

HOW DOES POST DEFECTION REGRET IMPACT B2B CUSTOMERS' ADVOCACY TO SWITCH BACK?

INTRODUCTION

Psychologists have demonstrated that “cold” cognition is an exception, as there is a link between emotion and cognition. Emotions guide information search and influence judgments (Forgas, 1994). Bagozzi et al., (1999) provided the foundations for research on emotions in marketing. They noted that emotions along with cognition can influence consumer decision making. However, research on emotions in the B2B marketing context is still in its infancy, with much of the current research exploring the sales executives/sales organisation's perspectives (Kemp et al., 2018). This study adds to the dearth of literature on the role of emotions in B2B marketing from the buyer's perspective.

We explore this, in the context of customer defection and switching behaviour. Specifically, based on the relationship with the prior supplier, purchasing agents may experience emotions such as regret or sadness. This “post defection regret” can further intervene with purchasing agents' judgements and decision making in the context of switching back to the prior supplier. Thus, this study aims to elucidate the cognitive consequences of regretful emotions (Bless and Fiedler, 2006).

MODEL DEVELOPMENT

The affect infusion model (AIM) is based on the premise that affect/emotions inform and interact with cognition and judgments through influencing an individual's information processing. Affect/emotions influence *how* people think and the kind of information they use to reach a judgment. Yet, not all thinking, and judgment processes/ strategies are characterized by high affect/emotions infusion. The AIM provides four key processes to illustrate how affect/emotions can influence judgment processes (Forgas, 1994; 1995). These are described below.

Direct access processing: a low affect infusion strategy. There is no requirement of systematic processing, due to absence of strong cognitive, affective or situational factors.

Motivated processing: a low affect infusion strategy. In contrast, to the direct access processing, under motivated processing, there is search of additional information. However, such information search and evaluation is guided by prior motivation. Prior experiments also suggest that affect/emotions may trigger motivated processing as people are active mood regulators (Erber and Erber, 1994). Therefore, *negative* emotions focus individuals on information that helps them *repair* their mood and serve their motivational objective (Forgas, 1991)

Heuristic processing: a high affect infusion strategy. Evaluations may be based on existing moods and is mostly used when evaluative target is simple.

Substantive processing: a high infusion strategy. Affect/emotions are expected to significantly influence the perception and interpretation of judgment as well as decision-making (Forgas, 1995). Here, new information is selected, learnt, interpreted and combined with existing knowledge structures. Affect/emotions play a significant role by influencing the selection of

information used to make decisions. The judge is motivated to be as accurate as possible because of situational demands such as high scrutiny of the decision. Constructive and systematic processing of information is undertaken as there is no pre-existing motivation that limits the influence of affect/emotions.

The AIM also shares similarities with the dual processing theories proposed by Petty and Cacioppo (1986) and Chaiken (1980) which distinguish between peripheral route processing (i.e., similar to motivated processing or direct access processing) and central route processing (i.e., similar to substantive processing) in the AIM model (Forgas, 1995).

Additionally, marketing literature in general and sales and service recovery literature in particular have prescribed justice theory to regain lost customers or restore troublesome customer relationships (Blodgett et al., 1997; Tax et al., 1998). Justice theory emphasizes the role of equity in business relationships. The presence of fairness and equality (i.e., justice) in exchange is a key condition for relationship continuance. Justice theory also recommends the employment of fairness strategies, to restore troubled relationships (Homburg and Fürst, 2005; 1995; Tax et al., 1998). The service recovery research suggests that consumers' perceptions of justice are vital to service recovery (Rio- Lanza et al., 2009). Similarly, customer reacquisition research shows that restoring justice is key to successfully win back lost customers (Liu et al., 2016). Extant research has also examined customers' emotional reactions to companies' justice strategies and viewed emotions as a mediator between justice perceptions and customer satisfaction (Schoefer and Ennew, 2005). In line with these findings, sales firm's justice strategies should be central to purchasing agents' decision to switch back.

Based on AIM model (Forgas, 1994; 1995), affective emotional states can inform cognition and evaluation. In other words, an individual's emotional states can intervene his/her information search process to form judgment. Depending upon the relationship with the supplier, a purchasing agent might feel sad or regretful about switching away from a supplier (i.e., "post-defection regret"). Such negative emotions may lead purchasing agents to critically evaluate the new incoming information – the win-back offers (i.e., justice strategies) employed by the former supplier. To repair the negative emotions and to be as accurate as possible, purchasing agents tend to apply motivated or substantive processing style, as the target (the final switch back) is more than a simple decision and involves cognitive and situational factors (Forgas, 1994; 1995). The evaluation of justice strategies can be crucial to their final decision of switching back or not (i.e., advocacy to switch back).

Thus, purchasing agents' might engage in motivated processing, conduct directed information search and only process most relevant information to help them repair their "post-defection regret" i.e., negative emotions. As a result, purchasing agents' post defection regret will lead them to evaluate justice strategies by prior supplier positively, and also encourage them to advocate for switching back. Alternatively, purchasing agents' may also engage in more open information search and substantive processing to interpret the justice strategies with only one aim – to make the accurate judgment this time. Here again, if the prior supplier is fair and consistent in its dealing and provides a fair win back offer, purchasing agents' will perceive justice positively and advocate for switching back. As a result, purchasing agents' "post defection" emotional states, regret in this case, will lead to positive evaluation of justice and will increase their advocacy to switch back. As such, we hypothesize:

H1: Purchasing agents' with high post defection regret are more likely to advocate to switch back.

