How Brand Relationship Affects Brand Forgiveness

A Qualitative Study within the Retail Industry in a Swedish Cultural Setting
Abstract

Purpose - Existing research of forgiveness has received substantial notice in the field of psychology. Nevertheless, less is known about forgiveness within a business context. To address this absence, this paper aims to investigate how the brand relationship affects the strategies and influential factors of brand forgiveness from a company perspective after service failures. Furthermore, this paper aims to address challenges and opportunities faced by a brand within the retail industry in a Swedish cultural context. An analytical combination of empirical findings as well as literature on branding, trust repair after negative publicity, and consumer forgiveness is conducted to generate a comprehensive model on how brand relationship affects brand forgiveness.

Design/Methodology/Approach - The research method of this paper is qualitative, and the empirical data is collected through focus groups with Swedish students at Jönköping University using vignette technique. The research approaches used for this study are inductive and abductive.

Findings - A company that successfully implements its branding activities is able to create a positive brand image, which can have a positive influence on the brand-consumer relationship and consequently the forgiveness strategies that companies undertake in cases of service failures. This study suggests that a close brand-consumer relationship increases consumers' need for brand forgiveness.

Research Limitations and Implications - Due to the limitations of our research, the empirical findings need to be tested in a quantitative study with a large sample size within a Swedish cultural setting in order to be generalized. To generalize the findings from an international perspective, the findings are required to be tested in different cultural contexts in order to investigate potential similarities. This paper suggests that achieving forgiveness from a closely related brand is similar to achieving forgiveness from a close friend. It highlights guidelines for practitioners on how to reach brand forgiveness within the retail industry in a Swedish cultural setting. This thesis suggests that practitioners within the retail industry should focus on building close brand-consumer relationships as it may have a positive influence on the forgiveness strategies that a company undertakes in cases of service failures.
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1 Introduction

In this section, the background of the topics regarding service failures, negative publicity, branding, service recovery, and brand forgiveness are presented. The purpose of the thesis is illustrated along with two research questions and the delimitations.

1.1 Background

Alike a first impression of a person may create a mental image, unpleasant experience or negative publicity about a brand could set an unfair classification with barriers that are hard to tumble down. In light of the current marketplace, widespread negative publicity has developed a constant vulnerability amongst brands. Businesses and their brands within the service industry are facing more intense pressure from its consumers concerning the quality of service (Smith, Bolton & Wagner, 1999; Sengupta, Balaji & Krishnan, 2015). Service failures are fundamental reasons to why negative publicity arise (Pullig, Netemeyer & Biswas, 2006). Once unattractive publicity is spread in the marketplace, numerous features of an organization are threatened to take severe damage (Coombs & Holladay, 2001; Pullig et al., 2006; Cleeren, Van Heerde & Marnik, 2013). Service failure and consequently bad publicity can contribute to negative brand association and businesses’ trustworthiness can be questioned (Pullig et al., 2006; Xie & Peng, 2009).

In order to understand how service failures and negative publicity affect brands, it is essential to further define and describe the importance of brands and the concept of branding. In the minds of consumers, brands are associated with distinctive values and meanings that are achieved by various marketing processes, which are known as branding (Kotler, 1991; Riezebos, 2003). A brand can be defined as a marketing tool that uses a multi-dimensional construct to communicate constellations of values (De Chernatony & Dall’Olmo Riley, 1998). Brand management hence involves the issue of creating positive perceptions in the minds of the target customers. Associations and perceptions are tied to a brand name, which invoke the concept of brand image (Riezeboz, 2003; Lau & Phau, 2007; Keller, 1993). The consumers’ perceived attitudes toward the brand image establish the base for building a relationship between a brand and a consumer. Brands that create beneficial personalities and supporting relationships often create competitive advantage. Service failure or negative publicity as a consequence, could therefore work as a harmful force for the brand as it may affect the brand associations and perceptions (Pullig et al., 2006).

Service failure is often unavoidable and when it occurs, consumers might turn to a competing firm if the firm’s response does not reestablish consumer satisfaction. As follows, companies are keen to understand service failures since such incidents provoke a number of consequences that may harm the brand-consumer relationship (Smith et al., 1999; Groonros, 1988). Though, with suitable recovery strategies, service providers may still earn satisfaction from consumers when service failure occurs (Groonros, 1988). The actions and activities of recovering from a failure include trying to achieve forgiveness from the consumers (Casidy & Shin, 2015).

Several scholars agree with the idea of forgiveness as an evolving process with the purpose of an intended and deliberate activity to make up for wrong behavior (McCullough, Fincham & Tsang, 2003; Donovan, Priester, MacInnis, & Park, 2012; Karremans & Aarts, 2007). Forgiveness has historically arisen from philosophy and theology, but is also a important part in social science. The term forgiveness has several definitions and a consensus on its definition is thus hard to determine. However, when looking at different studies and research investigations within businesses and brands, it can be inferred that forgiveness means that the consumers pardon the target company (Xie & Peng, 2009).
As illustrated earlier, service failure has the power to form negative associations and perceptions of brands that may harm the brand-consumer relationship. However, there is lack of consistency of how the brand-consumer relationship affects the actions a company undertakes in cases of service failures. Even though past studies have comprehensively examined methods to cope with consumers after incidents of service failures (Gelbrich, 2010; Sengupta et al., 2015), the actions that need to be undertaken to achieve consumer forgiveness have been overlooked (Tsarenko & Rooslani Tojib, 2011). Brand management therefore includes the question of how to attain brand forgiveness in order for the brand to reestablish its associations and perceptions tied to its image.

1.2 Problem

Consumers in today's marketplace are aware of companies' branding strategies and are therefore skeptical and seek evidence to prove if a brand earns its identity it claims to have. Operational activities are daily monitored where consumers shed light on mistakes (Holt, 2002). Such evidence could be negative publicity after a service failure, which makes the consumer question the validity of branding activities, as they appear inconsistent. It is found that a brand's behavior will influence a consumer's perception of the brand in the same way as human actions can affect how one perceive another (Aaker, 1996). Research reveals that forgiveness between humans is dependent on the interpersonal relationship (Donovan, et al., 2012). Hence, considering the role of brand relationship in situations of service failures may provide fruitful insights to the field of brand forgiveness. Though, how the brand-consumer relationship affects brand forgiveness is relatively unexplored.

Forgiveness is a complex notion since it is hard to determine how and why someone choose to forgive, as it refers to a person's emotions and values that differ amongst individuals. Forgiveness does not only affect on a personal level, it will also have an impact on the relationship between two parties (Tsarenko & Rooslani Tojib, 2011). Forgiveness between a brand and a consumer is hence a topic that researchers aim to map and explore. Previous research concerning forgiveness in a business context provides insights of how to achieve consumer forgiveness in the overall service industry. However, this literature is relatively ambiguous (ibid).

It is also found that forgiveness may vary in different cultural contexts (Xie & Peng, 2009; Ho & Fung, 2011). Hence, this means that aspects of cultural influence need to be taken into consideration when investigating brand forgiveness. Looking at the more narrowed perspective in reference to different businesses within the service industry, it is seen that consumers are particularly sensitive with their choice of brand in the retail industry (Wang, Bezewada & Tsai, 2010). With this in mind, there is a recognized need for further investigations regarding how brand relationships affect brand forgiveness in the retail industry, as this field remains relatively unexplored (Tsarenko & Rooslani Tojib, 2011).

1.3 Purpose

To bridge this gap and contribute with new and useful information to the existing research, this paper aims to investigate how the brand-consumer relationship affects the strategies that a company undertakes to reach forgiveness within the retail industry. Research will benefit from this study since it sheds light on the need for knowledge about how consumers respond to service failures and what impact this has on the brand. Due to cultural differences regarding forgiveness, the direction for this thesis will consider the Swedish culture since this field has received scarce research. These insights will in practice provide guidelines on possible consumer reactions after a service failure, due to differences in brand-consumer relationships.
The objective of this study is twofold. First, the study aims to examine how the brand relationship affect how a brand within the retail industry needs to act in order to reach brand forgiveness from its consumers in cases of service failures. Second, we aim to explore the opportunities and challenges of achieving brand forgiveness within the retail industry.

1.4 Research Questions

The following research questions act as guidance and direction of the research, provide the basis of the study, and will be answered in order to fulfill the thesis’ purpose:

- **Research Question 1:** How does the brand relationship affect how a brand within the retail industry needs to act in order to reach forgiveness from the consumer in cases of service failure?
- **Research Question 2:** What opportunities and challenges are faced by a brand within the retail industry that aims to achieve brand forgiveness?

1.5 Delimitations

This thesis is delimited to different boundaries, which were set in an early stage. Time is the delimitation that has the most substantial impact on this thesis, as we only had approximately four months to conduct the investigation. The timeframe limited us to only target individuals that live in the region of Jönköping and are born and raised within the Swedish culture. Furthermore, this study will consider brand forgiveness from the company perspective and not from a consumer perspective. This is also due to the short timeframe and that it would have been too extensive for the scope of this paper to combine both perspectives. However, the delimitations did not prevent us from conducting a beneficial study that will contribute to existing research with new and useful insights.
2 Frame of Reference

This section presents the frame of reference for the thesis. The frame of reference includes existing research within the fields of branding, brand association, brand relationship, trust and loyalty as well as research on forgiveness, trust repair after negative publicity, and consumer forgiveness. The frame of reference ends with a summary of the research that is illustrated in a model.

2.1 Brand and the Process of Branding

The concept of a brand describes how to build trust-based relationships in order to differentiate a company’s products or services from competitors (De Chernatony & Dall’Olmo Riley, 1998). Kotler (1991, p. 442) defines a brand as:

...a name, term, sign, symbol, or design, or combination of these, which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from their competitors.

In line with this definition, several researchers discuss how brands can be defined as symbolic gestures with personalities that add extra value beyond the original value (De Chernatony & Dall’Olmo Riley, 2000; Blackston, 1992). Branding is the marketing processes a company implements in order to create distinctive values and meanings that the brand can be associated with (Kotler, 1991). Associations and perceptions are tied to a brand name, which invoke the concept of brand image (Riezeboz, 2003; Lau & Phau, 2007; Keller, 1993). In other words, the brand image is reflected by brand associations, which are the characteristics of a brand that take place in consumers mind when a brand is spoken about (Keller, 1993; French & Smith, 2013). This connects to the degree of trust and loyalty that a consumer has towards a brand. The degree of trust and loyalty, will be reflected to the consumer’s brand association. A positive association from a consumer perspective is likely to be beneficial for the brand. Likewise, when consumers have negative associations with a brand, this is likely to have negative impact on the consumer behaviour. When the degree of trust and loyalty is low, this results in negative brand association, which in turn is harmful for the brand image (Keller, 1993; French & Smith, 2013; Romaniuk & Nenycz-Thiel, 2013).

2.2 Illustrating Brand as a Person

Aaker (1996) describe brand image as a tool to see the brand as a person. Consumers enjoy symbolic meanings that associate with the brand and portray distinct personalities. The concept of brand personality must therefore be considered in order to create beneficial perceptions. Brand personality is simply the set of personal or human characteristics that consumers associate with a specific brand (Aaker, 1996) and strongly represents the brand image (Riezeboz, 2003; Lau & Phau, 2007). Personality is a vital dimension of brand equity since, alike the human personality, it is both enduring and differentiating (Aaker, 1996). Donovan et al. (2012) argue that consumers can see brands as human beings within the brand-consumer relationship. Therefore, it can be hypothesized that brand-consumer relationships function in the same way as human relationships between individuals.

Looking at interpersonal relationships, which is a relationship between two or more individuals, is a helpful tool to understand the nature of relationships. Research within this area presents the concept of relationship closeness to help assess this area. The traditional context of interpersonal relationships refers to closeness as the extent of which another individual is included into a person’s self concept as illustrated in Figure 1. This self-expansion model suggests that humans incorporate others into their self-concepts, which means that we see others to be part of ourselves (Aron, Aron, Smollan & Miller, 1992). As seen in Figure 1, each
pair of circles represent diverse depictions of closeness that describe the level to which individuals integrate one other into their self-scale. This self-scale model is hence a tool to illustrate the closeness between two persons i.e how strong the relationship between two individuals is. If an individual fully incorporates another individual into its self-scale, then this indicates a very strong relationship.

Figure 1 The inclusion of others into the self-scale (Aron et al., 1992).

This model was further extended into a model where the variable “other” is replaced with a brand as seen in figure 2. In this model, the circles represent the extent to which the brand is considered to be part of the consumer’s self-scale (Reimann, Castaño, Zaichkowsky & Bechara, 2012).

Figure 2 The inclusion of brand into the self-scale (Reimann et al., 2012).

Literature within psychology regarding interpersonal relationship reveals that close relationships have a strong correlation with the likelihood of forgiveness if service failure occurs (Donovan et al., 2012).

2.3 Building Brand Relationship

If a company is succeeding with its branding activities, the relationship between a consumer and a brand is likely to be enhanced. A match between consumers and brands personalities increases the probability that the consumer is attracted. According to Aaker (1996), a relationship between a brand and a consumer arise when the brand is regarded as a person instead of a product or service. In order for a consumer to engage in a relationship with a brand, the consumer must receive some benefit from the brand (De Chernatony & Dall’Olmo Riley, 2000). Aaker (1996) elaborates that brands can make humans express their personality in various ways depending on if there exists a match between the brand and the human. Alike feelings and emotions can be attached to a person, these can also be attached to a brand and its personality. Different emotions might arise dependent on the brand and to what extent the person is attached to it. Similar to how humans’ actions will influence the affected perceptions of the personality, a brand’s behavior will affect humans in the same way. Therefore, the brand-consumer relationship is highly dependent on the perceived attitude towards the brand and its image (ibid).

The relationship between a brand and a consumer is, as mentioned earlier, similar to a human relationship. The attitude a person or a consumer in this case, has towards a brand has significant impact on the overall relationship between a brand and a consumer, since relationships between humans are dependent on the attitudes towards one another (Donovan et al., 2012). In the case of brands, this is a result from how a company position itself, which enables the consumer to decide whether to create a relationship with the brand or not and
thereafter build up trust towards the brand based on the decision (Blackston, 1992; De Chernatony & Dall’Olmo Riley, 2000).

2.4 Trust and Brand Loyalty

In order to create a successful brand with a positive brand image, the concept of trust is decisive. This grounds in that trust is a factor that must be fulfilled in order to build long-lasting relationships between brands and consumers (De Chernatony & Dall’Olmo Riley, 2000). Sirdeshmukh, Singh, and Sabol (2002, p.17) define consumer trust as

...the expectations held by the consumer that the service provider is dependable and can be relied on to deliver on its promises.

