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In the Wake of a Merger: Consumer Reactions to Service Failures

Melinda Andrews McLelland and Ronald E. Goldsmith

AUTHOR INFORMATION

Melinda Andrews McLelland, Ph.D.
University of Southern Mississippi
Melinda.McLelland@usm.edu
601-266-4629

Ronald E. Goldsmith, Ph.D.
Florida State University
Rgoldsmith@cob.fsu.edu
850-644-4401

ABSTRACT

Customers are often overlooked during the merger process in both reality and the marketing literature. This research features an experiment with 431 U.S. consumers that assesses the impact of a service failure following a merger on a variety of consumer behaviors. Key results indicate that consumers are more likely to switch service providers if they experience a failure of any magnitude (major/minor) following a merger than if they experience the same failure in the absence of a merger. This finding emphasizes that firms involved in service mergers have to be extremely diligent about preventing customer defection and implement focused marketing strategies sooner rather than later. Several managerial implications are provided based on the results of the study.

INTRODUCTION

Warren Buffett, the world-renowned business leader, is well known for saying "while deals often fail in practice, they never fail in projections" (O'Loughlin, 2004, p. 106). This introductory quote reflects the nature of mergers and acquisitions (M&A) in today's business world. Global M&A activity in 2012 totaled approximately $2.19 trillion (Kirchfeld and Saitto, 2012) with a major increase in activity during the fourth quarter. M&A transactions continued to increase through 2013, which represents the strongest start to global deal making in two years (Reuters, 2013). The first nine months of 2013 featured the highest number of billion dollar deals since the first nine months of 2008 (Dealogic, 2013). M&A experts predict the momentum should carry through 2014 (McEvoy, 2013).

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Table 1
Major United States Service Mergers 2003 – 2013

[1]Merging Companies	Year	Deal Price
Verizon and Vodaphone	2013	$130 Billion
US Airways and American Airlines	2013	$11 Billion
Publicis and Omnicom	2013	$17 Billion
Comcast and NBCUniversal Media	2013	$17 Billion
Comcast and NBC	2011	$30 Billion
Capital One and ING Direct USA	2011	$9 Billion
Southwest and AirTran	2010	$1.4 Billion
Continental and United Airlines	2010	$3.2 Billion
Ticketmaster and Livenation	2010	$4.4 Billion
Bank of America and Merrill Lynch	2009	$50 Billion
Delta and Northwest Airlines	2008	$3.1 Billion
Sirius and XM Radio	2008	$13 Billion
Wachovia and Wells Fargo	2008	$15.1 Billion
TXU Corp. and KKR	2007	$31 Billion
Alltel and TPG	2007	$25 Billion
Bank of America and LaSalle	2007	$21 Billion
Blackstone and Hilton Hotels	2007	$20 Billion
Google and DoubleClick	2007	$3.1 Billion
AT&T and Bellsouth	2006	$67 Billion
Verizon and MCI	2006	$8.5 Billion
Google and Youtube	2006	$1.65 Billion
Sprint and Nextel	2005	$36 Billion
SBC and AT&T	2005	$16.9 Billion
J.P Morgan Chase and Bank One	2004	$58 Billion
Cingular and AT&T Wireless	2004	$47 Billion
FedEx and Kinkos	2004	$2.4 Billion
Bank of America and FleetBoston	2003	$47 Billion

[1] Sources (accessed May 14, 2014):
http://www.manda-institute.org; http://www.att.com; http://www.news.com/; http://money.cnn.com/; http://siue.com/; http://www.wikipedia.org/; http://investorplace.com

Table 1 indicates that mergers are especially prevalent in the services sector with several billion-dollar service mergers occurring during the past decade. These deals involve brands that exhibit high brand equity and brand awareness among consumers (e.g., Southwest, Comcast, AT&T, etc.). Table 1 also illustrates a continued trend in mergers among well-known service providers. Thus, the prevalence and scope of merger activity argues for the importance of this topic for consumer and marketing researchers.

Remarkably, mergers continue to be a popular business strategy despite historical failure rates. For example, less than one quarter of mergers and acquisitions achieve their financial objectives (Marks and Mirvis, 2001). Most research places the merger failure rate between 50% and 70% (Fost, 2004). The most commonly cited causes for acquisition failure are people and organizational problems (Mergers and Acquisitions, 1987). For example, post-acquisition organizational issues such as management integration and employee training are often over-looked. These particular issues are especially critical for a service firm following a merger, as the consumer often must interact with employees who are not equipped to address customer inquiries and concerns following the merger.

As two merging firms attempt to blend resources, complications stemming from computer system integration and glitches in recordkeeping could easily affect the customers of the merging firms (Cahill, 2013). These complications can quickly lead to service failures that adversely affect both the consumer and ultimately the firm (e.g., customer complaints, customer defection, negative word-of-mouth, etc.).

To illustrate the previous point, a national study conducted by the MSR Group (a marketing research firm) reports that 15% of customers chose to leave their bank after a merger (Vaslow, 2013). Among customers who left, 42% perceived the customer experience after the merger to be worse (Vaslow, 2013). This finding suggests that consumers involved in a merger may attribute a service failure to the merger, at least to some degree. This attribution is evident in various comments gleaned from a qualitative question presented during this study. For example, one respondent commented, "Generally I believe mergers between very large companies will result in poorer service." Given that a service failure, whether it be major or minor in scope, is likely to occur following a merger between two service firms, it is essential for managers to understand the impact that mergers have on current customers in order to maintain a strong relationship. Thus, the purpose of this study is to determine how expectations of a merger shape perceptions of service performance following a merger. In essence, we seek to determine if the presence of a recent merger influences consumer reactions to a service failure more so than if the same failure occurred without the presence of a merger.

Understanding the consumer mindset is crucial for merging firms seeking to maintain current customers. However, the consumer is often overlooked during the merger process as managers of the merging firms focus on financial and legal details (Balmer and Dinnie 1999; Kumar and Blomqvist, 2004) and on the practical problems involved in combining their operations (distribution facilities, IT, personnel, accounting procedures, etc.). As a result of this oversight, consumers may be pushed or even persuaded to switch to a competitor while the merging firms work out the details of the deal. Despite the obvious need to understand the effects of a merger on the consumer both immediately and in the future, the marketing literature contains scant research on mergers from the consumer perspective. In fact, merger related consumer research is almost totally absent (Homburg and Bucerius, 2005) with a few notable exceptions (e.g., Capron and Hulland, 1999; Jaju et al., 2006; Machado et al., 2011; Thorbjornsen and Dahlen, 2011).

