Structural Equation Modeling in Research and Practice
**BACKGROUND**

- Product Defects,
- Customer Communities,
- Co-Creation,
- Attachment Styles, Norms etc.

**PERSONAL**

Chart 2  
Marcel Paulssen
When implicit Promises are Broken: The Role of Relational Norms in Consumers’ Reactions to Brand Transgressions
together with Björn Ivens and Mathias Birk

FactWorks
Development and Validation of a Brand Equity Measure for Yahoo
together with Sina Wilke und Kai Hartmann
Relevance of Research Question

“Transgressions are defined as violations of relationship-relevant norms, and refer to the breaches of the implicit or explicit rules guiding relationship performance and evaluations” (Aaker, Fournier, and Brasel 2004).

- Transgressions are inevitable in long-term relationships
- Transgressions possess a high diagnosticity
- Transgression have the potential to threaten the existence of a relationship or at least change the status of a relationship

**Research Question:**

How do customers cope with relationship transgressions? Why do customers react differently to relationship transgressions?
Transgressions in Marketing Relationships

- Research with the Critical Incidence Technique (e.g. Bitner et al. 1990)

- Research on „recovery efforts“ of companies following a transgression (e.g. Smith and Bolton 1998)

- Attributions of Transgressions (e.g. Folkes et al. 1987)

“To the best of our knowledge”:

No model exist that explains the effect of costumer’s norm orientation on his/her reaction to relationship transgressions in real brand relationships.

Research on antecedents of norm orientation in consumer-brand relationships is with one exception also missing.
Content

- Background and Relevance of Research Question
- Norms in Relationship Research
- Hypotheses Development
- Empirical Study
- Discussion and Conclusion
Norms in Marketing

- Norms can be defined as unwritten or informal codes of conduct which either prescribe or discourage behaviors for actors by defining them as illegitimate in the context at hand (Coleman 1990; Gibbs 1981).

- Ian Macneil’s (1978, 1980, 1981) relational exchange theory has been used as the theoretical foundation to operationalize the norm concept – to date mostly in B2B.

- Macneil’s ten relationship norms do not all possess discriminant validity (Ivens, 2006). Researchers rely on a limited set of norms and conceptualize the RET norms as highly interrelated dimensions of a higher-order construct, *relational norms or norm orientation* (e.g. Heide and John, 1992).

- According to Macneil (1980) norms should evolve in all relationships. A relationship exists as soon as exchange exceeds the single discrete transaction.
Different norms are typically experimentally induced with scenarios about hypothetical relationship supposed to represent both an exchange or an communal relationship (Clark & Mills, 1993)

**Communal Relationship Scenario Description:**

You have been banking with Grove Bank for the last five years. You have used the bank quite extensively and have been very happy with the quality of their services. When you first joined school, you had opened an account with them. You still remember how thrilled you were when you got your first credit card from them …

**Exchange Relationship Scenario Description:**

You have been banking with Grove Bank for the last five years. You have used the bank quite extensively and have been very happy with their efficiency and the quality of their services. You have taken a loan from the bank and in fact they were able to get the paperwork done quite quickly. Their interest rates are also among the best in the city …

The different relationship scenarios activate the different norms associated with the different relationship types. Consumers evaluated brand activities differently depending on the kind of norm that was activated (e.g. Aggarwal, 2004)

Norms have not been directly measured in actual brand relationships that is why Johar (2005) questions “is there a norm attached to brand behavior?” is still unanswered today.
Norms in a Customer Setting

Reciprocity

Is the norm of distributive justice. Both partners expect that one will not try to benefit solely on the cost of the other; they assume that in the long run mutual concessions will even out, so that both benefit from the relationship (see Ivens and Blois 2004).

