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## **CONSUMER CYNICISM IN SERVICE FAILURES**

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## ABSTRACT

Despite growing corporate commitments to being customer-centric, many customers perceive firms as self-driven and caring only about their own business interests. This sentiment is projected in consumer cynicism, or negative consumer attitudes based on the disbelief in the sincerity of firms' motives and actions. We argue that consumer cynicism emerges in response to negative marketplace situations, such as service and product failures. Across four scenario-based experiments and one video-based experiment, our research examines cynicism as a key mediator, transmitting the effect of double deviation (i.e., a failure in delivery and in subsequent recovery) on negative electronic word-of-mouth (eWOM) and repurchase intention. We further demonstrate that consumer cynicism can be minimized when the provider uses co-created recovery (i.e., engages consumers in recovery) even if the recovery fails and when the provider offers a strong empathetic apology (either before or after recovery failure). Our research contributes to consumer and service recovery research by highlighting an important but overlooked role of consumer cynicism in the context of double deviation. We also offer managerial insights into co-creation and empathetic apologies as cost-effective recovery strategies to minimize cynicism.

**Key words:** Cynicism, Service Failure, Apology, Empathy, Co-creation, eWOM

*“They are luring people and overcharging them. I guess most tourists who lodge in local hotels easily get trapped. I was charged four times the special offer... Imjustme, 2015 (retrieved from TripAdvisor)*

## 1. INTRODUCTION

Service failures are negative encounters that neither service providers nor customers plan to experience; however, situations, such as delayed flights, incorrect orders, long waiting times are happening across service sectors. Service failures are remarkably costly, causing firms to lose approximately \$75 billion annually in the US alone (Hyken, 2018) and contributing to widespread distrust of businesses—as many as 52% of U.S. and 67% of U.K. consumers currently report distrusting businesses (Edelman TrustBarometer, 2018; Glenday, 2021), as well as 71% of consumers globally report distrusting a business if they perceive the firm putting profits over consumers (Edelman, 2020). Even though eliminating service failures is not a realistic option for firms, it is crucial to understand when and why service failures lead to negative consumer-provider outcomes and what firms can do in response.

In this article, we propose that the key underlying mechanism that makes some service failures especially costly to firms is consumer cynicism. Although a few studies examine cynicism as a personality trait (e.g., Balaji et al., 2018), the majority of prior research conceptualizes cynicism as a situation-driven negative attitude reflected in a strong level of distrust in the sincerity of another person’s or organization’s motives and actions (Andersson & Bateman, 1997; Chylinski & Chu, 2010; Guastello et al., 1992; Turner & Valentine, 2001). As demonstrated in the quote by “Imjustme,” the customer thinks that “the firm is luring people and overcharging them” after a negative experience at a hotel, feeling a sense of being deceived and let down by the firm. Cynicism explains various negative behavioral responses of consumers

in the marketplace, such as rebellion (Ward & Ostrom, 2006), withdrawal from the business relationship (Helm et al., 2015), and decreased repurchase intention (Chylinski & Chu, 2010). However, it remains unclear how cynicism manifests in response to *different* service failures and what *strategies* firms should use to minimize it.

Our research contributes to this prior consumer and service research in three ways. First, by using arguments from social exchange theory (Cropanzano et al., 2017), our research provides insights into understanding consumer cynicism as the underlying mechanism that transmits the effect of double deviation on negative eWOM and repurchase intention. Double deviation is a failure situation when a failed delivery is followed by a failed recovery (Maxham & Netemeyer, 2002), with damaging effects on firm's reputation (Basso & Pizzutti, 2016) and increased customer anger and revenge intention (e.g., Voorhees et al., 2006). Contributing to sparse research on double deviation (e.g., Maxham & Netemeyer, 2002; Joireman et al., 2013) and answering a recent call for more research on double deviation (Khamitov et al., 2019), we bridge the gap between consumer psychology and service marketing research by demonstrating that consumer cynicism transmits damaging double deviation effects on consumer-firm outcomes.

Second, our research contributes to prior research on consumer cognitive responses to service failures by differentiating consumer cynicism and its effects from related constructs of skepticism (i.e., a disbelief in specific claims made by the firm; Hernandez et al., 2019) and negative inferred motive (i.e., a belief that firms are motivated only by their own interest, Joireman et al., 2013). We further extend prior research on cynicism that has mainly examined its effect on withdrawal and repurchase intention (Chylinski & Chu, 2010; Helm et al., 2015) to incorporate effects of consumer cynicism on verbally expressive reactions to service failures, that is, negative eWOM. With the ever-increasing use of digital media as an opportunity to

review services, negative eWOM is a phenomenon of increasing strategic concern with long-term effects on sales (Moe & Trusov, 2011), and its drivers should, therefore, be identified and strategically managed.

Finally, we contribute to service research by identifying strategies that firms can use to minimize consumer cynicism in service failure situations. Prior research has recognized a range of service recovery strategies that can assist firms in dealing with customers' negative responses, including both financial and psychological recovery strategies (e.g., Davidow, 2003; Joireman et al., 2013; Smith et al., 1999). We contribute by examining the role of two psychological recovery strategies—co-creation and empathetic apologies—that are capable of restoring various aspects of justice (Dong et al., 2008; Roschk & Kaiser, 2013) and minimizing cynicism.

## **2. THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT**

### **2.1. Social exchange theory and consumer cynicism**

Social exchange theory (SET) helps explain many consumer-provider relationships by claiming that relationships are governed by individuals' perceptions of the costs and benefits (Cropanzano et al., 2017). Costs include all the negative outcomes from the exchange (i.e., time, energy, money), whereas benefits relate to positive consequences from the exchange (i.e., satisfaction) (Homans, 1974). Social exchange theory emphasizes reciprocity as a vital element between exchange parties and assumes the receiver of a resource tends to repay the benefit (Roschk & Gelbrich, 2017). People would be satisfied if the resource they receive in return matches the resource they give away. Because individuals strive for reciprocity, they seek to repay in a way that others have done for them (Whatley et al., 1999) and expect that others' behaviors are guided by a cooperative motive to achieve reciprocity (Kaltcheva et al., 2013; Lee et al., 2014). The result of economic loss (e.g., money) and socio-emotional loss (e.g., dissatisfaction) during

the exchange makes consumers doubt firms' motives and actions, triggering cynicism (Andersson & Bateman, 1997).

Although scholars have not converged on a single unifying definition of cynicism, most consumer research conceptualizes cynicism as a situation-driven negative attitude toward firms, characterized by strong distrust in firms' motives and actions (Chylinski & Chu, 2010; van Dolen et al., 2012; Ward & Ostrom, 2006), which are thought to be self-serving and manipulative (Biswas & Kapil, 2017; Chylinski & Chu, 2010; Helm et al., 2015; Ketron, 2016). In other words, cynical consumers believe that firms care more about maximizing their own profits rather than delivering a fair exchange and resolving any emerging service issues.

Cynicism establishes a negative lens through which individuals evaluate their surroundings and is commonly related to skepticism (Hernandez et al., 2019) and negative inferred motive (Joireman et al., 2013); however, these constructs are substantively different. Although some scholars have suggested that cynicism is a part of skepticism (Rim & Kim, 2016), others view the two constructs as distinct (Skarmeas & Leonidou, 2013; Ryu & Jun, 2019) because skepticism refers to a disbelief in specific claims made by the firm rather than a general intention behind the firm's actions and does not entail an assumption of manipulative intent (Boush et al., 1994; Hernandez et al., 2019; Turner & Valentine, 2001). Furthermore, skeptical consumers can be convinced by verifiable claims, whereas cynical consumers are less open to be influenced by the firm's persuasive claims due to their suspicion of the firm's motives (Kanter & Wortzel, 1985).

Negative inferred motive is defined as a belief that firms are motivated only by their own interest (Joireman et al., 2013), whereas cynicism is a broader moralized attitude that reflects firms' actions as deceptive (Chowdhury & Fernando, 2014; Ketron, 2016; O'Leary, 2003;

Turner & Valentine, 2001). Because cynicism involves strong distrust and belief in self-serving motives, it is frequently associated with hostility toward the other party, rebellion, and revenge (Turner & Valentine, 2001; Ward & Ostrom, 2006), which is not the case for negative inferred motive. Therefore, although conceptually related to both skepticism and negative inferred motive, consumer cynicism is a distinct overlooked construct with potential negative consequences for providers.

## **2.2. The mediating effect of consumer cynicism on the effect of double deviation on negative eWOM and repurchase intention**

Service failures, or situations when firms fail to meet consumer expectations, are commonplace (de Matos & Rossi, 2008), and they inevitably lead to negative emotions, increased negative eWOM and complaining, as well as decreased patronage (Bougie et al., 2003; Menon & Dubé, 2007; Umashankar et al., 2017). When service failures occur, customers feel disadvantaged in the exchange relationship with the firm because they cannot fully receive the service they paid for. However, although a service failure indicates an unfair exchange relationship, consumers accept that things might go wrong in the service delivery process (McColl-Kennedy & Sparks, 2003), leading them to be less likely to question the firm's motives. Take, for example, a situation in which a restaurant customer complains about a long waiting time. If the restaurant successfully resolves the complaint by serving food immediately, complainants may believe that the failure was due to factors beyond the restaurant's control (Folkes, 1988) rather than form a disbelief in firm's self-serving motives. Therefore, what matters to customers is that the service provider rectifies the problem.

