

## **Buyer reactions to ethical beliefs in the retail environment**

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### **Abstract:**

Research into the ethical conduct of marketers is an increasingly popular topic. At the same time, a substantial amount of recent patronage theory has been devoted toward developing a better knowledge of roles played by shopping emotions evoked by various environmental cues. The study described in this manuscript attempts to blend these two research streams by investigating how interacting with a salesperson generates ethical perceptions that shape consumer emotions. Several hypotheses are developed and tested. They model the influence of three moral philosophical dimensions (moral equity, contractualism and relativism) on affective responses and future purchase intentions. Implications for marketing academicians and practitioners are discussed, and areas for future research are presented.

**Keywords:** ethics | shopping | emotion | equity

### **Article:**

#### **1. Introduction**

Is good ethics good business? Ethics theory often takes a more normative orientation, but this question linking morality and performance, answered affirmatively, provides the best assurance that customers are treated with integrity. While "good ethics is good business" provides a benignant mantra for marketing educators, the copious research addressing ethics in marketing does not suggest widespread acceptance of this dictum (Robin, 2000).

Where does the retailer fit into this equation? Ethics research pays relatively little attention to retail related phenomena compared with that given to marketing management, marketing research, top executive decisions and business-to-business transactions. That research, which does address retailer ethics, primarily examines the issue by delving into the ethical beliefs of retail salespeople or managers (cf. Burns and Brady, 1996, Dubinsky and Levy, 1985). Clearly, the conflicting interests brought to the table in an exchange dyad play themselves out most often in a retail setting. However, a retailer's customers' ethical beliefs may affect performance most directly by either helping to build or endangering future sales.

The present research focuses closely on the retail-selling dyad. We examine how a consumer's ethical cognitions may serve as a defensive mechanism helping them avoid relationships with potentially dubious retailers. More specifically, we integrate traditional patronage research with marketing ethics by exploring how ethical cognitions can alter shoppers' emotions and future patronage intentions. A structural model is developed and tested, which relates consumers' ethical perceptions of a retail-selling situation to (1) specific emotional outcomes and (2) relationship building in the form of future patronage intentions. The goals of this research include: (1) formally extending marketing ethics research into the retail-selling environment domain; (2) adding incrementally to our understanding of factors that shape atmospheric emotions; and (3) providing insight into more effective management of retail employees with an emphasis on long-term positive outcomes.

## **2. Conceptual background**

### **2.1. Marketing ethics**

Much interest in marketing ethics is motivated by the basic premise that an employee's unethical activities may have negative consequences for firm well-being by eroding consumer trust (Mascarenhas, 1995). Considerable marketing ethics research has involved marketing employees' judgments of activities conducted by other marketing or business employees (cf. Ferrell and Skinner, 1988, Hunt et al., 1989, Reidenbach et al., 1991, Trevino and Youngblood, 1990), but, surprisingly, little research addresses potential inequities in the salesperson–consumer dyad (cf. Oliver and Swan, 1989a). We propose that unique characteristics of the buyer–seller interaction provide ample opportunity for ethical dilemmas. Consider the car-buying scenario, where the salesperson often tries to convey a belief that he/she has a customer's best interest at heart: “I'll see what I can do for you with my sales manager!”

Within the exchange dyad, salespeople often have a powerful advantage based on their superior knowledge and negotiating skills. Salespeople can also selectively withhold information that might influence consumer choice. Further, sales compensation systems—particularly those tied to gross margin on a current sale—provide a strong motivation to close sales quickly. This constitutes a financial zero-sum game, where retail salespeople benefit most when customers benefit least. Although this type of selling pressure is a key factor in creating a less ethical work climate for marketing employees (Babin et al., 2000), its effectiveness in generating current period sales creates a strong motivation for its use (Lee, 1998).

