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The customer-retailer relationship symbolizes the attachment and connection that consumers share with retailers. When consumers create these relationships, they expect for the retailer to maintain the relationship for a long period of time. However, a retailer sometimes faces negative press (transgression) that may violate the relationship that it has with its customers. When transgressions occur in the customer-retailer relationship, they can have several negative consequences for the retailer. Some of these negative consequences are financial loss, the loss of customers, and more. Due to the negative consequences of transgressions, previous researchers have examined the impact of recovery options offered after transgressions occur. However, few studies have examined the recovery option and degree of transgression in relation to consumers' responses as measured in terms of consumer trust, customer forgiveness, and retailer equity. Considering the benefits to be gained from this research, the present study intends to examine how consumers respond to the act of retailer-related transgression. Therefore, the central purpose of the study is to provide a better understanding of consumers cognitive, affective, and behavioral responses to retailer recovery strategies given varying degrees of transgression. The specific research objectives are to 1) examine the main effects of retailer recovery strategy and the degree of transgression on consumers' cognitive, affective, and behavioral responses (measured in terms of trust, forgiveness, and retailer equity) after transgressions have occurred; 2) examine the relationships between consumer trust, consumer forgiveness, and consumer perceived retailer equity; and 3) examine the moderating effect of degree of consumers' attachment toward a retailer on relationships proposed in objective number one.

Data were collected from a convenience sample of undergraduate and graduate students with majority of participant's ages ranging from 18-23. The sample consisted of 205 participants. Majority of the participants were female 87.8%, and approximately 55.6% were Caucasian. Several statistical techniques were used to examine a set of testable hypotheses. Results revealed that consumers are more likely to have high levels of trust, to forgive the retailer, and to have favorable retailer credibility when recovery options are offered after transgressions occurred as compared to no recovery offered. Results further show that the consumer's degree of attachment is likely to moderate the relationship between the firm recovery strategy and consumer trust. Further, it was found that there are relationships between trust, customer forgiveness, and retailer equity (as measured in terms of image, loyalty, and forgiveness). This study's findings add to existing literature of customer-retailer relationships and how they are impacted when transgressions occur. The study also advances the literature by exploring consumers' attachment and the relationships between trust, customer forgiveness, and retailer equity. Implications are provided. Limitations and future directions are discussed as well.

CONSUMERS' COGNITIVE, AFFECTIVE, AND BEHAVIORAL RESPONSES TOWARD A FIRM'S RECOVERY STRATEGIES WHEN COMMITTING A TRANSGRESSION

by

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APPROVAL PAGE

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CHAPTER I

INTRODUCTION

Research Background

Building a strong customer-brand relationship is critical to a firm's financial success (Fournier, 1998; Mittial, 2001) because such committed relationships can result in several positive outcomes, including satisfaction, loyalty, positive brand image, and repatronage behavior. Several scholars have contended that, like brand, the strong value of the customer-retailer relationship may aid the company in minimizing negative consequences when a retailer (or a brand) faces negative press (Ahluwalia, Burnkrant, & Unnava, 2000; Lisjak, Lee, & Gardner, 2012). That is, consumers with strong attachment toward the retailer (or the brand) are likely to resist negative information about the retailer (or the brand), resulting in the remaining positive attitudes toward the retailer (or the brand). In addition, researchers (Finkel, Rusbult, Kumashiro, & Hannon, 2002; Lewicki, & Bunker, 1996; Mattial, 2001; Tax, Brown, & Chandrashekaran, 1998; Xie & Peng, 2009) have stated that due to the customer-retailer (brand) relationship having such positive outcomes, the relational strength a consumer develops toward a retailer (brand) may result in a consumer forgiving the actions of the retailer (brand) when it faces negative press. When the retailer or the brand faces negative messages, it can be inferred that the retailer or the brand has engaged in transgression via the violation of relationship-relevant norms with its customers, breaking the implicit and explicit rules controlling performance and evaluation (Aaker, Fournier, & Brasel, 2004).

For example, in 2014, Zara, one of the top fast fashion retailers, was accused of being anti-Semitic after selling a children's shirt with a yellow Star of David worn as a badge during the Holocaust (Kaufman, 2014). However, the shirt was taken down after a number of customers made a fuss about the inappropriate garment. Despite accusations of anti-Semitism, Zara is still leading in the fast fashion industry due to the retailers' quick recovery strategy (e.g., removing the garment from the stores, issuing a statement apologizing for its actions). The retailer labeled the transgression as a misunderstanding and apologized for the firm's actions.

Another example of transgression occurred with Costco, one of the most well known wholesale giants. Costco was at the center of what may be considered a transgression on their part, back in 2009 when the company was selling a doll known as the "Black 'Lil Monkey' Baby Doll" (Wade, 2009). Regardless of the doll coming in different races such as Black, White, and Hispanic, African American consumers were outraged over the historically negative connation associated with the doll (i.e., monkey was a term used to disparage and devalue Blacks). Just as with Zara, once the retailer experienced a significant number of customers complaining about the doll, it was recalled from Costco's shelves (Wade, 2009). American Apparel also was brought under fire for brand transgression when Dov Charney, the previous CEO of American Apparel, was accused of sexual harassment and making racial slurs (Dobuzinskis, 2015). Charney was accused of keeping videos of himself engaged in sexual acts with employees as well as models and sending employees pornographic images (Dobuzinskis, 2015). The recovery strategy for the retailer was to fire Dov Charney; however, such action did not occur when the allegations were first made. Recently, Wal-Mart also committed an act of transgression due to its poor or inadequate labor practices, causing buildings at Rana Plaza facility in Bangladesh to collapse, killing over 430 employees (Bhasin, 2013). According to Bhasin (2013), Wal-Mart was asked to increase fire safety precautions in the Rana Plaza factory, but the giant retailer was set on not doing so. As a result of the disaster, Wal-Mart has initiated a recovery strategy in the hope that the retailer will gain positive press by donating USD 1.6 million to the Institute of Sustainable Communities to launch an Environmental Health and Safety Academy in Bangladesh. The retailer hopes that such a donation will create safe working environments in Bangladesh. In addition, on the retailer's website, the company also provides information related to social responsibility in Bangladesh, specifically fire safety (Wal-Mart, 2015).

These examples are very important to the significance of the current study because they provide everyday cases of racism (Costco's Lil' Monkey doll), religious discrimination (Zara's anti-Semitic t-shirts), sexual harassment (Dov Charney of American Apparel), and negligence (Wal-Mart's incident in Bangladesh) that are ordinarily frowned upon and, in some instances, are considered a crime. Nonetheless, people still forgive and show support toward these retailers in spite of their known transgressions. Although companies try to make recovery efforts to salvage the customer-retailer relationship, such relationships may or may not go back to being the same (Aaker et al., 2004). This is because a transgression is a kind of breach in the relationship; therefore, if the breach is too damaging to the relationship, the consumer has no choice but to see the firm in a different light. In addition, depending on the severity of the transgression, such a transgression could have an impact on how the consumer continues to view the firm.

Transgressions can be harmful to the relationship; however, they also uncover qualities that each partner possesses in the relationship (Fletcher & Kininmonth, 1992). Transgressions, for some consumers, serve as signal that the firm is unable to keep up its part in the relationship (Aaker et al., 2004). Similar to an intimate relationship, throughout the relationship, inferences are made based on the performance of the partner, which helps one to assess the course of the relationship (Aaker et al., 2004). Therefore, it is imperative that each partner plays his or her role to maintain a strong relationship (Fincham, Jackson, & Beach, 2005). However, this is not always the case. Just as one or both partners can fail to keep their promises in intimate human relationships, the same can occur in customer-retailer relationships, resulting in transgressions.

Consumer Reactions to Transgressions

When transgressions occur between the customer and the retailer, it is seen as a breach in the relationship, resulting in a negative impact on consumers' perceptions of the retailer. Such impacts may cause the retailer to suffer from monetary loss, bankruptcy, decrease in brand trust, and negative attitudes towards the retailer (Folse, Burton, & Netemeyer, 2013; Trump, 2014; Xie & Peng, 2009). Along with these damaging outcomes caused by negative messages about the retailer, transgressions may impact consumers' purchase intention, consumer satisfaction, and evaluation of retailer equity (Folse et al., 2013; Xie & Peng, 2009). According to Xie and Peng (2009), negative publicity of a firm has the possibility of spilling over to its brands, thus being detrimental to the firm's financial success. However, Fincham et al., (2005) stated that the response of the consumer related to a firm's bad press is a significant indicator of a continued relationship. That is, while some consumers may be able to put the transgression aside and still support the retailer, others may not easily be able to forgive the retailer once they encounter negative press.

When consumers are connected to the brand or the retailer, they do not expect transgressions to occur (Reis & Knee, 1996; Smith, Bolton, & Wagner, 1999). Unexpected transgressive acts can have an emotional impact on the consumers' response to the transgression. Emotionally, once a transgression occurs, it has the ability to impact the trust that the consumer has created with the firm. Trust is one of the most valuable components that firms try to create (Jiang, Jones, & Javie, 2008; Schiffman, Sherman, & Kirpalani, 2002). When a firm is mistrusted, it can lead to negative consequences (Xie & Peng, 2009). Specifically, with the use of social media, consumers can easily spread negative word-of-mouth (WOM) about the firm's actions, drawing more attention to the transgression. Although in some cases, when the transgression occurs, consumers who have strong ties to the firm will transfer positive associations to the negative situation, protecting themselves from the adverse effect of the transgression. This phenomenon is also called "a buffering effect" (Trump, 2014). Due to personal ties that the consumer has with the firm, the transgression might not be as bad in the mind of the consumer (Belk, 1998; Lisjak, Lee, & Gardener, 2012; Trump, 2014). However, if the consumer feels that something was done directly to him or her, consumers are less likely to forgive the retailer once they encounter the transgression (Trump, 2014). For example, if a firm is accused of having unethical labor practices, consumers may forgive this firm's actions, as it does not directly impact them.

A number of researchers (Andreassen, 2001; Kim, Ferrin, Cooper, & Dirks, 2004; Lyon & Cameron, 2004; Xie & Peng, 2009) display different views of firms' recovery strategies and their effectiveness. Xie and Peng (2009) define firm recovery strategy in terms of trust repair, which refers to the firm engaging in activities that help to sway the consumers' perception of the firm from negative to positive after a transgression has occurred. One view is that, if the retailer takes responsibility for the transgression that has occurred, the consumer may feel as though the retailer is taking accountability for its actions (Lyon & Cameron, 2004). However, Xie and Peng (2009) have suggested that only offering an apology from the firm may not assuage a transgression that has already occurred.

Furthermore, based on the recovery strategy, consumers' reactions to transgressions tend to differ based on their level of attachment to the retailer (brand). A strong or weak attachment toward a retailer (brand) can be made depending on how close an individual is to a retailer (brand) (Schmalz & Orth, 2012). For consumers who are strongly attached to the retailer, it is assumed that they are more loyal to that retailer. Likewise, consumers who are less attached toward the retailer are regarded as being less loyal toward the retailer. As such, the degree of attachment consumers establish with the retailer may help to determine consumers' emotional responses (e.g., forgiveness) when encountering bad press. In addition, the degree of this closeness also can determine how much of one's self the individual sees in the retailer (or brand). If consumers view that their self-image is congruent with the image of the retailer, transgressions are less likely to have an impact on consumers' attitudes and behaviors toward the retailer (Schmalz & Orth, 2012).

According to Magnusson, Krishnan, Westjohn, and Zdravkovic (2014), a brand transgression is bi-dimensional, consisting of a deep and a wide transgression. A deep transgression is one with severe and/or negative consequences that may have caused fatal or life-threatening impacts (e.g., medical field). A wide transgression is one that occurs when a large amount of the population is impacted by the act. According to Muthukrishnan and Chattopadhyay (2007), when negative information arises, it is more significant as compared to when positive information arises. Therefore, given the negative information consumers encounter about a firm, it is imperative to examine the customer-retailer relationship with varying degree of transgression and a firm's recovery strategies.

Context of the Study

The above literature supports the assumption that transgressions have an impact on consumers' perceptions of, attitudes, and behaviors toward the retailer (or the brand). As such, in order to determine whether consumers will choose to forgive or not to forgive the retailer and how consumers evaluate the equity of the retailer are of critical importance to understand how the retailer can prepare to manage firm-related transgressions (Aaker et al., 2004; Fincham et al., 2005; Magnusson et al., 2014; Trump, 2014). Mismanagement following transgressions can lead to negative consequences, including damaging the reputation of the firm, disrupting business relationships, and decreasing profits (Coombs, Frandsen, Holladay, & Johansen, 2010). Although the impact of transgressions relative to service (i.e., issues with phone service) has been vastly explored in the literature (e.g., Aaker et al., 2004; Andreassen, 2001; Mattial, 2001), little is known about the impact of retailer-related transgressions on consumers' cognitive, affective, and behavioral responses within the apparel retailer context. The present study purports to fill a gap in the literature by focusing on examining the impact of retailer-related transgressions and its recovery strategy on consumers' forgiveness and evaluations of retailer equity in the apparel industry when the transgression may directly impact the consumer's safety and financial well-being.

Specifically, an apparel retailer will be employed because the fashion industry is fast-paced and many customers associate the identity of the retailer or brand with their own identity (Kwak & Kang, 2009; Nessrallah, 2011; Schmalz & Orth, 2012). Therefore, it is imperative to understand how a transgression reflects a consumer's identity and what he or she will do to either stay identified with the retailer or to remove his or her identity from the retailer once encountering transgressions. If the customer believes the retailer with bad press is now a negative extension of his or her personality, the consumer may remove the retailer from their self-concept. Research has shown that certain aspects of consumer behavior such as retailer-related attachment and retailer equity have an impact on how customers will forgive a retailer (Magnusson et al., 2014; Trump, 2014). Therefore, these factors will be further explored in the present study to examine how they relate to transgressions and customer forgiveness.

Purpose of the Study

Transgressions can occur at all levels of the company, including the brand level, the CEO committing a negative act, a designer making a controversial comment or creating a controversial design and so on. Notwithstanding the impact of transgressions on the equity of the retailer and consumers' affective reactions, the scarcity of empirical research regarding this phenomenon has prompted this study. In addition, there is relatively little understanding of how consumers react (respond) to firm recovery strategy given the varying degree of transgression. The present study intends to examine how consumers respond to the act of retailer-related transgression. Therefore, the central purpose of the study is to provide a better understanding of consumers cognitive, affective, and behavioral responses to retailer recovery strategies given varying degrees of transgression. Therefore, the specific research objectives are:

1. To examine the main effects of retailer recovery strategy and the degree of transgression on consumers' cognitive, affective, and behavioral responses (measured in terms of trust, forgiveness, and retailer equity) after transgressions have occurred;
2. To examine the relationships between consumer trust, consumer forgiveness, and consumer perceived retailer equity; and

3. To examine the moderating effect of degree of consumers' attachment toward a retailer on relationships proposed in objective number one.

Significance of the Study

Transgressions can be very damaging and, in some cases, recovery efforts can be costly. Many consumers begin to form relationships with retailers that need to be maintained and nurtured. When transgressions occur, they can stunt or slow the growth of the customer-retailer (or customer-brand) relationship. Given the potential negative impacts of transgression, the results of the present study are expected to provide managerial implications to retailers as well as theoretical contributions to the existing literature.

In terms of managerial implications, it has been found that when firms partake in unethical behaviors, this evokes negative emotional responses from consumers (Xie & Peng, 2009). Therefore, it is imperative for firms to either shy away from unethical behavior or to understand how such behavior impacts consumers so that an effective recovery strategy can be implemented. In addition, it is also expected that the results of the study would aid retailers in better understanding what aspects of consumer behavior are impacted when transgressions occur. According to Biehal and Sheinin (2007) and Gurhan-Canli and Batra (2004), when consumers receive negative information about a company, it carries over to their negative judgments about the brands that the retailer offers. These negative judgments can shape consumer attitudes and behaviors toward the retailer, causing slow store traffic and decreased profitability (Einwiller, Fedorikhin, Johnson, & Kamins, 2006). Furthermore, the present study is expected to enlighten retailers about consumer trust and forgiveness, assisting them in offering effective recovery efforts to minimize losses. According to Zourrig, Chebat, and Toffoli (2009), recovery efforts such as explaining the transgression, apologizing for the negative incident, and/or reassuring the customers of fairness help the customers in their process of forgiving the brand. It is expected that the results of the study will lead to more effective recovery strategies for retailers. By understanding consumers' cognitive, affective, and behavioral responses to transgressions, it should better help retailers target these tri-dimensional responses in their recovery efforts, thus making recovery more effective.

Theoretically, the present research could make a scholarly contribution to the consumer behavior and retailing fields because it seeks to expand the knowledge base of how transgressions and recovery strategies affect consumers' evaluations of retailer equity, trust, and forgiveness. Additionally, the results of the study will add to the existing literature because it explores consumer trust, forgiveness, and customer-based retailer equity in one study. Possibly, this study is anticipated to offer a greater understanding about the interconnectedness or intersectionality of these three important areas (i.e., trust, forgiveness, and retailer equity). Further, the use of motivated reasoning as a theoretical framework could lead to an increased understanding of how the amount of cognitive effort one puts into forgiving transgressions impacts consumer behavior. Much of the literature on customer forgiveness and transgression only focuses on forgiveness in relation to the customer's self-concept being closely related to the brand personality (Park, Macinnis, & Priester, 2006; Park, MacInnis, Priester, Eisngerich, & Iacobucci, 2010; Thomson, MacInnis, & Park, 2005) with one exception: Schmalz and Orth's (2012) study that focused on how motivated reasoning may explain the reason for customer forgiveness. However, this present study differs from previous studies mentioned above in that it will not only look at motivated reasoning in comparison to customer forgiveness, but also look at consumer trust and retailer equity. These three areas are important and are worth investigating because they will provide more knowledge in the field on motivated reasoning being an impetus for consumers to trust, forgive or not forgive, and favorably evaluate the equity of the retailer after transgressions have occurred. Also, with the use of motivated reasoning as the theoretical framework, it will not only help other researchers to understand the cognitive aspect of the theory but the affective and behavioral components as well.

Definition of Terms

Table 1. Definition of Key Terms

Terminology	Descriptions
Brand Personality	Brand personality is the set of human characteristics associated with a brand (Aaker, 1997, p. 347).
Brand Transgression	Brand transgression refers to a brand violating relationship-relevant norms between its customers and breaking the implicit and explicit rules controlling performance and evaluations (Aaker et al., 2004).
Motivated Reasoning	Motivated reasoning is the connection a consumer makes with the brand and the amount of cognitive

	effort an individual is willing to use to arrive at a desired conclusion (Schmalz & Orth, 2012).
Brand Attachment	Brand attachment refers to an individual having "strong self-brand linkages and automatic retrieval of thoughts and feelings about the brand" (Park et al., 2006).
Brand/Retailer Equity	Retailer equity is very similar to brand equity in that it is the accumulated associations that customers have gathered over time; however, it refers to the retailer and not the brand (Das, Datta, & Guin, 2012). Brand equity can be referred to as either the monetary value of the brand or the value that the consumer places on the brand (Delgado & Munuera, 2005).
Brand/Retailer Loyalty	The brand loyalty dimension is defined as a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite various situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1997).
Brand/Retailer Image	A brand's image refers to how consumers see the brand; further, "the image customers develop is affected by his or her own experiences with the brand and its competitors; the customer's cultural, religious, and economic background" (Hameide, 2011, p.17)
Self-concept	The self-concept refers to beliefs that one has formed about him or herself over time, based on his or her cognitive, physical, and affective characteristics, which leads to how he or she evaluates the self (Markus & Nurius, 1986).

Organization of the Study

Chapter I provides the background of the research topic utilizing a brief amount of literature to inform the reader. Also, this chapter elucidates the foundation and purpose of the study. Further, it highlights the significance of the study as well as managerial and theoretical implications for retailers and academics.

Chapter II provides an overview of motivated reasoning - the theoretical framework guiding the proposed study, followed by an in-depth literature review. The literature review consists of the following topics: brand personality and brand transgression, brand attachment, brand/retailer equity, brand/retailer loyalty, brand/retailer image, and recovery and customer forgiveness.

Chapter III covers the methodology, sampling, experimental design, questionnaire development and statistical analysis that will be used to test hypothesized relationships.

Chapter IV provides the results of the study. This section includes participants' characteristics, descriptive statistics, manipulation check of general questions, and hypotheses testing.

Lastly, Chapter V covers the discussion and conclusions of the study. This section consists of the following topics: discussion of findings, conclusions, managerial and theoretical implications, and limitations and future directions.

CHAPTER II

LITERATURE REVIEW

This chapter presents a review of the literature on motivated reasoning as the theoretical framework. In addition, this chapter reviews the literature related to brand transgression and brand personality; brand attachment; consumer trust; consumer forgiveness; and retailer equity. This information is then utilized as a foundation in developing testable hypotheses.

Motivated Reasoning

Ziva Kunda (1990) worked extensively on the literature of motivational biases. The underlying assumption of this theory is that an individual will exhaust all of his or her resources to arrive at a conclusion. Motivated reasoning consists of two components: the connection a consumer makes with the brand and the amount of cognitive effort an individual is willing to use to arrive at a desired conclusion (Schmalz & Orth, 2012). When trying to arrive at a desired conclusion, the consumer is likely to gather biased information and only utilize the information that supports his or her desired conclusion (Schmalz & Orth, 2012). If enough biased information is gathered to arrive at the individual's desired conclusion, he or she is likely to utilize such information to make a decision (Agrawal & Maheswaran, 2005; Kunda, 1990; Schmalz & Orth, 2012).

