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When doing good will not save us: Revisiting the buffering effect of CSR following service failures

ABSTRACT

Past research offers inconsistent evidence on whether CSR is an effective service recovery strategy. Current debates overlook the signals that service failures send about the company, and their interplay with CSR. We propose a moderated mediation model showing that CSR's effectiveness for service recovery depends upon failure type. For failures signaling a lack of skills and expertise, CSR enhances warmth which in turn lowers revenge. Warmth further increases perceived competence which influences conciliatory responses. CSR, however, does not help if the failure signals a lack of moral integrity. Both warmth and competence explain the CSR's buffering effect. Our study demonstrates that "doing good" helps only to the extent that service failures that do not raise doubts about the character of the company. Even in these circumstances, however, the buffering effect of CSR is observed only in case of customer-firm communal relationships. Consistent evidence from three experiments revisits more optimistic assessments of the ability of CSR to act as a recovery strategy and shows that CSR can help only under very circumscribed conditions. Managerially, we show how and when the CSR buffer applies in service contexts, offering insights on how managers can best reap the potential benefits of service brands' involvement in CSR.

Keywords: *Corporate Social Responsibility; service recovery, buffer effect, warmth, competence*

Introduction

Imagine experiencing a delay with a hotel check-in or being served at a restaurant by an inattentive or discourteous waiter. Would a credible commitment to CSR on the part of the company reduce your disappointment as a customer? There is evidence of CSR acting as a reservoir of goodwill following crises, protecting the company from reputational damages associated with product harm crises (Klein & Dawar, 2004), irresponsible corporate behavior (Vanhamme & Grobben, 2009) and poor product performance (Chernev & Blair, 2015). Existing evidence, however, is less clear on whether CSR can mitigate the negative impact of poor service delivery.

Most of the literature suggests that CSR mitigates the negative effect of service failures (Choi & La, 2013; Fatma, Khan, & Rahman, 2016; Siu, Zhang, & Kwan, 2014). Other studies indicate instead that CSR does not provide a buffer for a company's suboptimal service offering (Eisingerich et al., 2011) or that the CSR buffer applies exclusively to communal, rather than exchange, customer-firm relationships (Bolton & Mattila, 2015) or to individual customers whose values match the type of CSR pursued by the firm (Joireman et al., 2015). This mixed evidence highlights the need for further research that reconciles existing findings and extends our understanding of the process underlying CSR's buffering effect in a service context.

To address this research gap, we draw upon the Stereotype Content Model (Fiske et al., 2002) to explain the boundary conditions to the CSR buffer in the context of service failures. Previous research suggests that service companies engaging in CSR benefit from heightened perceptions of warmth leading consumers to perceive such companies as caring and well-intentioned (Bolton & Mattila, 2015). Perceptions of warmth explain the buffering effect because customers are willing to forgive an altruistic company (Fiske et al., 2002; Ivens et al., 2015). Our study maintains that, in a service failure context, customers do not use only cues from CSR to draw inferences about the character of the company, but also cues from the actual

service failure event (Smith, Bolton, & Wagner, 1999). The service failure acts as a diagnostic cue, or signal, on the basis of which consumers evaluate the company (Basso & Pizzutti, 2016). Consequently, the effectiveness of CSR in conveying warmth depends on the type of failure incurred. We differentiate between *competence-based* failures that signal a company's lack of ability, expertise and technical skills, and *integrity-based* failures that signal the company's violation of moral principles or norms (Basso & Pizzutti, 2016; Kim et al., 2004).

Across three experiments, we test a model of moderated mediation explaining how CSR functions as a service recovery strategy. We show under what circumstances CSR enhances warmth and competence inferences, which have important implications for relationship-oriented business outcomes in the form of customer satisfaction and loyalty, and mitigate customers' vengeful responses. CSR can be an effective service recovery strategy only in the event of competence-based failures that do not raise concerns about the character of the firm. By contrast, customers who encounter an integrity-based failure entirely discount companies' CSR messages.

We expand on past research by providing knowledge on the interplay between two boundary conditions to the CSR buffer, namely failure type and communal orientation (hereafter CO). Bolton and Mattila (2015) suggest that the CSR's buffering effect holds in communal, as opposed to exchange, customer-firm relationships. We show that the buffering effect of CSR applies only to competence-based failures and only to individuals that are more likely to seek a communal relationship with the firm. By contrast, customers who encounter an integrity-based failure discount CSR messages, irrespective of CO. The evidence from our studies demonstrates that failure type complements the effect of relationship norms detected in prior research in order to explain how CSR acts as a service recovery mechanism.

Furthermore, we advance our understanding on the association between CSR and the social perception of brands (Aaker, Garbinsky, & Vohs, 2012; Ivens et al., 2015; Chang, Lee, & Nam,

2019). Prior research has often assumed that inferences of warmth and competence are unrelated (Bolton & Mattila, 2015; Ivens et al., 2015). We show that, in a service environment, superior warmth increases a company's perceived competence. The CSR buffer thus has an effect on both warmth and competence along two pathways. In the first pathway, warmth reduces vindictive responses directly, and in the second, warmth increases conciliatory responses such as satisfaction and loyalty indirectly, through the mediation of competence.

Conceptual Development

CSR as a Buffer to Negative Information

There is a significant body of work studying whether and to what extent positive brand associations, such as CSR (Bolton & Mattila, 2015; Chernev & Blair, 2015; Vanhamme & Grobben, 2009), can reduce the effect of negative information concerning a company (e.g., poor product performance, unethical behavior). Studies in this domain of consumer research propose three different perspectives. First, there is evidence supporting a magnifying effect of positive brand evaluations (e.g., Wagner, Lutz, & Weitz, 2009; Sajtos, Brodie, & Whittome, 2010). According to this perspective, holding a positive view of the brand can increase consumers' negative reaction toward a brand failure. In the specific context of pre-existing perceptions elicited by a company's CSR, studies on brand hypocrisy show that consumers react especially negatively to cases of irresponsible behavior that are in the very same domain of previous CSR commitments (e.g., a company is caught polluting the environment despite being known for its environmental commitments; Wagner, Lutz, & Weitz, 2009; Lenz, Wetzel, & Hammerschmidt, 2017). When exposed to information about a company's irresponsible behavior in one domain, consumers revisit their evaluation of CSR and perceive it as hypocritical and opportunistic (Lenz, Wetzel, & Hammerschmidt, 2017). The inference of a questionable motive that explains the CSR engagements increases consumer desire to punish the company (Wagner, Lutz, & Weitz, 2009).

A second perspective suggests, on the contrary, that CSR can buffer the negative impact of a product failure (Chernev & Blair, 2015) and cases of irresponsible behavior, if the latter relate to domains where the company does not commit explicitly to CSR (Lenz, Wetzel, & Hammerschmidt, 2017). Consumers are therefore willing to give the benefit of the doubt to companies known for CSR, provided that information about irresponsible behavior does not directly contradict preexisting perceptions (Vanhamme & Grobben, 2009). For example, a retailer known for its environmental commitments will be criticized less harshly if a story emerges in the media about the company's poor employment practices (Vanhamme & Grobben, 2009). According to a third perspective, preexisting positive brand evaluations do not influence reactions to negative information, either because existing positive evaluations are not highly salient (e.g., Brady et al., 2008) or because the negative event is too serious and its impact cannot be discounted (e.g., Einwiller et al., 2019). In the marketing literature, pinpointing a generalizable, consistent buffering effect of CSR to negative information has therefore been challenging.

CSR as a Service Recovery Strategy

In the domain of service research, studies on the role of CSR in influencing consumer evaluations tend to suggest that CSR should alleviate the negative impact of service failures. Table 1 below summarizes relevant studies in the domain. Scholars across multiple settings find that CSR perceptions restore customer trust, loyalty (Choi & La, 2013) and satisfaction (Fatma, Khan, & Rahman, 2016; Siu, Zhang, & Kwan, 2014; Zhang & Mattila, 2015). There are however a few notable exceptions. Eisingerich et al. (2011) argue that, while 'protecting' against the impact of negative information concerning the company's social conduct, CSR offers no protection against low service quality information. Yet, others maintain that the positive effect of CSR is limited to customers whose personal values match the type of CSR

pursued by the firm (Joireman et al., 2015) or those engaged in a communal (rather than exchange) relationship with the firm (Bolton & Mattila, 2015).

INSERT TABLE 1 HERE

This complex picture suggests that CSR does not always work as an effective recovery strategy and that further boundary conditions need to be uncovered. One element to consider is the role of the type of failure encountered. Most of the studies reported in Table 1 examine failures where the company's good character is not questioned, including delays, or other basic service delivery errors (e.g., Bolton & Mattila, 2015; Joireman et al., 2015; Zhang & Mattila, 2015). The only study examining a failure that potentially raises questions about the character of the firm is the one by Eisengerich et al. (2011). However, Eisengerich et al. (2011) do not directly compare the effectiveness of CSR across different types of service failures. We discuss the rationale for considering service failures in turn.

The Signals Communicated by the Service Failure

Service failures present various characteristics and thus send different signals to consumers. While there are service failures signaling a lack of skills and training, other failures signal the lack of integrity of the brand (Basso & Pizzutti, 2016). The literature distinguishes between two types of failures: competence-based and integrity-based. The two types lead to different perceptions about the cause of the failure (Basso & Pizzutti, 2016; Kim et al., 2004). Competence-based failures entail a lack of performance that, while unacceptable, is not symptomatic of the company's bad character. Integrity-based failures arise from company practices that appear unfair or immoral; generated by ulterior goals such as maximizing its profits at the expense of customer service (Grégoire, Laufer, & Tripp, 2010).

