

# INFLUENCE OF IMAGE AND FAMILIARITY ON CONSUMER RESPONSE TO NEGATIVE WORD-OF-MOUTH COMMUNICATION ABOUT RETAIL ENTITIES

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This study examines the impact of retailer equity (specifically image and familiarity dimensions) on the cognitive processes employed by consumers receiving varying levels of strength of negative word of mouth (WOM) about retail entities. The main thesis is that retailer equity and the type of negative WOM received will interact to affect receivers' attributional processing and attitudes. Results support these contentions: the image and familiarity dimensions of retailer equity have interactive effects on consumers' processing of negative WOM. These findings suggest that when consumers formulate communicator attributions for the negativity of the WOM, retail store image plays a more significant role than familiarity. However, these effects are not found for store attributions. Managerial implications are discussed.

Previous research suggests that word of mouth (WOM) is more potent than information from commercial sources because it is perceived as the most unbiased (Herr, Kardes, and Kim 1991; Richins 1983). While ample research has focused on why WOM is generated in the marketplace (e.g., Bone 1995; Richins 1984), consumers' responses to WOM have not been extensively studied. The lack of research on the effects of WOM on consumers seems to be unjustified given that prior studies suggest informal referrals from others account for three times as many purchases as advertising (cf. Morin 1983), is twice as effective as radio advertising, four times more effective than personal selling, and seven times as effective as newspapers and magazines (Katz and Lazarsfeld 1955). Thus, research investigating the influence of WOM about retailers is both theoretically and managerially important.

Of the few studies that have investigated this issue, researchers have observed that negative, as compared to

positive, WOM has stronger effects on consumers; however, these effects are lessened by brand information stored in memory (Herr, Kardes, and Kim 1991). Additional research suggests that brand name strength alters receivers' attributions for the "blame" of the information's negativity (Laczniak, DeCarlo, and Ramaswami 2001). Despite these advances, a number of important issues remain unresolved.

First, previous WOM research has treated preexisting brand impressions as a holistic concept and operationalized it accordingly. However, customer-based equity research suggests that such impressions (including those about retailers) are complex and composed of multiple factors such as familiarity and image (Keller 2003). Given the multidimensional nature of retailer equity, it is appropriate to ask which dimension(s) will be used by consumers in deflecting negative WOM away from the retailer and perhaps toward other attribution sources, such as the communicator. It is plausible that the different equity perceptions will have varying degrees of influence on how consumers respond to negative WOM.

Second, researchers recognize that negative WOM varies in its strength, particularly with regard to retail entities (e.g., Higie, Feick, and Price 1987; Laczniak, DeCarlo, and Motley 1996; Richins 1984). Such a notion is important when considering the findings of Laczniak, DeCarlo, and Ramaswami (2001), which suggests that negative WOM, which varies in its specificity (and thus in its strength), leads to differing consumer responses. It seems logical that prior impressions held in memory about retailers (i.e., retailer equity) will influence how consumers respond to different

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types of negative WOM. Unfortunately, these potential interactive effects have not been investigated.

The present study employs an attribution theory perspective and examines the impact of negative WOM on consumer attributions toward retail entities that differ in perceived equity. In doing so, the study has two distinctive features when compared to previous research. The first distinction is its treatment of prior impressions. We acknowledge that consumers' impressions of retailers (i.e., customer-based retailer equity) consists of at least two key dimensions—familiarity and image—and we examine their independent and interactive effects on receivers' attributional responses to negative WOM. A second unique contribution is the investigation of the interactive influences between the dimensions of retailer equity and the strength of the negative WOM message on attributions. Results of such an examination have important implications for managers as they determine how to spend equity-building resources to protect a retail entity against negative WOM.

## THEORY AND HYPOTHESES

### Attributional Processing of Negative WOM

The central theme underlying attribution theory is that causal analysis is inherent in an individual's need to understand social events (Heider 1958; Kelley 1972). It results in individuals generating attributions that explain why another person behaved in a certain manner (i.e., communicated a message). Because the transmission of negative WOM is an interpersonal and informal communication and typically occurs in a social setting, attribution theory appears to be useful in understanding a receiver's interpretation of a sender's motives for communicating this type of information (Hilton 1995). Moreover, receiver attributions about a communicator's motives play an important role in evaluations of the focal object. Hilton's (1995) conversational inference framework, for example, posits that a receiver's initial perceptions of a communicator will influence subsequent message processing and evaluations. If receivers, for example, believe that a sender's motives are not necessarily altruistic, Hilton suggests that they have the ability to attribute negativity toward the sender, which makes the message much less effective.