Trust arises when an individual consider a partner to be reliable (Morgan & Hunt, 1994). In line with previously mentioned findings about considering a brand-consumer relationship as a relationship between humans, trust will in cases of brands and consumers arise when a consumer believes that a brand is dependable. Schoorman, Mayer, and Davis (2007) suggest that trust is an essential relational resource, and hence its vulnerability becomes crucial as negative media exposure could be a severe destructive threat. Therefore, the ability to repair trust is nowadays a critical issue and has high theoretical values and practical merit (Riezeboz, 2003; Schoorman et al., 2007). Kim, Ferrin, Cooper, and Dirks (2004) separate between three different trustworthiness factors known as competence-based, benevolence-based, and integrity-based trust. Competence refers to the capability of companies to keep its promises towards its customers, which evolves when companies holds knowledge, expertise, and skills. Benevolence refers to that companies have genuine interest in their consumers and respond to the consumers’ desires. Integrity describes the faithfulness to a set of sound principles, which means acting honest and fair.

Research reveals that consumer trust will affect loyalty in a positive manner (Sirdeshmukh et al., 2002). Therefore, loyalty is an important factor for long-term relationships (Mattilla, 2004; Ahluwalia, Burnkrant, & Unnava, 1999; Morgan & Hunt 1994). According to Sirdeshmukh et al. (2002), trust will influence loyalty on the basis of to what extent the consumers’ values align with the providers’. Therefore, if a company successfully manages to create value for consumers, trust and loyalty will be positively affected (Sirdeshmukh et al., 2002; Terence, Richard, & MacMillan 1992). Brand loyalty is defined as the consumer’s unwillingness to switch to other brands when the target brand is faced with any kind of failure or a crisis (Ahluwalia et al., 1999). Furthermore, Reichheld and Schefter (2000, p. 107) states that

...to gain the loyalty of customers, you must first gain their trust.

A relationship that is influenced by trust, will not only increase involvement and loyalty, but also reduce perceived risk as well as increase confidence in purchase decisions (De Chernatony & Dall’Olmo Riley, 2000). Veloutsou (2015) suggests that the level of brand loyalty is thoroughly dependent on the level of relationship that exists between a consumer and a brand, which in turn is reliant on the existence of trust.

2.5 When Things go Wrong

The previous information lined out important aspects of brands and the importance of branding in a brand-consumer relationship. This section discusses what happens when things go wrong, more specifically, the concept and effects of service failure and how to recover from it in terms of forgiveness.
2.5.1 The Relationship between Service Failure and Negative Publicity

Service failure is a mistake that occurs in the delivery of the service, where the consumers’ expectations are unmet (Sengupta et al., 2015). As follows, companies are keen to understand service failures since such incidents provoke a number of consequences (Smith, et al., 1999; Groonros, 1988). Customers’ reactions to service failures are often strong. Therefore, it is important that a firm’s recovery efforts are equally convincing and effective (Smith et al., 1999).

Service failure is a principal cause to negative publicity since dissatisfied consumers in some cases decide to use media as a tool to complain about the negative experience (Pullig et al., 2006; Ahluwalia, Burnkrant, & Unnava, 2000). Reidenbach, Festervand, and McWilliam (1987, pp. 9) define negative publicity as:

...the non-compensated dissemination of potentially damaging information by presenting disparaging news about a product, service business unit, or individual in print or broadcast media or by word-of-mouth.

When companies suffer negative publicity after a service failure consumers’ satisfaction will be affected and the level of trust and loyalty will decrease, (Carroll, 2009; Coombs & Holladay, 2001; Dean, 2004; Xie & Peng, 2009) and thus harm the brand-consumer relationship (Veloutsou, 2015). Negative publicity threatens the brand image of a company and can have a harmful effect on consumer’s perceptions (Cleeren, Van Heerde & Marnik, 2013; Dean, 2004), which has been proved to affect consumers’ brand image and association (Keller, 1993; French & Smith, 2013; Hegner, Beldad & Kamphuis op Heghuis, 2014).

2.5.2 How to Recover from a Service Failure

Service recovery is defined as the actions a company undertakes in response to a service failure. This is a major issue when a service failure occurs since it might lead to loss of loyal customers if it is not handled correctly (Groonros, 1988). By applying these actions accurately, it is attainable to increase consumer satisfaction and build loyalty (Tsarenko & Rooslan Tojib, 2011). This is in line with findings from other researchers, where it is emphasized that with suitable service recovery strategies, service providers may earn customer-satisfaction, avoid negative publicity, and keep customer retention when a failure occurs (Groonros, 1988; Smith et al., 1999; Sengupta et al., 2015).

To maintain a relationship and achieve agreement between a consumer and a service provider when a service recovery is required, it is necessary to communicate the conflict and the rising problem of trust. Dependent on the outcome from the recovery and if an agreement is accomplished, the relationship is either preserved or not, based on to what extent the trust is restored (Tsarenko & Rooslan Tojib, 2011). Nonetheless, there are various strategies that can be implemented when a company is encountered with a service failure. Dependent on the type of service failure as well as the consumer, strategies such as apologizing, compensation, and emotional support could be considered. Furthermore, if the result of the implementation is of positive outcome, forgiveness might be achieved (ibid).

2.6 Forgiveness

2.6.1 The Psychological Concept of Forgiveness

As seen in the extended self-scale model (Figure 2), individuals can fully include a brand to one’s self-concept. This enables researchers to see a brand as an actual individual, and further, the brand-consumer relationship as a regular human relationship between two individuals (Donovan et al., 2012). Thus, it can be assumed that brand-consumer forgiveness would be similar to forgiveness between two human individuals. The term “forgiveness” has in present research been challenging to define, especially in a brand-consumer context. We must therefore
investigate its psychological and philosophical meaning. McCullough, Worthington, and Rachal (1997, pp. 321) define interpersonal forgiveness as:

...the set of motivational changes whereby one becomes (a) decreasingly motivated to retaliate against an offending relationship partner, (b) increasingly motivated to maintain estrangement from the offender, and (c) increasingly motivated by conciliation and goodwill for the offender, despite the offender’s hurtful actions.

Hence, forgiveness from this definition is measured by the behavioral intents of increased benevolence, decreased revenge, and separation (Donovan et al., 2012). Researchers have found that there are cultural differences in what individuals consider as forgiveness. It is further demonstrated that interpersonal variables, which correlate to forgiveness and emotional regulation, in fact vary in a cross-cultural context due to cultural values and religion (Ho & Fung, 2011).

2.6.2 Brand Forgiveness

Insightful research presents strategies that deal with service failures and related publicity in order to achieve consumer forgiveness (Xie & Peng, 2009; Coombs & Holladay, 2001; Carroll, 2009; Tsarenko & Rooslanl Tojib, 2011). A general and distinct strategy to apply in order to pursue consumer forgiveness for any unjust act is the mortification management strategy. The strategy involves apologizing, expressing regret and sorrow, and admission of guilt. Another efficient approach is undertaking marketing communication campaigns that can help reestablish consumer confidence and remove consumer fear (Carroll, 2009). Additionally, since trust and loyalty are essential for a strong and long-lasting brand-consumer relationship, these are also key elements to achieve brand forgiveness (De Chernatony & Dall’Olmo Riley, 2000; Tsarenko & Rooslanl Tojib, 2011; Donovan et al., 2012).

2.6.2.1 Trust Repair after Negative Publicity

Xie and Peng (2009) provide useful directions on how to repair trust after negative publicity, which is linked to the concept of forgiveness. Even though Xie and Peng (2009) consider forgiveness to be the cornerstone to repair trust, other researchers claim that trust is essential to build long-lasting relationships (De Chernatony & Dall’Olmo Riley, 2000). As our thesis aims to investigate how brand relationship affects brand forgiveness, we believe that the model presented by Xie and Peng (2009) is valuable in our investigation as the repair efforts for both trust and forgiveness provide meaningful insights.

Xie and Peng (2009) identify three key elements of apologetic responses that are applicable for firms in need to repair trust: affective repair efforts, functional repair efforts, and informational repair efforts (Figure 3). Affective repair efforts include apology, remorse, and showing compassion. Functional repair efforts are for instance financial compensation and managerial steps to prevent repeating mistakes. Informational repair efforts are the communication of renewed information. These three efforts enrich consumer’s commitment in the company’s competence, benevolence, and integrity and are central determinants of forgiveness as well as trust when a firm is managing a service failure (ibid). Xie and Peng (2009) spot that affective initiatives are the most superior efforts when companies want to structure an image of integrity and benevolence. In contrary, informational repair should be used during forgiveness and trust repair if the company aims to enhance the consumer’s perceptions about competence and integrity. Furthermore, functional efforts are effective in situations of improving competence. Xie and Peng (2009) argue that functional repair efforts have weaker effect on trust and forgiveness than informational efforts have (ibid).
2.6.2.2 Consumer Forgiveness in a Service Transactional Model

Tsarenko and Rooslani Tojib (2011) propose a theoretical framework based on factors that impact consumers’ behavior after a service failure. This framework gives the opportunity to study supplementary factors for forgiveness. In addition to the strategies provided in the conceptual model by Xie and Peng (2009), this model incorporates contingent and situational components that represent different factors that have a significant role in shaping consumers’ response of a service failure (Tsarenko & Rooslani Tojib 2011). In our study, we will consider the contingent factors and the situational factors, as they are credible and relevant indicators to our investigation regarding brand forgiveness. We will not examine the five stages centrally displayed in Figure 4 since these display consumers transitions in their emotional state, which are dependent on individual characteristics (ibid). These stages are deeply connected to psychological states of individuals, which this thesis will not examine since our aim is to investigate how brand relationship affect how a company need to act in order to reach forgiveness.

![Figure 3 Conceptual model of trust repair after negative publicity](image)

Edited by the authors of this thesis (Xie & Peng, 2009).

The three situational factors that Tsarenko and Rooslani Tojib (2011) propose are novelty, outcome uncertainty, and temporal factors. These factors are significant in shaping consumers evaluation and response of a service incident.
Novelty refers to a service incident that is never before experienced by consumers. Service failures that arise in a brand-consumer relationship are not entirely novel due to the massive flow and access of information from other service incidents. Due to that the current marketplace do not tend to be novel, we will not include novelty in our research as we assume that it will not affect the brand-relationship since it refers to service failures by other brands.

Outcome uncertainty: Outcome uncertainty is correlated with consumer's expectations and hopes for potential results. When consumers are aware that a positive result is likely to occur, the level of outcome uncertainty is high. High level of outcome uncertainty can lead to a better chance that the consumer understands and analyzes why a service failure occur. However, high level of uncertainty and unclear outcome can generate undesirable emotions that are difficult to cope with.

Temporal factors: The temporal factors are explained as time, which is a significant factor that can reduce the intensity of a conflict. Time allow consumers to reevaluate their first degree of dissatisfaction, and it opens up for a new reflective consideration that is more constructive and less emotional.

In addition to the situational factors, the researchers propose four contingent factors that are vital when consumers evaluate a service incident; history of relationship, social influences, competitor density, and switching costs.

(1) History of relationship: The history of the consumer's and service provider's relationships is proved to act as key indicator when measuring satisfaction. An imbalance in the relationship of consumer and service provider may cause a recall in the minds of consumer, of a similar event characterized by disagreement.

(2) Social influences: Social influences refer to the factors that influence people's experiences in social interactions in all types of relationships such as family, culture, and moral norms. These elements have an impact on customers buying behavior as well as on their attitude in conflicting situations.

(3) Competitors density: Consumers tend to compare each other based on where factors such as status, gained value, and outcome have had an impact on the evaluation of a service provider. When there is a disconfirmation in the trade-off between input and received outcome, it is seen that the relationship will be harmed and the complaint behavior will increase.

(4) Switching costs: There are four principal sets of economies that can facilitate consumer forgiveness if managed correctly. Consumers consider these principal sets when determining whether to remain or end a service provider's relationship. These four categories include for example the search for substitute products or services, risk perceptions, time and transfer expenditure, and economic cost such as new product qualities.

2.7 Frame of Reference Summary

In summary, brand forgiveness is a complex concept that is associated with challenges and difficulties. Given the previous literature, brand forgiveness is a concept that highly relates to the basis of the brand-consumer relationship. Figure 5 illustrates how the parts in the frame of reference are connected to each other. Building a brand-consumer relationship includes creating a brand image, which in this thesis is illustrated with a mental picture of a brand as a person. If the brand associations and perceptions that consumers hold in memory are positive, trust and loyalty might arise between the consumer and service provider. This will in turn generate a strong brand-consumer relationship. Figure 5 further illustrates forgiveness
strategies as well as significant influential factors that shape consumer's response to service failure.

Figure 5 How the concepts in the frame of reference relate to each other
Methodology

This section includes our choice of research philosophy, research purpose, research approach, and research strategy. Furthermore, the process of gathering data and analyzing empirical findings is outlined. At the end of the methodology, trustworthiness of research and a summary of the methods are presented.

3.1 Research Philosophy

The research philosophy consists of significant assumptions of how the researchers display the world. Based on the philosophy and assumptions, the method used to conduct research is chosen (Saunders, Lewis & Thornhill, 2012). Research philosophy is an overall term describing the progress of knowledge and the nature of that knowledge. Paradigms guide how decisions are made and how research is carried out. Paradigms are the first thing that should be identified in the methodology. The different characteristics of research paradigm are ontology, epistemology, and axiology. These characteristics create a complete perspective of how we view knowledge, how we see ourselves in relation to this knowledge, and the methodological strategies we use to discover it (Saunders et al., 2012).

The purpose of this study is to investigate how brand relationship affects brand forgiveness within the retail industry. The frame of reference in our study verifies that forgiveness is a philosophical term, which deals with social phenomena that rely on perceptions and social undertakings. This leads us to follow the subjective view on reality of the ontology paradigm. The axiology philosophy is not a valid paradigm for our research since we do not aim to study ethical judgments about the roles of values. Instead we want to gather an interpretive perspective throughout our study from an epistemology paradigm. Interpretivism is a recommended approach within our field of study as this philosophy adopts an empathetic stance as a researcher. Interpretivism is a philosophy that supports the understanding and importance of human differences in social science, and emphasizes the distinction between research conducted amongst social actors rather than objects (Saunders et al., 2012).

3.2 Research Purpose

With regard to the purpose of our research, we are able to differentiate our investigation through explanatory, descriptive, and exploratory approaches (Saunders et al., 2012). Our aim is to identify how brand relationship affects brand forgiveness. An explanatory study sheds light on studying a specific problem or situation to thereafter explain the relationship between variables (ibid). Hence, this type of study is not appropriate for our research since at this stage, we are not able to understand the relationship between brand relationship and forgiveness. Descriptive studies have the objective to portray profiles of persons, events or situations (ibid). However, our research questions do not concern descriptions and portraying persons or situations as we are investigating and identifying how the brand relationship can affect brand forgiveness. Hence, a descriptive study is not accurate for our study. Instead, the exploratory study is a beneficial approach for us. The exploratory study is advantageous as it assesses phenomena in new light and seeks to clarify the understandings of a problem (ibid). This allows us to deepen the understandings about our research topic.