However, not all service recovery is successful and effective; double deviation is a situation when a customer experiences both the initial failure in service delivery along with a

failed service recovery (Joireman et al., 2013; Maxham & Netemeyer, 2002; see Web Appendix A for a summary of prior research on double deviation). Feelings of suspicion (Balaji et al., 2018), betrayal (Obeidat et al., 2017), or distrust (Basso & Pizzutti, 2016) are parts of the typical cognitive and emotional reactions toward a negative encounter. Along with these feelings, customers hold the perception that firms have responsibility to address their problems and cover their losses (Tripp & Grégoire, 2011). After the initial failure, the firm has an opportunity to make the situation right; double deviation highlights that the firm fails at that specific opportunity. As such, it supports a belief that the service provider has a self-serving motive (Joireman et al., 2013) and puts minimal effort in the customer-firm exchange relationship (Maxham & Netemeyer, 2002). This can imply that the firm cares very little about consumers and would rather further its own interests. It leads consumers to question whether the firm puts aside moral principles to maximize profits, increasing cynicism.

Development of social media has empowered consumers to share their negative experiences online with others. Negative eWOM is defined as negative information about a firm shared on different online platforms by dissatisfied customers either to alert potential customers or to retaliate against the firm for not delivering the expected service (Das et al., 2020; Wetzer et al., 2007; Wilson et al., 2017). Compared to traditional negative WOM, negative eWOM can be more harmful to providers because of its visibility, reach, and persuasive intent (Chevalier & Mayzlin, 2006; Herhausen et al., 2019).

In response to service failures, elicited cynicism will likely prompt consumers to exhibit more negative (re)actions toward service providers, as negative (re)actions represent behavioral manifestations of cynical attitudes (Demerouti et al., 2017). More importantly, cynicism is a moral dimension that involves assumptions about firms' motives and actions (Turner &

Valentine, 2001), and individuals use moral punishment to maintain and reinforce an established moral system (Hofmann et al., 2018). Cynical consumers, therefore, are likely to fight back to punish a firm for ignoring moral principles in conducting business and negative eWOM can be used as a cost-effective form of revenge against the firm. Consumers expect a fair exchange relationship with a firm, and perceived unfairness or greed increases consumers' desire for revenge to restore justice (Grégoire et al., 2010; Haenel et al., 2019). Additionally, when doubting the firm, consumers are likely to share their opinions with others (Jacoby & Jaccard 1981). Therefore, we argue that cynicism will increase negative eWOM that allows consumers to proceed with their moral punishment. As discussed earlier, double deviation increases consumer cynicism, and double deviation has been found to drive negative eWOM (Lee et al., 2021). Taken together, we hypothesize that cynicism is the cognitive mechanism underlying this relationship.

**H1:** Consumer cynicism mediates the effect of double deviation on negative eWOM.

Cynical consumers also try to protect themselves from being taken advantage of, usually by withdrawing from the relationship (Chaloupka, 1999). Organizational research has demonstrated positive relationships between cynicism and resignation/job turnover (Andersson & Bateman, 1997). Marketing literature associates cynicism with decreased repatronage and repurchase intention (Chylinski & Chu, 2010; Helm et al., 2015; van Dolen, Cremer & Ruyter 2012). However, cynicism has been examined only after single (but not double) deviation. Moreover, although prior research has documented that double deviation results in low repurchase intention (Maxham 2001), little is known about the mechanism that transfers this effect. Therefore, we evaluate the effect of cynicism on repurchase intention in the context of double deviation and hypothesize:

**H2:** Consumer cynicism mediates the effect of double deviation on repurchase intention.

### **2.3. Minimizing consumer cynicism**

If cynicism is a crucial driver of negative eWOM and repurchase intention, firms need to tailor their recovery strategies toward minimizing cynicism; yet, very limited research has focused on assessing possible amplifiers/mitigators of cynicism. For example, proself (vs. prosocial) motives in collective buying appear to amplify cynicism (van Dolen et al., 2012). Service marketing research has identified compensation and apology as effective recovery strategies to minimize negative inferred motive (Joireman et al., 2013). Moreover, with the growing reliance on self-serving technologies, service co-creation has emerged as an alternative recovery option (Roggeveen et al., 2012; Xu et al., 2014). Hence, we examine effects of co-creation and empathetic apologies as two psychological recovery strategies that may potentially minimize consumer cynicism.

#### **2.3.1. Co-creation**

When consumers are involved in the service delivery process (i.e., they *co-create* their service experience), they express stronger willingness to pay (Tu et al., 2018) and are more satisfied with the service (Payne et al., 2008; Witell et al., 2011) because they feel engaged and empowered (Roberts et al., 2014). Recently, co-creation in the recovery process has been found to have a positive impact on consumers. For example, Roggeveen et al. (2012) suggest that co-creation increases customer satisfaction with recovery when customers face severe delays. However, a full understanding of recovery co-creation is still lacking, especially for *failed* recovery.

Consumers' sense of control and empowerment during co-creation facilitates restoration of a fair exchange (Roggeveen et al., 2012; Xu et al., 2014). Co-creation signals that the firm values its relationship with the consumers in face of the incurred delivery failure, potentially

minimizing consumers' belief in firms' ulterior motives. Even if the recovery fails, this perception that the firm is open to engaging consumers in the recovery process should decrease cynical attitudes. Moreover, if the recovery does fail, consumers partly attribute the failure to themselves (Sugathan et al., 2017), which may further reduce cynicism. Hence, we predict:

**H3:** Recovery co-creation leads to lower consumer cynicism than recovery without co-creation.

### 2.3.2. Empathetic Apologies

Apologies refer to messages containing an acknowledgment of responsibility for adverse events (Davidow, 2003; Roschk & Kaiser, 2013) and are used to restore the equilibrium of the exchange relationship between customers and providers (Davidow, 2000). Apologies positively impact customer's perception of a firm's integrity (van Laer & de Ruyter, 2010); however, the ability of an apology to rectify a failure is not straightforward. Some scholars have found apologies to be an effective recovery strategy (Roschk & Kaiser, 2013), whereas others suggest possible negative effects (Davidow, 2003). When apologies are not delivered appropriately, they can intensify consumers' negative responses, such as anger (Goodwin & Ross, 1990); hence, *how* an apology is rendered matters (Roschk & Kaiser, 2013).

An *empathetic* apology—one that conveys the provider's warmth toward and understanding of consumers after the failure—increases service recovery satisfaction (Roschk & Kaiser, 2013). Empathetic apologies indicate that firms focus on consumers' thoughts, feelings, and experiences, and arguably a reduced focus on the firm itself which is a critical mechanism in governing consumer-firm interactions (Davis et al., 2017, Wieseke et al., 2012). By offering empathetic apologies, firms signal that they tend to restore justice (Liao, 2007) and sustain its relationship with customers (de Cremer, 2010). Empathetic apologies also strengthen customers'

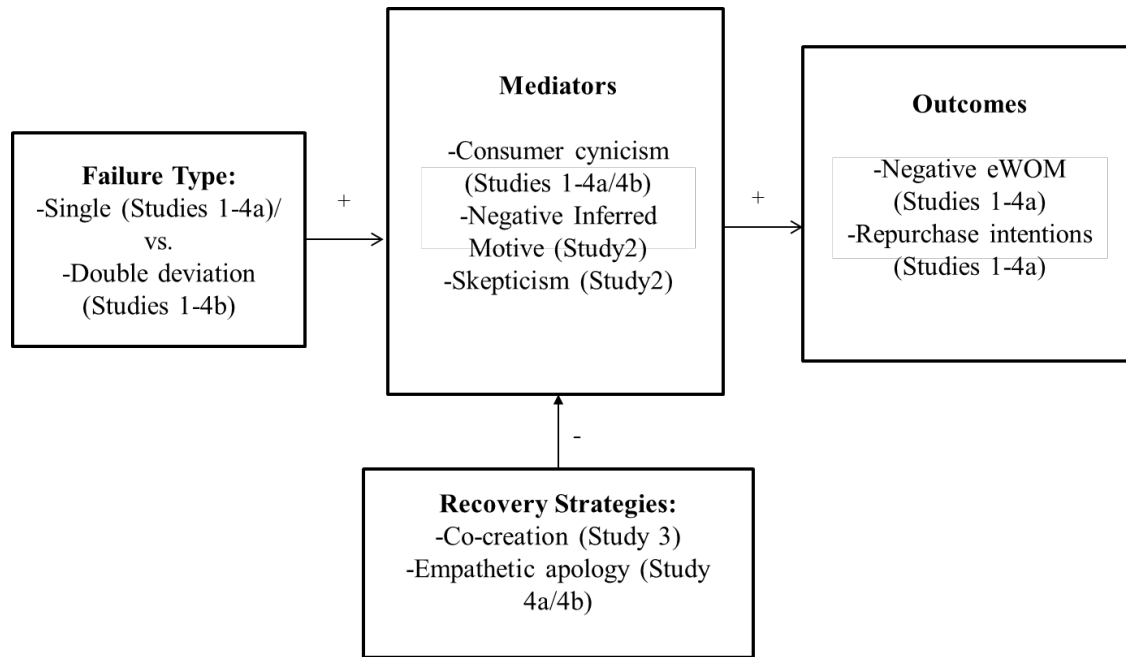
perception of firms' integrity (van Laer & de Ruyter, 2010), which in turn helps minimize cynicism by lowering suspicion about firms' ulterior motives and actions. We hypothesize:

**H4:** A strong (vs. weak) empathetic apology reduces consumer cynicism.

## 2.4. Overview of the studies

We test our hypotheses across five experiments. In Study 1, we conduct a scenario-based experiment in a restaurant context to examine the mediating role of consumer cynicism on the relationship between double deviation and negative eWOM (H1) and repurchase intention (H2). Study 2 distinguishes cynicism from the related constructs of skepticism and negative inferred motive and tests H1-H2 in a product failure context. Studies 3 and 4 focus on strategies that firms can use to minimize consumer cynicism. In Study 3, we test the effect of co-creation on cynicism in a hotel context (H3), and in Study 4 we focus on the effect of empathetic apology. In Study 4a, we test the effect of a strong (weak) empathetic apology *following* a single/double deviation on cynicism in a video-based experiment based on a car rental failure (H4). Study 4b is an exploratory scenario-based experiment in which we test different timing of strong empathetic apology in the context of double deviation. Figure 1 demonstrates our research overview, predictions, and studies where we test each prediction.