Previous research suggests that receivers' responses to WOM are influenced by impressions of the target object held in memory (Herr, Kardes, and Kim 1991; Laczniak, DeCarlo, and Ramaswami 2001). The Laczniak, DeCarlo, and Ramaswami (2001) study, in particular, determined that typical consumer attribution response patterns to negative

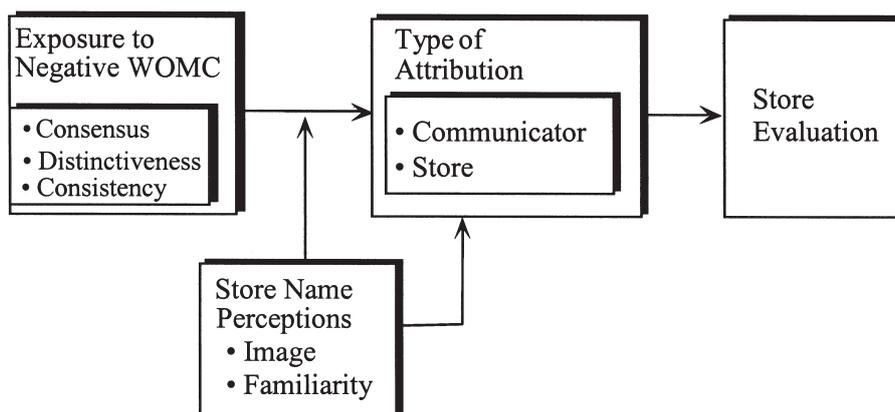
WOM messages will be altered by brand name strength. Specifically, their findings suggest consumers are more likely to generate brand attributions (and subsequently form weaker brand attitudes) when they receive negative WOM about less favorable brands as opposed to the same information about more favorable brands. While Laczniak, DeCarlo, and Ramaswami's (2001) findings reflect the presence of a singular brand equity effect on attributions, the aggregate analyses considered neither multiple dimensions nor the potential interaction effect between those dimensions and negative WOM type on attributions. Thus, our conceptual model, as shown in Figure 1, extends previous research by investigating the potential interactive effects between retailer equity dimensions and type of negative WOM on receivers' causal attributions.

### Retailer Equity Dimensions and Attributional Processing of Negative WOM

Customer-based brand equity is conceptualized as a set of assets and liabilities linked to the brand, including proprietary assets, name familiarity, loyalty, and brand associations (including perceived quality associations) (Keller 2003). In a retailing context, brand equity is similar to store name strength, which provides the consumer with an inference about the retailers' merchandise and services offerings. That is, a given retail store name represents a promise to the consumer in terms of consistency, quality, and delivery—it should conjure a unique image that in the highly competitive world of retailing, is fundamental to differentiation and, ultimately, retailer success. Moreover, previous research indicates that store name is a particularly important extrinsic cue for consumers in forming store-based inferences and overall evaluations (e.g., Dodds, Monroe, and Grewal 1991). For example, Dodds, Monroe, and Grewal (1991) found that consumers tend to rely more on information cues of the store name and the brand, rather than price, in generating product evaluations.

There are a number of retail operational elements that can affect retail store name equity, such as pricing, merchandise variety and assortment, promotion and layout, or customer service. However, two equity dimensions identified as particularly important to retailers are familiarity and image (Levy and Weitz 2004). Familiarity and image are crucial to understanding store name equity because they are considered the two most basic dimensions of customer-based equity (Keller 2003). Familiarity is the perceived level of knowledge consumers hold in memory about a particular store. It provides consumers with a richer, more detailed representation of a store in memory and a greater

**Figure 1**  
**Conceptual Framework**



knowledge about the characteristics and criteria that differentiate it from competitors (Alba and Hutchinson 1987). However, greater familiarity per se may not be sufficient to determine if negative WOM will be rejected because it *and* the favorability of knowledge traces (i.e., retail image) are likely to influence the processing of negative WOM about the retail entity.

Retail image is defined as the overall *affective* impressions of a retail store held in memory (Keller 2003). A more positive image is expected to reduce the persuasiveness of negative WOM about a retail entity because impression-inconsistent information can be easily deflected away from the object of the communication and discounted by a consumer (Hoch and Deighton 1989). This view is consistent with research suggesting perceivers are unlikely to attribute blame for a negative event toward a focal object to which one is favorably predisposed (e.g., DeCarlo and Leigh 1996; Harvey and Weary 1984). Thus, receivers should be able to attribute the negativity away from a retail entity, and toward the communicator, when the information about the focal store is inconsistent with a positive retailer image held in memory. Conversely, when the store image is less favorable, negative WOM is more likely to fit with receivers' associations and reinforce these less favorable store images (cf. Wilson and Peterson 1989).

### **Interaction Effects of Familiarity and Image on Causal Attributions**

When consumers receive negative WOM about retail stores with a positive image and high familiarity (i.e., knows a lot about a store and its offerings), it is anticipated that receivers will not alter store perceptions, but will rather attribute the negativity of the message toward the commu-

nicator. Similar to the arguments presented earlier, positive memory traces about the store would make it likely that receivers will process the WOM as information about the communicator and will not blame the store. Conversely, a negative message reinforces existing perceptions of a retailer with a less positive image and lower familiarity. Thus, attributions of blame for the negative message in this case should be targeted toward the store. When retailer brand equity dimensions of familiarity and affect are incongruent, however, predicting attributional responses becomes more complex.