Measures (Ganesan, 1994)

<table>
<thead>
<tr>
<th>Item</th>
<th>Std. Load</th>
<th>Mean (SD)</th>
<th>Constr. Rel.</th>
</tr>
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<tbody>
<tr>
<td>My bank and I expect, that none of us solely looks for his own individual benefit in this relationship.</td>
<td>0.87</td>
<td>4.45(1.73)</td>
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<td>0.83</td>
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<td>My bank and I expect that mutual concessions will even out for this relationship.</td>
<td>0.76</td>
<td>4.79(1.41)</td>
<td></td>
</tr>
<tr>
<td>By bank and I expect that mutual concessions are characteristic for this relationship.</td>
<td>0.71</td>
<td>4.95(1.54)</td>
<td></td>
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</tbody>
</table>
Norms in a Customer Setting

Solidarity

The norm of solidarity becomes especially relevant in situations in which the relationship partner is in predicament. It promotes a bilateral approach to problem-solving and supports mutual adjustments within the exchange relationship (Macneil 1980; Poppo and Zenger 2002).

Measures (Heide and John, 1992)

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<tr>
<td>When problems arise in the course of the relationship with my bank, these are treated by the parties as joint rather than individual responsibilities.</td>
<td>0.58</td>
<td>5.86(1.22)</td>
<td>0.79</td>
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<tr>
<td>When I incur financial problems, I expect my bank to support me beyond contractual obligations when necessary.</td>
<td>0.85</td>
<td>4.82(1.83)</td>
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<td>When I incur problems, I expect that my bank tries to help.</td>
<td>0.80</td>
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Norms in a Customer Setting

It is a norm of distributive justice. Both partners expect that one will not try to benefit solely on the cost of the other; they assume that in the long run mutual concessions will even out, so that both benefit from the relationship (see Ivens and Blois 2004).

Measures (Heide and John, 1992; Kaufmann and Dant, 1992)

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<th>Item</th>
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<tbody>
<tr>
<td>My bank and I expect that agreements or contracts are renegotiable under certain circumstances.</td>
<td>0.89</td>
<td>4.90(1.50)</td>
<td>0.91</td>
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<tr>
<td>My bank and I expect that we react flexibly if one of us wants to change agreements or contracts.</td>
<td>0.88</td>
<td>4.90(1.51)</td>
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<td>My bank and I expect to be able to make adjustments in the ongoing relationship to cope with damaging circumstances.</td>
<td>0.85</td>
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<td>When some unexpected situation arises, my bank and I would rather work out a new deal than hold each other to the original terms.</td>
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<td>5.02(1.33)</td>
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Hypotheses Development
Antecedents of Norm Orientation

**H1:** Sociability has a positive Influence on Norm Orientation

![Diagram showing the relationship between Sociability and Norm Orientation through Solidarity, Reciprocity, and Flexibility.](chart)
Hypotheses Development
Antecedents of Norm Orientation

**H2:** *Relationship Duration has a positive Influence on Norm Orientation*

![Diagram showing the relationship between Sociability, Length of Rel., Solidarity, Reciprocity, Flexibility, and Norm Orientation.](chart15.png)
Hypotheses Development
Antecedents of Norm Orientation

**H3:** Frequency of Personal Interaction has a positive Influence on Norm Orientation

![Diagram showing the relationships between norm orientation and its antecedents: Solidarity, Reciprocity, Flexibility, Sociability, Length of Rel., Frequency of Personal Interaction, and Frequency of Impersonal Interaction.](image-url)
Hypotheses Development
Antecedents of Norm Orientation

**H4:** *Norm Orientation has a positive Influence on the choice of Constructive Reactions to Transgressions (voice)*

![Diagram showing the relationships between Sociability, Length of Relation, Frequency of Personal Interaction, Norm Orientation, Solidarity, Reciprocity, Flexibility, and Constructive Voice.]