As the above illustrates, a quantitative study is inapplicable for our study. The reason is that the quantitative study technique is predominantly used for data collection when numerical measures are desired, which our research does not aspire. Since our research questions are of non-numeric characteristics, the qualitative study is more appropriate to apply (Saunders et al., 2012). Qualitative research is connected to interpretivism where the main focus is to understand factors such as values, actions, and thoughts. It is useful in a practical study when there is a need to explore questions such as how, what, when, and why. This is in line with our research
questions where we seek to understand how, and why brand relationship affect brand forgiveness after service failures.

### 3.3 Research Approach

There are mainly two different research approaches that are applicable dependent on how the research process is related to theory. These are known as inductive and deductive approaches, which are applicable to different research philosophies. In short, an inductive approach refers to the situation of collecting data and developing a theory based on the results, whilst a deductive approach is when theory and hypothesis are developed in the first stage, and the research strategy is thereafter designed to test it (Saunders et al., 2012). Furthermore, since the deductive approach is more applicable to a quantitative study, this approach will not be used. Alvesson and Sköldberg (2009) propose that these two approaches tend to limit the research in some situations. Therefore, abduction is another approach that is appropriate in situations where induction as well as deduction tends to be too one-sided (Alvesson & Sköldberg, 2009).

The reason why an inductive approach is applicable in this study is that we aim to investigate how brand relationship affects brand forgiveness as well as opportunities and challenges in the retail industry based on empirical findings from a qualitative study. The inductive approach gives us the opportunity to use an alternative explanation instead of already existing theory to support findings from the investigation, which is in line with the research questions as well as suggestions from Saunders et al. (2012). An inductive approach is therefore particularly useful when existing literature differ from own findings, or is insufficient. Furthermore, this approach makes it possible to use understandings about how people interpret social aspects of the world (Saunders et al., 2012), which is a vital part in the analysis of why and how brand relationship affects brand forgiveness.

The abductive approach shares some attributes with both inductive and deductive approaches. However, it is important to not refer to it as a mixture of these approaches (Alvesson & Sköldberg, 2009). According to Alvesson and Sköldberg (2009), the main difference is that an abductive approach includes patterns that aim to explain understandings, which this thesis puts a high emphasis on, as we want to investigate how a brand relationship affects how a brand within the retail industry needs to act in order to reach brand forgiveness. The abductive approach has its basis in empirical findings, however it does not dismiss using existing literature (Alvesson & Sköldberg, 2009). In other words, this approach makes it possible to move back and forth from empirical findings to existing literature, while simultaneously comparing and reinterpreting it (Alvesson & Sköldberg, 2009; Suddaby, 2006). The research process of this study is in line with this approach since the aim is to combine previous findings with empirical data and thereafter construct a model about forgiveness that is applicable in the retail industry within a Swedish cultural setting.

It is a complex process to distinguish which approach is most suitable for this investigation since parallels can be drawn between both inductive and abductive approaches. Due to the complicity of concluding that one approach is more suitable than another in a relatively small investigation, this study is using both inductive and abductive approaches. The reason for this is because both approaches relate to the way this study connects to theory and how the research questions should be answered to fulfill the purpose of this thesis. As probably noticed, this thesis is written with personal pronoun where “we” refers to the authors of this thesis. This is due to our choice of research approach as inductive and abductive approaches imply that the researchers constitute a significant part of the research process (Montgomery, 2003).

### 3.4 Research Strategy

Deciding upon a research strategy is the bottom line of the methodology. A clear research strategy enables the researcher to meet the objectives and research questions (Saunders et al.,...
Saunders et al. (2012) suggest that researchers generally follow a research strategy according to experiment, survey, case study, action research, grounded theory, ethnography, or archival research. All these strategies follow a certain pattern and the case study approach is the most related strategy to our thesis since it aims to explore existing theory, as well as challenge existing literature (ibid). However, this thesis does not entirely follow the case study strategy and is therefore explained as case study oriented. The reason behind this argument is that this thesis interprets the research questions, empirical findings, and the analysis according to the case study strategy pattern. Though, the primary data collection differs from the case study strategy as we use focus group interviews with vignette technique to collect primary data, and not multiple sources that are typically used in case studies (ibid). The focus groups were applied to collect empirical data and to build the core of the analysis in addition to gathered information from existing literature.

3.4.1 Focus Groups using Vignette Technique

Focus groups provide in-depth qualitative data, and are of best use when research questions of the “why” character, as well as “what” and “how” questions need to be clarified. Having focus groups is an appropriate method to reach a deeper understanding of a context, and is useful when there is a need for collaborative discussions among participants that focuses upon a specific issue (Saunders et al., 2012). Applying focus group interviews is therefore of particular interest of this thesis as we want to gain rich understandings of the research that is endorsed to the context of brand forgiveness in the retail industry. This helps us generate information about how individuals think and feel about the particular topic.

Vignette is a valuable technique when the aim of the focus group is to enable a discussion around the participants’ opinions. Employing vignette is of good use in order to make the participants feel comfortable. The main purpose is to explore their individual evaluations and explanations (Finch, 1987; Hughes, 1998). Implementing the vignette technique is appropriate to our study since brand forgiveness contains psychology in many aspects, and we wanted the participants in the focus groups to discuss their opinion about the topic. In order to form the vignette, the structure of the focus groups was divided into two sections. How we conducted the focus groups and vignette in detail is further explained in section 3.6.2.1.

3.5 Time Horizon

Time horizons are dependent on the purpose of the research (Saunders et al., 2012). Since this thesis has a strict time constraint and is performed during a time period of approximately four months, it is limited amount of time to collect empirical data. Therefore, we base our qualitative study on focus group interviews to explore consumers’ behaviors and investigate how brand relationship affects brand forgiveness. In order to have enough time to make a comprehensive analysis of the empirical data, the focus groups were conducted early in April during a period of one day.

3.6 Data Collection

3.6.1 Sampling

After deciding upon research strategy, the task is to decide what sample technique to utilize when sampling focus group participants. Our investigation adopts a non-probability sampling technique since this is a qualitative study of an exploratory approach, which is in line with the suggestions from Saunders et al. (2012) regarding our specific research purpose. There are different sampling types within non-probability sampling to choose between. However, convenience and purposive sampling are the most appropriate techniques for this study.
By convenience sampling, we are able to select the most accessible participants. Even if convenience sampling method often tends to be biased since the participants usually are applied due to the simplicity of acquiring them, it is a commonly used method (Saunders et al., 2012). This is in line with our study since we delimit our study to the Swedish culture within the region of Jönköping. The logic behind using participants with a Swedish cultural background refers to that cultural influences impact on how humans refer to forgiveness (Xie & Peng, 2009; Ho & Fung, 2011). Hence, we want the participants to have a homogenous cultural background. This is considered as a convenience sample as the authors fall under the same segment, which enables us to use already existing contacts when contacting focus groups participants.

As mentioned above, purposive sampling method is also used. A purposive sampling enable us to select participants who are suitable for the purpose of this research, based on our judgments. This method is often used when the investigation is conducted with a small sample (Saunders et al., 2012), which hence is an appropriate sampling method for this study. The focus group participants were selected based on two conditions. First, the participants had to be born and raised within the Swedish culture in order to decrease the risk of a cultural difference in terms of forgiveness. This is due to the importance of having the possibility to create a relationship with either one of the retail stores adapted for the vignette technique. Second, which follows the first reason, the participants were required to be regular customers of at least one of the selected retail stores used for the vignette, which will be further described in section 3.7.

To establish a contact with selected focus groups participants, several channels were used, including phone calls, text messages, and personal contact. The goal was to contact at least 25 persons with an equal number of males and females, since we wanted to have five focus groups with four to six participants in each group. In the end, we contacted 31 possible participants, 14 males and 17 females. Unfortunately, only 16 participants were able to take part in the focus groups and therefore only four focus groups were conducted with four participants in each. To avoid a biased and a too homogeneous sample, the aim was to have an equal number of males and females. However, only five males participated compared to eleven females. This is not considered to impact our result since we could not see differences in mindsets concerning forgiveness dependent on gender.

3.6.2 Primary Data

Primary data is collected to provide research with empirical data. The information gained from the focus groups constructs the core of our research. After conducting the four focus groups, sufficient empirical data was collected to create a comprehensive analysis. The focus groups were held at Jönköping University in order to have a convenient location for the participants. Dependent on the level of discussions and on the participants, each focus group session lasted around one hour. We arranged the focus group sessions in Swedish since all participants are Swedish, and thus a more natural discussion was achieved where all participants were able to express their opinions. Researchers would argue that four participants is a small amount of participants for conducting focus groups (Gavin, 2008), however we used a small sample, as we wanted everyone to have the possibility to express their opinions and values. With permission from the participants, the focus groups were recorded and later transcribed in Swedish. The most important parts, such as quotes that were specifically valuable for the analysis were directly translated into English.

3.6.2.1 Focus Groups

The three authors were present during the four focus groups, where one person was the moderator and the other two were taking notes on general opinions and behaviors. Before the discussions started, we offered refreshments to all participants and had a small chat to generate comfort with the group dynamic. The focus groups were divided into two sections and started with an introduction on the topic.
Section One: Vignette

The vignette technique was used in the first section, which included the questionnaire (Appendix 1) as well as questions of customer behavior at two different retail stores: Ica and Lidl (Appendix 3 & 4). Section one started with that the participants were handed a small questionnaire with the purpose to receive background knowledge of each participant, which enables us to connect different sources of information and draw conclusions for the analysis part. These questions included general information about the participant such as gender and nationality. It also included questions about the participants’ grocery shopping behavior such as shopping frequency and relationship with Ica and Lidl. The last question in the questionnaire included the self-scale model where each participant indicated to what extent it integrated Ica and Lidl into its self-scale. This question is of particular interest as we investigate how brand relationship affects brand forgiveness, and the closeness may have a significant influence on forgiveness. Hence, having this knowledge about each participant enables us to link this with other findings from the discussion.

Thereafter, two articles were handed out that each contained negative publicity about two brands. The articles were similar in that both concerned meat scandals that were caused by service failure from the brands Ica and Lidl (Appendix 3 & 4). The Ica article contained findings where several Ica retail stores had changed the expiration-date label on meat packages so that the stores were selling old meat. The article about Lidl contained a disclosure about how the company found loopholes to sell meat that was not tested for salmonella. According to Swedish laws all meat containing 100% meat needs to be tested for salmonella, but as the meat packages sold from Lidl only contained 98% meat, the meat was not obliged for salmonella tests. The articles differed in the aspect that Ica conducted a press release where Ica apologized for the service failure, while Lidl did not leave a comment of the reason behind the situation. This was a deliberate decision in order to investigate if the participants paid attention to this difference.

The articles were one A4 page and covered the basic information in order for the participants to be able to take a stance and answer questions about emotions and opinions when reading the articles. None of the articles are up-to-date, but since they were only used as examples in the vignette, this was not considered to have an effect on the result. The participants read both articles without discussing them. Thereafter, the participants were asked questions that followed a guideline (Appendix 2). The questions were connected to each article. The questions were outlined to receive findings about brand associations, brand image, brand relationship, brand loyalty and trust, and forgiveness factors. An open discussion was encouraged with minimal integration of the authors.

Section Two: General Discussion

The second section of the focus group included the general view of brands and brand forgiveness amongst the participants. It included questions about the link between human relationship and forgiveness, the link between brand relationships and forgiveness, as well as brand forgiveness strategies and influencers. The questions followed the guideline (Appendix 2). Again, an open discussion was encouraged with minimal integration of the authors.

List of Focus Groups

The focus groups were organized in the beginning of April 2016. All subjects are participating anonymously, with the reason to be respectful towards the participants as well as to comply their values, and consequently enable them to answer questions truthfully. To be able to differentiate a person toward another, abbreviations such as M1, M2, F1 and F2, are used. The abbreviations are entirely unrelated to the specific persons and they therefore participate anonymously.
3.6.3 Secondary Data

According to Saunders et al. (2012), many research projects need to include both primary and secondary data in order to produce dependable results. This thesis consists of mainly primary data, however secondary data was also utilized. Secondary data refers to the action of re-analyzing already existing data that was gathered for another reason than for this thesis, but still contributes to the investigation and its purpose with useful information (ibid). Saunders et al. (2012) identified three sub-groups that summarizes several classifications of secondary data; survey-based data, documentary data, and data compiled from multiple sources. For this study, documentary data was the most relevant secondary data as it includes journals, books, newspapers, and organizations’ websites (ibid). The secondary data used in this thesis was specific information for the chosen vignette technique used for the focus groups. For both examples, we searched the web for articles in newspapers about situations of service failures and how the companies responded in those cases.

3.7 Analysis of Data

Qualitative research usually associates with interpretive philosophy, as researchers need to interpret the subjective and socially constructed meanings that have been expressed by the participants within a specific study. Due to that the meanings are dependent on human cognition, this data tends to be ambiguous, elastic, and complex in comparison to quantitative data. Hence, the understandings of this type of data must therefore be sensitive to these features in order to be meaningful. There are various methods to apply when analyzing data. Explanation building, time-series analyzing, pattern matching, logic models, as well as cross-case synthesis are methods to use (Saunders et al., 2012; Yin, 2009). The pattern matching method is in this thesis used to analyze the empirical data. The other data analysis methods are rejected due to that the data was neither collected over a long time series nor appropriate for explaining our empirical framework.

The pattern matching method includes the process of where two patterns are compared i.e. the empirical based pattern and the predicted pattern. If the similarity between these two patterns is significant, the validity of the case studies increases. The pattern matching method is the most favored analysis method for case studies, and since our investigation is case study oriented, this is an appropriate analysis method to use (Yin, 2009). We consider this method to be the most suitable since we want to investigate if the existing research within the context of forgiveness is applicable to our empirical findings in a Swedish cultural setting. We are able to identify patterns from existing literature within the frame of reference and the empirical findings.

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Gender</th>
<th>Focus Group</th>
<th>Length of Focus Group</th>
<th>Meeting Place</th>
<th>Date</th>
</tr>
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<tr>
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<td>16-04-07</td>
</tr>
<tr>
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<td>16-04-07</td>
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<tr>
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<td>F6</td>
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<td>3</td>
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<td>16-04-07</td>
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<tr>
<td>F7</td>
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<td>3</td>
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<td>16-04-07</td>
</tr>
<tr>
<td>F8</td>
<td>Female</td>
<td>3</td>
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<td>16-04-07</td>
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<tr>
<td>F11</td>
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<td>16-04-07</td>
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<tr>
<td>M2</td>
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<td>16-04-07</td>
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<tr>
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<td>16-04-07</td>
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<tr>
<td>M4</td>
<td>Male</td>
<td>2</td>
<td>00:42:31</td>
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<td>16-04-07</td>
</tr>
<tr>
<td>M5</td>
<td>Male</td>
<td>4</td>
<td>01:04:32</td>
<td>Jönköping University</td>
<td>16-04-07</td>
</tr>
</tbody>
</table>
simplify the process of finding patterns from the empirical findings, we created excel sheets (Appendix 5) that summarize the responses from each participants in the focus group discussions.