When retailer image perception is positive but store familiarity is low, an affect-dominant attributional process will likely occur (e.g., Forgas 1998; Isen 2000). Extrapolating from past evidence, receivers' affective traces in memory should dominate the processing of negative WOM. Given the incongruence of negative incoming information with existing positive affective memory structures, receivers are likely to attribute the negativity of the message away from the store. This finding is consistent with attribution research that indicates receivers tend to generate stronger attributions toward the communicator (and not toward the focal object) when receiving affective-incongruent information (Forgas 1998). This biased processing arises because consumers have a tendency to scrutinize affect-inconsistent information more critically than information consistent with memory (Ditto et al. 1998). Further, given the dominant role of affect in guiding the causal attribution process, we predict that the attributions generated in response to negative WOM about stores with a positive image and lower familiarity should be similar to those generated for stores that have a positive image and higher familiarity.

Alternatively, negative WOM about a store for which the consumer has high familiarity but a less positive image

is likely to be more consistent with his or her affective memory structures and, hence, is more likely to be accepted. Moreover, the image-based memory traces are fairly well established (high familiarity), which puts the receiver in a position to be less likely to question the validity of the negative information and therefore more willing to attribute the negative information to the retail entity (and not the communicator). Thus we hypothesize:

*Hypothesis 1: There will be a significant interaction between retail equity dimensions of familiarity and image on consumer causal attributions such that consumers receiving negative WOM about retail stores with a more positive image and higher or lower familiarity will:*

*Hypothesis 1a: generate weaker attributions of blame for the negativity toward the store as compared to retail stores with (1) a less positive image and lower familiarity and (2) a less positive image and higher familiarity.*

*Hypothesis 1b: generate stronger attributions of blame for the negativity toward the communicator as compared to retail stores with (1) a less positive image and lower familiarity and (2) a less positive image and higher familiarity.*

### **Effects of Negative WOM Configuration and Retail Store Image on Causal Attributions**

While the above hypothesized effects do not consider message strength, research suggests that WOM message strength varies considerably (Laczniak, DeCarlo, and Ramaswami 2001; Richins 1984). For example, classical attribution theory suggests that predictable attributional responses emerge from messages that vary with respect to three dimensions of information content—consensus, distinctiveness, and consistency (Kelley 1972). In a negative WOM context, consensus refers to the degree to which others are likely to agree with the negative views of the communicator; distinctiveness is the extent to which the communicator associates the negative information with a particular entity, but not other entities; and consistency is the degree to which the communicator has stable negative views of the entity across time and situations. These three dimensions of information are typically viewed as high or low in occurrence, yielding eight potential information configurations. It is commonly noted that two of the combinations provide theoretically *unambiguous* information, and thus are relevant to the study of negative WOM (e.g., Hilton and Jaspars 1987; Kelley 1972; Teas and McElroy 1986). In other words, receivers tend to generate predictable attributional patterns for two of the information

configurations (Hilton and Jaspars 1987; Kelley 1967). These combinations are (1) high consensus, high distinctiveness, and high consistency (HHH), and (2) low consensus, low distinctiveness, and high consistency (LLH).

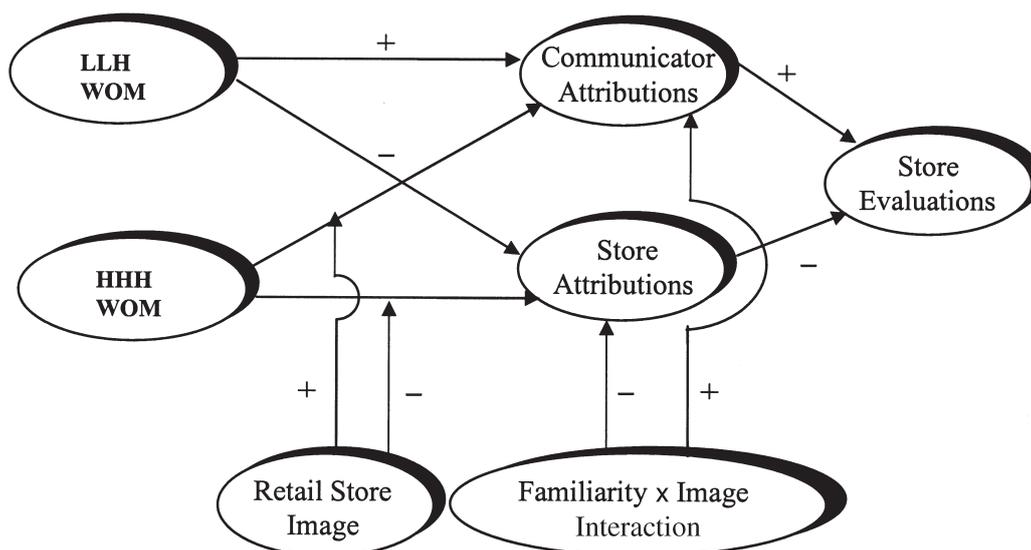
Research on the influence of information configured as HHH indicates that receivers will attribute the consequences of the action (negativity in the present context) to the object of the communication (i.e., the store) more so than in any of the other information configurations (Hilton and Jaspars 1987; Kelley 1972). Moreover, information in negative WOM configured as HHH will likely be viewed by receivers as more logical and well developed than that configured as LLH (Kelley 1972; Laczniak, DeCarlo, and Ramaswami 2001). Thus, consumers receiving information configured as HHH should generate stronger store attributions than those receiving the latter information configuration.

