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CONSUMER RESPONSES TOWARD FIRMS' SERVICE RECOVERY IN KUWAIT: EXPERIMENTAL MANIPULATIONS OF BRAND IMPLICIT IMAGE (BII)

Key Words

Implicit theory; Service recovery; Service failure; Brand image; Disconfirmation bias.

Abstract

A study was conducted to test the willingness of individuals to consider firms' service recovery as a way to rebuild its image. An individual difference of brand implicit image (Bll; Sultan 2008), which is based on the Implicit Person Theory (IPT; Dweck 1986), was manipulated to examine two types of theorists: brand-incremental and brand-entity theorists. The results from a sample of young consumers in Kuwait showed that entity theorists (compared to incremental theorists) were less likely to spread positive word-of-mouth (WOM) after low service recovery, while the difference was non-significant under high service recovery. Also, the findings indicated that individual's disconfirmation bias played a mediating role in the examined effect. At the end of the research, implications and future research directions for the BII concept were discussed.

Introduction

All over the world, companies spend considerable time and resources to manage their brand perceptions after any devastating product and/ or service failure, and they do this by implementing recovery strategies, in order to restore their brand image, and Kuwait is no exception. In 2008, after the economic crisis, *Gulf Bank*, once a leader in the Kuwait banking industry, announced significant losses from exposure to derivatives (Alfadly, 2010; Etheridge, 2008). Since then, the bank has experienced deteriorations in its brand image and as a result started a marketing campaign to re-

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store its image and leadership. Some believe that the bank has been successful in solidifying its image, while others are still hesitant to deal with the bank due to the history it had generated during the economic crisis.

In October 2011, *Research In Motion (RIM)*, the producer of Blackberry devices, was hit by a 3-day outage of its Blackberry Messenger (BBM) service in Africa, Europe, and Middle East regions. A great number of BBM users were dissatisfied because of the service failure, and some customers even tweeted and asked for some sort of service recovery by local operators. In Kuwait, local mobile operators promised to compensate BBM users for the lost number of days. Although some users were dissatisfied with the way that the operators handled the service failure, others welcomed the recovery attempts by posting more positive tweets.

In the service recovery literature, there are mixed findings regarding the effect of service recovery. For one thing, some researchers suggested that high recovery can produce a "service recovery paradox", in which satisfaction after any failure and recovery effort is higher than pre-failure levels (McCollough, Berry, and Yadav, 2000; McCollough and Bharadwaj, 1992; Smith and Bolton, 1998). On the other hand, other studies offer contrary evidence that post-recovery satisfaction levels are not restored despite effective recoveries (McCollough *et al.*, 2000; Bolton and Drew, 1991).

Given these mixed findings, Del Rio-Lanza, Vazquez-Casielles, and Diaz-Martin (2009) and Nikbin *et al.* (2010) recommended that moderating factors in the relationships between perceived recovery fairness and satisfaction be considered. Among these variables, they recommended studying customers' perceived image or evaluation of the firm's brand image since that has been related to core aspects of organizational success (Kassim and Souiden, 2007; Bloemer *et al.*, 1998; Korgaonkar *et al.*, 1985; Granbois, 1981).

One of the objectives of this research is to fill this gap in the literature by examining a moderating variable that differentiates customers based on whether they believe that brand image is fixed (or changeable), which in turn might cause some customers to be less (or more) willing to consider recovery efforts and spread positive word-of-mouth (WOM). Another objective is to determine a mediating variable that causes the variations in customer responses to service recovery. These questions are investigated by utilizing the concept of implicit theories (cf., Dweck, 1986). More recently, Sultan

(2008; dissertation) introduced a new scale (i.e., brand implicit image; BII) to determine the extent to which consumers believe that brand attributes are fixed (brand-entity theory) versus changeable (brand-incremental theory) and provided evidence to demonstrate that the impact of new brand information on purchase intentions depended on individual differences in BII. Furthermore, Yorkston *et al.* (2010) documented how implicit theories regarding personality traits affect consumer inferences about the changeability of a brand's personality trait and thus its ability to extend into new categories.

Motivated by previous researchers' findings, the current research argues that the effect of firms' service recovery will be greater for customers who utilize the brand-incremental theory (beliefs that brand attributes are changeable) than those who utilize the brand-entity theory (beliefs that brand attributes are fixed). The differential effect between brand-entity and brand-incremental theorists is suggested to exist because of the disconfirmation bias (Jonas *et al.*, 2001) that brand-entity theorists employ to a larger extent (compared to incremental theorists) after firm's service recovery.

It is important to note that the current research is different from previous research in five ways. First, the current research provides a valid manipulation for the BII concept as opposed to measuring it using a scale, which was one of the limitations of Sultan's (2008) research. Second, the current research extends the operationalization of BII concept to include other contexts (i.e., restaurant service failure/recovery). Third, the current research examines consumer responses toward firms' service recovery using WOM, a construct that has been proven to be different from purchase intentions (e.g., Wang, 2011; DeCarlo *et al.*, 2007; Mangold, 1999; Mazzarol *et al.*, 2007). Fourth, Sultan (2008) failed to provide empirical explanations for the effect of BII and thus the current research complements Sultan's (2008) research by providing a valid mediator (i.e., disconfirmation bias) to explain one of the causes of BII moderation effect. Fifth, the current research extends the generalizability of BII and recovery effects by using a Middle Eastern sample. In fact, there are numerous studies on service recovery but the validity of these studies in the Middle East market is under-researched. Therefore, up-to the researcher's knowledge, the current research is one of its kind to be undertaken within the context of restaurant service failure/ recovery in a developing country (i.e., Kuwait) and thus offers great contributions to implicit theory and service recovery literatures.