3.8 Trustworthiness of Research

The thesis quality and trustworthiness are major challenges researchers face when performing qualitative research. It is important to highlight the strengths as well as limitations to create the means of great transparency in research (Guba & Lincoln, 1985). Triangulation is an aspect that can ensure reliability and validity during qualitative studies. Triangulation is considered as an attempt to gain a deeper level of analysis by studying human behavior from more than one viewpoint (Saunders et al., 2012). We ensure triangulation of researchers as we are three investigators with different viewpoints in the analysis process. This was attained by, independently of each other, using pattern matching method when analyzing the empirical data. Each analysis was thereafter summarized into one analysis. Furthermore, we ensure triangulation of theory as we use more than one theoretical approach. This is accomplished by applying different theories such as the psychological concept of forgiveness as well as the concept of brand forgiveness. Apart from triangulation, Guba and Lincoln (1985) propose that credibility, transferability, dependability, and confirmability are four techniques that altogether create a reflexive and reliable journal.

Credibility is considered as to what degree the empirical findings of a report reflect reality (Shenton, 2004; Guba & Lincoln, 1985). According to Shenton (2004) ensuring credibility is the most important factor to create trustworthiness. Participants who feel comfortable and are genuinely willing to take part, propose information more freely than those who do not feel comfortable with the interview (Shenton, 2004). To make sure that the participants felt comfortable and were genuinely willing to participate, we let all participants take part voluntarily. We also introduced each focus group with friendly conversations, and if the participants did not want to answer a particular question, they were free to leave it out without requests.

Transferability is measured as to what degree the findings of a report can be useful to other situations and findings (Shenton, 2004; Guba & Lincoln, 1985). According to Shenton (2004) it is difficult to prove that findings from a qualitative analysis are appropriate to other situations, as the work is specified to a minor sample and only considers particular individuals. However, we believe that our study is somewhat transferable as the empirical findings did not only discuss one specific case, but in an overall context of the retail industry delimited to a Swedish cultural setting. A way to ensure reliability is through dependability (Guba & Lincoln, 1985). This involves emphasizing the importance of presenting how the report is conducted in detail in order to validate that right research methods have been followed, and to facilitate for future researchers to reproduce the work (Shenton, 2004). This is ensured through the methodology chapter of this thesis, and is also addressed in the discussion chapter.

Confirmability is explained as the researchers’ capability to be objective through the entire research process. Accordingly, it involves assuring that the findings are concepts and understandings by the informant, and not preferences and characteristics of the researcher itself. It is challenging to guarantee real objectivity in qualitative research since the interview questions are written and conducted by humans, and the research to some extent will be researchers’ biased (Shenton, 2004; Guba & Lincoln, 1985). Nevertheless, we minimize such bias by implementing methods that are accredited, and presented reasons for why we favor some methods over others. We also acknowledge delimitations in section 1.5, which is another way to ensure confirmability.
3.9 Summary of Methods

This thesis applies the interpretivism scientific philosophy in addition to the inductive as well as abductive scientific approach. Furthermore, an exploratory qualitative research method is used, and the research strategy is case study oriented with focus group using vignette technique. In order to select the sample for the empirical data, purposive and convenience sampling are utilized. The gathered data is analyzed by the pattern matching method. Conclusively, the thesis quality and trustworthiness are based on credibility, transferability, dependability, and confirmability. In order to gain a deeper level of analysis we also ensured triangulation of researchers and triangulation of theory.

![Figure 6 Summary of methods]
4 Empirical Findings

In this section the empirical data collected during the research is presented. The empirical findings start with the findings from the vignette discussion. The second part of the empirical findings includes the general discussion about forgiveness.

4.1 Questionnaire Findings from Vignette

The questionnaire (Appendix 1) provides information about the focus group participants. The findings show that all participants prefer to do their grocery shopping at Ica over Lidl. All participants are regular customers at Ica. Altogether, the majority answered that they never do grocery shopping at Lidl. However, some of the participants answered that they would go to Lidl if they had no other option. The majority of the participants answered that they trust Ica more than Lidl, but also that they incorporate Ica on their self-scale more than Lidl. The background findings are in the analysis section, analyzed and connected to the overall findings from the focus groups discussions as well as existing literature in order to find patterns.

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Group 1</th>
<th>Group 2</th>
<th>Group 3</th>
</tr>
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<tbody>
<tr>
<td>1. Gender</td>
<td>Male</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>2. Nationality</td>
<td>Swedish</td>
<td>Swedish</td>
<td>Swedish</td>
</tr>
<tr>
<td>4. Prefer Ica or Lidl?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>5. How often do you shop at Ica?</td>
<td>Once a week</td>
<td>2-4 times per week</td>
<td>Once a week</td>
</tr>
<tr>
<td>6. How often do you shop at Lidl?</td>
<td>A few times per year</td>
<td>Never</td>
<td>Never</td>
</tr>
<tr>
<td>7. Relationship with Ica</td>
<td>1 shop here sometimes</td>
<td>2 shop here sometimes</td>
<td>1 shop here sometimes</td>
</tr>
<tr>
<td>8. Relationship with Lidl</td>
<td>1 shop here if I have no other option</td>
<td>1 shop here if I have no other option</td>
<td>1 shop here sometimes</td>
</tr>
<tr>
<td>9. Degree of trust Ica 1-5</td>
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<td>10. Degree of trust Lidl 1-5</td>
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<td>1</td>
</tr>
<tr>
<td>11. Degree of selfscale with Ica</td>
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<tr>
<td>12. Degree of selfscale with Lidl</td>
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Survey Questions | Group 4 | Group 5 | Group 6 |
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<td>2. Nationality</td>
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</tr>
<tr>
<td>4. Prefer Ica or Lidl?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>5. How often do you shop at Ica?</td>
<td>Once a week</td>
<td>2-4 times per week</td>
<td>Once a week</td>
</tr>
<tr>
<td>6. How often do you shop at Lidl?</td>
<td>A few times per year</td>
<td>Never</td>
<td>Never</td>
</tr>
<tr>
<td>7. Relationship with Ica</td>
<td>Loyal Customer</td>
<td>1 shop here sometimes</td>
<td>Loyal customer</td>
</tr>
<tr>
<td>8. Relationship with Lidl</td>
<td>1 shop here if I have no other option</td>
<td>1 shop here sometimes</td>
<td>1 shop here sometimes</td>
</tr>
<tr>
<td>9. Degree of trust Ica 1-5</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>10. Degree of trust Lidl 1-5</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>11. Degree of selfscale with Ica</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>12. Degree of selfscale with Lidl</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>
4.2 Findings from Vignette Discussion

Findings from existing literature reveal that brand associations, brand image, brand relationships as well as brand loyalty and trust, are important concepts of a brand and consequently brand forgiveness. It was important to include these concepts in the focus group discussions, as we want to investigate how brand relationship affects brand forgiveness as well as challenges and opportunities that a company faces. This vignette section includes Q1-Q7 (Appendix 2).

4.2.1 Brand Associations

We conducted a question to investigate the brand associations the participants had of Ica and Lidl. This question also elaborated on how the associations reflected in what brand the participants associated themselves with. This topic relates to Q7 (Appendix 2). Overall, the brand associations of Ica had the same denominators such as that it felt Swedish, it felt safe, it felt trustworthy, provided a wide product range with good quality, as well as good customer service. Brand associations about Lidl were that it was low quality, low price, narrowed product range, inconvenient located, and that Lidl did not align with the participants’ needs. This quote illustrates the brand associations that F5 had:

"It feels like Lidl is more convenient for big families with exposed economy that have to do massive grocery shopping, and they go there because it is cheap, and I do not feel cheap and therefore I feel more trust towards Ica than Lidl. I associate Ica with higher quality, and therefore I connect with Ica better (F5)."

This quote also illustrates how F5 associated herself more with one brand than another. To summarize, this question resulted in similar answers from all participants, everyone agreed upon that they were more likely to associate themselves with Ica than with Lidl.

4.2.2 Brand Image

This section includes information from Q1, Q2, and Q3 (Appendix 2) that relates to the brand image discussed during the vignette section. The first article discussed was about Ica. The general opinion was that the participants felt cheated on, angry, and disappointed. The article had the participants question their trust towards the brand Ica as well as other products in the Ica stores apart from meat. It was discussed that when a brand such as Ica markets itself with good quality, a customer becomes hesitative and disappointed when reading this type of publicity:

"Still, it is Ica, I do not expect them to do this. My view is that Ica would never do this. I expect Lidl or other stores to do this but not Ica (F2)."
The majority of the participants claimed that the information provided in the article did affect their customer confidence in Ica whereas F1 claimed that it did not have any effect:

One loses a bit of confidence (F2).
But I actually do not, I do not know why. It is a bit awful but I believe that, well, they will fix this (F1).

When discussing the article about Lidl, the majority claimed that they were not surprised when reading the information. Generally, the participants thought that the article did not have any emotional effect on their consumer behavior. Some participants clarified that they did not expect more from Lidl and that it corresponded to their perceptions about Lidl:

I believe that one is not really surprised when reading this as one does not expect more from them anyway (F5).

Moreover, it was revealed that the mindset differed when comparing the articles about Ica and Lidl. The majority claimed that the article about Ica had more of an emotional effect compared to Lidl as the participants did the grocery shopping more often at Ica. The majority of the focus groups considered the service failure of Ica to be worse than the service failure of Lidl:

I believe that when it comes to Lidl, it feels like, well when you do your grocery shopping there, you have to lower the quality a bit as it is discounted, so when you lower the price, the quality decreases. Therefore, it feels a bit worse actually when it is Ica. When you do you grocery shopping there you expect it to have quite good quality (M4).

4.2.3 Trust and Brand Loyalty

We investigated if and why it was important to have trust in the stores where the participants did their grocery shopping, and if not, what the reason was for choosing one store over another. This section includes Q6 a) and b) (Appendix 2). The majority of the participants responded that they trust Ica more as a brand than they trust Lidl as a brand. The reason was that many of the participants were shopping at Ica during their childhood with their families, and never at Lidl. Therefore, the trust was raised during many years and that was still transparent in how they perceive the different brands today. Many of the participants claimed to trust Ica due to that their parents trust Ica. The quote below illustrates the findings:

I trust Ica. I do not trust Lidl. It is probably because I grew up with shopping at Ica and that one has got that view of Lidl that the quality is not great [...] (F3).

Moreover, M1 proposed another reason for not trusting Lidl to the same degree as Ica, which was due to how Ica managed and commented on the service failure compared to Lidl. This finding implies that M1 considered Ica to be more trustworthy than Lidl due to that Ica arranged a press release where the problem was highlighted as well as descriptions of how the problem would be managed. However, M3 argued that he generally could trust Lidl as well, since he could not have the same expectations about Lidl as Ica, and M3 could hence not evaluate Lidl in the same way as Ica. The other participants in group 2 agreed with this argument and claimed that Lidl has a different business idea than Ica has and therefore argued that it was unfair as a customer to expect the same quality from Lidl. Nevertheless, the general opinion was that the participants trusted Ica more than Lidl.

The majority of the respondents considered it very important to have trust and loyalty with the stores where they did their shopping, and more specifically grocery shopping. The reason why they found grocery shopping extremely decisive was because it concerns what they eat and hence a matter of health question. Some of the participants trusted Ica due to that it is a well-known company. Furthermore, many participants agreed upon that grocery shopping is a habit
that is recurrent weekly. Hence, the participants thought that it was important to trust and feel confident with a brand that is a vital part of the everyday life, as indicated below by M5:

 [...] but I think that when it comes to the weekly shopping, then you want to be as confident as you sort of are at home. It is in the same way like mom always have done shopping at Ica and then, then I go to Ica as well, because I know that it has been good when mom has been shopping at Ica (M5).

Another reason that the participants were trusting Ica was due to its range of products and assortments. Hence, the participants considered it possible to go to Ica and be confident that the products needed were available there, which for example M5 and F9 confirmed as a factor for building trust. In contrast to how the majority considered trust and loyalty, F6 and F8 discussed that convenience and that the store was closely located was more important for them. They claimed that trust was not that important compared to the other participants, since they were under the impression that a service failure did not affect their shopping behavior, as illustrated:

 [...] it feels a little bit contradictory to first sit and say ‘whatever, if they do anything wrong, it does not matter’, and then say ‘that it is very important that one trust them and that one knows what to expect’. Because apparently it does not matter because we do not care (F6).

However, F7 from the same group believed that Ica’s customers return to the store after a service failure due to trust and convenience:

It feels like that the customers, Ica’s customers, are so faithful that one of these, still a large scandal like this, it does not matter because one would go there anyways. It is about convenience and availability, they have received the greatest trust (F7).

4.2.4 Forgiveness Strategies
The last questions related to the vignette discussion cover forgiveness strategies. The participants elaborated on what they would do and how they would react if a similar service failure in the articles occurred to them. The participants also discussed what they considered to be the best solution for them as customers and why. This section consists of Q4 and Q5 (Appendix 2). Being honest, apologizing and expressing sorrow and regret, as well as making sure that the service failure will not happen again, were strategies that were discussed in all focus groups. Focus group 1 and 2 clarified that equivalent compensation to the customer, such as a new product or a refund, was a required quick solution after a service failure:

Maybe money back, isn’t that a simple solution? I would be angry otherwise (F5).

However, the participants further discussed that compensation does not guarantee that the service failure will not reoccur. These findings are illustrated by following quotations:

I do not think compensation is a primary solution, I want to be guaranteed that this will not happen again (F1).

Exactly, even if you get compensation it does not mean that it will not happen again (M1).

Additionally, findings reveal that service failures concerning food are more sensitive than other types of service failures. Group 3 discussed that food scandals made them more willing to switch to another grocery store.
4.3 General Discussion about Forgiveness

As mentioned earlier, the focus groups were divided into two parts. In this section, the second part of the empirical findings from the focus groups’ discussions is presented. A more general view on forgiveness is presented and with no specific focus on any brand, as long as it operates within the retail industry. Similar to the first part, the findings from our frame of reference discloses some strategies and influential factors on forgiveness, which were therefore important to investigate in the focus groups independent of the vignette. The basis for not using vignette in the second part was because we wanted to gain a more general view on brands within the retail industry and investigate if the responses were similar to those presented in section one. We also investigated the participants view on human relationships as well as brand relationships and forgiveness. This section includes Q8-Q16 from the focus groups (Appendix 2).