Alternatively, attribution theory predicts (Kelley 1972) that a receiver of LLH information should be inclined to associate the negativity with the communicator (i.e., generate communicator attributions). LLH information is less logical and persuasive than WOM configured as HHH because it provides an inconsistent and critical view of not just the focal store but of other stores. Therefore, the communicator may be viewed as overly negative, and disparaging attributions might be generated about the communicator. In addition, evidence indicates individuals may consider a communicator's assessment as typical of the communicator in the absence of knowledge about the communicator's motives (Hilton, Smith, and Alicke 1988). Therefore, negative WOM that is low on the consensus and distinctiveness dimensions, but high on the consistency dimension, is likely to be perceived as containing more information about the communicator than the focal store, and thus the receiver will likely generate strong communicator attributions.

However, affect-inconsistent information is likely to be assessed more critically by the receiver than is information that is more affect consistent. Thus, negative WOM configured as HHH about a store with a more positive image should be perceived as inconsistent with memory traces when compared to that about a store with a less positive image. Therefore, Given this inconsistency, consumers receiving HHH negative WOM about a store with a more (versus less) positive image will likely generate strong attributions for the negativity toward the communicator.

Conversely, negative WOM messages configured as LLH will likely result in a tendency to attribute the negativity to the communicator for all store types. This prediction is consistent with the general finding that perceivers tend to blame a communicator even when the situation (e.g.,

Figure 2  
Proposed Model



poor store image) provides an adequate explanation for the negativity of the information (i.e., correspondence bias) (Jones and Davis 1965). Thus, the effect of store image on store attributions should be attenuated. These predictions are summarized in Figure 2.

*Hypothesis 2: There will be a significant interaction between the retail equity dimension of store image and negative WOM information configuration such that consumers will:*

*Hypothesis 2a: generate stronger attributions of blame for the negativity toward the store when receiving HHH negative WOM about stores with a less positive, as compared to a more positive store image.*

*Hypothesis 2b: generate stronger attributions of blame for the negativity toward the communicator when receiving HHH negative WOM about stores with a more positive, as compared to a less positive store image.*

*Hypothesis 2c: generate stronger attributions of blame for the negativity toward the communicator and weaker attributions of blame toward the store when receiving LLH negative WOM.*

## METHOD

### Overview

Two hundred and four male and female undergraduate students, recruited from various business classes at a major Midwestern university, were randomly assigned to one of

eight cells in the 2 (negative WOM information message)  $\times$  2 (retail store image)  $\times$  2 (retail store familiarity) experiment. Respondents received extra course credit for their participation. The negative WOM message was manipulated to provide two information configurations—HHH and LLH. The retailer equity dimensions were manipulated by providing negative WOM about retail stores that maintain higher versus lower levels of familiarity and more versus less positive image perceptions. Respondents were handed a booklet containing instructions, a transcript of the negative WOM, and related questionnaire items. To help assure that research participants were actively involved in the experiment, they were told to read the transcript while listening to the taped conversation. Immediately following the conclusion of the tape, respondents were asked to turn the page and read the instructions prior to completing the multi-item scales of causal attributions, store evaluations ( $A_{store}$ ), and questions about the effectiveness of the manipulations. The lowest Cronbach's alpha for the multi-item scales was 0.74; thus, all measures were deemed reliable.

### Stimuli

#### Retail Entity

Restaurants were used as the experimental stimuli for a number of reasons. First, previous research indicates there must be sufficient motivation for consumers to engage in the WOM process (Richins 1984). Because eating in a restaurant is a fairly personal experience, there is a reasonably high probability that college students (i.e., study participants)

are likely to be involved with this experience and thus be motivated to attend to and process negative WOM about restaurants within the geographic area in which they reside. Second, it is expected that individuals with both high and low levels of store familiarity eat at restaurants; thus, even low-familiarity persons are likely to engage in the WOM process. Third, restaurants have been used as experimental stimuli in a previous WOM study (Susskind 2002).

### *Retailer Equity*

The starting point for selecting restaurants differing in levels of familiarity (high and low) and image (more or less positive) was to obtain a list of restaurants likely to vary on these two dimensions. In a pretest of 45 undergraduate students, respondents were asked to list as many restaurants as they could that fit each of the four descriptions. Respondents were then asked to rank the restaurants in order of perceived fit with the description. The four restaurants that best fit the desired profiles were T.G.I. Friday's (more positive image/higher familiarity), Bermuda Onion (more positive image/lower familiarity), Perkins (less positive image/higher familiarity), and Round Barn (less positive image/lower familiarity). A second pretest of these restaurant names was conducted using 85 undergraduate business students to verify the restaurant classification. Results suggested that the store name manipulations were appropriate, because the image (more positive image:  $M_{TGIF} = 4.13$ ,  $M_{Bermuda\ Onion} = 3.80$  versus less positive image:  $M_{Perkins} = 3.09$ ,  $M_{Round\ Barn} = 2.80$ ;  $F(3,81) = 2.69$ ,  $p = 0.05$ ) and familiarity (higher familiarity:  $M_{TGIF} = 3.55$ ,  $M_{Perkins} = 3.56$  versus lower familiarity:  $M_{Bermuda\ Onion} = 1.95$ ,  $M_{Round\ Barn} = 2.40$ ;  $F(3,81) = 4.54$ ,  $p < 0.01$ ) measures yielded significant differences in the expected direction.

