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How to turn your friends into enemies: Causes and outcomes of customers' sense of betrayal in crisis communication

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ABSTRACT

Crises are violations of customers' expectations for a company. Loyal customers who feel betrayed due to the violations of expectations often become the company's worst enemies. To extend the line of research of situational crisis communication theory (SCCT), this study explored how attributed responsibility, customer-company relationship (CCR), and their interaction affect betrayal. A company's defining attributes and customer-company identification (CCI) shape customers' expectations for a company. This study also examined how a direct threat to a company's defining attribute in a crisis and CCI affect betrayal. A total of 395 Whole Foods customers participated in an online quasi-experiment.

The antecedent concepts from SCCT all affect betrayal, with the attributed responsibility being the strongest predictor. Customers also feel more betrayed when the crisis directly threatens the company's defining attribute and when they strongly identify with the company. Consequently, sense of betrayal has strong effects on customers' attitudinal, emotional, and intentional responses.

1. Introduction

Public relations is “the management of communication between an organization and its publics” (Grunig & Hunt, 1984, p. 4). Communication management can be particularly challenging when a crisis happens, and the damage on an organization and its publics can *multiply* with ineffective crisis communication (Lerbinger, 2012). Crisis communication research has focused on what influences stakeholders' reactions to crises (Coombs, 2013; Park & Reber, 2011) and how organizations can effectively respond to crises to mitigate stakeholders' negative reactions (Grappi & Romani, 2015; Kim & Sung, 2014). Situational crisis communication theory (SCCT) is one of the primary theoretical frameworks for crisis communication research (Ma & Zhan, 2016). SCCT takes a public-centric approach, analyzing stakeholders' reaction to a crisis depending on situational factors, such as attribution of responsibility and pre-crisis organizational-public relationships (OPRs) (Coombs, 2014), and then advising organizations to respond accordingly.

Customers comprise an important stakeholder audience for a company, in addition to employees and media, etc. (Hayes, Hendrix, & Kumar, 2013; Lerbinger, 2012). Loyal customers can react to a crisis so negatively that they dissolve their ties with the company involved. For example, when United Airlines violently removed one of its passengers due to overbooking, its customers became outraged, cutting up their loyalty cards and boycotting United Airlines (Shen, 2017). Oftentimes customers react so drastically because they feel betrayed by the company to which they have been loyal (Grégoire & Fisher, 2008). Customers consider a company to be a relationship partner (Aggarwal, 2004; Lam, Ahearne, Hu, & Schillewaert, 2010) and betrayal “constitutes one of the most

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serious threats to a relationship” (Finkel, Rusbult, Kumashiro, & Hannon, 2002, p. 965). A sense of betrayal potentially helps explain and predict customers’ negative reactions if it can be included in theory-building of crisis communication, such as SCCT. This study examined how attributed responsibility and pre-crisis customer-company relationship (CCR), which are the situational factors in SCCT, affect customers’ sense of betrayal, which then affects their attitudinal, emotional, and intentional reactions.

This study also examined how a direct threat to the defining attributes of a company and customer-company identification (CCI) affect betrayal. The defining attributes of a company are the “distinctive, central, and enduring” (Dutton, Dukerich, & Harquail, 1994, p. 239) attributes that customers perceive a company and its products or services possess. Customers identify with a company when they share the defining attributes of the company (Dutton et al., 1994) and perceive their connection with it as part of their self-concept (Einwiller & Johar, 2013; Lam et al., 2010). For example, customers may identify with a company that produces luxury products because it represents their social economic status.

Customers may feel more betrayed when a crisis poses a direct threat to the defining attributes of a company since such a crisis poses a direct threat to customers’ self-concept. As in the previous example, customers of the luxury products company may feel more betrayed when the company uses cheap materials in its manufacturing than when the company’s CEO gets caught up in a sexual harassment scandal. Equally important, customers with strong CCI may feel more betrayed because their self-concept is more invested in their connection with the company and therefore is more affected. To sum up, this study examines how attributed responsibility, CCR, CCI, and a direct threat to a company’s defining attributes affect customers’ sense of betrayal, which in turn affect customers’ attitudes, emotions, and behavioral intentions.