According to Schmalz and Orth (2012), motivated reasoning is often used when an individual must arrive at a desired conclusion regarding unethical behaviors. In this case, if an individual has a strong viewpoint on the outcome of a situation and the outcome does not support his or her beliefs, he or she is likely to display negative emotional responses, such as anger, frustration, and disappointment (Schmalz & Orth, 2012). Researchers have stated that motivated reasoning has an influence on consumers' decision-making in relation to consumer behavior (Agrawal & Maheswaran, 2005; Kunda, 1990). Specific to the context of the study, motivated reasoning will be viewed in comparison to the retailer and not the brand name of the product.

Motivated Reasoning and the Attachment to the Self

Based on the theory of motivated reasoning, a consumer tends to use all of his or her energy to finds ways to assuage the transgression of the retailer based on strong or weak attachment. According to Schmalz and Orth (2012), strongly attached consumers refer to consumers who are more motivated to ignore transgressions in order to protect their self-image. As such, strongly attached consumers are more likely to be defensive and are biased toward maintaining their desired outcome (Schmalz & Orth, 2012). For example, if a retailer commits a transgression (e.g., unethical labor practices) and the consumer has developed strong attachment toward the retailer, he or she is likely to arrive at the desired outcome that suggests the retailer did not intentionally engage in unethical behavior. These consumers are determined to protect their opinions about the retailer (or the brand) because a changed opinion of the brand that has transgressed would be a threat to their self-concept, which is closely attached to the brand (Schmalz & Orth, 2012). On the other hand, consumers who are weakly attached to the brand are motivated to arrive at pragmatic conclusions about the transgression because their self-image is not attached (Schmalz & Orth, 2012). Based on the literature of negativity bias, consumers tend to place more emphasis on negative information as opposed to positive information when making a decision (Schmalz & Orth, 2012). This suggests that weakly attached consumers are more likely to utilize negative information to make a pragmatic decision while strongly attached consumers tend to replace negative information with positive information to keep one's self-concept intact (Schmalz & Orth, 2012). This process is likely to occur as consumers tend to consider their past positive experiences that they have had with the retailer (or the brand) and thus override any negative information.

Furthermore, grounded in self-theory, self-image refers to how an individual views him or herself (Kwak & Kang, 2009). According to literature related to brand attachment, the customer's self-image is reflected upon the brand. This is the same process for attachments with retailers. According to self-theory, it is posited that "an individual's behavior will be directed toward the protection and enhancement of his or her self-concept" (Kwak & Kang, 2009, p. 87). Levy (1959) further suggested that self-image congruency can be used to explain product symbolism. Product symbolism occurs when a consumer gravitates toward products that have a symbolic image similar to his or her self-concept (Kwak & Kang, 2009). Self-concept refers to beliefs that one has formed about himself or herself over time, leading to an evaluation of the self that is based on cognitive, physical, and affective characteristics (Markus & Nurius, 1986; Nessrallah, 2011; Solomon, 2014).

Based on Nessrallah (2011), due to the complex nature of the self-concept, three perspectives have been created to understand how the self-concept is organized. The first is the protectionist view, which refers to an individual surrounding him or herself in a physical and social environment that coincides with his or her self-concept. Therefore, an individual only takes in information that is consistent with his or her self-concept while rejecting information that is not (Nessrallah, 2011). The second perspective suggests that the self-concept is flexible and not static, which can be manipulated to fit its immediate social environment (Nessrallah, 2011). Lastly, the third perspective of self-concept refers to the working self-concept. Opposite from the second perspective that suggests that the self is not static, this perspective refers to self-concept as a static arrangement of selves that are referred to as the self-schema (Nessrallah, 2011). The self-schema is comprised of the actual self, surrounded by several ideal selves that have different levels of significance to the individual (Nessrallah, 2011). These ideal selves have been created based on contacts made in one's environment (Nessrallah, 2011). Nessrallah (2011) suggested that an individual tends to select a self-concept that he or she believes will help to maximize self-esteem in an environment. With respect to consumption behavior, this suggests that an individual tends to display favorable attitudes and behaviors toward the retailer that reflects his or her self-concept so that his or her self-esteem can be enhanced.

In addition, consumers reflect their self-image on a retailer when they create a relationship with the retailer, making the retailer responsible for maintaining its positive image due to customers' vested interest (Nessrallah, 2011). The customer tends to exert cognitive energy to avoid any negative associations with his or her self-image because the retailer is a contributor to one's self (i.e., the transgression of the retailer) (Schmalz & Orth, 2012). Nessrallah (2011) further discussed brand endorsers (e.g., a celebrity) who are committing transgressions and how those transgressions reflect on the company. Just as companies must evaluate transgressions by endorsers, consumers must evaluate a firm's action when it commits a transgression and decide whether the relationship with the retailer should continue.

According to Kwak and Kang (2009), if a consumer strongly reflects his or her self-image on the brand, his or her evaluations will be favorable toward the brand. However, it has been found that transgressions can trigger behavioral change toward the brand from the customer (Aaker et al., 2004). Therefore, when the brand does something bad, the customer perceives it as him or her doing or representing something bad (Kwak & Kang, 2009). According to Levy (1959), consumers express symbolic meaning for brands by consuming and utilizing products (as cited in Kwak & Kang, 2009). This suggests that if a retailer transgresses, a consumer may dissolve his or her symbolic meanings associated with the retailer. As such, he or she may decide not to repatronize the retailer or utilize products purchased from the retailer.

Furthermore, consumer consumption behavior is largely influenced by one's desire to fill the gap between his or her ideal and actual self (Sirgy, Grewal, & Mangleburg, 2000). In Kang's (2002) study, she found that an individual's actual and ideal self-concepts contribute to one's decision to participate in sports or exercise. Hence, it may be inferred that one's actual and ideal self are significant in overall purchase intentions (Johar & Sirgy, 1991; Sirgy et al., 2000).

When a transgression occurs, it could be viewed as a threat to the attachment formed and one's self-image. When product cues such as logo, brand name, and color are evoked, self-image beliefs, in turn, are educed which affect how the consumer perceives the value of the product (Kwak & Kang, 2009). If it is found that a firm has engaged in the illegal hiring of minors, for example, the consumer may direct this negative practice of the retailer onto his or her own self-image and begin to lower his or her value of the retailer. This results in the consumer needing to form a defense mechanism, which leads one to exercise his or her energy to find ways to justify the transgression (Badcock & Allen, 2003).

Brand and Retailer Personalities

Brand Personality

The consumer-brand relationship focuses on how consumers relate to the brand; therefore, this relationship to the brand has been said to resemble how one would connect socially (Nobre, Becker, & Brito, 2010). Aggarwal (2004) further stated that these behaviors with social ties form the basis for human relationships. As such, this suggests that consumers can form relationships similar to interpersonal relationships with brands. As Aaker et al. (2004) suggested, the process of establishing the relationship with a brand is called "humanizing the brand." Creating brand personalities does this. According to Aaker (1997), a brand personality is defined as "the set of human characteristics associated with a brand" (p. 347). Consumers are able to transfer personalities to brands due to advertising messages where companies associate their brands with human personality traits. For example, because Coca-Cola advertisements connect the product, Coca-Cola, with being cool, consumers then begin to think of the brand as "cool." The relationships a consumer forms with brands are influenced by the personalities consumers assign to the brand (Aaker et al., 2004). Aaker et al. (2004) further suggested that these personalities can affect relationships both directly and indirectly as well as influence behaviors. Based on behaviors in the relationship, over time partners make inferences about the other's character (Aaker et al., 2004).

Further, partner quality inferences within the consumer-brand relationship include four components: (1) keeping their promises, (2) not engaging in behaviors that contribute to relationship failures, (3) resolving problems that may come about, and (4) maintaining and serving interests throughout the relationship (Aaker et al., 2004). These and commission of transgressions are used to describe how relationships are built (Aaker et al., 2004). To build a strong relationship, there are also inferences made about what the partner is capable of and how the partner plans on keeping obligations and intentions. These include how dependable and reliable the partner is, including his or her accountability, reliability, and dependability (Aaker et al., 2004). According to Aaker et al. (2004), over time the inferences that the partner makes help to form the quality and the meaning of the relationship that is subsequently used to assess the overall relationship. Aaker et al. (2004) further stated that partner quality inferences are very important to a relationship in that they are used to form beliefs about the relationship, determine how serious a transgression is along with how the individual will respond to the transgression if and when committed, and assess the degree of loyalty in the relationship and the overall strength of the relationship.

Aaker et al. (2004) focused on sincere and exciting brand personalities (these two personalities are out of the Big Five: sincerity, excitement, competence, sophistication, and ruggedness). These two types of personalities are chosen over the other five personalities because they are two out of the three ideal partner qualities that may help explain intimate relationships (Aaker 1997; Aaker et al., 2004). Sincere brands refer to warmer, caring, and considerate brands (e.g., Hallmark), while exciting brands refer to youthful brands (e.g., MTV) (Aaker et al., 2004). Sincere brands are associated with having long-lasting strong relationships with characteristics such as having warmth, being family-oriented, and possessing trustworthiness (Aaker et al., 2004). On the other hand, exciting brands are at a disadvantage to having long-term relationships due to their nature of having a short-lived "fling" impression. These brands are associated with personalities such as being unique and energizing (Aaker, 1997; Aaker et al., 2004). Aaker et al. (2004) looked at these two personalities associated with the brand and the influence of brand transgression when committed by a sincere or exciting brand has on the consumer-brand relationship.

Aaker (1997) further suggested that the way consumers form their perceptions on brand personalities is much more sensitive than those found with human relationships. This is because, with human relationships, individuals are influenced by physical attributes, beliefs, and behavior, while brand personalities can be influenced by direct or indirect contact with the brand (Aaker, 1997). More specifically, individuals transfer personality traits that they have encountered by indirect and direct contact with the brand and their own personality traits to the brand. That is, the individual associated with the brand influences his or her perception of what the brand's personality traits are (Aaker, 1997). These include the brand user imagery (i.e., the overall personality of the average user of the brand), the CEO, employees, and brand endorsers (Aaker, 1997).

Retailer Personality

Although retailer personality has been developed based on a similar concept to brand personality, Das, Datta, and Guin (2012) found that retailer personality, or the set of human personality traits, is different from brand personality in that retailer personality consisted of five dimensions: sophistication, dependability, empathy, authenticity, and vibrancy. Retailer personality refers to how the functional and psychological attributes of the store form a perception of the retailer in the consumer's mind (Das et al., 2012; Martineau, 1958). The factors that attribute to forming the retailer personality include colors, layout, symbols, sales personnel, and advertising (Martineau, 1958). Researchers have found relationships between retailer personalities and store loyalty and between retailer personality and attitudes toward the retailer (Helgeson & Supphellen, 2004; Merrilees & Miller, 2001; Morschett, Jara, Schramm-Klein, & Swoboda, 2007). For example, the ‘‘modern’’ and ‘‘classic’’ personality traits of a retailer have a significant positive influence on consumers' attitudes toward the retailer (Helgeson & Supphellen, 2004). In addition, Merrilees and Miller (2001) reported that the personality trait ‘‘sincerity’’ has a direct significant and positive influence on consumer loyalty toward the retailer. Morschett et al. (2007) also found that the personality traits ‘‘competence,’’ ‘‘sincerity,’’ and ‘‘excitement’’ have a significant positive influence on intention to recommend the retailer, while the ‘‘sincerity’’ trait has the strongest influence on intention to recommend the retailer. However, they found that the trait ‘‘sophistication’’ has no significant influence on store loyalty.

Transgressions

Much of the literature on transgressions and forgiveness in the field of consumer behavior has derived from the study of forgiveness and transgressions with human intimate relationships (Aaker et al., 2004; Fincham et al., 2005; Thomson et al., 2005). In an intimate relationship, when one of the partners breaks his or her promises, this transgression in the relationship can lead to negative feelings (Fincham et al., 2005). According to McCullough, Worthington, and Rachal (1997), the negative feelings can reside in two dimensions: either righteous indignation (i.e., anger, sadness, and contempt) or hurt and perceived attack (i.e., worry and fear). Fincham et al. (2005) stated that once this transgression occurs, it is then difficult for the intimate relationship to continue. When a transgression occurs in an intimate relationship, it has been found that the degree of severity has an influence on whether or not the partner will forgive the other for the transgression that has been committed. This suggests that the more severe the transgression, the less likely it is for the partner to forgive the other (Fincham et al., 2005). This leads into transgressions with retailers along with customers’ willingness to forgive or to not forgive retailers for serious transgressions.

A number of researchers (e.g., Aaker et al., 2004; Bandura, Caprara, & Zsolnai, 2000; Magnusson et al., 2014) describe transgressions in three different ways. According to Aaker et al. (2004), individuals react to transgressions based on attachments they have formed with the brand's personality. As stated above, a transgression refers to "a violation of the implicit or explicit rules guiding relationship performance and evaluation" (Aaker et al., 2004, p. 3). Aaker et al. (2004) provided a definition of transgression for a brand. Bandura et al. (2000) focus on corporate transgressions within their study. This form of transgression occurs when corporations purposely cause harm to consumers. Corporations who engage in this type of transgression are seen as immoral and using their power for an end-to-means that satisfies only their company (Bandura et al., 2000). Magnusson et al. (2014) suggested that transgressions are the retailer not being fully honest with the consumer. This type of dishonesty can either be done through wide or deep transgression. Deep transgressions occur when negative actions occur that are deleterious to consumers (specifically, fatal) while wide transgressions cause harm but are not life-threatening to a large population. For the purpose of the study, we look at transgressions from the perspective of Aaker et al. (2004) as being violations of the consumer-retailer relationship. In addition, the present study also utilizes Magnusson et al.'s (2014) wide transgressions because this type of transgression is not scandalous (corporate) and is not life-threatening (deep). As such, we are looking at transgressions that affect a large population (wide) that are seen as negative because they have broken the consumer-retailer relationship.

The level of severity, reason for the transgression, and the resolution may differ. However, all have an impact on the relationship consumers develop toward the retailer (Aaker et al., 2004). Due to consumers not being able to form relationships with the members of the firm, they may build them with the brand and through brand personalities. As a result, the brand takes on the position of middleman between the organization and the consumer (Delgado-Ballester & Munuera-Aleman, 2005). For example, if the CEO of the firm commits the transgression, it is reflected upon the brand he or she carries.

When transgressions are committed, it gives an individual the opportunity to measure the strength of the relationship, meaning that this gives the individual the opportunity to assess whether or not the brand has kept up with their promises (Aaker et al., 2004). Despite trying to avoid transgressions within a relationship, the longer relationships last with brands, transgressions are bond to occur. However, similar to intimate relationships, consumers do not expect these transgressions to occur (Aaker et al., 2004). Notwithstanding, Reis and Knee (1996) suggested that transgressions should not be a surprise because they are inevitable. However, despite the inevitability of a transgression, consumers usually are surprised when they occur because they do not expect a failure in the relationship, thus making the transgression appear worse than it may be (Aaker et al., 2004). Once this occurs, it reveals a negative side of the partner, which causes the relationship to be negatively affected down the line (Buysse, Clercq, Verhofstadt, Heene, Roeyers, & Oost, 2000; Maxham & Netemeyer, 2002). This exposes vulnerabilities, doubts, and uncertainties that cause a shift in the relationship. Once this happens, it is hard to maintain the same relationship, as the transgression is a decline in the relationship (Boon & Holmes, 1999). On the other hand, Wiseman (1986) suggested that the context of the relationship determines how the relationship will proceed. That is, with strong relationships, past positive behaviors may nullify the transgression, thus maintaining a healthy relationship (Aaker et al., 2004). Despite the negativity of a transgression, Aaker et al. (2004) discussed how some individual's deal with the relationship after the negative effects of a transgression better determines the relationship status rather than positive conditions in the relationship. This is determined by the degree of attachment that the individual has formed with the brand. That is, the degree of emotional attachment one puts into another person is said to predict how the relationship plays out with the other individual (Thomson et al., 2005).

Brand Attachment

A sign of brand attachment is revealed when feelings and memories that one holds about the attachment with the brand or retailer quickly comes to the mind of the consumer (Park et al., 2010). Such a statement suggests that positive memories are placed higher than negative memories for attached consumers (Park et al., 2010). Overall, attachments are essential human needs that an individual goes through in all stages of his or her life regarding forming relationships (Thomson et al., 2005). The foundation of relationship attachment is rooted in the perspective of a mother-child relationship (Bowlby, 1988). Bowlby and Ainsworth (1991) were among the first researchers to work on the attachment theory in relation to parent-child relationships (Bretherton, 1992). The basic human need of attachment can be compared to a consumer's basic human need to form relationships with his or her favorite brands in order to feel close and set guidelines for the relationship. As Park et al., (2006) stated, relationships with non-human objects can reflect the same nature as human relationships. With strong attachments, an individual wishes to be closer to the object to which he or she is attached; this process is known as proximity to the object (Thomson et al., 2005). If a consumer feels that he or she is too far from the object that he or she is strongly attached to, the individual may start to experience feelings of panic and distress associated with physical and psychological threats (Park et al., 2006; Thomson et al., 2005).

Consumer behavior researchers (e.g. Park et al., 2010; Shimp & Madden, 1988; Thomson et al., 2005) have demonstrated that emotions are connected to brand attachment. For example, many consumers have created emotional relationships with Coca-Cola and Hallmark (Thomson et al., 2005). The attachment relationships described above can be formed with objects beyond human relationships and these relationships can be formed with brands and their product offerings. Brand attachment refers to the "strength of the cognitive and emotional bonds connecting the brand with the self" (Park et al., 2006, p. 9) (i.e., self-brand linkage). Further, this attachment is created through a history of interactions with the brand and includes how quick a consumer is to use his or her resources in connection to the brand (Thomson et al., 2005). Consumers make these connections in the hope that the brand will fulfill their experiential, functional, and symbolic needs (Park et al., 2006). An example of a product fulfilling a symbolic need is when a consumer forms an attachment with a brand that he or she believes reflects his or her personality and represents who he or she is. For example, a consumer chooses to shop at Free People because he or she believes that the retailer possesses similar symbolic meaning of his or her personality as "free spirit."

According to Thomson et al. (2005), these attachments are formed between a person (i.e., the consumer) and an object (i.e., the retailer). Attachments with brands derive from consumers' motivation to form an emotional relationship with the brand, which can cause the customer to become deeply committed to the brand (Schmalz & Orth, 2012). As time passes, consumer-retailer relationships strengthen, due to attachments that customers have created with the retailer (Schmalz & Orth, 2012). These strong attachments cause the consumer to display feelings such as passion, affection, love, and connection. As attachments are occurring and strengthening, the consumer-retailer relationship deepens as well. That is, if a transgression occurs, it serves as a threat to the attachment and relationship. The strength of these relationships involves one's investment to the object.

Investment to the object refers to how much of the individual's self he or she is willing to let go to keep the relationship with the brand (Thomson et al., 2005). The strength of the relationship and what the individual is willing to give up can influence his or her degree of satisfaction, commitment to the relationship, and trust toward the brand (Thomson et al., 2005; Wagner & Rydstrom, 2001). In addition, commitment encompasses the long-term perspective and willingness to stay with the relationship throughout all stages (good and bad) (Thomson et al. 2005; Walter, Mueller, & Helfert, n.d). In relation to consumer-brand relationships, researchers have determined that the commitment of the relationship can be measured by how loyal a customer is to the brand (Thomson et al., 2005). Commitment is related to attachment because commitment helps firms to understand how emotionally attached a consumer is to the brand; those attached are normally more committed (Thomson et al., 2005).

Due to attachment varying in its strength (Thomson et al., 2005), Schmalz and Orth (2012) bifurcate brand attachment into strongly and weakly attached consumers. When brand attachment grows in strength, the self-connection one forms also grows. This is the degree of how much the consumer sees himself or herself in the brand (Park et al., 2010). According to Park et al. (2010), brand-self connection "is a core component of attachment because it centrally reflects the definition of attachment as the bond connecting a person with the brand" (p. 2). Strongly attached customers engage in self-image congruency and work to keep a positive self-image intact (Schmalz & Orth, 2012). In contrast, weakly attached customers do not engage in self-image congruency. In this case, brand attachment can be used to describe the effort of motivated reasoning used by the consumer to maintain a relationship with the brand. For example, it was found that IKEA plucked feathers from live geese for the stores' down pillows (Schmalz & Orth, 2012), this business practice can be seen as an act of transgression from the retailer. Therefore, consumers are left with their degree of attachment and how much they see themselves in the brand. To rely on how they will or will not forgive IKEA for its transgression, a strongly attached consumer may use all of his or her resources to justify the action of harming live animals, while a weakly attached customer may be unfazed by the action. Furthermore, relating to strongly attached customers, if the transgression reaches the consumers threshold, the brand can no longer be thought of in a positive light because it tarnishes the consumer's self-image (Schmalz & Orth, 2012). Park et al. (2010) suggested that brand attachment has self-implications that can alter a consumer's decision for forgiveness because they are more likely to protect their self-image. If a consumer feels strongly attached to the brand, he or she may feel like the brand is difficult to replace (Thomson et al., 2005). In relation to motivated reasoning, this suggests that the consumer finds it difficult to replace a piece of who he or she thinks he or she is.

