Negative Word-of-Mouth as a Consequence of Customer Relationship Termination

Work-in-Progress

ABSTRACT

According to efficiency considerations, which demand an optimal resource allocation within a customer portfolio, sellers should terminate long-term unprofitable customer relationships. However, a seller-initiated relationship ending is a challenging task for sellers, as negative consequences may arise. Customers with whom a business relationship has been terminated might demonstrate negative reactions such as dissatisfaction, loss of trust, retributive justice and anger. Moreover, these customers might exert a negative influence on other customers by spreading negative word-of-mouth. Negative word-of-mouth can be considered as negative publicity from a trustworthy source that is very difficult to control.

According to prior research, the extent to which a customer is inclined to spread negative word-of-mouth depends on the manner in which the seller ends the business relationship. There is a variety of communication strategies that companies can employ for ending a business relationship. These strategies can be differentiated in terms of their directness and customer-orientation. The extent of directness and customer-orientation while terminating a customer relationship is crucial in respect of negative customer reactions. However, to the best of our knowledge, no research has yet quantitatively analyzed the variety of possible dissolution strategies' impact on negative word-of-mouth behavior in the B2B context.

Against this background, the aim of this paper is to analyze diverse dissolution strategies' influence on customers' negative word-of-mouth behavior. More concretely, we investigate the dissolution strategies proposed by Alajoutsijärvi, Möller, and Tähtinen (2000). In this context, our special interest is to ascertain which dissolution strategies are appropriate in terms of reducing negative word-of mouth.

Keywords: negative Word-of-Mouth, Relationship Termination, Dissolution Strategies

INTRODUCTION

Efficiency considerations are crucial while managing a customer portfolio. Customer management demands for many resources which need to be invested in development and sustainment of individual customer relationships. Companies have only limited resources available which should be allocated in an optimal way in order to get the highest return on investment (Haenlein, Kaplan & Schoder 2006, p. 5; Helm, Rolfes & Günter 2006, p. 378; Pick 2010, p. 97). This implies that in the context of customer portfolio management the customers should be treated in a differentiated manner as not all of them generate the same value to the seller (Helm 2004, p. 77; Pressey & Selassie 2007, p. 142; Homburg, Droll & Totzek, p. 114). On the one hand sellers should not only treat the customers according to their priority status but also develop specific measures to make the customers even more profitable in future (Johnson & Selnes 2004, p. 1; Rogers 2005, p. 262). On the other hand, efficiency considerations also demand for termination of those customer relationships which generate no value to the seller or even destruct it (Helm 2004, p. 78; Michalski 2004, p. 981; Reinartz, Krafft & Hoyer 2004, p. 294; Suh, Ahn & Rho 2009, p.1).

In literature on customer portfolio management, much attention has been paid to the questions how to evaluate and prioritize customers as well as how profitable customer relationships can be developed further in order to secure sustainable growth in future (Homburg, Droll & Totzek, p. 114; Homburg, Steiner & Totzek 2009, p. 72). Much less attention has been paid to the question how to deal with those customer relationships which are unprofitable for the seller (Helm 2004, p. 78). The lack of research is quite surprising as the problem of customer unprofitability is of high relevance for practitioners (Helm 2004, p. 78; Tähtinen & Havila 2004, p. 921). The seller-initiated relationship ending with long-term unprofitable customers is a challenging task for sellers, as different negative consequences may arise (Helm, Rolfes & Günter 2006, p. 372; Pick 2010, p. 99). From the internal perspective, it is the acceptance of termination on the part of the employees who are to implement the measures for relationship ending that might turn out as a problem affecting employee satisfaction (Giller & Matear 2001, p. 108; Homburg, Droll & Totzek, p. 119; Pick 2010, p. 99). From the external perspective, it is the image of the seller which could be severely damaged (Helm, Rolfes & Günter 2006, p. 372; Pick 2010, p. 99). Customers with whom a business relationship has been terminated might demonstrate negative attitudes towards the seller and spread negative word-of-mouth sharing their experiences in the network (Bougie, Pieters & Zeelenberg 2003, p. 378; Hibbard, Kumar & Stern 2001, p. 56; Haenlein & Kaplan 2009, p. 94; Richins 1983, p. 68).