4.3.1 The Link between Human Relationships and Forgiveness

All of the groups discussed that it was more important to forgive a person that you are close with, and have a close relationship with compared to a person where the relationship is weak or nonexistent. This quote illustrates this topic:

*It is more valuable to solve a relationship with a close friend compared to someone you do not know that well (F5).*

*But in the same time, you will get more hurt if it is someone that you are close with who does something, compared to if there is someone that you do not know that well who does the same thing, you do not care as much (F8).*

The latter quote indicates that it is more hurtful when there is a strong relationship with the person who acts wrongly. This was another concept that was discussed amongst the other groups. The general view was that it is easier to reject a person when there is a weak or nonexistent relationship compared to where the relationship is strong. The general view was that it is harder to forgive a person where the relationship is strong as illustrated in this quote:

*If it is a person who you know very well and who you are a close friend with, it will be harder to forgive that person compared to if there is a person that you do not know at all (F2).*

4.3.2 The Link between Brand Relationships and Forgiveness

Findings from this topic imply that participants considered it important that the brand responsible for a service failure clearly showed that it was aware of the problem. It was discussed in all groups that it was essential that the brand apologized for the service failure, explained why it occurred, and assured the customers that it would not occur again. In group 3, the participants discussed whether compensation was an effective strategy to achieve forgiveness. F6 claimed that compensation did not matter that much as long as the brand showed regret and apologized:

*[...] But as long as they say sort of: 'oh we understand how you feel and we will do our best to make it up for you'. And that means a lot to me as a customer at least, and then if they send a new or if they sort of choose to take it back and repair it, or if they want to give me a gift card so that I can buy something else [...] (F6).*

In group 2, it was discussed that how consumers forgive a brand depends on the magnitude of service failure and if the product easily could be substituted. M3 stated that if the failure was made deliberately or intentional without trying to compensate or warn the consumers, he would take it very serious. Moreover, it was highlighted in the majority of the groups that the brand’s importance for the consumer as well as if the consumer was personally affected, have a big impact on forgiveness. If a consumer considers a brand important and that it is hard to
substitute it, the consumer would be more forgiving. Furthermore, all participants agreed upon that if there existed a strong relationship between a consumer and a brand, they were more willing to forgive that brand compared to the outcome in a weak brand-consumer relationship. Group 2 and 3 highlighted that if consumers have a strong brand-consumer relationship, they found it more important to forgive that brand after a service failure. The participants argued that a strong relationship made it harder for the consumer to switch to another brand, as illustrated by M3:

(...) If you have a strong relationship to something, then it is harder to switch (M3).

4.3.3 Forgiveness Strategies

Apologizing and Showing Regret
Q10 (Appendix 2) is formulated to investigate if the participants considered apology, remorse, and compassion as effective strategies to achieve forgiveness. All participants agreed that apology and showing regret was a good start. The participants further argued that the brand has to realize what it did wrong. The below quotations illustrates these findings:

Apologizing is a good start [...] It depends on the situation, I do not think it would heal the wounds but as a first step on the way there (M2).
I think, as long as they mean what they are saying (F2).

Compensation
Q12 (Appendix 2) highlights whether compensation is an effective approach to achieve brand forgiveness. All of the groups acknowledged that compensation was an effective strategy dependent on the product or service and how big the failure was. The majority of the participants expected to receive compensation. Common thoughts from all groups on this topic were that it was dependent on the product, it was effective as a quick fix, it was not a long-term solution, and it was the least expectation that one can have as a customer. This is illustrated by the following conversation in group 1:

Compensation is the lowest level you expect as a customer (M1).
It is a quick solution (F2).

Another important discussion that group 4 denoted was that compensation can be distributed in several forms, and that they considered some of them as less preferable:

Something I do not like with compensation is when they tie the compensation to the brand. [...] I do not want to shop there again, and I know that if they give me a gift card as a compensation, then I know they do that to get the money back (M5).

Marketing Communication
Q13 (Appendix 2) is formulated so that the participants could discuss the role of marketing communication. As there is a difference between different types of marketing communication, we also questioned what type of communication the participants considered important after a service failure. The findings from this resulted in slightly diverse thoughts, but in general the participants expected a public apology and explanation to be implemented. However, the overall opinion among the participants was that marketing communication was dependent on how big the mistake was and to what level they were affected of it. The participants claimed that a high magnitude of service failure impacts many people, such as something similar to the service failures illustrated in the articles. They also claimed that a low magnitude of service failure for example could be when a customer once buys a bad product that easily could be replaced or solved. If the magnitude of service failure is high, the participants agreed that social media or a
press release is of best use as the channels enables to reach out to a wide audience. Also, it is effective when “real persons” comment on the service failure:

*I think that since you are much more able to trust what a real person are saying to you on Facebook, it will also be perceived much more personal in social media than in for instance a news article (F5).*

Additionally, F10 argued that marketing communication is an effective strategy in some situations, but it is significantly important not to overuse or misuse social media communication. F10 claimed that when marketing communication is overused in social media, the message would instead be perceived as meaningless, especially in situations where the magnitude of service failure is low. F10 further argued that overusing social media could even have a negative effect on the brand image when the majority of the marketing communication regards service failures.

4.3.4 Influential Factors on Forgiveness

History of Relationship

Q14 (Appendix 2) was formulated so that the participants could discuss the role of history of relationship. All of the participants agreed that history of relationship has an important impact on brand forgiveness. The discussions disclosed that when you experience a service failure with a brand that you have a long history of relationship with, only the thoughts of the brand change. The participants also claimed that if a brand has previously experienced a service failure, they will recall to the same situation when they think of the brand. However, the participants also argued that the service failure would not affect their future shopping behavior if there was a close brand-consumer relationship. This is illustrated in the quotations below from group 3:

*I think that if you have experienced a bad experience with a company, you will always have this in mind, and you will think of this next time you go there [...] I will always think about this when I go there again (F7).*

*So you will be a bit more skeptical maybe? (F6)*

*Yes, exactly (F7).*

*But you will still go there? (F8)*

*Yes (F7).*

Switching Costs

Q11 (Appendix 2) investigates whether costs such as time, burden, and money to switch to another retail brand have any impact on the decision to forgive or not. The findings from this discussion was somewhat diverse, some participants argued that switching costs have a small impact while some argued that switching costs have a big impact. In general, the participants claimed that it depends on the magnitude of the service failure:

*This is dependent on availability, if my closest grocery shop suddenly turns out to be crappy or stuff, then I might take the bike to another shop located a bit more far away. This means that I put more time on going there and if so I would take that into account and think if it is worth it. So time is a definite factor here (F4).*

Social Influences

Q15 (Appendix 2) was formed so that the participants could discuss the impact of social influences. All of the groups agreed that social influences have an impact on forgiveness. The discussions highlighted that social influences were dependent on who the source of influence was, such as parents choosing to forgive a brand. It was also seen that the background of the participants had an impact, such as upbringing:
I really believe that one is strongly influenced by the surroundings and family as they are the people who one is most close with and then one trust them. If they say that something was really bad like a company, then one trust them and what they say (F4).

It was also seen that participants thought that they would act as their role models, such as parents, if they were to experience a similar situation. The participants agreed that they would probably have a similar mindset as their parents as this quote illustrates:

> If there is a big scandal about Ica and my mum continues to do the grocery shopping at Ica, then I would continue to shop at Ica as well (F11).

**Time**

Q16 (Appendix 2) was formed to discuss the impact of time. The majority of the participants claimed that time was a relevant factor regarding forgiveness. However, the logic behind the arguments was somewhat spread between the participants. Group 2 discussed that time makes it possible to process the situation and consequently change mindset:

> And one gets perspective on things, and after a while one might feel that it does not matter. But when it happens it is a huge thing (F4).

F3 agreed with this argument and added that time would make one forget a service failure that happened many years ago. The participants in Group 1 also discussed that time could make them forgive and forget. F5 proposed another reason for considering time as an influential factor, which was that one often go for the first feeling and then after time you change opinion.
5 Analysis

This section analyzes how brand relationship affects brand forgiveness strategies as well as the influential factors. Additionally, the opportunities and challenges that a retail brand might face are analyzed. The analysis is based on our empirical findings and strengthened by the frame of reference.

From our findings we can identify how brand relationship affects different strategies that brands within the retail industry could apply to reach forgiveness from the consumers. We can also identify how different factors influence forgiveness and how these act as opportunities and challenges. The findings are ordered in themes and categorized by groups where the content is similar. The first section includes an analysis on strategies that could be applied to reach brand forgiveness. The second section includes an analysis on influential factors on brand forgiveness. Lastly, we present a comprehensive model of how the brand relationship affects brand forgiveness as well as presents opportunities and challenges that are faced by brands after service failures.

5.1 Brand Forgiveness Strategies

5.1.1 Apologizing and Showing Regret

Findings in the frame of reference concerning affective repair efforts in the conceptual model by Xie and Peng (2009) highlight the importance of apologizing, showing remorse, and compassion in order to achieve brand forgiveness. Furthermore, the mortification strategy illustrated by Carroll (2009) focuses on efforts involving apologizing, expressing regret and sorrow, as well as admissions of guilt. Hence, these implications are important in our findings, which further are confirmed and connected to the focus group discussions. All of the participants agreed that apologizing and showing regret was important and something that they expected from the brand.

In some situations, when the magnitude of service failure is low, participants argued that apologizing and showing regret could be enough efforts to be forgiven. We believe that this is due to individual characteristics but also related to the closeness of brand-consumer relationship. Expressing regret and sorrow could be more effective, and even considered to be the only effort needed, when having a strong relationship with the consumer where the magnitude of service failure is low. In line with findings from Xie and Peng (2009), we argue that affective repair efforts are essential when shaping a brand image of benevolence and integrity in the consumers’ minds. Hence, apologizing and showing regret indicates that the brand has a sincere interest in consumers’ desires as well as being honest and fair. Therefore, apologizing and showing regret can be seen as a first step to achieve brand forgiveness as our findings indicate that this affective repair has positive influence on benevolence and integrity, which in turn increases chances of brand forgiveness.

According to Xie and Peng (2009), a brand that confesses its wrongdoings may lead to a beneficial impression that it is oriented in problem solving. Thereby, the complaining and upset customers are relatively conciliated (ibid). This is however not in line with findings from the discussions were participants claimed that an apology in some cases could be perceived as an attempt to a simple solution that does not solve the issue, in cases when the magnitude of a service failure was high. Thus, findings from the discussion revealed that a genuine apology from brands was not perceived as a guarantee that the problem was solved. We therefore argue that a brand could receive a positive impression from consumers if it instead ensures and demonstrates that the service failure will not occur again. This is in line with the functional repair efforts by Xie and Peng (2009).
As Xie and Peng (2009) argued, we can see that functional repair efforts shape a brand image of competence in consumers’ minds if the brand uses its competences when ensuring that a service failure will not happen again. However, apart from this, we also argue that functional repair in terms of managerial steps to prevent repeating the same mistakes are needed for benevolence and integrity as well. We base this on our empirical findings where the participants claimed that apologizing strategies need to be followed by guarantees that the service failure will not be repeated. This is also needed in order to create an image of integrity, as integrity is based on honesty. Hence, functional repair in this case is a matter of showing interest in the customers as well as giving an honest impression.

5.1.2 Compensation

Compensation is an important theme in our findings. As seen in chapter 2, Xie and Peng (2009) points out that functional repair could for instance involve compensation. The researchers argue that functional repair has a moderate influence on building a competence view of the brand from a consumer perspective. Xie and Peng (2009) further suggest that functional repair has a weaker effect on forgiveness in comparison to what informational repair has. They argue that consumers desire more information of how the problem is handled. This is in line with our findings. The participants agreed that compensation is a short-term solution that could even be seen as the lowest level of consequence that a customer expects to receive when a service failure occurs.

Similar to what Xie and Peng (2009) argue, our findings indicate that compensation needs to be followed by apologies and information of how the service failure has been handled in order for it to not occur again. Our findings further suggest that the compensation type could have important influence on brand forgiveness. It was revealed that compensation that included more value for the customer, such as an upgrade in product, resulted in a more satisfied customer. Refunds were also considered to be effective. Furthermore, our findings indicate that if the compensation is bound to the specific brand connected to the service failure, such as a gift card, it could worsen the situation and result in a more dissatisfied customer. The reason for this was that a gift card was not considered as a cost for the company, such as a refund or an upgraded product, and hence the customer would not consider that compensation as remorseful.

5.1.3 Marketing Communication

As illustrated in the frame of reference, chapter 2, informational repair is a useful strategy for forgiveness and trust repair (Xie & Peng, 2009). Informational repair includes communicating renewed information, which involves marketing communication. Our empirical findings imply that marketing communication is a strategy that can be applied to reach brand forgiveness, which is in line with what Xie and Peng (2009) suggest for shaping a brand image of integrity and competence in consumers’ minds. Hence, marketing communication is a tool for companies to express knowledge and expertise, which may enhance the competence view that consumers have about the brand. Marketing communication may also enhance integrity as the company can illustrate its quality of being honest about the service failure.

It should be remembered that the level of marketing communication depends on the situation and magnitude of the service failure. The empirical findings show that if the magnitude of service failure is low, less marketing communication efforts are needed. Many of the participants considered marketing communication as an obvious action, since they expected the brand to communicate a public apology. We suggest, based on the empirical findings, that marketing communication is a tool for brands to explain themselves. In line with this, marketing communications can be seen as a way to keep a brand’s desired image in situations of service failure, as the communication will affect the brand associations and perceptions that consumers have.
As explained in chapter 3, the vignette section of the focus groups included two examples where negative publicity was apparent and handled differently by the brands. The responses from these articles show that marketing communication has a significant impact on the brand image, as the trust towards the brand decreases when the marketing communication is coped poorly. The conversation below indicates the importance of this:

*Just by reading these two articles, I have to say that I trust Lidl significantly less than I trust Ica. Just how they manage the problems, where Ica says that they bring it up with the store managers while Lidl do not even comment on it (M1).
Yes, because the image becomes worse since they do not manage it good if they do not even pay attention to it (F1).*

We argue that if a brand manages to use marketing communication effectively, which means that it is not overused and only used in situations where it is needed, the brand image could remain unaffected. The argument behind this is that marketing communication is a useful strategy towards forgiveness, if it is implemented accurately and will in those situations not have a negative impact on the brand image, which it might have if it is misused as it is highlighted in the empirical findings about marketing communication seen from section 4.3.3. Again, the magnitude of service failure plays a key role in determining to what extent marketing communication should be implemented. Furthermore, if the brand perceptions as well as brand associations remain positive in the eyes of the consumers, brand image will not be affected in a negative way. We argue that this can further be related to brand forgiveness since the brand image is influenced by the degree of closeness of a brand-consumer relationship, based on the empirical findings from our research.