As stated, it is important to understand the effects of a merger on the consumer from the initial announcement of the merger and in the long-term. The aforementioned studies primarily focus on the redeployment of merged brands. We believe an understanding of how consumers respond to a merger during the initial phases of implementation is also crucial in developing strategies to maintain customer relationships. In an effort to address this critical, yet understudied managerial issue, the current study is organized as follows. First, a review of the services failure literature is discussed. Second, information processing theory and attribution theory are presented to provide a theoretical foundation for the current study. Third, several hypotheses focusing on the variables of interest are proposed. Fourth, the method used to address these hypotheses is described. Finally, a discussion of the results, managerial implications, limitations, and future research is provided.

LITERATURE REVIEW

Service Failures

Service companies build strong brands through branding distinctiveness and message consistency by performing their core services well, by connecting with customers emotionally, and by associating their brands with trust (Berry, 2000). However, even established service brands are prone to service failure at some point in time. Recently merged firms are especially vulnerable to a service failure as the "two companies struggle to combine their operations" (Cahill, 2013). The ability of the brand to maintain its strength depends on the firm's effort to recover from the failure. Consumers evaluate services by comparing the service they perceive they have received (service performance) with their expectations of what they should have received (Bateson, 1992; Zeithaml and Bitner, 1996). A service failure occurs when the service performance fails to live up to the consumer's expectations.

A service failure could originate in a core-service problem such as unavailability of the service (no service personnel with the appropriate knowledge are available), exceptionally slow service, mistakes in the service (e.g., bank statement errors, order fulfilment errors, or online statement errors), etc. (Spreng et al., 1995). All of these issues and more could occur following a merger of two firms. If a service firm fails to provide the service expected by its customers, the customer becomes aware of a weakness in the firm. This new information is processed by the customer and can lead to a negative reaction (e.g., complaints, negative word-of-mouth, and/or switching). Next, two theories are presented to explain how people process service failures in light of a recent merger and how their reactions can affect the firm.

Information Processing Theory

Several theories propose that consumers use information to make informed choices (Bettman, 1979; Howard and Sheth, 1969). Bettman's (1979) information processing approach explains consumer behavior in terms of cognitive operations. Moreover, this approach suggests individuals have limited processing capacity that they can allocate to processing incoming information (Craik and Lockhart, 1972; Simon, 1955). These capacity limitations often lead consumers to develop heuristics that enable them to deal with complex decisions. Thus, consumers often make quick decisions with little or no cognitive elaboration on choice-relevant information (Hawkins and Hoch, 1992).

To illustrate this theory, imagine an individual reads the popular business press and is familiar with the fact that mergers are often associated with headlines that adversely affect the consumer. Thus, the failure of mergers to benefit consumers becomes an attribute of mergers that is stored in the individual's memory. Similarly, if a person who is involved with a service provider that is in the process of a major merger chooses to do a bit of research on how customers are impacted by mergers, a simple Google search of the term 'merger and customer' elicits an overwhelming list of articles featuring negative titles. Within the first ten articles that pop up on the search, the titles include phrases such as "mergers kill customer value," "customer service lost and forgotten," "in mergers, customers are the first casualty," "mergers destroy customer loyalty," and "consumers hate mergers" (Cahill, 2013; Crandell, 2013; Holliday 1995; Thornton et al., 2004; Vaslow, 2013). If this same individual experiences a service failure following a service merger certain thought processes may be activated. To process the service failure the individual might retrieve the memory about merger failures and connect the current failure to the merger. Thus, owing to the attributes stored in memory, the evaluation of the merged service provider might be even more unfavorable than if the same failure were to occur in a non-merged firm. Based on this, we contend that the presence of a merger exacerbates the consumer's response to a service failure. This unfavorable evaluation of mergers could negatively influence the firm's relationship with its current customers.

As previously mentioned, a well-informed consumer may be generally knowledgeable about the effects of mergers on businesses and utilize this information as he or she encounters and assesses the effects of mergers on his or her own service experience. However, we believe it is more likely that the customer of a merging firm will draw on memories created via previous personal experience with mergers and/or word-of-mouth. Memory appears to influence not only the amount of information that enters into the decision process, but also the type of information considered and the heuristics used to process it (Alba et al., 1991). Exposure to some prior event, such as a merger, increases the accessibility of information already existing in memory (Mandel and Johnson, 2002). Therefore, consumer reactions toward mergers may depend on their previous exposure to merger events. Some individuals may have experienced a merger with another service provider. If this merger experience

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was negative, the person may respond emotionally to news of another merger that could result in hasty decisions in regards to the relationship with the company.

Other individuals might simply be aware of the consequences of mergers due to the phenomenon of word-of-mouth. Richins (1983) found that negative word-of-mouth is more likely when a greater blame for dissatisfaction is placed on marketing institutions (e.g., a merged firm) than on the consumer. Based on this finding and the increased chance of service failures following a merger, customers might share negative customer experiences and frustrations about the newly merged company with others. Today's consumers have plenty of opportunities to share negative information instantaneously with an extensive audience due to social media platforms. Either way, any existing merger knowledge could play a role in shaping consumer reactions to a service merger failure via information processing.

Attribution Theory

Based on the notion of bounded rationality, consumers are unlikely to have in-depth knowledge of mergers (i.e., historical merger facts, the legal issues of the merger process, the integration processes of the firms, etc.). Thus, we believe it is more appropriate to study the effects of mergers on consumers from a more general standpoint. In other words, how does the mere presence of a merger influence the customer of a merging firm in reacting to service failures of the merged firm? Attribution theory provides an appropriate foundation for addressing this question and aids in the development and interpretation of the results of this study.

Swanson and Kelley (2001) point out that attribution theory involves several theories that address causal inference and how these interpretations influence evaluations and behavior. Weiner (1985) concludes that most causes can be classified on three dimensions. These dimensions include locus (Who is responsible?), control (Did the responsible party have control over the cause?), and stability (Is the cause likely to recur?). Because service issues are likely following a merger between two service firms, it becomes important to understand the basic impact of the initial merger on the customer. For example, consumers who have general knowledge or experience with service mergers may attribute service issues and even failures following a merger to the merger itself. Thus, the overall success or failure of the merger in metric terms (in the short-term or long-term) is somewhat irrelevant to the customer's attribution of responsibility in the event of a service failure. Rather, they may attribute the problems experienced in the wake of a merger to the merger process. This attribution may shape future expectations and ultimate behaviors (e.g., intentions to complain and/or switch providers) toward the merged firm.

Service failures are very important considerations for a merged company given the problems often associated with mergers as two separate service companies bring their capabilities together to operate as one entity. Drawing on information processing theory, attribution theory, and the service failure literature, the next section introduces the dependent variables and hypotheses considered in this study.