The type of service failure matters in shaping customer perceptions of the company. Consistent with the Stereotype Content Model, service brands are primarily appraised based on

competence and warmth (Fiske et al., 2002; Ivens et al. 2015). Warmth denotes traits such as being caring, well-intentioned or helpful, while competence focuses on the ability or skillfulness needed to carry out one's intentions (Fiske et al., 2002). Earlier service research shows that the CSR buffer rests on perceptions of warmth (Bolton & Mattila, 2015). By increasing warmth, CSR minimizes the negative consequences of service failures on the customer-firm relationship (Bolton & Mattila, 2015).

We posit that the type of service failure represents a hitherto overlooked boundary condition to the effect of CSR on warmth. When integrity is at stake, the character of the brand might be questioned as the company appears to be motivated by greed and to have intentionally inconvenienced its customers (Grégoire, Laufer, & Tripp, 2010). In such circumstances, the literature suggests two different interpretations on the likely effect of CSR. A first interpretation would be for CSR to protect the company from the negative effect of a service failure even if the latter signals a lack of moral integrity. This is in line with the idea that a service failure does not directly contradict CSR efforts and thus will result in a buffer effect. As tapping into different domains, the service failure would not call ongoing CSR efforts into question (Lenz, Wetzel, & Hammerschmidt, 2017; Vanhamme & Grobben, 2009). A second interpretation, which we advocate in this research, suggests instead that consumers will become highly suspicious of the motivations that underpin the brand's CSR commitments in the event of service failures that call into question the character of the company. This is because consumers are personally impacted by the failure, unlike external observers of a case of irresponsible behavior, and therefore, intense negative reactions seem plausible (Molho et al., 2017). Consumers are likely to attribute integrity-based failures to the company's bad character (Crossley, 2009; Grégoire, Laufer, & Tripp, 2010) and thus report highly negative responses.

Our theorizing on the differential effect of competence- and integrity-based failures finds grounding in psychological research suggesting that the way individuals assess positive and

negative information about competence and integrity are inherently different (Snyder & Stukas, 1999). While positive information weights more heavily than negative information for perceptions of competence, the reverse is true for integrity (Kim et al., 2004; Madon, Jussim, & Eccles, 1997). This means that individuals consider one single occurrence of successful performance as a reliable signal of competence and discount a single episode of poor performance as a signal of incompetence (Kim et al., 2004). With regards to integrity, however, people believe that only those with low integrity are capable of behaving dishonestly (Kim et al., 2004). Individuals having high integrity will, by contrast, refrain from engaging in dishonest practices. Accordingly, a single episode of dishonest behavior, even when concerning a seemingly high integrity company, will have a disproportionate impact and will be perceived as a reliable signal of the company's bad character and their propensity to behave dishonestly in the future (Kim et al., 2004).

Consequently, we argue that the type of signals conveyed by service failures will dictate the occurrence of the CSR buffer. While failures signaling incompetence will be easily justified by the context, integrity-based failures will not. Rather, integrity-based failures will likely lead to inferences that dishonesty is a potentially long-lasting, stable trait of the company (Kim et al., 2004; Snyder & Stukas, 1999). Integrity-based failures question the character of the company, and are therefore problematic and likely to make consumers suspicious of the company's CSR efforts. The perception that the company is greedy and willing to exploit its customers might engender the impression that CSR is an opportunistic ploy used to attract positive reactions from stakeholders (Lenz, Wetzel, & Hammerschmidt, 2017). Consumers are aware that CSR is sometimes instrumental, at least in part, toward the accomplishment of egoistic motives (Vanhamme & Grobben, 2009). In cases where socially responsible initiatives are primarily attributed to extrinsic, instrumental reasons, CSR will fail to result in high perceptions of warmth. It follows that one would seemingly expect a magnifying effect of CSR in the context

of integrity failures. In practice, however, integrity failures are not in the same domain of CSR commitments. Past research argues that CSR leads to a magnifying effect only when it is exactly in the same (Lenz, Wetzel, & Hammerschmidt, 2017). We expect therefore that, rather than backfiring and making the failure worse, we will find that the buffering effect of CSR will be deactivated following integrity failures, hence CSR will be unable to elicit warmth. Thus, we hypothesize that:

> **H1:** The positive effect of CSR on warmth will be stronger in the event of competence-based (vs. integrity-based) failures.

How CSR Buffers Revenge Responses

Desire for reconciliation and desire for retaliation often occur concurrently following service failures, yet such desires are motivated by different psychological processes (e.g., Joireman et al., 2013; Joireman et al., 2015). We identify two distinct pathways explaining how CSR affects consumer reactions. According to the first pathway, warmth directly reduces vindictive responses in form of NWOM. Based on the second pathway, warmth increases conciliatory responses such as satisfaction and loyalty (both important relationship-oriented business outcomes in service contexts) through the mediation of competence.

The argument that warmth and competence have differential effects on consumers' reactions is justified by the fact that different responses are triggered by specific decision-making processes (e.g., Dick & Basu, 1994). By denoting traits such as being caring, well-intentioned or helpful (Fiske et al., 2002), warmth conveys the idea that the company's character is unlikely to pose a threat to consumers. Yet, in the event that the company is perceived as having violated important social norms, revenge is likely triggered (Grégoire, Laufer, & Tripp, 2010). For this reason, we expect an especially important link between warmth perceptions and customer revenge, grounded on the very nature of revenge as a response

triggered by concerns around the company's violation of important social norms (Grégoire, Laufer, & Tripp, 2010). Consequently, we predict that warmth primarily reduces consumer revenge. Previous research suggests that inferences of negative intentions such as greed, unfairness, or malice play an important role in the revenge process (Crossley, 2009). When the positive intentions of the company are questioned, and the failure is believed to be deliberate, consumers tend to react negatively by punishing the company (Grégoire, Laufer, & Tripp, 2010). By contrast, inferences of positive intentions (Fiske et al., 2002), such as those associated with a company's CSR efforts, increase the likelihood of forgiveness and thus ultimately reduce revenge behavior (Joireman et al., 2013). Consistent with previous work, we operationalize customer revenge using negative word of mouth (hereafter NWOM) intentions (Grégoire, Laufer, & Tripp, 2010; Wetzer, Zeelenberg, & Pieters, 2007), and we hypothesize that:

> **H2:** Warmth reduces NWOM. CSR has a negative effect on NWOM mediated by warmth.

The Relationship between Warmth and Competence

Research on the social perception of brands commonly models warmth and competence as unrelated mediators (e.g., Bolton & Mattila, 2015; Gao & Mattila, 2014; Ivens et al., 2015). Yet, there is contrasting empirical evidence showing that warmth and competence are positively related in brand evaluations (e.g., Antonetti & Maklan, 2016; Chernev & Blair, 2015; Ivens et al., 2015; Shea & Hawn, 2019). Psychological research suggests that warmth information is used to infer competence judgments of individuals because being friendly, helpful and well-intentioned is part of a person's social intelligence, which is a dimension of competence (Stellar & Willer, 2018). A primacy effect of warmth over competence is also argued in prior literature. This is due to information about warmth being more readily available than competence (Cuddy, Fiske, & Glick, 2008). Furthermore, customers might consider that being caring and concerned

about customers (and other stakeholders) represents a condition for business success (Shea & Hawn, 2019). Consequently, scholars maintain that warmth is perceived as an attribute that increases the perceived skillfulness and capability of a company, which are all dimensions of competence (Shea & Hawn, 2019).

Consistent with the above, we argue that warmth is not just a sign of genuine altruistic motives, but also a competitive response to external pressures forcing companies to act responsibly and to show concern for stakeholders (Vlachos et al., 2009). This argument is even more relevant in the context of service businesses, which typically entail a high degree of customer-company interaction, with customer care and concern contributing to perceptions of the company as being competent (Aaker, Garbinsky, & Vohs, 2012). Thus, we hypothesize that:

H3: Warmth has a positive effect on competence.

How CSR Increases Conciliatory Responses

While revenge implies a desire to retaliate by punishing the company, conciliatory, relationship-oriented responses in the form of loyalty and satisfaction, are motivated by a desire to forgive the company and maintain the relationship (Joireman et al., 2013). Evidence shows that competence drives customer satisfaction (Grandey et al., 2005) and has a stronger effect than warmth on purchase decisions (Aaker, Vohs, & Mogilner, 2010; Chen et al., 2018; Grandey et al., 2005). Consumers are likely to admire and associate themselves with competent brands (Aaker, Garbinsky, & Vohs, 2012; Antonetti & Maklan, 2016). When deciding to do business with either a competent or a warm company, consumers consistently prefer the former (Aaker, Garbinsky, & Vohs, 2012; Aaker, Vohs, & Mogilner, 2010). Competence signals a high-quality offering (Lin et al., 2011), which is a critical determinant of consumers' satisfaction and consequent purchase intentions. Research on retailing shows that dimensions of competence, including product quality, convenience, service quality are key determinants of

customer patronage and loyalty (Pan & Zinkhan, 2006). Warmth perceptions, on the other hand, are less informative about the quality of the offering (Grandey et al., 2005). As hypothesized above, warmth should increase competence perceptions, because of the expectation that a high performing service firm should also be caring and well-intentioned (Aaker, Garbinsky, & Vohs, 2012). This process would therefore lead to warmth increasing conciliatory responses indirectly through the effect of perceived competence. Thus, we hypothesize that:

> **H4:** Competence increases satisfaction. The positive effect of CSR on satisfaction is sequentially mediated by warmth, leading to competence, which in turn influences satisfaction.
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> **H5:** Competence increases loyalty. The positive effect of CSR on loyalty is sequentially mediated by warmth, leading to competence, which in turn influences loyalty.

Figure 1 illustrates the proposed model of moderated mediation and its underlying research hypotheses. In Study 1, we establish the interaction effect between CSR and failure type on warmth, the indirect effect of CSR on NWOM and the warmth-competence link (H1-H3). Study 2 replicates the findings from Study 1 in a different failure and service contexts, while also extending Study 1 by testing for the sequential mediation of warmth and competence on conciliatory responses (H4-H5). Study 3 complements Study 1 and Study 2 by testing the moderating role of CO (H6).