## 5.2 Influential Factors on Brand Forgiveness

### 5.2.1 Brand as a Person

The frame of reference and the empirical findings reveal that interpersonal forgiveness is similar to how a consumer forgives a brand. Donovan et al., (2012) found that consumers see brands as humans, and hence a brand-consumer relationship is similar to human relationships. This is further indicated in the empirical findings where participants compare a relationship with a person in the same way as a relationship with a brand:

* [...] It is the same as with for example a relationship with a friend, let’s say a friend would do the same thing over and over, and keeps saying sorry and that it will not happen again, and then it happens one more time. Then finally you would stop trusting that person. And it is the same with a brand (F5).*

Hence, since a brand-consumer relationship is similar to human relationships we suggest that how a person forgives a brand is similar to how a person forgives another person.

### 5.2.2 Brand-Consumer Closeness

The majority of the participants claimed that forgiveness further is dependent on the closeness of the relationship, which refer to both brand-consumer relationship, and interpersonal relationship. Based on our findings, we propose that a consumer is more willing to forgive a brand that it has a close relationship with, even if the action hurts more from a brand that is closely related.

*Generally, if there is someone that you have a stronger relationship with, then you are more willing to keep that relationship compared to if you have never met the person before (M1).*
In addition to this, our empirical findings reveal that when there is a close brand-consumer relationship, it becomes more important for the consumer to forgive the brand. Hence, the consumer’s need for brand forgiveness increases when the brand-consumer relationship is strong. This brings us to the self-scale model proposed by Reimann et al. (2012) presented in the frame of reference, section 2.2. This model indicates closeness between brands and persons. According to the empirical findings and the questionnaire (Appendix 1), the majority of participants incorporated Ica at a high level in their self-scale, which suggests that there exists a close relationship between the participants and Ica. This is supported in another question in the questionnaire, where the participants indicated that they had a close relationship with Ica. Furthermore, the focus groups discussions revealed that the participants were more willing to forgive Ica compared to Lidl, even if the general opinion was that Ica’s service failure was worse and the action was more hurtful. This connects to low outcome uncertainty, proposed by Tsarenko and Rooslan Tojib (2011), since the participants claimed to be more hurt by a service failure from Ica since they did not understand why it occurred due to higher expectations.

I would say that what Ica did was worse. But I would still go to and shop at Ica of these two (F6).

[…] You have more customer forgiveness towards them (F5).

Yes, since I already have a better relationship with Ica (F6).

The participants also incorporated Lidl on their self-scale, however it was on a low level of closeness compared to Ica. This shows that Lidl had a weak relationship with the participants, which also is apparent from the questionnaire. This was present in the focus groups, as it was not considered important for the participants to forgive Lidl to the same extent as Ica. We argue that the reason behind that the participants rejected Lidl was because the participants did not have a close relationship with the brand. Therefore, the participants did not have a need to forgive Lidl and did not consider it as important to forgive the brand since the service failure did not affect them to the same extent, as illustrated by the quote below:

So in the end it was that this article about Lidl does not affect us as much (F6).

Since we did not have as much confidence towards them before (F8).

So this did not make any difference (F6).

We suggest that the degree of hurtfulness increases to the same extent as the degree of closeness as shown in Figure 7.

![Diagram of Degree of Closeness vs. Hurtfulness](image)

**Figure 7** The relationship between closeness and hurtfulness

Again, we suggest that a close relationship makes a person more willing to forgive another person, or in this case a brand, due to a higher need for forgiveness. This indicates that the brand-consumer closeness is a factor that has a substantial impact on how a consumer forgives. Brands should therefore always consider how they maintain their relationships. Figure 8 summarizes the findings from this section from a consumer perspective.
5.2.3 History of Relationship

As revealed in the frame of reference by Tsarenko and Rooslani Tojib (2011), history of relationship suggests that how a brand maintains its relationships, is how a person recall a brand after a service failure (ibid). This is in line with the empirical findings, where participants claimed that they would recall experiences of service failures from a certain brand when they think of that brand. Based on the findings, we argue that a consumer will remember how a brand handled a previous failure. Though, if the brand-consumer relationship is strong, the experience of the service failure will not affect the consumer’s buying behavior. Findings in frame of reference reveal that a strong and long-lasting relationship between brands and consumers indicates a high level of trust and loyalty towards the brand. However, if a service failure recurs, the trust and consequently the brand-consumer relationship will be damaged.

5.2.4 Trust and Brand Loyalty

On the contrary to what Xie and Peng (2009) suggest in their conceptual model of trust repair, where forgiveness influences trust and not the other way around, we argue that trust is an important influencer on forgiveness. As seen in chapter 2, research reveals that the brand image consumers have, reveals the perceptions and associations connected to the brand name (Riezeboz, 2003; Lau & Phau, 2007; Keller, 1993). Our findings from the vignette section reveal that participants that had the brand associations and perceptions of Ica to be of high quality and trustworthy also considered it more important to forgive Ica. This also indicates that the participants attracted to Ica were able to identify themselves with the brand, based on how the participants perceived the brand image. We argue that the brand image is similar to the image individuals have when thinking of other individuals. Hence, a person or a brand that others associate with being trustworthy and dependable will have higher chance to be forgiven as illustrated by F1:

This is about trust. If you have built up a good ground or what else to call it, and then if someone do a single failure, then it might not do much (F1).

We argue that if a brand manages to create beneficial perceptions in the minds of the consumers, this will be beneficial in cases of service failure. Looking at the conceptual model presented by Xie and Peng (2009) in frame of reference section 2.4.2.1 it is seen that competence-based trustworthiness is a direct link to forgiveness. Likewise, we argue that the competence-based trustworthiness that the consumer acknowledge for a brand, which is reflected in the brand associations and perceptions, increases the chances of brand forgiveness. This means that if the competence-based trustworthiness is high, such as brand associations of expertise in high quality, this will be beneficial for the brand forgiveness. As revealed in chapter 2, trust is decisive in order to build long-term relationships between brands and consumers (De Chernatony & Dall’Olmo Riley, 2000). Research also implies that trust has a positive effect on loyalty and is therefore an important aspect when building long-term relationships. Our empirical findings are in line with this theory as the participants who indicated to have a high
degree of trust towards Ica also claimed to be loyal customers of Ica. As we argued earlier in the analysis in section 5.2.1 Brand as a Person, the brand relationship will have a strong influence on forgiveness. Hence, we argue that since trust and loyalty are important criteria to build long-term relationships, trust and loyalty will consequently have a strong impact on forgiveness.

5.2.5 Time

Findings by Tsarenko and Rooslani Tojib (2011) highlight time as a significant temporal factor in shaping consumers' response and evaluation of a service failure. Time and the saying that time heals all wounds is hence a spoken expression that address how time allow consumers to reevaluate initial emotions that further enables to forgive (ibid). This is in line with the empirical findings, where the general opinion about time was that it opens up for a more reflective consideration. However, the participants also claimed that time is dependent on the magnitude of service failure, and that time is not a strategy for brands to repair service failures.

Although time is a factor for consumers to process the incident and gain new perspectives, we argue that brands rather should aim to achieve brand forgiveness with other suggested strategies. As revealed in chapter 2, a positive association from a consumer perspective is likely to be beneficial for the brand (Keller, 1993). Hence, instead of waiting for time to pass and for consumers to forget, we suggest that companies should strategically solve the issue as fast as possible, in order to maintain a positive brand image as well as brand association in the minds of consumers. This is further acknowledged in empirical findings, where one participant specifically claimed that solving the problem fast makes it easier to forgive:

_I feel that if a company repairs the problem fast, then I can forgive them_ (M2).

5.2.6 Switching Costs and Competitors Density

Our findings reveal that one of the challenges that brands within the retail industry meet when trying to achieve brand forgiveness is the switching costs. This is in line with chapter 2 where Tsarenko and Rooslani Tojib (2011) describe switching costs as one of the contingent factors that impact the consumer forgiveness. Our findings reveal that consumers consider switching costs such as extra time to change to another retail brand, extra costs such as higher price, as well as the burden to change brand. This is illustrated in the empirical findings section 4.2.2 about brand trust and loyalty, where F6 and F8 claimed that trust was not considered as an important criterion when choosing retail brand. Instead, F6 and F8 argued that convenience and availability had more influence when choosing between retail brands. Hence, we argue that these findings illustrate how high switching cost is decisive for a consumer's buying behavior. In addition, Tsarenko and Rooslani Tojib (2011) suggest that competitors' density is a factor that influences consumers' process of forgiveness. Consumers tend to compare service providers' trade-off between input and received outcome. In cases of service failures, the trade-off will influence a consumer's likelihood to forgive and a consumer will be less likely to forgive a brand if the outcome from the trade-off is negative. Therefore, we argue that competitors' density acts as a factor that decreases switching costs. To summarize, our findings imply that the switching costs in the retail industry are dependent on the time, burden and additional cost to switch brand as well as competitors density.

Based on our findings, we argue that the consumers' need to forgive a brand decreases when the switching costs are low and the magnitude of service failure is high. In the same way, when the switching costs are high and the magnitude of service failure is low, this increases the consumers' need to forgive the brand. Figure 10 illustrates our suggestion of the relationship between switching costs and magnitude of service failure in terms of need for brand forgiveness from a consumer perspective. We argue that the magnitude of service failure cannot be controlled after the failure occurred, while the switching cost can be influenced through branding activities and the brand-consumer relationship. Furthermore, we argue that the closeness of a brand-consumer relationship affects the need for brand forgiveness, as it is more important for the consumer to forgive a brand if there exists a close relationship.
1. **High Need for Forgiveness:** Appears when the switching costs for the consumer are high and the magnitude of service failure is low. We argue that a close brand-consumer relationship increases the switching costs, which therefore contribute to a high need for forgiveness. This field illustrates the most favorable situation when a service failure occurs. Therefore, the main challenge for the company is to maintain the close brand-consumer relationship. Our findings reveal that when the level of closeness in the brand-consumer relationship is high and the magnitude of service failure is low, apology and showing regret as well as compensation is the most suitable strategies to achieve brand forgiveness. We argue that apology and compensation could act as affective and functional initiatives, which increase the integrity-based, benevolence-based, and competence-based trustworthiness view that consumers have of a brand.

2. **Relatively High Need for Forgiveness:** Appears when the switching costs for the consumer are high and the magnitude of service failure is high. We argue that a close brand-consumer relationship increases the switching costs. Hence, the high magnitude of service failure results in a relatively high need for forgiveness. The opportunity for companies is to build closer brand-consumer relationships, while the challenge is to maintain the close relationship in cases of service failures. The first step to reach forgiveness from consumers within this field is through affective repair, which includes apologizing as well as showing regret. We argue that since the magnitude of service failure is high in this field, Marketing communication is a needed strategy to achieve brand forgiveness, as the failure is likely to have affected a large scale of consumers. Marketing communication could act as informational repair, which we argue could increase the competence as well as integrity-based trustworthiness view that consumers have for a brand. The functional repair, compensation, could be beneficial, as it would increase the competence-based trustworthiness, which could prevent customers from switching brands.

3. **Relatively Low Need for Forgiveness:** Appears when the switching costs for the consumer are low and the magnitude of service failure is low. Along with this, we argue that a relatively weak brand-consumer relationship indicates a relatively low need for forgiveness. An opportunity for companies within this field is to build close brand-consumer relationships. The challenge for brands within this area is how to prevent from being substituted. Thus, it is important to increase the switching costs by differentiating themselves in the marketplace. Since the magnitude of service failure is low, we suggest that apologizing and showing regret and sorrow as well as compensation are suitable strategies to reach brand forgiveness. Apology
acts as an affective repair and could be seen as a first step to achieve forgiveness. We argue that this type of affective repair efforts increase integrity and benevolence for the company, which in turn increases chances for forgiveness since the consumers are likely to consider the brand to have sincere interest in its consumers. Compensation acts as a functional repair effort that is suggested to increase competence-based trustworthiness, which we suggest could increase switching costs and consequently prevent consumers from switching brands.

4. Low Need for Forgiveness: Appears when the switching costs for the consumer are low and the magnitude of service failure is high. In this field we suggest that it exists a weak brand-consumer relationship, which along with low switching costs indicate a low need for forgiveness. This field illustrates the least favorable situation when a service failure occurs. Low switching costs and high magnitude of service failure challenge companies, as consumers tend to switch brands due to competitors density. Therefore, a main opportunity for companies when there is low need for forgiveness is to build close brand-consumer relationships. We argue that strategies to reach brand forgiveness are through affective repair efforts such as apology and showing regret as well as functional repair efforts such as compensation. Furthermore, since the magnitude of scandal is high, informational repair efforts such as marketing communication is a useful strategy since it reach out to many customers. All these initiatives increase the integrity-based, benevolence-based, and competence-based trustworthiness view that consumers have of a brand, which we argue would increase the likelihood for companies to achieve forgiveness from the consumers.

We believe that switching costs may be challenging for a brand to control, as these are dependent on the market as well as the brand. Based on our empirical findings combined with existing research, our suggestion is that brands should focus on building close brand-consumer relationships as our findings imply that this decreases the chances of customers switching brand. We argue that the brand-consumer closeness may act as an additional switching cost, which hence increases the switching costs and therefore increases the consumer's need for brand forgiveness, as seen in earlier in the analysis section 5.2.2 about brand-consumer closeness.

5.2.7 Social Influences

Findings reveal that social influences function as two sides of a coin. On the one side, companies face challenges as a result of not being able to control the influence that consumers affect each other’s with. On the other side, we argue that social influences may be an opportunity since beneficial branding activities tend to spread amongst consumers. Tsarenko and Rooslan Tojib (2011) confirm that social influences, such as family and culture, have an impact on consumers’ buying behavior as well as on their attitude in conflicting situations. This is further in line with results from our empirical findings, where it is revealed that the majority of participants were affected by social influences at a high level. We argue that, due to high trust between individuals, consumers are more likely to be affected by social influences. This explains why our empirical findings reveal that some participants’ buying behavior, reactions to service failure, as well as decisions to forgive, reflected those of their family members.

The empirical findings further imply that positive as well as negative brand associations and perceptions that individuals have, are transferable to other individuals by social influence. The empirical findings also indicate that social influences have a substantial impact on our chosen research field: the retail industry as well as people within the Swedish culture. We argue that social influence is a challenge for companies since it is beyond the companies’ control. Yet, social influences may also be seen as an opportunity when the social influence is beneficial for brands, such in cases where consumers follow buying behaviors as their parents. Hence, companies should focus on their overall positioning and value their relationship with all customers in the long-term.
5.3 Comprehensive Model of Brand Forgiveness

Based on our research, we developed a comprehensive model on how brand relationship affects how a brand needs to act in cases of service failures within the retail industry as well as opportunities and challenges met (Figure 10). The comprehensive model that we present explains the connection between our view of the brand basis, forgiveness strategies, and influential factors. The magnitude of service failure has an impact on if negative publicity occurs. If the magnitude of service failure is high, negative publicity might occur. Our research implies that branding set the basis for how its consumers will react in cases of service failure. The consumers’ brand associations, brand image, as well as brand loyalty and trust shape the brand-consumer relationship. A strong and long-term relationship is likely generated from positive brand associations as well as high trust and brand loyalty. The brand relationship closeness can be measured by the inclusion of self-scale. The brand relationship closeness influences the forgiveness strategies that a company undertakes. A close brand-consumer relationship reflects a higher need from the consumer to forgive. We suggest that the forgiveness strategies will differ in effectiveness dependent on the magnitude of service failure and brand relationship closeness. If the magnitude of service failure is high, marketing communication might need to be applied as a forgiveness strategy. Compensation should thereafter be applied independently on the magnitude of service failure. We argue that the basis that a brand sets with its customers will influence on how to achieve brand forgiveness.