HYPOTHESES DEVELOPMENT

Complaining Behavior

Unsatisfactory service encounters can lead to intentions to complain (Zeithaml et al., 1996). Voorhees and Brady (2005) demonstrate that service provided in a failed encounter influences future complaint intentions. According to Singh (1988), dissatisfaction leads to consumer complaining behavior that manifests in voice responses such as seeking redress from the seller, private responses (negative word-of-mouth communication), or third-party responses (taking legal action). Overall, consumer complaints to the seller can be beneficial to the firm as the provider has the opportunity to

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address the complaint and prevent defection and/or mitigate negative word-of-mouth to others. However, only about 5% of customers complain after a service failure (Smith and Bolton, 1998; Tax and Brown, 1998).

It is important to understand a consumer's intention to complain based on varying degrees of service failure. It is also important to compare complaint intentions for customers who experience a failure following a service merger to those who simply experience the same failure not following a service merger. Information processing theory suggests that the negative information about mergers in general that is stored in memory can lead to more extreme reactions. For example, if a consumer is already worried or angry because of the merger, a service failure may exacerbate the situation and lead to a more negative response from the consumer. Therefore, the following hypotheses are suggested.

> **H1a: Complaint intentions are higher for a newly merged service firm following a major service failure than for a non-merged service firm following a major service failure.**

> **H1b: Complaint intentions are higher for a newly merged service firm following a minor service failure than for a non-merged service firm following a minor service failure.**

Negative Word-of-Mouth

Word-of-mouth is widely recognized as an important force in the marketplace. Word-of-mouth is defined as product-related oral, person-to-person communications (Arndt 1967). Moreover, studies show that word-of-mouth influences attitudes (Bone, 1995; Pincus and Waters, 1977), preferences and purchase intentions (Charlett et al., 1995; Herr et al., 1991), and decision-making (Bansal and Voyer, 2000; Venkatesan, 1966). Word-of-mouth can be either negative or positive. However, prior research suggests negative word-of-mouth is more influential than positive word-of-mouth (Bone, 1995; Mizerski, 1982).

Mergers can lead to service failures that adversely affect the consumer. Even if consumers do not leave a firm following a merger or a service failure, they may be inclined to complain to their friends and family. These complaints could prevent those who receive the negative word-of-mouth from becoming customers of the merged service firm. Therefore, it is important to understand when consumers will or will not engage in negative word-of-mouth depending on the extent of the service failure. Similarly, it is vital to understand the different negative word-of-mouth intentions of customers based on whether a service failure follows a recent merger or not. Thus,

> **H2a: Negative word-of-mouth is higher for a newly merged service firm following a major service failure than for a non-merged service firm following a major service failure.**

> **H2b: Negative word-of-mouth is higher for a newly merged service firm following a minor service failure than for a non-merged service firm following a minor service failure.**

Switching Intent

Keaveney (1995) finds that service failures are a leading cause of customer switching behavior in service organizations. Service provider switching can have a significant impact on a firm. When customers are lost, new ones must be attracted to replace them, and replacement comes at a high cost (Zeithaml et al., 1996). In fact, Fornell and Wernerfelt (1987, 1988) provide empirical support that concludes marketing resources are better spent keeping existing customers than attracting new ones.

Bansal et al., (2005) argue switching can result from three drivers (push effects, pull effects, and mooring effects). Push effects include low quality, low satisfaction, low trust, low commitment, and high prices. Pull effects refer to attractive alternatives; whereas, mooring effects are personal inhibitors and facilitators (e.g., variety seeking). In the context of mergers, pull factors include the competition trying to lure customers of merged firms away. In fact, it is common business practice for competitors to try to increase uncertainty among the merging firms' customers to promote customer-switching (Clemente and Greenspan, 1997). Push effects such as poor service quality and dissatisfaction are probably prevalent when a merger occurs. For example, Morrall (1996) reports that insufficient emphasis on bank customers and their perceptions may cause them to switch away from the newly merged bank. Again, the degree of service failure may influence the consumer's intentions to switch following a merger. In addition, consumer-switching intentions may differ depending on whether or not the service failure occurs following a merger.

> **H3a: Switching intent is higher for a newly merged service firm following a major service failure than for a non-merged service firm following a major service failure.**
>
> **H3b: Switching intent is higher for a newly merged service firm following a minor service failure than for a non-merged service firm following a minor service failure.**

METHOD

This study incorporates a highly controlled experimental design with a representative sample and real brands to determine if merger presence (merger or no merger) and degree of service failure (minor and major) influences post-failure intentions (negative word-of-mouth, switching, and complaining). The study features a 2 x 2 between-subjects design in which the extent of service failure (major/minor) and merger presence (merger/no merger) were manipulated via service failure scenarios. The participants were randomly assigned to one of four between-subject conditions.

The research focuses on the telecommunications industry because mergers are highly prevalent in this particular service industry and this product category is highly relevant to most consumers. In addition, telecommunications services exemplify high involvement products because of the potential expenses and complexity associated with the purchase decision. We believe that mergers exhibiting high involvement services will produce stronger consumer responses than mergers with low involvement services.

Preliminary Tests

We conducted preliminary tests to help create the most effective manipulations for the primary study. First, the study manipulates the extent of service failure following a service merger (major and minor). In order to manipulate service failure, two failure scenarios (Table 2) were crafted based on the results of a pilot study (n = 38) administered to a student sample. Students are appropriate because of their familiarity with telecommunications services. Respondent concern about several common service quality issues in this industry was assessed. Specifically, the respondents were asked to rank order a list of service quality issues from (1 – not a big concern) to (6 – a very big concern). The issues included in the list were derived from online reviews of actual telecommunication companies. The ranking results were then used to develop three service failure scenarios (one major and two minor). A major goal of the scenario development was to create

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maximum variance in the major and minor scenarios while utilizing actual customer experiences noted in online complaint forums.

This initial preliminary test also assessed respondent perceptions of several cellular service providers on the market at the time of the study. First, the subjects were asked to indicate their current cell phone service provider. Second, each respondent was asked to rank a list of the seven most well known cellular service providers from best (1) to worst (7). The results show that less than a third of the respondents ranked their own brand as the best. This finding indicates that there is potential variance in the way consumers perceive their own brands, with some liking their own cell phone provider and others disliking it. The brands chosen to merge with the respondent's cell phone provider included Sprint and Alltel. These two brands were chosen because they were ranked in the middle of the list according to the results of the pre-test. The middle ranking indicates that reactions are mixed toward these two brands with some loving them and some hating them. Thus, these two brands represent the best chance for capturing maximum variance in the main study. In addition, at the time of the study, Sprint was an established brand and Alltel had a large advertising presence. Thus, respondents should have been somewhat familiar with the brands and able to make basic judgments.