Literature Overview

Service Recovery

The service literature has made an important distinction between the notions of service failure and service recovery (Smith *et al.*, 1999). Service failure occurs when a company fails to perform an initial service at the level that is normally expected (Hoffman and Bateson, 1997). Any service failure is a negative experience from a customer's perspective at the moment it occurs and thus contains potential to damage the firm's long-term profitability if not properly managed (Bitner *et al.*, 1990; Tax *et al.*, 1998). Service recovery represents the subsequent stage during which a consumer formulates a complaint and a company tries to redress the situation (Gronroos, 1998), pursuing to return a dissatisfied customer to a state of satisfaction (Berry and Parasuraman, 1991). Research suggests that firm's recovery efforts can either reinforce the customer relationships and create a heightened loyalty; a phenomenon labeled as a "service recovery paradox" (McCollough *et al.*, 2000; Smith and Bolton, 1998), or worsen the initial failure and create an irrecoverable situation (Maxham and Netemeyer, 2002; Kelley *et al.*, 1993; Smith *et al.*, 1999), a phenomenon also labeled as "double deviation" (Bitner *et al.*, 1990). However, evidence for these effects is mixed. Smith and Bolton (1998) report that "cumulative satisfaction and patronage intentions increase above pre-failure levels when individuals are very satisfied with the recovery efforts" (p. 57). However, other studies found that post-recovery satisfaction levels are not restored even after effective recoveries (McCollough *et al.*, 2000; Bolton and Drew, 1991). Building on this literature, it was expected that some consumers would be more naturally predisposed to accept firms' service recovery, while others would tend to be insensitive to some forms of service recovery. Therefore, the researcher believes that brand-entity theorists will rely on their initial perceptions and use the first encounter (i.e., service failure) with the company as an indicator for future experiences, while brand-incremental theorists do not consider the first encounter as a predictive indicator for future experiences and hence are more likely to be impacted by service recovery. In the next section, the researcher details the implicit person theory (IPT) literature and demonstrates how this literature is used to derive the BII concept.

Implicit Person Theory (IPT)

It has been argued that some people (entity theorists) are more likely to think of human traits as immutable properties possessed by individuals (e.g., Eberhardt *et al*., 2003; Dweck *et al*., 1995), while other people (incremental theorists) think of human traits as changeable properties. Dweck and colleagues have found that these beliefs about the changeability of self-attributes can predict judgments of the self (Robins and Pals, 1996; Hong *et al*., 1995) and that people differ with regard to the implicit theories they hold about the nature of human traits (Levy *et al*., 1999; Dweck *et al*., 1995; Chiu *et al*., 1994; Erdley and Dweck, 1993; Dweck and Leggett, 1988). For example, entity theorists, who believe their intelligence to be a fixed entity, see academic failures as direct indications of their intellectual ability, while incremental theorists, who believe their intelligence to be changeable, tend to focus on attributes that help them improve their performance.

In addition, it has been shown in the IPT literature that entity theorists view traits as having high predictive validity that can be used to draw inferences about future behaviors (Eberhardt *et al*., 2003). However, incremental theorists often view trait labels as tentative descriptions subject to revision. Relative to entity theorists, incremental theorists are less likely to view traits as possessing high predictive validity and to draw inferences about people's behaviors. Thus, incremental theorists find trait labels and trait-relevant information less useful and are more likely to rely on information that is relevant to the situation under examination than entity theorists (Eberhardt *et al*., 2003).

In a similar vein, Levy, Stroessner, and Dweck (1998) found that entity theorists considered stereotypes to be more predictive of future behavior than did incremental theorists. They claim that compared to incremental theorists, entity theorists quickly generated stereotypical traits to describe ethnic and occupational groups, and they showed greater confidence in the limited information they had available for doing so. These findings support the view that entity theorists use trait labels to focus on trait-relevant and expectancy-consistent information (Erdley and Dweck, 1993). Therefore, entity theorists do not change their judgments about people and have greater tendency than incremental theorists to make static judgments (i.e., personality or other trait judgments) of people, even on the basis of little information relative to incremental theorists (Hong *et al*., 1997; Chiu *et al*., 1994; Hong, 1994). Furthermore, entity theorists are more likely to believe that trait-related behaviors are consistent over time, and a behavior observed in a particular situation is an indication of personality traits than incremental theorists (Chiu *et al*., 1997; Hong *et al*., 1997).

Brand Implicit Image (BII)

Given that some researchers believe that people perceive human and brand personalities similarly (Fournier, 1998; Aaker, 1997), it is possible that, just as individuals differ in their implicit beliefs about the changeability of human personality, they may also differ in their implicit beliefs regarding the changeability of brands. These beliefs, in turn, could have important implications for whether customers are willing to adjust their perceptions of a brand after service recovery. In line with this argument, Yorkston *et al.* (2010) relied on the Dweck's IPT scale to find that consumers who believe human traits are changeable (incremental theorists) are more likely to be accepting of repositioning and brand extensions, than consumers who believe that these traits are fixed (entity theorists).

For one thing, a number of researchers argue that people infer brand attributes very much the same way as human attributes (Azoulay and Kapferer, 2003; Aaker, 1997; Fournier, 1998). This brand-personality concept has in recent years gained more widespread legitimacy among academic researchers and practitioners alike. Furthermore, a number of studies suggest that consumers' relationships with brands carry some similarity to social relationships (e.g., Fournier, 1998). On the other hand, other researchers argue that the comparison between humans and brands is not without controversy (Aggarwal, 2004; Azoulay and Kapferer, 2003). These researchers claim that individuals process brand and human information in different ways. In this sense, Aggarwal (2004) believes that people and brands differ in many ways and different approaches may be needed to examine them separately. In addition, it is argued by some researchers that judgments of social stimuli (e.g., people) depend on inferred information, while judgments of nonsocial stimuli (e.g., brands) depend on concrete attributes (Lingle, Altom, and Median, 1984). In line with this latter view, Yoon *et al.* (2006) have found via Functional Magnetic Resonance Imaging (FMRI) that individuals indeed process brand and human information in different brain regions, which provides further evidence that makes the brand-personality concept (Aaker, 1997) questionable. Therefore, Sultan (2008) used the latter argument to argue that brands and humans have different characteristics which are processed differently in the consumer's mind.

Given this view, it is reasonable to believe that BII and IPT are distinct, but related constructs (Sultan, 2008). To capture these individual differences in the context of a brand, Sultan (2008) developed the BII construct using Dweck's (1986) idea of implicit theories and defines BII construct as the extent to which consumers believe that brand attributes are fixed (brand-entity theorists) versus changeable (brand-incremental theorists).