Specific research examining buyer perceptions of salesperson behavior suggests that ethics-related variables are important. Like ethics research in general, this work is generally conducted in business-to-business selling environments (cf. Hawes et al., 1993, Smith and Barclay, 1997). Findings indicate that salesperson honesty is related to trust and that a salesperson's character and motives are associated with customer relationship investment and communication (Smith and Barclay, 1997). In addition, customer satisfaction is negatively related to perceived supplier opportunism. While these studies do not deal with specific ethical judgments per se, or focus on retail-selling environments, they do suggest that salesperson behavior can directly influence buyer perceptions.

One reason for a lack of research on consumers' ethical beliefs may be that previous attempts to measure the ethical content of business situations have not generally predicted behavioral intentions very well Bass and Hebert, 1995, Trevino and Youngblood, 1990. Recently, a multidimensional approach representing ethical/moral judgments (or moral construals) using three related dimensions has demonstrated significant relationships with future intentions across a wide variety of ethically charged settings (Robin et al., 1997). Three moral philosophical dimensions underlie marketing actors' ethical perceptions: (1) moral equity; (2) contractualism; and (3) relativism. Moral equity represents the inherent rightness/wrongness, or perceived justice of some action. Contractualism represents potential violations of implied or explicit rules or promises. Relativism represents perceptions that some action is acceptable by traditional or sociocultural standards. This representation implies, for example, that a consumer may think he/she was treated fairly based upon the inherent rightness of a salesperson's behavior (i.e., answered questions honestly), because the salesperson followed all known rules and contracts (i.e., held to terms of an agreement) and/or because the salesperson's behavior was consistent with that of others in the industry (i.e., all salespeople are less than truthful about competitors). Empirical evidence shows that these dimensions are highly invariant and nomologically predictive across widely ranging marketing situations (Robin et al., 1997).

Other research suggests that consumers can discriminate marketing actions using these ethical bases. For example, the three ethical judgment dimensions discussed above were used by consumers to assess varying degrees of ethicality associated with different promotional strategies (Smith and Cooper-Martin, 1997). Thus, it is likely that these dimensions also can be used to capture retail consumer judgments.

## 2.2. Consumer emotions

Patronage theory now generally acknowledges the fundamental role played by shopping emotions. Empirical evidence has shown how shopping emotions contribute to increased consumer time and economic resource expenditures Babin and Darden, 1995, Bateson and Hui, 1987, Donovan and Rossiter, 1982, satisfaction from a shopping experience Babin and Darden, 1996, Dawson et al., 1990 and rewards perceived from interacting with a retailer in terms of both utilitarian and hedonic shopping values Babin et al., 1994a, Sherry, 1990. Thus, consumer emotion is seen as a key facilitating construct that transforms service environment cues into behavioral effects (Bitner, 1992), a role consistent with the inherently mediating role that emotions play in shaping person–environment reactions Holbrook, 1986, Lazarus, 1982, Plutchik, 1983. Retailers have an obvious interest in understanding antecedents and consequences of consumer emotions based on potential effects on performance.

Although the emergence of emotions as a legitimate research topic and practical marketing tool has done much to overcome the traditional portrayal of the “rational” shopper, the literature addressing specific antecedents of shopper emotions remains limited. Environmental elements, such as olfactory elements (Chebat et al., 1999), crowding density Bateson and Hui, 1987, Eroglu and Harrell, 1986, organization (Bitner, 1990), music (Hui et al., 1997), price levels and salesperson characteristics (Darden and Babin, 1994), represent one area where antecedents are addressed. The present research expands this effort by focusing more closely on the selling dyad

and how defensive cognitions may be evoked that have implications for both emotions and future shopping intentions.

Several different approaches have been used to operationalize consumer emotions in marketing environments. Some studies operationalize specific consumer emotions (cf. Babin et al., 1995), while others capture emotions at a less specific level by considering underlying emotional dimensions (cf. Donovan and Rossiter, 1982). The most ubiquitous dimensional representations include a consumer pleasure and a consumer activity/arousal/interest dimension (Babin et al., 1992). Dimensional research also suggests that pleasure may not be bipolar, as several studies show distinct positive and negative affect dimensions Bagozzi and Moore, 1994, Mano and Oliver, 1993, Oliver, 1993, Westbrook and Oliver, 1991.