H2: Purchasing agents' post defection regret will positively influence their perceptions of justice strategy by the prior supplier.

As stated earlier, justice principles of restoring fairness and equity within relational exchange are fundamental to any successful customer recovery process (Liu et al., 2016; Homburg and Fürst, 2005; Tax et al., 1998). Scholars have found that justice strategies have positive impact on customer satisfaction in the contexts of complaint handling (Tax et al., 1998; Homburg and Fürst, 2005), improves satisfaction with service recovery (Rio-Lanza, 2009) and increases customer loyalty (Chebat and Slusarczyk, 2005). When deciding to switch back to a prior supplier, a purchasing agent will evaluate the justice strategies implemented by the prior supplier and/or its salespeople. As such, purchasing agents' perceptions of fairness and consistency in the procedures, policies, actions and the win-back offer provided by the selling organisation or its sales executive will increase his/her advocacy to switch back. Thus,

H3: Justice positively influences purchasing agents' advocacy to switch back.

METHODOLOGY, ANALYSIS AND RESULTS

Data were obtained from an online survey of 185 B2B purchasing agents, with a minimum of 3 years of experience, across various industries. One hundred and two (102) participants in the sample were male, and eighty-three (83) were female with an average of 10.02 years in the buying firm. One hundred and thirteen (113) purchasing agents filled the survey recalling a specific supplier to whom they switched back after working with a replacement supplier, and the other 72 responded based on a specific supplier to whom they did not switch back. The measurements were adapted from existing literature, for instance, emotions from service recovery literature (Chebat and Slusarczyk, 2005); justice from Tax et al., (1998). The scale for advocacy to switch back is specifically developed for this study by incorporating previous qualitative research in B2B customer reacquisition (Leach and Liu, 2014; Liu et al., 2016). Data were analysed using PLS-SEM (Ringle et al., 2015) as the relationships under investigation within the B2B customer switch back context are relatively new, and the model is in line with the prediction focus of PLS-SEM (Hair et al., 2013).

The PLS algorithm was run to assess the measurement model. PLS-SEM is deemed appropriate for this study, as the phenomenon explored is relatively new and exploratory in nature. Specifically, research examining emotions and justice is limited and focuses mainly on the effect of justice on emotions rather than on how emotions influence justice perceptions, evaluations and decision-making. Furthermore, switching-back behavior in the B2B context is a new stream of research and warrants insights within sales domain. As such, the current study centering on purchasing agents' emotions and advocacy aligns with the predictive application of PLS-SEM (Hair et al. 2013; Richter et al., 2016). The convergent validity was assessed by examining outer loadings and AVE. The outer loadings for all indicators were above 0.70. The AVE and Cronbach Alpha values for all constructs were above .70. Composite reliability estimates ranged from 0.85 to 0.98: Furthermore, discriminant validity was assessed using HTMT ratio (Henseler et al., 2015).

The results suggest that purchasing agents' "post defection regret" (i.e., emotions regarding switching-away from the prior supplier) have positive effects on their advocacy to switch back (*H1* $p < .05$), and on their perceptions of justice (*H2* $p < .01$). The results also provide support for *H3* as justice increases purchasing agents' advocacy to switch back (*H3* $p < .01$). Hence, justice

mediates the relationships between emotions and advocacy. Additionally, R^2 for advocacy to switch back is 0.38 suggesting that 38% of the variance in advocacy was accounted for by the predictors in the final outcome. Regarding the control variables, years in the organization was not significant, whereas, combined responsibility for making the final purchase was significant.

Overall, the findings highlight the positive influence of post defection emotions (i.e., regret) on appraisal (i.e., justice perceptions) and on rectifying decisions (i.e., advocacy to switch back).

DISCUSSION AND IMPLICATIONS

Contributing to sales and customer relationship literature, this study accentuates the key impact of emotions in B2B exchange relationships. Although customers defect for various reasons, our results show that the resultant emotions from defections and justice perceptions are key indicators for switching back. Specifically, purchasing agents' "post defection regret" emotions can lead to positive appraisal of justice perceptions and their advocacy to switch back. Here, purchasing agents tend to integrate new and old information to ensure they achieve accurate judgments and decisions this time. Or at the minimum, they are motivated to repair their emotional states of regret to more neutral or desirable outcomes, and not feel "regretful" again. Thereby, either through motivated and substantive processing style, "post defection regret" will enhance purchasing agents' positive appraisal of justice and advocacy to switch back.

Overall, the study contributes to the B2B marketing literature by demonstrating the influence of emotions. The B2B organizations should continue to communicate with defected customers after they switched away to gain understandings of customers' post defection emotions in order to better implement their win back strategy. Emotions have some elements of wisdom and can influence evaluation of justice strategies employed by the prior supplier and the decision of advocating a switch back.

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