In the current research, Sultan's (2008) argument is extended by showing that the individual differences in BII can be manipulated and tested in different contexts. Although some researchers believe that personality traits do not change and are set by age 30, others suggest that they do change. Recently, Srivastava *et al.* (2003) and other researchers found that not only do personality traits change over time, but more in adulthood than in childhood. Supporting this view, a number of researchers have recently found empirical support for the claim that personality traits could change over time (Lucas and Donnellan, 2011; Meeus *et al.*, 2011; Soto *et al.*, 2011; Specht, Egloff, and Schmukle, 2011; Srivastava *et al.*, 2003; Tamir *et al.*, 2007). Srivastava *et al.* (2003) studied a sample of more than 132,000 adults aged 21-60 and found that the 'Big Five' traits were subject to a variety of developmental influences. Also, Specht *et al.* (2011) examined more than 14,000 individuals across all of adulthood and found that personality changes throughout the life span. Furthermore, Lucas and Donnellan (2011) used a longitudinal sample of more than 20,000 individuals across all age groups and found that the 'Big Five' personality traits changed over the life span and increased among young adults. More importantly, in the implicit theories literature, IPT manipulations have been used by several social psychologists and experimental researchers (e.g., Yorkston *et al.*, 2010; Chiu *et al.*, 1997; Bergen, 1991; Dweck, 1986; Dweck and Leggett, 1988). Therefore, given the extensive research support, the current research manipulates the BII concept by showing that individuals who are under the brand-incremental theory should be influenced to a larger extent by service recovery than those who are under the brand-entity theory, which is operationalized by customer's willingness to spread positive WOM. This expectation leads to the following research hypothesis:

H1: The effect of service recovery on consumers' WOM will vary depending on the type of BII manipulations

The Disconfirmation Bias toward Firms' Service Recovery

Disconfirmation has been advanced as a model for understanding customer's reactions to recovery (Singh and Widing, 1991; Oliver, 1981). The disconfirmation paradigm states that customers compare perceived product performance to expectations. Performance that exceeds expectations is positively disconfirmed, performance that meets expectations is confirmed, and performance that falls short of expectations is negatively disconfirmed (McCollough *et al.*, 2000). According to the disconfirmation bias literature, when people are committed to an alternative, they prefer supportive (consonant) information compared with opposing (dissonant) information to reduce post decisional conflicts (i.e., cognitive dissonance). Edwards and Smith (1996) have found that when people are faced with evidence contrary to their beliefs, they try to undermine the evidence, which means that there is a bias to disconfirm arguments incompatible with one's position (i.e., the disconfirmation bias). In the current research, the researcher subscribes to the disconfirmation bias(1) model and argues that brand-entity theorists rely on this model to disconfirm firms' recovery attempts because they are seen as inconsistent with their prior attitudes/expectations.

So far, arguments have been provided to support the assertion that brand-entity theorists, relative to brand-incremental theorists, avoid new information that is inconsistent with their prior attitudes given service failure. Contrary to these conceivable arguments, Frey (1986) claims that sometimes people do not avoid counterattitudinal information because it may be useful in certain situations. For example, Cannon (1964) found a preference for counterattitudinal information among participants expecting to have to defend their preferred solution in a business debate. Since performing well in a debate requires knowledge of opposing viewpoints, these participants were more open to counterattitudinal information. In the context of BII, the researcher argues that this tendency to accept inconsistency/duality will be greater for brand-incremental theorists than brand-entity theorists. Hence, when presented with service recovery, brand-incremental theorists will have higher tendencies to incorporate the recovery information compared to brand-entity theorists. Specifically, brand-entity theorists will be more likely to develop their attitudes toward a brand based on prior information (service failure) and use these attitudes to disconfirm later recovery information. However, brand-incremental theorists will be more likely to develop attitudes toward a brand based on new brand information (service recovery) and hence base future brand evaluations on the new information.

(1) In this context, the term *disconfirmation bias* has a different meaning than the context of hypothesis testing. Mostly, the researcher subscribes to Jonas's *et al.* (2001) conceptualization of the *confirmation bias;* however since the researcher intends to show that entity theorists are less willing to incorporate the service recovery than incremental theorists, it makes more conceptual sense to refer to this concept as disconfirmation bias toward the service recovery as opposed to confirmation bias toward the initial beliefs.

Therefore, it is expected that the disconfirmation bias model readily explains how brand-entity theorists (compared to brand-incremental theorists) react when evaluating firms' service recovery (see Figure 1); leading to the following mediating hypothesis:

H2: The interaction effect of BII and service recovery is mediated by disconfirmation bias toward-firms' service recovery.

Research Methodology

The current research used a convenient sampling method (student sample) consisting of several groups of students from the College of Business Administration at Kuwait's national university. The researcher contends that it is appropriate to use a college-aged sample for theory testing for several reasons. For one thing, a great number of researchers have successfully employed student samples to demonstrate the effects of different marketing theories (e.g., Chou and Lien, 2010; Evans *et al.*, 2010; Wildschut *et al.*, 2010; Praxmarer and Gierl, 2009; Czellar, and Spangenberg, 2009; Baker and Kennedy, 1994; Muehling and Sprott, 2004; Sprott, and Muehling, 2002; Holbrook, 1993; Batcho, 1995; Pascal, Sprott,). The conclusion is that people of almost any age (beyond adolescence) have had prior experiences for which they can use to make sound decisions. Also, using a college-aged sample provides a homogeneous population that is appropriate for theory testing (Calder *et al.*, 1981).

In addition, in this research, hypothetical scenarios were used to investigate the effect of service recovery on participants' WOM. A number of experimental researchers support the use of role-playing experiments (scenarios) because they allow expensive or difficult manipulations to be more easily operationalized, provide the researcher with control over otherwise unmanageable variables, facilitate the compression of time by summarizing events that might otherwise unfold over days or weeks, and avoid ethical consideration asso-

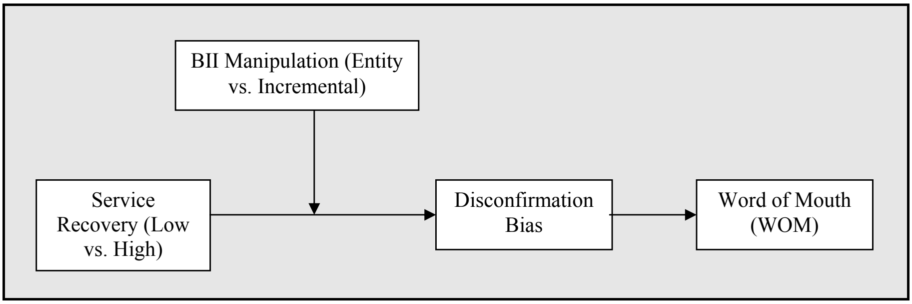


Figure 1: Research Framework

ciated with observing or enacting actual service failure (McCollough *et al*., 2000; Smith and Bolton, 1998; Bitner, 1990;). Therefore, given previous research support, the current researcher utilized hypothetical scenarios to test for the examined effect.

