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Antecedents of Consumer Repatronage Intentions and Negative Word-of-Mouth Behaviors Following an Organizational Failure: A Test of Investment Model Predictions

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The purpose of this study was to examine the antecedents of consumers' repatronage intentions and negative word-of-mouth behaviors following organizational failures. Participants were 233 people who had actually complained to organizations. Using Rusbult's investment model of relational stability, consumers' perceptions of their investments, alternatives, satisfaction, and commitment were measured with respect to their impact on customers' intent to do business with organizations in the future and willingness to spread negative publicity about an organization following a business failure. Results indicated that a modified version of the investment model helped to predict significant variance in consumers' repatronage intentions and negative word-of-mouth behaviors.

Keywords: Complaint; Investment Model; Consumer; Repatronage; Organization; Negative Word-of-Mouth

Ideally, organizations work to keep consumers satisfied and attempt to avoid failing their customers. However, businesses are not perfect, and problems with products and/or services inevitably occur (Hart, Heskett, & Sasser, 1990). When mistakes happen, consumers have a variety of responses to pursue. Some of these options include

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exit (not using the company again), negative word-of-mouth (telling friends and family about one's dissatisfaction), direct voice (complaints registered with the organization at the time of the problem), indirect voice (complaints registered to the organization via email or phone calls, etc.), and third-party complaints (complaints directed to agencies such as the Better Business Bureau) (Oh, 2004).

Recovering from business failures and getting consumers to repatronize the establishment are important determinants of an organization's financial success (Andreassen, 1999; Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994; Reichheld, 1993). In fact, according to Reichheld and Sasser (1990), "companies can boost profits by almost 100% by retaining just 5% more of their customers" (p. 105). Maintaining a positive image in the public's eye is important for organizations as well. According to Christiansen and Tax (2000), word-of-mouth behavior is a significant communication and marketing issue owing to its informational and normative influence on other consumers. This influence is not trivial. According to Walker (1995), over half of all Americans listen to others before making a purchase. Moreover, the interpersonal influence associated with word-of-mouth activities has been shown to be "especially important in persuading an individual to adopt an innovation" (Rogers, 1995, p. 195). As such, determining the antecedents of consumer repatronazation and negative word-of-mouth behaviors following organizational failures is a worthwhile endeavor.

Most studies of business failures suggest that an important predictor of consumer behavior following organizational transgressions is consumer satisfaction with the way organizations handle complaints (e.g., Andreassen, 1999; Susskind, 2005; Tax, Brown, & Chandrashekaran, 1998). In fact, according to the findings of most consumer complaint researchers, satisfaction with the way organizations handle complaints seems to be the gold standard upon which post-complaint decisions are made (e.g., Blodgett, Granbois, & Walters, 1993; Davidow, 2003; Hoffman & Kelley, 2000). However, one might reasonably assume that in addition to consumers' satisfaction with organizational recovery efforts, there may be other variables that influence repatronage intentions and word-of-mouth behaviors as well. In fact, some researchers have reported as much and argue that variables such as the initial negative impact of the failure (Andreassen, 1999), the severity of the initial failure (Oh, 2004), and perceived control with a complaint (Bolkan, Goodboy, & Daly, 2010) can affect consumers' repurchase intentions, while personal norms, service importance, and the severity of the organizational failures have been reported to influence negative word-of-mouth behaviors (Oh, 2004).

In addition to focusing on consumer satisfaction, the literature on organizational complaint handling makes clear that most researchers are primarily interested in learning about how factors associated with organizational remediation attempts influence subsequent consumer behavior. That is, scholars typically focus on what strategic behaviors companies can employ following a failure to facilitate consumer satisfaction and loyalty. Although these researchers have produced interesting results, they have largely argued for the importance of promoting justice between customers and businesses (e.g., Karatepe, 2006; Tax et al., 1998) while ignoring factors external to organizations' immediate control.

Because complaining to organizations, subsequent organizational responses, and consumer outcomes all involve communicative procedures, the process of organizational remediation may be informed by examining the phenomenon from the standpoint of an interpersonal relationship. Therefore, unlike the majority of previous studies, the purpose of the current investigation was to examine a variety of antecedents to consumer repatronage intentions and negative word-of-mouth behaviors under the theoretical guidance of Rusbult's (1980) investment model of relational stability. Instead of simply focusing on the methods of organizational recovery following business failures and customer satisfaction with organizational remediation attempts, the current investigation also examined consumers' perceived alternatives to, investment with, and commitment to organizations with regard to their impact on repatronage intentions and word-of-mouth behaviors.

Using a theory of interpersonal relationships to explain organizational phenomena has its supporters (e.g., Breivik & Thorbjornsen, 2008; Fournier, 1998; Moon & Bonney, 2007). Specifically, Breivik and Thorbjornsen (2008) suggest that researchers can use the metaphor of relationships to enhance understanding of consumers' interactions with various organizations. In fact, our interactions with brands may potentially mirror several versions of relationships running the gamut from "secret affairs" to "best friends" to "marriages of convenience" (e.g., Fournier, 1998). Breivik & Thorbjornsen, (2008) argue that "the human relationship metaphor of marriage... provides structure and content for the understanding of consumer-brand relationships" (p. 443) and therefore the current study uses this perspective to shed light on the variables that influence the relationships between consumers and organizations following business failures and subsequent complaints.