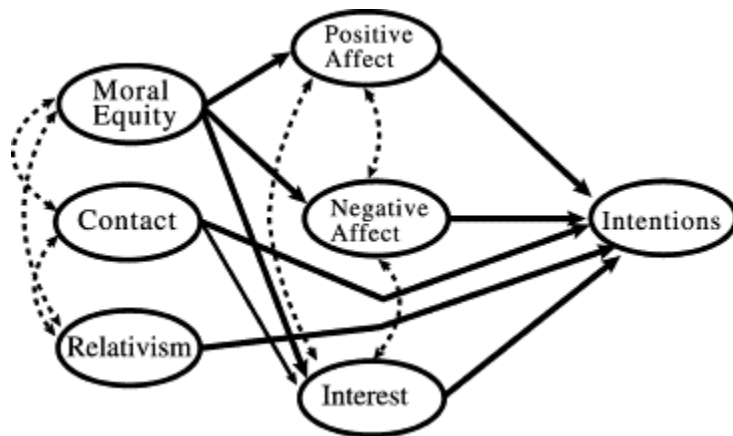
The distinction between dimensions may be particularly relevant in a selling dyad as a consumer experiences potentially positive emotion associated with receiving a desired new product (e.g., a new car) but at the same time faces worry and concern over details of the transaction (Am I getting cheated?). Further, salesperson actions have been associated with systematically varying levels of consumer interest in a potential transaction (Babin et al., 1995). The current research attempts to blend these emotions with the preceding discussion of marketing ethics.

### **3. Hypotheses**

Given that research into consumer ethical perceptions of the retail-selling environment is in an emerging or discovery-oriented phase, we propose hypotheses directed toward general emotional dimensions rather than to specific instantiations of basic or subordinate emotional categories. The three dimensions considered here are positive affect, negative affect and interest.

Ethical judgments can precipitate cognitive and affective consequences. Ethical judgments have been linked with attitudes toward performing various acts (Robin et al., 1997). More specifically, contractualism and relativism have been posited as rationalizing dimensions that can be used to resolve an otherwise morally conflicting dilemma (Babin et al., 1994b). From an actor's viewpoint, an act perceived as morally unjust (the moral equity judgment) may still be carried out because it can be rationalized or excused based on the fact that it does not violate a law and/or it is a socially acceptable behavior. Conversely, a consumer may observe salesperson behavior that presents a contrast with consumers' existing belief structures (i.e., scripts). Such a contrast precipitates an affective reaction (Kuhl, 1986).

Consistent with patronage theory, this retail exchange environment generates cognitive and affective reactions. Dual cognitive and affective consequences suggest that consumer emotions may mediate some relationships between ethical judgments and future purchase intentions. However, consumers may use contractualism and relativism as rationalizing dimensions, suggesting a direct effect between these variables and future purchase intentions. Fig. 1 depicts the constructs considered in this paper and their hypothesized paths. The following sections provide a further conceptualization and justification of each path. Where possible, these arguments are based upon previous research. However, given that the literature concerning ethical perceptions of retail environments is not well developed, intuitive rationale is also relied upon.



**Fig. 1.** Hypothesized theoretical paths.

### 3.1. Ethical cognitions→affect

Consumers enter the exchange dyad with varying cognitive norms indicating how they should be treated Bitner, 1992, Zeithaml et al., 1993. Deviation from these norms can generate an affective response. For example, consumers recalling automobile purchases report lower positive affect (i.e., satisfaction) when their norms for fair treatment are not met Woodruff et al., 1987, Oliver and Swan, 1989a. Intuitively, nobody likes to feel “cheated.” If cues are present, suggesting that one is being victimized, any positive affect will be reduced and negative affect (such as anger and fear) may emerge. As a result, a consumer may lose interest in participating in the exchange. Given that moral equity captures the relative fairness or justness of treatment, the following multipart hypothesis can be offered:

**Hypothesis 1.** Consumer perceptions of moral equity are related directly to emotions such that the following are true.