When consumers exhibit higher levels of brand attachment, they are more likely to express higher levels of emotions (Park et al., 2010; Thomson et al., 2005). According to Thomson et al. (2005), emotions connected to forming attachments include love and passion, affection, and connection. However, Park et al. (2010) further analyzed these emotions by describing other emotions within the emotions described above. That is, affection includes love, friendliness, peacefulness, and affectionate; passion includes delightful, captivate, and passionate; and connection includes connected, attached, and bonded (Park et al., 2010). When relationships with retailers exist without transgressions, these emotions tend to arise in the relationship. However, these emotions have the ability to diminish if a transgression occurs.

Park et al. (2010) further stated that brand attachment can predict behavioral intentions, which involve the consumer using resources such as reputation, money, and time. Consumers may be willing to make sacrifices for the brand depending on his or her level of attachment. These sacrifices can either be related to his or her self-image (e.g. defending and advocating the brand, risk being criticized socially) or resources (Park et al., 2006). When degree of attachment is negatively affected, it can have a negative impact on the consumers' willingness to continue utilizing his or her resources relating to consumption behaviors and recommending the brand to others (Park et al., 2010). If a transgression occurs and the consumer is strongly attached to the brand, he or she may be willing to quickly utilize resources to extract positive memories about the brand.

Many researchers (e.g., Park et al., 2006; Thomson et al., 2005) also discussed brand attitude and how it differs from brand attachment. Brand attitude refers to how much a consumer likes or dislikes a brand experience and it does not refer to the strength of the cognitive reactions or how the consumer reacts to the brand emotionally (Park et al., 2006). However, brand attachment looks to understand the strength of the response (Park et al., 2006); therefore, such difference between brand attitudes and brand attachment is important to note in the study.

Consumer Forgiveness

The concept of consumer forgiveness is complex "with deep roots in religious and spiritual practices. Why and how people forgive is not always apparent" (Tsarenko & Tojib, 2012, p. 1218). However, the concept of consumer forgiveness has been widely recognized in several disciplines such as development psychology and psychotherapy as it possess a healing power that can change both personal outcomes (e.g., appraisal or reflection) and relationship between involved parties (Tsarenko & Tojib, 2012). A number of studies (McCullough et al., 1997; Worthington & Scherer, 2004) revealed that forgiveness aids in minimizing stress when encountering unpleasant incidents and enhancing motivation to pursue relationship-constructive actions toward an offending partner.

According to Zourrig et al. (2009), willingness to forgive refers to how open the customer is to resolving the issue by no longer holding resentment about the unpleasant incident. Zourrig et al. (2009) further suggested that an individual tends to use forgiveness as a coping strategy as a means to support their coping behavior such as venting and avoidance. Furthermore, forgiveness can be viewed as a coping behavior (under problem-focused and emotion-focused coping) that an individual employs to cope with his or her environment (Zourrig et al., 2009). As such, forgiveness can be executed as either emotion-focused or problem-focused. Emotion-focused refers to expressing emotions related to the unpleasant incident, while problem-focused refers to taking action related to the unpleasant incident that one has committed.

Driven by cognitive appraisal theory (Lazarus & Folkman, 1984), Zourrig et al. (2009) uses a cognitive-emotive coping model to explore forgiveness. This model incorporates three processes: cognitive appraisals (primary and secondary), emotions, and coping behaviors. The primary stage involves the individual (not that serious to evoke negative emotions) reframing the transgression in positive ways. The secondary stage, which is the firm accountability, control, stability, involves the individual not blaming the firm for the transgression and realizing that the transgression was a mistake, since the firm's intention is to repair the situation (Zourrig et al., 2009). The aspect of emotions in this model focuses on negative emotions leaving and being replaced with positive emotions (Zourrig et al., 2009). Lastly, coping involves the individual contemplating what steps to take after the transgression (Zourrig et al., 2009).

Forgiveness as Consequence of Firm Strategic Action Related to Transgressions

When the brand is implicated in bad press, consumers are likely to repurchase the brand when an apology is given rather than the brand being defensive (Lyon & Cameron, 2004). By providing the customer with an apology, it allows the firm to avoid blame, reduce punishment, resulting in the hope of forgiveness by the consumer (Zourrig et al., 2009). According to Xie and Peng (2009), it is vital that brands attempt to reestablish a trustworthy image and consumer forgiveness to repair a relationship after negative publicity. The apology itself does not simply guarantee forgiveness from the customer. For an apology to have some form of an effect on the customer, a combination of verbal and nonverbal remorse along with emotions must be present when giving the apology (Zourrig et al., 2009). Redirecting consumers' negative emotions into positive emotions in order to regain trust should be the key effort in a recovery strategy when a transgression is committed (Zourrig et al., 2009). A survey conducted by Customer Care Alliance in 2003 reported that 62 percent of 1,097 American households reported that giving them a gift when the firm has committed to negative publicity as a recovery strategy was insufficient; instead, these consumers wanted to get rid of negative emotions by venting their worries and mistrust of the firm (Zourrig et al., 2009).

Specific to the context of the study, Xie and Peng (2009) stated that customer forgiveness occurs when a customer "pardons" a brand for a transgression that has been committed. Zourrig et al., (2009) referred to forgiveness as encompassing motivational, cognitive, and effective reactions. Relating to service transgressions, this involves the customer reducing his or her need to take harmful action against the service provider who has made the transgression (Zourrig et al., 2009). When the transgression is committed, if the act has been forgiven by the party who did not commit the transgression, then this should lead to re-building of the consumer-brand relationship (Xie & Peng, 2009). If the customer receives an apology for the transgression, the severity of the transgression is decreased, allowing the consumer to view the transgression as something out of the firm's control (Zourrig et al., 2009).

Furthermore, Aaker et al. (2004) found that when exciting brands commit a transgression, participants were more likely to forgive the brand because they were not expecting much from the relationship. The recovery after the transgression for the exciting brands reinforced three things. Firstly, they are expected to provide useful knowledge about the brand and relationship (per intimacy and partner quality development). Secondly, they are expected to reactivate attachment systems (per self-connection gains). Lastly, they are expected to increase interdependency levels and hence commitment in the relationship (Aaker et al., 2004, p. 13). However, for sincere brands, Aaker et al. (2004) found that participants viewed the transgressions as worse because they were expecting the brand to do as it promised - participants viewed this relationship as a closed friendship. Therefore, the friendship was compromised by a transgression. Aaker et al. (2004) furthered suggested that these relationships demonstrated no signs of being repaired. Such relationships suggested that the consumer-brand relationship comes with expectations. If they are not met, it negatively impacts the relationship. These relationships are symbolic of close friendships. If a transgression occurs, it diminishes the satisfaction with the brand and self-connection (Aaker et al., 2004). In this case, consumers who are strongly attached to the brand are those who see the brand as being a close friend. These individuals may have used motivated reasoning to arrive at conclusions to support his or her position. However, in some cases, the transgression is too strong (Schmalz &Orth, 2012). That is, if the transgression is too strong, it implies the transgression as being too severe. When transgressions are too severe, the consumer can no longer replace negative associations with positive ones (Schmalz & Orth, 2012).

According to Schmalz and Orth (2012), a customer's response to the transgression is an emotional response. Some of the negative emotional responses include shame, displeasure, rage, and embarrassment (Schmalz & Orth, 2012). It has been found that an individual does not simply experience one emotion. He or she will experience a series of mixed emotions. However, little research has been conducted on the study of mixed emotions in the context of a response to ethical issues (Schmalz & Orth, 2012). There are two perspectives when it comes to individuals having more than one emotion simultaneously. One set of researchers view positive and negative emotions being on two ends of the spectrum; therefore, the ability to feel both is very limited (Schmalz & Orth, 2012). On the other hand, other researchers suggested that these emotions can both be experienced because negative and positive emotions are on two independent scales (Cacioppo, Gardener, & Berntson, 1997; Larsen, McGraw, & Cacioppo, 2001; Schmalz & Orth, 2012).

Consumer Trust

According to Delgado-Ballester and Munuera-Aleman (2005), trust is extremely important in maintaining a relationship because it develops “exchange” relationships, which are cherished. Morgan and Hunt (1994) offered one of the most frequently employed definitions of trust as confidence in the reliability and integrity of an exchange partner. They explained that reliability and integrity are associated with consistency, competency, honesty, fairness, responsibility, helpfulness, and benevolence. They further argued that the behavioral intention of willingness to act is inherent in their definition of trust. In regard to trust in the marketing field, although a number of researchers have defined trust differently (i.e., Grabner-Kräuter, 2009; Luo, 2002; Morgan & Hunt, 1994), we use a definition of trust proposed by Grabner-Kräuter (2009), who defined trust as an individual’s perceptions of the institutional environment that stems from embedded social practices as well as the perceptions resulting from past and expected future exchanges. Furthermore, Delgado-Ballester and Munuera-Aleman (2005) defined trust as the expectations consumers have for a brand’s intentions and reliability that the brand should provide positive results for consumer. Consumer trust is created through indirect and direct past and present experiences that a consumer has with the brand. In relation to transgressions, a consumer may be motivated to gather information from past and present experiences to determine how he she will respond to the transgression.

Based on research in management and marketing, trust has two dimensions, reliability and intensions (Delgado-Ballester & Munuera-Aleman, 2005). While the reliability aspect of trust refers to the brand's ability to keep and satisfy the needs of consumers, the intentions aspect of trust refers to the positive intensions the brand has and how it aligns with the consumers' wellbeing (Delgado-Ballester & Munuera-Aleman, 2005; Herbig & Milewicz, 1993). Trust is developed through the consumer-brand relationship. Several researchers have found that trust built between consumers and a firm significantly contributes to several positive outcomes, including loyalty toward the firm, customer retention, product choices, purchase intention, willingness to act, and overall market performance (Chaudhuri & Holbrook 2001; Erdem & Swait 2004). As such, being considered as a trustworthy retailer by consumers is very important to a firm's financial success (Knowles, 2003). It is also reported that along with emotion, trust was the most significant predictor of loyalty (Chaudhuri & Holbrook, 2001). Therefore, breaking trust can also threaten the consumer-retailer relationship (Fournier, 1998).

It is also found that consumers form elements of their trust that they have for retailers based on the retailer's credibility. Credibility refers to whether or not the consumer can trust that the retailer will do as promised, continuously throughout the consumer-retailer relationship (Erdem & Swait, 2004; Herbig & Milewicz, 1993). A retailer's degree of credibility has an influence on consumer's perceptions, retailer choice, perceived purchase risk, reduction in search of information cost, confidence in selecting a retailer, and trust (Erdem & Swait, 1998). If there is a transgression, it is likely to impact one or more of the above factors. Therefore, consumers are likely to trust a retailer with a high level of credibility as oppose to a retailer low in credibility (Wernerfelt, 1988). This may also imply that consumers are likely to assume that a retailer with a high degree of credibility is less likely to engage in transgressions because it is a credible firm.

Retailer Equity

Similar to brands, a number of researchers have recently demonstrated that retailers also possess equity (Arnett, Laverie, & Meiers, 2003; Das et al., 2012; Hartman & Spiro, 2005; Pappu & Quester, 2006; Yoo & Donthu, 2001). As such, the majority of the literature on retailer equity was driven by the brand equity concept. Retailer equity is similar to brand equity in that it is the accumulated associations that the consumers have gathered about the retailer over time (Das et al., 2012; Yoo & Donthu, 2001). Several researchers (e.g., Hartman & Spiro, 2005; Pappu & Quester, 2006; Yoo & Donthu, 2001) have developed definitions of retailer equity based on definitions of brand equity. For example, Hartman and Spiro (2005) have developed their definition from Keller's (1993) definition of customer-based brand equity. More accurately, Pappu and Quester (2006) defined retailer equity as "the value associated by the consumer with the name of a retailer, as reflected in the dimensions of retailer awareness, retailer associations, retailer perceived quality and retailer loyalty" (p. 319).

The concept of retailer equity has been recently explored in marketing and consumer behavior research along with brand equity because some consumers may place the blame of the transgression on the retailer. For example, if a customer buys a Polo Ralph Lauren t-shirt from the retailer T.J. Maxx that becomes damaged after one wear, the customer may place the transgression on the retailer T.J. Maxx, and not the Polo

Ralph Lauren brand. This is because the customer may think that the retailer sold him or her a damaged t-shirt. Therefore, it is important to note that the distributor of a brand can be thought of as engaging in transgression. Just as customers form relationships with brands that dictate how they will react to the transgression, customers form relationships with retailers as well. That is, the customer-retailer relationship is just as important as the customer-brand relationship because the customer forms a perception of the retailer that can be negatively influenced by a transgression as well.

According to Buil, Martinez and Chernatony (2013), the definition of brand equity varies depending on the researcher as it can be thought of as the monetary value of the brand or the value that the consumer places on the brand (Delgado-Ballester & Munuera-Aleman, 2005). In Keller's (2013) book Strategic Brand Management: Building, Measuring, and Managing Brand Equity, he further described customers and their brand equity as customer-based brand equity (CBBE) as he examines the equity of the brand from the perspective of the consumer. According to Keller (2013), "Customer-based brand equity occurs when the customer has a high level of awareness and familiarity with the brand and holds some favorable, strong and unique brand associations in memory" (p. 45).

When exploring the research on retailer equity, researchers (Arnett et al., 2003; Keller, 2013; Pappu & Quester, 2006; Yoo & Donthu, 2001; Washburn & Plank, 2002) have focused on the components associated with the retailer that influences equity. As such, the retailer equity dimensional structure is similar to brand equity and has been conceptualized as a multidimensional construct from a consumer perspective (Yoo &

Donthu, 2001). These dimensions are retailer awareness, retailer image, retailer associations, and retailer loyalty (Buil et al., 2013; Pappu & Quester, 2006; Sasmita & Suki, 2015). This suggests that if a customer has a negative or positive experience associated with any of these dimensions, there will be a positive or negative consequence on the equity of the retailer.

Retailer Awareness

Retailer awareness is defined as a consumer's ability to recognize or recall that the retailer is a member of certain retailer category (Pappu & Quester, 2006). This definition is similar to Aaker's (1991) definition of brand awareness that refers to how strongly the brand is rooted in the consumer's mind and how easily he or she can think of the brand in any environment. In order for consumers to have retailer equity, they must first be aware of (or recognize) the retailer. Relating to the associative memory network, retailer awareness is the strength of the node in the consumer's memory (Keller, 1993; Washburn & Plank, 2002). Consumers can quickly bring a retailer to mind with recognition or recall as these are two components of retailer awareness. Retailer recognition is the ability of the consumer to remember prior exposure with the retailer and retailer recall is the ability of the consumer to bring to mind the retailer when given the retailer category (Keller, 2013). Keller (1993) further suggested that recall and recognition of the retailer are most important at the moment in which a decision needs to be made such as when the consumer must select what retailer he or she needs to visit. According to Keller (1993), retailer awareness impacts the customer's decision-making process in several ways. First, it impacts the consideration set of the consumer even if it is the only retailer in the consideration set. Second, it affects consumer decision making related to a retail store because it has an influence on how strong retailer associations are in the retailer image (Keller, 1993). Without retailer awareness, consumers would not have perceptions of quality, associations, and loyalty toward the retail store (Pappu & Quester, 2006). Buil et al. (2013) reported that brand awareness also positively influences brand association and perceived quality.

Retailer Image

The image of a retailer may be interpreted as the overall perception of a firm, what it stands for, what it is associated with, and what consumers may expect they are to receive when buying products or using the services of the retailer (MacMillan et al. 2005; Schuler 2004). Similar to brand image, there has been extensive research on retailer image. Hameide (2011) stated that consumers' image of the retailer is affected by their own experiences with the retailers and its competitors as well as the customers' cultural, religious, and economic backgrounds. According to Reynolds (1965), a customer may develop an image of the retailer by selecting specific impressions relevant to him- or her-self based on the total impression. Such impressions are elaborated, embellished, and ordered to form the total image of that specific retailer. Furthermore, Keller (1993) also suggested that consumers form an image of the retailer based on several retailer attributes (e.g., location, merchandise carried, sales personnel, and layout) that are meaningfully organized in their memory. Such attributes of the retailer draw the attention of consumers and determine the retailer's success (Martineau, 1958). Pettijohn, Mellott, and Pettijohn (1992) stated that the retailer image could be largely influenced by the image of the brands sold in the establishment. In addition, Grewal, Baker, Levy, and Voss (2003) proposed that consumers' evaluations of the retailer environment affect their perceptions of value and further their retail store patronage intentions. Further, the retail store atmosphere has a positive influence on consumers' patronage intentions (Van Kenhove & Desrumaux, 1997), creating customer intimacy (Treacy & Wiersema, 1993) and reputation (Thompson & Chen, 1998). Keller (2013) further suggested that retailer image is important in marketing and our associative network memory because consumers use their associative memory network to retrieve a retailer image that has been created by linking together associations made about the retailer from one's memories (Keller, 2013).

According to Engel, Blackwell, and Miniard (1993), the retailer image can also be created through the customer's observations of intangible and tangible associations made with the retailer. It is suggested that the retailers do their best to create an identity (how they want to be seen) so that customers perceive the retailer accordingly (Faircloth, Capella, & Alford, 2001). However, an identity of the retailer does not always transfer over to the retailer image. If a transgression is committed, the retailer may view their identity as not being impacted and may not see the transgression as serious. However, the retailer needs to be aware that the proposed identity does not always translate to the image the customer perceives. In this case, maintaining a positive retailer image becomes significantly important when the retailer commits a transgression because a retailer with a valuable image can be beneficial in several ways, including: differentiating their store, providing a platform for expansion, helping the consumer to understand the firm and information given, and providing customers with positive feelings (Sondoh, Omar, Wahid, Ismail, & Harun, 2007). If a transgression is committed, these valuable images can be severely affected, thus tarnishing the image that the customer has created.

It is also important to note an image of the retailer can have a positive direct effect on retailer equity (Faircloth et al., 2001). Keller (1993) also stated that retailer image is a necessary element for long-lasting retailer equity. Also, Krishnan (1996) found that if a retailer has a high level of equity, then the associations used to form the retailer image would be positive, unlike a retailer with low equity. This is important because it suggests that transgressions have impacts on more than one component of consumer behavior.

Retailer Associations

Pappu and Quester (2006) offered a definition of retailer associations as "anything linked to the memory of the retailer" (p. 320). Arnett et al. (2003) suggested that consumers sometimes develop unique association with certain retailers; therefore, retailer associations may be different retailer-to-retailer depending on the unique characteristics of these retailers. For example, Aaker (1991) stated that the value of a retailer name is based on the specific association with it. As Keller (1993) contended, "the presence of strongly held, favorably evaluated associations that are unique to the brand and imply superiority over other brands is critical to a brand's success" (p. 6). As such, the particular associations that exist for a specific retailer's name often depend on the marketing strategies of the retailer.

Driven by the definition of brand associations, retailer associations refer to tangible or intangible images, experiences, benefits, or any other attributes that become central associations developed by the consumer that help him or her to understand the positioning of a retailer (Keller, 1999). These are created based on marketing activities to promote the firm's positioning (Keller, 1999). Firm positioning refers to the place in the market where the firm is "positioned" in the mind of the consumer. The marketing techniques of the firm have a large influence on the experiences that customers have with the brand; thus, this can make the experience positive or negative (Keller, 1999).

Specific to the context of the present study, our conceptualization of retailer association is related to credulity of the retailer. The concept of credibility is related to the source of information that leads an individual to assess both believability and trustworthiness (Bettinghaus, 1969; Lafferty, 2007). Newell and Goldsmith (2001) defined credibility as ''consumer perceptions of expertise and trustworthiness that receivers hold toward a source'' (pp. 235-236). Expertise focuses on the firm's ability to provide the consumer with his or her needs as promised (Baek & King, 2011; Bigne-Alcaniz, Perez, & Sanchez-Garcia, 2009). As such, a retailer with a high degree of credibility is likely to be viewed as reputable and trustworthy. Lafferty and Goldsmith (1999) have found that store sales increased as a result of perceived credibility.

In addition, researchers have stated that prior to a retailer's establishment of credibility, the retailer must first achieve a reputation, consistency, clarity, and investment (Baek & King, 2011; Herbig & Milewicz, 1993). A retailer creates a reputation by providing consumers with consistent experiences whether these are based on a product or the shopping experience over time (Herbig & Milewicz, 1993). Consistency within a retailer occurs when the marketing activities and the marketing mix work together seamlessly over time. Clarity refers to how obvious and understandable product information is to the consumer. Lastly, retailer investments refer to how much retailers spend to assure that consumers' expectations are being met (Baek & King, 2011; Erdem & Swait, 2004). Once these have been established, the retailer is likely to be seen as credible in the eyes of consumers. Consumers form trust in retailers based on the retailer's credibility. A retailer keeping and maintaining credibility is based on its actions at a specific time. As such, credibility in the future can be predicted based on actions in the past or present (Herbig & Milewicz, 1993).