**Fig 1.** Research Overview



### 3. STUDY 1: MEDIATING EFFECTS OF CONSUMER CYNICISM

Our goal in Study 1 is to test the mediating effects of cynicism in transmitting the effect of double deviation on negative eWOM (H1) and repurchase intention (H2).

#### Method

We recruited 230 U.S. Prolific workers (final  $n = 228$ , 2 failed attention checks<sup>1</sup>,  $M_{\text{age}} = 33.19$ ;  $SD_{\text{age}} = 11.83$ ; 40.8% females) to complete the study. We used a scenario-based single-factor between-subjects experiment where participants were randomly assigned to one of the two conditions of (1) a double deviation, or (2) a single deviation. Participants were asked to imagine that they went to a restaurant. After waiting for a long time to get the food to be delivered, a customer calls the waiter to ask about his/her order. In the single deviation condition, the customer gets the food immediately, whereas in the double deviation, the restaurant fails to address the customers' complaint effectively and the customer has to wait for another 15 minutes

for the food to be served (similar to Basso & Pizzutti 2016; Web Appendix B). Participants read scenarios before answering questions (all anchored at seven points) measuring negative eWOM (three items Strizhakova et al., 2012; *"I would write a review and make other online postings to tell others about what happened"*;  $\alpha = .86$ ,  $M = 3.15$ ;  $SD = 1.57$ ), cynicism (six items, van Dolen et al., 2012; *"I believe the firm focuses more on making sales and not on customer service"*,  $\alpha = .86$ ;  $M = 3.15$ ;  $SD = 1.57$ ) and repurchase intention (three items, Wakefield & Baker, 1998; *"I will very unlikely/very likely visit the restaurant"*;  $\alpha = .93$ ,  $M = 4.17$ ;  $SD = 1.41$ ). We used one item from Joireman et al. (2013) (*"The restaurant tries hard to resolve the problem"*,  $M = 3.78$ ;  $SD = 1.67$ ) as a manipulation check of failed recovery. We assessed scenario realism by asking how realistic the scenario was (experimental realism) and the extent to which the situation would occur to someone in real life (mundane realism) (Liao, 2007; Roschk & Kaiser, 2013). Situations in the scenarios were experimentally ( $M = 6.13$ ;  $SD = 1.02$ ) and mundanely realistic ( $M = 6.12$ ;  $SD = 1.03$ ; above mid-point 4.0). Web Appendix G reports means and standard deviations by conditions across studies.

*Manipulation check:* The difference between failed recovery vs. failed service delivery manipulations was significant: participants in the failed recovery reported significantly lower perceived problem resolution ( $M = 3.10$ ) than participants in the failed delivery ( $M = 4.46$ ,  $t(226) = 6.71$ ,  $p < .001$ ).

### 3.1. Results and discussion

We conducted mediation regression analyses (PROCESS, Model 4, Hayes, 2013)<sup>2</sup> to test the mediating effect of consumer cynicism in transferring the effect of double deviation on negative eWOM and repurchase intention. The indirect effects of double deviation via consumer cynicism on both negative eWOM ( $B = .47$ ; 95% CI [.24, .72]) and repurchase intention ( $B = -.41$ ; 95% CI

[-.61, -.22]) are significant, supporting H1 and H2. Specifically, double (vs. single) deviation increases consumer cynicism, that, in turn, increases negative eWOM and decreases repurchase intention (Table 1).

**Table 1: Study 1 Mediation Results**

	<i>Cynicism</i>			<i>Negative eWOM</i>			<i>Purchase intention</i>		
	<i>B [95%CI]</i>	<i>SE</i>	<i>t, p</i>	<i>B [95% CI]</i>	<i>SE</i>	<i>t, p</i>	<i>B [95% CI]</i>	<i>SE</i>	<i>t, p</i>
<b>Study 1</b>									
<i>Direct effects</i>									
Double deviation	.81 [.45, 1.16]	.18	4.49***	.45 [.10, .80]	.17	2.54**	-.52 [-.84, -.19]	.16	3.17***
Cynicism				.58 [.45, .70]	.06	9.24***	-.50 [-.62, -.39]	.06	8.71***
<i>Indirect effect<sup>a</sup> via cynicism</i>									
				.47 [.24, .72]	.12		-.41 [-.61; -.22]	.10	
R <sup>2</sup>	8%			33%			33%		

Note: \*\*\*  $p < .001$ ; indirect effect is significant when 0 is not included in the 95% CI.

Therefore, consumer cynicism is the underlying mechanism that transfers the effect of double deviation on negative eWOM and repurchase intention.

#### 4. STUDY 2: CYNICISM AND RELATED CONSTRUCTS IN A PRODUCT FAILURE CONTEXT

The goal of Study 2 is to distinguish effects of cynicism from those of related constructs of negative inferred motive and skepticism that can act as alternative mediation explanations for the effects of double deviation on negative eWOM and repurchase intention. We further test H1 and H2 in a product failure context.

##### Method

A sample of 200 U.S. Prolific workers participated in the study ( $M_{\text{age}} = 36.13$ ;  $SD_{\text{age}} = 11.21$ ; 57.2% females). We used a scenario-based single-factor between-subjects experiment where we asked participants to imagine that they experienced a product failure with a pair of handcrafted

shoes they ordered for the birthday from a footwear company. In the single deviation, the customer notices a large dent in the shoe sole. After calling the company to complain, the shoes are delivered the next day and in time for the birthday. However, in the double deviation condition, when the shoes arrive the next day, there are fabric and abrasion marks on top of the shoes and the participant cannot wear them on the birthday (see Web Appendix C). Participants then answered questions similar to those in Study 1, measuring cynicism ( $\alpha = .96$ ,  $M = 4.04$ ,  $SD = 1.89$ ), negative eWOM ( $\alpha = .85$ ,  $M = 3.71$ ;  $SD = 1.59$ ), repurchase intention ( $\alpha = .97$ ,  $M = 3.94$ ;  $SD = 2.10$ ), skepticism (3 items, Babin et al., 1995; “*I feel skepticism*”;  $\alpha = .93$ ,  $M = 4.27$ ;  $SD = 1.86$ ), and negative inferred motive (3 items, Joireman et al., 2013; “*I think the firm has good/bad intention*”;  $\alpha = .86$ ,  $M = 3.36$ ;  $SD = 1.54$ ). We asked the same problem resolution manipulation check ( $M = 4.24$ ;  $SD = 2.24$ ) and scenario realism questions as in Study 1 (scenarios were experimentally,  $M = 5.67$ ;  $SD = 1.15$  and mundanely realistic,  $M = 5.53$ ;  $SD = 1.31$  and above mid-point 4.0). The perceived level of problem resolution was significantly lower after a double deviation than a single deviation ( $M_{\text{double}} = 2.52$  vs.  $M_{\text{single}} = 4.95$ ;  $t(198) = 9.10$ ,  $p < .001$ ).

#### **4.1.Results and discussion**

The Pearson correlation between cynicism and negative inferred motive is significant but moderate ( $r = .40$ ,  $p < .001$ ); the correlation between cynicism and skepticism is significant and high ( $r = .70$ ,  $p < .001$ ). We combine the items of the three variables and run parallel analysis—a statistical method used to determine the number of factors in principle components and principal factor analysis (Horn 1965). The result indicates extraction of three factors.

Confirmatory factor analysis (CFA) with a three-factorial model demonstrates a good fit ( $\chi^2 = 112.85$ ; d.f. = 62; RMSEA = .06; CFI = .98; TLI = .97). The measures of convergent and

discriminant validity (Fornell & Larcker, 1981) are also acceptable (Table 2). We further conducted Heterotrait-Monotrait ratio of correlations – a method for assessing discriminant validity that outperforms classic approaches to discriminant validity, such as Fornell-Larcker criterion and cross-loadings (Henseler et al., 2015). The result shows that the HTMT ratio between cynicism and inferred motive is .42 and cynicism and skepticism is .77 (below .85, the conventional cut-off for discriminant validity). Hence, discriminant validity is established. Therefore, cynicism, negative inferred motive, and skepticism are related but distinct constructs.