**Hypothesis 1a.** Perceptions of fair/just treatment are related positively to positive affect.

**Hypothesis 1b.** Perceptions of fair/just treatment are related negatively to negative affect.

**Hypothesis 1c.** Perceptions of fair/just treatment are related positively to interest.

Further, perceptions of a violated promise or contract are likely to evoke protective mechanisms. For example, if a consumer realizes a salesperson is employing a “bait and switch” selling approach, perhaps by indicating that an advertised item is out-of-stock while higher-priced alternatives are in-stock, the consumer may have an avoidance response. Being aware of the potential breach, the consumer is uninterested in the higher price product and may lose interest in the original product as well. Consistent with this perspective, previous research indicates that a salesperson that is pushy beyond the level typically expected in a particular sales setting may cause a customer to lose interest (Babin et al., 1995). Thus, the following hypothesis can be offered concerning the affective consequence on the contractualism dimension:

**Hypothesis 1d.** Contractualism (beliefs that no promises or contracts have been breached) is related positively to interest.

### 3.2. Ethical cognitions→intentions

Fig. 1 depicts both direct and mediated effects of ethical cognitions on patronage intentions. While the indirect paths are consistent with the mediating nature of emotions, the properties of contractualism and relativism also suggest a direct impact. The direct path between contractualism and intentions is primarily intuitive; a consumer is not likely to return to do business with a place that has violated a trust. For example, consumers often provide resistance over rather minor perceptions of violated “contracts” such as return policies and availability of sale items.

**Hypothesis 2a.** Contractualism (beliefs that no promises or contracts have been breached) is related positively to future purchase intentions.

A direct effect of relativism is expected as well. Even if a consumer desires better treatment than that experienced from a retailer and/or salesperson, if he/she perceives that customers are generally treated in that manner, negative effects on future patronage intentions may not follow. This may be the case based on the typical stereotype of automobile salespeople. Consumers enter the exchange dyad knowing that the salesperson may act evasively concerning price, be rather pushy and will generally make the transaction more difficult than necessary. Despite these negative preconceptions, consumers may have very limited alternatives. In other words, the belief that the treatment received was at least “acceptable” when compared to the relative treatment of all car buyers may positively impact purchase intentions.

**Hypothesis 2b.** Relativism is related positively to future purchase intentions.

### 3.3. Emotions→intentions

Research studying retail emotions generally investigates relationships with current period behavior (Babin et al., 1994a, Babin et al., 1994b, Babin et al., 1995, Bateson and Hui, 1987, Dawson et al., 1990, Donovan and Rossiter, 1982, Holbrook et al., 1984). However, the fact that emotions experienced within a shopping environment are rewarding themselves Babin et al., 1994a, Babin et al., 1994b, Holbrook, 1986 suggests a relationship between retail exchange dyad emotions and future purchase intentions (Westbrook and Oliver, 1991). Further, experience within an environment is likely to result in consistently valenced schema-based affect (Fiske, 1982). If a consumer was treated in such fashion that he/she became angry when shopping at a specific store, recall of that store may evoke negative affect. This negative affect could, in turn, result in reduced approach behaviors expressed by lower future purchase intentions. Therefore, the following multipart hypothesis can be offered:

**Hypothesis 3a.** Positive affect is related positively to future purchase intentions.

**Hypothesis 3b.** Negative affect is related negatively to future purchase intentions.

**Hypothesis 3c.** Interest is related positively to future purchase intentions.

## **4. Research methods**

### **4.1. Sample and context**

A convenience sample of graduate and undergraduate students from a large urban university provided responses. In all, 220 responses were obtained, of which 213 contained complete information and were used in statistical analyses. The sample averaged 28.7 years of age and contained roughly equal numbers of male and female respondents.