A second preliminary study presented the previously mentioned service failure scenarios to 28 undergraduate students. First, the respondent read "service failure scenario #1." Subsequently, they were asked to rate the degree of service failure presented in the scenario by circling the corresponding response point ranging from (1) extremely minor failure to (7) extremely major failure. In addition, the respondents were asked to indicate how bothered they would be if this failure occurred with their service provider by circling a response ranging from (1) not bothered at all to (3) extremely bothered. Similarly, the subjects rated the second and third scenarios. Overall questions regarding the service failure scenarios were also included. Two separate questions asked the respondents to select the "worst" and "least worst" service failure scenarios respectively by circling the appropriate scenario number. The final question asked the respondents to identify their emotional intensity stemming from the service failure by placing each scenario number by an intensity response. The optional responses were: "would not upset me that much," "would upset me some," and "would upset me a lot."

In order to assess the results of the pilot study descriptive analysis was utilized. The results of the pilot study were clear and consistent. The major service failure scenario was represented by scenario #3. Scenario #3 had the highest mean ($M = 6.14$) among the three scenarios with respondents indicating this scenario would bother them the most ($M = 2.96$). In addition, it was ranked the worst scenario by 27 of the 28 respondents, and 27 of 28 respondents indicated it would upset them a lot. Thus, the results support the successful manipulation of the major service failure scenario

Service failure scenarios #1 and #2 represented minor service failures. Scenario #2 was deemed the most minor failure because it had a lower mean ($M = 3.36$) than scenario #1 ($M = 3.86$). In addition, scenario #2 seemed to bother respondents less ($M = 1.96$) than scenario #1 ($M = 2.21$). Seventeen of 28 respondents rated scenario #2 the "least worst" service failure. In addition, 18 of 28 subjects indicated the failure would not upset them that much. Consequently, we selected scenario #2 to represent the minor service failure scenario. The service failure scenarios are included in Table 2.

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Table 2
Service Failure Scenarios

Minor Service Failure Scenario:
Shortly after the merger occurs you decide you need a new cell phone plan. Specifically, you are interested in upgrading your cell phone plan to include unlimited text messaging and picture capabilities. You visit your cell phone provider's website to see what plans are available. You quickly make a decision to purchase a particular plan that has all of the desired features for an additional $10.00 per month. The provider's website indicates you can upgrade your plan online without any problems.

You start the process of changing your plan online. After about five minutes of entering all of the required information, you are told you will have to call a representative to finish the process. You call the company. After a five minute wait, the representative offers to help change your plan. She asks for all of the same information you just entered online. After another five minutes, you have successfully upgraded your cell phone plan.

Major Service Failure Scenario:
Shortly after the merger occurred you experienced several dropped calls with the newly merged cell phone provider. You called your cell phone provider to determine the problem. You waited to speak with a representative for over five minutes. The representative, James, finally answered your call. You calmly explained your problem to James. However, James rudely claimed that you probably dropped your phone in water and would have to get another one at the local store.

You politely informed James that your phone is only a few months old and has never been damaged. James muttered something under his breath and put you on hold for another couple of minutes. You were transferred to another representative named Monica. Monica apologized for James' rudeness and offered to help. However, Monica was new on the job and was not sure how to address your problem. After putting you on hold several times, Monica finally concluded that you should try an upgraded phone. She urged you to visit your local cell phone store to see the latest and greatest models.

Questionnaire Design

We designed the study to be as realistic as possible for the respondents. In an effort to do this, we used actual brands in the study. First, the questionnaire asked the respondent to indicate their cellular phone service provider. Next, the respondents in the merger conditions were exposed to an alternative brand before reading a news brief announcing a merger involving this alternative brand and their own brand. The merger announcement involving the two brands was very similar to the actual merger announcement used when AT&T Wireless and Cingular merged as only the brand names were changed. Table 3 contains the announcement. Respondents were given the opportunity to complete an open-ended response question where they were encouraged to provide feedback about the news of their service provider and the impending merger.

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Table 3
Merger Announcement

OFFICIAL NEWS BRIEF: Two major telecommunications brands have agreed to merge to better compete for voice and data customers. The new company will serve more than 40 million wireless subscribers. Shareholders from both companies will each have a 50 percent stake in the combined company. The merger of the two telecommunications companies will create a more effective and efficient provider in the wireless, broadband, video, voice and data markets. The combined company will have greater financial, technical, research and development, network and marketing resources to better serve consumers and large-business customers, and will accelerate the introduction of new and improved product and service sets for those customers. The merger is expected to close within approximately 12 months.

Alternatively, the respondents in the non-merger conditions were not exposed to an alternative brand or a merger announcement. Next, data was gathered for the dependent variables. These variables were adapted for the participants in the non-merger conditions accordingly. General measures assessing the respondents' familiarity with telecommunications services, previous merger experience, and loyalty to the newly merged brand were included. Immediately following these items, the respondents in all conditions were asked to read a service failure scenario (major or minor). Study participants were asked to answer several items regarding their intentions with the newly merged firm immediately following the service failure scenario. Specifically, 7-point semantic differential scales were adapted from the literature to assess switching intentions, complaint intentions, and negative word-of-mouth intentions. All items included in the analyses are presented in Appendix A.

Data Collection Procedure and Participants

The study features a convenience sample with adequate group sizes. Participants were gathered via a snowball sampling approach whereby students received extra credit for recruiting up to two respondents to participate in the study. The student recruiters were provided with specific demographic goals in order to ensure a general, non-student, representative sample was drawn. Each respondent was randomly provided one of four online survey links. In addition, the respondents had the option to enter a drawing for a gift certificate to their retailer of choice as an incentive for participation. After data collection, a quality check was implemented. A few participants were randomly contacted to verify they received the link from a student and did participate in the study. No sample issues were found with the respondents who were contacted.

The final sample size was 431. The goal for the sample was to have relatively large sample sizes in each cell to increase the power of the study. The power goal was at least 0.80 and was assessed via established methods for calculating power (Rosenthal and Rosnow, 2008, p. 258). The final cell sizes ranged from 97 to 119 individual responses per cell.

The sample featured respondents from the United Sates. Respondent age ranged from 20 to 72 with an average age of 41. In addition, the sample featured both men (46%) and women (50%) almost evenly with 4% of the sample not indicating gender. All of the respondents reported either currently owning a cell phone (427 subjects) or having previously owned a cell phone (4 subjects). Five 7-point semantic differential items were included to assess the respondents' familiarity with telecommunications service providers (coefficient alpha = 0.86). The five items were summed to create a single telecommunications familiarity construct item. Average composite scores ranged from 1 to 7. Overall, descriptive analysis indicated that the sample respondents were familiar with telecommunications service providers (M = 5.60; S.D. = 1.11).