The consequences of the negative word-of-mouth might have tremendous impact on the success of the seller in future (Bayus 1985, p. 31; Kumar, Petersen & Leone 2007, p. 140; Richins 1983, p. 68). Negative word-of-mouth can be considered as negative publicity from a trustworthy source that is very difficult to control (Bansal & Voyer 2000, p. 166; Charlett, Garland & Marr 1995, p. 42; Mangold, Miller & Brockway 1999, p. 73). It can be spread not only from the original source but also from secondary sources that only heard of the negative experience. In terms of seller-initiated relationship ending, the negative word-of-mouth of customers with whom business relationships have been terminated affects both existing and prospective customers (Kumar, Petersen & Leone 2007, p. 140; Stephens & Gwinner 1998, p.

172). The existing customers might become uncertain about their own business relationship to the seller and consider such negative facts while making their buying decisions in future (Mangold, Miller & Brockway 1999, p. 73). The prospective customers might tend to avoid doing business with the seller not being sure of the long-term security of the business relationship.

According to prior research, the extent to which a customer is inclined to spread negative word-of-mouth depends on the manner in which the seller ends the business relationship (Giller & Matear 2001, p. 108; Holmlund & Hobbs 2009, p. 270; Tähtinen & Halinen 2002, p. 173; Young 2004, p. 291). There is a variety of communication strategies that companies can employ for ending a business relationship. These strategies can be differentiated in terms of their directness and customer-orientation. The extent of directness and customer-orientation while terminating a customer relationship is crucial in respect of negative customer reactions (Giller & Matear 2001, p. 108; Pick 2010, p. 100; Tähtinen & Halinen 2002, p. 173). However, to the best of our knowledge, no research has yet quantitatively analyzed the variety of possible dissolution strategies' impact on negative word-of-mouth behavior in the B2B context (Pick 2010, p. 97).

Against this background, the aim of this paper is to analyze diverse dissolution strategies' influence on customers' negative word-of-mouth behavior. More concretely, we investigate the dissolution strategies proposed by Alajoutsijärvi, Möller, and Tähtinen (2000). In this context, our special interest is to ascertain which dissolution strategies are appropriate in terms of reducing negative word-of mouth. In order to answer these research questions, we investigate the evolvement of negative word-of-mouth in the context of customer relationship termination. Thereby, we draw upon the equity theory as one of the social exchange theories in order to explain how the seller-initiated relationship termination evokes customer dissatisfaction and loss of trust (Cody 1982, p. 157). Applying attribution theory, we then consider negative emotions and attitudes resulting from dissatisfaction and loss of trust. Negative word-of-mouth is one of the mechanisms for coping with negative emotions and attitudes (Bagozzi 1992, p. 186; Nyer 1997a, p. 81; Nyer 1997b, p. 303; Schoefer/Diamantopoulos 2008, p. 97; Watson & Spence 2007, p. 490). Using this theoretical model, we aim to understand how strong the influence of the attitudinal and emotional constructs on the negative word-of-mouth behavior is for different business relationship ending strategies.

As we intend to conduct a large-scale scenario-based online experiment in order to test our theoretical model, our study contributes to empirical quantitative investigation of dissolution strategies. Further, this study makes a contribution to the research on negative word-of-mouth behavior in the B2B context. As we include attitudinal and emotional constructs into our research model, we follow the propositions made in recent studies to account for the influence of emotions in business relationships (Ryan & Blois 2009, p. 1ff.; Tähtinen & Blois 2010, p. 1ff.). Moreover, our study will provide concrete managerial implications as far as management of long-term unprofitable customer relationships is concerned.