All questionnaires, including used scales, were translated into Arabic using back to back translations, and reviewed by two bilingual experts in the field for content validity. Translated versions of the questionnaires were agreed upon by the experts.

Pilot Study

Validation of translated BII scale. To evaluate the convergent and discriminant validity of the translated BII scale, this study applied the scale validation methodologies utilized by Sultan (2008) to a sample of 177 participants from the same subject pool who completed four scales: (1) IPT (Levy *et al*., 1998), (2) preferences for consistency (PFC; Cialdini, 1995), (3) brand loyalty (BL; Beatty and Kahle, 1988), and (4) BII. Participants completed the survey questionnaire in exchange for course credit as a part of the course requirements. All items used a seven-point scale anchored with strongly disagree/strongly agree.

Similar to Sultan's (2008) findings, the scores on BII showed a significant positive relationship with scores on the IPT ($r = .29$, $p < .001$) and PFC ($r = .17$, $p < .05$; Table 1) and the magnitude of these relationships was small. Also, a CFA using EQS indicated that all BII indicators' loadings were greater than.5 and the average variance extracted for the BII construct was.55 (Table 2). Furthermore, as illustrated in Table 1, the square root of average variance extracted for BII was substantially greater than the correlations of BII with the IPT, PFC, and BL, indicating convergent validity.

Table 1
The Correlations and Square Root of the Average Variance Extracted (AVE) of Translated BII, IPT, PFC, and BL

	M	SD	# of Items	Correlations			
				BII	IPT	PFC	BL
Brand Implicit Image (BII)	3.92	1.05	6	**(.74)**			
Implicit Person Theory (IPT)	4.08	1.34	3	.29**	**(.88)**		
Preference For Consistency (PFC)	4.02	1.12	9	.17*	.14	**(.73)**	
Brand Loyalty (BL)	3.57	1.68	3	.09	.21**	.09	**(.81)**

BII: brand implicit image; IPT: implicit person theory; PFC: preference for consistency; BL: brand loyalty; all items used a five-point scale. Diagonals are the square root of the average variance extracted (AVE); N = 177
**. Correlation is significant at the.01 level (2-tailed)
*. Correlation is significant at the.05 level (2-tailed)

Table 2
The Descriptive Statistics and Item Loadings of Translated BII, IPT, PFC, and BL

Item	Loading (λ) (N = 177)
Brand Implicit Image (BII) (α = .83, AVE = .55)	
* In my opinion, a brand's image is something that doesn't change very much.	.58
* I typically don't change my perceptions about a brand if I have formed an earlier impression of that brand.	.74
* Many things about a brand can change, but my basic beliefs about that brand will not change.	.83
* In my opinion, the attributes of a brand are concrete and do not normally change.	.79
* In my opinion, a brand's image is something basic that can't be changed over time.	.41
* A brand's core identity will always remain unchanged.	.68
Implicit Person Theory (IPT) (α = .85, AVE = .77)	
* The kind of person someone is, is something basic about them, and it can't be changed very much.	.70
* People can do things differently, but the important parts of who they are can't really be changed.	.84
* Everyone is a certain kind of person, and there is not much that they can do to really change that.	.88
Preference For Consistency (PFC) (α = .89; AVE = .54)	
* It is important to me that those who know me can predict what I will do.	.65
* I want to be described by others as a stable, predictable person.	.78
* The appearance of consistency is an important part of the image I present to the world.	.82
* An important requirement for any friend of mine is personal consistency.	.65
* I typically prefer to do things the same way.	.76
* I want my friends to be predictable.	.65
* It is important to me that others view me as a stable person.	.69
* I make an effort to appear consistent to others.	.80
* It doesn't bother me much if my actions are inconsistent.	.46
Brand Loyalty (BL) (α = .74; AVE = .66)	
* I consider myself to be loyal to one brand soft drink.	.64
* If my preferred brand or type of soft drink were not available at the store, it would make little difference to me if I had to choose another brand.	.71
* When another brand is on sale, I generally purchase it rather than my usual brand.	.74

In addition, the four-factor model's fit was found to be more acceptable (CFI = 0.95; $SRMR$ =.06; $RMSEA$ =.04; χ^2 = 245) than that of the one-factor model (CFI = 0.46; $SRMR$ =.16; $RMSEA$ =.16; χ^2 = 886, $p < .001$), indicating discriminant validity. Therefore, the validity results support that the translated BII, IPT, PFC, and BL assessed four unrelated and distinct constructs; replicating Sultan's (2008) findings.

Validation of research manipulations. One of the main contributions of the current research is to show that the BII can be manipulated, just like the IPT (e.g., Yorkston *et al*., 2010; Chiu *et al*., 1997; Bergen, 1991; Dweck and Leggett, 1988; Dweck, 1986). Following a similar manipulation method, the study used a sample of 166 participants from the same subject pool to validate the BII and service recovery manipulations. They participated in exchange for course credit as a part of the course requirements. For the research purpose, the chosen sample was first divided into two experimental groups. At the beginning of the questionnaire, participants were given an article that was believed to be taken from *CNBC* website. A *CNBC* article was used as a part of the manipulation stimulus because the college-aged population is familiar with the *CNBC* business channel and it is very common to find articles that refer to business matters in the *CNBC* website. The article was designed to reflect on either brand-entity or brand-incremental theory (see Appendix). After the BII manipulations, participants were asked to complete another questionnaire as a filler task, which included the service failure/recovery scenarios.

Manipulation of service failure. All participants were asked to imagine that they initially experienced service failure with a restaurant. The context of a restaurant was chosen because the college-aged population is highly involved in this business category[(2)]. Also, prior researchers have employed a similar context using service failure/recovery situations (Swan and Frederick, 1981). The service failure scenario read as such:

"On Friday evening, you and your family went out for dinner at a restaurant to celebrate one of your family member's graduation from high school or university. This was your first time to eat at this restaurant. After waiting about 30 minutes, you were able to find a seat for your group.

(2) Based on a post-hoc analysis, the researcher asked a separate group from the sampled population (N = 222) to rate the extent of their interest in restaurants (1 = not at all interested to 5 = very interested). The mean on this item (M = 4.38, SD = 0.74) was comfortably high.

Shortly after, a waiter took your order. When your meal was served, you noticed that your food was not fully cooked "undercooked." You stopped eating and informed the waiter that your food was undercooked."