The dependent variables were measured using 7-point semantic differential items adapted from the service failure literature. The dependent variables included intent to complain to the company, spread negative word-of-mouth, and switch to another service provider following either a major or minor service failure. These particular constructs are commonly used as dependent variables in the service failure literature (e.g., Bansal et al., 2005; Casado Diaz and Ruiz, 2002; DeWitt and Brady, 2003) because of the potential impact they have on the service provider. Consumers who spread negative word-of-mouth about a company and those who leave after a service failure occurs can cost the firm money and valuable customers. In theory, consumers who experience a failure should be motivated to complain. However, reality suggests most unsatisfied consumers do not complain following a service failure (Harari, 1992). Thus, the service provider may not be aware of problems that could damage the valuable relationship with the customer and/or other consumers.

This study incorporates loyalty to the newly merged firm and prior experience with mergers as possible covariates. First, we measured service loyalty with four 7-point semantic differential items adapted from the literature. Service loyalty is defined as the degree to which a customer exhibits repeat purchasing behavior from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service exists (Gremler and Brown, 1996). Consumers who are highly loyal to their current service provider are likely to transfer this loyalty to the newly merged service firm as they seek to maintain the satisfactory nature of their current relationship. In turn, this loyalty could possibly influence the consumer's response to service failures following a merger. Experienced consumers are less sensitive to failures because of high prior satisfaction levels (Bolton, 1998). Moreover, loyal consumers are more likely to anticipate impressive responses to service failures as a means of maintaining the equity of the customer-organization relationship (Ma, 2012). Thus, consumers with high service loyalty may be more accepting of service failures and less likely to react rashly (e.g., immediately switch providers) after the failure occurs because they expect the firm to resolve the problem. On the other hand, consumers who do not feel loyal to the newly merged brand may respond more negatively to service failures following a merger.

Second, prior experience with mergers was measured via two 7-point semantic differential items. Specifically, consumers who have experienced a merger may respond differently to service failures. For example, consumers with merger experience may have heightened reactions following a service failure because they attribute the failure to the merger. Consumers who have limited merger experience may be less familiar with the common problems that arise following mergers. Therefore, these inexperienced consumers may not respond as negatively to service failures following mergers as the consumers who are familiar with mergers.

Study Analysis

Psychometric properties

We used confirmatory factor analysis (CFA) to assess the psychometric properties of the covariate measures and dependent variable measures. All scales were simultaneously tested, with each item only being allowed to load on its respective factor. The results of the CFA indicated that the measurement model provided good fit to the data (χ^2 = 375.63; df. = 109; CFI = 0.963; TLI = 0.954; SRMR = 0.045). Construct reliability was calculated using Fornell and Larcker's (1981) guidelines that involved an examination of the parameter estimates, their associated t-values, and assessment of the average variance extracted by each construct. The construct reliabilities for the dependent variables all exceeded 0.80 as reported in Table 5. In addition, the dependent variables exhibited discriminant validity per Fornell and Larcker's (1981) criteria. Discriminant validity was determined by comparing the shared variances between the constructs to the average variances extracted. The average variance extracted was higher than the shared variances, thus supporting discriminant

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validity. Table 5 summarizes the results of these validity assessments. Convergent validity was supported given the AVE's all exceeded 0.50.

Table 5
Construct Reliabilities (C.R.), Average Variances Extracted (Diagonal), Correlations (Below Diagonal), Shared Variances (Above Diagonal)

Constructs	C.R.	LOY	MGF	CMP	SWT	NWOM
Covariate: Service Loyalty (LOY)	**0.90**	**0.70**	0.00	0.00	0.11	0.04
Covariate: Merger Familiarity (MGF)	**0.84**	-0.045	**0.73**	0.01	0.02	0.01
Dependent Variable: Complaining Intent (CMP)	**0.95**	-0.014	0.095	**0.79**	0.29	0.40
Dependent Variable: Switching Intent (SWT)	**0.98**	-0.325*	0.127**	0.535*	**0.94**	0.45
Dependent Variable: Negative Word-of-Mouth (NWOM)	**0.90**	-0.192*	0.113**	0.636	0.669*	**0.75**

Note: n = 431
* Correlation is significant at the 0.01 level
** Correlation is significant at the 0.05 level

Preliminary analyses

One would expect the major service failure to elicit more negative behaviors from the respondents than the minor service failure. In this regard, the manipulation of the service failure scenarios appears to be successful. Complaint intentions were significantly ($p < 0.001$) higher for a newly merged firm when a major service failure (M = 5.80) occurs than when a minor service failure occurs (M = 4.30). Negative word-of-mouth intentions were significantly higher ($p < 0.001$) for a newly merged firm when a major service failure (M = 5.90) occurs than when a minor service failure occurs (M = 4.06). Likewise, switching intentions were significantly higher ($p < 0.001$) for a newly merged firm when a major service failure (M = 5.30) occurs than when a minor service failure occurs (M = 3.49). A similarly significant pattern follows for the non-merger group comparisons of a major versus minor failure. In sum, the major service failure scenarios elicited more extreme negative reactions than the minor service failure scenarios as expected. Next, we address how the presence of a merger can influence the customer response to these same failures.

A one-way multivariate analysis of covariance (MANCOVA) was utilized to determine the effect of the four conditions (merger present/major service failure; merger present/minor service failure; no merger present/major service failure; no merger present/minor service failure) on the three dependent variables with service loyalty and prior merger experience as covariates. MANCOVA analysis assumes observations in each group are independently sampled from a multivariate normal distribution. None of the study circumstances suggested concern about possible violation of the independence assumption. Visual inspection of histograms did suggest some possible departures from normality, but none was severe. The correlation analysis (see Table 5) revealed that both covariates had some relationship with the dependent variables, which satisfies one of the assumptions of MANCOVA. The homogeneity of slopes is another assumption of MANCOVA. To test the homogeneity of slopes for the potential covariates several univariate ANOVA's were conducted. Specifically, if the interaction between the group number and the covariate was not significant ($p > 0.05$) the variable could be considered a potential covariate. Consequently, both the service loyalty and merger experience covariates satisfied the homogeneity of slopes assumption. The test of the assumption of homogeneity of covariance matrices in the four groups resulted in a reject decision (Box's M = 71.725, $F_{(18,618373.8)} = 3.934$, $p < 0.001$), indicating a likely violation of the assumption.

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However, the violation of the equality of variance-covariance matrices is not problematic given the relatively equal group sample sizes (Hair et al., 1998, p. 348).