The above suggest that if a retailer engages in transgression in the present moment, this transgression will have a negative impact on the retailer's credibility in the near future. A retailer's actions help the consumer to determine whether or not the retailer is a credible source (Herbig & Milewicz, 1993). According to Sobel (1985), credibility must exist in the customer-retailer relationship before an action from the retailer can have a positively significant effect on the consumer. Relating to a firm's recovery strategy related to transgression, this suggests that in order for consumers to contemplate forgiveness of the retailer, the retailer must possess a certain degree of credibility prior to the recovery strategy. Also, the retailer is likely to lose customers and profits resulting from a loss of credibility (Herbig & Milewicz, 1993). In order for retailers to maintain a high level of credibility with customers, its activities need to positively align with its mission (Herbig & Milewicz, 1993).

Retailer Loyalty

Retailer loyalty is defined as a deep commitment to repatronize a specific retailer over its competitors in the future, despite influences and marketing efforts that may have the ability to cause switching behavior (Oliver, 1997). Similarly, Pappu and Quester (2006) defined retailer loyalty in accordance with Yoo and Donthu (2001) as “the tendency to be loyal to a focal retailer as demonstrated by the intention to buy from the retailer as a primary choice” (p. 3). If loyalty is negatively impacted by the transgression, it may have a negative impact on patronage behavior as well.

Buil et al. (2013) found that retailer loyalty is positively influenced by perceived value and the personality of the retailer. Such relationships suggested that retailer equity and the customer-retailer relationship are connected to retailer loyalty. More importantly, such relationships also suggested that customers who are loyal are likely to have created a positive customer-retailer relationship and maintain a high level of equity, resulting in the ability to impact the customer’s purchase decision when a transgression occurs. Retailers should aim to keep positive relationships with loyal customers because loyal consumers are more likely to show positive responses toward the retailer (Buil et al., 2013). Furthermore, it has been found that loyal customers are more likely to have a positive word-of-mouth, suggesting that the customer tends to share positive perceptions of the retailer with friends and family (Sondoh et al., 2007). Therefore, if a transgression changes a customer’s loyalty, it may change positive associations with the retailer that the customer could share with others as well.

Wallace, Giese, and Johnson (2004) further suggested that customers who are loyal to retail stores are likely to develop attitudinal and behavioral preferences for the retailer when compared with other available competitors. Customers who display an attitudinal preference for a retailer over its competitors are customers who display a favorable attitude to the retailer (Wallace et al., 2004) while behavioral preferences refer to behavioral intensions that focuses specifically on repatronage (Brink, Odekerken-Schroder, & Pauwels, 2006; Wallace et al., 2004). In addition, the attitudinal preference focuses on the consumer's attitude toward the retailers he or she encounters, and this process involves three dimensions: cognitive, affective, and conative (Brink et al., 2006). While the cognitive dimension refers to specific information held about the retailer, the affective dimension refers to emotions the consumer has for the retailer, which can be either positive or negative. Lastly, the conative dimension refers to consumers' decision to purchase (Brink et al., 2006).

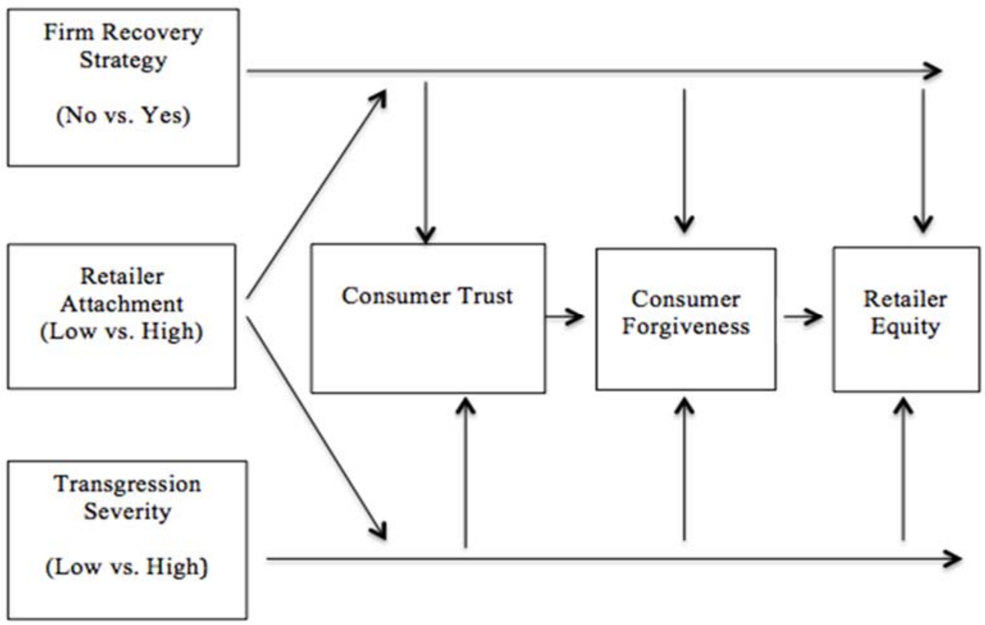
More importantly, Bloemer and Kasper (1995) further contended that retailer loyalty could be just more than repeat patronage behavior. These researchers further suggested that such loyalty can be either spurious or real loyalty. According to Bloemer and Kasper (1995), real loyalty involves commitment to the retailer while spurious loyalty involves no attachment to the retailer; therefore, there is no guarantee that the consumer will patronize the retailer in the future. In addition, spurious loyal consumers may patronize the retailer because of familiarity in order to reduce risk and save time.

Conceptual Framework

The literature above is intended to provide a comprehensive background of how brand personalities create relationships between consumers and retailers. These relationships then lead to customers forming attachments with retailers that reflect their trust, degree of forgiveness and evaluation of retailer equity within the relationship. In addition, the background literature is provided to form an understanding of how these relationships are impacted when retailers engage in acts of transgression when a recovery strategy is or is not implemented (see Figure 1).

The conceptual framework suggests that when the retailer commits an act of transgression, the firm's recovery strategy (not offering or offering recovery) and degree of transgression severity (low versus high degree of severity) have a direct and indirect impact on consumers' cognitive, affective, and behavioral responses as measured in terms of consumer trust, consumer forgiveness, and retailer equity accordingly. In addition, the model also suggests that a consumer's degree of attachment toward the retailer may also moderate relationships between main effects of firm recovery strategy and degree of transgression severity and consumer trust.

Figure 1. Conceptual Framework



Hypotheses Development

Relationship between Firm Recovery Strategy, Trust, Forgiveness, and Retailer Equity

Recovery efforts are essential to a retailer maintaining a strong customer-retailer relationship when a transgression occurs (Levesque & McDougall, 2000). Once a transgression occurs and it gains negative media exposure, it is essential that a recovery strategy be implemented in order to deter consumers from forming negative emotions with the party who has transgressed (Xie & Peng, 2009). According to Sirdeshmukh, Singh, and Sabol (2002), an expectation in the customer-retailer relationship is that the offender can resolve a transgression when it occurs. Therefore, it is suggested that a recovery strategy is needed. As Yousafzai, Pallister, and Foxall (2005) stated, it is not simply enough to undergo a recovery strategy, but the strategy must be conducted in a timely manner to be effective. Further, when the retailer is in the midst of creating a recovery strategy, it is important that the consumer is not blamed for the transgression (Xie & Peng, 2009). As customer-retailer relationships are similar to intimate relationships, when transgressions occur, consumers look to their "partner" to remedy the situation (Finkel et al., 2002; Kim et al., 2004). When consumers have a high level of trust for the retailer, they expect the retailer to take responsibility for its actions (Delegado & Munuera-Aleman, 2005; Mattial, 2001; Sirdeshmukh et al., 2002; Xie & Peng, 2009). Recovery is a way that consumers believe the retailer can make amends for its transgressions. This is because the consumer places his or her faith in the retailer (Moorman, Zaltman, & Deshpande, 1992).

Lyon and Cameron (2004) have reported that the recovery effort, such as apologizing for the transgression is essential to the firm maintaining trust among consumers, thus resulting in forgiveness. Additionally, Xie and Peng (2009) further suggested that recovery further helps to reestablish trust that one already has for the retailer. Maintaining trust when transgressions occur is vital for a retailer because trust is one of a business' main sources of survival (Schiffman et al., 2002). If trust is not maintained with recovery, the retailer is risking the life of its business. With recovery, it helps to see the firm as being benevolent as opposed to firms that do not have a recovery strategy for their actions (Xie & Peng, 2009).

According to Folse et al. (2013), consumer trust significantly acts as a predictor of the dimension of retailer equity, in particular retailer loyalty. This, in turn aids in defining the worth of the customer-retailer relationship. A consumer's thought in forming the relationship is that they are diminishing their perceived risk. The strength of the customer-retailer relationship helps to determine if one forgives a transgression whether a recovery effort is made (Xie & Peng, 2009). As consumers become more loyal to the retailer, they are in the stage of building strong relationships in hopes that these relationships will be a defense for when transgressions occur (Mattial, 2001). With increased relationships comes increased retailer loyalty as well. Mattial, (2001) further suggested that if recovery efforts are made, the consumer is able to maintain the high level of equity that they have for the retailer.

Furthermore, according to McCullough, Sandage, Brown, Rachal, Worthington, and Hight's (1998) study of intimate relationships, when individuals are able to forgive an offender, it decreases their chances of wanting to retaliate against the retailer and avoid to patronize the retailer. Such findings are relevant to the present study in that if the firm engages in recovery, it will increase forgiveness and decrease the consumer wanting to retaliate and wanting to avoid the retailer. Avoidance in this case can be thought of as not returning to the retailer (i.e., loyalty). Credibility is aligned with how well consumers trust the expertise of a firm (Goldsmith, Lafferty, & Newell, 2000). Therefore, if there is no recovery and it impacts consumers' trust toward the retailer, it has an impact on the credibility of the retailer.

When consumers are more loyal to a retailer, they are more likely to have a positive image of the retailer (Keller, 1993). Due to the retailer image being an accumulation of associations created from past experiences one had with the retailer

(Hameide, 2011; Keller, 1993; Reynolds, 1965), with recovery, it is likely that the consumer will maintain these positive images. Therefore, they are able to maintain their level of loyalty with the retailer. The recovery strategy further has the ability to determine the direction of customer retention, measured in terms of customer loyalty (McCollough, Berry, & Yadav, 2000).

Based on information discussed above, we offer the following hypotheses.

H1: Customers are more likely to display a higher degree of trust toward a retailer when the retailer offers recovery options after a transgression occurred as compared to no recovery option offered.

H2: Customers are more likely to forgive a retailer when the retailer offers recovery options after a transgression occurred as compared to no recovery option offered.

H3: Customers are more likely to display a favorable degree of retailer equity as measured in terms of a) image b) loyalty and c) credibility when the retailer offers recovery.

Relationship between Degree of Transgression, Trust, and Forgiveness, and Retailer Equity

The relationship that consumers develop toward the retailer can sometimes serve as a barrier of protection from a transgression. However, this protection, in some cases, can have its limits (Folse et al., 2013). That is, it can be limited when the transgression that occurs contradicts the image of the company and if the transgression is too severe (Aaker et al., 2004; Folse et al., 2013). The level of severity of the transgression is a factor of how the consumer will respond and proceed with the relationship after transgression has taken place (Fincham et al., 2005; McCullough et al., 1997; Weiner, 1995). This idea suggests that even though customers can form relationships with retailers, if the transgression is too severe it can have an impact on the customer-retailer relationship (Fincham et al., 2005); thus having an impact on trust, forgiveness and retailer equity. According to several researchers (e.g., Boon & Sulsky, 1997; McCullough et al., 1998), transgressions that are more severe are less likely to be forgiven by consumers. This is because the stronger the relationship with the retailer, the more likely consumers are to experience the transgression as a breach in the relationship (Aaker et al., 2004). However, when the customer-retailer relationship is not strong, the consumer does not expect much from the retailer (Aaker et al., 2004). As such, if the transgression is not that severe, it may not impact the consumer's response. Also, if the transgression is too low, the consumer does not have to use much of his or her resources to forgive the retailer. Therefore, such transgression may be easily forgiven.

When transgressions are committed, they can lead to the retailer omitting details to the consumer, leading the consumer to doubt their expectations of the retailer (Magnusson et al., 2014). In some cases, when the transgression is too severe and information is left out from consumers, it has the ability to impact the consumers' trust toward the retailer. Therefore, it can be suggested that when there is a high level of mistrust, it causes consumers to question the customer-retailer relationship. Because loyalty must be gained through trust (Schefter, 2000), losing one risks losing the other. If the severity of the transgression is too high, it has the ability to decrease trust and loyalty.

In relation to retailer equity as it relates to image, credibility, and loyalty, when the transgression is too high (as compared to low), consumers need to exert more of their energy to maintain positive levels of image, credibility, and loyalty. Image relates to how customers see the retailer based on experiences and associations he or she makes with the retailer (Hameide, 2011; Faircloth et al., 2001). Therefore, if a transgression of great severity is committed, these experiences and associations should become negative, causing a negative image of the retailer.

When a high level of transgression occurs, it can be seen as dissatisfaction to the customer (Oliver, 1999). According to Oliver (1999), such dissatisfaction is something that has the grave possibility of harming loyalty. Due to credibility aligning with the retailer's reputation, the credibility of a retailer can dictate how consumers perceive the retailer's past and future actions (Wang & Yang, 2001). Therefore, it can be suggested that when the transgression is too high, it has an influence on credibility because it increases consumers worrying about the transgression recurring again in the future.

Based on the information discussed above, we propose the followings.

H4: Customers are less likely to trust a retailer when the degree of transgression is high as compared to a low degree of transgression.

H5: Customers are less likely to forgive a retailer when the degree of transgression is high compared to a low degree of transgression

H6: Customers are less likely to have a favorable degree of retailer equity as measured in terms of a) image b) loyalty and c) credibility when the degree of transgression is high as compared to a low degree of transgression.

Moderating Roles of Consumer Attachment on Relationships between Firm Recovery Strategy and Trust

A recovery strategy shows the customer that the retailer cares about the relationship that has been created by the two; therefore, such effort may help the customer who is strongly attached to maintain trust within the relationship (Xie & Peng, 2009). According to Schouten and McAlexander (1995), customers are bombarded daily with different brands and retailer; however, only a few have the ability to form significant attachments with customers. This suggests that the recovery strategy is essential for a retailer to keep the attachment with the customer that has been developed between the two. Further, when there is no recovery strategy implemented, it is a signal to the customer that the retailer does not have his or her best interest in mind and is a violation of trust (Garbarino & Lee, 2003; Jiang et al., 2008; Xie & Peng, 2009).

When customers are strongly attached to a retailer and trust the retailer, they wish to increase the closeness of the relationships (Thomson et al., 2005), resulting in visiting the retailer more frequently. This suggests that if the transgression is not followed by a recovery strategy, the customer may engage in behaviors that may decrease the closeness of the relationship with the retailer. The degree of commitment one has formed with the retailer can also influence a close relationship one has developed toward with the retailer. Thomson et al. (2005) suggest that attachment is a strong indicator of the degree of commitment that the customer forms with the retailer. Commitment refers to whether or not a customer is motivated to keep the relationship with the retailer, despite the occurrence of a transgression (Thomson et al., 2005). When encountering transgression and a firm's recovery effort has been implemented, customers who are strongly attached are likely to maintain a high level of commitment because the retailer is working to fix the relationship. As such, this helps the customer to maintain a high level of trust (Schmalz & Orth, 2012; Xie & Peng, 2009) In addition, recovery also allows the customer to maintain their belief that the retailer is dependable; this helps the retailer to maintain a degree of trustworthiness with the customer (Kim et al., 2004; Sirdeshmukh et al., 2002).

Based on the information discussed above, we propose the following.

H7: Consumer degree of attachment is likely to moderate the relationship between firm recovery strategy and trust. That is, the relationship between recovery offered (as compared to no recovery offered) by the retailer when engaged in transgression, trust is likely to be stronger among consumers with high degree of attachment toward the retailer as compared to those with low degree of attachment toward the retailer.

Moderating Roles of Consumer Attachment on Relationships between Degree of Transgression and Trust

Attachment is a significant component of the customer-retailer relationship, specifically when retailers commit transgressions. The degree attachment toward a retailer can be either strong or weak, thus determining how one may or may not respond to a transgression committed by a retailer (Bowlby, 1979). Further, the degree of attachment that consumers create with a retailer may symbolize the bond that has been formed with a retailer (Thomson et al., 2005). When consumers are strongly attached to a retailer, they expect more from the relationship. In contrast, weakly attached consumers may be different in that they may expect less such relationship with a retailer (Aaker et al., 2004).

When consumers create attachments with retailers, they develop retailer personalities that they wish for the retailer to maintain. As such, the customer expects the retailer to maintain these personalities in a positive manner with a positive image (Aaker et al., 2004; Aaker, 1997; Thomson et al., 2005). The personalities and attachments that have been formed lead to the customer developing a trusting relationship with the retailer. If a transgression is committed, for strongly attached customers the level of trust will be weaker because it is a violation of the relationship (Aaker et al., 2005). Researchers (Bowlby, 1979; Hazan & Shaver, 1994) compare the attachment that customers create with retailers to the mother-child relationship or the relationship that humans create for basic needs. These researchers suggested that just as humans can feel violated and hurt by others which lead to mistrust in the relationship, the same can occur between the customer-retailer relationships, if the attachment is strong.

Based on the information discussed above, we propose the following.

H8: Consumer degree of attachment is likely to moderate the relationship between degree of transgression and trust. That is, the relationship between high degree of transgressions (as compared to low degree of transgressions) and trust is likely to be weaker among consumers with high degree of attachment toward the retailer as compared to those with low degree of attachment toward the retailer.

Relationships among Trust, Forgiveness, and Retailer Equity

Trust, forgiveness, and retailer equity are three components that are closely related. Retailer equity (specifically retailer image) is essential to creating consumer trust. Trust is created through the accumulation of knowledge and experiences that the customer has with the retailer that have been formed over time (Garbarino & Johnson, 1999). Likewise, a retailer image consists of associations gathered about the retailer over time; therefore, the customer creates an association or positive quality of trust for the retailer. This is a vital component of the customer-retailer relationship because with trust it increases the likelihood of the relationship lasting (Delgado-Ballester & Munuera-Aleman, 2005).

Retailer equity and trust are then related to forgiveness because the associations created of the retailer overtime are likely to predict whether or not the customer is more or less likely to forgive the retailer. This is due to retailer equity determining the level of expectation that a customer forms with a retailer, suggesting that customers may be more or less forgiving of a retailer with a high level of equity (Brady, Cronin, Fox & Roehim, 2008). When retailers have a high level of equity, it refers to the high degree of positive associations that the customer has for that retailer (Das et al., 2012). These positive associations help form a positive image of the retailer in the mind of the consumer. It can be suggested that when the consumer contemplates forgiveness that all of the accumulated positive associations are brought to mind in order for the consumer to make a decision. Within the customer-retailer relationship, consumers strive to keep a favorable perception of the retailer (Keller, 2013). Therefore, it can be suggested that forgiveness allows the consumer to maintain that favorable positive image of the retailer.

In order for a consumer to contemplate some level of forgiveness, he or she must hold the idea that the retailer can be trusted to make up for its mistakes (Xie & Peng, 2009). In some cases, consumers who trust the retailer may be motivated to believe that the retailer's intensions are not to harm him or her. This suggests that when trust is involved, it may be easier for the consumer to forgive (Schamlz & Orth, 2012; Xie & Peng, 2009). Further, in order for a consumer to forgive, he or she must consider the violation of trust that has been broken. Therefore, in order to forgive, one is seeking to reestablish trust (Finkel et al., 2002).

Based on the information discussed above, we propose the followings.

H9: There is a relationship between trust and forgiveness

H10: There is a relationship between forgiveness and retailer equity.

Chapter Summary

The primary objective of this chapter is to provide relevant information related to the key concepts of motivated reasoning, brand transgression and brand personality; brand attachment; consumer trust; consumer forgiveness; and retailer equity. This information is then used to develop a number of testable hypotheses. The hypothesized relationships will be examined in the following chapter using an experimental research design in the context of participants' favorite fast fashion retailer.

CHAPTER III

METHODOLOGY

This chapter provides the methodology employed to test all hypothesized relationships addressed in the previous chapter. This chapter consists of the following sections: (1) Research Design; (2) Stimuli Selection and Pilot Study; (3) Questionnaire Development and Measures; (4) Subjects and Procedure; (5) Statistical Analysis; and (6) Chapter Summary.

As previously noted in Chapter I, the three significant research questions directing the study are:

1. To examine the main effects of retailer recovery strategy and the degree of transgression on consumers' cognitive, affective, and behavioral responses (measured in terms of trust, forgiveness, and retailer equity) after transgressions have occurred;
2. To examine the relationships between consumer trust, consumer forgiveness, and consumer perceived brand equity; and
3. To examine the moderating effect of degree of consumers' attachment toward a retailer on the relationships proposed in objective number one

In order for these questions to be answered, specifics about the methodology section have been provided below

Research Design

A 2 (Firm Recovery Offered: No versus Yes) x 2 (Degree of Transgressions: Low versus High) between-subject experimental design was employed to examine hypothesized relationships. As a result, there were four different scenarios. Scenario 1 was related to no recovery effort being offered by the retailer when dealing with a low degree of transgressions (NRLT). Scenario 2 was related to no recovery effort being offered by the retailer when dealing with a high degree of transgressions (NRHT). Scenario 3 was related to recovery efforts being offered by the retailer when dealing with a low degree of transgressions (YRLT). Lastly, scenario 4 was related to recovery efforts being offered by the retailer when dealing with a high degree of transgressions (YRHT). The participants were randomly assigned to one of the four scenarios. There were two independent variables (main effects): firm recovery efforts and degree of transgressions. There were three major dependent variables: consumer trust, consumer forgiveness, and perceived retailer equity. In addition, consumer attachment toward the retailer was used as a moderator in the current study.

