problem). Organizations should train their service staff in highly individualist countries to refrain from using such statements in order to reduce customers' self-bias generated by such personal NBEs. In contrast, communicating that a small number of other customers are affected as well (a communal NBE), if that is indeed the case, may be effective than communicating that a large number of consumers is affected. As such, recovery strategies for a personal incident in an individualist culture should mostly rely on high-quality customer service, tailored to the needs of the individual consumers affected by the incident.

We also recommend that managers prioritize communal incidents when they happen in a collectivist culture, versus an individualist culture in which personal incidents should be the primary focus. That is, recovery strategies that follow a communal incident in a collectivist culture should focus more on publicity to reassure consumers and mitigate feelings of betrayal. In such a context, organizations should embrace positive word of mouth, as consumers in collectivist societies tend to rely more on this communication channel (Money et al., 1998). Managers should therefore communicate through press releases and social media, rather than more private channels of communication, to address the wider public and facilitate positive word of mouth.

## 7.2. Limitations and future research directions

This research has several limitations that need to be acknowledged. First, in Study 2, we measured culture at the national level. Addressing culturally driven variation at an aggregate level is meaningful because it offers managers the opportunity to segment consumers and design suitable marketing programs. However, as within-culture variation in attitudes and behavior could be attributed to cultural dynamics (Craig & Douglas, 2006), future research could measure culture at the individual level. Second, we chose our samples on the basis of individualism (self-vs other-focus) without considering any other dimensions of culture (e.g., conservation; see Schwartz, 1994) that might influence consumer perceptions of NBEs and subsequent responses. Future research could investigate how other dimensions of culture influence affective responses to NBE and shape brand avoidance behavior. Third, research in this field has established the role of some transgression characteristics, such as the severity or type of transgression (Pullig et al., 2006; Tsarenko & Tojib, 2015), and brand characteristics (Aaker et al., 2004). Our research focuses on the impact of self-focus (through the proxy of grandiose narcissism, egocentric selfishness, and individualism) but does not consider how it might interact with those brand characteristics

or types of transgression. Thus, future research could investigate the differential impact of self-focus on the sense of betrayal, addressing different types of transgression (e.g., performance vs value) and different brand characteristics (e.g., utilitarian vs hedonic brands). Finally, our study addresses affective consumer responses to NBEs but does not investigate any cognitive responses, such as rumination or attribution (Khamitov et al., 2020). Future research could therefore examine whether self-focus determines cognitive responses to an NBE.

## 8. Conclusion

Our study advances the understanding of the differential effects of NBE scope (personal vs communal vs external) on feelings of betrayal and brand avoidance. It also sheds light on the moderating effect of self-focus operationalized by grandiose narcissism, egocentric selfishness, and individualism, in that highly self-focused consumers feel more betrayed by brands after a personally relevant NBE. Moreover, we show that consumers are less likely to feel betrayed if an NBE does not affect them exclusively but affects them as part of a group of other affected customers (or if it does not affect them personally).

## CRedit authorship contribution statement

**Maximilian H.E.E. Gerrath:** Methodology, Investigation, Conceptualization, Formal analysis, Writing - original draft, Writing - review & editing. **J. Joško Brakus:** Methodology, Conceptualization, Writing - original draft, Writing - review & editing. **Nikoletta Theofania Siama-gka:** Methodology, Conceptualization, Writing - original draft, Writing - review & editing. **George Christodoulides:** Methodology, Conceptualization, Writing - original draft, Writing - review & editing.

## Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

## Appendix A. Supplementary material

Supplementary data to this article can be found online at <https://doi.org/10.1016/j.jbusres.2022.113533>.

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