Influential factors could act as opportunities and challenges that a brand faces. We argue that possible opportunities are trust and brand loyalty as well as time. Competitors’ density is identified as a challenge. Social influences, switching costs, and brand-consumer closeness can be seen as both opportunities and challenges. These influential factors will consequently form how a company within the retail industry needs to act to achieve forgiveness from its consumers, which is dependent on the relationship and consequently if there is a need for the consumer to forgive the brand.
Building brand-consumer relationship includes creating a brand image, illustrated with a mental picture of a brand as a person. If consumers' brand associations are positive, brand trust and loyalty might arise. This in turn generate a strong brand-consumer relationship.

**Figure 10** Comprehensive model on how brand relationship affects brand forgiveness
6 Conclusion

This section provides answers to the research questions presented and conclude the findings from this thesis.

This thesis yields interesting results in which we explore the concept of brands and how brand-consumer relationship incorporates to the brand forgiveness process. We examine that branding set the basis for how customers will behave in a service failure situation. We suggest that if a brand is able to create a positive brand image amongst its consumers, this can have a positive influence on the forgiveness strategies that companies undertake in cases of service failures. As the purpose of this study is twofold, we first want to illustrate how the brand relationship affects how a brand within the retail industry needs to act in order to reach forgiveness from the consumer in cases of service failure. Second, we intend to identify opportunities and challenges that are faced by a brand within the retail industry that aims to achieve brand forgiveness.

Our findings imply that closeness of the brand-consumer relationship will impact the need for the consumer to forgive the brand due to a high incorporation of the brand into the consumer’s self-scale. This will further impact the forgiveness strategies that are advised to initiate the forgiveness process, dependent on magnitude of service failure; Apologizing and Showing Regret, Compensation, and further Marketing Communications. As shown in Figure 9, influential factors affect the whole forgiveness process and these are dependent on the branding activities. Hence, we propose that the most effective strategy is to cherish the relationship between the brand and the consumer.

This thesis further identifies opportunities and challenges in the brand forgiveness process. One of the main opportunities that brands conquer in the brand forgiveness process is the basis the brand sets with the consumer. As illustrated above, consumers with positive brand associations and close relationships with a certain brand, have a stronger need to forgive that brand. We can see that there are tendencies that consumers consider brand relationships similar to interpersonal relationships. Hence, we suggest that achieving forgiveness from a close friend is similar to a closely related brand. Close relationships are therefore opportunities for brands as our findings imply that it increases the need for forgiveness. This also links to the opportunity of trust and loyalty, where our findings imply that these factors may enhance the forgiveness process. Our findings denote a third opportunity, which is the time factor. Our research indicates that undertaking strategies to solve the service failure in a quick manner will have positive influence on the forgiveness process.

A main challenge for brands that have close relationships with its consumers is that it becomes harder for the consumers to forgive the brand, as the service failure is more hurtful due to closeness. Switching costs are other challenges for brands as these depend on the external market, which is beyond the control for brands. Again, we suggest that close relationships may act as an additional switching cost for the consumer and therefore increases the need for brand forgiveness from a consumer perspective. Furthermore, we argue that social influences can be seen as both a challenge and an opportunity for companies. It may be a challenge as it is a factor that is ambiguous for companies to control, whereas an opportunity as beneficial perceptions is spread amongst consumers.
7 Discussion

This section includes a general discussion about the outcomes of the study. Hence, the implications, limitations, and future research are addressed.

7.1 Implications

The findings from our research provide several theoretical implications as well as practical implications. This thesis is one of few research efforts that combines research fields concerning branding, brand-consumer relationship, forgiveness, inclusion of self-scale, as well as service failure within retail industry. Theoretical as well as practical implications will be discussed below.

Theoretical Implications

Our study implies that the brand forgiveness process is similar to forgiveness between humans. Based on our findings about the extended self-scale model, it is seen that individuals can fully include a brand to one’s self-concept, which is found to have a significant impact on forgiveness. As previous research hypothesize that brands can be seen as actual persons, and thus human forgiveness is transferable to brands, our findings imply that this theory can be confirmed. We further propose that trust has a positive effect on loyalty and is therefore an important aspect when building long-term relationships since the brand-consumer relationship will have a strong influence on forgiveness. This finding is one of the most significant theoretical implications since it contradicts to the research of existing literature where it is proposed that forgiveness influence trust and not the other way around.

Based on our empirical findings combined with existing research, we argue that the brand-consumer closeness may act as an additional switching cost. Our findings imply that high level of closeness in the brand-consumer relationship could act as an incremental switching cost, which consequently increases the consumer’s need for brand forgiveness. The results from this research further reveal that if there exists a close brand-consumer relationship, the level of hurtfulness will be higher in situations of service failures. Furthermore, findings from previous literature imply that social influences have a strong impact on brand-consumer forgiveness. Based on the findings from this research, we propose that social influences have a significant impact on consumer behavior in the Swedish culture within the retail industry as the participants in this study were significantly affected by their families and cultures in the brand-consumer relationship building as well as the decision to forgive.

Practical Implications

This thesis first intends to make a contribution to the academic body and provide normative suggestions for practitioners. Accordingly, we found it valuable to highlight guidelines for practitioners on how the brand relationship affects how to reach brand forgiveness within the retail industry in a Swedish cultural setting. In other words, our findings propose how brand relationship affects how a brand within the retail industry needs to act in order to reach brand forgiveness, shows challenges as well as suggestions on how to overcome them, and propose opportunities, which can be seen as preventive strategies.

The model presented in Figure 10 shows the connection on how the branding activities have an impact on the forgiveness strategies and influential forgiveness factors that a company should undertake in cases of service failures. The findings advice that in order for brands to reach forgiveness from its consumers, managers first have to create beneficial associations and perceptions in the minds of the consumers, which in turn will be valuable in cases of service failure. Furthermore, managers should focus on building trust and close brand-consumer relationships. Close brand-consumer relationships may have a positive influence on the forgiveness strategies that companies undertake, since a close relationship seems to create a
higher need for brand forgiveness. Close brand-consumer relationships and a high need of forgiveness also affect the level of hurtfulness for consumers. Therefore, practitioners should bear in mind that even if there is a higher need for forgiveness from closely related consumers, consumers may consider the service failure to be worse in comparison to consumers where the brand-consumer relationship is not that close. Thus, managers should remember that the close relationship does not indicate that it will be easier to reach brand even if the consumer have a higher need and is more willing to forgive.

### 7.2 Limitations

During the research process, we encountered limitations and shortcomings. It is important to remember that forgiveness is a psychological concept that requires individual perceptions and opinions in order to research it comprehensively. Forgiveness is further a concept that differs amongst individuals due to differences in values and characteristics. Therefore, it becomes difficult to put our findings in a general context. Furthermore, this is a qualitative study with a small sample size, which also prevents our findings to be put in general contexts.

This thesis’ empirical research is limited with selection bias. The selection error arises as the focus group participants were selected beforehand and not randomly. Moreover, all the participants are students within an age span of 21-28 years. This bias is however an intentional decision by the authors as we conduct convenience and purposive sampling. Another limitation regarding the focus group sessions is that all participants had a considerably closer relationship to Ica compared to Lidl. We can hence see some tendencies of brand avoidance towards Lidl. This is something we were unaware of before the focus group sessions since we only knew that the participants were regular shoppers at one of the retail stores chosen for the vignette. However, it enabled us to compare the effect on brand forgiveness from a strong brand-consumer relationship as well as a weak brand-consumer relationship, which is beneficial for this study as the closeness of relationship implies to have a remarkable impact on the need for forgiveness.

Further limitations regard data loss during the transcribing process. Since the focus group discussions were conducted in the participant’s native language, Swedish, possible-translating issues might have occurred. Additionally, there might have been eventual data losses during the transcription due to non-verbal aspects of the situation that could not be caught into text, which consequently becomes decontextualized. An additional limitation is that the thesis is conducted during a relatively short period of time, and due to this we only used a small sample and are therefore not able to see possible changes in practices over time. Time constraint makes it hard to reinforce findings, which makes it impossible to generalize the empirical findings. Another common limitation for case study oriented research is the difficulty to replicate the precise circumstances for future research.

### 7.3 Suggestions for Further Research

Due to the limitations of our research, we have specific suggestions for further research. Since the findings from this research cannot be generalized, we suggest that the empirical findings should be tested in a quantitative study with a larger sample size in a Swedish cultural setting. Furthermore, to generalize the findings from an international perspective, the findings are required to be tested in different cultural contexts. As the participants of this investigation were students within the age span of 21-28 years, we suggest future researchers to further explore brand forgiveness in other age groups to see if those findings differ from ours.

In order to strengthen the findings from this study, a suggestion is to use other brands within the retail industry that consumers have strong relationships with. Hence, investigating a larger sample size may prove our suggestion that close brand-consumer relationships increases the
need for brand forgiveness. As our findings imply that brands can be seen as actual persons, and thus human forgiveness is transferable to brands, we suggest further research of his theory to ensure confirmability. We further suggest future researchers to develop the model about switching costs. As we are limited to either a close or weak brand-consumer relationship, it would be beneficial to include other brands with another type of brand-consumer relationship.
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Appendix 1

Questionnaire For Focus Groups

Instructors:  Amanda Ledin, Linn Norell, Johanna Thorell
Name: ______________________
Date: ______________________

In order for us to draw conclusions from the discussion, we need to receive a deeper knowledge about your background within our research field. When you complete the survey, imagine that all stores are located within the same distance.

1. Gender
   a. Male
   b. Female

2. Nationality
   a. Swedish
   b. Other
3. At what store do you prefer to do your grocery shopping? Rank it from 1-8, where 1 is the most preferred store and 8 is the least preferred store.

___ Ica

___ Lidl

___ Hemköp

___ Coop

___ Willys

___ City Gross

___ Netto

___ Other

4. If you have to choose between either Ica or Lidl, where do you prefer to do your grocery shopping?
   a. Ica
   b. Lidl

5. How often do you shop at Ica?
   a. Every day
   b. 2-4 times per week
   c. Once a week
   d. 2-3 times per month
   e. Once a month
   f. A few times per year
   g. Never
6. How often do you shop at Lidl?
   a. Every day
   b. 2-4 times per week
   c. Once a week
   d. 2-3 times per month
   e. Once a month
   f. A few times per year
   g. Never

7. What is your relationship with Ica?
   a. I shop here every time (loyal customer)
   b. I shop here sometimes
   c. I shop here if I have no other option
   d. I never shop here

8. What is your relationship with Lidl?
   a. Shop here every time (loyal customer)
   b. Shop here sometimes
   c. I Shop here if I have no other option
   d. I never shop here

9. To what degree do you trust Ica on a scale from 1 to 5? Put a circle around your answer.

   1  2  3  4  5

10. To what degree do you trust Lidl on a scale from 1 to 5? Put a circle around your answer.

    1  2  3  4  5
11. Indicate which pair of circles that best describes to what degree you integrate the brand Ica to your self-scale.

12. Indicate which pair of circles that best describes to what degree you integrate the brand Lidl to your self-scale.

Thank you!
Appendix 2

Questions for the focus group

Hand out the surveys. Let them answer the questions. Collect the surveys and hand out the articles and let them read them. Tell them that this is just an example of a product. It does not matter if you use to purchase it or not. Tell them that we would like them to imagine that they are the customers in each case that has purchased this product.

Start the discussion with these questions.

Questions about the articles

Q1: How do you react when you read the article with Ica? How does this scandal affect you emotionally?

Q2: How do you react when you read the article with Lidl? How does this scandal affect you emotionally?

Q3: Are there any differences in your mindset regarding these two scandals? Why?

Q4: Suppose that this situation happened to you. What is the best solution to this problem for you as a customer? Why?

Q5: Have you experienced this before? If so, how did you react as a customer?

Q6: Consider trust towards brands
   a.) Do you feel that you can trust Ica and Lidl as brands? Why or why not?
   b.) Do you find it important to have trust and loyalty with the stores where you do your grocery shopping? Why or why not?

Q7: Which company do you feel that you can associate more with, Ica or Lidl? Why?

Questions about forgiveness

Q8: Consider a situation where a brand does something wrong. How would you forgive that brand?

Q9: Consider a situation when a person does something wrong
   a.) What factors would help this person achieve forgiveness from you?
   b.) Are there any factors that influence your decision more than others?

Q10: Is apologizing as well as showing regret and signs of sorrow, good strategies to achieve forgiveness? Why or why not?

Q11: Does the costs (time, burden, money) to switch to another brand have any impact on the decision whether you choose to forgive or not?

Q12: As you might know, compensation is a common strategy to solve problems with bad products/services. How do you feel about this strategy?

Q13: Marketing communication
   a.) What role does marketing communication play in this type of situation? Why?
   b.) What type of communication do you find important in a situation like this?
Q14: If you consider the history of relationship that you have with people or brands, do you think it is an important factor when it comes to your decision to forgive?

Q15: Social Influences
a.) Do you find yourself affected by social influences such as family or culture in situations of service failures?

b.) Would you be able to make your decisions regarding forgiveness based on that? Why or why not?

Q16: When you think about time and the expression that time heals all wounds, do you agree with that time allow you to reevaluate your initial emotions and makes it easier to forgive someone? Why or why not?
Appendix 3
The article that was used for the example about Ica in the focus groups.

Omfattande fusk med köttfärs på Ica

Ica:s fyra största butiker i Stockholm fuskar med datummärkning av köttfärs, enligt SVT:s Uppdrag granskning som avslöjat det omfattande fuset.

Utrustad med dold kamera besökte teamet från Uppdrag granskning Ica Maxibutikerna i Nacka, Haninge, Södertälje och Botkyrka.

Genom att märka köttfärsparaket med utgångsdatum samma dag, fann man att samma köttfärs såldes dagen därpå. Då ommärkt med nytt, framflyttat utgångsdatum. Mönstret var det samma i alla de undersökta butikerna.

Ica skriver i ett pressmeddelande att det är oacceptabelt att märka om kött med nya datum.

Efter att ha informerats av SVT har Ica den gångna helgen gått igenom gällande rutiner med utpekade Ica-handlare. Miljö- och hälso- och skyddsförvaltningarna i de aktuella kommunerna har kontaktats.

"-Varje handlare är ansvarig för att kontrollen fungerar i butiken. Ica:s kunder ska kunna förvänna sig säkra och korrekt märkta varor i Ica- butikerna, säger Peder Larsson, vd för Ica Sverige.