MANCOVA

The multivariate null hypothesis of equality of the means over all groups for all variables was rejected at the 0.01 level (Wilk's Lambda = 0.547, $F_{(9,1029.621)}$ = 32.173, $p < 0.001$, partial eta squared = 0.182, observed power = 1.00). The value of the multivariate strength of association ($\eta^2 = 0.182$) suggested a relatively strong relationship between the group and the dependent variables. The means and standard deviations for the various groups are reported in Table 6. Two covariates were included in the analysis to control for differences on these variables and are not the focus of the analysis. However, the service loyalty covariate was significant ($F_{(3,423)} = 27.027$, $p < 0.001$, partial eta squared = 0.161, observed power = 1.00). Similarly, the merger experience covariate was significant ($F_{(3,423)} = 3.067$, $p < 0.05$, partial eta squared = 0.021, observed power = .717).These results indicate the merger experience and service loyalty covariates account for approximately 2% and 16% of the variance of the dependent variables across the various groups.

To identify the independent variables that contributed to the rejection of the multivariate null hypothesis, univariate ANOVA's were conducted for each of the dependent variables. The individual ANOVA results are described in Table 6 and Table 7.

Table 6
Individual ANOVA Results

Dependent Variables	F-Value	df	*p*-value	Partial Eta Squared	Observed Power
Complaint Intentions	62.460	3, 425	< 0.001	0.306	1.000
Negative Word-of-mouth	69.694	3, 425	< 0.001	0.330	1.000
Switching Intentions	55.932	3, 425	< 0.001	0.283	1.000

Table 7
Mean Scores and Standard Deviations for Dependent Variables

	Complaint Intentions (H1a-H1b)	NWOM Intentions (H2a-H2b)	Switching Intentions (H3a-H3b)
Group	**M (SD)**	**M (SD)**	**M (SD)**
#1: Merger with Major Failure	5.80 (1.37) $_a$	5.90 (1.33)	5.30 (1.66) $_a$
#2: Merger with Minor Failure	4.30 (1.57)	4.06 (1.32)	3.49 (1.47) $_b$
#3: No Merger with Major Failure	6.10 (0.83) $_a$	5.55 (1.20)	4.23 (1.59) $_a$
#4: No Merger with Minor Failure	4.25 (1.41)	3.99 (1.28)	2.77 (1.48) $_b$

Note. Column means with matching subscripts are significantly different at $p < 0.05$. The subscript letter corresponds to the hypothesis being tested.

Pairwise comparisons were performed to assess the hypotheses. H1a – H1b examined complaint intentions across the various conditions. H1a was supported ($p < 0.05$) to a certain extent. The relationship was significant, but the direction was not predicted correctly. In fact complaint intentions were significantly lower, as opposed to higher, for a post-merger firm involving a major service failure (M = 5.80) than a non-merging firm involving a major service failure (M = 6.10). H1b was not supported ($p > 0.05$). Thus, there is no difference in complaint intentions for merging and non-merging firms when a minor service failure is involved.

H2a – H2b considered intentions to spread negative word-of-mouth. H2a and H2b were not supported ($p > 0.05$). Thus, there are no differences in means for negative word-of-mouth for merging and non-merging firms when a major service failure is involved and when a minor service failure is involved. We speculate in the discussion section for the failure to detect a significant result for this hypothesis.

H3a – H3b examined switching intentions following a service failure. H3a was supported ($p < 0.001$). Switching intent was higher for a newly merged service firm following a major service failure (M = 5.30) than for a non-merged service firm following a major service failure (M = 4.30). H3b was also supported ($p < 0.01$). Switching intent was higher for a newly merged service firm following a minor service failure (M = 3.49) than for a non-merged service firm following a minor service failure (M = 2.77).

Qualitative analysis

A content analysis of the open-ended question posed after the respondents read the merger announcement was conducted. As previously stated, the questionnaire asked respondents in the merger conditions to provide their initial thoughts and feelings about the merger announcement immediately after reading it. Table 8 provides a breakdown of the major themes identified in the responses ($n = 134$) by two independent reviewers. Two coders followed a process similar to the technique used by Spiggle (1994) to code the qualitative data derived from the open-ended questions. Essentially the analysis reveals a range of positive to hopeful sentiments in 29.7% of the responses. Some thoughts (19.2%) were deemed positive, but these responses were qualified with phrases such as "if, as long as, etc." Moreover, these qualified responses suggest a level of skepticism in regards to the merger. Negative responses ranged from general negativity to pure worry and were evident in 39% of the responses. The remaining 12% of responses were classified as neutral or in need of more information. This qualitative analysis supports our suggestion that mergers can elicit negative thoughts and feelings in consumers. It also suggests that consumers may be skeptical of the proposed benefits of mergers.

Table 8
Major Themes in Content Analysis of Open-Ended Question

Major Theme	Theme Description	Percent Present in Responses
Positive	Respondent displays a generally positive attitude about the proposed merger.	18.5%
Hopeful Optimist	Respondent displays optimism or hope in response to the proposed merger benefits.	9.9%
Positive Merger	Respondent displays a positive attitude toward mergers in general.	1.3%
Iffy Qualifiers	Respondent is generally positive, but qualifies their response with phrases such as "if", "as long as", etc.	19.2%
Neutral	Respondent indicates neutrality about the proposed merger.	6.0%

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Negative	Respondent displays a generally negative attitude about the proposed merger.	1.3%
Worried Doubters	Respondent displays worry or doubt about the proposed merger benefits.	15.2%
Negative Merger	Respondent displays a negative attitude toward mergers in general.	12.6%
Brand Preference	Respondent states a preference for their current, non-merged, brand.	5.3%
Other Brand Disdain	Respondent conveys a negative attitude about the proposed merger partner.	4.6%
Information Needed	Respondent requires additional information to convey thoughts and feelings.	6.0%

DISCUSSION

Using information processing theory and attribution theory as a foundation, this study sought to determine how consumers react to service failures following a merger. We examined three possible consumer reactions (intent to complain to the company, intent to spread negative word-of-mouth, and intent to switch service providers) to the major and minor service failures presented. We sought to isolate and test the effect of a merger on consumer reactions to service failures by comparing respondents exposed to a merger announcement to those who did not read the announcement. The most interesting finding is that consumers tend to exhibit the most extreme reactions to failures in the presence of a merger than not. We found that people are more likely to switch service providers when a newly merged service firm experiences a service failure, major or minor, than if the firm was not involved in a merger. This finding supports our related hypothesis and lends credence to the notion that consumers attribute blame to mergers for company failures following the merger. We assert that this negative attribution has the ability to influence consumer reactions to future relationships with merging firms via the application of information processing theory. The significant findings concerning the switching intentions variables imply that the consumers of a newly merged firm do have a heightened tendency to respond rashly to a service failure regardless of the failure severity.