SELLER-INITIATED RELATIONSHIP TERMINATION

STRATEGIES FOR BUSINESS RELATIONSHIP ENDING

Alajoutsijärvi, Möller, and Tähtinen (2000, p. 1273ff.) propose a variety of communication strategies which can be applied in order to end a business relationship. Thereby, communication implies all possible communicative behaviors such as spoken and written messages as well as actions or their absence. The approach of Alajoutsijärvi, Möller, and Tähtinen (2000, p. 1273ff.) draws upon the exit, voice and loyalty framework of Hirschman (1970) combined with dissolution strategies of interpersonal relationships proposed by Baxter (1985) within the field of social psychology. Exit and voice are the two options available to an actor if a business relationship proves troublesome or inappropriate. In case of an exit strategy, the initiator of the dissolution just terminates the business relationship looking for a new partner (Vaaland 2006, p. 7). A voice strategy is applied when the initiator of the dissolution actively tries to save the business relationship addressing the causes for the dissolution together with the partner (Vaaland 2006, p. 7). Although the exit and voice framework can be regarded as the basis for relationship dissolution, it lacks a differentiated consideration of possible constellations within different kinds of business relationships. Therefore, Alajoutsijärvi, Möller and Tähtinen (2000, p. 1274) combine the Hirschman's framework with findings in social psychology made by Baxter.

Researching on personal relationships and their endings, Baxter (1985, p. 247) classifies the possible strategies for relationship dissolution in terms of their directness as well as other- and self-orientation. When implementing indirect strategies, the selling company does not explicitly express its wish to terminate the business relationship to the customer. Rather, the company employs disguising behavior, using hints and actions that reveal its attitude towards the current business relationship (Alajoutsijärvi, Möller & Tähtinen 2000, p.1274). If the selling company uses direct dissolution strategies, it openly communicates its wish to terminate the current business relationship to the customer (Alajoutsijärvi, Möller & Tähtinen 2000, p. 1274). In terms of the orientation, the initiator of the dissolution can use other-oriented strategies being aware of the consequences of the dissolution for the partner and taking them into account. If the disengager is not inclined to consider the perspective of the partner, the dissolution of the business relationship takes place by means of self-oriented strategies. The other-oriented way of ending a business relationship is usually a costly one as it demands for some time and effort on the part of the disengager (Haenlein & Kaplan 2011, p. 78). Table 1 demonstrates the typology of dissolution communication strategies proposed by Alajoutsijärvi, Möller, and Tähtinen.

		Other-oriented	Self-oriented
Indirect	Disguised exit	Pseudo-de-escalation	Cost escalation
			Signalling
	Silent exit	Fading away	Withdrawal
Direct	Communicated exit	Negotiated farewell	*Fait accompli*
			Attributional conflict
	Revocable exit	Mutual state-of-the-relationship talk	Diverging state-of-the-relationship talk
	Voice	Changing the relationship	Changing the partner

Table 1: Typology of communication strategies in buyer-seller relationship dissolution
Source: Alajoutsijärvi, Möller, and Tähtinen (2000, p. 1274)

In the present research, we regard the case when the selling company is confronted with the need to terminate a business relationship to an unprofitable customer after attempts of a U-turn have failed. Thereby, U-turn is defined in literature as a turn-around in a business relationship with a customer after restoring its profitability and attractiveness for the seller (Haenlein & Kaplan 2009, p. 91; Pick 2010, p. 104). Analyzing the content of the possible dissolution strategies within the typology proposed by Alajoutsijärvi, Möller, and Tähtinen, we differentiate between the strategies aiming at the U-turn and at the definite termination. Strategies which can be used for the U-turn are the two voice-strategies: 'Changing the relationship' and 'Changing the partner' as well as the two revocable exit-strategies: 'Mutual state-of-the-relationship talk' and 'Diverging state-of-the-relationship talk' (Vaaland 2006, p. 7). These strategies are not regarded further as only the definite termination of business relationships is of primary interest to us. For the present research, we consider both other-oriented and self-oriented communication strategies of disguised exit, silent exit, and communicated exit (Vaaland 2006, p. 7).