<div align="center">INSERT FIGURE 1 HERE</div>

Study 1

Method

Research design and sample. We conducted a 2 (CSR: present versus absent) X 2 (Type of failure: competence-based versus integrity-based) between-subjects, scenario-based experiment. We recruited 300 American participants on Amazon Mechanical Turk (MTurk). Following established guidelines, we sampled only the highest performing panel members (i.e.,

with a 99% acceptance rate; Chandler, Mueller, & Paolacci, 2013), used an instructional manipulation check (Oppenheimer, Meyvis, & Davidenko, 2009) and an attention check to increase engagement with the survey[1]. Overall, we analyzed 284 complete cases. We presented all participants with a scenario describing a service failure in a fictitious retail store. After reading the scenario, participants answered to relevant constructs. The survey lasted eight minutes on average and participants received $1 for their efforts. The sample was 51% female and included different age groups: 5% were 18 to 24 years old, 44% 25 to 34 years old, 29% 35 to 44 years old, 13% 45 to 55 years old, and 9% 55 years old or above.

Stimuli. The failure entailed the late delivery of a birthday present for the customer's mother. In the competence-based failure, participants read that an employee had wrongly addressed the package, which led to a late delivery. The integrity-based failure was due to misleading information intentionally provided to the consumer by the sales assistant. The CSR manipulations were consistent with prior research (Bolton & Mattila, 2015; Jones, Willness, & Madey, 2014). Participants imagined reading a brochure detailing the retailer's CSR commitment (see details of the scenarios in Appendix A).

Participants evaluated satisfactorily the scenarios based on clarity ("The situation is easy to understand"; M = 5.87), credibility ("The situation is credible"; M = 5.80) and realism ("The situation could happen in real life"; M = 6.20) from 1 = strongly disagree to 7 = strongly agree. As manipulation checks, we used two items measuring perceptions of the company's CSR commitment (e.g., "...has a strong focus on Corporate Social Responsibility" – rated from 1= strongly disagree to 7 = strongly agree). The CSR manipulation was successful (M_{CSR} = 5.01, $M_{No\ CSR}$ = 3.24; $F(1, 280)$ = 94.51, $p < .001$). We checked the manipulation of failure type by asking two questions based on Basso and Pizzutti (2016). Participants stated whether the delay

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[1] In all studies, we dropped cases that contained incomplete responses or failed the attention check. Nonetheless, including these participants did not affect the results.

primarily brings into question a) the retailer's technical ability and skills, b) the retailer's integrity and honesty, or c) neither of the above. In the competence-based condition, 79% reported that the failure primarily called into question the retailer's skills and competence, while in the integrity-based condition, 87% believed that the delay questioned the retailer's integrity and honesty[2] (χ^2 (2) = 171.090, $p < .001$).

Measures. We used scales borrowed from the literature (see Appendix B for details of the items). We measured warmth and competence following established procedures (Fiske et al., 2002), revenge intentions with three items measuring NWOM (Wetzer et al., 2007), and involvement in retail shopping as a covariate (e.g., "These types of retailers are fascinating to you" from 1 = strongly disagree to 7 = strongly agree; $r = .86$). All scales were reliable, with high loadings on the intended constructs. Average Variance Extracted (AVE) and Composite Reliability (CR) were above established thresholds. The Fornell-Larcker criterion supported discriminant validity (Fornell & Larcker, 1981).

Results

Table 2 presents descriptive statistics across conditions. A MANOVA shows no main effect of CSR on warmth (F (1, 280) = .69, $p > .05$), competence (F (1, 280) = .05, $p > .05$) or NWOM (F (1, 280) = .007, $p > .05$). The type of failure has an effect on warmth (F (1, 280) = 42.49, $p < .01$) and NWOM (F (1, 280) = 23.54, $p < .01$), while the effect on competence is marginally significant (F (1, 280) = 3.27, $p = .07$). Consistent with our expectations, we find a significant interaction between CSR condition and failure type on warmth (F (1, 280) = 4.51, $p < .05$), and evidence of a buffer effect for competence-based failures but not for integrity-based failures. Simple effects, consistent with H1, show that the difference between CSR and no CSR condition is statistically significant for the competence-based failure (M_{CSR} = 3.86, $M_{No\ CSR}$=

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[2] We also used three items to control for failure severity across the conditions. Our manipulations did not affect perceived severity ($M_{competence-based}$ = 5.39, $M_{integrity-based}$ = 5.61; F (1, 280) = 2.37, $p = .13$).

3.35; $p < .05$) but not significant in the integrity-based condition ($M_{CSR} = 2.35$, $M_{No\ CSR} = 2.57$; $p = .36$).

Beyond the interaction effect on warmth, which is at the core our paper, we find a significant interaction of failure type and CSR on NWOM (F (1, 280) = 4.07, $p < .05$). As shown in Table 2, this effect is due to the fact that CSR increases (reduces) NWOM in the integrity-based (competence-based) failure. In Table 2, we also report effect sizes that demonstrate a small effect of CSR on our key variables in the case of competence-based failures.

INSERT TABLE 2 HERE

To test our research model, we conducted a regression-based conditional process analysis using a custom model in PROCESS and 5,000 resamples for the estimation of confidence intervals (CIs) using bias-corrected and accelerated bootstrap (Hayes, 2018). We added age, gender, and level of involvement in the service as covariates to calculate the parameter estimates. Following established guidelines (Hayes, 2018), we also calculated the direct path from CSR to NWOM even though this is not hypothesized. We present results for the hypothesized paths in Table 3[3]. All hypothesized paths are supported and indicate the significant interaction between CSR and failure type on warmth (effect = -.19; CI -.36 to -.01). As hypothesized in H1, the effect of CSR on warmth depends on failure type and it is positive in the case of competence-based failures (effect = .26; CI .02 to .52) but not statistically significant when participants read about an integrity-based failure (effect = -.11; CI -.36 to .16). In line with H3, warmth is found to positively influence competence perceptions (effect = .68; CI .61 to .64). The analysis of conditional indirect effects is crucial to establish the effect of

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[3] The CSR variable was coded as -1 when CSR information was absent and +1 when CSR information was present. Failure type was coded as -1 in case of competence-based failures and +1 in case of integrity-based failures. The average of all the items is used for the analysis.

CSR on NWOM, and results are presented in Table 4. Consistent with H2, warmth explains a significant amount of variation in NWOM intentions. The indirect effect of CSR on NWOM is mediated by warmth only in the case of competence-based failures (effect = -.13; CI -.27 to -.01). The index of moderated mediation (Hayes, 2015) supports the significant difference in conditional indirect effects between the competence-based and integrity-based conditions (index: .18, CI .02 to .37).

INSERT TABLE 3 HERE

INSERT TABLE 4 HERE

Discussion

The findings from Study 1 advance theory in two ways. First, in a service context, we find that the buffering effect of CSR is contingent upon the signals conveyed by service failures. Following integrity-based failures, CSR is unable to improve consumer evaluations of the company's character. CSR therefore acts as an effective service recovery strategy only in the case of competence-based failures. Stereotype perceptions concerning the warmth of the company are pivotal in explaining when and how CSR can act as a service recovery strategy. Second, our study establishes the link between warmth and competence. Unlike Bolton and Mattila (2015) who show that competence explains the buffering effect only if CSR is framed as a strategic choice pursued for both moral and business reasons (see Bolton & Mattila, 2015, Study 3), we offer evidence of the relationship between the two stereotypes. Based on our findings, CSR can reinforce perceptions of competence via warmth. This is an important finding given that framing CSR as a strategic choice, as Bolton and Mattila (2015) recognize, might backfire, as the company could inadvertently raise suspicion about the motives underlying its CSR initiatives (Vlachos et al., 2009; Yoon, Gürhan-Canli, & Schwarz, 2006).

To test the robustness of these findings, we decided to run a replication on an independent sample of participants (N = 191), using the same scenario. In addition to the scales employed in Study 1, we also measured consumer anger since this variable has been linked consistently with revenge (Wetzer et al., 2002). Consistent with Study 1, we find a significant interaction between CSR condition and failure type on warmth (F (1, 187) = 4.97, $p < .05$) showing that CSR improves warmth in case of competence-based failure ($M_{CSR} = 3.60$, $M_{No\ CSR} = 2.68$; $p < .01$; $d = .78$), not in integrity-based failures ($M_{CSR} = 2.80$, $M_{No\ CSR} = 2.65$; $p > .05$). Conditional process analysis shows that CSR has a negative indirect effect on revenge indicators because it reduces significantly anger (effect = -.24; CI -.42 to -.10) and NWOM (effect = -.14; CI -.26 to -.04) through the mediation of warmth.

Study 1 shows that CSR is able to reduce revenge responses in the case of competence-based service failures. A key question at this stage concerns whether the findings from Study 1 are specific to the context being investigated, and relevant to vengeful customer outcomes only. Scholars and managers might rather be interested in understanding whether CSR, rather than simply reducing damaging reactions, fosters more openly positive reactions toward the company by eliciting stereotypes of warmth and competence. Study 2 advances theory further in this direction.

Study 2

Study 2 has two objectives. The first is to assess the robustness of our findings by examining whether our core proposition, namely that the occurrence of the CSR buffer, is dependent upon the signals conveyed by the failure, and can be generalized to different service settings. Unlike Study 1 (and its replication) which examines a service failure in the retail sector, Study 2 tests the model in a restaurant context. Moreover, Study 1 presents a failure resulting from salespeople's behavior, whereas Study 2 examines a failure linked to company's policies and practices. The second objective of Study 2 is to extend the findings from Study 1 to account for

the role of competence inferences, which have been previously treated as separate and unrelated to warmth (e.g., Bolton & Mattila, 2015; Gao & Mattila, 2014; Ivens et al., 2015). Study 2 examines how the competence stereotype, indirectly elicited by CSR via warmth, influences customers' conciliatory, relationship-oriented responses in the form of loyalty and satisfaction, consistent with H4 and H5.