### *Negative WOM Scenarios*

Two distinct negative WOM conditions were developed using HHH and LLH configurations. For the most part, the negative WOM scenarios contained identical information; major differences across scenarios included higher versus lower levels of consensus, consistency, and distinctiveness information, and restaurant name. Care was taken to ensure that total word counts for each scenario were relatively equal.

The negative WOM stimuli were tape-recorded conversations (and transcripts of those conversations) occurring between two confederates. The confederates read scenarios from scripts provided by the authors. To help ensure the WOM sounded natural, the confederates rehearsed the

scripts a number of times. The confederates were a male (Pat), the provider of the negative comments, and a female (not named), the person interested in the communicator's opinion.

### *Causal Attributions*

The following stem was used in measuring all causal attributions: "Pat said these negative things because . . ." The following specific items were used to measure *brand* attributions (alpha = 0.75): "this restaurant is unpopular" and "this restaurant's performance was poor." The following items were used to measure *communicator* attributions (alpha = 0.85): "He doesn't know enough about this restaurant," "He does not appear to have the expertise to evaluate the restaurant properly," and "He wanted to look smarter than he really is."

## RESULTS

### **Measurement Model Results**

The first step of the analysis involved assessing the measurement quality of the scales using confirmatory factor analysis (CFA). The complete item list was considered simultaneously because this method provides a more complete test of convergent and discriminant validity. The overall fit for the CFA model shows the following: chi-square = 12.88 for 17 degrees of freedom (chi-square/degrees of freedom [df] ratio of 0.76). All loadings are above 0.6, and each indicator *t*-value is significant at the 0.01 level. Further, the root mean squared error (RMSE) is 0.03; the goodness-of-fit index (GFI) is 0.98; the normed fit index (NFI) is 0.99; and the comparative fit index (CFI) is 1.00. There were no standardized residuals greater than 3.00. In sum, these results indicate that the overall measurement quality is good and the estimated measurement model is reasonable.

### **Store Name and WOM Manipulation Checks**

Store name and WOM manipulation checks were collected after the focal constructs. To assess store name treatment efficacy, two one-way analyses of variance (ANOVAs) were performed with store name as the independent variable and the image and familiarity measures as dependent variables. Omnibus *F*-tests were significant for both familiarity ( $F_{3,195} = 26.90$ ,  $p < 0.001$ ) and image ( $F_{3,195} = 53.64$ ,  $p < 0.001$ ). The a priori contrasts using Tukey mean differences indicate T.G.I. Friday's and Perkins were significantly different from Bermuda Onion and the Round Barn on the familiarity

manipulation check variable ( $M_{TGI} = 4.45$ ,  $M_{Perkins} = 3.79$  versus  $M_{Bermuda\ Onion} = 2.07$ ,  $M_{Round\ Barn} = 2.32$ ,  $p < 0.001$ ). Results also indicate that T.G.I. Friday's and Bermuda Onion were significantly different from Perkins and the Round Barn on the image manipulation check variable ( $M_{TGI} = 5.30$ ,  $M_{Bermuda\ Onion} = 4.76$  versus  $M_{Perkins} = 3.14$ ,  $M_{Round\ Barn} = 2.95$ ,  $p < 0.001$ ). These results suggest the store name manipulations were appropriate.

The manipulation check for consistency, consensus, and distinctiveness information utilized three items anchored by truthful/untruthful, believable/unbelievable, and accurate/inaccurate for statements made in the negative WOM scenario. The stem for the consistency manipulation check consisted of: "Well, yeah. I've been to \_\_\_\_ [insert store name] a lot and have always had some sort of problem. It just seemed like every time I go there something always goes wrong." The consensus manipulation used the following: "Well, I don't like \_\_\_\_ [insert store name] and a lot of other people I have talked to don't like \_\_\_\_ [insert brand name] either." The distinctiveness manipulation check included the following: "I could say some good things about some of the other restaurants in the area. You know, there are lots of other good places to eat out, but I just don't think \_\_\_\_ [insert brand name] is one of 'em." Factor analysis and reliability indexes (Cronbach's alpha all above 0.80 for the measures) indicate that these measures were satisfactory. One-way ANOVAs using Fisher's least significant difference (LSD) tests were performed to assess the independent effects of the high and low levels of consensus, consistency, and distinctiveness information in the two negative WOM scenarios. The analyses indicated statistically significant effects for the distinctiveness ( $F_{1,197} = 34.62$ ,  $p < 0.001$ ) and consensus ( $F_{1,197} = 4.20$ ,  $p < 0.05$ ) manipulation checks. The cell means for consensus and consistency treatments were in the expected direction for the two conditions. Because both WOM configurations had high levels of consistency information, no significant differences between the two treatments were expected and were not found ( $F_{1,197} = 0.02$ ,  $p > 0.80$ ). In sum, these results support the efficacy of the negative WOM manipulations.