Participants were first asked to describe a recent shopping experience that involved an interaction with a salesperson. There was no need for a purchase to have taken place, but the item shopped for should have represented a significant purchase (over US\$50). Had we focused on purchases only, variance on several measures would likely be restricted since consumers who make purchases tend to have mostly positive experiences. Respondents recalled a wide range of shopping experiences. The category occurring most often was electronics (stereos, televisions, computers, etc.), followed by clothing and automobiles.

## **5. Measures**

After describing the experience, respondents were asked to turn the page and respond to measures related to the study. Eight items assessed perceptions of how well—from a moral perspective—respondents felt they were treated. Measures were taken from a multidimensional ethical content scale that has shown high reliability and validity across a wide range of settings (Robin et al., 1997). These measures contrast bipolar adjectives (e.g., just–unjust) on a seven-point scale and represent the three dimensions discussed above: moral equity, relativism and contractualism. Each dimension was scored such that a high score meant an ethical outcome. For example, a high score on contractualism indicated that no promises or contracts were violated.

Respondents were also asked to describe their feelings during the shopping experience. Affective adjectives were taken from previous research (cf. Oliver, 1993, Darden and Babin, 1994) and operationalized as dimensions rather than as specific categories. Twelve adjectives were included, and dimensions were extracted preliminarily with exploratory factor analysis. Three commonly occurring dimensions emerged, and the items representing those dimensions best were retained for further analysis. Positive affect was indicated by the adjectives happy, joyful and excited; negative affect by skeptical, angry and dissatisfied; and interest by interested and disinterested. All measures were recorded with a 10-point “degree felt” scale (Holbrook and Batra, 1987).

Four items were constructed to represent patronage intentions following the episode described. The items reflect how likely a consumer would be to patronize the retailer in the future. Responses were collected on a seven point scale ranging from “1=*strongly disagree*” to “7=*strongly agree*.” Scores were scaled positively so those higher scores represent a greater likelihood of continued patronization.

## 6. Results

### 6.1. Measurement results

Measures were validated using confirmatory factor analysis (CFA). Initial analysis suggested that one moral equity item was problematic (intercorrelation was too high producing a consistently high residual and problems with convergence), and, thus, it was dropped. The resulting measurement model consisted of 19 measured variables representing seven latent constructs. Table 1 displays descriptive statistics for these scales.

**Table 1.** Descriptive statistics

	Mean	Standard deviation	Scale range
Positive affect	13.0	9.63	0–27
Negative affect	8.0	9.74	0–27
Interest	4.2	4.89	0–18
Intentions	20.0	7.63	4–28
Moral equity	15.4	6.24	3–21
Contract	11.9	3.44	2–14
Relativism	8.8	3.72	2–14

The CFA produced a  $\chi^2$  goodness of fit statistic of 350.3 with 131 degrees of freedom ( $P < .001$ ). The root mean squared residual (RMSR) is relatively low at 0.035 and the comparative fit index (CFI) is 0.955, suggesting a reasonably good fit. Table 2 displays loading estimates, scale reliability estimates and variance extracted percentages. All loadings are highly significant and the reliability estimates and variances extracted suggest high convergence. Further, no two factors can be combined into one without producing a significantly worse fit. Therefore, the measurement model is adequate for further analyses.

**Table 2.** CFA loadings and results

	Construct						
	Positive affect	Negative affect	Interest	Intentions	Moral equity	Contract	Relativism
Happy	.91						
Joyful	.93						
Satisfied	.95						
Offended		.92					
Dissatisfied		.96					
Angry		.94					
Disinterested			.53				
Interested			.81				
Int1				.91			
Int2				.81			
Int3				.85			
Int4				.93			
ME1					.99		
ME2					.99		
ME3					.94		
Con1						.90	



	Construct						
	Positive affect	Negative affect	Interest	Intentions	Moral equity	Contract	Relativism
Con2						.88	
Rel1							.72
Rel2							.87
Reliability	.95	.96	.63	.93	.98	.88	.91
Variance extracted	0.87	0.88	0.47	0.77	0.95	0.79	0.64
Model fit=350.3							
df=131							
CFI=0.955							

Loadings are standardized maximum likelihood estimates.