Method

Research design and sample. We conducted a 2 (CSR: present versus absent) X 2 (Type of failure: competence-based versus integrity-based) between-subjects experiment. We collected 308 cases through MTurk, using the procedures described in Study 1. Participants were 50% female and represented different age groups: 8% were 18-24 years old, 32% 25-34, 25% 35-44, 16% 45-55, and 18% 55 or above.

   Stimuli. Participants read about a delay in serving food at a restaurant. The failure was modified to concern the company's policies and practices, instead of the company's employees, to assess the robustness of findings from Study 1. In the competence-based condition, the failure was caused by misprocessing the customers' orders. In the integrity-based condition, the delay was due to the restaurant's decision to prioritize takeaway orders to maximize profitability. We manipulated CSR using a text similar to the one employed in Study 1 (see details in Appendix A). Participants perceived the scenarios as easy to understand (M = 5.97), credible (M = 5.84) and realistic (M = 6.04), with no significant differences between conditions.

   We successfully manipulated CSR ($M_{No\ CSR}$ = 3.50, M_{CSR} = 4.70; F (1, 307) = 57.39, $p <$ .001). 75% of participants exposed to a competence-based failure recognized that the failure primarily involved the restaurant's skills and competence. Similarly, 91% of participants

recognized that the integrity-based failure involved fairness. Hence, failure type was also manipulated successfully[4] (χ^2 (2) = 118.538, $p < .001$).

Measures. We retained all the scales used in Study 1 and included measures of satisfaction and loyalty intentions from Bolton and Mattila (2015). All the items are available in Appendix B. In addition to the covariates used in Study 1, we asked participants whether they had ever worked in a restaurant[5]. All scales performed satisfactorily in terms of reliability (see Appendix B). There is also evidence of acceptable discriminant validity (Fornell & Larcker, 1981).

Results

The summary of descriptive statistics is presented in Table 2. MANOVA results show a main effect of CSR on warmth (F (1, 307) = 8.23, $p < .01$) and NWOM (F (1, 307) = 6.65, $p < .05$). The type of failure influences warmth (F (1, 307) = 5.09, $p < .05$), competence (F (1, 307) = 56.19, $p < .01$), satisfaction (F (1, 307) = 8.43, $p < .01$) and loyalty (F (1, 307) = 8.45, $p < .01$). We also find an interaction effect of CSR and failure type on warmth (F (1, 307) = 5.37, $p < .05$). Simple effects analysis supports H1 and results indicate that CSR significantly increases warmth in the context of competence-based failures (M_{CSR} = 4.03, $M_{No\ CSR}$= 3.21; $p < .001$) but has no effect in the case of integrity-based failures (M_{CSR} = 2.35, $M_{No\ CSR}$= 2.57; $p = .69$), consistent with our hypotheses. Table 2 show effect sizes that indicate a moderate effect of CSR on warmth and on NWOM and a small effect on the other variables, in the case of the competence-based failure.

As in Study 1, we conducted a conditional process analysis to test the moderated mediation model presented in Figure 1. Table 5 reports the path estimates. Consistent with our

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[4] As in Study 1, we controlled for the possibility that our manipulation of failure type might impact perceived severity. Results were consistent with our expectations ($M_{competence-based}$ = 5.40, $M_{integrity-based}$ = 5.20; F (1, 307) = 2.62, $p = .11$).

[5] We asked those who answered yes (124 of 308 participants), how long they had worked in a restaurant. 27% answered for less than a year, 33% for one to two years, 19% for three to five years and 21% for more than five years.

expectations, the relationship between CSR and warmth is moderated by failure type. CSR has a significant, positive effect on warmth following a competence-based failure (effect = .41; CI .19 to .63) but was not significant for integrity-based failures (effect = .04; CI -.18 to .27). We also find a positive relationship between warmth and competence (effect = .54; CI .44 to .63), consistent with H3.

Table 4 reports the conditional indirect effects analysis. The results elucidate the indirect effect on CSR and failure type on conciliatory and retaliatory outcomes. The indirect effect of CSR on NWOM, mediated by warmth, is statistically significant when considering competence-based failures (effect = -.10; CI -.19 to -.03), but lacks significance when integrity-failures are examined (effect = -.01; CI -.07 to .04). The index of moderated mediation (Hayes, 2015) further supports the significant difference in conditional indirect effects (index: .08; CI .01 to .19). Similarly, when considering satisfaction, the index of moderated mediation supports the mediation of warmth (index: -.05; CI -.10 to -.004), and the serial mediation of warmth and competence (index: -.13; CI -.25 to -.02), for competence-based failures only. Finally, the same conditional process is supported in the case of loyalty when considering the mediation of warmth (index: -.04; CI from -.09 to -.003) and the sequential mediation of warmth and competence (index: -.13; CI from -.25 to -.02) in competence-based failures.

<div align="center">INSERT TABLE 5 HERE</div>

Discussion

Study 2 confirms the role of service failures as a boundary condition to the buffering effect of CSR. CSR fails to be an effective service recovery strategy following integrity-based failures. CSR's effect on conciliatory responses is explained by the sequential mediation of perceived warmth and competence. By communicating care and concern for society, a company can foster perceptions of competitiveness and competence (Aaker, Garbinsky, & Vohs, 2012). In Study 2, we elucidate two different pathways that explain the CSR buffer. Warmth elicited by CSR

directly reduces revenge by diminishing intentions to spread NWOM, while indirectly improving customer loyalty and satisfaction by means of increased perceived competence.

While the indirect effects in both Study 1 and Study 2 support our hypotheses, they are relatively small, and the confidence interval is close to zero in both studies. Furthermore, mean differences on our dependent constructs (NWOM, satisfaction, and loyalty), while in the expected direction (see Table 2), are not significantly different. This suggests the possibility of a further moderator that might be influencing the effect of CSR on consumer responses. Building on relationship norms theory (Bolton & Mattila, 2015) we hypothesize that consumers' individual level of CO might further moderate the buffering effect of CSR. We hypothesize, in particular, that the buffering effect of CSR in competence-based service failures might further depend on CO and might be stronger (weaker) in participants high (low) in CO. Since in Study 1 and Study 2 we did not measure CO, we might be sampling participants with different profiles. If the buffering effect is present in high CO participants, but absent among participants low in CO, this would explain why the overall buffer effect identified is small. Differentiating explicitly between different levels of CO we should therefore be able to identify a specific condition where the buffer effect is stronger (i.e., competence-based service failures and high CO) and differentiate it from situations where CSR is not able to influence reactions to service failures. We explore this additional moderating hypothesis further in Study 3.

Study 3

The interplay between CSR and CO across different types of failure

Service failures do not occur in a vacuum, but in the context of specific customer-company relationship norms. Relationship norms can be also operationalized via individual differences in chronically salient norms held by consumers, such as CO (Bolton & Mattila, 2015). In this respect, Bolton and Mattila (2015) have argued that CSR offers a buffer to service failures when

CO in a customer-company relationship is high. This is because the message of care for others delivered through CSR is consistent with communal (rather than exchange) relationship norms (Bolton & Mattila, 2015). Given the small effect of CSR on consumer responses identified in Study 1 and Study 2, we hypothesize that CO might further moderate consumers' reactions so that CSR has a strong effect in the case of competence-based failures and for consumers high in CO.

Importantly, customer-company relationships affect how consumers process negative information related to service failures. When in a relationship with a company, consumers experiencing a service failure may feel betrayed (Grégoire & Fisher, 2008). A sense of betrayal is especially common in the case of fairness violations (Grégoire & Fisher, 2008; Parmentier & Fischer, 2015; Schmalz & Orth, 2012). Furthermore, relationships can differ depending on individuals' desired relationship orientation, whether focused on communal or exchange norms (Clark et al., 1987). High CO reflects an individual's concern for others' interests and benefits, while low CO relates to individuals' concerns for exchange norms and the underlying desire to gain individual benefits only from the relationship (Bolton & Mattila, 2015; Chen, Lee-Chai, & Bargh, 2001; Clark & Mills, 1993). CO is an important trait that can influence how consumers process service failure and recovery (Huang & Ha, 2020). While consumers showing high CO expect the company to be caring in its recovery response, those showing low CO look for professionalism (Aggarwal, 2004; Liu & Gal, 2011).

Following an integrity-based failure, the message of care delivered by CSR would be counteracted by the negative character inferences stemming from the failure. This is explained by the fact that consumers might feel betrayed by the company (Grégoire & Fisher, 2008) and that supersedes their desire for communal norms governing the relationship (Kim et al., 2004). As discussed above, in such circumstances, CO is likely to amplify negative reactions to the service failure. By contrast, CO reveals important following competence-based failures, as

shown in service failure situations examined in previous research (Bolton & Mattila, 2015). An instance of incompetence is unlikely to generate a sense of betrayal (Grégoire & Fisher, 2008) and CSR would reinforce the customer desire for relationship orientation (Clark et al., 1987). It follows that CO does reinforce the buffering effect of CSR in the event of competence-based failures.

Based on the preceding discussion, we would expect that: 1) CSR does not provide a buffer in the event of integrity-based failures, irrespective of CO, whereas 2) CSR buffers service failures in the event of competence-based failures and such effect is enhanced when consumers have high CO and thus care about communal norms governing the customer-firm relationship. Accordingly, CO would work as a boundary condition to the CSR buffer and function as a moderator in addition to service failure type. We therefore hypothesize that:

> **H6:** Following competence-based service failures, the positive effect of CSR on warmth will be stronger (weaker) for consumers with high (low) CO. Following integrity-based service failures, the positive influence of CSR on warmth will be independent of CO.