Investment Model

Singh and Widing (1991) report that the way complaints are handled by organizations is the major factor that influences the attitudes and repurchase intentions of complainers. However, using a relational metaphor, scholars would be hard-pressed to conclude that the way complaints are handled in close relationships is the key determinant of relational stability. In fact, interpersonal communication scholars do not hold such a narrow view of relational persistence. Instead, they offer theories and models that help explain why people choose to stay in relationships. Of interest in the current study is Rusbult's (1980) investment model of relational persistence.

The investment model is an extension of interdependence theory (Kelley, 1979; Kelley & Thibaut, 1978; Thibaut & Kelley, 1959) and was originally formulated to help explain stability or persistence in romantic relationships (Rusbult, 1980; Rusbult, Martz, & Agnew, 1998). The model suggests that the probability of persistence in relationships is best predicted by commitment (Rusbult, Olsen, Davis, &

Hannon, 2001) which is itself predicted by a negative association with alternatives to a relationship and positive associations with both satisfaction with a relationship and investments in a relationship. According to Rusbult et al. (1998), the quality of alternatives refers to "the perceived desirability of the best available alternative to a relationship" (p. 359), a person's satisfaction level refers to "the positive versus negative affect experienced in a relationship" (p. 359), investment size refers to "the magnitude and importance of the resources that are attached to a relationship" (p. 359), and commitment level is defined as a long-term orientation toward involvement "as well as feelings of psychological attachment" (p. 359).

In a meta-analysis of the investment model, Le and Agnew (2003) found strong support for the model's predictions. That is, there were high correlations of satisfaction, alternatives, and investment with commitment to a relationship. Moreover, commitment was a strong predictor of relational persistence (or lack thereof). These findings are similar to those of Rusbult, Johnson, and Morrow (1986) who assessed the generalizability of investment model predictions across a variety of romantic relationships. As predicted, these researchers found that commitment was related to satisfaction, poor alternatives, and investment. These findings have been replicated in a variety of studies including investigations of short and long-term romantic relationships (e.g., Rusbult, 1983) and generally support the notion that relational persistence is best predicted by commitment and its antecedents.

Investment Model in Organizational Settings

Although researchers have used the investment model to help explain stability in romantic relationships, some scholars have also used the model as a way of explaining stability in organizational venues as well. Most of these studies report that, like in romantic relationships, the ability of the investment model to explain commitment in organizational settings is robust.

For example, Farrell and Rusbult (1981) conducted two studies to examine how the investment model predicted job satisfaction, commitment, and turnover in an organizational context. In line with investment model predictions, the researchers found that employees had greater commitment and fewer turnovers with high rewards, low costs, low alternatives, and large investments. Rusbult and Farrell (1983) report similar results. Moreover, in a study of consumers' commitment to the continued use of a brand, Geyer, Dotson, and King (1991) found support for the relationship between satisfaction, alternatives, and investments with commitment. Based on their findings, the authors reported that "the investment model is sufficiently robust to have application in marketing and consumer research" (p. 135). Other studies have found the investment model useful when making predictions of stability in organizational settings as well. These include investigations of: college students' intent to persist with their educations with an organization (Okun, Ruehlman, & Karoly, 1991), college student attrition (Hatcher, Kryter, Prus, & Fitzgerald, 1992), consumers' behavioral loyalty to cruise lines (Li & Petrick, 2008), patients' commitment to physicians (Barksdale, Johnson, & Suh, 1997), and Internet users' intent to stick with Web sites (Li, Browne, & Wetherbe, 2006).

Two other studies of investment model predictions in organizational settings stand out for their recency and similarity to the current study. In their study of consumers' experiences with brands, Breivik and Thorbjornsen (2008) examined how consumers' perceptions of investment model variables (e.g., commitment, satisfaction, alternatives, and investment) predicted organizational outcomes such as repurchase likelihood and brand support. The researchers conducted two studies and investigated consumers' relationships with brands with which they had strong ties and also consumers' relationships with brands with which they had weak ties. In the first study, Breivik and Thorbjornsen found that while satisfaction, alternatives, and investment did predict commitment (which subsequently predicted relational outcomes), both satisfaction and alternatives also had a direct effect on brand support. Importantly, alternatives had a negative, direct, and significant effect on repurchase intentions. When the researchers looked at consumer relationships with brands to which they were unattached, they found similar results. That is, commitment was predicted by satisfaction, alternatives, and investment, but repurchase intentions were predicted by commitment as well as alternatives and satisfaction. In essence, Breivik and Thorbjornsen found that while the investment model did a good job at predicting organizational outcomes, refinements to the fully mediated model made for a better model fit with their data.