**Table 2: Validity Testing**

<b>Construct</b>	<b>1</b>	<b>2</b>	<b>3</b>
Consumer cynicism	<b>.80 (.90)</b>		
Skepticism	.70**	<b>.81 (.90)</b>	
Inferred motive	.40**	.41**	<b>.64 (.80)</b>

Note: The diagonal elements in bold are the average variance extracted (AVE), with the square roots of the AVE values in parentheses. The lower-left triangle elements are Pearson correlations, \*\* $p < .01$ .

We first conducted mediation regression analyses (PROCESS, Model 4, Hayes, 2013) to examine mediating effects of cynicism on negative eWOM and repurchase intention without alternative mediators. The indirect effects of double deviation via consumer cynicism are significant on both negative eWOM ( $B = 1.20$ ; 95% CI [.89, 1.54]) and repurchase intention ( $B = -.76$ ; 95% CI [-1.18, -.40]), supporting H1 and H2.

We then ran parallel mediation analyses (PROCESS, Model 4, Hayes, 2013) by including consumer cynicism, negative inferred motive, and skepticism as three possible mediators of the effect of double deviation on negative eWOM and repurchase intention. In relation to negative eWOM, the indirect effect of double deviation on eWOM via consumer cynicism remains significant ( $B = 1.11$ ; 95% CI [.76, 1.46]), even after accounting for the effects of negative

inferred motive and skepticism, supporting H1. Neither negative inferred motive ( $B = .01$ ; 95% CI  $[-.09, .14]$ ) nor skepticism ( $B = .09$ ; 95% CI  $[-.12, .37]$ ) mediate the effect of double deviation on negative eWOM. In relation to repurchase intention, the indirect effect of double deviation on repurchase intention via consumer cynicism ( $B = .03$ ; 95% CI  $[-.44, .52]$ ) becomes non-significant when negative inferred motive and skepticism are included in the mediation model. In contrast, the indirect effects of double deviation on repurchase intention via negative inferred motive ( $B = -.36$ ; 95% CI  $[-.65, -.15]$ ) and skepticism ( $B = -.62$ ; 95% CI  $[-1.05, -.28]$ ) are significant (Table 3)<sup>3</sup>.

**Table 3: Study 2: Parallel Mediation Results**

	<i>Cynicism</i>			<i>Negative Inferred Motive</i>			<i>Skepticism</i>			<i>Negative eWOM</i>			<i>Purchase intention</i>		
	<i>B, [95%CI]</i>	<i>SE</i>	<i>t, p</i>	<i>B[95% CI]</i>	<i>SE</i>	<i>t, p</i>	<i>B, [95% CI]</i>	<i>SE</i>	<i>t, p</i>	<i>B [95% CI]</i>	<i>SE</i>	<i>t, p</i>	<i>B [95% CI]</i>	<i>SE</i>	<i>t, p</i>
<b>Study 2</b>															
<i>Direct effects</i>															
Double deviation	2.22 [1.79, 2.65]	.21	10.25**	.85 [.44, 1.27]	.21	4.08***	1.79 [1.33, 2.25]	.32	7.70***	.14 [-.26, .56]	.20	.71	-1.43 [-1.93, -.93]	.25	5.64***
Cynicism										.50 [.36, .64]	.07	7.21***	.01 [-.15, .18]	.08	.16
Negative Inferred motive										.01 [-.10, .13]	.06	.26	-.42 [-.57, -.28]	.07	5.76***
Skepticism										.05 [-.07; .18]	.06	.84	-.35 [-.51; -.19]	.08	4.41***
<i>Indirect effects</i>															
via cynicism										1.11 [.76, 1.46]	.17		.03 [-.44, .52]	.24	
via negative inferred motive										.01 [-.09, .14]	.05		-.36 [-.65, -.15]	.12	
via skepticism										.09 [-.12; .37]	.12		-.62 [-1.04; -.29]	.19	
R <sup>2</sup>	34%			8%			23%			46%			54%		

Note: \*\*\*  $p < .001$ ; indirect effect is significant when 0 is not included in the 95% CI.

Study 2 differentiates effects of cynicism from those of the related constructs of negative inferred motive and skepticism and extends examination of cynicism to a product failure context. Similar to Study 1, consumer cynicism mediates the effect of double deviation on negative eWOM and repurchase intention when related constructs are not included in the model. However, when accounting for parallel mediation explanation via negative inferred motive and skepticism, consumer cynicism transfers the effect of double deviation on eWOM but not on repurchase intention.

## 5. STUDY 3: CYNICISM AND RECOVERY CO-CREATION

In Study 3, we test H3 that hypothesizes the effect of co-creation on cynicism in both failed (double deviation) and successful (single deviation) recovery. We used a scenario-based 2 (failure type: double deviation vs. single deviation) x 2 (recovery co-creation: co-creation vs. none) between-subjects experiment and retested H1 and H2.

### 5.1. Method

A sample of 300 U.S. MTurk workers (final  $n = 274$  [26 failed attention checks],  $M_{age} = 34.53$ ;  $SD_{age} = 12.74$ ; 70% females) participated in the study, in which they imagined making a hotel reservation. Across conditions, when the customer arrives at the hotel, the room is not available. In the co-created recovery, the receptionist asks the customer to find a solution together, whereas in recovery with no co-creation, the receptionist searches for a solution him/herself. In successful recovery (single deviation), a similarly-priced room is available immediately at the next-door hotel, whereas in failed recovery (double deviation), the search does not produce a successful result and the customer has to find the room him/herself at a hotel that is 40 minutes away from the initial location (see Web Appendix D). We used the same measures of cynicism, negative eWOM and repurchase intention as in Studies 1-2. The realism index indicates that scenarios

were experimentally ( $M = 5.40$ ;  $SD = 1.35$ ) and mundanely realistic ( $M = 5.34$ ;  $SD = 1.37$  and above mid-point 4.0).

*Manipulation checks:* We successfully manipulated perception of problem resolution ( $M_{\text{double}} = 3.75$  vs.  $M_{\text{single}} = 5.25$ ;  $F(1, 270) = 52.11$ ;  $p < .001$ ). There is no main effect of the co-creation manipulation ( $F(1, 270) = .72$ ,  $p = .39$ ) and no significant interaction effect between the failure type and co-creation ( $F(1, 270) = 2.09$ ;  $p = .15$ ) on perceptions of failure resolution.

To check co-creation manipulation, we asked participants the extent to which they were actively involved in finding a solution during the recovery process (Roggeveen et al., 2012;  $M = 4.14$ ;  $SD = 1.97$ ). Participants were more actively involved in recovery when we included ( $M = 5.24$ ) vs. did not include ( $M = 3.01$ ;  $F(1, 270) = 128.91$ ,  $p < .001$ ) co-creation manipulation. There was no significant difference in participants' perception of recovery involvement in double vs. single deviation ( $F(1, 270) = 1.45$ ,  $p = .23$ ) and no significant interaction effect between the failure type and co-creation manipulation ( $F(1, 270) = .56$ ;  $p = .45$ ).

## 5.2. Results

Similar to Studies 1-2, we find a significantly stronger cynicism after double ( $M = 4.91$ ) than single deviation ( $M = 4.13$ ;  $F(1, 270) = 18.89$ ,  $p < .001$ ). There is also a significant difference in consumer cynicism in recovery with co-creation ( $M = 4.23$ ) vs. recovery with no co-creation ( $M = 4.79$ ;  $F(1, 270) = 9.59$ ,  $p < .001$ ), supporting H2. The interaction effect of failure type and co-creation on cynicism is not significant ( $F(1, 270) = .07$ ;  $p = .83$ ).

Regression analyses (PROCESS, Model 4, Hayes, 2013)<sup>3</sup> further confirm that cynicism mediates the effect of double deviation on eWOM ( $B = .51$ ; 95% CI [.27, .75]) and repurchase intention ( $B = -.32$ ; 95% CI [-.50, -.16]). Specifically, double (vs. single) deviation increases

consumer cynicism, that, in turn, increases negative eWOM and decreases repurchase intention (Table 4).

**Table 4: Study 3 Mediation Results**

	<i>Cynicism</i>			<i>Negative eWOM</i>			<i>Purchase intention</i>		
	<i>B</i> 95% <i>CI</i>	<i>SE</i>	<i>t, p</i>	<i>B</i> 95% <i>CI</i>	<i>SE</i>	<i>t, p</i>	<i>B</i> 95% <i>CI</i>	<i>SE</i>	<i>t, p</i>
<i>Direct effects</i>									
Double deviation	.76 [.41, 1.12]	.18	4.24	.23 [-.06, .53]	.15	1.56	-.13 [-.42, .14]	.14	.96
Cynicism				.67 [.57, .76]	.04	13.82***	-.42 [-.51, -.33]	.05	9.12***
<i>Indirect effect of double deviation via cynicism</i>				.51 [.27, .77]	.12		-.32 [-.50, -.16]	.08	
R <sup>2</sup>		6%			44%			26%	

Note: \*\*\*  $p < .001$ ; indirect effect is significant when 0 is not included in the 95% CI.

Study 3 demonstrates that recovery co-creation can be an effective strategy to reduce consumer cynicism both in the context of single and double deviation. Hence, co-creation appears to help restore a fair exchange even when the recovery is doomed to fail.