Pseudo-de-escalation is the other-oriented strategy of the disguised exit. Using this strategy, the selling company communicates to the customer its wish to change the business relationship but does not reveal its intention to end it (Alajoutsijärvi, Möller & Tähtinen 2000, p. 1274). Cost escalation is the self-oriented version of disguised exit. Similar to pseudo-de-escalation, the selling company does not reveal the intention to end the business relationship to the customer. It just raises the costs of the relationship to a point where the customer is forced to end the current relationship to this seller (Alajoutsijärvi, Möller & Tähtinen 2000, p. 1275). Signalling is a self-oriented strategy which is used when the seller expresses the intention to end the business relationship to a customer through public media or other actors in the network (Alajoutsijärvi, Möller & Tähtinen 2000, p. 1275). Fading away is the other-oriented strategy of the silent exit. The seller does not need to discuss the intention to end the business relationship as the customer already anticipates it. In order to avoid conflicts, both business partners keep silent about the future of their relationship (Alajoutsijärvi, Möller & Tähtinen 2000, p. 1275). The self-oriented version of the silent exit is withdrawal. The seller expresses the wish to end the business relationship through changed behavior reducing openness and frequency of communication to the customer and cutting the investments into the relationship (Alajoutsijärvi, Möller & Tähtinen 2000, p. 1275).

Pseudo-de-escalation, cost escalation, signaling, fading away, and withdrawal are the indirect strategies of business relationship ending characterized by the absence of clear statements that the relationship is to be terminated. Negotiated farewell, *fait accompli*, and attributional conflict are the direct strategies of business relationship ending characterized by open communication between the seller and the customer about the seller's intention to end the relationship. Negotiated farewell is the other-oriented strategy of communicated exit. The seller elaborates to the customer the reasons for the decision to terminate the business relationship (Alajoutsijärvi, Möller & Tähtinen 2000, p. 1275). Using *fait accompli* strategy to terminate a customer relationship, the seller states to the customer the intention to end the business relationship without further explanations and discussions which is a strongly self-oriented way to leave a business partner (Alajoutsijärvi, Möller & Tähtinen 2000, p. 1275). Attributional conflict is also a self-oriented strategy of communicated exit. Applying this strategy, the seller allows for a discussion after stating the wish to end the business relationship but attributes the reason for the termination to the customer (Alajoutsijärvi, Möller & Tähtinen 2000, p. 1275).

CUSTOMER REACTIONS TO SELLER-INITIATED RELATIONSHIP TERMINATION

In case that a business relationship termination is initiated by the seller, it can be assumed that the buyer is interested in continuation of the business relationship expecting it to become a long-term one. As customers are aware of the benefits of the long-term relationships with their sellers, they also invest resources into the establishment and development of these relationships (Frazier 1983, p. 74; Ranaweera & Prabhu 2003, p.84). Terminating a business relationship to an unprofitable customer, the seller fails to fulfill the expectations of this customer as far as the long-term orientation of the partnership is concerned. Moreover, the customer suffers considerable losses being forced to switch the supplier (Singh 1990, p. 2). Thus, the seller causes both psychological and economic costs for the buyer (Homburg, Fürst & Prigge 2010, p. 532; Lefaix-Durand & Kozak 2010, p. 133f). Against this background, negative reactions of the customer to whom a business relationship is terminated can be assumed (Haenlein & Kaplan 2009, p. 94; Pick 2010, p. 99).

In terms of theoretical underpinnings, we draw on the equity theory as one of the exchange theories in order to explain our assumptions concerning negative customer reactions and to derive our research propositions (Cody 1982, p. 157f.; Homburg, Fürst & Prigge 2010, p. 532). Equity theory is insofar appropriate for the present research as it deals with resource allocation within exchange relationships between two parties (Adams 1963, p. 424). Scheer, Kumar and Steenkamp (2003, p. 303ff.) emphasize the relevance of equity theory also for interorganizational exchange relationships. According to the primary proposition of the equity theory which is also known as the "equity norm", one party is inclined to compare its own outcome-input-ratio with the outcome-input-ratio of the counterparty (Carrel & Dittrich 1978, p. 203; Huseman, Hatfield & Miles 1987, p. 222). Thereby, input can be conceptualized in terms of resources invested into a business relationship whereas outcome means rewards which a party obtains from a relationship. Equity is perceived if the outcome-input-ratio of one party equals the outcome-input-ratio of the counterparty. When a company perceives inequity concerning the own outcome-input-ratio opposed to outcome-input-ration of the business partner, it is likely to react