Finally, in an investigation similar to the one being conducted, Ping (1993) examined business to business relationships and the responses that hardware retailers enacted in reply to relationship problems with their suppliers. Ping investigated how retailers reacted to supplier failures by studying retailers' satisfaction with their relationships, the attractiveness of alternatives, investment in the relationships, and switching costs. These variables were studied to determine their effect on responses such as exit, voice, loyalty, and reduced relational contact. Important for our purposes is the effect of these variables on retailers' propensity to exit their relationships with their wholesalers. Ping reported that satisfaction and exit were negatively associated and that alternatives and exit were positively associated. Interestingly, investment was not significantly related to exit behaviors. The author speculated that this finding might be the result of an indirect effect of investment through satisfaction and alternatives. Although not a direct test of the investment model itself, Ping's findings shed light on investment model predictions in an organizational setting involving business failures and provide support for the model's predictions in similar circumstances.

Hypotheses

Though the research outlined above generally supports investment model predictions in organizational settings, none of the studies reviewed have focused on consumers' relational persistence with businesses following organizational failures and subsequent complaints. Moreover, despite the fact that the investment model pertains to relational stability, as communication researchers, an important variable for study is word-of-mouth behavior following organizational failures. Word-of-mouth behavior is important because it is particularly effective at influencing consumers' attitudes and because it is often considered more credible than other forms of advertising (e.g., Harrison-Walker, 2001). Unfortunately, studies of the effect of the investment model on word-of-mouth behaviors following organizational failures do not exist. However, a recent study by Guerrero and Bachman (2008) sheds light on a similar phenomenon. In their paper, Guerrero and Bachman note that after relational transgressions, some people seek to enact "revenge" behaviors that get back at the partner through retaliation. The authors found that the more invested a person was with a relational partner, the less likely they were to engage in revenge tactics. Although not specifically "revenge" oriented, negative word-of-mouth behaviors may be considered a way of getting back at an organization by warning others to take their business elsewhere. Seen from this perspective, the results from Guerrero and Bachman lend credence to the notion that the investment model may influence the negative word-of-mouth behaviors of consumers following an organizational failure.

Because of the organizational importance of consumers' repatronage intentions and word-of-mouth behaviors, we sought to determine how organizational recovery efforts influence these outcomes when compared to other known determinants of relational stability. To test investment model predictions of consumer repatronage intentions and word-of-mouth behaviors we developed hypotheses for each of the variables involved (satisfaction, alternatives, investment, commitment, and intent to patronize an organization in the future). Our hypotheses are presented below:

H1a: Consumers' intent to repatronize an organization following a failure will be positively associated with their commitment to the organization.

H1b: Consumers' word-of-mouth behavior following a failure will be negatively associated with their commitment to the organization.

H2: Consumers' commitment to an organization will be negatively associated with their perceived organizational alternatives and positively associated with their satisfaction with an organization's remediation attempts and their perceived investment with the organization.

On the basis of the results of their meta-analysis, Le and Agnew (2003) suggested that while commitment helped to predict relational persistence, there might be other variables that directly affect a person's decision to stay in a relationship. Breivik and Thorbjornsen (2008) would agree and in their study of consumer relationships reported that habitual behaviors, in addition to commitment, satisfaction, alternatives, and investments, also influenced consumers' decisions to consume goods and services from an organization. Because the current study focused on consumer behavior following organizational failures and subsequent complaints, we examined two variables known to influence post-complaint behavior: the severity of the organizational failure and satisfaction with the organizational response to a complaint.

The severity of the failure or the initial level of dissatisfaction has been a consistent matter of interest for those studying consumer behavior following organizational failures (Singh & Widing, 1991). For example, Singh and Wilkes (1996) report that the initial intensity of customers' dissatisfaction with organizational failures impacts their decisions to exit business relationships. This same result has been replicated more recently and has been extended to consumers' negative word-of-mouth behaviors as well (Oh, 2004). Because the initial severity of an organizational failure has been reported to impact consumers' decisions to exit from their business relationships and their post-complaint communication behaviors, we included this variable in our analysis. To help guide our study we offered the following hypothesis:

H3a: Consumers' intent to repatronize an organization following a failure will be negatively related to the perceived severity of the organizational failure.
H3b: Consumers' word-of-mouth behaviors following a failure will be positively related to the perceived severity of the organizational failure.

Satisfaction with an organizational response has been determined to be an important factor in the consumer complaining literature. A variety of scholars have asserted that it is this variable that ultimately impacts customers' decisions regarding their futures with organizations following failures (e.g., Davidow, 2003; Singh & Widing, 1991). However, satisfaction with organizational responses to consumer complaints is different than the concept of satisfaction with an organization as defined by proponents of the investment model. Recall that the definition of satisfaction from the model was reported as "the positive versus negative affect experienced in a relationship" (Rusbult et al., 1998, p. 359). In brief, satisfaction with an organizational response taps consumers' perceptions of satisfaction in a specific sense, whereas satisfaction with the organization taps their perceptions of satisfaction in a more general sense. Because satisfaction with an organizational response to consumer complaining is an important predictor of consumer behavior following business recovery efforts, we added this variable to our proposed model and offered the following hypothesis:

H4a: Consumers' intent to repatronize an organization will be positively related to their satisfaction organizational recovery efforts.
H4b: Consumers' word-of-mouth behaviors will be negatively related to their satisfaction with organizational recovery efforts.