## 6. STUDY 4: CYNICISM AND EMPATHETIC APOLOGY

The goal of Study 4 is to assess effectiveness of empathetic apology in minimizing consumer cynicism. We test whether how (Study 4a) and when (Study 4b) the apology is offered has an impact on cynicism. Specially, Study 4a tests H4 that predicts effectiveness of strong (vs. weak) empathetic apology in minimizing cynicism after a single (double) deviation. Study 4b follows up on Study 4a and tests whether empathetic apology is effective in reducing cynicism before and/or after failed recovery following a customer complaint.

### 6.1. Study 4a

In contrast to previous studies and to further increase realism, we used a video-based experiment with a 2 (failure type: double deviation vs. single deviation) x 2 (apology: strong vs. weak empathetic apology following the failure) between-subjects design in the context of a car rental failure. Video-based experiments are likely to trigger similar psychological and behavioral responses as an actual service setting (Bateson & Hui, 1992). Specifically, a video clip allows participants to visualize and experience the empathetic apology, which could manifest in both verbal and nonverbal cues (e.g., facial expression) (Roschk & Kaiser, 2013).

In both single and double deviation conditions, the customer books a car and gets a confirmation email. However, when he arrives at the rental company, he is asked to wait for an hour to get the car. In the single deviation, the customer gets the car after an hour; in the double deviation, the customer does not get the car after an hour and has to wait for another hour. In the strong (vs. weak) empathetic apology condition, the verbal part contains (does not contain) an expression of understanding and remorse of the customer's situation. The script of the scenario is provided in Web Appendix E. Additionally, we used a surface acting technique in which the actors were asked to present the verbal and non-verbal cues of the strong (vs. weak) empathetic apology via proper facial expressions, gestures, and tone of voice (Hochschild, 2003). Two student-actors were trained by a professional drama consultant to play the roles of the receptionist and the customer. After filming the videos, we selected four clips based on discussion with the drama consultant.

#### **6.1.1. Method**

We recruited 270 Prolific U.K. workers (final  $n = 232$  [12 failed attention checks; 26 participants were dropped from the survey because they had not previously rented cars]  $M_{\text{age}} = 35.90$ ;  $SD_{\text{age}} = 12.32$ ; 64.2% female). After watching one of the randomly selected video clips, participants

answered questions related to cynicism, negative eWOM, manipulation check of double deviation, and manipulation check of empathetic apologies.

*Manipulation check:* The manipulation check for double deviation was successful: the perceived level of problem resolution was significantly lower after double than single ( $M_{\text{double}} = 3.33$  vs.  $M_{\text{single}} = 3.81$ ;  $F(1, 228) = 5.30$ ;  $p = .02$ ) deviation. There was no significant main effect of empathetic apologies ( $F(1, 228) = 1.77$ ;  $p = .18$ ) and no significant interaction effect between the failure type and empathetic apology ( $F(1, 228) = .08$ ;  $p = .76$ ) on the perception of problem resolution. The empathetic apology manipulation was successful: perceptions of empathy were significantly higher after strong ( $M = 4.22$ ) vs. weak empathetic apology ( $M = 2.88$ ;  $F(1, 228) = 44.07$ ,  $p < .001$ ). We found no significant effect of the failure type ( $F(1, 228) = .33$ ,  $p = .56$ ) and no significant interaction effect between the failure type and empathetic apology ( $F(1, 228) = .47$ ,  $p = .49$ ) on perceptions of empathy.

### 6.1.2. Results and discussion

There is a significant difference in consumer cynicism after double deviation ( $M = 5.19$ ) versus single deviation ( $M = 4.62$ ;  $F(1, 228) = 13.50$ ;  $p < .001$ ). There is also a significant difference in consumer cynicism in our strong ( $M = 4.66$ ) versus weak ( $M = 5.16$ ;  $F(1, 228) = 10.52$ ,  $p < .001$ ) empathetic apology condition, supporting H4. The interaction effect of the failure type and empathetic apology on consumer cynicism is not significant ( $F(1, 228) = 1.25$ ;  $p = .26$ ).

Regression results (PROCESS, Model 4, Hayes, 2013) demonstrate that the indirect effect of double deviation via consumer cynicism is significant on negative WOM ( $B = .32$ ; 95% CI [.13, .54]) and repurchase intention ( $B = -.25$ ; 95% CI [-.41, -.11]; Table 5).

### Table 5: Study 4a Mediation Results

	<i>Cynicism</i>			<i>Negative eWOM</i>			<i>Purchase intention</i>		
	<i>B [95% CI]</i>	<i>SE</i>	<i>t, p</i>	<i>B [95% CI]</i>	<i>SE</i>	<i>t, p</i>	<i>B [95% CI]</i>	<i>SE</i>	<i>t, p</i>
<i>Direct effects</i>									
Double deviation	.55	.16	3.49***	.47	.14	3.26***	-.48	.13	3.58***
Cynicism	[.24, .86]			[.18, .75]			[-.74, -.21]		
				.58	.06	9.98***	-.45	.05	8.21***
				[.47, .70]			[-.55, -.33]		
<i>Indirect effect via cynicism</i>				.32	.10		-.25	.07	
				[.13, .54]			[-.41, -.11]		
R <sup>2</sup>		5%			36%			30%	

Study 4a highlights effectiveness of strong empathetic apologies in reducing consumer cynicism after single and double deviation.

## 6.2. Study 4b

When a service delivery happens and customer complains, empathetic apology can be offered before the attempted recovery or after the attempted recovery. In Study 4b, we want to follow-up on Study 4a results and test whether effectiveness of strong empathetic apology differs depending upon the timing when it is offered: before or after recovery that fails (i.e., in the context of double deviation). U.S. Prolific workers ( $n = 216$ ;  $M_{\text{age}} = 25.75$ ;  $SD_{\text{age}} = 7.70$ ; 69.6% female) read one of the three randomly assigned hotel failure scenarios (empathetic apology: before failed recovery, after failed recovery, and no apology control condition). Participants were asked to imagine that they arrived at the hotel after the check-in time but were told to wait for an hour to check in (Web Appendix F). The participant then complains to the receptionist who asks the customer to wait for her to check on any available rooms. After about 15 minutes, the receptionist informs the customers that there is nothing she can do, and the customer has to wait until 4.30 pm to get into the room. In the empathetic apology before failed recovery condition, the empathetic apology is given by the receptionist right after the customer complains; in the

empathetic apology after failed recovery, the receptionist gives the apology after she searches and finds no solution to the check-in problem. The receptionist offers no apology in the control condition.

Participants read scenarios before answering questions similar to those in Study 1-4a, measuring cynicism ( $\alpha = .92$ ,  $M = 4.17$ ,  $SD = 1.38$ ), negative eWOM ( $\alpha = .87$ ,  $M = 3.55$ ;  $SD = 1.60$ ), and repurchase intention ( $\alpha = .92$ ,  $M = 3.11$ ;  $SD = 1.30$ ). We asked perception of the problem resolution twice: after the initial check-in failure and after the failed attempted recovery (consistent with double deviation manipulation check in Joireman et al., 2013). We also asked whether the apology was/was not offered by the receptionist, as well as asked participants to rate their perception of empathy of the apology if the apology was offered. Scenarios were experimentally ( $M = 6.26$ ;  $SD = .94$ ) and mundanely realistic ( $M = 6.23$ ;  $SD = 1.01$ ) and above the mid-point 4.0.

*Manipulation check:* Everyone in the control condition stated that the receptionist did not offer an apology, whereas everyone in the two other conditions answered that the apology was offered. Participants expressed similar perceptions of empathy of the apology offered before and after the failed recovery ( $M_{before recovery} = 4.52$ ;  $SD = 1.48$ ;  $M_{after recovery} = 4.75$ ;  $SD = 1.45$ ;  $F(1,140) = .83$ ;  $p = .36$ ). The perceived level of problem resolution was significantly lower after failed recovery (i.e., receptionist attempted search for rooms) than failed delivery ( $M = 2.80$ ;  $SD = 1.61$  vs.  $M = 3.14$ ;  $SD = 1.71$ ,  $t(215) = 2.89$ ,  $p = .004$ ), indicating successful double deviation manipulation.

We ran a one-way ANOVA to assess differences in consumer cynicism across conditions and it was significant ( $F(2, 213) = 4.34$ ;  $p = .014$ ). Post-hoc Scheffe tests indicate significant differences in consumer cynicism when empathetic apology was offered before failed recovery

versus control condition ( $M = 3.99$  vs.  $M = 4.55$ ;  $t(143) = 2.73$ ,  $p = .007$ ) and when empathetic apology was offered after failed recovery versus control condition ( $M = 3.97$  vs.  $M = 4.55$ ;  $t(143) = 2.47$ ,  $p = .015$ ). There was no significant difference in cynicism when empathetic apology was offered before versus after failed recovery ( $M = 3.99$  vs.  $M = 3.97$ ,  $t(140) = .09$ ,  $p > .10$ ). Additionally, and similar to our results in previous studies, cynicism positively impacts negative eWOM ( $B = .79$ ,  $p < .001$ ) and negatively impacts purchase intention ( $B = -.45$ ,  $p < .001$ ).