The other significant finding of interest involves consumer complaint intentions. We predicted, as with switching intentions, that complaint intentions would be higher for people experiencing a service failure (major or minor) following a merger. The means for all conditions involving complaint intentions (see Table 6) show that average complaint intentions ranged from 4.25 (slightly above neutral) to 6.10 (strong intentions) which indicates a general willingness to complain to a firm following a service failure. We indeed found a significant difference in intentions to complain following a major service failure between the (merger) group and the (non-merger) group. However, contrary to expectations, the intentions were significantly higher in the non-merger group. We believe this contrary finding suggests that the presence of a merger serves to lower complaint intentions. Perhaps the customer does not think it will matter given the company is already dealing with the process and aftermath of the merger itself. Given consumers are less likely to complain following a major service failure, the merged firm may fail to recognize and address the problem. This could negatively affect other consumers and ultimately the merged firm. In sum, all of the significant findings support our notion that the mere presence of a merger serves to influence consumer reactions to service failures. The findings suggest merging firms (in contrast to firms experiencing the same major failure in the absence of a merger) have to be extra careful in providing service because there may not be a second chance to get it right.

The hypotheses about negative word-of-mouth intentions were not significant. These findings simply suggest consumers do not spread negative word-of-mouth more in the wake of a merger than not. However, this does not imply consumers will never complain about the merged firm and service failure to others. In fact, the data (see Table 6) suggests that the major service failure scenarios prompt fairly high intent to spread negative word-of-mouth in both the merger and non-merger conditions. Given the respondent's willingness to spread negative word-of-mouth as indicated by the raw data, a merging firm should still remain extra diligent in making efforts to prevent this occurrence. The major service failure in regards to this word-of-mouth variable may overpower the effect of the merger. However, the essence of the variable indicates that people have plans to speak negatively of the firm. If the firm has just experienced a merger then this provides the potential for others to process the service failure in conjunction with the merger (whether mentioned by the customer or simply by knowledge of the merger). Thus, the negative merger attributions may still become stored in the person's mind and potentially affect consumers involved with merging firms in the future.

IMPLICATIONS FOR MARKETING PRACTITIONERS

This study examines three commonly studied consumer reactions. These reactions were assessed in response to service failures in the wake of a merger. As previously mentioned, these three reactions often follow a service failure. We expected the presence of a merger to heighten each of these responses as previously hypothesized. However, we only found this heightened response significant in the case of switching behavior. Given this variable would have the most negative impact on a firm in terms of lost revenue, this finding is critical. The failure to support some of the hypotheses about the less extreme behaviors is interesting in and of itself. We contend that these non-significant findings merit a new theoretical approach with further research to understand why they were not significant. Overall, we believe our results provide important insight for recently merged firms in understanding the future behaviors of their consumers.

Given the finding that consumers are more likely to switch to another service provider after a service failure of any magnitude (minor or major) occurs following a merger (versus a non-merger scenario) indicates that the merged firm may not get a chance to correct the service failure. Given the high rate of customer problems following a merger, this lack of an opportunity could prove detrimental to the newly merged firm, which is likely one of the reasons that mergers often fail in practice altogether. Therefore, companies should try to prepare the consumer for potential failures while offering more than adequate solutions. A simple strategy for the merged firm is to explain the potential for service issues to the customer while simultaneously providing the customer with clear paths to complain if a service failure occurs. Consumers need to believe that the newly merged firm has the capability and willingness to solve a problem. In presenting the possibility of service issues to customers, merged firms can attempt to provide choices to their customers. Recent research (Cranage, 2004; Cranage and Sujan, 2004) has shown that giving an informed choice to consumers can be an effective pre-emptive strategy (a strategy employed before a potential failure) to offset the damaging effects of service failure. Essentially, consumers given an informed choice have increased feelings of self-attributions, share the responsibility for the service failure, feel more regret, and stay more loyal (Cranage and Sujan, 2004).

The unexpected finding in regards to the complaint intentions variable holds managerial insight. We found that consumers are significantly less likely to complain to the firm after a major failure following a merger than to the same failure in the absence of a merger. This finding suggests that people may not think the company is able to resolve the issue adequately because of the merger. In support of this issue, some of the thoughts in the thought listing exercises included in the questionnaire indicate that some consumers are not likely to complain because of the perception that the merged firm cannot solve the problem. For example, one respondent said, "Here we go again, companies buying out companies . . . the American way. I hope my service doesn't get affected by this. I'm sure the customer service will be very slow while they merge. I will definitely try to avoid calling them for any reason." A more complex managerial approach would involve the implementation of a customer advocate team (Crandell, 2013). This team would be responsible for helping consumers through the merger transition in an effort to maintain and improve the customer experience. This approach may encourage the consumer to complain before simply switching or telling others of their negative experiences.

Maritz Research estimates that the more than half of the nation's 109 million households have gone through a bank merger since 1999 (Thornton et al., 2004). In fact, 83% of the sample in the current study indicated they have experienced a service merger in the past. Based on these statistics and the companies featured in Table 1, we believe consumer experience with service mergers is fairly common. This experience could serve to influence how these consumers respond to the prospect of a relationship with a merging or newly merged firm. In fact, the thought listing exercise featured several comments from consumers whose expectations of the merged firm were influenced by their previous merger experience. For example, one respondent said the following in response to reading the merger announcement involving her service provider, "That would be good I guess unless the same thing happened to my signal the last time my company merged with another." This point also illustrates the appropriate application of attribution theory to understanding consumer reactions to mergers. Consumers who have previously experienced a merger may be even more sensitive to service failures. One respondent exhibited this point in the thought-listing exercise when he said, "I expect transition issues to cause an interruption of services." Managers are advised to assess the consumers' expectations in regards to the merger. The assessment could occur both prior to and after the merger and will allow the firm the opportunity to identify potential customer service gaps before it becomes a major customer issue.

Considering the high number of respondents indicating they have been involved in a service merger in the present sample (83%) it is important for managers of merging firms to address customer related issues. Experienced merger consumers are likely to have experienced the common personnel-based service failure following a merger. Employees of a merged firm are often ill prepared to handle customer issues following a merger. Creating a synergy between two merging firms is recognized as a key human resources objective following a merger. However, managers should be especially considerate when training employees to handle customer issues following a merger. Encouraging and empowering employees to make the consumers a priority as they address problems would serve the firm in the long run. In addition, communicating that service employees are willing and able to solve any problems that may arise following a merger is likely to have a positive impact on the customer. At the very least, it may afford the firm at least a better chance to solve a post-merger problem.