Method

Participants and procedure

Participants were 233 students recruited from several lower and upper division communication classes at a large Southwestern University and a smaller Northeastern University. Students were offered extra credit in return for their participation. Participants were 84 males and 147 females (two unreported) whose ages ranged from 18 to 60 ($M = 21.79$, $Mdn = 21$, $SD = 5.33$).

To take part in the study, participants had to have complained to an organization in the last six months (Tax et al., 1998). Participants were told that complaints could have either been formal or informal and were told that as long as they had complained to an organization (e.g., told a waiter that their food was not up to par, complained to an airline representative about a flight being late, wrote a letter to a company about a defective product, etc.) in some fashion (to a manager, via email, verbally to an employee, etc.) they could take part in the study. An alternative assignment was made available for participants who had not complained. People who had complained and who decided to take part in the study were instructed to think about the organization, the incident that led to their complaints, and the way the organization handled their complaints. Participants were then asked to complete a written narrative describing the incident for recall purposes. Participants were told to describe the details of the complaint process including (a) the type of company receiving the complaint, (b) what made them decide to file the complaint, (c) the media used to lodge the complaint (e.g., email, phone, in person, snail-mail, etc.), (d) the person to whom they complained (e.g., manager, front line employee, etc.), (e) the number of people involved in the dispute (e.g., did the manager get involved?), and (f) what the organization did to resolve (or not) the complaint. Next, participants answered several questions pertaining to their personal experiences.

Measurement

Similar to Li, Browne, and Wetherbe (2006), we adapted Rusbult, Martz, and Agnew's (1998) measures of investment, alternatives, and commitment to fit the circumstances involved in our study (i.e., an organizational failure). Because we were interested in consumers' satisfaction with organizational efforts to remedy a failure, the measure of satisfaction was taken from a similar study conducted by Tax et al. (1998) and reflects a person's contentment with the organizational response to the complaint. Moreover, to examine how a person's overall attitude toward an organization influenced post-compliant behaviors (i.e., the investment model's definition of satisfaction) we measured participants' pre-complaint affect towards their respective organizations (Tax et al., 1998). We also measured the severity of the organizational failure (Oh, 2004). Finally, our outcome variables included intent to repatronize an organization (Agarwal & Karahanna, 2000) and negative word-of-mouth behavior (Blodgett, Hill, & Tax, 1997).

The measure of investment was adapted from Rusbult et al. (1998) and contained five questions asking participants to rate their level of investment with an organization (e.g., "My daily activities would become more complicated if I decided to end my relationship with the company I complained to" and "I have put a great deal into the relationship with the company I complained to. If I ended the relationship I would lose all of that"). Responses were solicited using a 9-point Likert scale ranging from (0) *do not agree at all* to (8) *agree completely.* The alpha reliability of the scale was .90 ($M = 2.28$, $SD = 2.11$).

The measure of alternatives was also adapted from Rusbult et al. (1998) and contained five questions assessing consumers' perceptions of alternatives to the organizations they complained to (e.g., "Organizations other than the one I complained to are very appealing for the same product/service" and "My need for the product or service could easily be fulfilled by another company"). Responses were solicited using a 9-point Likert scale ranging from (0) *do not agree at all* to (8) *agree completely.* The alpha reliability of the scale was .86 ($M = 5.49$, $SD = 1.82$).

To assess commitment to an organization we used a measure adapted from Rusbult et al. (1998) that contained seven questions measuring consumers' commitment to the organizations that failed them (e.g., "I feel very attached to the organization I complained to" and "I am committed to maintaining my relationship with this organization"). Responses were gathered using a 9-point Likert scale ranging from (0) *do not agree at all* to (8) *agree completely.* The alpha reliability of the scale was .89 ($M = 2.85$, $SD = 2.05$).

Consumers' satisfaction with their organizations prior to the failure was assessed using a measure borrowed from Tax et al. (1998). The measure contains three items anchored by semantic differentials (very negative/very positive, very good/very bad (reverse-coded), excellent/very poor (reverse-coded)) ranging from 1 to 7 that measure consumers' general experiences with their organizations. The alpha reliability of the scale was .92 ($M = 5.06$, $SD = 1.30$).

The scale assessing consumers' satisfaction with an organizational response to a failure was borrowed from (Tax et al., 1998). The measure contains four items (e.g., "The organization did all that I expected to solve my problem," "The complaint was not handled as well as it should have been" (reverse-coded)). Responses were solicited using a five-point Likert scale anchored by (1) *strongly disagree* and (5) *strongly agree.* The alpha reliability of the scale was .89 ($M = 2.98$, $SD = 1.25$).