Method

Research design, sample and stimuli. We conducted a 2 (CSR: present versus absent) X 2 (Type of failure: competence-based versus integrity-based) between-subjects experiment, with CO measured (Clark et al., 1987; Bolton & Mattila, 2015). We recruited a final sample of 485 cases through MTurk. All procedures were consistent with the previous studies. Participants were 55% female and included several age groups: 7% were 18-24 years old, 43% 25-34, 26% 35-44, 13% 45-55, and 11% 55 or more.

We retained the stimuli from Study 2. CSR was successfully manipulated ($M_{No\ CSR} = 3.20$, $M_{CSR} = 4.93$; $F(1, 484) = 133.38$, $p < .001$). Differences with respect to "staff lacking skills and competence" ($M_{competence-based} = 5.26$, $M_{integrity-based} = 4.59$; $F(1, 484) = 26.74$, $p < .001$) and "staff lacking in personal integrity and morals" ($M_{competence-based} = 3.60$, $M_{integrity-based} = 4.11$; F

$(1, 484) = 12.48, p < .001)$ were in line with expectations. In the competence-based failure condition, 86% considered that the failure primarily involved the restaurant's skills and competence. In the integrity-based failure condition, 79% considered that the failure primarily involved fairness. Thus, failure type was successfully manipulated $(\chi^2 (2) = 253.966, p < .001)$.

Measures. We retained the measures used in Study 2, adding a measure of CO (Clark et al., 1987; Bolton & Mattila, 2015). As in Study 2, we asked participants if they had experience of working in a restaurant as an additional control[6]. Appendix B presents the items. Clark et al. (1987) recommend focusing on the seven items presented in Appendix B that show internal consistency and tap into a general desire to develop caring, supportive relationships. The measures achieved good reliability and discriminant validity.

Results

Table 2 reports the descriptive statistics across conditions. We find a main effect of CSR on warmth $(F (1, 484) = 16.49, p < .01)$, competence $(F (1, 484) = 7.42, p < .01)$, NWOM $(F (1, 484) = 3.95, p < .05)$ and loyalty $(F (1, 484) = 5.46, p < .05)$. However, the effect is not significant for satisfaction $(F (1, 484) = 2.41, p > .05)$. Failure type has a significant effect on warmth $(F (1, 484) = 23.81, p < .01)$ and competence $(F (1, 484) = 4.52, p > .05)$. However, failure type has no main effect on NWOM $(F (1, 484) = 1.43, p > .05)$, satisfaction $(F (1, 484) = 1.97, p > .05)$ and loyalty $(F (1, 484) = 2.68, p > .05)$.

Using the same procedures of the previous studies, we ran a conditional process analysis to test our conceptual model and to estimate indirect effects at different levels of CO. Table 5 presents the regression model estimated. The three-way interaction of CSR, failure type and CO is marginally significant $(p = .06)$ and the indirect effects (see Table 6) demonstrate how

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[6] Those who responded yes (197 of 485 participants) were asked for how long they had worked in a restaurant. 31% responded for less than a year, 37% for one to two years, 22% for three to five years and 10% for more than five years.

the moderation of service failure and CO are critical for explaining the mechanisms documented in Study 1 and 2. As shown in Table 6, CSR acts as a buffer in diminishing NWOM via increased warmth when the failure is competence-based, and such effect is prominent among consumers showing high CO (effect = -.17; CI -.29 to -.07). The effect of CO on the CSR buffer disappears when failures are integrity-based (effect = -.05; CI -.12 to .003). Consistent with this pattern of results, in circumstances where the failure is competence-based and consumers report high CO, CSR significantly increases warmth (M_{CSR} = 4.13, $M_{No\ CSR}$ = 2.89, t (127) = 5.45, p < .001; d = .96), competence (M_{CSR} = 2.91, $M_{No\ CSR}$ = 2.13, t (127) = 2.35, p < .001; d = .68), satisfaction (M_{CSR} = 2.41, $M_{No\ CSR}$ = 1.95, t (127) = 5.45, p < .05; d = .43), loyalty (M_{CSR} = 2.55, $M_{No\ CSR}$ = 1.75, t (127) = 4.03, p < .001; d = .71), and reduces NWOM (M_{CSR} = 3.76, $M_{No\ CSR}$ = 4.59, t (127) = 3.10, p < .01; d = .56). As illustrated in Figure 2, the effect of CSR disappears in integrity-based failure and/or for participants low in CO.

INSERT TABLE 6 HERE

INSERT FIGURE 2 HERE

Discussion

The findings from Study 3 offer support for H6. Failure type and CO are two boundary conditions that jointly influence the buffering effect of CSR. When both conditions are present (i.e., competence-based failures and high CO) the buffering effect of CSR is enhanced, and this results in warmth and competence stereotypes contributing to improved consumer reactions to service failures. Importantly, the addition of CO as a moderator explains the small buffer identified in Studies 1 and 2 by identifying that there is in reality one condition where CSR has a strong buffer (i.e., competence-based failure and high CO) which is clearly differentiated by other three where the effect disappears (see Figure 2).

General Discussion

Theoretical Contributions

The research makes several contributions to extant debates. First, we identify a key boundary condition to the buffering effect of CSR in service failure contexts. Several studies have argued that CSR acts as a service recovery strategy able to reduce the negative effect of service failures (Choi & La, 2013; Fatma, Khan, & Rahman, 2016; Siu, Zhang, & Kwan, 2014). We show that this evidence needs revising as CSR can act as a service recovery strategy only in very specific circumstances. Our research explains previous evidence arguing that CSR does not buffer negative evaluations following poor performance (Eisingerich et al., 2011). CSR is an effective service recovery only in the case of competence-based failures, and particularly so when customers have high CO, thus are concerned about communal norms of the relationship. CSR does not provide a buffer following an integrity-based failure because the message sent by the service failure contradicts the impression of warmth conveyed by CSR.

Our studies further show that CSR's ability to alleviate the negative effects of competence-based failures primarily concern revenge responses because of the close link between CSR and perceptions of warmth. Across four empirical studies, in two service settings, we show that, in the context of competence-based failures, CSR has small to medium effects on our revenge-related outcomes. However, the impact of CSR on conciliatory variables such as satisfaction and loyalty is more limited because it rests on a serial mediation which comprises also competence. This is an important finding given that past studies have argued that CSR could improve responses such as loyalty and trust following a service failure (Fatma et al., 2016; Choi & Lai, 2013). While CSR can improve somewhat relationship-oriented business outcomes in the case of competence-based failures, the predominant effect will be in terms of a reduction in revenge responses rather than in an ability to improve consumers' willingness to build a stronger relationship with the company.

This study also contributes to marketing debates on the role of CSR as a buffer against negative information. Several studies have shown that CSR is able to buffer information concerning irresponsible corporate behavior (i.e., a lack of integrity), which is unrelated to the domain of the company's CSR commitments (Lenz, Wetzel, & Hammerschmidt, 2017). We show however that such ability of CSR to buffer irresponsible, dishonest corporate behavior does not materialize in the event of service failures where the customer is directly affected by the company's wrongdoing. This finding adds to our body of knowledge on the buffering effect of CSR and clarifies the process by which such buffering effect occurs under various circumstances.

A further contribution of this research lies in demonstrating the usefulness of differentiating between competence- and integrity-based service failures (Basso & Pizzutti, 2016; Kim et al., 2004). Service failures can present very different features and it is unreasonable to expect that customer revenge/forgiveness models (Joireman et al., 2013) and recovery efforts (Grewal, Roggeveen, & Tsiros, 2008) would work consistently across a wide array of failure contexts. Past research focuses on perceived severity as a key characteristic that differentiates between service failures (Joireman et al., 2013; Obeidat et al., 2017). Our study shows that a broad categorization of failures into competence- and integrity-based can also help explain customer reactions to service failures. Importantly, the failure types examined in our study appear unrelated to perceived severity (Basso & Pizzutti, 2016; Kim et al., 2014). The evidence highlights interesting avenues for further research that clarifies how recovery efforts such as apologies (Roschk & Kaiser, 2013) and explanations (Grewal, Roggeveen, & Tsiros, 2008) might function differently based on competence- or integrity-based failures.

We also advance knowledge on the relationship between warmth and competence perceptions in brand evaluations. Bolton and Mattila (2015) show that messages about socially responsible initiatives are more effective when consumers are particularly concerned about

communal (rather than exchange) norms of relationship with the company. Their analysis further suggests that CSR can improve the consumer reactions in exchange relationships if CSR is framed to promote the company's business goals (see Bolton & Mattila, 2015, Study 3). In this sense, CSR is linked to warmth but unrelated (if not even counterproductive) to competence. Our study extends work by Bolton and Mattila (2015) in two ways. First, we find evidence on the interplay between CO, originally examined by Bolton and Mattila (2015), and failure type, such that CO reinforces the positive effect of CSR only after competence-based failures, not in the event of integrity-based failures. This is an important finding that reconciles findings on the CSR buffer in service failure by directly advancing prior research in the domain (e.g., Bolton and Mattila, 2015). Second, we show that the view that CSR is unrelated to competence is especially untenable in a service context, and contradicted by significant evidence in prior CSR research (e.g., Jones, Willness, & Madey, 2014). CSR increases perceived competence indirectly, even when socially responsible activities are not framed to promote the company's business objectives. Through the serial mediation of warmth and competence, CSR can ameliorate consumers' reactions to service failures and improve the likelihood of conciliatory responses. Companies are therefore justified in communicating the intrinsic, moral value of CSR engagements since warmth is best conceptualized as an antecedent to competence. From this point of view, "being good" is also a sign of effectiveness and ability (Jones, Willness, & Madey, 2014). Increasing competence through communicating warmth is an important component of the CSR buffering mechanism, which has been overlooked in previous research. This conceptual mechanism is especially justified in a service setting, where customers interact directly with the company and messages indicating the company's empathy and warmth are fundamental to customer satisfaction and retention.