After reading the initial service failure, participants were randomly assigned to one of two service recoveries, based on the level of service recovery experienced (low versus high service recovery). The importance of the fairness norm at the recovery level is well established (Smith *et al.*, 1999; Tax *et al.*, 1998). Hence, the notion of fairness to differentiate between the recovery attempts is used in the current research. Specifically, three types of fairness (distributive, interactional, and procedural) have been found by social exchange theorists to strongly affect consumer responses after a recovery (cf., Nikbin *et al.*, 2010; McCollough *et al.*, 2000). Distributive fairness refers to the outcomes or the compensation received by a customer at the recovery stage, interactional fairness represents the manner in which employees treat and apologize to customers when the recovery is enacted, while procedural fairness refers to recovery speed. In the low service recovery, the manager was polite but not as courteous as under the high service recovery and responded to, but did not anticipate, the customer's needs. Following Maxham (2001), the low service recovery was characterized as having low distributive, interactional, and procedural fairness, whereas the high service recovery was described as having high distributive, interactional, and procedural fairness as such:

Manipulation of high service recovery. "After you explained the problem to the waiter, he apologized for the problem. He said that he would take care of the problem and took the dish back. After 2-3 minutes, the manager approached you and apologized for the problem. He said that he was informed about the problem from the waiter and you didn't have to re-explain the problem. Then, he provided an explanation for the problem and he informed you that another dish would be served to you and you would not be charged for the meal. He asked if there was anything else that he could do to serve you better."

Manipulation of low service recovery. "After you explained the problem to the waiter, he simply apologized for the problem. He said that he couldn't do anything about the problem and would get a manager to resolve it. After 10 minutes, the manager approached you but did not apologize for the problem. He asked you what the problem was and you had to re-explain the problem. Then, he did not provide an explanation for the problem and he informed you that another dish would be served to you. He did not ask if there was anything else that he could do to serve you better."

Next, participants rated the extent to which they thought that the assigned service recovery was fair using measures for interactional, distributive, and procedural fairness (Kau and Loh, 2006). For interactional fairness measures ($\alpha = 0.89$), participants responded to the following statements: "The manager seemed very courteous to me and interested in helping me.", "The manager tried hard to resolve the problem," and "I felt that I was treated rudely." For distributive fairness measures ($\alpha = 0.85$), participants responded to the following: "In resolving the complaint, the manager gave me what I needed," "The result of the complaint was not up to expectation," and "Taking everything into consideration, the result was quite fair." For procedural fairness measure ($\alpha = 0.79$), participants responded to the following: "The length of time taken to resolve my problem was longer than necessary", "The manager showed enough flexibility in dealing with my problem", and "The manager was very slow in responding to my problem". The averages of these measures were calculated to form the fairness indices, which were used as manipulation checks to distinguish between the two types of service recovery scenarios. At the end of the research session, participants were asked to complete the translated BII scale ($\alpha = 0.88$), which was originally developed by Sultan (2008) and validated in the previous pilot study, as the BII manipulation check. All items used a five-point scale anchored with strongly disagree/strongly agree.

A t-test showed that participants rated the low service recovery as having lower interactional fairness than the high service recovery, $M_{Low} = 2.48$, $M_{High} = 4.23$, t (164) = 15.94, $p < .001$. Also, they rated the low service recovery as having lower distributive fairness than the high service recovery, $M_{Low} = 2.58$, $M_{High} = 3.90$, t (164) = 11.55, $< .001$. Furthermore, they rated the low service recovery as having lower procedural fairness than the high service recovery, $M_{Low} = 2.31$, $M_{High} = 3.80$, t (164) = 15.51, $< .001$. Another t-test showed that participants in the brand-entity theory manipulation had a significantly higher score than those in the brand-incremental theory manipulation, $M_{Entity} = 3.33$, $M_{Incremental} = 3.11$, t (164) = 2.20, $p < .05$. Thus, the service-recovery and BII manipulations were successful and thus used in the main study as stimuli to test for the moderation effect of BII and service recovery on participants' WOM.

Main Study

To test for the research hypotheses, three hundred and sixty two participants were randomly surveyed in the College of Business Administration. The data of 12 participants were deleted because of data incompletion and inconsistency, resulting in 350 useable data points. Based on the university annual report, the College of Business Administration population was around 3,200 students in the 2010-2011 academic years. A pre-determined sample size table (adapted from Payne and McMorris, 1967) was used to conclude that a sample of 350 participants should be enough based on a 95% confidence interval.

Out of the participants, 29.7% were males, 94.3% were from the age range of 18-25 years, 92.6% were Kuwaitis, 57.1% have a single income source (i.e., university social allowance), 62.6% have encountered similar service failure with a restaurant, and 85.4% visited restaurants at least once a week. The effects of gender, age, nationality, income source, pre-encounter of service failure, and frequency of restaurant visits were analyzed and found to be non-significant ($p > .05$). Therefore, the researcher will not discuss the effects of these factors from hereafter.

For the purpose of this study, the researcher used the same materials that were used in the pilot study and randomly divided the study questionnaires into four groups based on the BII and service recovery manipulations. First, participants were asked to read one of the earlier *CNBC* articles based on their assigned BII manipulation (i.e., brand-entity versus brand incremental theory). Second, all participants read the same service failure and service recovery scenarios that were used in the pilot study, based on their assigned group (low versus high service recovery). Third, after reading the scenarios, participants were given a list of question items related to the previous scenarios. The averages of these items were calculated to create the study measures.

To design the study measures, the researcher carefully examined the concerned literatures. For the disconfirmation bias measure, the researcher followed a modified approach based on McCollough *et al.* (2000), in which participants were asked to indicate their general expectations about the restaurant service quality, anchored with: "Very Bad/Very Good", "Very Unpromising/Very Promising", and "Very Negative/Very Positive" ($\alpha = 0.92$). For the WOM measure, the following items were adapted from Maxham (2001): "I will spread positive word-of-mouth about this restaurant", "I will recommend this restaurant to my friends" and "If my friends or relatives were looking for a restaurant, I would tell them to try at this restaurant" ($\alpha = 0.90$).

Then, participant responded to the interactional ($\alpha = 0.88$), distributive ($\alpha = 0.75$), and procedural fairness ($\alpha = 0.79$) items that were used in the pilot study as the service recovery manipulation check. At the end of the study, participants were asked to complete the translated BII scale ($\alpha = 0.81$) as the BII manipulation check. Unless noted, all items used a five-point scale anchored with strongly disagree/strongly agree.