The severity of an organizational failure was assessed using a one-item measure borrowed from Oh (2004). Responses were solicited using a 10-point semantic differential anchored by (1) *not at all severe* and (10) *very severe* ($M = 6.10$, $SD = 2.58$).

To measure intent to do business with an organization in the future, we adapted (changed the prompt from a web-based referent to a more generic organizational referent) a scale created by Agarwal and Karahanna (2000) that assesses consumers' desire to do business with an organization in the future. The measure contains three items (e.g., "I expect my relationship with this company will continue into the future" and "I plan to keep using this company in the future"). Responses were gathered using a seven-point Likert scale ranging from (1) *strongly disagree* to (7) *strongly agree.* The alpha reliability of the scale was .93 ($M = 4.27$, $SD = 1.97$).

We measured word-of-mouth behaviors using a scale created by Blodgett et al. (1997). This measure is three items and assesses consumers' actual negative word-of-mouth behaviors following the organizational failure (e.g., "I made sure I told all of my friends and relatives *not* to patronize this organization" and "I complained to my friends and relatives about this organization"). The scale was adapted by changing the response format from a hypothetical scenario to one that reflected consumers' actual communication patterns. Responses were solicited using a seven-point Likert scale ranging from (1) *strongly disagree* to (7) *strongly agree*. The alpha reliability of the scale was .79 ($M = 4.05$, $SD = 1.67$).

Results

Participants complained to a variety of organizations. These organizations ranged from gyms, to television networks, to trucking companies. The recipients of complaints were coded into 16 categories. These categories included restaurants (92 complaints), clothing stores (10 complaints), home organizations (e.g., complain to your boss about your job) (11 complaints), airlines (9 complaints), automotive (6 complaints), cell-phone providers (22 complaints), cable/Internet providers (5 complaints), high tech manufacturers (11 complaints), retail stores (11 complaints), banks (5 complaints), property management (6 complaints), medical offices (3 complaints), hotel/travel (6 complaints), grocery (4 complaints), coffee (4 complaints), and miscellaneous (25 complaints) (2 participants did not report the organization to which they complained).

Intercorrelations between variables are reported in Table 1. Because a path model with composite variables can be regarded similarly to one with latent variables (McDonald, 1996), we tested our hypotheses by conducting a path analysis using LISREL 8.8 (Joreskog & Sorbom, 2007). The models were estimated with maximum likelihood estimation (ML). Model fit was assessed using the model chi square, the NC, the CFI, the SRMR, and the RMSEA (Kline, 2005).

Our initial model had commitment predicted by prior satisfaction, investment, and alternatives. Future intent to do business with an organization and negative word-of-mouth behaviors were predicted by commitment and also by the severity of the organizational failure and consumers' satisfaction with organizational recovery efforts (see Figure 1). Results indicated that the data did not fit the model ($x^2 = 31.29$, $df = 8$, $p < .01$; $NC = 3.91$; $CFI = .97$; $SRMR = .06$; $RMSEA = .11$). Modification indices suggested the desirability of an additional path between consumers' satisfaction with organizational recovery efforts and commitment. After adding this path we conducted another analysis. Results indicated that the data fit the

Table 1 Intercorrelations between variables

	1	2	3	4	5	6	7
1. Severity of failure							
2. Alternatives	.06						
3. Investment	−.01	−.42**					
4. Satisfaction with Response	−.39**	−.10	−.04				
5. Commitment	−.17**	−.58**	.64**	.21**			
6. Satisfaction prior to failure	−.10	−.01	.03	.12*	.29**		
7. Future intent to do business	−.38**	−.38**	.33**	.43**	.71**	.32**	
8. Negative word-of-mouth	.49**	.17**	.02	−.45**	−.26**	−.19**	−.52**

Note: $N = 233$; $^{**}p < .01$; $^{*}p < .05$ (one-tailed).

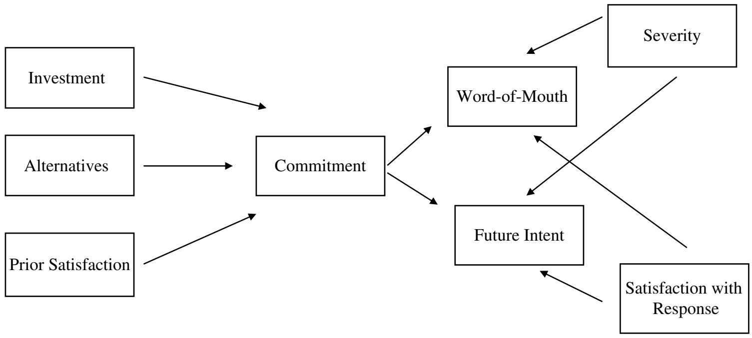

Figure 1. Predicted model.

model reasonably well ($x^2 = 17.67$, $df = 7$, $p = .01$; $NC = 2.52$; $CFI = .98$; $SRMR = .03$; $RMSEA = .08$). Final parameters and parameter estimates are provided in Figure 2 and Table 2. The proportion of variance explained by the model is as follows: commitment ($R^2 = .63$), intent to do business with an organization in the future ($R^2 = .61$), word-of-mouth behaviors ($R^2 = .33$).