Taken together, Studies 4a and 4b demonstrate effectiveness of strong empathetic apology in reducing consumer cynicism both after single and double deviation. In relation to double deviation, offering strong empathetic apology after the customer complaints and before or after the failed recovery appears to be equally effective in reducing cynicism.

## 7. GENERAL DISCUSSION

Our research brings consumer cynicism—a situation-driven negative belief about firms characterized by a strong level of distrust in firms' motives and actions (Chylinski & Chu, 2010; van Dolen et al., 2012; Ward & Ostrom, 2006)—to the context of marketplace failures and demonstrates that consumer cynicism should be an important consideration in relation to both service and product failures. Consumer cynicism has become widespread, posing a formidable challenge to firms (Helm et al., 2015; van Dolen et al., 2012); however, prior research lacks a comprehensive understanding of its antecedents and consequences. Our research identifies cynicism as a mediator that transfers the effect of double deviation on repurchase intention and negative eWOM - a growing managerial concern (Herhausen et al., 2019; Moe & Trusov, 2011). Nevertheless, service providers can minimize consumer cynicism by engaging consumers in recovery even if the recovery is destined to fail and by apologizing empathetically to consumers.

### Theoretical implications

Our research draws several implications for consumer and services marketing research. First, our research has theoretical implications for research on consumers' responses to marketplace failures (Khamitov et al., 2019) that has mainly focused on negative emotions as immediate outcomes of failures by focusing on the role of consumer cynicism in transferring failure effects on consumer-firm outcomes, such as negative eWOM and repurchase intention. Our findings also contribute to the debate on conceptual distinction between cynicism and related constructs of skepticism and negative inferred motive (see Rim & Kim 2016; Skarmeas & Leonidou 2013; Ryu & Jun, 2019) by empirically testing their effects. Although the three constructs are related, consumer cynicism, skepticism, and negative inferred motive are distinct constructs with different implications for consumer-firm outcomes: when the effects of the three constructs are tested together, only consumer cynicism drives negative eWOM, whereas skepticism and negative inferred motive only impact repurchase intention. Cynicism appears to act as a moral dimension (Turner & Valentine, 2001), and cynical consumers are likely to engage in various behaviors to punish firms (Chowdhury & Fernando, 2014; Turner & Valentine, 2001). Because negative eWOM has a strong impact on other consumers and hurts providers' bottom line, cynical consumers are motivated to spread eWOM to punish the firm. However, the effects are different with repurchase intention: even if the customer stops revisiting the firm, this decision does not impact other customers but rather reflects the dissatisfied customer's individual response toward the firm. Hence, we enrich consumer-centric service research by identifying consumer cynicism as an important additional consumer construct with important implications for negative eWOM research and service failure research.

Second, focusing on antecedents of cynicism, we identify double deviation as a special failure type that is likely to increase cynicism. Double deviation has been attracting academic

and managerial interest due to its detrimental effects on consumers' extreme negative emotions (Surachartkumtonkun et al., 2013), trust violation (Basso & Pizzutti 2016), and behavioral responses (e.g., revenge and spreading negative information about the firm; Khamitov et al., 2020). Our research has implications for this line of work by demonstrating that double deviation should be differentiated from single deviation in relation to cynicism. As such, we provide a better understanding of the mechanism that underlies the harm of failed recovery.

Third, we emphasize the relational aspect of the failed exchange and importance of recovery co-creation, even if it is destined to fail (Dong et al., 2008; Roggeveen et al., 2012). Co-creation research has provided mixed findings regarding its effectiveness (van Vaerenbergh et al., 2018). By using social exchange theory to support the effectiveness of co-creation in recovery, we demonstrate a positive effect of recovery co-creation (both successful and failed) in minimizing consumer cynicism and address Dong and Sivakumar's (2017) call for more research on the impact of co-creation at different stages of service delivery and recovery.

Finally, our research has further theoretical implications for service recovery research by answering a recent call that emphasizes the significance of going beyond the mere presence or absence of apologies to focus on their dimensions and timing (Khamitov et al., 2020). We demonstrate that a *strong* empathetic apology reduces consumer cynicism both after a single and double deviation and is similarly effective when offered before or after the failed recovery. This finding challenges the presumption that a double deviation context requires a stronger intervention than an apology itself (Joireman et al., 2013) and has important implications for consumer-centric recovery strategies by demonstrating that effective recovery management requires "relationship" compensation to reduce consumer cynicism. Hence, we confirm that

effective recovery is not just a matter of what to do (i.e., apologize) but also a matter of *how* to do it (Basso & Pizzutti, 2016; Roschk & Kaiser, 2013).

### **7.1. Practical implications**

Our findings also provide several managerial implications. First, firms should regularly diagnose cynicism rather than wait for negative consumer-initiated signals, such as negative eWOM. We advise firms to provide private outlets for venting, so that the firm can absorb consumers' responses and detect cynicism. Because double deviation increases consumer cynicism, firms, therefore, should try to avoid recovery failures. Although detecting failed recovery may not always be easy, managers should regularly check the delivery-recovery process and pay attention to customers' complaints. Firms can apply different techniques (e.g., negative incident mapping; Strandvik & Holmlund, 2008) to identify and understand different aspects of negative encounters. The technique helps compare the providers' understanding of consumers' experience with their actual experience. Employing a consumer-oriented strategy is suggested to understand consumers' views of the provider (Olsen et al., 2014) and to reduce the perception that the firm only cares about its own benefits. Furthermore, technological development is significantly transforming services and driving service strategy (Huang & Rust, 2017). Therefore, firms might apply the advancement of technology to track consumer journeys to detect recovery failures.

Our study also helps marketing practitioners develop cost-effective proactive recovery strategies. Firms should involve consumers in the recovery process to proactively minimize consumer cynicism in case of a failure. Indeed, firms can use service failures as an opportunity to enhance consumer loyalty because effective recovery can contribute to such efforts (Umashankar et al., 2017). With more and more services moving their delivery to self-service and co-creation, firms should develop and implement similar strategic plans of recovery co-creation. Firms are

encouraged to develop and evaluate different recovery co-creation strategies relevant to their products and services. For example, when the hotel overbooked and there is delayed check-in, a hotel's receptionist can ask customers to look for a solution together to reduce negative responses when customers need to wait to get into their room.

We also encourage managers to consider providing strong empathetic apology as this strategy reduces cynicism in both single and double deviation. Although there is no difference in the effect of an empathetic apology offered after a customer complaint or after a failed recovery occurs, an empathetic apology reduces cynicism compared to when no apology is provided. Management should provide training to employees about appropriate expression of empathetic apology and through monitoring practices track customers' perceptions of firm's commitment to solving customers' complaints.

## **7.2. Limitations and future research**

Our research draws attention to consumer cynicism as a key underlying mechanism of effects of double deviation on eWOM and repurchase intention. Although we differentiated consumer cynicism from skepticism and negative inferred motive, positioning consumer cynicism within a broader network of related variables is warranted. Also, we have not made a direct contrast with the personality trait of cynicism; future research should further explore the interplay of personality-based cynicism and situationally-driven cynicism.

We highlight a stronger effect of double deviation on consumer cynicism in contrast to single deviation. Future research may focus on understanding and assessing the role of moral values, (in)competence, fairness, and (in)sincerity perceptions in conveying differential effects of double deviation. Psychological research has found a positive relationship between cynicism and

unethical behaviors (Andersson & Bateman, 1997; Chowdhury & Fernando, 2014), and future research would benefit by exploring effects of consumer cynicism on intentional immoral choices and firm deception.

Additionally, service recovery research has suggested a range of recovery strategies beyond co-creation and empathetic apology that could potentially minimize cynicism. Future research on effects of financial recoveries (e.g., financial compensations, discounts toward the future, other promotional tactics) along with emotional and co-creation strategies is warranted. Although our research demonstrates the effect of empathetic apology in reducing cynicism, different motives as types of relationship breaches may require different kinds of apologies (Fehr & Gelfand, 2010); future research would benefit from exploring the match between apology components (i.e., as offers of compensation; acknowledgement of violated norms; expression of empathy) and different motives (e.g., maximize interests, take advantage of customers). Moreover, prior research has found that consumer-firm affiliation impacts individuals' moral judgments of a transgressing leader of a company (Lo et al., 2019). Because cynicism is a moralized attitude, future research may focus on how the impact of double deviation on cynicism might vary depended on consumer-firm affiliation.

Finally, our research tested the effect of consumer cynicism on negative eWOM in experiments; however, consumers can express their cynicism in various digital outlets, such as online reviews, social media posts, or video blogs. Extant marketing research has examined the effect of customers' negative emotional response (e.g., anger) in negative online reviews on firms' reputation and performance (Herhausen et al., 2019); yet, future research would benefit from detecting cynicism in negative reviews and investigating its effect on firms' performance.

**Footnote:**

<sup>1</sup>Across five studies, we include questions, such as “If you see this item please choose “5” or “agree”” as attention checks. In Study 1 we also asked participants how many minutes they had to wait to get the food. In study 3 and 4, we asked brand names of corresponding companies involved in the service failure. Participants were excluded if they provided two incorrect answers.