Stimuli Selection and Pilot Study

The retailer selected to use as the stimuli was chosen after giving out the pilot study to some classes (i.e., CRS 262: Integrated Marketing Communications; RCS 560: Advanced Retail Merchandising and Buying) in the department of Consumer, Apparel, and Retail Studies (CARS). The retailer initially selected to serve as the stimuli was

Target. Target was selected due to the retailer's data breach incident from November 27th through December 18th of 2013 ("Target Data Breach Settlement," 2015). However, despite the retailer reaching a settlement in 2015 (Garcia, 2015), years after the data breach occurred, we thought that consumers would be reminded of the data breach and their opinions would be altered. Therefore, we decided to use the retailer T.J. Maxx for several other reasons, one being that T.J. Maxx's data breach incident occurred in 2007 (Jewell, 2007). This was important to note because we believed that participants taking the pilot study would not remember the incident, unlike Target's recent data breach incident. In addition, T.J. Maxx was also selected over Target because we believed that it was a better example of an apparel retailer as compared to Target.

The pilot study was conducted to determine whether hypothetical scenarios about transgressions developed were viewed as realistic in terms of the possibility that the retailer would offer consumers certain recovery efforts and the degree of transgression severity, and the possibility that such an incident could have happened to consumers. In addition, we further assessed how concerned the participant was with the information that had been stolen, how believable was the scenario, and how worried the participant was about his or her information being stolen. There were four scenarios examined for the current study.

Scenario 1: No recovery effort being offered with low degree of transgressions (NRLT). Below is information pertaining to scenario 1.

Imagine that you have been shopping at T.J. Maxx for quite some time in the past few years. Recently, the company has issued a press release announcing that your non-personal email address has been compromised. The retailer assures you that no other information has been affected. Since the incident occurred, the company regarding the incident has not contacted you.

Scenario 2: No recovery effort being offered with high degree of transgressions (NRHT).

Below is information pertaining to scenario 2.

Imagine that you have been shopping at T.J. Maxx for quite some time in the past few years. Recently, the company has issued a press release announcement that its computer has been breached and that customer information has been stolen. Furthermore, the company has announced that customer information related to credit cards and contact information (e.g., email address) has been stolen. However, since the incident occurred, the company regarding the incident has not contacted you.

Scenario 3: Recovery efforts being offered with low degree of transgressions (YRLT)

Below is information pertaining to scenario 3.

Imagine that you have been shopping at T.J. Maxx for quite some time in the past few years. Recently, the company has issued a press release announcing that your non-personal email address has been compromised. The retailer assures you that no other information has been affected. Since the incident occurred, the company regarding the incident has not contacted you. However, since the incident occurred, you have been contacted by the company a few times apologizing on behalf of the company and further explaining that no action is required by you and you do not have to worry about any thing. In addition the company sends you a $100 gift card.

Scenario 4: Recovery efforts being offered with high degree of transgressions (YRHT).

Below is information pertaining to scenario 4.

> Imagine that you have been shopping at T.J. Maxx for quite some time in the past few years. Recently, the company has issued a press release announcement that its computer has been breached and that customer information has been stolen. Furthermore, the company has announced that customer information related to credit cards and contact information (e.g., email addresses) have been stolen. However, since the incident occurred, you have been contacted by the company a few times apologizing on behalf of the company and further explaining that no action is required by you unless you see charges you did not make and you have zero liability for any charges that you did not make. In addition the company sends you a $100 gift card.

The pilot study was conducted in two CARS classes (i.e., CRS 262: Integrated Marketing Communications and RCS 560: Advanced Retail Merchandising and Buying) (n= 61) in fall 2015. Participants were directed to complete a brand attachment questionnaire prior to reading the scenario of either severe or low transgression paired with recovery offered versus no recovery offered from the retailer, T.J. Maxx. They then completed a questionnaire to measure consumer trust, customer forgiveness, and retailer equity on a 7-point Likert-type scale where 1 = "strongly disagree" and 7 = "strongly agree." Lastly, participants answered general questions pertaining to the believability, worry, and concern about a particular scenario. The results of the study helped to determine whether the degree of transgression and recovery offered scenarios that could be used in the final test. Results revealed that, on a 7-point Likert-type scale, all four scenarios were viewed as believable that such transgressions could happen to the participants (i.e., NRLT: M = 5.50; NRHT: M = 5.50; YRLT: M = 4.90; and YRHT: M = 5.30). In addition, the results of those who viewed the scenario related to a high degree of transgressions displayed a higher degree of concern over the data breach (NRHT: M = 5.90 and YRHT: M = 5.00) as compared to those who viewed the scenario with a low degree of transgression (NRLT: M = 4.20 and YRLT: M = 4.10). The results of a question concerning the believability of a firm's actions related to transgressions revealed that the participants showed that the firm's actions related to transgression were believable (i.e., NRLT: M = 4.60; NRHT: M = 5.10; YRLT: M = 4.50; and YRHT: M = 5.10). Lastly, the results also showed that participants who viewed a high degree of transgression scenario were more worried about their information being stolen (NRHT: M = 5.40 and YRHT: M = 4.5) as compared to those who viewed a low degree of transgression scenario (NRLT: M = 4.10 and YRLT: M = 3.9). Therefore, based on the results from the pilot study, it was concluded that all four scenarios related to a firm's recovery effort and the degree of transgressions were being manipulated effectively and were employed in the final data collection.

Final Stimuli Selection

Prior to selecting the final stimuli for the current study, the stimulus used in the pilot study was T.J. Maxx. However, after careful consideration with committee members to further explore the demographics and target market of T.J. Maxx, it was found that T.J. Maxx's target market did not represent college students. According to current literature (Leob, 2015; Our History, 2016), T.J. Maxx's target market consists of middle to upper middle-income females, aged between 25 - 44 years old. Therefore, we decided to modify all four scenarios by allowing the participants to write down the name of their favorite fast fashion retailer. In addition, by allowing the participants to provide the name of his or her favorite fast fashion retailer, it is believed that we can better capture the participants' level of attachment towards a retailer. Therefore, this was more effective in helping the researchers to understand how the customer-retailer relationship (i.e., close relationship) was impacted by transgressions. Below were four modified scenarios examined for the current study.

Scenario 1: No recovery effort being offered with low degree of transgressions (NRLT). Below is information pertaining to scenario 1.

> Imagine that you have been shopping at your favorite fast fashion retailer for quite some time in the past few years. Recently, the company has issued a press release announcing that your non-personal email address has been compromised. The retailer assures you that no other information has been affected. Since the incident occurred, the company has not contacted you, regarding the incident.

Scenario 2: No recovery effort being offered with high degree of transgressions (NRHT). Below is information pertaining to scenario 2.

> Imagine that you have been shopping at your favorite fast fashion retailer for quite some time in the past few years. Recently, the company has issued a press release announcement that its computer has been breached and that customer information has been stolen. Furthermore, the company has announced that customer information related to credit cards and contact information (e.g., email address) has been stolen. However, since the incident occurred, the company has not contacted you, regarding the incident.

Scenario 3: Recovery efforts being offered with low degree of transgressions (YRLT) Below is information pertaining to scenario 3.

> Imagine that you have been shopping at your favorite fast fashion retailer for quite some time in the past few years. Recently, the company has issued a press release announcing that your non-personal email address has been compromised.

> The retailer assures you that no other information has been affected. However, since the incident occurred, you have been contacted by the company a few times apologizing on behalf of the company and further explaining that no action is required by you and you do not have to worry about anything. In addition the company sends you a $100 gift card.

Scenario 4: Recovery efforts being offered with high degree of transgressions (YRHT).

Below is information pertaining to scenario 4.

> Imagine that you have been shopping at your favorite fast fashion retailer for quite some time in the past few years. Recently, the company has issued a press release announcement that its computer has been breached and that customer information has been stolen. Furthermore, the company has announced that customer information related to credit cards and contact information (e.g., email addresses) have been stolen. However, since the incident occurred, you have been contacted by the company a few times apologizing on behalf of the company and further explaining that no action is required by you unless you see charges you did not make and you have zero liability for any charges that you did not make. In addition the company sends you a $100 gift card.

Questionnaire Development

Literature was compiled in the following areas: consumer attachment toward the retailer, transgression severity, recovery strategy, consumer trust, customer forgiveness, and retailer equity. The literature was used to develop the questionnaire that was employed in the final data collection procedure. As a result of the scales examined in the literature, a structured written questionnaire was developed, consisting of the following sections. First, participants began by responding to general questions about their level of attachment towards their favorite fast fashion retailer. Then, the participants read a hypothetical scenario about their favorite fast fashion retailer's data breach that is exacerbated or abated, followed by a questionnaire used to assess consumer trust, customer forgiveness, and retailer equity. Next, participants answered general questions regarding the believability of whether such transgressions could happened to them, their degree of concern related to data being stolen, the realism of the scenario, and their worry about their information being stolen. Lastly, demographic questions were asked.

Measures

Researchers have provided the validity and reliability of measures in their studies (Rye, Loiacono, Folk, Olszewski, Heim, & Madia, 2001; Xie & Peng, 2009; Park et al., 2010; Pappu & Quester, 2006) from which we have selected measurements to use. The measures utilized in the study were consumer attachment toward the retailer, consumer trust, customer forgiveness, and retailer equity as measured in terms of retailer image, retailer credibility, and retailer loyalty. Table 2 provides a summary of each key construct utilized in the study.

Consumer Attachment toward the Retailer

The current study adapted an attachment scale created by Park et al. (2010). The scale was designed to capture brand-self connections and the prominence of thoughts and feelings for the brand (Park et al., 2010). An example of a question pertaining to brand-self connection is “To what extent is [Name] part of you and who you are” and an example of prominence is “To what extent do your thoughts and feelings toward [Name] come to you naturally and instantly?” (Park et al., 2010, p. 6). Park et al. (2010) created an 11-point Likert-type scale. However, for the current study, we decided to utilize a 7-point Likert-type scale where 1 = “Strongly disagree” and 7 = “Strongly agree.” As such, consumer attachment toward the retailer scale consisted of nine items (e.g., “The retailer is a part of me and who I am”). In Park et al.’s (2010) study, the results revealed an acceptable degree of validity and reliability.

Consumer Trust

The consumer trust scale was adopted from Xie and Peng (2009). The scale was previously used by Sirdeshmukh et al. (2002) and Zeithaml, Berry, and Parasuraman (1996) in assessing consumer trust toward a firm in the context of consumer-to-business. The scale measures consumer trust in terms of belief and trust intent. An example of belief is “This company is dependable” and an example of trust intent is “I am willing to recommend this company to my relatives and friends” (Xie & Peng, 2009, p. 580). The original consumer trust scale used by Xie and Peng (2009) consisted of six items and was measured using a 7-point Likert-type scale, with 1 = “Strongly disagree” and 7 = “Strongly agree.” However, for the current study, we removed one of the items (i.e., “I will buy this company’s products when I need electronics”). This item was removed because it did not pertain to the current study. As such, consumer trust in the current study consisted of five items. Participants were asked to answer all five items on a 7-point Likert-type scale where 1 = “Strongly disagree” and 7 = “Strongly agree.” Xie and Peng (2009) also reported an acceptable degree of validity and reliability related to the consumer trust measure.

Customer Forgiveness

The customer forgiveness 15-item scale (e.g., “I can’t stop thinking about how I was wronged by the retailer”) was adapted from Rye, Loiacono, Folk, Olszewski, Heim, and Madia (2001) that used a 5-point Likert-type scale. For the current study, the scale was adjusted to a 7-point Likert-type scale with 1 = "Strongly disagree" and 7 = "Strongly agree." In addition, the customer forgiveness scale is a two-factor scale that measures negative and positive reactions to firm misconduct in terms of forgiveness as measured by cognitive, affective, and behavioral intensions (Rye et al., 2001). The first factor focuses on the lack of negative feelings, behavior, and thoughts, while the second factor focuses on the presence of positive feelings, behavior, and thoughts. Rye et al. (2001) also reported an acceptable degree of validity and reliability for the customer forgiveness scale.

Retailer Equity

Retailer equity was measured in three aspects: retailer image, retailer credibility, and retailer loyalty.

Retailer image was assessed using five items (e.g., "The retailer is known for affordable and stylish products") on a 7-point Likert-type scale with 1 = "Strongly disagree" and 7 = "Strongly agree." This scale was adapted from Aaker (1991) and Yoo and Donthu (2001) and has reported an acceptable level of validity and reliability in both studies.

Retailer credibility was assessed using five items (e.g., "The retailer has lost its credibility in terms of transaction security") on a 7-point Likert-type scale with 1 = "Strongly disagree" and 7 = "Strongly agree." This scale was adapted from Baek and King (2011) and Herbig and Milewicz (1993) and has reported an acceptable level of validity and reliability in both studies.

Retailer loyalty was assessed with four items (e.g., "I will not buy products from other stores, if I can buy the same item from the retailer") and was adapted from Pappu and Quester (2006) on a 7-point Likert-type scale with 1 = "Strongly disagree" and 7 = "Strongly agree." Pappu and Quester (2006) developed retailer loyalty based on two studies, one from Yoo and Donthu's (2001) brand loyalty scale and the other one from Arnett et al.'s (2003) store loyalty scale. The scale used captures loyalty as attitudinal and behavioral. Pappu and Quester (2006) also reported an acceptable degree of validity and reliability related to retailer loyalty scale.

General Questions

After the participants answered questions regarding attachment, consumer trust, customer forgiveness, and retailer equity, they were asked to answer additional six general questions that were created by the researchers. Four out of the six general questions were used to assess the realism of the study. The questions were as followed.

1. To what extent do you believe that this data breach incident could possibly happen to you?;
2. Based on the scenario you just read, how concerned are you with your non-personal email information being stolen because of the incident? (used for low transgression scenarios); and based on the scenario you just read, how concerned are you with the information that has been stolen because of the incident? (used for high transgression scenarios);
3. How believable is the scenario you just read regarding the company's action toward the data breach?; and

4. To what extent are you worried about your information that has been stolen? The remaining questions are as follows.
5. How often do you shop at your favorite fast fashion retailer?; and
6. When shopping at your favorite fast fashion retailer, what methods of payment do you often use?

Demographics

Collected demographic information included participants' 1) gender, 2) age, 3) major, 4) ethnicity, 5) year at school, and 6) average monthly gross income.

Table 2. Summary of Key Measures

Construct (No. of Items)	**Item Description**	**Source(s)**
Retailer Attachment (9 items)		Park et al. (2010)
	My favorite retailer is a part of me and who I am.	
	I feel personally connected to my favorite retailer.	
	I feel emotionally bonded to my favorite retailer.	
	My favorite retailer says something to other people about who I am.	
	My thoughts and feelings toward my favorite retailer are often coming to mind seemingly on their own.	
	My thoughts and feelings toward my favorite retailer come to mind naturally and instantly.	
	My thoughts and feelings toward my favorite retailer come to mind so naturally and instantly without control.	
	The name of my favorite retailer automatically brings to mind, evokes many good thoughts about the past, present, and future.	
	I have many favorable thoughts about my favorite retailer.	
Consumer Trust (5 items)		Xie and Peng (2009)
	Despite the incident, I still trust my favorite retailer.	

	Despite the incident, I believe my favorite retailer is dependable. Despite the incident, my favorite retailer is reliable. I am willing to recommend my favorite retailer to my relatives and friends. I am willing to shop at my favorite retailer despite the incident.	
Customer Forgiveness (15 items)		Rye et al. (2001)
	Given the incident, I feel that I can forgive my favorite retailer for breaking my trust. I wish for good things to happen to my favorite retailer. I spend time thinking about ways to get back at my favorite retailer given the incident. I feel resentful toward my favorite retailer. Since the incident happened, I avoid shopping at my favorite retailer. I pray for my favorite retailer despite the incident. If I went shopping at my favorite retailer, I would feel at peace. My favorite retailer's wrongful actions have kept me from shopping at retailers in this nature. I have been able to let go of my anger toward my favorite retailer. I become depressed when I think of how I was mistreated by my favorite retailer. I think that many of the emotional wounds related to my favorite retailer's wrongful actions have healed. I feel hatred whenever I think about my favorite retailer. I have compassion for my favorite retailer. I think my life is ruined because of my favorite retailer. I hope my favorite retailer is treated fairly by other customers in the future.	
Retailer Equity		Aaker (1991) and Pappu and Quester (2006)
	Retailer Loyalty (4 items) My favorite retailer would be my preferred choice. I consider myself loyal to my favorite retailer. I will not buy products from other stores, if I can buy the same item from my favorite retailer.	

My favorite retailer would be my first choice.	
Retailer Image (5 items)	Aaker (1991) and Yoo and Donthu (2001)
My favorite retailer is known for affordable and stylish products.	
My favorite retailer practices ethical business.	
My favorite retailer is the leading fast fashion retailer.	
My favorite retailer has somewhat lost its positive image related to transaction security.	
My favorite retailer has lost its popularity among consumers.	
Retailer Credibility (5 items)	Baek and King (2011) and Herbig and Milewicz (1993)
My favorite retailer has lost its credibility in terms of transaction security regarding the incident.	
My favorite retailer makes a trustworthy impression regarding the incident.	
My favorite retailer makes a sincere and honest impression regarding the incident.	
I do not think I can trust my favorite retailer for its transaction security.	
I do not think my favorite retailer is reliable for its transaction security.	

Subjects and Procedure

Data were drawn from a convenience sample of students from the University of North Carolina at Greensboro and the University of Minnesota in the 2015-2016 school year. Data were collected during the spring 2016 semester. These participants were at least 18 years old and relatively similar in their major (i.e., business-related major). Questionnaires were administered through Qualtrics. Using Qualtrics had several benefits. First, it saved time. Second, it allowed for a vast amount of participants. Third, it reduced the time of data collection. In order to gain as many participants as possible, the questionnaire was sent out to students in several different classes (with the permission of the instructor), offered through the Consumer Apparel and Retail Studies program at the University of North Carolina and Retail Merchandising program at the University of Minnesota. These participants voluntarily participated in the study. As such, it allowed for the participants to have the option to refuse participating in the study if he or she wished. Participants had the time needed to complete the questionnaire. The questionnaire began with the participant filling out the first section to assess his or her level of attachment toward the retailer (i.e., their favorite fast fashion retailer), followed by the participant reading a hypothetical scenario related to transgressions that the specific retailer has committed and their recovery effort (or lack thereof). After reading the scenario, the participants were asked to answer questions relating to consumer trust, customer forgiveness, and perceived retailer equity. Participants completed the study by filling out their general questions and demographic information at the end of the questionnaire.

Statistical Analysis

Data obtained from the current study were entered in SPSS for statistical analyses. Descriptive analyses (e.g., frequencies, means, and percentages) were performed on the final data set related to demographic information. The reliability of each multi-item scale was assessed prior to subsequent analyses. A series of one-way Analysis of Variance

(ANOVA) was performed to answer H1 through H6. To answer H7 and H8, univariate analysis was performed. Lastly, to answer H9 and H10, a series of simple linear regression was performed.

Chapter Summary

This chapter provides detailed information pertaining to research methodology (i.e., research design, stimuli selection and pilot study, questionnaire development and measures, subjects and procedure, and statistical analysis) that was employed to answer all hypothesized relationships addressed in Chapter II.

CHAPTER IV

RESULTS

This chapter presents the results of statistical analyses that were employed to answer all proposed hypotheses addressed in Chapter II. This chapter first begins with an overview of the participants' characteristics followed by descriptive statistics. Next, the results of manipulation checks and hypotheses testing are presented. Lastly, this chapter is concluded with the summary of the results of each hypothesis.

Participants' Characteristics

The following participants' characteristics are based on the combined sample of participants from the University of North Carolina at Greensboro and the University of Minnesota. Two hundred and twenty-two responses were collected through Qualtrics. Of these, fifteen responses were invalid and were removed from the final analysis. Thus, the sample included a total of 205 usable responses. The sample consisted of 11.70% males and 87.80% females. The participants were predominantly Caucasians (55.60%), followed by African Americans (21%), Asian (13.2%), Hispanics (6.8%), and multiracial (3.4%). The majority were sophomores and seniors (33.7% and 22.9%, respectively). Participants' ages ranged from 18 to above 31; however, approximately 55.7% were between 18-20 years old and 32.7% were between 21-23 years old. Majority of the participants had business-related majors (e.g., Consumer, Apparel, and Retail Studies, Retail Management) (89.3%). In relation to participants' monthly gross income, majority of the participants had an income of less than $500 (42.4%) (see Table 3).