All loadings are significantly different from 0 ( $P<.001$ ).

## 6.2. Structural results

The necessary restrictions were placed on the measurement model to test the theoretical structure depicted in Fig. 1. The model produced a  $\chi^2$  of 372.5 with 137 degrees of freedom with an RMSR of 0.037 and a CFI of 0.952. Table 3, Table 4 display standardized structural path estimates for *I* and *B*, respectively. Path estimates corresponding to each specific hypothesis are included.

**Table 3.** Standardized structural path estimates (*I*)

Path to:	Moral equity	Contract	Relativism
Positive affect	.78 ( $P<.001$ )		
Negative affect	-.78 ( $P<.001$ )		
Interest	-.09 (ns)	.31 ( $P<.01$ )	
Intentions		.41 ( $P<.001$ )	.11 ( $P<.10$ )

**Table 4.** Standardized structural path estimates (*B*)

Path from:	Positive affect	Negative affect	Interest	Intentions
Positive affect				
Negative affect	-.18 <sup>a</sup> ( $P<.01$ )			
Interest	.50 <sup>a</sup> ( $P<.001$ )	-.22 <sup>a</sup> ( $P<.05$ )		
Intentions	.18 ( $P<.01$ )	-.33 ( $P<.001$ )	.06 ( $P>.1$ )	

<sup>a</sup> These coefficients are not relevant to study hypotheses, but the covariances have been estimated freely to allow for the expected covariance between theoretically related dimensions. Without allowing for this covariation, high residuals would result and other relationships might be overstated.

Hypothesis 1 predicted relationships between moral equity and each in-store emotion and between contractualism and negative affect. Results are consistent with Hypothesis 1a as evidenced by the positive path coefficient from moral equity to positive affect ( $\gamma_{11}=.78$ ,  $t=15.2$ ,  $P<.001$ ). Likewise, Hypothesis 1b is supported by  $\gamma_{21}$  with a standardized estimate of  $-.78$  ( $t=-14.4$ ,  $P<.001$ ), suggesting that as an individual feels that he/she was not treated fairly, higher levels of negative affect are experienced. In contrast, the hypothesized path from moral equity to interest (Hypothesis 1c) was not supported. Hypothesis 1d, predicting a positive relationship between contractualism and interest, is supported by  $\gamma_{32}$  with a standardized estimate of .31 ( $t=2.2$ ,  $P<.01$ ).

Hypothesis 2a, Hypothesis 2b predicted positive direct effects of both contractualism and relativism on future patronage intentions. Hypothesis 2a is supported by a significant positive path estimate ( $\gamma_{42}=.41$ ,  $t=3.7$ ,  $P<.001$ ). However, the results of Hypothesis 2b are equivocal as indicated by  $\gamma_{43}$ , which was estimated to be .11 ( $t=1.5$ ,  $P<.10$ ).

Hypothesis 3a, Hypothesis 3b, Hypothesis 3c depicted the expected paths from affect to future purchase intentions (see Table 4). Hypotheses 3a is supported by  $\beta_{41}$ , estimated to be .18 ( $t=2.7$ ,  $P<.01$ ). Thus, positive affect experienced during the sales interaction produces higher future purchase intentions. Hypothesis 3b, predicting a negative relationship between negative affect and future patronage intentions, is also supported ( $\beta_{42}=-.33$ ,  $t=-3.2$ ,  $P<.001$ ). In contrast, the relationship between interest and intentions did not emerge as indicated by a nonsignificant estimate for  $\beta_{43}$ .