<sup>2</sup>Across our four studies, we asked participants to rate (seven-point scales) their controllability attribution (two items, Hess et al., 2003), anger (two items, Joireman et al., 2013) and service failure severity (two items, Smith et al., 1999) because these variables have been found to reflect typical consumer responses to service failures that can impact attitudinal and behavioral outcomes. Results of data analyses with these variables as covariates are substantively similar to those reported in the main text. The only exception is in Study 4a where the interaction effect between double deviation and empathetic apology on cynicism becomes significant ( $F(1, 225) = 5.58, p = .033$ ) when covariates are added. This difference reflects a somewhat smaller difference in cynicism between the strong and weak empathetic apology in relation to single ( $M_{\text{strong}} = 4.66$  and  $M_{\text{weak}} = 4.92$ ) than double ( $M_{\text{strong}} = 4.59$ ;  $M_{\text{weak}} = 5.46$ ) deviation when covariates are included in the model.

<sup>3</sup>We also tested the serial mediation effects of a) skepticism and cynicism and b) inferred motive and cynicism on the relationship between double deviation and negative eWOM and double deviation and repurchase intention as per reviewer suggestion. We report them in Web Appendix H, I.

<sup>4</sup>We also used Model 8 to test the moderated mediation effect of cynicism in Study 3 and 4a. However, the moderated mediation effects are not significant. Given that our hypotheses focus on main effects (H1-H4), Model 4 was used to report our results in the main text.

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## WEB APPENDIX

### Web Appendix A: Summary of Prior Research on Double Deviation

Topic	Authors	Key findings
Double deviation and Customer Response	Bitner et al., (1990); Ok et al., (2007); Voorhees et al., (2006);	Customers who complain and receive either no recovery or failed recovery exhibit high level of dissatisfaction and regret.
	McColl-Kennedy et al. (2009); Surachartkumtonkun et al., (2015);	Double deviation intensifies anger and rage.
	Maxham (2001)	Double deviation exacerbates the discontent attributed to a service failure.
	Joireman et al., (2013)	Online public complaining and negative (e)WOM are almost always preceded by double deviation.
		Customers are more likely to think about a firm's motives following a double deviation that further influence negative behavioral response (i.e., desire for revenge).
Recovery strategy following a double deviation	Johnston and Fern (1999)	Providing compensation has a positive effect on restoring customer's satisfaction following a double deviation.
	Joireman et al., (2013)	Apologies when paired with compensation following a double deviation change customers' inferred motive from negative to positive.
	Basso and Pizzutti (2016)	Both apology and company's promise that the failure will not occur again are effective in restoring trust after double deviation.

## Web Appendix B: Study 1 Scenario

Imagine that you and your friend bought tickets for a concert of your favorite singer at the local arena. After some shopping in the afternoon, you both have a few hours before the concert starts. You and your friend decide to have a quick dinner at Siglo - a dining restaurant serving Italian cuisine - before heading to the concert because you feel a bit hungry and the concert is expected to last for a few hours.

Prior to entering the restaurant, you tell the waiter that you only have about an hour for dinner as you are going to a concert and ask whether it is OK for you to finish your dinner within an hour. The waiter says to you that it would be absolutely fine before directing you to the table. After ordering, the waiter said that your food would be served **in 20 minutes**.

### *Single Deviation*

**Thirty minutes later**, you are still waiting for food. You then call the waiter to ask about your order. The waiter tells you that he will check the dishes for you. **Your food is then served immediately**. You and your friend eat the food quickly, pay the bill, and prepare to leave, as you do not want to miss the beginning of the concert.

### *Double Deviation*

**Thirty minutes later**, you are still waiting for food. You then call the waiter to ask about your order. The waiter tells you that he will check the dishes for you. However, you **have to wait for another 15 minutes** for your food to be served. Due to the delay, you and your friend have to eat very quickly, pay the bill, and prepare to leave, as you do not want to miss the beginning of the concert.

## **Web Appendix C: Study 2 Scenario**

Charles and Co, a customizable, handcrafted footwear company, is a large corporation that prides itself on being a provider of high-quality footwear. Your birthday is coming, and you decide to buy a pair of shoes from Charles and Co's for your birthday party. Once the order arrives, you are excited to try the shoes on. However, you notice a large dent in the shoe sole. You call Charles and Co's customer service and ask them to fix the issue as your birthday is coming in the next few days.

### **Single deviation**

The customer service representative then says they will deliver the same pair of shoes the next day. Indeed, the same pair of new shoes arrives the next day and you wear them on your birthday.

### **Double deviation**

The customer service representative then says they will deliver the same pair of shoes the next day. A new pair of shoes arrives the next day. However, there are fabric and abrasion marks on top of the shoes, and you can't wear them on your birthday.

## **Web Appendix D: Study 3 Scenario**

RoyalView is a 3-star hotel that prides itself on being a provider of high-quality service. The hotel won the “Certificate of Excellence” award for the years 2016 and 2017.

You booked a king room at RoyalView for five nights at £100 per night for your holiday trip.

After a tiring flight, you arrive at RoyalView and go directly to the reception to check in. However, after looking up your reservation, the receptionist tells you that she cannot find your reservation. Unfortunately, there are no available king rooms at this hotel any longer.

### *Single deviation with co-creation*

The receptionist and you search for alternative options. Both of you think of many alternatives and look at these alternatives together. After 20 minutes of both you and the receptionist searching for all possible options, there is still no solution because all the rooms at this hotel are fully booked. Therefore, the receptionist finds you a similar room with similar price at a similar quality hotel next door and transfers your deposit to that hotel.

### *Single deviation with no co-creation*

The receptionist asks you to wait in the lounge while she searches for alternative options for you. After 20 minutes of waiting, the receptionist gets back to you saying that all the rooms at this hotel are fully booked. Therefore, she finds you a similar room with the same price at a similar quality hotel next door and transfers your deposit to that hotel.

### *Double deviation with co-creation*

The receptionist invites you to search for alternative options. The receptionist thinks of many alternatives for you and both of you look at these alternatives together. After 20 minutes of both you and the receptionist searching for all possible options, there is still no solution

because all the rooms at this hotel are fully booked. The receptionist cannot do anything now.

You then have to search for another hotel in which to stay and find a similar room, which is about 40 minutes away.

*Double deviation with no co-creation*

The receptionist asks you to wait in the lounge while she searches for alternative options for you. After 20 minutes of waiting, the receptionist gets back to you saying that all the rooms at this hotel are fully booked. There is no solution for you and the receptionist cannot do anything now.

You then have to search for another hotel in which to stay and find a similar room, which is about 40 minutes away.

## Web Appendix E: Study 4a Video Script Scenario

Mr. Thomas is a businessman who is about to have a flight from Manchester to Heathrow to pick up his clients. Two weeks before the trip he makes a car rental reservation online and gets the confirmation email from Besthire – a car rental service.

*<Mr. Thomas then receives the confirmation email (showing the email from a laptop's screen)>*

*<On the travel date, Mr. Thomas arrives at the car rental service>*

Receptionist: Hi. Welcome to Besthire. How can I help you?

Guest: Hello. I made a reservation for a car.

Receptionist: OK. What is your name, please?

Guest: Henry Thomas.

Receptionist: *<Checks the reservation and says>*

Mr. Thomas, in our system, your reservation is from 23<sup>rd</sup> (tomorrow) to 27<sup>th</sup>.

Guest: Could you please double-check because I am sure that I made the reservation for today and here is my confirmation number?

Receptionist: *<Looks at the confirmation number, uses computer>.*

I am unable to locate your confirmation for the 22<sup>nd</sup>. Unfortunately, all our cars now are fully booked. The next available car will be returned in an hour.

Guest: Oh no.

Receptionist: Would you want to wait for it Sir?

Guest: But I have a confirmation email here.

Receptionist: I am sorry. I can only reserve you for the next available one.

Guest: <Thomas looks at his watch and tells the receptionist>

OK please make a reservation for the next one, thank you.

Receptionist: Sure, Mr. Thomas. I will let you know once your car is ready.

### *Service Failure*

<After an hour, Mr. Thomas approaches the receptionist>

Guest: Excuse me can I get a car now?

Receptionist: Yes, the car is ready for you. Here is the key. My colleague will take you to the garage.

Guest: OK.

### *Failed recovery*

*After receiving this information, you complain to the hotel desk clerk and ask him to resolve the problem.*

<The receptionist then calls someone. After the call, he tells Mr. Thomas that>

Unfortunately, there is still no available car at the moment Mr. Thomas. The car return got delayed and the next available will be in another hour.

Guest: It is unacceptable. I reserved the car and got the confirmation email. And now you say that there is no car for me and I have to wait for an hour.

Receptionist: Unfortunately I can't do anything now.

<Mr.Thomas wants to cancel and go with a different rental company. After searching for information, he realizes that the nearest car rental also takes him an hour to go there. Thus, he decides to wait>. After another hour, Mr.Thomas approaches the receptionist and says.>

Guest: Don't tell me that you can't give me the car now.

Receptionist: Your car is ready. My colleague will take you to the garage.

<The receptionist then gives Mr.Thomas a key>

### *No Empathy*

Receptionist: We are sorry for what happened. We will be expecting the car back to our offices on the 27<sup>th</sup> June satisfying the signed terms and conditions of the lease.

### *Empathy*

We are truly truly sorry that your experience with us today was less than satisfactory, Mr.Thomas. We completely understand that you are in a hurry. We know that it does not feel right to wait to get the car and such a situation is very frustrating. Please accept our sincere apology. We hope you will have a delightful journey to London, and we will be expecting the car back to our offices on the 27<sup>th</sup> June satisfying the signed terms and conditions of the lease.