## Tests of Hypotheses

Hypothesis test results are summarized in Table 1. Results of multivariate analyses of variance with store and communicator attributions as dependent variables indicated significant main effects of negative WOM (Wilks's lambda = 0.646;  $F_{2,195} = 53.52$ ,  $p < 0.001$ ), retailer familiarity (Wilks's lambda = 0.872;  $F_{2,195} = 53.52$ ,  $p < 0.001$ ), and retailer image (Wilks's lambda = 0.870;  $F_{2,195} = 14.57$ ,  $p < 0.001$ ). In addition

to these main effects, the results indicate a two-way interaction between retailer image and familiarity (Wilks's lambda = 0.975;  $F_{2,195} = 2.65$ ,  $p < 0.10$ ) and a two-way interaction between retailer image and negative WOM (Wilks's lambda = 0.946;  $F_{2,195} = 5.51$ ,  $p < 0.01$ ). No other significant effects were noted.

H1 predicted a significant interaction between retail equity dimensions of familiarity and image on store and communicator attributions. The univariate ANOVA results for store attributions revealed a significant main effect of WOM information type ( $F_{1,196} = 54.82$ ,  $p < 0.001$ ), familiarity ( $F_{1,196} = 28.76$ ,  $p < 0.001$ ), and image ( $F_{1,196} = 14.30$ ,  $p < 0.001$ ). These results were qualified by a significant store image  $\times$  WOM interaction ( $F_{1,196} = 9.12$ ,  $p < 0.05$ ). There were no other significant effects. Given the insignificant image  $\times$  familiarity interaction on store attributions, further analysis of the mean differences is not warranted. Thus, H1a is not supported.

The univariate ANOVA results for communicator attributions revealed a significant main effect of WOM information type ( $F_{1,196} = 60.34$ ,  $p < 0.001$ ) and image ( $F_{1,196} = 17.01$ ,  $p < 0.001$ ). These results were qualified by a significant store image  $\times$  familiarity interaction ( $F_{1,196} = 4.37$ ,  $p < 0.05$ ) and store image  $\times$  WOM interaction ( $F_{1,196} = 2.60$ ,  $p = 0.10$ ). No other significant effects were noted. Post hoc one-way ANOVAs were conducted using Tukey pairwise comparisons to further explore the cell mean differences predicted in H1b. Consistent with predictions, consumers generated stronger communicator attributions for stores with a more positive image and higher familiarity ( $M = 5.04$ ) and a more positive image and lower familiarity ( $M = 4.60$ ) as compared to the other image  $\times$  familiarity combinations ( $M_{lowimage.hifamiliarity} = 4.22$ ,  $M_{lowimage.lowfamiliarity} = 3.90$ ,  $F_{1,200} = 5.64$ ,  $p < 0.001$ ). Thus, H1b is supported.

Planned comparison results for the significant store image  $\times$  WOM interaction on store attributions were conducted to test H2a. Results indicated consumers were more likely to generate stronger attributions toward the store when the communicator provided HHH negative WOM about stores with a lower, as compared to a positive, image ( $t_{1,100} = 22.16$ ,  $p < 0.001$ ; more positive image mean = 5.03 versus less positive image mean = 4.09). Thus, H2a is supported. Conversely, more blame was attributed to the communicator for an HHH negative WOM message about stores with a more positive image ( $t_{1,100} = 15.69$ ,  $p < 0.001$ ; more positive image mean = 4.26 versus less positive image mean = 3.22). These results support H2b.

Planned comparison results for LLH negative WOM indicate no significant differences between the image conditions for store attributions ( $p > 0.05$ ; less positive image mean =

**Table 1**  
**Research Hypotheses**

Hypothesis	Significance
H1 Consumers receiving negative WOM about stores with a more positive image and either higher or lower familiarity will:	
H1a generate <i>weaker</i> attributions toward the store than for stores with a less positive image and either higher or lower levels of familiarity.	Nonsignificant
H1b generate <i>stronger</i> attributions toward the communicator than for stores with a less positive image and either higher or lower levels of familiarity.	$p < 0.001$
H2 The retail equity dimension of store image and the negative WOM information configuration will interact such that consumers will:	
H2a generate stronger attribution of blame for the negativity toward the store when receiving HHH negative WOM about stores with a <i>less</i> positive, as compared to a more positive, store image.	$p < 0.001$
H2b generate stronger attribution of blame for the negativity toward the communicator when receiving HHH negative WOM about stores with a <i>more</i> positive, as compared to a less positive, store image.	$p < 0.001$
H2c generate stronger attribution of blame for the negativity toward the communicator and weaker attributions of blame toward the store when receiving LLH negative WOM.	$p < 0.000$

3.59 versus more positive image mean = 3.49) or communicator attributions ( $p > 0.05$ ; less positive image mean = 4.92 versus more positive image mean = 5.37). The main effect of WOM configuration suggests consumers generated stronger communicator attributions ( $M = 5.14$ ) and weaker store attributions ( $M = 3.54$ ) when receiving LLH negative WOM information ( $t_{1,102} = 9.22$ ;  $p < 0.000$ ). Thus, hypothesis H2c is supported. In total, these results support the general hypothesis that store image moderates the effects of WOM type on attributions.