A post hoc examination of structural coefficient results was also conducted to explore potential improvements in theoretical fit. The residuals did not suggest that a significant improvement in fit could be realized by freeing any remaining path coefficient. The highest structural residual and modification index suggested a relationship between moral equity and intentions. However, an attempt to relax this path did not improve fit significantly. Therefore, while the model suggests a partial mediation of the effects of contractualism on purchase intentions, positive affect appears to mediate more fully the effect of moral equity.

## 7. Discussion

This research combines theory concerning shopper emotions with theory concerning marketing ethics. Results from the current study extend both research themes and generally suggest that good ethics is good retailing practice. First, the research supports the use of the multidimensional ethics scale (MES) in a consumer behavior/patronage context (Robin et al., 1997). Previously, the MES had been used primarily as a tool for allowing employees to rate other employees' behaviors as described in various scenarios. Results presented here indicate that this measure maintains construct validity when used to assess consumer judgments of an actual retail sales encounter.

Second, results indicate that perceived moral equity is related to affect evoked in the retail-selling dyad. Moral equity is significantly related to both positive and negative affect. This finding indicates that consumers respond in a fashion similar to business buyers upon perceiving that salespeople are acting opportunistically (Smith and Barclay, 1997). This emotional reaction serves as an instinctive defensive mechanism.

Perceived violations of implied contracts also affect consumer perceptions of negative affect. Once again, these implied or expected contracts vary between sales settings. For example, a consumer may fully expect a somewhat adversarial encounter when dealing with a used car salesperson yet not expect to have to adopt an adversarial stance when dealing with an insurance agent selling homeowner's insurance. In fact, most experienced consumers would expect these two salespeople to behave quite differently. While very different behaviors may be objectively noted during these two encounters, if a consumer's expectations are met or exceeded concerning

the content of the sales encounter then similar emotional responses may result. Conversely, if expectations relative to a particular sales setting are not met, then the encounter will typically result in the customer experiencing negative affective reactions, which may lead to lower levels of satisfaction and, directly or indirectly, to a reduced likelihood of future purchases.

Third, ethical perceptions affect future shopping intentions. Positive affect and negative affect mediate the relationship between moral equity and future patronage intentions. Similarly, there is an indirect relationship between contractualism and future patronage intentions through negative affect. In addition to this indirect path, there is a direct effect from contractualism to future patronage intentions, suggesting that the contractualism→intentions relationship is only partially mediated by negative affect.

Previous research examining the effect of equity on customer satisfaction indicates that perceptions of equity from the salesperson and firm play a significant role in determining customer satisfaction with the salesperson and firm (Oliver and Swan, 1989b). In fact, in the Oliver and Swan (1989a) study, equity was the most important predictor of satisfaction with a purchase encounter. When findings from the current study are combined with the satisfaction results, it becomes increasingly evident that customer perceptions of equity are critically important in helping encourage consistent behavior patterns that lead to loyalty.

### 7.1. Implications

The potential implications of these findings on retail sales encounters are far ranging and suggest the need for action by many retail organizations. First, retailers may want to consider more carefully the consequences of policies that directly affect salesperson behavior. For example, salesperson behaviors that may be perceived as effective in generating sales (i.e. closing hard and often) may give off cues that trigger questions of moral equity or contractualism. Further, organizational requirements emphasizing the sale of particular items or service contracts may lead to extremely aggressive salesperson behaviors that are quite clearly related to the firm's short-term best interest, but may not be in the best interest of the customer.

One possible consequence of these negatively perceived types of sales behaviors is that negative word-of-mouth may result and future patronage intentions can be harmed. Previous work in the area of word-of-mouth communication suggests that unhappy customers are more actively involved in providing negative word-of-mouth than are happy customers in generating positive word-of-mouth communication (Albrecht and Zemke, 1985). Thus, one sales encounter that a consumer views as unethical or unfair may result in a large amount of negative communication with other consumers concerning the firm.