By examining these conceptual relationships, this study contributes to crisis communication research, especially the SCCT-line-of-research in multiple ways. First, the concept of betrayal extends SCCT to probe the psychological mechanism of loyal customers and thus to explain why oftentimes they react drastically to a company that they loved before a crisis happened. Second, this study explores the possible dark side of CCI. Relationship research has been the identity of public relations research (Coombs & Holladay, 2015). CCI is an important relational concept, as it is a closer type of relationship that customers establish with companies compared to CCR, which is para-social (Coombs & Holladay, 2015). This study explores whether CCR and CCI increase customers’ negative reactions due to feelings of betrayal imposed by the company. Additionally, a company is not only being known, but it is being known for something (Lange, Lee, & Dai, 2011). This study examines the role of a company’s defining attributes (i.e., what it is known for) in relation to crises; it explores the possibility that customers react differently in a crisis that directly threatens the company’s defining attributes compared to a crisis that does not. Practically speaking, this study helps organizations understand why their loyal customers turn against them when a crisis happens. They can mitigate their customers’ sense of betrayal accordingly and in turn mitigate their negative attitudinal, emotional, and intentional reactions. Strategically speaking, this study helps practitioners “contain the scope of a crisis” and maintain the overall values of their organizations (Hayes et al., 2013, p.345).

2. SCCT

A crisis is a “major occurrence with a potentially negative outcome affecting an organization as well as its publics, services, products, and/or good name. It interrupts normal business transactions and can, at its worst, threaten the existence of the organization” (Fearn-Banks, 2001, p. 480). Built on attribution theory (Weiner, 1986, 2006) and image repair theory (Benoit, 2015), SCCT proposes that stakeholders’ reactions to a crisis vary depending on situational factors, such as attribution of responsibility and pre-crisis OPR (Coombs, 2007, 2014). Stakeholders’ negative reactions also intensify if the crisis causes severe damage or if the organization has experienced a similar crisis in the past (Coombs, 2007). SCCT then suggests organizations address the issues of responsibility accordingly in their crisis responses and mitigate stakeholders’ negative reactions (Coombs, 2007).

2.1. Attribution of responsibility

Attribution of responsibility “is the frame that is being used to define a crisis” (Coombs, 2013, p. 264). Stakeholders seek to make sense of what happened and hold someone accountable when a crisis occurs. The stakeholders attribute a low amount of responsibility to an organization when the crisis also victimizes the organization (Coombs, 2013). Some examples of such crises include natural disaster and workplace violence. The stakeholders attribute a minimal amount of responsibility to an organization when the organization accidentally causes the crisis (Coombs, 2013). Some examples of such crises include technical-error accidents and technical-error product harm. The stakeholders attribute a considerable amount of responsibility to an organization when the organization seems to have been aware that its actions risk jeopardizing public wellbeing or violate regulations/laws, yet it takes the actions anyway (Coombs, 2013). Some examples of such crises include human-error accidents and organizational misdeeds.

The more responsibility the stakeholders attribute to an organization for the crisis, the more negatively they respond (Coombs, 2007; Ma & Zhan, 2016). Customers negatively regard a company when they attribute responsibility to it (Dean, 2004). Additionally, attribution of responsibility also increases stakeholders’ anger towards the organization (Choi & Lin, 2009; Coombs & Holladay, 2007) (Coombs & Holladay, 2005), which in turn increases negative word-of-mouth (NWOM) intention and decreases purchase intention (Coombs & Holladay, 2007). Attribution of responsibility also severely threatens organizational reputation (Ma & Zhan, 2016).

2.2. Pre-crisis OPR/CCR

OPRs occur when an organization and its publics depend on each other, and “this interdependence results in consequences to each

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