Table 3. Demographic Characteristics of the Participants (n=205)

Demographic Variables	Combined Sample (n = 205) Frequency (percentage)	UNCG (n = 84) Frequency (percentage)	UMN n = 121 Frequency (percentage)
Gender			
Male	24 (11.7)	7 (8.3)	17 (14.0)
Female	181 (88.3)	77 (91.7)	104 (86)
Age			
18-20	114 (55.7)	57 (67.9)	57 (47.1)
21-23	67 (32.7)	16 (19.0)	51 (42.1)
24-26	16 (7.9)	6 (7.1)	10 (8.3)
27-30	6 (3.0)	3 (3.6)	3 (2.5)
31 and above	2 (1.0)	2 (2.4)	0 (0)
Major			
Business Related	183 (89.3)	84 (100.0)	99 (81.8)
(e.g., Consumer, Apparel and Retail Studies, Retail			
Management)	16 (7.8)		16 (13.2)
Liberal Arts	6 (2.9)		6 (5.0)
(Journalism)			
Undeclared			
Ethnicity			
Caucasian	114 (55.6)	35 (41.7)	79 (65.3)
African American	43 (21.0)	33 (39.3)	10 (8.3)
Asian	27 (13.2)	8 (9.5)	19 (15.7)
Hispanic	14 (6.8)	3 (3.6)	11 (9.1)
Multiracial	7 (3.4)	5 (6.0)	2 (1.7)
Year in School			
Freshman	33 (16.1)	12 (14.3)	21 (17.4)
Sophomore	69 (33.7)	41 (48.8)	28 (23.1)

Junior	42 (20.5)	21 (25.0)	21 (17.4)
Senior	47 (22.9)	6 (7.1)	41 (33.9)
Graduate	14 (6.8)	4 (4.8)	10 (8.3)
Monthly Gross Income			
Under $500	87 (42.4)	46 (54.8)	41 (33.9)
$500-$749	39 (19.0)	19 (22)	20 (16.5)
$750-$999	19 (9.3)	4 (4.8)	15 (12.4)
$1,000-$1,499	26 (12.7)	4 (4.8)	22 (18.2)
$1,500-$1,999	16 (7.8)	4 (4.8)	12 (9.9)
$2,000 or more	18 (8.8)	7 (8.3)	11 (9.1)

Descriptive Statistics

Means, standard deviations, and reliabilities of the main constructs in the study are reported in Table 4. The means of all constructs were higher than the midpoint (i.e., 4.00). The standard deviations of all constructs ranged from 0.87 (customer forgiveness) to 1.44 (retailer attachment), suggesting a substantial amount of variance in the responses. Internal consistency was assessed using Cronbach's alpha. The value of Cronbach's alpha ranges from 0 to 1, where 0 represents a measure that is completely unreliable and 1 represents a measure that is completely reliable. It is recommended that the value of acceptable reliability of construct should exceed 0.70 (Nunnally, 1978). All variables' Cronbach alpha coefficients (i.e., reliability) examined in the study revealed high level of internal consistency: alpha ranged from 0.77 (retailer attachment) to 0.93 (consumer trust), except retailer image (alpha of 0.67).

Table 4. Descriptive Statistics of Major Variables Across Samples

	Combined Sample		Version 1 No Recovery Low Transgression		Version 2 No Recovery High Transgression		Version 3 Yes Recovery Low Transgression		Version 4 Yes Recovery High Transgression	
	Mean (Std.)	Alpha	Mean (Std.)	Alpha	Mean (Std.)	Alpha	Mean (Std.)	Alpha	Mean (Std.)	Alpha
Retailer Attachment (9 items)	4.60 (1.44)	0.77	4.62 (1.60)	.62	5.06 (1.56)	.68	4.45 (1.20)	.926	4.38 (1.38)	.938
Trust (5 items)	4.54 (1.30)	0.93	4.17 (1.20)	.910	4.15 (1.16)	.920	5.00 (1.29)	.942	4.66 (1.34)	.937
Customer Forgiveness (15 items)	4.96 (.87)	0.79	4.79 (.88)	.621	4.73 (.75)	.759	5.10 (.84)	.873	5.14 (.92)	.854
Retailer Loyalty (4 items)	4.57 (1.20)	0.82	4.44 (1.24)	.852	4.62 (1.06)	.763	4.64 (1.21)	.829	4.59 (1.30)	.826
Retailer Image (5 items)	4.68 (1.05)	0.67	4.46 (1.05)	.734	4.74 (1.10)	.779	4.73 (.99)	.59	4.82 (1.06)	.57
Retailer Credibility (5 items)	4.35 (1.12)	0.80	4.03 (1.06)	.817	4.10 (1.43)	.835	4.77 (1.04)	.767	4.39 (1.12)	.764

Note: Alpha denotes reliability

Manipulation Check of General Questions

Manipulations checks were performed on the four general questions (i.e., "To what extent do you believe this data breach incident could happen to you," "Based on the scenario you just read, how concerned are you with your [non-personal email] information being stolen because of the incident," " How believable is the scenario you just read regarding the company's action toward the data breach," and "To what extent are you worried about your information that has been stolen") using means and a series of an independent samples t-test to verify the possibility that such an incident could have happened to consumers and the realism of the scenario related to the retailer's recovery effort, degree of transgression, and information being stolen.

Results showed that all four scenarios were viewed as believable that such transgressions could happen to the participants (i.e., $M_{NRLT} = 4.75$; $M_{NRHT} = 4.88$; $M_{YRLT} = 5.02$; and $M_{YRHT} = 4.98$). In addition, the results of those who viewed the scenario related to a high degree of transgressions displayed a higher degree of concern over the data breach as compared to those who viewed the scenario with a low degree of transgression ($M_{\text{High Degree of Transgression}} = 4.88$ versus $M_{\text{Low Degree of Transgression}} = 4.13$, *t*-value = 3.379, $p < .001$). The results of a question concerning the believability of a firm's actions related to transgressions revealed that the participants showed that the firm's actions related to transgression were believable (i.e., $M_{NRLT} = 4.70$; $M_{NRHT} = 5.17$; $M_{YRLT} = 4.79$; and $M_{YRHT} = 4.94$). Lastly, the results also showed that participants who viewed a high degree of transgression scenario were more worried about their information being stolen as compared to those who viewed a low degree of transgression scenario ($M_{\text{High Degree of Transgression}}$ = 4.69 versus $M_{\text{Low Degree of Transgression}}$ = 4.03, *t*-value = 3.006, $p < .01$). Therefore, based on the results from the pilot study, it was concluded that all four scenarios related to a firm's recovery effort and the degree of transgressions were being manipulated effectively (see Table 5).

Table 5. Manipulation Check for General Questions: Final Sample

	Version 1	Version 2	Version 3	Version 4
	NRLT	NRHT	YRLT	YRHT
	Mean (Std.)	Mean (Std.)	Mean (Std.)	Mean (Std.)
1. To what extent do you believe this data breach incident could happen to you?	4.75 (1.51)	4.88 (1.47)	5.02 (1.45)	4.98 (1.49)
2. Based on the scenario you just read, how concerned are you with your [non-personal email] information being stolen because of the incident?	4.26 (1.77)	4.85 (1.33)	4.02 (1.71)	4.90 (1.37)
3. How believable is the scenario you just read regarding the company's action toward the data breach?	4.70 (1.44)	5.17 (1.39)	4.79 (1.74)	4.94 (1.73)
4. To what extent are you worried about your information that has been stolen?	4.09 (1.64)	4.80 (1.65)	3.96 (1.57)	4.60 (1.47)

*NRLT: No Recovery Low Transgression
*NRHT: No Recovery High Transgression
*YRLT: Yes Recovery Low Transgression
*YRHT: Yes Recovery High Transgression

Hypotheses Testing

All hypotheses proposed in Chapter II were analyzed using different statistical techniques via SPSS software. A series of one-way analysis of variance (ANOVA) was used to examine hypothesis 1 through hypothesis 6. A series of univariate analysis was used to examine hypotheses 7 and 8. Lastly, a series of simple linear regression was used to examine hypotheses 9 and 10.

Relationship between Firm Recovery Strategy, Trust, Forgiveness, and Retailer Equity (Hypotheses 1, 2, and 3)

Hypothesis 1 predicted that customers would be more likely to display a higher degree of trust toward a retailer when the retailer offers recovery options after a transgression has occurred as compared to no recovery option offered. To examine hypothesis 1, one-way ANOVA was used. A retailer's recovery effort (i.e., no versus yes) was used as an independent variable and consumer trust was used as a dependent variable. Results showed that the retailer's recovery effort had a significant relationship with consumer trust, $F_{(1, 201)} = 14.99$, $p < 0.001$. That is, customers were more likely to have a higher degree of trust toward a retailer when the retailer offered recovery options as compared to no recovery option offered after a transgression occurred ($M_{Yes\ Recovery} = 4.85$ versus $M_{No\ Recovery} = 4.16$) (see Table 6). Thus, hypothesis 1 was supported.

Table 6. One-Way ANOVA Results Examining the Impact of Recovery Option (Yes vs. No) on Consumer's Degree of Trust

Recovery	Trust Means	Std. Error	Sum of	df	F-Value	p-value

Strategy	(Std.)		Squares			
Yes	4.84 (1.32)	.13	23.65	1	14.999	.000*
No	4.16 (1.18)	.12				

Note: * significant at p < .001

In testing hypothesis 2, which predicted that customers would be more likely to forgive the retailer after the transgression occurred if the retailer offered recovery option as compared to no recovery option offered. To test hypothesis 2, a one-way ANOVA was utilized. A retailer's recovery effort (i.e., no versus yes) was used as an independent variable and customer forgiveness was used as a dependent variable. Results demonstrated that the retailer's recovery effort had a significant relationship with customer forgiveness. $F_{(1, 191)} = 8.65$, $p < 0.01$. That is, customers were more likely to forgive the retailer when the retailer offered recovery options as compared to no recovery option offered after a transgression occurred ($M_{\text{Yes Recovery}} = 5.12$ versus $M_{\text{No Recovery}} = 4.76$) (see Table 7). Thus, hypothesis 2 was supported.

Table 7. One-Way ANOVA Results Examining the Impact of Recovery Option (Yes vs. No) on Customer Forgiveness

	Customer Forgiveness					
Recovery Strategy	Means (Std.)	Std. Error	Sum of Squares	df	F-Value	p-value
Yes	5.12 (.87)	.09	6.22	1	8.650	.004*
No	4.76 (.82)	.09				

Note: * significant at p < .01

To test hypothesis 3, which predicted that customers would be more likely to display a favorable degree of retailer equity as measured in terms of image, loyalty, and credibility after a transgression occurred when the retailer offered recovery options as compared to no recovery options offered. To test hypothesis 3, a series of one-way ANOVA was utilized. A retailer's recovery effort (i.e., no versus yes) was used as an independent variable and three dimensions (i.e., retailer image, retailer loyalty, and retailer credibility) of retailer equity were used as dependent variables. Results demonstrated that the retailer's recovery effort did not have a significant relationship with retailer image dimension of retailer equity, $F_{(1, 200)} = 1.684$, $p = 0.196$. Although customers were likely to display a favorable degree of retailer image when the retailer offers recovery options as compared to no recovery options offered ($M_{Yes\ Recovery} = 4.77$ versus $M_{No\ Recovery} = 4.58$) (see Table 8), such differences were not significant, $F_{(1, 200)} = 1.684$, $p = 0.196$. In terms of retailer loyalty, results further revealed that the retailer's recovery effort did not have a significant relationship with retailer loyalty dimension of retailer equity, $F_{(1, 202)} = 0.330$, $p = 0.566$. Although customers were likely to display a favorable degree of retailer loyalty when the retailer offers recovery options as compared to no recovery options offered ($M_{Yes\ Recovery} = 4.62$ versus $M_{No\ Recovery} = 4.52$) (see Table 9), such differences were not significant, $F_{(1, 202)} = 0.330$, $p = 0.566$. Lastly, in terms of retailer credibility, results further revealed that the retailer's recovery effort had a significant relationship with retailer credibility dimension of retailer equity, $F_{(1, 202)} = 13.670$, $p < .0001$. That is, customers were likely to display a favorable degree of retailer credibility when the retailer offers recovery options as compared to no recovery options offered ($M_{Yes\ Recovery} = 4.60$ versus $M_{No\ Recovery} = 4.03$) (see Table 10). Based on results indicated above, it is concluded that hypothesis 3 was partially supported.

Table 8. One-Way ANOVA Results Examining the Impact of Recovery Option (Yes vs. No) on Retailer Image

Recovery Strategy	Retailer Image Means (Std.)	Std. Error	Sum of Squares	df	F-Value	p-value
Yes	4.77 (1.02)	.10	1.83	1	1.68	.196
No	4.58 (1.07)	.11				

Table 9. One-Way ANOVA Results Examining the Impact of Recovery Option (Yes vs. No) on Retailer Loyalty

Recovery Strategy	Retailer Loyalty Means (Std.)	Std. Error	Sum of Squares	df	F-Value	p-value
Yes	4.62 (1.25)	.12	.480	1	.330	.566
No	4.52 (1.16)	.12				

Table 10. One-Way ANOVA Results Examining the Impact of Recovery Option (Yes vs. No) on Retailer Credibility

Recovery Strategy	Retailer Credibility Means (Std.)	Std. Error	Sum of Squares	df	F-Value	p-value
Yes	4.59 (1.09)	.10	15.85	1	13.67	.000*
No	4.03 (1.06)	.11				

Note: * significant at $p < .001$

Relationship between Degree of Transgression, Trust, and Forgiveness, and Retailer Equity (Hypotheses 4, 5, and 6)

Hypothesis 4 predicted that customers would be less likely to trust a retailer when the degree of transgression is high as compared to a low degree of transgression. To examine hypothesis 4, a one-way ANOVA was employed. A degree of transgression (i.e., low versus high) was used as an independent variable and consumer trust was used as a dependent variable. Results showed that the degree of transgression did not have a significant relationship with consumer trust, $F_{(1, 201)} = 1.10$, $p = .297$. Although customers were less likely to trust a retailer when facing a low degree of transgression as compared to a high degree of transgression ($M_{\text{Low Transgression}} = 4.62$ versus $M_{\text{High Transgression}} = 4.43$) (see Table 11), such differences were not significant, $F_{(1, 201)} = 1.10$, $p = .297$. Thus, hypothesis 4 was not supported.

Table 11. One-Way ANOVA Results Examining the Impact of Transgression (Low vs. High) on Trust

Degree of Transgression	Trust Means (Std.)	Std. Error	Sum of Squares	df	F-Value	p-value
Low	4.62 (1.31)	.12	1.85	1	1.10	.297
High	4.43 (1.28)	.13				

In testing hypothesis 5, which predicted that customers would be less likely to forgive a retailer when the degree of transgression is high as compared to a low degree of transgression. To examine hypothesis 5, a one-way ANOVA was employed. A degree of transgression (i.e., low versus high) was used as an independent variable and customer forgiveness was used as a dependent variable. Results showed that the degree of transgression did not have a significant relationship with consumer trust, $F_{(1, 191)} = 0.034$, $p = .855$. Although customers were less likely to trust a retailer when facing a high degree of transgression as compared to a low degree of transgression ($M_{High\ Transgression} = 4.96$ versus $M_{Low\ Transgression} = 4.93$) (see Table 12), such differences were not significant, $F_{(1, 191)} = 0.034$, $p = .855$. Thus, hypothesis 5 was not supported.

Table 12. One-Way ANOVA Results Examining the Impact of Transgression (Low vs. High) on Customer Forgiveness

	Customer Forgiveness					
Degree of Transgression	Means (Std.)	Std. Error	Sum of Squares	df	F-Value	p-value
Low	4.93 (.86)	.08	.025	1	.034	.855
High	4.96 (.87)	.09				

To test hypothesis 6, which predicted that customers would be less likely to display a favorable degree of retailer equity as measured in terms of image, loyalty, and credibility when the degree of transgression is high as compared to a low degree of transgression. To test hypothesis 6, a series of one-way ANOVA was utilized. A degree of transgression (i.e., low versus high) was used as an independent variable and three dimensions (i.e., retailer image, retailer loyalty, and retailer credibility) of retailer equity were used as dependent variables. Results demonstrated that the degree of transgression did not have a significant relationship with retailer image dimension of retailer equity, $F_{(1,}$

$_{200)}$ = 1.428, p = 0.233. Although customers were less likely to display a favorable degree of retailer image when the degree of transgression is low as compared to a high degree of transgression ($M_{Low\ Transgression}$ = 4.60 versus $M_{High\ Transgression}$ = 4.78) (see Table 13), such differences were not significant, $F_{(1, 200)} = 1.428$, $p = 0.233$. In terms of retailer loyalty, results further revealed that the degree of transgression did not have a significant relationship with retailer loyalty dimension of retailer equity, $F_{(1, 202)} = 0.111$, $p = 0.739$. Although customers were less likely to display a favorable degree of retailer loyalty when the degree of transgression is low as compared to a high degree of transgression ($M_{Low\ Transgression}$ = 4.55 versus $M_{High\ Transgression}$ = 4.60) (see Table 14), such differences were not significant, $F_{(1, 202)} = 0.110$, $p = 0.739$. Lastly, in terms of retailer credibility, results further revealed that the degree of transgression did not have a significant relationship with retailer credibility dimension of retailer equity, $F_{(1, 202)} = 1.555$, $p = 0.214$. Although customers were less likely to display a favorable degree of retailer loyalty when the degree of transgression is high as compared to a low degree of transgression ($M_{High\ Transgression}$ = 4.23 versus $M_{Low\ Transgression}$ = 4.42) (see Table 15), such differences were not significant, $F_{(1, 202)} = 1.555$, $p = 0.214$. Thus, hypothesis 6 was not supported.

Table 13. One-Way ANOVA Results Examining the Impact of Transgression (Low vs. High) on Retailer Image

Degree of Transgression	Retailer Image Means (Std.)	Std. Error	Sum of Squares	df	F-Value	p-value
Low	4.60 (1.02)	.10	1.56	1	1.428	.233
High	4.78 (1.07)	.11				

Table 14. One-Way ANOVA Results Examining the Impact of Transgression (Low vs. High) on Retailer Loyalty

Degree of Transgression	Retailer Loyalty Means (Std.)	Std. Error	Sum of Squares	df	F-Value	p-value
Low	4.55 (1.22)	.11	.162	1	.111	.739
High	4.60 (1.19)	.13				

Table 15. One-Way ANOVA Results Examining the Impact of Transgression (Low vs. High) on Retailer Credibility

Degree of Transgression	Retailer Credibility Means (Std.)	Std. Error	Sum of Squares	df	F-Value	p-value
Low	4.43 (1.11)	.10	1.91	1	1.555	.214
High	4.23 (1.11)	.12				

Moderating Roles of Consumer Attachment on Relationships between Firm Recovery Strategy and Trust (Hypothesis 7)

Hypothesis 7 predicted that consumer degree of attachment would moderate the relationship between firm recovery strategy (i.e., no vs. yes) and trust. It was expected that consumer trust would be stronger among consumers with a high degree of attachment toward the retailer as compared to those with a low degree of attachment toward the retailer when a retailer offered recovery options. Likewise, consumer trust would be stronger among consumers with a high degree of attachment toward the retailer as compared to those with a low degree of attachment toward the retailer when a retailer offered no recovery options as well. A univariate analysis was performed to answer hypothesis 7. A firm's recovery option (no versus yes) was employed as an independent variable, consumer degree of attachment toward the retailer was employed as a moderator, and consumer trust was used as a dependent variable. Results showed that consumer degree of attachment moderated the relationship between a firm's recovery efforts and consumer trust, $F_{(1, 199)} = 40.847$, $p < .001$. That is, consumer trust would be stronger among consumers with a high degree of attachment toward the retailer as compared to those with a low degree of attachment toward the retailer when a retailer offered recovery options (Offered Recovery: $M_{High\ Attachment} = 5.46$ versus $M_{Low\ Attachment} = 4.25$) (see Table 16). Likewise, consumer trust would be stronger among consumers with a high degree of attachment toward the retailer as compared to those with a low degree of attachment toward the retailer when a retailer offered no recovery options (No

Recovery Offered: $M_{High\ Attachment} = 4.55$ versus $M_{Low\ Attachment} = 3.69$) (see Table 16). Thus, hypothesis 7 was supported.

Table 16. Univariate Analysis Results Examining Moderating Roles of Consumer Attachment on Relationships between Firm Recovery Strategy and Trust

	MEAN (Std.)	Trust		Test of Between – Subjects Effects
Degree of Attachment	Prior to Recovery	No Recovery	Yes Recovery	Attachment
Low	3.97	3.69 (1.08)	4.25 (1.29)	
High	5.00	4.55 (1.12)	5.46 (1.05)	
Type III Sum of Squares				53.30
df				1
F-value				40.85
p-value				.000*

Note: * significant at p < .001

Moderating Roles of Consumer Attachment on Relationships between Degree of Transgression and Trust (Hypothesis 8)

Hypothesis 8 predicted that consumer degree of attachment would moderate the relationship between the degree of transgression (i.e., low vs. high) and trust. It was expected that consumer trust would be weaker among consumers with a high degree of attachment toward the retailer as compared to those with a low degree of attachment toward the retailer when a degree of transgression is high. Likewise, consumer trust would be weaker among consumers with a high degree of attachment toward the retailer as compared to those with a low degree of attachment toward the retailer when a degree of transgression is low. A univariate analysis was performed to answer hypothesis 8. A degree of transgression (low vs. high) was employed as an independent variable, consumer degree of attachment toward the retailer was employed as a moderator, and consumer trust was used as a dependent variable. Results showed that consumer degree of attachment moderated the relationship between a degree of transgression and consumer trust, $F_{(1, 199)} = 37.776$, $p < .001$. However, it is found that consumer trust would be weaker among consumers with a low degree of attachment toward the retailer as compared to those with a high degree of attachment toward the retailer when a degree of transgression is high (High Transgression: $M_{\text{Low Attachment}} = 3.78$ versus $M_{\text{High Attachment}} = 4.91$) (see Table 17). Likewise, it was found that consumer trust would be weaker among consumers with a low degree of attachment toward the retailer as compared to those with a low degree of attachment toward the retailer when a degree of transgression is low (Low Transgression: $M_{\text{Low Attachment}} = 4.16$ versus $M_{\text{High Attachment}} = 5.13$) (see Table 17). Thus, hypothesis 8 was not supported.