Results of Main Study

Manipulation checks. A t-test showed that participants rated the low service recovery as having lower interactional fairness than the high service recovery, $M_{Low} = 2.37$, $M_{High} = 4.14$, t (348) = 24.08, $p < .001$. Also, they rated the low service recovery as having lower distributive fairness than the high service recovery, $M_{Low} = 2.48$, $M_{High} = 3.72$, t (348) = 17.32, $p < .001$. Furthermore, they rated the low service recovery as having lower procedural fairness than the high service recovery, $M_{Low} = 2.38$, $M_{High} = 3.71$, t (348) = 17.35, $p < .001$. Another t-test showed that participants in the brand-entity theory manipulation had a significantly higher BII score than those in the brand-incremental theory manipulation, $M_{Entity} = 3.27$, $M_{Incremental} = 3.02$, t (348) = 3.47, $p < .001$. Both manipulations were successful.

Moderation analysis. It was expected that the impact of service recovery on participants' WOM would be qualified by the BII manipulation. In line with this hypothesis, a 2 (service recovery manipulation: low service recovery versus high service recovery) x 2 (BII manipulation: brand-entity theory versus brand-incremental theory) between-subjects ANOVA on WOM revealed a significant two-way interaction between the BII manipulation and service recovery, F (1, 346) = 5.55, $p < .05$; Hypothesis 1 is supported(3)(4). The moderation analysis resulted in a power size of.65, which is commonly accepted as a medium effect size (Brock, 2003; Wang and Yang, 2008).

(3) The researcher included items in the beginning of the survey (before the scenarios) to measure participants' general attitudes toward restaurants' service quality ("Very Bad/Very Good", "Very Unpromising/Very Promising, and "Very Negative/Very Positive" ($\alpha = 0.84$). The average of these items was included as a covariate in the moderation analysis. The result of the interaction was still significant (p < .05) and the main effect of the covariate was non-significant (p = .06).

(4) Also, a post-hoc moderation analysis using IPT and service recovery as moderators showed that the interaction effect of IPT scale (Levy et al., 1998) and service recovery on WOM is non-significant (F (1, 346) = 2.47, p = .12), supporting Sultan's (2008) findings and providing further proof that the BII and IPT are related, but distinct measures.

As illustrated in Figure 2, under the low service recovery manipulation, participants in the brand-incremental theory manipulation were more responsive to the service recovery than those in the brand-entity theory manipulation, $M_{Entity} = 1.65$, $M_{Incremental} = 2.21$, t (170) = 4.88, $p < .001$. However, under the high service recovery manipulation, the difference was non-significant, $M_{Entity} = 2.64$, $M_{Incremental} = 2.79$, t (176) = 1.17, $p = .24$.

Mediation analysis. To test for the mediation between the interaction of BII and service recovery on participants' WOM, the researcher followed the procedures outlined by Baron and Kenny (1986) and used the disconfirmation bias measure as a covariate in the mediation analysis to account for this effect. As illustrated in Table 4, the interaction between the BII and service recovery was significant when WOM was regressed on the factors, F (1, 346) = 5.55, $p < .05$. The same interaction was significant when the disconfirmation bias measure was regressed on the factors, F (1, 346) = 7.35, $p < .01$. Also, when the disconfirmation bias measure was entered as a covariate in the first regression equation, the interaction was non-significant, F (1, 345) = 1.49, $p = .22$, and the disconfirmation bias main effect was significant, F (1, 345) = 96, $p < .001$; Hypothesis 2 is supported.

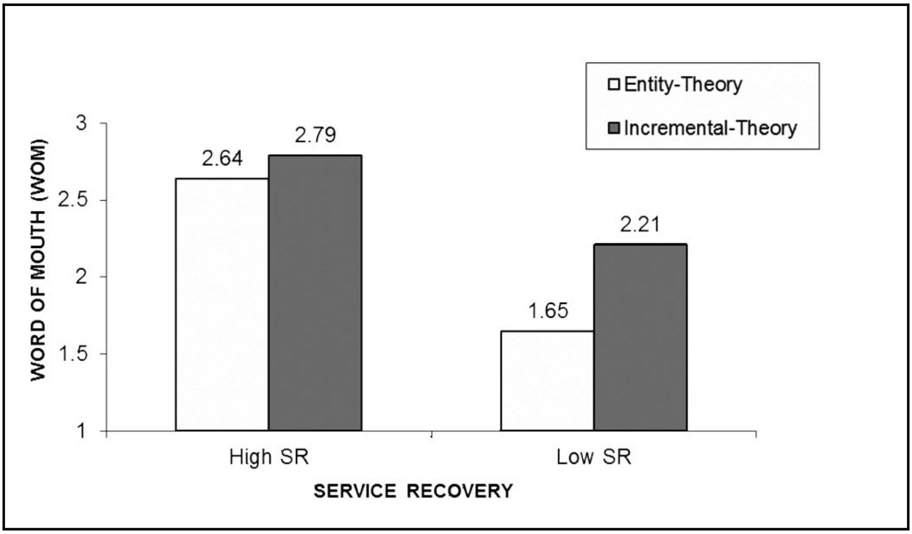


Figure 2: The Effect of Service Recovery on Consumers' WOM

Table 3
Main Study: A Summary of the Moderation and Mediation Analyses

Source	Df	Mean Square	F	Sig.
		Moderation Analysis (1)		
Intercept	1	1888	2839	.00
Service Recovery	1	54.08	81.31	.00
BII Manipulation	1	11.19	16.82	.00
Service Recovery x BII Manipulation	1	3.69	5.55	.02
Error	346	.67		
Total	350			

Dependent Variable: Word-of-Mouth

Source	Df	Mean Square	F	Sig.
		Moderation Analysis (2)		
Intercept	1	2090	2602	.00
Service Recovery	1	123.57	153.88	.00
BII Manipulation	1	2.43	3.02	.08
Service Recovery x BII Manipulation	1	5.90	7.35	.01
Error	346	.80		
Total	350			

Dependent Variable: Disconfirmation Bias

Source	Df	Mean Square	F	Sig.
		Moderation Analysis (3) with Disconfirmation Bias as a Covariate		
Intercept	1	67.88	130.08	.00
Disconfirmation Bias	1	50.08	95.97	.00
Service Recovery	1	4.80	9.21	.00
BII Manipulation	1	7.14	13.68	.00
Service Recovery x BII Manipulation	1	.78	1.49	.22
Error	345	.52		
Total	350			

Dependent Variable: Word-of-Mouth

General Discussion

In recent years, a growing body of research has documented the possibility that sometimes companies leave customers with a negative impression, like the previous examples, and then face the problem of determining how to change this impression through recovery efforts (Muthukrishnan and Chattopadhyay, 2007; Yorkston *et al.*, 2010). These researchers claim that the marketing literature offers little guidance on how to do this, and more importantly the psychology literature suggests that negative initial impressions are more resistant to change than positive initial impressions (Skowronski and Calston, 1987).