Examining our results with respect to our hypotheses reveals support for our initial predictions. In support of hypothesis 1a, consumers' intent to do business with organizations in the future was positively related to their commitment to the organization. In addition, in support of hypothesis 1b, consumers' word-of-mouth behaviors were negatively related to their commitment to the organization. In support of hypothesis 2, commitment was negatively associated with alternatives and positively associated with investments and satisfaction prior to the organizational failure. In support of hypothesis 3a and b, the severity of the organizational failure was directly related to consumers' repatronage intentions and word-of-mouth behaviors. Finally, in line with our predictions from hypothesis 4a and b, consumers' repatronage intentions and word-of-mouth behaviors were directly associated with customers' satisfaction with organizational recovery efforts.

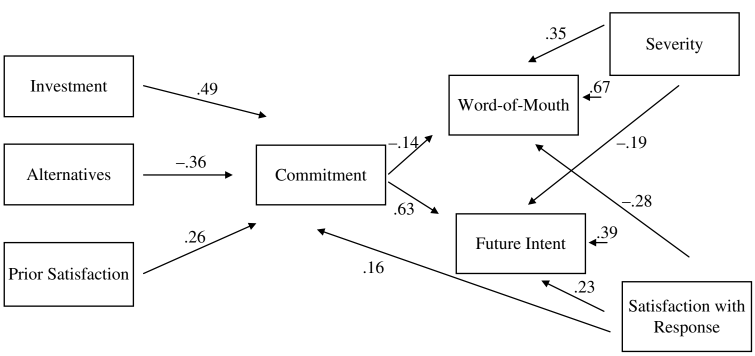

Figure 2. Path analysis. In this model, the standardized correlation between the outcome variables is −.17.

Table 2 Maximum-likelihood parameter estimates

Parameter	Unstandardized	SE	Standardized
Total effects			
Satisfaction →Commitment	.26**	.07	.16
Investment →Commitment	.48**	.04	.49
Alternatives →Commitment	−.40**	.05	−.36
Prior Attitude →Commitment	.40**	.06	.26
Severity →Future Intent	−.14**	.03	−.19
Satisfaction →Future Intent	.52**	.08	.33
Investment →Future Intent	.29**	.03	.31
Alternatives →Future Intent	−.24**	.03	−.23
Prior Attitude →Future Intent	.24**	.04	.16
Commitment →Future Intent	.61**	.04	.63
Severity →Word-of-Mouth	.23**	.04	.35
Satisfaction →Word-of-Mouth	−.41*	.08	−.31
Investment →Word-of-Mouth	−.05*	.02	−.07
Alternatives →Word-of-Mouth	.23**	.04	.05
Prior Attitude →Word-of-Mouth	−.05*	.02	−.04
Commitment →Word-of-Mouth	−.11*	.05	−.14
Indirect effects			
Satisfaction →Future Intent	.16**	.04	.10
Investment →Future Intent	.29**	.03	.31
Alternatives →Future Intent	−.24**	.03	−.23
Prior Attitude →Future Intent	.24**	.04	.16
Satisfaction →Word-of-Mouth	−.03*	.01	−.02
Investment →Word-of-Mouth	−.05*	.02	−.07
Alternatives →Word-of-Mouth	.05*	.02	.05
Prior Attitude →Word-of-Mouth	−.05*	.02	−.04

Note: **Parameters significant at $p < .01$. *Parameters significant at $p < .05$.

Discussion

Most studies of customer complaining and subsequent consumer behavior have focused on the steps companies can go through to ensure that their customers are satisfied with the complaint handling process. In other words, the consumer complaining literature is filled mostly with scholarly investigations of what businesses can do in response to complaints with a special focus on promoting customer satisfaction following organizational failures (Bolkan et al., 2010). Although promoting satisfaction with a company's remediation efforts is important for organizational outcomes, the scholarly concentration on this facet of the recovery process may be too narrowly focused to give us a full picture of the variables involved in consumer decision-making following business failures. The current study was conducted to remedy this shortcoming and examined consumer behavior from a relational perspective to uncover the antecedents of consumers' choices following business failures and subsequent complaints.

Our findings indicate that while satisfaction with organizational recovery efforts does influence consumers' repatronage intentions and negative word-of-mouth behaviors, there are other important variables that shape this process as well. For example, along with consumers' satisfaction with recovery efforts, the severity of the organizational failure also had a direct impact on organizational outcomes following transgressions. That is to say, our results suggest that the bigger the mistake an organization makes, the less likely failed customers are to repatronize the business and the more likely they are to spread negative publicity about the organization.