with distress (Cody 1982, p. 158; Frazier 1983, p. 74; Scheer, Kumar & Steenkamp 2003, p. 303). A relationship dissolution which is initiated by the seller might be interpreted by the customer as an inequity. This perceived inequity is likely to affect customer satisfaction and trust to the seller (Dwyer, Schurr & Oh 1987, p. 18; Frazier 1983, p. 74; Homburg, Fürst & Prigge 2010, p. 532). Moreover, according to the attribution theory, seller-initiated ending of business relationships might also cause some emotional and attitudinal customer reactions (Dwyer, Schurr & Oh 1987, p. 19f.; Giller & Matear 2001, p. 94; Kaufmann & Stern 1988, p. 535; Szymanski & Henard 2001, p. 17; Watson & Spence 2007, p. 489). The basic assumption of the attribution theory is that individuals tend to make causal attributions while explaining the reasons for some events or behaviors of others (Frazier 1983, p. 73f.; Mizerski, Golden & Kernan 1979, p. 123ff.; Oliver 1993, p. 421). Attributions can be either internal or external depending on whom the individual holds responsible for or in control of the situation (Nyer 1997a, p. 82; Watson & Spence 2007, p. 496). Applying attribution theory to the conflict situations in the B2B setting, several typologies for classification of attributions have been proposed in literature (Frazier 1983, p. 73f.; Hibbard, Kumar & Stern 2001, p. 47). Based on the classification of Hibbard, Kumar & Stern (2001), attributions can be made to the own company, the business partner or to some external circumstances. In case of seller-initiated relationship dissolution, the buyer is likely to make the attribution to the selling company holding it in control of the situation. A further assumption of attribution theory is that the external attribution made to the business partner in a situation of perceived unfairness or inequity leads to negative emotional and attitudinal reactions (Hibbard, Kumar & Stern 2001, p. 48; Nyer 1997a, p. 80; Szymanski & Henard 2001, p. 17; Watson & Spence 2007, p. 497). Thus, dissatisfaction and loss of trust resulting from perceived inequity can evoke anger and retributive justice addressed to the seller as the initiator of the termination (Bougie, Pieters & Zeelenberg 2003, p. 378; Hibbard, Kumar & Stern, 2001, p. 48; Szymanski & Henard 2001, p. 19).

Generally in emotion research, behaviors are considered to be coping mechanisms which are used in order to process negative emotions and attitudes (Chebat, Davidow & Codjovi 2005, p. 332; Gelbrich 2010, p.569; Nyer 1997b, p. 297; Stephens & Gwinner 1998, p. 181). In the context of seller-initiated relationship termination, customers having negative attitudes and emotions towards the seller might engage into the negative word-of-mouth behavior (Nyer 1997a, p. 80; Szymanski & Henard 2001, p. 19). Doing so, customers demonstrate their negative reactions on the behavioral level coping with their dissatisfaction, loss of trust, anger and retributive justice (Bougie, Pieters & Zeelenberg 2003, p. 378; Szymanski & Henard 2001, p. 19; Walsh 2009, p. 158).