Maintaining loyal consumers is very important for a merging firm. Long-term consumers buy more, take less of a company's time, are less sensitive to price, and bring in new consumers (Reichheld, 1996). Furthermore, Reichheld (1996) acknowledges that value drives loyalty. Managerial focus during mergers often centers on making the deal as opposed to creating value for the consumers. This common managerial mentality can lead even loyal consumers to defect following the merger although our results imply that a customer with high loyalty toward their own service provider before a merger are likely to carry this loyalty to the merged brand. Thus, marketers should specifically focus efforts on maintaining relationships with long-term customers of a firm involved in a merger. Customized communications emphasizing the customer's value to the firm could serve to limit extreme reactions to future failures. This approach provides evidence of the firm's commitment to maintaining the successful relationship.

In conclusion, we believe a merged firm can mitigate negative consumer responses by actively engaging the customer both before and after the merger. As previously mentioned, communication efforts are an integral part of this engagement. Another key component involves capturing data from the consumer before and after the merger. Knowledge about consumer expectations and sentiment about the merger would benefit the firm. This research effort is also another tool to communicate the

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customer's value to the firm as it shows the merging firm's focus on the customer and not just the "deal." It appears that when companies merge, some consumers get the impression that the company is paying less attention to their needs and wants and more to financial concerns. Companies go to great lengths to convey the message that they care for their customers. Thus, a possible conclusion is that when mergers are announced, the message should contain strong statements emphasizing that the goal of the merger is to benefit customers, reassuring them that their interests remain paramount.

LIMITATIONS AND FUTURE RESEARCH

The current study features limitations and strengths. One limitation is the current study only considers mergers involving telecommunications companies. Other domains such as airlines, hotels, and bank mergers should be considered in future studies to ensure the findings are generalizable to all service mergers. The telecommunications industry also features switching barriers that could affect consumer responses to service failures in a merger context. Switching barriers were not considered in this research, but could provide fruitful information in the form of a moderator in future studies. Another limitation is that only hypothetical mergers were considered in the present research. A study with primary or secondary data involving actual mergers could provide insight that is more specific than the results of our experiment. We limited our study to high-equity brands, but it would be interesting to see if there are any differences in consumer response to mergers involving low-equity service brands as well. It would also be interesting to see if our results hold true with low-involvement services as we focused on high-involvement services in this study.

A majority (83%) of the respondents in this study did have prior experience with mergers. We treated this experience as a covariate, which allowed us to account for any differences based on this prior experience. However, due to the large number of respondents with merger experience we were unable to draw any appropriate difference comparisons to respondents without prior merger experience. A future study could make this direct comparison to shed more light on how the simple presence of a merger can influence a customer with prior merger experience versus those without prior merger experience. Similarly, the role of service loyalty, the other covariate, in consumer responses to mergers should be explored further.

Research involving the employees of merging firms would be extremely valuable. Understanding how the service employee reacts to service mergers and subsequently the customers of the merging firm is important considering the issues that arise following mergers. Equity theory could also be incorporated to understand if consumer's perceptions of fairness influence customer responses to mergers. Although this study provides several managerially relevant points, marketing managers would benefit from additional merger studies from the consumer perspective. For example, traditional managerial approaches to preventing switching, especially in the telecommunications industry, include raising switching costs and implementing switching barriers (i.e., service contracts). Although these managerial tactics have merit, the customer may react even more negatively towards these barriers in the wake of a merger. We previously asserted that managers should focus on preparing customers for the merger transition through effective communication strategies. Thus, we think a promising area of research should examine the optimal communication strategy for encouraging complaint behavior as opposed to switching behavior after a service failure in the wake of a merger.

In conclusion, we have attempted to provide a baseline explanation of how consumers respond to service failures following a merger. We believe our study provides managerial insight and illustrates the importance of the consumer in regards to their reactions to the merger process. We hope this study provides the foundation for future inquiry into this under-researched, yet vital area of business.

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Appendix A
Scale Items

Service Loyalty Items (adapted from Beatty et al., 1996**)**

1. I will remain loyal to the newly merged company. (strongly agree – strongly disagree)
2. I am very committed to the newly merged company. (strongly agree – strongly disagree)
3. I don't consider myself a loyal customer of the newly merged company. (strongly agree – strongly disagree)
4. I don't plan to continue my relationship with the newly merged company. (strongly agree – strongly disagree)

Prior Merger Experience Items (adapted from Simonin and Ruth, 1998)

1. How familiar are you with mergers in general (Not At All / Extremely)
2. How much experience do you have with service companies that have been involved in a merger?(None / A Lot)

Telecommunications Familiarity Items (adapted from Roehm and Sternthal, 2001)

1. Telecommunications companies provide services such as cellular phone, home phone, digital cable, Internet, etc. How often do you use telecommunications services? (never – constantly)
2. How familiar do you consider yourself to be with telecommunication services? (unfamiliar - familiar)
3. How much of a telecommunications service expert would you call yourself? (not at all expert – extremely expert)
4. How well acquainted with telecommunications services are you? (not at all acquainted – very well acquainted)
5. How regularly do you use a telecommunications service? (not very regularly – very regularly)

Negative Word-of-Mouth Intention Items (adapted from Blodgett, Hill, and Tax, 1997)

1. If this had really happened to me, I would make sure to tell my friends not to use this newly merged company. (strongly agree – strongly disagree)
2. If this had really happened to me, I would make sure to tell my relatives not to patronize this newly merged company. (strongly agree – strongly disagree)
3. If this had really happened to me, I would complain to my friends and relatives about this newly merged firm. (strongly agree – strongly disagree)

Complaint Intention Items (adapted from DeWitt and Brady, 2003)

1. Given the circumstances, I would complain to a service representative. (strongly agree – strongly disagree)
2. Taking everything into consideration, I would complain to the newly merged firm by telephone. (strongly agree – strongly disagree)
3. Given the circumstances, I would ask to speak with the manager, so that I could voice my dissatisfaction with the poor service. (strongly agree – strongly disagree)
4. Given the circumstances, I would inform the company of my problem. (strongly agree – strongly disagree)
5. Overall, if this happened to me, I would be very likely to complain to the newly merged company. (strongly agree – strongly disagree)

Switching Intention Items (adapted from Oliver and Swan, 1989)

1. Rate the probability that you would switch from your newly merged cell phone company to another cell phone company as soon as possible. (extremely likely – extremely unlikely)
2. Rate the probability that you would switch from your newly merged cell phone company to another cell phone company as soon as possible. (very probable – very improbable)
3. Rate the probability that you would switch from your newly merged cell phone company to another cell phone company as soon as possible. (certain – no chance)

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ABOUT THE AUTHORS

Melinda A. McLelland received her Ph.D. from Florida State University. She is currently an assistant professor of marketing at the University of Southern Mississippi.

Ronald E. Goldsmith earned a Ph.D. from the University of Alabama. He serves as the Richard M. Baker Professor of Marketing at Florida State University.