Table 17. Univariate Analysis Results Examining Moderating Roles of Consumer Attachment on Relationships between Degree of Transgression and Trust

		Trust		
	MEAN (Std.)			Test of Between – Subjects Effects
Degree of Attachment	Prior to Transgression	Low Transgression	High Transgression	Attachment
Low	3.97	4.16 (1.26)	3.78 (1.16)	

High	5.02	5.13 (1.19)	4.91 (1.15)	
Type III Sum of Squares				54.02
df				1
F-value				37.78
p-value				.000

Relationships among Trust, Forgiveness, and Retailer Equity (Hypothesis 9 and 10)

Hypothesis 9 predicted that a relationship between trust and forgiveness. To examine hypothesis 9, a simple linear regression was performed using customer forgiveness as a dependent variable and consumer trust as an independent variable. Results revealed that consumer trust positively influenced the likelihood of forgiveness, $\beta = 0.500$, $t = 7.928$, $p < .001$; $F_{(1,189)} = 62.85$, $p < .001$ (see Table 18). In addition, the model accounted for 25% of the variance explained. Therefore, hypothesis 9 was supported.

Table 18. Simple Linear Regression Results of the Relationship between Trust and Customer Forgiveness

Independent Variable	Customer Forgiveness	
	β	t-value (p-value)
Trust	0.500	7.928 (p <.001)
	$R^2 = 0.250$ Adjusted $R^2 = 0.246$ $F_{(1, 189)} = 62.85$ $p < .001$	

Hypothesis 10 also predicted a relationship between customer forgiveness and retailer equity as measured in terms of retailer image, retailer loyalty, and retailer credibility. To examine this hypothesis, a series of a simple linear regression was performed using three dimensions of retailer equity as dependent variables and customer forgiveness as an independent variable. Results revealed that customers' forgiveness positively influenced all three dimensions of retailer equity, i.e., retailer image (β = 0.433, t = 6.59, p < .001; $F_{(1,188)}$ = 43.40, p < .001), retailer loyalty (β = 0.422, t = 6.42, p < .001; $F_{(1,190)}$ = 41.25, p < .001); and retailer credibility (β = 0.425, t = 6.49, p < .001; $F_{(1,191)}$ = 42.08, p < .001) (see Table 19). Thus, hypothesis 10 was also supported.

Table 19. Simple Linear Regression Results of the Relationship between Customer Forgiveness and Retailer Equity (i.e., image, loyalty, and credibility)

Independent Variable	Retailer Image		Retailer Loyalty		Retailer Credibility	
	β	t-value (p-value)	β	t-value (p-value)	β	t-value (p-value)
Customer Forgiveness	0.433	6.588 (p <.001)	0.422	6.42 (p <.001)	0.425	6.487 (p <.001)
	R2 = 0.188 Adjusted R2 = 0.183 F(1, 188) = 43.40 P < .001		R2 = 0.178 Adjusted R2 = 0.174 F(1, 190) = 41.25 P < .001		R2 = 0.181 Adjusted R2 = 0.176 F(1, 191) = 42.08 P < .001	

The results of all hypotheses testing are summarized in Table 20.

Table 20. Summary of the Results of Hypotheses

Hypothesis Number and Its Description	Analysis Employed	Testing Results
H1 Customers are more likely to display a higher degree of trust toward a retailer when the retailer offers recovery options after a transgression occurred as compared to no recovery option.	One-Way ANOVA	Supported
H2 Customers are more likely to forgive a retailer when the retailer offers recovery options after a transgression occurred as compared to no recovery option offered.	One-Way ANOVA	Supported
H3 Customers are more likely to a favorable degree of retailer equity as measured in terms of a) image b) loyalty and c) credibility when the retailer offers recovery.	One-Way ANOVA	Partially Supported
H4 Customers are less likely to trust a retailer when the degree of transgression is high compared to a low degree of transgression.	One-Way ANOVA	Not Supported
H5 Customers are less likely to forgive a retailer when the degree of transgression is high compared to a low degree of transgression.	One-Way ANOVA	Not Supported
H6 Customers are less likely to have a favorable degree of retailer equity as measured in terms of a) image b) loyalty and c) credibility when the degree of transgression is high as compared to a low degree of transgression	One-Way ANOVA	Not Supported
H7 Consumer degree of attachment is likely to moderate the relationship between firm recovery strategy and trust. That is, the relationship between recovery offered (as compared to no recovery offered) by the retailer when engaged in transgression, trust is likely to be stronger among consumers with a high degree of attachment toward the retailer as compared to those with a low degree of attachment toward the retailer.	Univariate Analysis	Supported

H8 Consumer degree of attachment is likely to moderate the relationship between degree of transgression and trust. That is, the relationship between a high degree of transgression (as compared to a low degree of transgression) and trust is likely to be weaker among consumers with a high degree of attachment toward the retailer compared to those with a low degree of attachment toward the retailer.	Univariate Analysis	Not Supported
H9 There is a relationship between trust and forgiveness	Simple Regression	Supported
H10 There is a relationship between forgiveness and retailer equity	Simple Regression	Supported

Chapter Summary

This chapter presents statistical findings related to hypotheses addressed in Chapter II. The next chapter provides a discussion of conclusions related to these findings. Implications are provided as well. The chapter is then concluded with limitations and future research direction.

CHAPTER V

DISCUSSION AND CONCLUSIONS

The overall objective of this study is to assess how consumers respond to the act of retailer-related transgressions. Specifically, this study examines consumers' cognitive, affective, and behavioral responses toward firm recovery strategy (no vs. yes) given the varying degree of transgression (low vs. high). Consumers' cognitive, affective, and behavioral responses are assessed in terms of consumer trust, customer forgiveness, and perceived retailer equity (i.e., retailer image, retailer loyalty, and retailer equity). Further, the study examines the relationships between consumer trust, consumer forgiveness, and retailer equity. Lastly, the study also investigates the moderating effect of consumers' degree of attachment toward a retailer on the relationship between retailer recovery strategy and consumer trust and the relationship between the degree of transgression and consumer trust.

The chapter is organized as follows. First, a discussion of major findings is provided, followed by a conclusion of the study. Second, the theoretical and practical implications are provided. Lastly, limitations are addressed, followed by brief suggestions for future research directions.

Discussion of Findings

The study is guided by three essential research questions. The first research question explores consumers' cognitive, affective, and behavioral responses to firms' recovery strategies given varying degrees of transgressions. Such responses were measured in terms of consumer trust, customer forgiveness, and perceived retailer equity. Hypotheses 1 through 6 were used to address the first research question.

The second research question explores the relationships between consumer trust, customer forgiveness, and perceived retailer equity. Hypotheses 9 and 10 were employed to assess this research question.

Finally, the third research question explores the moderating effect of degree of consumers' attachment toward a retailer on the relationships proposed in the first research question. Hypotheses 7 and 8 were utilized to assess this research question.

Objective 1: To examine the main effects of retailer recovery strategy and the degree of transgression on consumers' cognitive, affective, and behavioral responses (measured in terms of trust, forgiveness, and retailer equity) after transgressions have occurred. As indicated earlier in the literature, there are differences in consumer trust, consumer forgiveness, and perceived retailer equity given firms' recovery strategies (whether the firm offers the recovery effort or not and varying degrees of transgression (the magnitude of the transgression) (Aaker et al., 2004; Delegado & Munuera-Aleman, 2005; Fincham et al., 2005; Yousafzai et al., 2005; Xie & Peng, 2009). Researchers have found that it is imperative that firms should engage in recovery effort after transgressions have occurred because it will allow for stronger relationships that encourage trust, forgiveness, and retailer equity (Levesque & McDougall, 2000; Singh & Sabol, 2002). When retailers engage in transgressions, customers want to maintain their trust in the relationship this can be established by the retailer making amends for the transgression (i.e., recovery) (Finkel et al., 2002; Mattial, 2001). However, when customers are able to maintain their trust for the retailer, they are more likely to forgive the retailer for what has occurred (Lyon & Cameron, 2004). Further, Mattial (2001) suggested that when recovery is made, consumers are more likely to retain a strong degree of retailer equity.

In addition, previous studies have indicated that the degree of the transgression has an impact on consumers' responses toward the transgression. That is, their trust, forgiveness, and equity are likely to be influenced (Aaker et al., 2004; Fincham et al., 2005; Folse et al., 2013). When transgressions are too severe, customers feel as though they must exhaust too much of their energy to forgive the retailer, whereas low transgression do not require the same energy to forgive (Aaker et al., 2004). Exhausting too much of one's energy requires the customer to contemplate the strength of the relationship to decide if it is worth saving or not. In addition, when the transgression is too severe, it impacts the customer-retailer relationship, which negatively impacts trust, forgiveness, and retailer equity (Aaker et al., 2004; Oliver, 1999; Schefter, 2000). This occurs because trust is required in order to maintain the relationship, which allows the customer to forgive (Xie & Peng, 2009). If the customer-retailer relationship is tarnished, it can be deleterious toward one's trust; thus forgiveness. Once this occurs, it can negatively change the degree of retailer equity one has for the retailer.

The results from the current study somewhat support the previous literature, indicating that customers are more likely to display a higher degree of trust and forgiveness toward the retailer when there is a recovery option (Kim et al., 2004; Schiffman et al., 2002; Sirdeshmukh et al., 2002; Xie & Peng, 2009). Further, it was partially found that customers are only more likely to have a favorable degree of credibility toward the retailer when the firms provide recovery efforts (Goldsmith et al., 2000). That is, customers are more likely to maintain a high level of trust when the firm accounts for its actions; this in turn, allows the customer to forgive the retailer and maintain a favorable attitude about the credibility of the firm. However, the study did not find evidence to support high degrees of favorability for image or loyalty. This result is contradictory to previous studies that have found image and loyalty to be higher when firms engage in recovery options (Keller, 1993; McCollough et al., 2000). This may be because participants may have maintained the same level of retailer image and loyalty regardless of whether a transgression occurred or not. That is, customers may have not been influenced by recovery enough to change their loyalty or retailer image after the transgression.

Results of the study showed further contradictory evidence in terms of the degree of transgression and consumers' responses. As previous studies have shown that the degree of the transgression does in fact have an impact on consumers' responses (Boon & Sulsky, 1997; McCullough et al., 1998; Schefter, 2000); however, such relationship was not found in the current study. We have found that high degrees of transgression had no impact on consumer trust, forgiveness, or retailer equity. That is, they were not less likely to experience these variables despite the degree of transgression. This may be because the data breach scenario may have not been severe enough to impact the customer-retailer relationship between participants and their favorite retailer. Furthermore, because of the strong attachment that the participant has, it may have resulted in the participant being more likely to forgive; thus, they did not see it as a breach in the relationship (Aaker et al., 2004).

Objective 2: To examine the relationships between consumer trust, consumer forgiveness, and consumer perceived retailer equity. Researchers have found that there are indeed relationships among consumer trust, forgiveness, and perceived retailer equity (Brady et al., 2008; Schamlz & Orth, 2012; Xie & Peng, 2009). The results of the study support these findings. That is, there is a positive relationship between consumer trust and consumer forgiveness. We also have found a positive relationship between consumer forgiveness and retailer equity. Previous studies further support the studies' findings by stating that, when dealing with transgressions, if consumers are likely to trust that the retailer will fix the situation, it is more likely that the retailer will be forgiven for the transgression (Brady et al., 2008; Mattial, 2001; Xie & Peng, 2009). It has also been found that when consumers have high levels of trust for the retailer, they perceive the retailer as having a high level of retailer equity as measured in terms of image, loyalty, and credibility (Das et al., 2012).

Objective 3: To examine the moderating effect of degree of consumers' attachment toward a retailer on relationships proposed in objective number one. Previous studies have found that a consumer's degree of attachment is a significant indicator of his or her commitment to the relationship. That is, if a consumer has a strong attachment toward a retailer, he or she is willing to “put up with” a retailer when a retailer commits a transgression (Aaker et al., 2004; Bowlby, 1979). However, strongly attached customers may want more from the retailer; as such, an act of transgression may be seen as more harm to this relationship if a firm does not act in an effective manner when committing a transgression (Aaker et al., 2004). When higher levels of transgressions occur, it has the ability to impact customers’ responses in terms of trust, forgiveness, and retailer equity. Specifically, when consumers are more attached to the retailer, consumer trust, forgiveness, and perceived retailer equity are likely to suffer due to consumers expectation of a breach free relationship (Thomson et al., 2005; Xie & Peng, 2009).

A number of researchers have also found that the level of attachment one has with the retailer has an influence on the relationship between firm recovery and consumer trust (Jiang et al., 2008; Schmalz & Orth, 2012). That is, when customers who are strongly attached to the retailer experience a recovery strategy, it helps to mend the breach in the relationship (Aaker et al., 2004). When this breach is mended, consumers can continue to stay close to the retailer by engaging in store repatronge behavior. As previously mentioned, customers want to engage in proximity of closeness, which refers to them wanting to be near an object (Thomson et al., 2005). Relating proximity of closeness to the customer-retailer relationship, it is suggested that consumers who are strongly attached to the retailer may want to engage in proximity of closeness; as such, they are likely to return to shop at the retailer. Therefore, when transgressions occur and the retailer engages in recovery strategy for strongly attached customers, it is likely that they will continue to shop at the retailer due to the firm's recovery effort (i.e., remaining close to the retailer).

The results of the study somewhat support previous studies in that the degree of consumer attachment toward the retailer moderates the relationships between both firm recovery and consumer trust and degree of attachment and consumer trust (Bowlby, 1979; Finkel, 2002; Hazan & Shaver, 1994). That is, regarding the relationship between recovery and consumer trust, when consumers who are strongly attached receive recovery options related to the transgression committed by the retailer, their trust is higher than those with low degree of attachment. However, regarding the relationship between degree of transgression and consumer trust, the moderating role of consumer attachment toward the retailer shows different results other than what we anticipated. That is, the results showed that there is a significant relationship; however, it does not go in the direction as we expected. This may be that participants who were strongly attached did not view the high degree of transgression as compared to low degree of transgression as being severe enough to make an impression on the customer-retailer relationship. In addition, participants who were strongly attached may have not felt the reality of the transgression because they were reading a scenario as opposed to being in the moment of the transgression.

Conclusions

Overall the results of the study contribute to our understanding of consumers' cognitive, affective, and behavioral responses as measured in terms of consumer trust, customer forgiveness, and perceived retailer equity to firms when they implement recovery strategies after transgressions have occurred. In addition, the results of the study also help us better understand how consumer trust, customer forgiveness, and retailer equity are interconnected and how a consumer's degree of attachment toward the retailer influences consumers' responses related to transgressions. The three research objectives in the study have been mostly supported by research findings. First, this research demonstrates that there is evidence to support that consumers are more likely to trust and forgive a retailer when a recovery strategy is implemented as compared to no recovery offered. Also, there is evidence to support that retailer credibility is likely to be more favorable when a recovery strategy is implemented as compared to no recovery strategy. However, we did not find evidence to support that retailer image and retailer loyalty are likely to be evaluated more favorable when a recovery strategy is implemented as compared to no recovery. Further, we have found that recovery strategy has an influence on consumers' responses and the degree of transgression was not found to influence consumers' responses. That is, when retailers engage in acts of transgressions, if they incorporate a recovery strategy after the incident, consumers are more likely to trust, forgive, and have a favorable degree of retailer credibility toward the retailer.

Second, our findings advance the literature on the interconnectedness of consumer trust, customer forgiveness, and retailer equity. That is, there is a relationship between consumer trust and forgiveness and forgiveness and retailer equity. Specifically, consumer trust is likely to influence a customer's probability of forgiving a retailer when a retailer committed a transgression. Also, consumer forgiveness has an influence on consumers' attitudes toward the retailer regarding the retailer's equity. Finally, this research demonstrates that consumers' degree of attachment (weak vs. strong) is a moderating factor between the relationship of consumer trust and recovery option offered (no vs. yes). That is, a consumer's degree of attachment (either weak or strong) is likely to influence how he or she responds to the transgression in terms of trust. Furthermore, for strongly attached consumers, when a recovery strategy is offered, their level of trust is likely to be high. However, there was not enough evidence to support that the degree of consumer attachment is a moderating factor between the relationship of consumer trust and degree of transgression. The results of the analysis revealed a different interaction among the variables as we anticipated.

Managerial and Theoretical Implications

There are several implications for practitioners and for academic researchers that can be drawn from the conclusions obtained from the study. This research has important contributions to apparel retailers. The results reveal that consumers respond more favorably in terms of trust, forgiveness, and retailer credibility when the firm offers a recovery strategy after a transgression as compared to no strategy. Thus, firms should create recovery strategies that assuage the transgression, being sure not to place blame on the consumer. The recovery strategy should involve the firm taking full responsibility and making sure that the consumer is in some way able to benefit from the recovery (e.g., reimbursing the consumer, as the scenario in the study did).

The current study also provides information regarding a relationship between consumer trust, forgiveness, and retailer equity. Relating this to the significant effect of recovery strategy that was found, it is imperative that firms understand relationships among these three important concepts. It is important that trust is established in the customer-retailer relationship prior to transgression; therefore, retailers should understand that there is a greater chance of the consumer forgiving the transgression if that trust is present and maintained through the act of recovery. Likewise if the firm does not engage in a recovery strategy, they risk the loss of consumer trust which decreases the chance of the consumer forgiving the retailer for the transgression. As Xie and Peng (2009) stated, consumers are expecting for the transgression to be remedied; as such, with recovery offered, a remedy is established. Furthermore, based on the results of the study, there is a relationship between forgiveness and retailer equity (i.e., credibility). It suggests that if the firm has a recovery strategy, it will allow for the consumers to forgive and keep a high degree of credibility for the firm. Credibility is essential for a firm to keep and to maintain; therefore, firms should understand that if they are a credible source they are a reliable source.

Furthermore, the results reveal that the degree of attachment consumers have for a retailer has an influence on their cognitive responses (as measured in terms of trust). Therefore, it is important for firms to understand that the above is even more necessary for customers who are strongly attached to the firm. Therefore, it is recommended that when firms engage in transgression, it should follow by an immediate response of firm recovery. This way attached consumers are able to feel that the retailer cares about the relationship due to the quick response.

In terms of theoretical implications, the current study extends the consumer behavior and retailing literature by examining the relationships between consumer trust, forgiveness and equity, and the degree of attachment when transgressions occur. Previous studies examined these variables separately or two at a time (e.g., Schamalz and Orth, 2012). This is significant because these concepts are all components of consumer-retailer relationship as the study shows that there are relationships among these three concepts; therefore, it is important that the current study advances the literature on how these components influence one another.

Research Limitations and Future Directions

The current study has yielded many results that can be used by both researchers and practitioners; however, there are still research limitations of the study. First, the study looks at apparel firm transgressions. This is something to note as a limitation because when other industries (e.g., financial institutions) commit transgressions, the scenario is worse as opposed to the apparel industry. This is because the stakes are higher for the consumer. In the case of a bank data breach where the consumer has more to lose, the results of the study may have been different.

Second, the generalizability of the results due to the use of college students is a limitation to the study. For the purpose of this study, it is proper to use college students. However, when generalizing the results, this should be taken into consideration. Future researchers may want to use a more generalizable sample. Also, regarding the samples, age range is another limitation. More than half of the sample was between ages 18-23. This is important because this age group may think differently about recovery and attachments to retailers as compared to an older age group. Also, the current study lacks diversity. The sample is drawn from two predominantly white universities and this may lead into future directions of the study.

Future researchers can look at the element of culture and ethnicity to see if it has an impact of how consumers forgive. Previous research from Zourrig et al. (2009) examines how consumers from different cultures (i.e., collectivistic and individualistic cultures) forgive in general. This examination of cultural forgiveness could be used in future research for retailers to see how individuals forgive transgressions based on culture. This could allow retailers to understand different recovery strategies that may be needed depending on which geographical region the transgression occurs in. Future researcher could also look at a scenario that utilizes a different form of transgression. For example, Bandura et al. (2002) examine corporate transgression, which looks at moral transgressions that are purposely executed by corporations. This may have different results from the current study because the transgression would be moral as oppose to a data breach. This may also have caused the consumer to deeply reflect on their attachment and the amount of his or her self-concept he or she shares with the retailer.

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APPENDIX A

QUESTIONNAIRES

THE UNIVERSITY *of* NORTH CAROLINA
GREENSBORO

Dear Consumers:

I am a master's student majoring in Consumer, Apparel, and Retail Studies at the University of North Carolina at Greensboro. I am conducting research to better understand consumer's responses to a firm's recovery strategies after transgressions have been committed. Your input is very important to my study.