RESEARCH PROPOSITIONS & METHODOLOGY

RESEARCH MODEL

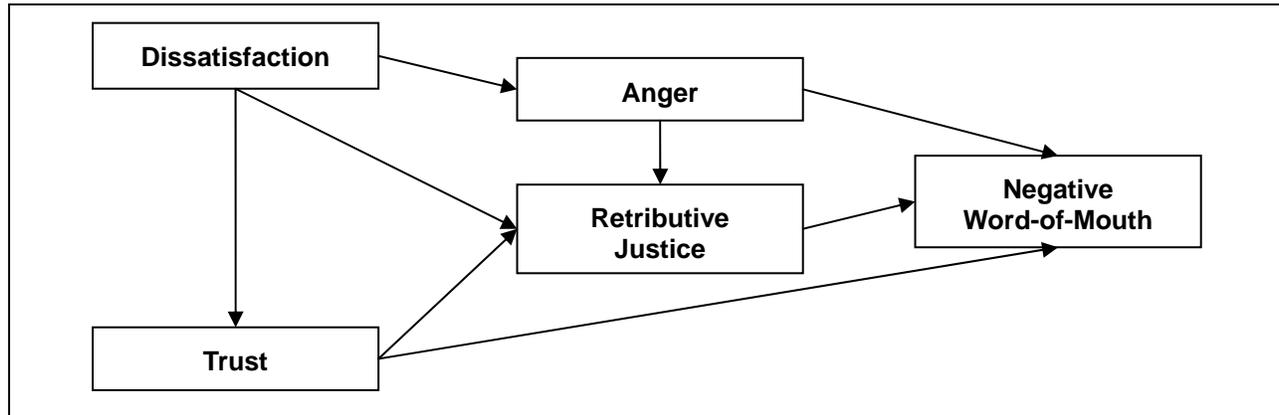Figure 1 presents our general research model.

Figure 1: Research Model

RESEARCH PROPOSITIONS

From the perspective of equity theory, the seller-initiated relationship termination can be interpreted by the buyer as inequity and unfairness affecting buyer's satisfaction. The concepts of satisfaction and dissatisfaction have been often investigated in literature in terms of Confirmation – Disconfirmation Paradigm (Buttle 1998, p. 246; Eggert & Ulaga 2002, p. 108; Oliver 1993, p. 419; Oliver 2010, p. 100). Disconfirmation is a result of an appraisal of events in respect of their goal congruence and expectations (Gelbrich 2010, p. 568; Nyer 1997b, p. 296). If the expectations are not fulfilled and an event is categorized as goal incongruent, negative disconfirmation is likely to occur (Buttle 1998, p. 246). Dissatisfaction is considered to be an outcome of negative disconfirmation (Buttle 1998, p. 246; Gelbrich 2010, p. 568; Nyer 1997b, p. 296; Peters & O'Connor 1980, p. 393). In the context of buyer-seller relationships, the long-term orientation of the business partnership can be considered as a goal. If the seller terminates the business relationship, negative disconfirmation and goal incongruence can be assumed on the part of the customer resulting in customer dissatisfaction. According to emotion research, anger is one of the emotional reactions which dissatisfaction is likely to evoke (Bougie, Pieters & Zeelenberg 2003, p. 384; Cody 1982, p. 158). This leads to our first proposition:

Proposition 1: Dissatisfaction is positively correlated to Anger.

Experiencing negative disconfirmation as a result of not fulfilled expectations is also related to the question of blame attribution (Bougie, Pieters & Zeelenberg 2003, p. 384; Oliver 1993, p. 421; Singh & Wilkes 1996, p. 354). In the present research, we assume that the customer company attributes its dissatisfaction to the seller. Perceived unfairness motivates the

7

customer to resolve the inequity producing the desire of compensation which leads to retributive justice (Buttle 1998, p. 250; Cody 1982, p. 158; Darley & Pittman 2003, p. 325ff.; Hibbard, Kumar & Stern 2001, p. 48). Therefore, we propose:

Proposition 2: Dissatisfaction is positively correlated to Retributive Justice.