One of the objectives of the current research is to fill the gap in the literature by examining a moderating variable (i.e., BII manipulations) that differentiates customers based on whether they believe that brand image is changeable or fixed and in turn causes some customers to be less willing to spread positive WOM after service recovery. Another objective is to determine the mediating variable that causes some customers to be less responsive to service recovery. These objectives, in turn, shed lights on whether firms' service recovery offers firms with an opportunity to improve customer's responses as argued by researchers (McCollough *et al.*, 2000; Abrams and Paese, 1993; Hart, 1993). The current research findings indicate that when individuals utilize the brand-entity theory (compared to brand-incremental theory) and perceive firms' service recovery as low in fairness, they become less likely to spread positive WOM. This is due to disconfirmation bias that some individuals have toward firms' service recovery. Interestingly, there is no difference between individuals who utilize brand-entity and brand-incremental theories when the service recovery is perceived as high in fairness. These results can be explained by the fairness literature (Maxham and Netemeyer, 2002; Smith *et al.*, 1999; Kelley *et al.*, 1993), which claims that firms' service recovery effort can either reinforce the customer relationships and create a heightened loyalty, which is the case under the high service recovery, or worsen the initial failure and create an irrecoverable situation, which is the case under the low service recovery. This phenomenon is also labeled as double deviation (Bitner *et al.*, 1990). Taken together, these findings suggest that the higher the recovery performance, the higher the post-recovery satisfaction (recovery paradox) regardless of whether individuals are brand-entity and brand-incremental theorists, supporting previous researchers' findings (McCollough *et al.*, 2000). However, low recovery performance can lead to what Bitner *et al.* (1990) referred to as a double deviation from customer expectations. Double deviation generates "the magnitude of negative effects" (Bitner *et al.*, 1990). That is, a firm's failed recovery exacerbates customers' already low attitudes toward the firm, leading to a state of extreme dissatisfaction. The current research findings indicate that, after low service recovery, earning customers' WOM might be less possible for brand-entity theorists compared to brand-incremental theorists. Therefore, high service recovery could be viewed as an opportunity for firms to improve customer satisfaction, while low service recovery could be viewed as a catastrophic situation; especially for brand-entity theorists.

Implications and Future Directions

Given the frequency of service failure, managers need to know the extent to which customers are impacted by service recovery. In general, firms should strive to offer the best service recovery in order to earn customers' satisfaction. In the case of low service recovery, firms should understand that customers' evaluations will depend on their beliefs about the changeability of brands. If customers are utilizing the brand-entity theory and perceiving the service recovery as low in fairness, they will be less responsive to firms service recovery. However, if the customers are using the brand-incremental theory, then they will be more influenced by the service recovery. Therefore, this research implies that the best prospects who could be persuaded by service recovery are customers who utilize brand-incremental theory because these customers would be willing to adjust their beliefs according to new information about a brand (e.g., service recovery).

Another implication that can be derived from the research findings is that individuals can learn to think like brand-incremental or brand-entity theorists. This is important because if individuals are utilizing brand-entity theory, managers will not be able to change these individuals' beliefs about the brand by simply presenting service recovery. Managers should try to change consumers' beliefs about the changeability of brands using a BII manipulating technique (whether brand-entity or brand-incremental theory manipulation) in the direction that benefits the brand before introducing service recovery.

In fact, there are several creative ways that managers can utilize to manipulate the BII theories in their marketing campaign. One technique is to use stimuli or objects such as living plants, flowers, rocks, or mountains as features in the advertising to put viewers in a changeable (e.g., living plants, flowers) or fixed (e.g., rocks, mountains) mood. Another technique is to demonstrate how the brand history (e.g., name, package, logo, color, style, quality, or technology) has changed or stayed the same throughout time, which in turn will make consumers change their beliefs about the brand image.

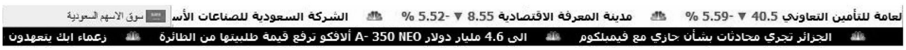
As noted previously, researchers in social psychology have utilized implicit theories of human traits to examine several important research ideas and this trend continues in the field. In the marketing field, however, this trend has not started yet. Although this research and other (e.g., Yorkston *et al*., 2010; Sultan, 2008) have begun this process by investigating some useful research ideas, there are many other research avenues that can be explored by using implicit theories of brands as an explanatory variable such as country-of-origin and brand extension (Yorkston *et al*., 2010). Another important research idea that needs to be investigated is whether some brands have the potential to change more than others. It should be noted that one of the limitations of the current research is that it used student samples. Future researchers should replicate the findings using a more representative sample for the population of Kuwait in order to generalize the findings. Also, future researchers should extend this research idea and come up with possible characteristics or predictors that can be used to further enhance our understanding of how brands can be perceived as fixed or changeable in the customer's mind.

Band-Entity Theory Manipulation

Researchers Have Found That Brands Stay The Same Through Time

by Mohammad Zaid

After years of rigorous research, researchers have arrived at the view that brands do not often change in people’s minds. In his talk at the American Marketing Association’s convention held in Washington, D.C., Dr. Roland Clark, a world-renown and most cited scholar in the branding field, argued that “95 percent of people, by the age of 10, believe that brands have a fixed set of attributes.” He reported several studies which confirm that, in peoples’ minds, brands often stay the same through time. Clark argued that Dodge, Nissan, Nokia, and McDonalds are examples of brands that have conveyed the same messages to their target market and have stayed the same in peoples’ minds through time. At the end of his talk, Clark stated that “the challenge for any brand is how to continue to keep its brand image the same while staying relevant to its customers. It’s quite a challenge,” he said.



Band-Incremental Theory Manipulation

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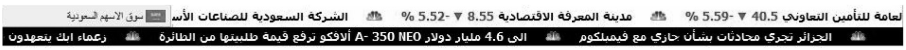
by Mohammad Zaid

After years of rigorous research, researchers have arrived at the view that brands often change in people's minds. In his talk at the American Marketing Association's convention held in Washington, D.C., Dr. Roland Clark, a world-renown and most cited scholar in the branding field, argued that "95 percent of people, by the age of 10, believe that brands have changeable set of attributes." He reported several studies which confirm that, in peoples' minds, brands often change through time. Clark argued that Dodge, Nissan, Nokia, and McDonalds are examples of brands that have conveyed different messages to their target market and changed in peoples' minds through time. At the end of his talk, Clark stated that "the challenge for any brand is how to continue to change its brand image while staying relevant to its customers. It's quite a challenge," he said.