Publicerad: 5 december 2007 - 03:24

Mer Inrikes

Pappers drar tillbaka strejkvarsel
LO-facket Pappers drar tillbaka strejkvarslet mot företaget Absorbest i Kisa sedan facket och företaget enats om ett nytt avtal.

Så skojade medierna på första april
"Lena PH ny landshövding” Göteborg skulle få skyskraper i Slottsskogen.
Appendix 4
The article that was used for the example about Lidl in the focus groups.

Lågpriskött - ren bluff

Köttet blandas ut - så slipper Lidl salmonellatester


Så slipper Lidi krav på salmonellafritt kött och att tala om var köttet kommer från.

Då blir köttet billigare.

Lågpriskedjan Lidi säljer färskt kött som inte längre är kött. Genom att tillsätta bland annat salt, socker, soja och citronsyra förvandlar Lidi köttet till köttberedning.

Höga krav på kött


Allt detta slipper man om varan i stället är en köttberedning, vilket det blir om man tillsätter mer än en procent av andra ämnen.

Köttet säljs av Lidi för 89 kronor kilot och köttfårsen för 39:80 per kilo. Även om det står "Tyskt kvalitetskött" på paketet finns det inga garantier för att köttet verkligens kommer från Tyskland.

Det kan komma var som helst ifrån men har slutbehandlats med tillsatser i Tyskland.

Enligt Barbro Ljung, veterinärinstruktör på Livsmedelsverket, är detta något helt nytt.

Kan vara camouflaje

-Jag har aldrig hört talas om detta tidigare. Om jag ska spekulera över varför skulle jag säga att man dels kan kamouflera dåligt kött med hjälp av salt och kryddor, dels slipper man ifrån salmonellagarantin.

På Svensk köttinformation blir dietisten Karin Fransson först stum, när hon hör om köttbehandlingen.

-1 Sverige får man inte göra så här. Nötfårs är 100 procent färs från rokbött.

"Svårt att se nyttan"

Inte heller på Scan har man hört talas om behandlad köttfårs eller lövbiifff som inte är 100 procent kött.
- Det är svårt att se någon nytta med tillsatserna, säger Pia Larsson, kvalitetschef på Scan.
Aftonbladet har frågat Lidl varför man tillsatt andra ämnen till köttfärsen och lövbiffen, utan att få något svar.

Karin Ahlborg

<table>
<thead>
<tr>
<th>Lidls nötfärs</th>
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<tbody>
<tr>
<td>Det här innehåller Lidls nötfärs:</td>
</tr>
<tr>
<td><strong>Nötfärs:</strong> 98 procent nötfärs.</td>
</tr>
<tr>
<td><strong>Jodsalt:</strong> Salt, eventuellt för hållbarhet.</td>
</tr>
<tr>
<td><strong>Kryddor:</strong> För smak, förmodligen.</td>
</tr>
<tr>
<td><strong>Hydroliserat sojaprotein:</strong> Brukar användas som utdryckningsmedel eller köttersättning.</td>
</tr>
<tr>
<td><strong>Askorbinsyra:</strong> För att förhindra missfärgning, antioxidationsmedel.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lidls lövbiff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Det här innehåller Lidls lövbiff:</td>
</tr>
<tr>
<td><strong>Nötkött:</strong> 97 procent.</td>
</tr>
<tr>
<td><strong>Kryddlake:</strong> För smak.</td>
</tr>
<tr>
<td><strong>Natriumacetat:</strong> För längre hållbarhet, konserveringsmedel.</td>
</tr>
<tr>
<td><strong>Trinatriumcitrat:</strong> För att förhindra missfärgning, antioxidationsmedel.</td>
</tr>
<tr>
<td><strong>Askorbinsyra:</strong> För att förhindra missfärgning, antioxidationsmedel.</td>
</tr>
<tr>
<td><strong>Natriummaskorbat:</strong> För att förhindra missfärgning, antioxidationsmedel.</td>
</tr>
</tbody>
</table>

Kött måste ursprungsmärkas

Rent kött som säljs i EU måste märkas med ursprungsland, var det styckats och var det paketerats.

Om andra ämnen, till exempel salt och kryddor, tillsätts köttet och överstiger 1 procent av köttets vikt klassas köttet som köttberedning. Det behöver varken ursprungsmärkning eller uppvisa salmonellaintyg vid import till Sverige. Det betyder att man inte vet varifrån köttet i de aktuella förpackningarna från Lidl kommer, mer än att den senaste behandlingen skedde i Tyskland.

Läs också:

Utskriftsdatum: 2016-04-01
Publicerad: 2005-04-04
Webbadress: http://www.aftonbladet.se/nyheter/article10572336.ab

Tipsa oss!
MMS & SMS: 71000
Mejl: tipsa@aftonbladet.se
Ring: 08 - 411 11 11

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## Appendix 5

Summary of the results from the focus groups discussions.

<table>
<thead>
<tr>
<th>Group 1</th>
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<tbody>
<tr>
<td><strong>Preference Factors</strong></td>
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<tr>
<td><strong>Fairly Important</strong></td>
</tr>
<tr>
<td><strong>Neither Important nor Unimportant</strong></td>
</tr>
<tr>
<td><strong>Unimportant</strong></td>
</tr>
<tr>
<td><strong>Not Enough Information to Judge</strong></td>
</tr>
<tr>
<td><strong>Easily Differentiates Between Competitors</strong></td>
</tr>
<tr>
<td><strong>Easily Differentiates Between Competitors on Price</strong></td>
</tr>
<tr>
<td><strong>Price</strong></td>
</tr>
<tr>
<td><strong>Consider the Price to Be More Than Reasonable</strong></td>
</tr>
<tr>
<td><strong>Consider the Price to Be Reasonable</strong></td>
</tr>
<tr>
<td><strong>Consider the Price to Be More than They Would Pay</strong></td>
</tr>
<tr>
<td><strong>Consider the Price to Be Reasonable</strong></td>
</tr>
<tr>
<td><strong>Consider the Price to Be More than They Would Pay</strong></td>
</tr>
</tbody>
</table>

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### Notes:
- Some participants choose to compare, others do not.
- There is a high influence.
- High importance of price and quality.
- Fairly important importance of service.
- Not enough information to judge.
- Easily differentiates between competitors.
- Easier to judge the competitors than to judge some other consumer goods.
- Price and quality are important.
- Consider the price to be more than they would pay.
- Consider the price to be reasonable.
| Group | \begin{tabular}{|l|l|}
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Yes. The memory is short, one can cope with it.</td>
<td>Yes. The memory is short, one can cope with it.</td>
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<tr>
<td>I really miss my personal opinion</td>
<td>I really miss my personal opinion</td>
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<tr>
<td>Very important</td>
<td>Very important</td>
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<tr>
<td>Social media is used to reach out and engage people</td>
<td>Social media is used to reach out and engage people</td>
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<tr>
<td>I see a</td>
<td>I see a</td>
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<tr>
<td>The important aspects are how the company is presenting its products</td>
<td>The important aspects are how the company is presenting its products</td>
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<td>56</td>
<td>0.16</td>
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<tr>
<td>(image)</td>
<td>(image)</td>
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<tr>
<td>Importance Factor</td>
<td>Importance Factor</td>
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<td>0.08</td>
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<td>(image)</td>
<td>(image)</td>
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<tr>
<td>Confidence in the product</td>
<td>Confidence in the product</td>
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<td>I do not think much about it, but does not affect me directly</td>
<td>I do not think much about it, but does not affect me directly</td>
</tr>
<tr>
<td>Does not affect me or someone close</td>
<td>Does not affect me or someone close</td>
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<td>There are limits to how much someone can</td>
<td>There are limits to how much someone can</td>
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<tr>
<td>Group 2</td>
<td>M3</td>
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<td><strong>X</strong></td>
<td><strong>Y</strong></td>
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<tr>
<td>Time helps wounds</td>
<td>Time helps wounds</td>
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<tr>
<td>Influenced by friends and family because one trust them</td>
<td>Influenced by friends and family because one trust them</td>
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<td>Theconnector</td>
<td>Theconnector</td>
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<td>Shout feelings of Doctor's making it hard to speak</td>
<td>Shout feelings of Doctor's making it hard to speak</td>
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<td>While using a good versatility of Digital devices</td>
<td>While using a good versatility of Digital devices</td>
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<td>Depends on the purpose, program is obvious,</td>
<td>Depends on the purpose, program is obvious,</td>
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<td>Time and location is especially important</td>
<td>Time and location is especially important</td>
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<td>Very important</td>
<td>Very important</td>
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<td><strong>Preferences Tectors</strong></td>
<td><strong>Preferences Tectors</strong></td>
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<td>Yes I did one good job and I think it help</td>
<td>Yes I did one good job and I think it help</td>
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<td>Go back and get compensated</td>
<td>Go back and get compensated</td>
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<td>Yes My parents always go there</td>
<td>Yes My parents always go there</td>
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<tr>
<td>Yes they provide food</td>
<td>Yes they provide food</td>
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<td><strong>Brand Loyalty and image</strong></td>
<td><strong>Brand Loyalty and image</strong></td>
</tr>
<tr>
<td>Brand Associations</td>
<td>Brand Associations</td>
</tr>
<tr>
<td>Yes when I shop</td>
<td>I'll expect some quality</td>
</tr>
<tr>
<td>Not satisfied, what I expected</td>
<td>Not satisfied, what I expected</td>
</tr>
<tr>
<td>Not satisfied, They know how to change the issue</td>
<td>Not satisfied, They know how to change the issue</td>
</tr>
<tr>
<td>Strengths of Becoming a Member is hard to explain</td>
<td>58</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>----</td>
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<tr>
<td>EXTRACTION ليلا، لجأت إلينا لعاصفة، أعطتني خفية</td>
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<td>57</td>
<td></td>
</tr>
<tr>
<td>The coupon makes you forget</td>
<td>52</td>
</tr>
<tr>
<td>Time and price is especially important</td>
<td>51</td>
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<tr>
<td>Help a little bit important in a purchase</td>
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<td>Some feeling of belonging makes it hard to switch</td>
<td>49</td>
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<td>The convenience</td>
<td>48</td>
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<td>Influenced by friends and family because one trust them</td>
<td>47</td>
</tr>
<tr>
<td>Some feel that the product is good</td>
<td>46</td>
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<tr>
<td>The extra feel of belonging makes it hard to switch</td>
<td>44</td>
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<td>The coupon makes you forget</td>
<td>43</td>
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<tr>
<td>56</td>
<td></td>
</tr>
</tbody>
</table>

| Brand Image | 55 |
| Brand Loyalty and Trust | 54 |
| Firm Associations | 53 |
| Cognitive Factors | 52 |
| Emotional Factors | 51 |
| 50 |

**Group 2**
<table>
<thead>
<tr>
<th>Importance of Being a Good Company</th>
<th>Member Response</th>
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<tbody>
<tr>
<td>show that it understands the importance of money</td>
<td></td>
</tr>
<tr>
<td>can be answered in this case, because it means more</td>
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</tr>
<tr>
<td>closer to the core</td>
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<tr>
<td>Yes.</td>
<td>No.</td>
</tr>
<tr>
<td>Member response:</td>
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</tr>
<tr>
<td>It is about trust. If a close company is, we do it's your case.</td>
<td></td>
</tr>
<tr>
<td>Do not expect me to do it a good reason. The expression is already bad.</td>
<td></td>
</tr>
<tr>
<td>Negative Feelings</td>
<td></td>
</tr>
</tbody>
</table>
|Important, makes one forget the conditions towards the
|influence by family |
|In the event of public relations and communication, an
<p>|important figure to mention is the person or a person of a partner program |
|It is important to accept that the process is a process of answers |
|Communication is not important |
|You have an impact on the consequence already |
|See Q's and Q's |
|Foreigners Reaction |
|General Discussion |
|Brand Associations |
|Brand Loyalty and Trust |
|Image |
|Group 3 |</p>
<table>
<thead>
<tr>
<th>Q5</th>
<th>Q6</th>
<th>Q7</th>
<th>Q8</th>
<th>Q9</th>
<th>Q10</th>
<th>Q11</th>
<th>Q12</th>
<th>Q13</th>
<th>Q14</th>
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<td>Agree with F5 and F6</td>
<td>Agree with F5 and F6</td>
<td>Agree with F5 and F6</td>
<td>Agree with F5 and F6</td>
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<td>Agree with F5 and F6</td>
<td>Agree with F5 and F6</td>
<td>Agree with F5 and F6</td>
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<td>Important! Stranger relationship means that you forget easier</td>
<td>Important! Stranger relationship means that you forget easier</td>
<td>Important! Stranger relationship means that you forget easier</td>
<td>Important! Stranger relationship means that you forget easier</td>
<td>Important! Stranger relationship means that you forget easier</td>
<td>Important! Stranger relationship means that you forget easier</td>
<td>Important! Stranger relationship means that you forget easier</td>
<td>Important! Stranger relationship means that you forget easier</td>
<td>Important! Stranger relationship means that you forget easier</td>
<td>Important! Stranger relationship means that you forget easier</td>
</tr>
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<td>Facebook reach out to more people very accessible</td>
<td>Facebook reach out to more people very accessible</td>
<td>Facebook reach out to more people very accessible</td>
<td>Facebook reach out to more people very accessible</td>
<td>Facebook reach out to more people very accessible</td>
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<td>Facebook reach out to more people very accessible</td>
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<tr>
<td>Genuine apologize and show that one is sorry</td>
<td>Genuine apologize and show that one is sorry</td>
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<td>Genuine apologize and show that one is sorry</td>
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<td>Genuine apologize and show that one is sorry</td>
<td>Genuine apologize and show that one is sorry</td>
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<tr>
<td>Customer service important, that it improves the situation.</td>
<td>Customer service important, that it improves the situation.</td>
<td>Customer service important, that it improves the situation.</td>
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<td>Customer service important, that it improves the situation.</td>
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<td>More hurted by a close friend</td>
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<td>Agree with the others make the customer pleased</td>
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<tr>
<td>Yes, but some things are still there</td>
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<td>I think it is very dependent</td>
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<td>Small impacts</td>
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<td>Yes but really do something about it</td>
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<td>Do something about it</td>
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<td>I’m still using my ecological products, made me more sensitive</td>
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<td>I trust less</td>
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<td>I’m not sure</td>
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<td>Do not know, not by me</td>
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<td>Less likely than others</td>
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<td>Same feel, but more sensitive</td>
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<td>No, not typical. According to expectations</td>
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<td>I do not care very much. Question the trust</td>
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<td>Acknowledge and realize what they did wrong</td>
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<td>Do not consider apologies and regret</td>
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<td>Yes, very much I think</td>
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<td>Yes, my family</td>
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<td>I like it. It works on me</td>
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<td>I think it is there and a solution</td>
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