### Additional Analyses

Research suggests that the effects of negative WOM and brand equity on store evaluations are mediated by receivers' causal attributions (Laczniak, DeCarlo, and Ramaswami 2001). Similar analyses were conducted to determine the extent to which the two-way interaction effects between retailer image and store name familiarity on store evaluations are mediated by receivers' causal attributions. To examine this, we conducted mediation analyses based on procedures recommended by Baron and Kenny (1986). ANOVA results indicated that the main effects of negative WOM ( $F_{1,191} = 2.97$ ,  $p < 0.10$ ), retailer familiarity ( $F_{1,191} = 5.14$ ,  $p < 0.05$ ), and retailer image ( $F_{1,191} = 94.19$ ,  $p < 0.001$ ) were significant. In addition, the familiarity  $\times$  image interaction was also statistically significant ( $F_{1,191} = 5.04$ ,  $p < 0.05$ ). There were no other significant interactions.

Given this evidence, an analysis of covariance (ANCOVA) was performed with store evaluation as the dependent variable; store name familiarity, image, negative WOM configuration, and their interactions as the independent

variables; and the two types of causal attributions as the covariates. Including store attributions ( $F_{1,189} = 3.33$ ,  $p = 0.07$ ) and communicator attributions ( $F_{1,189} = 5.91$ ,  $p < 0.05$ ) as covariates in this manner reduced the impact of the main effects (except store image) and the image  $\times$  familiarity interaction to insignificance. Retailer image remained statistically significant ( $F_{1,189} = 66.12$ ,  $p < 0.001$ ); however, the results indicated a 22 percent decrease in effect size (from the ANCOVA:  $\eta^2 = 0.330$  to  $\eta^2 = 0.259$ ). These results indicate that the effects of negative WOM configuration, store name familiarity, and store name image and their interactions on store evaluation were indeed partially mediated by receivers' causal attributions.

## DISCUSSION

### Effects of Familiarity and Image on Attributions

Results reported earlier suggest that image and familiarity have different levels of influence on receivers' assessment of cause for the negative WOM. As predicted, when store image is more, as compared to less, positive and store familiarity is higher, relative to when it is lower, receivers tend to attribute the negativity of the message to the communicator. On the other hand, store attributions are magnified after receiving negative WOM when consumers have a less positive image and are less aware of the retailer. These results substantiate conceptual and anecdotal evidence that retailer familiarity and image will help protect a store from the potentially harmful effects of negative information (Levy and Weitz 2004).

As predicted, the results also suggest that negative WOM will have a reduced effect on evaluations when the store enjoys a more positive image level, even if it has lower familiarity levels in the marketplace. In fact, our results suggest that receivers will likely attribute the negativity of the WOM message to the communicator of the message in such situations. This evidence extends previous research (Laczniak, DeCarlo, and Ramaswami 2001) by suggesting that consumers selectively attribute the cause for negative WOM differently depending on the a priori image consumers have stored in memory. This result also provides strong support for the view that affect-laden evaluations are integral in consumers' discounting of negative information.

### **Effects of Negative WOM Configuration and Image on Causal Attributions**

A well-documented finding in classical attribution theory research suggests that information configured as HHH and LLH will lead receivers to generate predictable attributions (Hilton 1995; Kelley 1972; Teas and McElroy 1986). The hypothesized attributional patterns have been reported for receivers of these two information configurations of negative WOM messages (Laczniak, DeCarlo, and Ramaswami 2001). However, the interaction between image and negative WOM configuration found in the present research significantly extends these results. First, the findings suggest that receivers' image (affect) perceptions will moderate the effects of HHH on receivers' causal attributions. In particular, receivers of HHH negative WOM generated stronger communicator attributions for stores with more positive images. It appears that store image, and not familiarity, affected receivers' attributional processing of negative WOM. Thus, marketing programs aimed at building a positive image, as compared to attribute-based marketing programs, may be more effective at shielding a retailer from the negative effects of strongly worded negative WOM messages.

Second, receivers appear to attribute the negativity to the communicator when the information conveyed is more ambiguous or less well developed (i.e., configured as LLH). This finding is consistent with a natural tendency to blame a communicator for his or her comments even when the situation (e.g., poor store image) provides an adequate explanation for the negativity of the information (i.e., correspondence bias, Jones and Davis 1965). Our result is consistent with Laczniak, DeCarlo, and Ramaswami (2001) and empirically validates Richins's (1984) and Wilson and Peterson's (1989) contention that the structure of WOM messages will influ-

ence the manner in which receivers use such information in evaluations of marketplace phenomena.