- **H1+** from Sociability to Norm Orientation
- **H2+** from Length of Relation to Norm Orientation
- **H3+** from Frequency of Personal Interaction to Norm Orientation
- **H4+** from Norm Orientation to Constructive Voice

**Constructive Voice**
**H5:** *Norm Orientation has a negative Influence on the choice of Destructive Reactions to Transgressions (exit and neglect)*

![Diagram showing the relationship between Norm Orientation and its consequences including Constructive and Destructive reactions.](chart18.png)

**Chart 18**

Marcel Paulssen
**H6: The higher the level of Norm Orientation, the higher the Perceived Severity of a Given Norm Violation**
**Hypotheses Development**

**Consequences of Norm Orientation**

**H7:** *The higher the Perceived Severity of a Transgression, the more likely consumers will choose an Active Coping Response (voice, exit)*

[Diagram showing the relationship between Norm Orientation and its consequences with hypotheses H1+, H2+, H3+, H4+, H5+, H6+, and H7+.]
**H8**: *The higher the Perceived Severity of a Transgression, the less likely consumers will choose a Passive Coping Response (neglect)*
Hypotheses Development Summary

Chart 22

Marcel Paulssen
Research Design

Setting

Banking Sector due to interactive nature and high involvement

Pretest

20 Personal Interviews with Students

Questionnaire Refinement

Main Study

Convenience Sample of 200 Banking Customers, Snowball Quota Approach, Mail Survey and Online Questionnaire
Questionnaire Structure

**Descriptive Questions about the Banking Relationships**: Type and number of Banks, Length of Relationship, Interaction Characteristics

**Questions about the Relationship Quality and Norms**: Satisfaction with, Trust in and Commitment to the Bank, Norms (Reciprocity, Solidarity, Flexibility)

**Transgression Scenario**: Please imagine that you want to close a long-term savings plan with your main bank. A bank employee wants to convince you of the benefits of a particular savings plan which has a 5% issue surcharge. During the conversation you get the impression that the primary reason the bank employee recommends this particular savings plan is the high bank provision. For yourself however, the saving plan is not at all appropriate due to the high minimum monthly payments required from you (Smith, Bolton and Wagner 1999).

**Questions about the Transgression Perception and Response**: Perceived Severity, Exit, Voice, Neglect
Norm Orientation as Second Order Factor

Average Correlation between first order norms = 0.631

χ²(41) = 68.23 (p=0.00), RMSEA = 0.057, CFI = 0.98

** p<.01; * p<.05; n.s. p>.05
Empirical Results
Antecedents of Norm Orientation

χ² (192) = 273.657 (p=0.00), RMSEA = 0.046, CFI = 0.96

** p<.01; * p<.05; n.s. p>.05

Chart 27  Marcel Paulssen
Empirical Results
Direct Consequences of Norm Orientation

\[ \chi^2 (192) = 273.657 \ (p=0.00), \text{ RMSEA} = 0.046, \text{ CFI} = 0.96 \]

** p<.01; * p<.05; n.s. p>.05
Empirical Results
Indirect Consequences of Norm Orientation

\[
\chi^2 (192) = 273.657 \text{ (p=0.00)}, \text{ RMSEA = 0.046, CFI = 0.96}
\]

** p<.01; * p<.05; n.s. p>.05
Empirical Results
Control for Known Relationship Mediators

χ² (390) = 566.032 (p=0.00), RMSEA = 0.047, CFI = 0.95

** p<.01; * p<.05; n.s. p>.05
Empirical Results
Effect of Controls on Transgression Responses

- No Effects on Severity
- Only Effects of Satisfaction on Voice and Neglect

\[ \chi^2 (390) = 566.032 \ (p=0.00), \ RMSEA = 0.047, \ CFI = 0.95 \]
Content

- Background and Relevance of Research Question
- Norms in Relationship Research
- Hypotheses Development
- Empirical Study
- Discussion and Conclusion
Key Contribution of the Present Research

- RET-Norms exist in real consumer relationships and they determine consumers’ coping-response. Results confirm Aaker et al.’s (2004) assumption that it is in fact consumers’ expectations that drive differential responses to negative brand incidents.

- Norms possess a dual impact on consumers’ transgression response:
  - First norm orientation serves as a buffer against the choice of destructive coping strategies (exit, neglect) and foster constructive coping (voice).
  - Second norm orientation lead to stronger perceptions of severity when an incident violated these norms. The more consumers perceived an incident as severe the more likely they were to choose an active over a passive coping strategy.