## **Web Appendix F: Study 4b Scenario**

You and your best friend booked a hotel room at the Hotel LaBelle one month before the scheduled trip. The hotel's policy states that the check-in is at 3 pm. After your flight, you and your friend arrived at the hotel at 3:30 pm. However, you are informed by the hotel receptionist that your room is not ready, and you will not be able to check in until 4:30 pm.

After receiving the information, you approached the receptionist and told her that the hotel's policy indicated that the check in time was at 3 pm, and that all other guests were able to check in at that time. You asked her to solve the problem.

### Apology before failed recovery

The hotel receptionist said: “*We are truly sorry for what happened. We completely understand that you want to get into the room, and we know that it does not feel right to wait for an hour. Such a situation is very frustrating. Please accept our sincere apology*”.

The receptionist then asked you to wait for her to check if your room was ready. After making several phone calls, she then informed you that there was nothing she can do, and you had to wait until 4:30 pm to get into your room.

### Apology after failed recovery

The receptionist then asked you to wait for her to check if your room was ready. After making several phone calls, she then informed you that there was nothing she can do, and you had to wait until 4:30 pm to get into your room.

The hotel receptionist then said: “*We are truly sorry for what happened. We completely understand that you want to get into the room, and we know that it does not feel right to wait for an hour. Such a situation is very frustrating. Please accept our sincere apology.* “

### Control: No apology

The receptionist then asked you to wait for her to check if your room was ready. After making several phone calls, she then informed you that there was nothing she can do, and you had to wait until 4:30 pm to get into your room.

**Web Appendix G: Means and Standard Deviations by Experimental Condition Across All Studies**

	<b>Failed Delivery</b>	<b>Failed Recovery</b>	<b>No Co-creation</b>	<b>Co-creation</b>	<b>Weak Empathetic Apology</b>	<b>Strong Empathetic Apology</b>	<b>No Empathetic Apology</b>	<b>Empathetic apology ex failed recovery</b>	<b>Empathetic apology post failed recovery</b>
	<i>M (SD)</i>	<i>M (SD)</i>	<i>M (SD)</i>	<i>M (SD)</i>	<i>M (SD)</i>	<i>M (SD)</i>	<i>M (SD)</i>	<i>M (SD)</i>	<i>M (SD)</i>
<b>Study 1</b>									
Cynicism	3.77 (1.35)	4.58 (1.37)							
Repurchase intention	4.11 (1.32)	3.17 (1.41)							
Negative eWOM	2.69 (1.33)	3.61 (1.66)							
Experimentally realistic	6.08 (1.04)	6.18 (1.01)							
Mundanely realistic	6.17 (1.03)	6.25 (1.03)							
<b>Study 2</b>									
Cynicism	2.95 (1.76)	5.17 (1.25)							
Skepticism	3.39 (1.82)	5.18 (1.42)							
Negative inferred motive	2.94 (1.65)	3.80 (1.27)							
Repurchase intention	5.11 (1.64)	2.71 (1.82)							
Negative eWOM	3.03 (1.51)	4.41 (1.36)							
Experimentally realistic	5.63 (1.25)	5.71 (1.04)							
Mundanely realistic	5.58 (1.38)	5.48 (1.24)							
<b>Study 3</b>									
Cynicism	4.13	4.90 (1.40)	4.78 (1.50)	4.23					

Repurchase intention	(1.58) 2.35 (1.27)	1.88 (1.34)	2.08 (1.24)	(1.31) 2.17 (1.39)					
Negative eWOM	4.18 (1.58)	4.93 (1.53)	4.68 (1.55)	4.42 (1.64)					
Experimentally realistic	5.43 (1.31)	5.36 (1.40)	5.27 (1.32)	5.52 (1.37)					
Mundanely realistic	5.26 (1.37)	5.45 (1.35)	5.29 (1.35)	5.41 (1.38)					
<b>Study 4a</b>									
Cynicism	4.57 (1.30)	5.24 (1.07)			5.14 (1.20)	4.66 (1.23)			
Repurchase intention	2.47 (1.30)	1.62 (.87)			1.93 (1.11)	2.17 (1.25)			
Negative eWOM	5.10 (1.37)	5.97 (1.15)			5.59 (1.32)	5.48 (1.36)			
Experimentally realistic	5.04 (1.28)	5.08 (1.26)			5.05 (1.23)	5.08 (1.31)			
Mundanely realistic	5.68 (1.06)	5.58 (1.12)			5.53 (1.04)	5.72 (1.12)			
<b>Study 4b</b>									
Cynicism		417 (1.38)					4.55 (1.23)	3.99 (1.49)	3.97 (1.33)
Repurchase intention		3.11 (1.30)					2.78 (1.23)	3.44 (1.32)	3.13 (1.29)
Negative eWOM		3.55 (1.60)					3.77 (1.61)	3.53 (1.58)	3.33 (1.59)
Experimentally realistic							6.11 (.98)	6.28 (.89)	6.41 (.91)
Mundanely realistic							6.19 (.93)	6.28 (.95)	6.21 (1.12)

## Web Appendix H: Study 2 Serial Mediation Regression Results via Skepticism and Cynicism

We ran a serial mediation test (Model 6, PROCESS, Hayes 2013) to examine the effect of double deviation on negative eWOM and purchase intention via mediating effects of skepticism and cynicism. The results demonstrate that the effect of double deviation on negative eWOM is mediated by skepticism and cynicism ( $B = .50$ ; 95% CI [.31, .76]), However, only skepticism mediates the effect of double deviation on repurchase intention ( $B = -.78$ ; 95% CI [-1.24, -.43]) when both skepticism and cynicism are included as serial mediators.

	<i>Cynicism</i>			<i>Skepticism</i>			<i>Negative eWOM</i>			<i>Purchase intention</i>		
	<i>B,</i> <i>[95%CI]</i>	<i>SE</i>	<i>t, p</i>	<i>B, [95% CI]</i>	<i>SE</i>	<i>t, p</i>	<i>B [95% CI]</i>	<i>SE</i>	<i>t, p</i>	<i>B [95% CI]</i>	<i>SE</i>	<i>t, p</i>
<i>Direct effects</i>												
Double deviation	1.22 [.82, 1.61]	.29	6.15***	1.79 [1.33, 2.25]	.32	7.70** *	.15 [-.26, .56]	.20	.71	-1.48 [-2.02, -.94]	.27	5.41***
Skepticism	.56 [.45, .66]	.05	10.56***				.05 [-.07; .18]	.06	.91	-.43 [-.60; -.27]	.08	5.21***
Cynicism							.50 [.36, .64]	.07	7.32***	-.05 [-.23, .11]	.08	.65
<i>Indirect effects</i>												
via skepticism alone							.10 [-.11; .36]	.12		-.78 [-1.24; -.43]	.20	
via cynicism alone							.61 [.32, .92]	.15		-.07 [-.34, .15]	.12	
via skepticism and cynicism							.50 [.31, .76]	.11		-.05 [-.25, .17]	.10	
R <sup>2</sup>					23%			46%			46%	

Note: \*\*\*  $p < .001$

## Web Appendix I: Study 2 Serial Mediation Regression Results via Negative Inferred Motive and Cynicism

We ran a serial mediation test (Model 6, PROCESS, Hayes 2013) to examine the effect of double deviation on negative eWOM and purchase intention via negative inferred motive and cynicism. The results demonstrate that the effect of double deviation on negative eWOM is serially mediated by negative inferred motive and cynicism ( $B = .14$ ; 95% CI [.05, .29]). The serial mediation of negative inferred motive and cynicism also mediates the effect of double deviation on repurchase intention ( $B = -.05$ ; 95% CI [-.12, -.01]).

	<i>Cynicism</i>			<i>Negative inferred motive</i>			<i>Negative eWOM</i>			<i>Purchase intention</i>		
	<i>B,</i> <i>[95%CI]</i>	<i>SE</i>	<i>t, p</i>	<i>B, [95% CI]</i>	<i>SE</i>	<i>t, p</i>	<i>B [95% CI]</i>	<i>SE</i>	<i>t, p</i>	<i>B [95% CI]</i>	<i>SE</i>	<i>t, p</i>
<i>Direct effects</i>												
Double deviation	1.94 [1.52, 2.37]	.21	9.05***	85 [.44, 1.27]	.20	4.08** *	.17 [-.24, .58]	.20	.80	-1.54 [-2.07, -1.02]	.26	5.85***
Negative inferred motive	.32 [.18, .46]	.07	4.63***				.02 [-.09, .14]	.05	.43	-.49 [-.604 -.34]	.08	6.43***
Cynicism							.53 [.42, .65]	.05	9.24***	-.19 [-.33, -.04]	.07	2.62***
<i>Indirect effects</i>												
via negative inferred motive alone							.02 [-.07; .14]	.05		-.42 [-.72; -.18]	.14	
via cynicism alone							1.04 [.72, 1.36]	.16		-.37 [-.73, -.06]	.17	
via negative inferred motive and cynicism							.14 [.05, .29]	.06		-.05 [-.12, -.01]	.03	
R <sup>2</sup>				8%			46%			49%		

Note: \*\*\*  $p < .001$

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