Sales training should involve more than just “how to do things,” such as entering sales information into a computer, presenting products/services effectively and/or closing a sale. Sales training also should incorporate information illustrating how customers view sales encounters. If customers typically see the salesperson as an adversary, training could focus on reducing this tension with the customer, hopefully resulting in the customer being delighted, or at least satisfied. Interacting with a customer-oriented salesperson can be expected to result in greater satisfaction with the retail establishment (see Goff et al., 1997). If a particular encounter is

expected to be pleasant, then sales personnel should be encouraged to explore ways of making the encounter outstanding. Once again, a customer whose expectations are exceeded is likely to have greater levels of positive affect relative to the salesperson and firm than one whose expectations are only just met.

Another area of possible concern involves other policies and/or practices that may potentially evoke ethical cognitions. These policies and practices include loss-leader advertising, margin-based compensation methods, sales volume compensation approaches, price discrimination and various other sales promotions. Depending on the way that these approaches are utilized, they can generate considerable negative affect among customers. Consider a salesperson attempting to switch a potential customer from an advertised loss-leader to a higher-priced product. If a salesperson fails to fully investigate a consumer's needs, including the possibility that the loss-leader would make a good purchase, then this sales encounter may end on a very negative note. However, if the salesperson is able to clearly show why the product is not right for the customer and steer him/her to a purchase that better meets his/her needs, then the customer may be very pleased with the encounter—especially if it exceeds expectations. Fortunately, this issue is one that can be addressed by organizational and/or management action. Firms will find that a well-trained sales force skilled at uncovering consumer needs and helping find products/services that meet those needs can be their greatest asset. Conversely, an organization without well-trained retail personnel may be operating at a tremendous disadvantage.

## 7.2. Limitations

Although results from this research expand the current knowledge base, there are several important limitations as well. First, the sample is composed primarily of younger consumers. While most of them hold full-time jobs, and many are heads of households, their responses may not be completely generalizable to the population at large. Older or more affluent consumers may have a different perspective on these ethical cues and respond to them quite differently. Likewise, the retail encounters described vary considerably with respect to the amount of money spent and the degree of interaction with the salesperson. Thus, we cannot say with certainty that the results could be replicated in a study examining a sample of more homogeneous purchases. The results rely on consumer self-reports. However, common methods variance is attenuated somewhat as several different scale types were used across different items. Despite these limitations, the study reports several important findings that have implications for retailers as well as researchers in the area of sales force management and consumer behavior.

## 8. Future research

Additional research is needed to better understand consumers' ethical cognitions and their consequences. Primarily, retail management would benefit greatly from an understanding of the antecedents of consumer perceptions of ethical/unethical behavior. Precisely which cues existing in the retail environment lead a consumer to differentiate retailers based on ethical perceptions? More specifically, which salesperson behaviors are likely to be judged as ethical or unethical by the consumer? The consumer categorization process holds some potential for isolating these types of cues (see Babin et al., 1995). It is conceivable that physical cues may also lead to various ethical differences. For instance, a retailer that uses large price signage or obnoxious

sales approaches may trigger ethical defense mechanisms developed through experience and counter argumentation.

A related area of research involves examining sales scripts from both the salesperson and buyer perspectives. Script research has been undertaken in business sales settings (e.g., Leigh and Rethans, 1984, Leigh and McGraw, 1989), but it has yet to be closely examined in a retail setting. By studying the retail sales encounter, it may be possible to identify various salesperson behaviors that trigger perceptions of dishonesty or unethical dealings.

Retail employee behaviors also can be linked to specific managerial or organizational variables. Output/process controls can certainly be expected to shape behavior among retail employees. Payment by a straight commission system might lead to short-term focus among salespeople that could be detrimental to customer loyalty and a firm's long-term profitability. Longitudinal research designs may be able to address the effects of these actions on both customers and the firm.

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