Managerial Implications

Bolton and Mattila have argued that (2015, p. 149) *"CSR may be as effective as standard recovery in the form of an apology and discount, even though consumers perceive it as less costly."* Our study demonstrates the need to revisit this assertion by considering the role played by failure type. We show that the view of CSR as a service recovery strategy finds less empirical support than previously thought. CSR is found to be effective as a buffer following competence-based failures only. The very nature of integrity-based failures deactivates the positive effect of CSR on warmth. Accordingly, managers should monitor the type of service failures suffered by customers in order to assess the likely impact of CSR initiatives. Previous research has offered reliable scales to identify whether a service failure raises concerns about the integrity of the company (Crossley, 2009; Grégoire, Laufer, & Tripp, 2010). These measures will help to predict the extent to which CSR can be effective as a service recovery strategy.

Further, to capitalize on CSR engagements, managers should reassure consumers about the reasons causing the service failure. Explanations and apologies should focus on reassuring consumers that the company did not intentionally cause the failure (Grégoire, Laufer, & Tripp, 2010). If reassured about company integrity, customers will be more amenable to communications on socially responsible activities and this information might buffer the negative effect of future competence-based failures.

Third, the study offers important implications for crafting CSR communications. Messages that frame CSR as a strategic choice increase perceived competence (Bolton & Mattila, 2015). However, this approach could create the risk of reducing warmth (Bolton & Mattila, 2015, p. 150). We demonstrate that it is possible to reinforce competence simply by focusing CSR communications on the company's altruistic objectives to help society and the environment. CSR programs lead to positive performance connotations (Jones, Willness, & Madey, 2014), through the mediation of warmth. Companies should avoid linking CSR explicitly to their business objectives in the attempt to minimize the risk of eliciting negative consumer

perceptions. On the contrary, companies are recommended to communicate the intrinsic, altruistic value of CSR initiatives as this type of information can improve perceptions of warmth and in turn competence.

Fourth, we find that CSR is particularly important for consumers showing high CO as long as the failure is competence-based. This means that there is a greater chance to detect a CSR buffer if the company enters communal relationships and/or deals with a consumer segment who values relationships based on communal norms. Yet, even for this segment, the effectiveness of CSR signaling is limited to competence-based failures. We advise companies to capture customers' level of CO as part of their market intelligence and target CSR messaging to the segments aspiring to a communal relationship with the company, yet still avoiding situations where the company's integrity might be put into question.

Limitations and Areas for Further Research

Our experiments focused on CSR signaling in general. Companies, however, often direct their responsible activities to one specific domain (e.g., the environment, a social campaign, or the local community). Future research should consider whether 1) our findings apply consistently across different CSR domains and 2) whether there are systematic relationships between types of failures and CSR domains.

Recent research shows that there are different types of fit (or congruence) between CSR programs and a company's business (de Jong & van der Meer, 2017). Future research could examine whether the buffering effect of CSR depends on fit and, more specifically, what type of fit is most likely to offer an effective service recovery strategy. This would be a promising avenue for further research to clarify the process underlying the buffering effect and the conditions likely to optimize the influence of CSR programs on customer responses.

In addition to CSR, other dimensions of a company's reputation (e.g., brand equity) can buffer the impact of poor service delivery (Brady et al., 2008). Future research could clarify whether the reputational boost of CSR is materially different from that achieved by owning an iconic brand (Brady et al., 2008). We currently lack knowledge on the circumstances where CSR is stronger or weaker than the reputational buffer acquired through brand image. Additionally, it would be interesting to examine whether the moderating role of failure type applies to other forms of reputational buffer.

Our studies relied upon service failure scenarios to manipulate the independent variables and self-reported behavioral responses as relevant outcomes. The literature provides extensive support for this approach, especially when analyzing the psychological mechanisms underpinning consumer responses (e.g., Bolton & Mattila, 2015). Nonetheless, it would be useful for future research to examine consumer reactions in the context of a field experiment. Moreover, while we tried to establish some generalizability by examining different industries across our studies, the findings might not apply to all service contexts. More research is needed to test the proposed model in other service settings.

Lastly, in our experiments, integrity-based failures result from the unethical behavior of one employee or the company as a whole. There is research to support the view that the unethical behavior of employees, in their role of representatives of the brand/company, influences consumers' evaluations of the company (e.g., Johnson, Folkes and Wang, 2018). The consistent interaction effect between CSR and failure type detected across all three experiments in our study corroborates the view that consumers' judgment is affected across both situations – when the company policy is unethical and when the individual employee misbehaves. Notwithstanding, a fruitful area for research would be to explore the effect of the source of transgression in more depth.

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Table 1: A summary of representative studies on CSR's as a service recovery strategy

Study	Research design	Type of failure examined	Types of CSR	Key findings
Bolton and Mattila (2015)	Scenario-based Experiment	• Wrong hotel room assigned • Slow, inattentive restaurant service with poor quality food • Glitch in the hotel booking system causing overbooking	• Manipulated corporate philanthropy • Manipulated sustainability initiative	• CSR signaling warmth is effective in communal (vs. exchange) relationships • CSR signaling competence is effective in exchange relationships • In communal relationships, consumers respond favorably to society-serving CSR motives
Choi and La (2013)	Survey	• Recalled service failure encountered in the previous 12 months	• Measured CSR perceptions	• CSR perceptions positively influence customer trust and loyalty following service failure and recovery
Eisingerich et al. (2011)	Scenario-based Experiment	• CSR scandal – tax evasion and use of illegal chemicals harming the environment • Customer orientation scandal – neglecting customer needs • Service quality orientation scandal – cheating customers by overcharging for sub-standard service quality	• Measured CSR perceptions	• Bigger impact of CSR (vs quality orientation) on customer resistance to negative information about a CSR scandal • Positive influence of CSR lowers among expert customers • CSR does not improve perceptions to a service quality orientation or a customer orientation scandal
Fatma, Khan, and Rahman (2016)	Survey	• Recalled hotel service failure encountered in the previous 12 months	• Measured CSR perceptions	• CSR perceptions mitigate the negative effects of service failures on post-recovery satisfaction, and in turn, loyalty, with trust as mediator
Joireman et al. (2015)	Scenario-based Experiment	• Delay and incorrect order at coffee shop	• Manipulated corporate philanthropy	• CSR offers an insurance-like protection against service failures to customers with a high degree of alignment with the firm's values
Siu, Zhang, and Kwan (2014)	Survey	• Recalled service failure encountered with a restaurant in the previous three months	• Measured perceived CSR performance	• CSR mitigates the negative effects of failures attributed to the company by enhancing identification • CSR interacts with blame attributions on customer identification and in turn post-recovery satisfaction
Zhang and Mattila (2015)	Scenario-based Experiment	• Delay at hotel check-in and unclean room assigned	• Manipulated corporate philanthropy • Manipulated CSR message fluency	• Customers respond more positively to service failures (in terms of attitudes and behavioral intentions) when CSR messages are easy (vs. difficult) to comprehend

Table 2: Descriptive statistics

	Competence-based failure					Integrity-based failure			
	No CSR		*CSR*		**Cohen's d**	*No CSR*		*CSR*	
	N = 73		N = 70		*No CSR vs*	N = 71		N = 70	
Study 1	Mean	*SD*	Mean	*SD*	*CSR*	Mean	*SD*	Mean	*SD*
Warmth	3.35	*1.45*	3.86	*1.60*	.33	2.57	*1.49*	2.35	*1.37*
Competence	3.16	*1.39*	3.40	*1.55*	.16	3.05	*1.48*	2.89	*1.26*
NWOM	4.60	*1.53*	4.21	*1.74*	.24	5.10	*1.48*	5.45	*1.26*
	N = 77		N = 77			N = 77		N = 77	
Study 2	Mean	*SD*	Mean	*SD*		Mean	*SD*	Mean	*SD*
Warmth	3.21	*1.27*	4.03	*1.45*	.60	3.22	*1.33*	3.31	*1.52*
Competence	2.29	*1.42*	2.69	*1.33*	.29	3.62	*1.23*	3.62	*1.32*
NWOM	4.63	*1.46*	4.06	*1.34*	.41	4.60	*1.51*	4.31	*1.49*
Satisfaction	1.93	*1.37*	2.19	*1.3*	.27	2.48	*1.63*	2.61	*1.51*
Loyalty	2.04	*1.4*	2.19	*1.21*	.17	2.54	*1.5*	2.62	*1.48*
	N = 123		N = 115			N = 123		N = 125	
Study 3	Mean	*SD*	Mean	*SD*		Mean	*SD*	Mean	*SD*
Warmth	3.31	*1.39*	4.12	*1.33*	.59	2.98	*1.45*	3.26	*1.56*
Competence	2.63	*1.49*	3.20	*1.35*	.40	3.14	*1.39*	3.32	*1.49*
NWOM	4.59	*1.44*	4.04	*1.44*	.38	4.49	*1.42*	4.47	*1.56*
Satisfaction	2.38	*1.48*	2.72	*1.48*	.23	2.36	*1.56*	2.46	*1.60*
Loyalty	2.31	*1.55*	2.84	*1.49*	.35	2.35	*1.46*	2.47	*1.55*

NOTE = The average of all the items for each scale is used for the analysis

Table 3: Moderated-mediation model (Study 1)

Parameters estimated	β	95% CI Lower	95% CI Upper
CSR → Warmth	.07	-.10	.25
Failure type → Warmth	-.57**	-.74	-.39
CSR X Failure type → Warmth	-.19*	-.36	-.01
CSR → Competence	-.03	-.14	.08
Warmth → Competence	.68**	.61	.64
CSR → NWOM	.03	-.13	.19
Warmth → NWOM	-.50**	-.65	-.35
Competence → NWOM	-.06	-.23	.10
$R^2 = .30$; $F(6, 277) = 19.89$, $p < .001$			

β represents unstandardized path coefficients. *$p < .05$; **$p < .01$. None of the covariates has a statistically significant effect on the variables examined.