You are invited to voluntarily participate in this study. Please take about 15 to 20 minutes to complete this survey. There is no right or wrong answer to the questions. Your answers will be kept confidential and anonymous. You are allowed to work at your own pace. You may stop filling out this survey at any time you feel uncomfortable. There is no risk and no benefit to you by participating in this study. By filling out this survey, you are agreeing to participate in this study.

This study has been reviewed by the Institutional Review Board (IRB), If you have any questions about IRB approval you can contact the UNCG IRB office (336-256-1482, http://compliance.uncg.edu/institutional-review-board/).

Thank you in advance for your participation. If you have any questions, please feel free to ask the researchers. We would be glad to assist you.

Sincerely,

LaShaun Collins
Master's Student
Consumer, Apparel, and Retail Studies
University of North Carolina, Greensboro
Tel: 484-544-9958
Email: lmcollin@uncg.edu

Kittichai (Tu) Watchravesringkan, Ph.D.
Associate Professor
Consumer, Apparel, and Retail Studies
University of North Carolina, Greensboro
Tel: 336-256-2474
Email: k_watchr@uncg.edu

In this survey, there are five major sections (I, II, III, IV, and V). Section I presents general questions about your attachment level towards your favorite fast fashion retailer. Section II presents the scenario about your favorite fast fashion retailer. Section III consists of questions pertaining to trust, forgiveness, and retailer equity towards the retailer. Section IV consists of general questions. Lastly, section V consists of general questions and questions addressing your demographic profile.

Now Please Begin!

Section 1: General Questions about your favorite fast fashion retailer

Before you begin the questionnaire please type the name of your favorite fast fashion retailer (e.g., H&M, Zara, GAP, etc.), which you shop at often. While completing the questionnaire keep this retailer in mind:

____

Please indicate your agreement or disagreement with the following statements based on the fast fashion retailer you just named above.

		Strongly disagree						**Strongly agree**
1.	My favorite retailer is a part of me and who I am.	1	2	3	4	5	6	7
2.	I feel personally connected to my favorite retailer.	1	2	3	4	5	6	7
3.	I feel emotionally bonded to my favorite retailer.	1	2	3	4	5	6	7
4.	My favorite retailer says something to other people about who I am.	1	2	3	4	5	6	7
5.	My thoughts and feelings toward my favorite retailer are often coming to mind seemingly on their own.	1	2	3	4	5	6	7
6.	My thoughts and feelings toward my favorite retailer come to mind naturally and instantly.	1	2	3	4	5	6	7

7.	My thoughts and feelings toward my favorite retailer come to mind so naturally and instantly without control.	1	2	3	4	5	6	7
8.	The name of my favorite retailer automatically brings to mind many good thoughts about the past, present, and future.	1	2	3	4	5	6	7
9.	I have many favorable thoughts about my favorite retailer.	1	2	3	4	5	6	7

Directions: Please read the following scenario about the retailer's transgression. Keep in mind the name of the fast fashion retailer you named above.

Section 2: Scenario about the Retailer's Data Breach Incident

Imagine that you have been shopping at your favorite fast fashion retailer for quite some time in the past few years. Recently, the company has issued a press release announcing that your non-personal email address has been compromised. The retailer assures you that no other information has been affected. Since the incident occurred, the company has not contacted you, regarding the incident.

Based on the scenario you just reviewed, please answer the following questions.

Section 3: Your perceptions about the retailer related to the data breach incident

After reading the scenario of the retailer's data breach incident, please indicate your agreement or disagreement that reflects your feelings about the retailer. **Keep in mind the name of the fast fashion retailer you named above.**

		Strongly disagree						**Strongly agree**
1.	Despite the incident, I still trust my favorite retailer.	1	2	3	4	5	6	7

2.	Despite the incident, I believe that my favorite retailer is dependable.	1	2	3	4	5	6	7
3.	Despite the incident, my favorite retailer is reliable.	1	2	3	4	5	6	7
4.	I am willing to recommend my favorite retailer to my relatives and friends.	1	2	3	4	5	6	7
5.	I am still willing to shop at my favorite retailer despite the incident.	1	2	3	4	5	6	7
6.	Given the incident, I feel that I can forgive my favorite retailer for breaking my trust.	1	2	3	4	5	6	7
7.	I wish for good things to happen to my favorite retailer.	1	2	3	4	5	6	7
8.	I spend time thinking about ways to get back at my favorite retailer given the incident.	1	2	3	4	5	6	7
9.	I feel resentful toward my favorite retailer.	1	2	3	4	5	6	7
10	Since the incident happened, I avoid shopping at my favorite retailer.	1	2	3	4	5	6	7
11	I pray for my favorite retailer despite the incident.	1	2	3	4	5	6	7
12	If I went shopping at my favorite retailer, I would feel at peace.	1	2	3	4	5	6	7
13	My favorite retailer's wrongful actions have kept me from shopping at retailers in this nature.	1	2	3	4	5	6	7
14	I have been able to let go of my anger toward my favorite retailer.	1	2	3	4	5	6	7
15	I become depressed when I think of how I was mistreated by my favorite retailer.	1	2	3	4	5	6	7
16	I think that many of the emotional wounds related to my favorite retailer's wrongful actions	1	2	3	4	5	6	7

	have healed.							
17	I feel hatred whenever I think about my favorite retailer.	1	2	3	4	5	6	7
18	I have compassion for my favorite retailer.	1	2	3	4	5	6	7
19	I think my life is ruined because of my favorite retailer.	1	2	3	4	5	6	7
20	I hope my favorite retailer is treated fairly by other customers in the future.	1	2	3	4	5	6	7
21	My favorite retailer would be my preferred choice.	1	2	3	4	5	6	7
22	I consider myself loyal to my favorite retailer.	1	2	3	4	5	6	7
23	I will not buy products from other stores, if I can buy the same item from my favorite retailer.	1	2	3	4	5	6	7
24	My favorite retailer would be my first choice.	1	2	3	4	5	6	7
25	My favorite retailer is known for affordable and stylish products.	1	2	3	4	5	6	7
26	My favorite retailer practices ethical business.	1	2	3	4	5	6	7
27	My favorite retailer is the leading fast fashion retailer.	1	2	3	4	5	6	7
28	My favorite retailer has lost its credibility in terms of transaction security regarding the incident.	1	2	3	4	5	6	7
29	My favorite retailer makes a trustworthy impression regarding the incident.	1	2	3	4	5	6	7
30	My favorite retailer makes a sincere and honest impression regarding the incident.	1	2	3	4	5	6	7
31	My favorite retailer has somewhat lost its positive image related to transaction security.	1	2	3	4	5	6	7

32	My favorite retailer has lost its popularity among consumers.	1	2	3	4	5	6	7
33	I do not think I can trust my favorite retailer for its transaction security.	1	2	3	4	5	6	7
34	I do not think my favorite retailer is reliable for its transaction security.	1	2	3	4	5	6	7

Section 4: General Questions

1. To what extent do you believe that this data breach incident could possibly happen to you?

Impossible						Very possible
1	2	3	4	5	6	7

2. Based on the scenario you just read, how concerned are you with your non-personal email information being stolen because of the incident?

Not at all concerned						Very concerned
1	2	3	4	5	6	7

3. How believable is the scenario you just read regarding the company's action towards the data breach?

Not at all believable						Very believable
1	2	3	4	5	6	7

4. To what extent are you worried about your information that has been stolen?

Not worried at all						Very worried
1	2	3	4	5	6	7

5. How often do you shop at your favorite retailer?

Not often						Very often
1	2	3	4	5	6	7

6. When shopping at your favorite retailer, what methods of payment do you often use? (check one that applies)

___ Cash ____Credit Cards _____ Gift Card
____ Store card ____ Check book
_____a combination of these methods of payment (please specify: _________________)

Section 5: General Questions & Demographic Information

---

1. Gender: _____ Male _____ Female

2. Age: ________________________________

3. Major: ________________________________

4. Ethnicity: _____ Caucasian _____ African-American _____ Asian-American
_____ Hispanic-American _____Other (please specify: ______)

5. Year at school _____ Freshmen _____ Sophomore _____ Junior
_____ Senior _____ Graduate Students

6. What is your average monthly gross income (including scholarships, earnings, allowances, and etc.)?
_____ Under $500 _____ $500 - $749 _____ $750 - $999
_____ $1,000 – 1,499 _____ $1,500 - $1,999 _____ $2,000 or more

☺ THANK YOU VERY MUCH FOR COMPLETING THIS QUESTIONNAIRE ☺

Dear Consumers:

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Now Please Begin!

Section 1: General Questions about your favorite fast fashion retailer

Before you begin the questionnaire please write down the name of your favorite fast fashion retailer (e.g., H&M, Zara, GAP, etc.), which you shop at often. While completing the questionnaire keep this retailer in mind:

____

Please indicate your agreement or disagreement with the following statements based on the fast fashion retailer you just named above.

		Strongly disagree						Strongly agree
1.	My favorite retailer is a part of me and who I am.	1	2	3	4	5	6	7
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Directions: Please read the following scenario about the retailer's transgression. Keep in mind the name of the fast fashion retailer you named above.

Section 2: Scenario about the Retailer's Data Breach Incident

Imagine that you have been shopping at the retailer for quite some time in the past few years. Recently, the company has issued a press release announcement that its computer has been breached and that customer information has been stolen. Furthermore, the company has announced that customer information related to credit cards and contact information (e.g., email address) has been stolen. However, since the incident occurred, the company has not contacted you, regarding the incident.

Based on the scenario you just reviewed, please answer the following questions.

Section 3: Your perceptions about the retailer related to the data breach incident

After reading the scenario of the retailer's data breach incident, please indicate your agreement or disagreement that reflects your feelings about the retailer. **Keep in mind the name of the fast fashion retailer you named above.**

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Section 4: General Questions

1. To what extent do you believe that this data breach incident could possibly happen to you?

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1 2 3 4 5 6 7

2. Based on the scenario you just read, how concerned are you with the information that has been stolen because of the incident?

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1 2 3 4 5 6 7

3. How believable is the scenario you just read regarding the company's action towards the data breach?

Not at all believable Very believable
1 2 3 4 5 6 7

4. To what extent are you worried about your information that has been stolen?

Not worried at all Very worried
1 2 3 4 5 6 7

5. How often do you shop at your favorite retailer?

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6. When shopping at your favorite retailer, what methods of payment do you often use? (check one that applies)

___ Cash ____Credit Cards _____ Gift Card
____Store card ____ Check book
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Section 5: General Questions & Demographic Information

1. Gender: _____ Male _____ Female

2. Age: ________________________________

3. Major: ________________________________

4. Ethnicity: _____ Caucasian _____ African-American _____ Asian-American
_____ Hispanic-American _____Other (please specify: ______)

5. Year at school _____ Freshmen _____ Sophomore _____ Junior
_____ Senior _____ Graduate Students

6. What is your average monthly gross income (including scholarships, earnings, allowances, and etc.)?

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Now Please Begin!

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Before you begin the questionnaire please write down the name of your favorite fast fashion retailer (e.g., H&M, Zara, GAP, etc.), which you shop at often. While completing the questionnaire keep this retailer in mind:

____

Please indicate your agreement or disagreement with the following statements based on the fast fashion retailer you just named above.

		Strongly disagree				**Strongly agree**		
1.	My favorite retailer is a part of me and who I am.	1	2	3	4	5	6	7
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6.	My thoughts and feelings toward my favorite retailer come to mind naturally and instantly.	1	2	3	4	5	6	7

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9.	I have many favorable thoughts about my favorite retailer.	1	2	3	4	5	6	7

Directions: Please read the following scenario about the retailer's transgression. Keep in mind the name of the fast fashion retailer you named above.

Section 2: Scenario about the Retailer's Data Breach Incident

Imagine that you have been shopping at the retailer for quite some time in the past few years. Recently, the company has issued a press release announcing that your non-personal email address has been compromised. The retailer assures you that no other information has been affected. However, since the incident occurred, you have been contacted by the company a few times apologizing on behalf of the company and further explaining that no action is required by you and you do not have to worry about anything. In addition the company sends you a $100 gift card.

Based on the scenario you just reviewed, please answer the following questions.

Section 3: Your perceptions about the retailer related to the data breach incident

After reading the scenario of the retailer's data breach incident, please indicate your agreement or disagreement that reflects your feelings about the retailer. **Keep in mind the name of the fast fashion retailer you named above.**

		Strongly disagree						**Strongly agree**
1.	Despite the incident, I still trust my favorite retailer.	1	2	3	4	5	6	7

2.	Despite the incident, I believe that my favorite retailer is dependable.	1	2	3	4	5	6	7
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4.	I am willing to recommend my favorite retailer to my relatives and friends.	1	2	3	4	5	6	7
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16	I think that many of the emotional wounds related to my favorite retailer's wrongful actions	1	2	3	4	5	6	7

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34	I do not think my favorite retailer is reliable for its transaction security.	1	2	3	4	5	6	7

Section 4: General Questions

1. To what extent do you believe that this data breach incident could possibly happen to you?

Impossible						Very possible
1	2	3	4	5	6	7

2. Based on the scenario you just read, how concerned are you with your non-personal email information being stolen because of the incident?

Not at all concerned						Very concerned
1	2	3	4	5	6	7

3. How believable is the scenario you just read regarding the company's action towards the data breach?

Not at all believable						Very believable
1	2	3	4	5	6	7

4. To what extent are you worried about your information that has been stolen?

Not worried at all						Very worried
1	2	3	4	5	6	7

5. How often do you shop at your favorite retailer?

Not often						Very often
1	2	3	4	5	6	7

6. When shopping at your favorite retailer, what methods of payment you often use? (check one that applies)

___ Cash ____Credit Cards _____ Gift Card
____Store card ____ Check book
_____a combination of these methods of payment (please specify: _________________)

Section 5: General Questions & Demographic Information

1. Gender: _____ Male _____ Female

2. Age: _________________________________

3. Major: _________________________________

4. Ethnicity: _____ Caucasian _____ African-American _____ Asian-American

_____ Hispanic-American _____Other (please specify: ______)

5. Year at school _____ Freshmen _____ Sophomore _____ Junior

_____ Senior _____ Graduate Students

6. What is your average monthly gross income (including scholarships, earnings, allowances, and etc.)?

_____ Under $500 _____ $500 - $749 _____ $750 - $999

_____ $1,000 – 1,499 _____ $1,500 - $1,999 _____ $2,000 or more

☺ THANK YOU VERY MUCH FOR COMPLETING THIS QUESTIONNAIRE ☺

THE UNIVERSITY of NORTH CAROLINA GREENSBORO

Dear Consumers:

I am a master's student majoring in Consumer, Apparel, and Retail Studies at the University of North Carolina at Greensboro. I am conducting research to better understand consumer's responses to a firm's recovery strategies after transgressions have been committed. Your input is very important to my study.

You are invited to voluntarily participate in this study. Please take about 15 to 20 minutes to complete this survey. There is no right or wrong answer to the questions. Your answer will be kept confidential and anonymous. You are allowed to work at your own pace. You may stop filling out this survey at any time you feel uncomfortable. There is no risk and no benefit to you by participating in this study. By filling out this survey, you are agreeing to participate in this study.

This study has been reviewed by the Institutional Review Board (IRB), If you have any questions about IRB approval you can contact the UNCG IRB office (336-256-1482, http://compliance.uncg.edu/institutional-review-board/).

Thank you in advance for your participation. If you have any questions, please feel free to ask the researchers. We would be glad to assist you.

Sincerely,

LaShaun Collins
Master's Student
Consumer, Apparel, and Retail Studies
University of North Carolina, Greensboro
Tel: 484-544-9958
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Kittichai (Tu) Watchravesringkan, Ph.D.
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University of North Carolina, Greensboro
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In this survey, there are five major sections (I, II, III, IV, and V). Section I presents general questions about your attachment level towards your favorite fast fashion retailer. Section II presents the scenario about your favorite fast fashion retailer. Section III consists of questions pertaining to trust, forgiveness, and retailer equity towards the retailer. Section IV consists of general questions. Lastly, section V consists of general questions and questions addressing your demographic profile.

Now Please Begin!

Section 1: General Questions about your favorite fast fashion retailer

Before you begin the questionnaire please write down the name of your favorite fast fashion retailer (e.g., H&M, Zara, GAP, etc.), which you shop at often. While completing the questionnaire keep this retailer in mind:

____

Please indicate your agreement or disagreement with the following statements based on the fast fashion retailer you just named above.

		Strongly disagree						**Strongly agree**
1.	My favorite retailer is a part of me and who I am.	1	2	3	4	5	6	7
2.	I feel personally connected to my favorite retailer.	1	2	3	4	5	6	7
3.	I feel emotionally bonded to my favorite retailer.	1	2	3	4	5	6	7
4.	My favorite retailer says something to other people about who I am.	1	2	3	4	5	6	7
5.	My thoughts and feelings toward my favorite retailer are often coming to mind seemingly on their own.	1	2	3	4	5	6	7
6.	My thoughts and feelings toward my favorite retailer come to mind naturally and instantly.	1	2	3	4	5	6	7

7.	My thoughts and feelings toward my favorite retailer come to mind so naturally and instantly without control.	1	2	3	4	5	6	7
8.	The name of my favorite retailer automatically brings to mind many good thoughts about the past, present, and future.	1	2	3	4	5	6	7
9.	I have many favorable thoughts about my favorite retailer.	1	2	3	4	5	6	7

Directions: Please read the following scenario about the retailer's transgression. Keep in mind the name of the fast fashion retailer you named above.

Section 2: Scenario about the Retailer's Data Breach Incident

Imagine that you have been shopping at the retailer for quite some time in the past few years. Recently, the company has issued a press release announcement that its computer has been breached and that customer information has been stolen. Furthermore, the company has announced that customer information related to credit cards and contact information (e.g., email addresses) have been stolen. However, since the incident occurred, you have been contacted by the company a few times apologizing on behalf of the company and further explaining that no action is required by you unless you see charges you did not make and you have zero liability for any charges that you did not make. In addition the company sends you a $100 gift card.

Based on the scenario you just reviewed, please answer the following questions.

Section 3: Your perceptions about the retailer related to the data breach incident

After reading the scenario of the retailer's data breach incident, please indicate your agreement or disagreement that reflects your feelings about the retailer. **Keep in mind the name of the fast fashion retailer you named above.**

Strongly disagree	**Strongly agree**

1.	Despite the incident, I still trust my favorite retailer.	1	2	3	4	5	6	7
2.	Despite the incident, I believe that my favorite retailer is dependable.	1	2	3	4	5	6	7
3.	Despite the incident, my favorite retailer is reliable.	1	2	3	4	5	6	7
4.	I am willing to recommend my favorite retailer to my relatives and friends.	1	2	3	4	5	6	7
5.	I am still willing to shop at my favorite retailer despite the incident.	1	2	3	4	5	6	7
6.	Given the incident, I feel that I can forgive my favorite retailer for breaking my trust.	1	2	3	4	5	6	7
7.	I wish for good things to happen to my favorite retailer.	1	2	3	4	5	6	7
8.	I spend time thinking about ways to get back at my favorite retailer given the incident.	1	2	3	4	5	6	7
9.	I feel resentful toward my favorite retailer.	1	2	3	4	5	6	7
10	Since the incident happened, I avoid shopping at my favorite retailer.	1	2	3	4	5	6	7
11	I pray for my favorite retailer despite the incident.	1	2	3	4	5	6	7
12	If I went shopping at my favorite retailer, I would feel at peace.	1	2	3	4	5	6	7
13	My favorite retailer’s wrongful actions have kept me from shopping at retailers in this nature.	1	2	3	4	5	6	7
14	I have been able to let go of my anger toward my favorite retailer.	1	2	3	4	5	6	7
15	I become depressed when I think of how I was mistreated by my favorite retailer.	1	2	3	4	5	6	7

16	I think that many of the emotional wounds related to my favorite retailer's wrongful actions have healed.	1	2	3	4	5	6	7
17	I feel hatred whenever I think about my favorite retailer.	1	2	3	4	5	6	7
18	I have compassion for my favorite retailer.	1	2	3	4	5	6	7
19	I think my life is ruined because of my favorite retailer.	1	2	3	4	5	6	7
21	My favorite retailer would be my preferred choice.	1	2	3	4	5	6	7
22	I consider myself loyal to my favorite retailer.	1	2	3	4	5	6	7
23	I will not buy products from other stores, if I can buy the same item from my favorite retailer.	1	2	3	4	5	6	7
24	My favorite retailer would be my first choice.	1	2	3	4	5	6	7
25	My favorite retailer is known for affordable and stylish products.	1	2	3	4	5	6	7
26	My favorite retailer practices ethical business.	1	2	3	4	5	6	7
27	My favorite retailer is the leading fast fashion retailer.	1	2	3	4	5	6	7
28	My favorite retailer has lost its credibility in terms of transaction security regarding the incident.	1	2	3	4	5	6	7
29	My favorite retailer makes a trustworthy impression regarding the incident.	1	2	3	4	5	6	7
30	My favorite retailer makes a sincere and honest impression regarding the incident.	1	2	3	4	5	6	7
31	My favorite retailer has somewhat lost its positive image related to transaction security.	1	2	3	4	5	6	7

32	My favorite retailer has lost its popularity among consumers.	1	2	3	4	5	6	7
33	I do not think I can trust my favorite retailer for its transaction security.	1	2	3	4	5	6	7
34	I do not think my favorite retailer is reliable for its transaction security.	1	2	3	4	5	6	7

Section 4: General Questions

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_____ Senior _____ Graduate Students

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