Additionally, our findings indicate that commitment to an organization following a failure has a major influence on repatronage intentions. That is, in the current study we were able to show that consumers' repatronage intentions were influenced by the extent to which consumers had a psychological attachment to their organizations. This finding is similar to the results of previous studies (e.g., Breivik & Thorbjornsen, 2008) that suggest consumer commitment plays a large role in repurchase likelihood from businesses. In this study, however, the context of repurchase intentions was new insofar as we were concerned with repurchase intentions following organizational failures. Specifically, we found that commitment to an organization seemed to buffer consumer exit behaviors following organizational failures. This finding is similar to results reported in studies of betrayal in close relationships where strong commitment has been shown to inhibit inclinations to leave a relationship (Finkel, Rusbult, Kumashiro, & Hannon, 2002) and where commitment has been shown to be a powerful predictor of persistence following relational problems (Rusbult, Drigotas, & Verette, 1994). Using a relational metaphor, the results from this study seem to suggest that people can become attached to organizations like they do to other people. And, because organizational failures may be considered a form of betrayal (Mattila, 2004), the same types of variables that influence relational stability in close interpersonal relationships may also be at work in business relationships following organizational transgressions.

Commitment was also predictive of negative word-of-mouth behaviors. Our results suggest that the more committed a person was to the organization the less likely they were to speak negatively about their failure experience to others. This finding highlights the importance of commitment in organizational settings and is reminiscent of the findings in the relational literature that suggest that the less invested a person is in a relationship the more likely they are to want to seek revenge for relational transgressions. Based on our results, we may consider that people withhold their negative comments to others when they are committed to a relationship with an organization because they may not want to harm the organization to which they are psychologically attached.

According to the investment model of relational stability, commitment to an organization should be influenced by other variables itself. In the current study this was indeed the case and these variables included satisfaction with an organization prior to a failure, investment, alternatives, and, interestingly, satisfaction with organizational recovery efforts. First, consumer satisfaction prior to organizational failures was shown to be an important predictor of consumers' commitment. This result is in line with previous research showing that satisfaction can influence commitment in organizational settings (e.g., Farrell & Rusbult, 1981). In the current study, we were able to demonstrate that satisfaction with an organization also influences commitment in remediation scenarios. This result seems logical from a social exchange perspective that suggests that people are more likely to persist in a relationship when there are more rewards than costs.

Investment with an organization influenced commitment in our model as well. Although this result makes sense from a relational perspective, it may need some explaining from an organizational perspective. Just like in interpersonal relationships, consumers can invest resources into organizations. According to Breivik and Thorbjornsen (2008), these investments can include the time and effort consumers put into learning and using products and also the money invested in complementary products, for example. Similar to interpersonal contexts, the results from the current study suggest that in organizational failure scenarios, investments into a relationship help add to a person's commitment to the offending organization. This result may be interpreted as: the more a person has to lose by switching businesses after a failure, the less likely they are to do so. This conclusion has support from previous investigations of organizational relationships that report that people tend to choose the least costly option in response to relationship problems in business interactions (e.g., Hirschman, 1970; Hoffman & Kelley, 2000; Ping, 1997).

Alternatives to an organization were shown to negatively influence consumer commitment after an organizational failure. This finding is in line with investment model predictions and ultimately suggests that the more choices a person has for business, the more likely they are to exit a relationship when an organization fails them. In fact, according to Hoffman and Kelley (2000), "the defection rate associated with a particular service failure should be influenced by the costs associated with switching to alternative sources of supply" (p. 426). The results of our study support Hoffman and Kelley's proposition and suggest that businesses that want to attract and keep customers should consider this variable when making strategic decisions regarding consumer retention.

Finally, satisfaction with organizational recovery efforts was also shown to influence consumers' commitment to organizations. Although this relationship was not predicted by our original model, the influence of organizational recovery efforts on consumers' loyalty to an organization has support in other studies (e.g., Hart et al., 1990). These results are important for two reasons. First, and unsurprisingly, organizational recovery efforts help to influence repatronage intentions and negative word-of-mouth behaviors. That is, the way an organization handles their failures makes a direct impact on their bottom line. Second, the recovery efforts that organizations put forth are also indirectly beneficial for their bottom lines as well. Through its effect on commitment, satisfaction with organizational recovery efforts can also help build consumer loyalty toward a business by promoting customer devotion.

In conclusion, when organizations fail, consumers have several courses of action to choose from. Two courses of action that are particularly detrimental to companies' profits are consumers' decisions to take their business elsewhere and to spread negative publicity. Yet, if customers take the time to communicate their dissatisfaction with a product or service to companies directly they are ultimately giving companies a chance to rectify the situation. Previous studies have determined that there are several things companies can do to promote satisfaction after a complaint. However, using Rusbult's (1980) investment model, we were able to determine that there is more to consumers' decisions to repatronize an organization and to spread negative publicity than their satisfaction with organizational recovery efforts. This study demonstrated that promoting consumer loyalty is a more complicated process that also involves nurturing relationships by providing satisfying outcomes, minimizing alternatives, and promoting consumer investment. As with any investigation, this one has its limitations. One limitation was the population from which the sample was drawn. Although the sample contained a diverse range of ages (18–60), the mean and median suggest that our participants were relatively young. Therefore, it can be argued that the types of failures experienced by this population may differ from that of the general population.