It is important to note that previous studies investigating negative WOM (with the exception of Laczniak, DeCarlo, and Ramaswami 2001) have employed a unidimensional view of the negative WOM concept or prior impressions. These results open the possibility for future research to use more complex configurations of information. The penetration of the Internet and the use of chat rooms and message boards could provide an interesting methodology for testing alternative message configurations. Some interesting research questions could be investigated by varying the number of communicators and messages. For example, would the relative impact of negative WOM change if one person provided multiple negative experiences or multiple people offered the same negative experience? Would the impact of the messages depend on the type of product being discussed (e.g., products with experienced- versus search-based attributes)? These are some of the unexplored questions that could be answered using the online medium.

### **LIMITATIONS AND FUTURE RESEARCH**

Not unlike other empirical research efforts, these results are limited by a number of factors, many of which can be addressed in future studies. The present study focused on negative WOM within a particular category of retail stores (restaurants). While restaurants were purposefully chosen, the results may not be generalizable to other types of retail entities that are less service intensive (e.g., Web-based retail entities). In addition, the WOM treatments were presented to participants via tape-recorded messages with explicit instructions as to how to listen. Although this method has been successfully utilized in previous studies, it limits respondents' opportunities to interact with the communicator and, thus, reduces some of the interpersonal flavor of WOM. Future researchers may wish to determine if responses to interactive WOM messages are similar to those observed here. Finally, we manipulated retailer equity using two dimensions of image and familiarity. While the objective was to determine the interactive effect of these dimensions, future research could look at other dimensions of retailer equity. Underlying our findings is the notion that image appears to be the factor that allows receivers to discount the negativity of a message. Therefore, future researchers would benefit by examining other dimensions such as price, perceived quality, assortment, and levels of customer service along with their interaction with image. Given the direct contact of retailers with consumers, it is

likely that the interaction of customer service and image may have a particularly strong role in equity formation. One particularly fruitful area of research should focus on negative WOM that deals specifically with customer service to determine its effect on postexposure attributions and evaluations. These suppositions, however, are left for future research to examine.

### MANAGERIAL IMPLICATIONS

Given the prevalence of negative WOM in the marketplace and its perceived level of credibility, managers need to be able to manage this phenomenon in some way. We believe that our results may aid retail managers in their strategic decision making. The findings support the notion that not all negative WOM will have a debilitating effect on consumers' perceptions of stores. The results reported here suggest that only when messages are well structured and logical will they be effective in lowering consumers' attitudes toward stores. In the twenty-first century, it would be well worth managers' time to monitor message content about their retail entities on consumer-based blogs and chat rooms. For example, a compelling negative message written by one consumer and reinforced by others (i.e., high in consensus) may suggest that corrective actions are needed. Conversely, our findings suggest that a negative posting that has elements of an LHL information configuration (e.g., an isolated experience [low on consistency], a reflection of the communicator [high distinctiveness], and not reinforced by others [low in consensus]) may not warrant corrective actions. Thus, our results provide a practical foundation for understanding when to devote resources in reacting to negative WOM about their stores.

The results also suggest that such negative effects will be lessened for retail entities that have high levels of equity. Our data support the notion that consumers will attribute the negativity of WOM away from a store (and toward the communicator) if they maintain high levels of equity about that retailer. In particular, managers concerned with potential effects of negative WOM on their stores should attempt to reinforce (or build) a strong retail image among their consumers—that is, because these findings suggest that the image dimension of retailer equity plays a more important role than familiarity in contributing to receivers attributing negative WOM away from a store and toward a communicator. Some retailers, especially those with an implicit objective of achieving operating efficiencies and minimizing costs, may pursue customers with relatively inexpensive products and services (Kotler 2000). However,

although this strategy may be effective in keeping costs under control, employing it may make the entity more susceptible to the potentially negative effects of WOM because the perceived image is based on a low price strategy, at the expense of quality and customer satisfaction. For example, the disappearance of the Yugo automobile in the United States, which employed a strategy that generated high levels of familiarity, but with a low-image component, in part, can be attributed to the negative WOM about the car's reliability, as noted by the following joke: "What is included in the last two pages of every Yugo's owner's manual? A bus schedule."

The main message that our research should provide to retailers is that when times are difficult and you can focus your efforts on either creating a favorable image or generating high levels of familiarity, center on image creation. Retailers may do this by using various image-creation factors, such as in-store signage and atmospherics as well as attractive storefronts (which would seem to be particularly helpful in the creation of higher levels of image without necessarily influencing the familiarity dimension of store name equity). In addition, training sales staff to deal effectively with customers would be particularly effective in enhancing the store's image. The results of this study suggest that such an image will allow consumers to attribute negative WOM that they encounter away from the store and thus enhance the retailer's image. We hope that these recommendations will generate additional ideas for how image factors may be used to deflect the potential damaging effects of negative WOM.

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