- This study is the first to theoretically and empirically investigate antecedents of norm orientation in consumer-brand relationships. Results show that companies can foster norm orientation by engaging in personal interactions with their customers.

- Norms are distinct from the established relational mediators trust, satisfaction and commitment and can explain distinct customer behaviors.
Thank you very much for attention!!

Questions So Far?
FactWorks stellt sich vor

- Spin-off des DaimlerChrysler Think Tank "Society and Technology Research"
- Gründung in 2002
- Mitarbeiter 2002: 3
- Mitarbeiter 2013: 25
- Anzahl Projekte in 2012: 105
Globale Marktforschung aus Berlin und San Mateo mit einem Scientific Advisor an der Universität Genf
# Appendix 1: Scales for Norm Constructs

<table>
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<th>Loading</th>
<th>M</th>
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aItems measured on 7-point scales, anchored by “does not at all apply” and “applies completely”
bItems measured on 5-point scales, anchored by “definitively not” and “yes definitely.”
cItems measured on 5-point scales, anchored by “does not at all apply” and “applies completely.”
## Appendix 2: Scales for Transgression Response Constructs

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</thead>
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<tr>
<td><strong>Severity</strong> (Maxham &amp; Netemeyer, 2002)</td>
<td>0.90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How severe would this situation be for you personally? minor problem (1)/major problem (7)</td>
<td>0.92</td>
<td>3.47</td>
<td>1.89</td>
</tr>
<tr>
<td>How severe would this situation be for you personally? small inconvenience (1)/big inconvenience (7)</td>
<td>0.90</td>
<td>3.85</td>
<td>1.80</td>
</tr>
<tr>
<td>How severe would this situation be for you personally? minor aggravation(1)/major aggravation (7)</td>
<td>0.78</td>
<td>3.08</td>
<td>1.87</td>
</tr>
<tr>
<td><strong>Voice</strong>&lt;sup&gt;b&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will try to talk about the problem with my bank, so that it can be solved (Ping 1993)</td>
<td>-</td>
<td>3.61</td>
<td>1.20</td>
</tr>
<tr>
<td><strong>Neglect</strong>&lt;sup&gt;b&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I won’t plan to do anything to improve the relationship with my bank because I expect things to get worse. (Ping, 1993)</td>
<td>-</td>
<td>2.54</td>
<td>0.97</td>
</tr>
<tr>
<td><strong>Exit</strong>&lt;sup&gt;b&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will end the relationship with my bank in the near future.</td>
<td>-</td>
<td>2.72</td>
<td>1.12</td>
</tr>
<tr>
<td><strong>Sociability</strong>&lt;sup&gt;c&lt;/sup&gt;</td>
<td>0.87</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I like to be with people</td>
<td>0.85</td>
<td>4.31</td>
<td>0.72</td>
</tr>
<tr>
<td>I welcome the opportunity to mix socially with people</td>
<td>0.90</td>
<td>4.29</td>
<td>0.66</td>
</tr>
<tr>
<td>I prefer working with others rather than alone</td>
<td>Deleted</td>
<td>3.58</td>
<td>1.06</td>
</tr>
<tr>
<td><strong>Interaction Characteristics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In the last year how often did have direct personal contact for example in the branch or with the customer service with your bank</td>
<td>-</td>
<td>4.31</td>
<td>0.72</td>
</tr>
<tr>
<td>In the last year how often have you received post (through letters, brochures, company reports) from your bank</td>
<td>-</td>
<td>4.29</td>
<td>0.66</td>
</tr>
</tbody>
</table>

<sup>b</sup>Items measured on 5-point scales, anchored by “definitely not” and “yes definitely.

<sup>c</sup>Items measured on 5-point scales, anchored by “does not at all apply” and “applies completely.”
Appendix 2: Scales for Controls

For satisfaction two items from Mano & Oliver (1993) and one item from Keaveney & Parthasarathy (2001) were used. For trust items from Doney & Canon (1997) and Sirdeshmukh, Singh, & Sabol, (2002) were adapted for the study. For commitment the three items from Morgan and Hunt (1994) were used, but one had to be rephrased to fit the banking context of the present study.