Survey Questionnaire

Part 1:

Gender: ☐ Male ☐ Female

Age: ☐ 18-25 ☐ 26-35 ☐ 36-45 ☐46-55 ☐ more than 55

Nationality: ☐ Kuwaiti ☐ Non-Kuwaiti

Do you have another income source besides the university social allowance? ☐ Yes ☐ No

Answer the following questions about your restaurant visits:

1) How often do you go to restaurants in an average week? (Please choice one)

   ☐ I do not go to restaurants

   ☐ One to three times per week

   ☐ Four to six times per week

   ☐ Seven to twelve times per week

   ☐ More than twelve times per week

2) In general, what is your attitude toward the quality of food at these restaurants? (please answer all)

Very Bad	**1**	**2**	**3**	**4**	**5**	**Very Good**
Very Unpromising	**1**	**2**	**3**	**4**	**5**	**Very Promising**
Very Negative	**1**	**2**	**3**	**4**	**5**	**Very Positive**

Part 2:

We would like you to put yourself in the following scenario and then answer some questions related to the scenario. You should carefully read the scenario before answering the questions.

"On Friday evening, you and your family went out for dinner at a restaurant to celebrate one of your family member's graduation from high school or university. This was your first time to eat at this restaurant. After waiting about 30 minutes, you were able to find a seat for your group. Shortly after, a waiter took your order. When your meal was served, you noticed that your food was not fully cooked "undercooked." You stopped eating and informed the waiter that your food was undercooked."

Now, we would like you to read additional information about the previous situation at the restaurant. You may proceed with and read the scenario below:

High Service Recovery:

"After you explained the problem to the waiter, he apologized for the problem. He said that he could take care of the problem and took the dish back. After 2-3 minutes, the manager approached you and apologized for the problem. He said that she was informed about the problem from the waiter and you didn't have to re-explain the problem. Then, he provided an explanation for the problem and he informed you that another dish would be served to you and you would not be charged for the meal. He asked if there was anything else that he could do to serve you better."

Low Service Recovery:

"After you explained the problem to the waiter, he simply apologized for the problem. He said that he couldn't do anything about the problem and would get a manager to resolve it. After 10 minutes, the manager approached you but did not apologize for the problem. He asked you what the problem was and you had to re-explain the problem. Then, he did not provide an explanation for the problem and he informed you that another dish would be served to you. He did not ask if there was anything else that he could do to serve you better."

In the next section, you will be asked to answer a list of questions related to the previous scenario. Please answer the questions based on your general understanding of the scenario:

In general, what is your expectation about this restaurant service quality? (Please answer all)

Very Bad	**1**	**2**	**3**	**4**	**5**	**Very Good**
Very Unpromising	**1**	**2**	**3**	**4**	**5**	**Very Promising**
Very Negative	**1**	**2**	**3**	**4**	**5**	**Very Positive**

For the following statements, please indicate the extent to which you agree or disagree with the statements with regard to the previous scenario:

1) I will spread positive word-of-mouth about this restaurant.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

2) I will recommend this restaurant to my friends.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

3) If my friends or relatives were looking for a restaurant, I would tell them to try at this restaurant.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

4) The manager seemed very courteous to me and interested in helping me.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

5) The manager tried hard to resolve the problem.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

6) I felt that I was treated rudely.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

7) In resolving the complaint, the manager gave me what I needed.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

8) The result of the complaint was not up to expectation.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

9) Taking everything into consideration, the result was quite fair.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

10) The length of time taken to resolve my problem was longer than necessary.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

11) The manager showed enough flexibility in dealing with my problem.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

12) The manager was very slow in responding to my problem.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

13) Now, we would like to know whether you had a similar experience in the past.

☐ **Yes** ☐ **No**

<u>Part Three:</u>

For each of the following statements, please indicate your level of agreement with those statements with regard to your understanding of the concept of "Brand":

1) In my opinion, a brand's image is something that doesn't change very much.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

2) I typically don't change my perceptions about a brand if I have formed an earlier impression of that brand.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

3) Many things about a brand can change, but my basic beliefs about that brand will not change.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

4) In my opinion, the attributes of a brand are concrete and do not normally change.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

5) In my opinion, a brand's image is something basic that can't be changed over time.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

6) A brand's core identity will always remain unchanged.

Strongly Disagree	1	2	3	4	5	**Strongly Agree**

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الملخص

استجابة المستهلك في الكويت لتعديل الخدمة المقدمة من الشركات: المعالجة التجريبية للنظرية الذهنية الضمنية لصورة العلامة التجارية

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تهدف هذه الدراسة إلى اختبار مدى استجابة الأشخاص لتعديل الخدمة المقدمة من الشركات بوصفها وسيلة لإعادة بناء الصورة الذهنية للعلامة التجارية. ولتحقيق أهداف الدراسة، استخدمت طريقة المعالجة التجريبية على النظرية الذهنية الضمنية لصورة العلامة التجارية (سلطان، ٢٠٠٨)، تلك التي تعتمد على النظرية الذهنية الضمنية للشخصية (دويك، ١٩٨٦)، للحصول على نوعين من المعالجات حسب العملية التراكمية الذهنية للعلامة التجارية والعملية الكيانية الذهنية للعلامة التجارية. أظهرت نتائج البحث التي أجريت على عينة من المستهلكين الشباب في الكويت أن احتمال نشر الكلام الإيجابي عن العلامة التجارية يكون أقل بالنسبة للأشخاص الذين يعتمدون على العملية الكيانية الذهنية للعلامة التجارية مقارنة بالذين يعتمدون على العملية التراكمية الذهنية للعلامة التجارية بعد تلقيهم محاولة ضعيفة لتعديل الخدمة المقدمة من الشركة، بينما لا يوجد فرق إحصائي بين هذين النوعين من الأشخاص بعد تلقيهم محاولة قوية لتعديل الخدمة المقدمة من الشركة. كما أكدت النتائج أن "التحيز الرفضي" يقوم بدور المؤثر الوسيط بين تقييم هذين النوعين من الأشخاص لمحاولة الشركة تعديل الخدمة المقدمة واحتمال نشرهم الكلام الإيجابي عن العلامة التجارية.

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