A second limitation of our study involves the use of recall to inform our analyses. It may be possible that the act of complaining (and reporting the complaint) influenced participants' responses. One case in particular involves the recollection of pre-failure satisfaction. That is, asking people to recall their satisfaction with an organization after they have complained about a failure may have biased participants' perceptions to be in line with their current feelings. Still, considering that the mean response on this scale was a 5.06, our results suggest that the organizational failure may not have biased participants' responses to be more negative than positive.

Another limitation of this study is the scope of the types of establishments investigated. That is, although we were able to get a broad picture of the antecedents of consumer repatronage intentions and word-of-mouth behaviors, we did not focus on specific industries. Thus, future researchers may consider determining whether investments, alternatives, and satisfaction have the same impact on repatronage intentions and negative word-of-mouth activities across different types of businesses. Additionally, future researchers may also consider determining if the investment model holds for other organizational outcomes in addition to repatronage intentions and word-of-mouth behaviors. It may be interesting to see how the model relates to other outcome variables as well.

Practical Applications

Findings from our study may be helpful to managers in a variety of ways. First, recall that the severity of organizational failures was determined to have an impact on consumers' repatronage intentions and word-of-mouth behaviors. Considering this information, managers would be wise to limit the perceived severity of their customers' failure experiences. Although this advice seems commonsensical, there are a variety of things that can upset consumers including faulty products, poor staff attitude, and poorly applied organizational procedures (Bailey, 1994). Based on this information, managers may conclude that one of the ways to avoid exacerbating a product failure experience (for example) may be to train employees to handle situations in a manner that does not further upset consumers through their interpersonal treatment (Blodgett et al., 1997). By minimizing a negative product experience (for example by communicating honestly and taking responsibility (Bolkan & Daly, 2009)), organizations may be able to ultimately influence their consumers' intent to use their business again in the future and they may be able to stop the spread of negative publicity.

Managers who want to minimize the impact of organizational failures should also be concerned with the antecedents of commitment presented in the investment model. By focusing on increasing consumers' satisfaction with—and investment in—their organizations, practitioners can help to keep customer loyal. In addition, limiting alternatives will be helpful in curbing consumers' propensity to exit the business relationship following an organizational failure. People who are interested in using the investment model to help keep consumers' business may consider the advice presented below.

First, managers may want to build relational capital by making most interactions with their consumer satisfying. By increasing the rewards gained from consumers' experiences and decreasing the costs, managers can help people feel more satisfied with their organizational relationships. If organizations can build a reserve of "capital" this may act as a buffer to consumers' desire to exit a relationship or speak negatively about their business following failures. This notion is similar to the concept of organizational credibility, or trust, which has been shown to influence organizational persistence (Li et al., 2006). Other ways to increase satisfaction may be to influence the ratio of rewards to costs as it pertains to some standard. By lowing expectations for service, organizations may actually be able to increase consumer satisfaction. For example, some companies have been known to communicate exaggerated hold times (for phone calls) to help influence consumers' perceptions of speedy service. At other places (for example doctor's offices) billboards communicating expected wait times can help frame rewards and costs from the standpoint of the current situation instead of consumers' own unknown (and possible erroneous) anchor points. By changing consumers' perceptions of rewards and costs, managers may be able to influence their customers' decisions following an organizational failure.

The results of our study also suggest that increasing consumer investment into an organization can work to a business's advantage following organizational failures. This type of marketing approach is an example of what Dube and Maute (1998) refer to as a value added defensive strategy. Specifically, these strategies attempt to increase the long-term value of a relationship between a consumer and the organization. Organizations already have several ways to increase their consumers' investments and their implementation may be wise to help safeguard consumers' desire to exit or spread negative publicity in the face of failures. Such tactics include increased costs to work with an organization (e.g., membership fees), rewards for spending money with an organization (e.g., frequent flyer miles), and profit-sharing incentives (e.g., annual dividend checks).

Finally, managers may consider changing consumers' perceptions of alternatives. One way to do this is to increase their perceptions of switching costs. Businesses that want to do this may do so by maintaining and communicating some type of relative advantage (e.g., convenience, price, exclusive products, etc.) or by implementing tools such as contracts (which may include penalties for the early termination of services) that work to make alternatives less attractive.

Of course, correcting organizational failures and recovering consumers through strategic remediation is still important. Results from our study suggest that satisfaction with organizational recovery directly affects both word-of-mouth behavior and repatronage intentions. Moreover, previous research suggests that in order for factors such as investments to fully impact consumer decision-making following an organizational failure, an effective recovery is a necessary precondition (e.g., Dube & Maute, 1998). Therefore, managers would be wise to continue to address consumer complaints in an effective manner. However, our study suggests that in addition to focusing on remediation strategies, organizations would be sensible to consider using recovery tactics that go beyond attempting to merely keep the customer satisfied or communicating that "the customer is always right." Instead, organizations must also help customers feel invested in their company and brand while simultaneously ensuring that there are no superior alternatives to their product or service. By doing so, organizations may be better able to retain their customer base than organizations that focus on satisfaction with the post-complaint recovery process alone.

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