Table 4: Conditional indirect effect analysis (Study 1 and 2)

Study	*Hypothesized indirect effect*	*Type of failure*	*Coefficient*	*95% CI*
Study 1	**CSR → Warmth → NWOM**	**CB**	**-.13**	**-.27 to -.01**
	CSR → Warmth → NWOM	IB	.06	-.06 to .18
Study 2	**CSR → Warmth → NWOM**	**CB**	**-.10**	**-.19 to -.03**
	CSR → Warmth → NWOM	IB	-.01	-.07 to .04
	CSR → Warmth → Satisfaction	**CB**	**.05**	**.01 to .11**
	CSR → Warmth → Satisfaction	IB	.003	-.02 to -.04
	CSR → Warmth → Competence → Satisfaction	**CB**	**.15**	**.07 to .23**
	CSR → Warmth → Competence → Satisfaction	IB	.02	-.07 to .09
	CSR → Warmth → Loyalty	**CB**	**.05**	**.01 to .09**
	CSR → Warmth → Loyalty	IB	.005	-.02 to .04
	CSR → Warmth → Competence → Loyalty	**CB**	**.15**	**.07 to .23**
	CSR → Warmth → Competence → Loyalty	IB	.01	-.07 to .09

CB= Competence-based. IB= Integrity-based. Statistically significant indirect effects are highlighted in bold.

Table 5: Moderated-mediation model (Study 2 & 3)

Studies	Parameter estimated	β	95% CI Lower	95% CI Upper
Study 2	CSR → Warmth	.23***	.07	.39
	Failure type → Warmth	-.18**	-.34	-.02
	CSR X Failure type → Warmth	-.18**	-.34	-.03
	CSR → Competence	-.02	-.16	.11
	Warmth → Competence	.54***	.44	.63
	CSR → NWOM	-.15	-.30	.01
	Warmth → NWOM	-.24***	-.38	-.11
	Competence → NWOM	.05	-.07	.18
	$R^2 = .13$; $F(7, 300) = 6.58$, $p < .001$			
	CSR → Satisfaction	.01	-.09	.11
	Warmth → Satisfaction	.13***	.04	.23
	Competence → Satisfaction	.67***	.58	.76
	$R^2 = .59$; $F(7, 300) = 62.73$, $p < .001$			
	CSR → Loyalty	-.03	-.13	.08
	Warmth → Loyalty	.12**	.03	.20
	Competence → Loyalty	.66***	.57	.75
	$R^2 = .58$; $F(7, 300) = 58.12$, $p < .001$			
Study 3	CSR → Warmth	.27***	.14	.39
	Failure type → Warmth	-.31***	-.43	-.18
	CO → Warmth	-.22***	-.31	-.13
	CSR X Failure type X CO → Warmth	-.08*	-.17	.01
	CSR → Competence	-.00	-.09	.09
	Warmth → Competence	.72***	.66	.78
	CSR → NWOM	-.05	-.17	.07
	Warmth → NWOM	-.22***	-.34	-.10
	Competence → NWOM	-.21***	-.34	-.09
	$R^2 = .14$; $F(7, 477) = 10.71$, $p < .001$			
	CSR → Satisfaction	-.09**	-.17	-.01
	Warmth → Satisfaction	.30***	.21	.38
	Competence → Satisfaction	.57***	.49	.66
	$R^2 = .64$; $F(7, 477) = 122.21$, $p < .001$			
	CSR → Loyalty	-.03	-.11	.06
	Warmth → Loyalty	.25***	.17	.33
	Competence → Loyalty	.61***	.52	.69
	$R^2 = .64$; $F(7, 477) = 118.46$, $p < .001$			

Three models were estimated separately for the three dependent variables. β represents unstandardized path coefficients. *$p < .10$; **$p < .05$; ***$p < .01$. *Study 2:* Service involvement has a positive effect on NWOM (.38, CI .23 to .52), satisfaction (.15, CI .05 to .25) and loyalty (.10, CI .01 to .20). Age has a negative effect on satisfaction (-.15, CI -.23 to .06) and loyalty (-.08, CI -.17 to -.01). *Study 3:* Service involvement has a positive effect on NWOM (.21, CI .13 to .30) and loyalty (.07, CI .00 to .13), not on satisfaction (.03, CI -.04 to .09). Age has a negative effect on NWOM (-.12, CI -.22 to -.01) and satisfaction (-.14, CI -.21 to -.07).

Table 6: Conditional indirect effect analysis (Study 3)

Hypothesized indirect effect	Type of failure	CO	Coefficient	95% CI
CSR → Warmth → NWOM	**CB**	**High CO**	**-.17**	**-.29 to -.07**
CSR → Warmth → NWOM	IB	High CO	-.05	-.12 to .003
CSR → Warmth → NWOM	CB	Low CO	-.02	-.09 to .04
CSR → Warmth → NWOM	IB	Low CO	-.02	-.08 to .04
CSR → Warmth → Satisfaction	**CB**	**High CO**	**.20**	**.12 to .30**
CSR → Warmth → Satisfaction	IB	High CO	.06	-.005 to .13
CSR → Warmth → Satisfaction	CB	Low CO	.03	-.05 to .09
CSR → Warmth → Satisfaction	IB	Low CO	.02	-.05 to .09
CSR → Warmth → Competence → Satisfaction	**CB**	**High CO**	**.36**	**.25 to .48**
CSR → Warmth → Competence → Satisfaction	IB	High CO	.11	-.009 to .23
CSR → Warmth → Competence → Satisfaction	CB	Low CO	.04	-.08 to .17
CSR → Warmth → Competence → Satisfaction	IB	Low CO	.04	-.08 to .16
CSR → Warmth → Loyalty	**CB**	**High CO**	**.16**	**.08 to .25**
CSR → Warmth → Loyalty	IB	High CO	.05	-.004 to .11
CSR → Warmth → Loyalty	CB	Low CO	.02	-.03 to .08
CSR → Warmth → Loyalty	IB	Low CO	.02	-.04 to .07
CSR → Warmth → Competence → Loyalty	**CB**	**High CO**	**.38**	**.06 to .26**
CSR → Warmth → Competence → Loyalty	IB	High CO	.11	-.01 to .24
CSR → Warmth → Competence → Loyalty	CB	Low CO	.04	-.08 to .18
CSR → Warmth → Competence → Loyalty	IB	Low CO	.04	-.09 to .16

CB= Competence-based. IB= Integrity-based. CO= Communal Orientation. High/Low values are a SD above/below the mean. Statistically significant indirect effects are highlighted in bold.
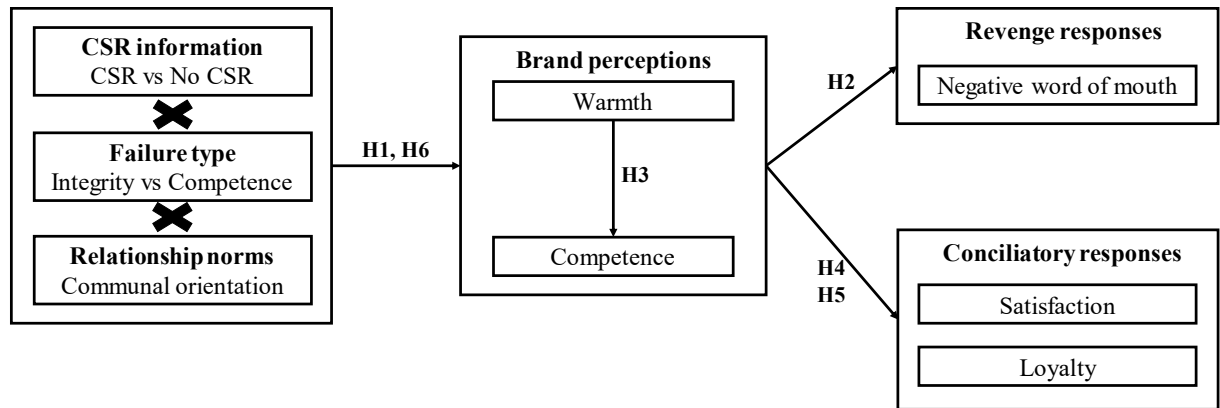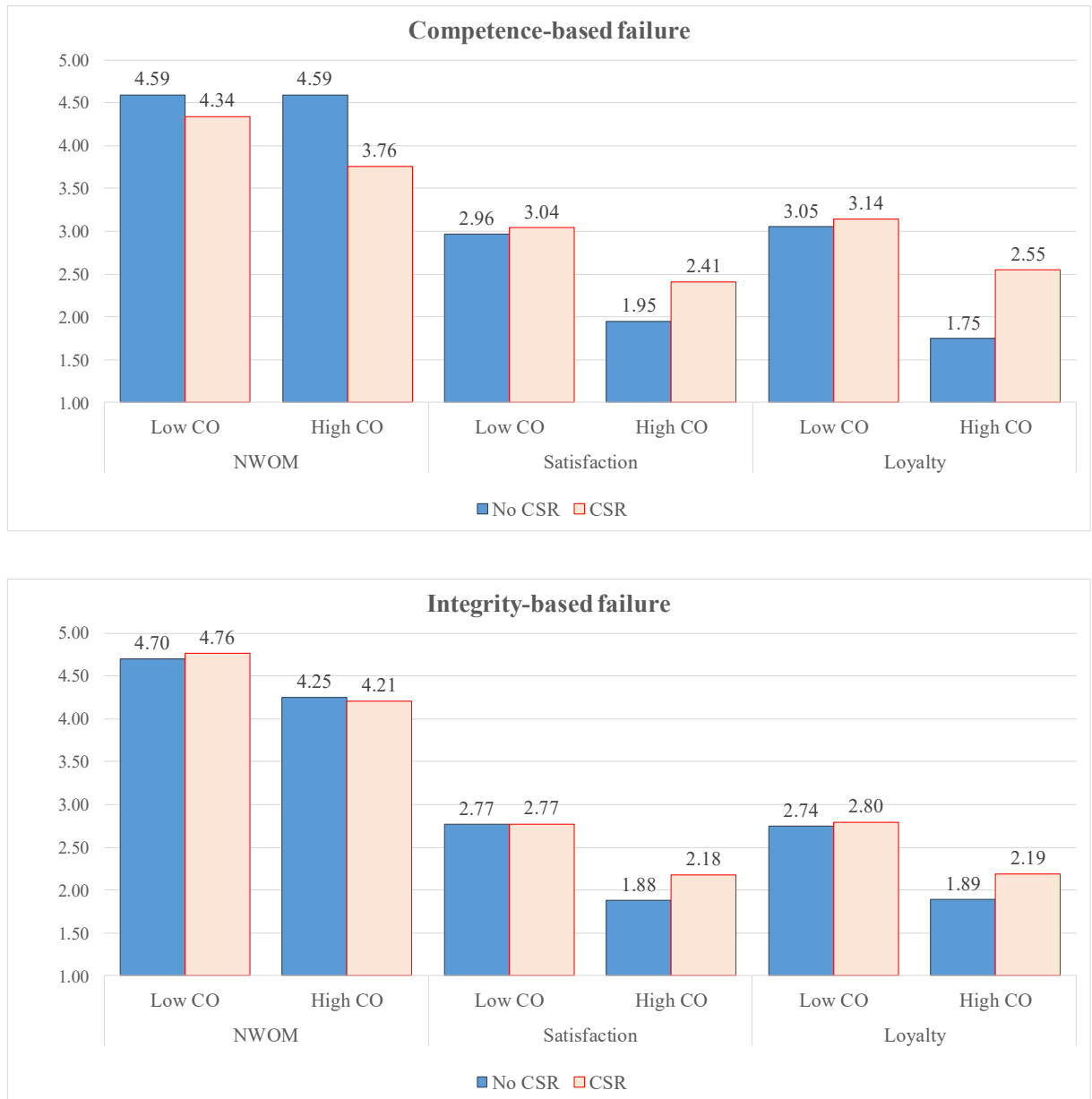
46

Figure 1: Research model

Figure 2: CSR's effect for different levels of CO across Failure Types

APPENDIX A: Scenarios used in the research

Study 1

You are browsing for your mother's birthday present and find a really nice reading lamp at HomePlus. You visit the shop immediately to see the lamp and buy it because her birthday is in three days.

[**CSR:** While waiting to be served, you read a brochure concerning the retailer's commitment to sustainability, in particular the retailer's help to the local community and protection of the environment for the benefit of the society and of future generations. The brochure reads as follows: "Corporate social responsibility is extremely important to us. Companies should be about more than just making money—we believe it is our responsibility to consider the impact of our activities on the community in all the decisions we make." The brochure describes the retailer's green strategy aimed at energy efficiency, sourcing supplies locally, pollution and waste control. The retailer was recently ranked first among 14 major retailers in the country for its commitment towards corporate sustainability.]

It is your turn to be served and you ask an employee to see the lamp. It is not on display and after checking on the computer, the employee confirms that the lamp is not available in the shop but it can be delivered promptly to your address in two days. You stress to the employee that it is really important that the lamp arrives before your mother's birthday. The employee checks the computer again and says that, considering your address and the warehouse where the item is located, you will definitely have the lamp on time. The Department manager comes over and they both assure you that the delivery will be on time. You therefore buy the lamp Two days later, the lamp has not yet been delivered and you phone the call center asking for an update on your order.

[**Competence-based failure:** The call center operator says that unfortunately there was a mistake in the warehouse which led to the item being misdirected to a wrong address. The lamp was sent back to the warehouse and it is now being sent out by courier again to you; the call center operator reconfirms your address. However, the lamp will be delivered to your house in two days. Since you bought the item on sale you cannot be offered a refund. You complain that the staff in the shop had assured you that the delivery would be before your mother's birthday. The operator says: "I am sorry about the inconvenience caused. The employees in the shop could not have known about this issue. The delay was caused by a genuine mistake in our warehouse where an employee attached the wrong address to your package." The operator suggests that the delay was caused by a mistake due to lack of skills rather than you being misled in shop.]

[**Integrity-based failure:** The call center operator says that the lamp will arrive in two days. It was not in stock at the warehouse when it was ordered and a fresh supply from the manufacturer was arriving today. Since you bought the item on sale you cannot be offered a refund. You complain that the staff in the shop had assured you that the item was in stock and the delivery would be before your mother's birthday. The operator says: "I am sorry about the inconvenience caused. The employees in the shop will have known that the item was not in stock when they used the ordering system in store; the system would say awaiting resupply soon. Maybe they misunderstood when you needed it, but there was no way they could guarantee the delivery of the item in time for your mother's birthday." You recall the conversation with the staff and realize that there was no way they misunderstood that you needed it by today for your mother's birthday. You know the staff is incentivized on their sales performance and you think they decided to mislead you. The mistake was caused by lack of integrity rather than a genuine misunderstanding.

Study 2

Imagine the following experience with a restaurant. You have tickets to go to see a movie with a friend in the local cinema. You have plenty of time before the movie starts, so you decide to go out for dinner. You choose to go to Kobe, a mid-scale chain that runs a restaurant in town. Upon arrival at the restaurant, you waive at the waiter, who smiles, greets you and seats you right away. Once seated, you order two dishes listed in the menu.

[**CSR:** While waiting for your food, you read a brochure placed on your table concerning the restaurant's commitment to sustainability, in particular the restaurant's help to the local community and protection of the environment for the benefit of society and future generations. The brochure reads as follows: "Corporate social responsibility is extremely important to us. Companies should be about more than just making money—we believe it is our responsibility to consider the impact of our activities on the community in all the decisions we make." The brochure describes the restaurant's green strategy aimed at energy efficiency, sourcing supplies locally, pollution and waste control. The restaurant was recently ranked first among 14 major restaurants in the country for its commitment towards corporate sustainability.]

You realize that it has been 40 minutes since you have ordered the food. You call the waiter over and tell him you have tickets to the movies and any further delay means you will miss the beginning of the movie. The waiter kindly asks you to wait a bit longer as the food is on the way.

[**Competence-based failure:** While waiting, you notice that the kitchen is working at a slow pace and the wrong orders are being served. One customer sitting at a table nearby is complaining because the waiters are struggling to operate the devices used to pass orders to the kitchen. The mistakes in processing orders are causing long delays.]

[**Integrity-based failure:** While waiting, you notice two waiters preparing what look like many take-out orders. One customer sitting at a table nearby is complaining that the restaurant is giving priority to take-away orders instead of customers seating at the restaurant. It seems that the restaurant does not want to lose business from take-away orders, and because of that, they are causing long delays to customers inside the restaurant.]

Appendix B: Measurement model and standardized loadings

Constructs	Study 1	Study 2	Study 3
Warmth (from 1= Not at all to 7= Extremely) **Study 1 CR= .85, AVE= .73; Study 2 CR= .92, AVE= .74; Study 3 CR= .93, AVE= .78**			
Caring	.79	.86	.90
Warm	.90	.90	.89
Friendly	.88	.84	.87
Helpful	.84	.84	.87
Competence (from 1= Not at all to 7= Extremely) **Study 1 CR= .86, AVE= .67; Study 2 CR= .92, AVE= .75; Study 3 CR= .92, AVE= .75**			
Capable	.94	.92	.91
Competent	.54	.67	.92
Competitive	.91	.91	.72
Skillful	.91	.93	.91
Negative word of mouth (from 1= strongly disagree to 7= strongly agree) **Study 1 CR= .89, AVE= .67; Study 2 CR= .89, AVE= .68; Study 3 CR= .89, AVE= .68**			
Complain about the restaurant to other people	.72	.80	.78
Spread negative information about the restaurant/retailer/hotel	.84	.83	.86
Denigrate the restaurant in front of your friends	.89	.83	.81
Tell your friends not to go to the restaurant if they were looking for a restaurant	.82	.84	.85
Satisfaction **Study 2 CR= .97, AVE= .91; Study 3 CR= .96, AVE= .89**			
(1) Very dissatisfied - (7) Very satisfied	N/A	.96	.94
(1) Disappointed - (7) Pleased	N/A	.95	.93
(1) Very unhappy - (7) Very happy	N/A	.95	.95
Loyalty (from 1= extremely unlikely to 7= extremely unlikely) **Study 2 CR= .93, AVE= .82; Study 3 CR= .93, AVE= .81**			
Dine at this restaurant again	N/A	.90	.91
Recommend this restaurant to others	N/A	.94	.91
Continue to dine at this restaurant if prices increase somewhat	N/A	.88	.89
Communal orientation (from 1= extremely uncharacteristic of me to 7= extremely characteristic of me) **Study 3 CR= .89, AVE= .56**			
I'm not especially sensitive to other people's feelings[*]	N/A	N/A	.78
I don't consider myself to be a particularly helpful person[*]	N/A	N/A	.77
I don't especially enjoy giving others aid[*]	N/A	N/A	.77
I believe it's best not to get involved taking care of other people's personal needs[*]	N/A	N/A	.81
I'm not the sort of person who often comes to the aid of others[*]	N/A	N/A	.58
When people get emotionally upset, I tend to avoid them[*]	N/A	N/A	.77
I believe people should keep their troubles to themselves[*]	N/A	N/A	.74

[*] = item is reverse coded; CR = Composite Reliability; AVE = Average Variance Extracted

Figure legends

Figure 1: Research model

Figure 2: CSR's effect for different levels of Communal Orientation across Failure Types

Abbreviations: CO = Communal orientation, NWOM = Negative word of mouth, CSR = Corporate Social Responsibility