Trust is considered to be one of the cornerstones of successful long-term business relationships. Dwyer, Schurr & Oh (1987, p. 18) regard trust as one of the central concepts for establishment and development of buyer-seller relationships in industrial markets (also Doney & Cannon 1997, p. 36; Hibbard, Kumar & Stern 2001, p. 48; Morgan & Hunt 1994, p. 24). Generally, trust can be defined as confidence of one party in reliability and integrity of the other party (Dwyer, Schurr & Oh 1987, p. 18; Hocutt 1998, p. 192; Morgan & Hunt 1994, p. 23f.; Walter et al. 2003, p.161). Anderson & Narus (1990, p. 45) define organizational trust as "the firm's belief that another company will perform actions that will result in positive outcomes for the firm as well as not take unexpected actions that result in negative outcomes." Based on this definition, we assume that seller-initiated relationship termination to an unprofitable customer leads to the loss of trust (Hibbard, Kumar & Stern 2001, p. 56; Kaufmann & Stern 1988, p. 540; Morgan & Hunt 1994, p. 25). Terminating the relationship, the seller takes actions which harm the interests of the customer and elicit negative outcomes. Research on the concept of trust shows that satisfaction is related to trust (Doney & Cannon 1997, p. 35; Ranaweera & Prabhu 2003, p. 87; Sajtos & Kreis 2010, p. 157; Singh & Sirdeshmukh 2000, p. 160). Singh & Sirdeshmukh (2000, p. 160) argue that dissatisfaction manifested in seller-attributed negative disconfirmation of expectations reduces customer trust. According to these considerations, we pose our next proposition:

Proposition 3: Dissatisfaction is negatively correlated to Trust.

Loss of trust as a result of seller-attributed negative disconfirmation of expectations is associated with the customer feeling betrayal and desire of revenge (Darley & Pittman 2003, p. 325ff.; Giller & Matear 2001, p. 94; Hibbard, Kumar & Stern 2001, p. 48; Kaufmann & Stern 1988, p. 540; Singh & Sirdeshmukh 2000, p. 160; Watson & Spence 2007, p. 497). Therefore, we state the following proposition:

Proposition 4: Trust is negatively correlated to Retributive Justice.

In research on customer complaining behavior, the concepts of satisfaction and trust are regarded as strong predictors of word-of-mouth (Ranaweera & Prabhu 2003, p. 82). Singh & Sirdeshmukh (2000, p. 157) emphasize that the effect of distrust is likely to be even stronger as compared to the effect of trust. In the context of seller-initiated relationship termination, customers might engage in the negative word-of-mouth behavior coping with the loss of trust and potential distrust (Darley & Pittman 2003, p. 329). Based on this assumption, we propose:

Proposition 5: Trust is negatively correlated to Negative Word-of-Mouth.

Anger is considered to be one of the strongest negative fundamental emotions which is related to appraisals of events and classifying them as harmful (Bougie, Pieters & Zeelenberg 2003, p. 379; Gelbrich 2010, p. 568). The distinguishing feature of this emotion is the element of blame (Bougie, Pieters & Zeelenberg 2003, p. 379; Gelbrich 2010, p. 568f.; Oliver 1993, p. 421). Experiencing anger implies not only the blame attribution but also the assumption that the harm has been done on purpose (Bougie, Pieters & Zeelenberg 2003, p. 379; Gelbrich 2010, p. 568f.). High levels of anger are linked to the desire of retributive justice (Darley & Pittman 2003, p. 332; Hibbard, Kumar & Stern 2001, p. 56; van Prooijen 2006, p. 718; Wetzler, Zeelenberg & Pieters 2007, p. 662). According to this link, we propose:

Proposition 6: Anger is positively correlated to Retributive Justice.

In research on word-of-mouth, consideration of emotions is crucial in order to gain deeper insights into evolvement of this behavior (Nyer 1997b, p. 299; Wetzer, Zeelenber & Pieters 2007, p. 663). Anger has been found a strong predictor of negative word-of-mouth and a full mediator of the influence of dissatisfaction on the negative word-of-mouth behavior (Bougie, Pieters & Zeelenberg 2003, p. 379ff.; Gelbrich 2010, p. 568ff.; Nyer 1997b, p. 299ff.; Singh 1990, p. 80, Wetzer, Zeelenber & Pieters 2007, p. 663). According to emotion research, behaviors are considered to be coping mechanisms that are activated in order to process negative emotions and to reduce stress (Chebat, Davidow & Codjovi 2005, p. 332; Gelbrich 2010, p.569; Nyer 1997, p. 297; Stephens & Gwinner 1998, p. 181). In the context of seller-initiated relationship termination, customers might engage in negative word-of-mouth behavior coping with anger. Based on these findings, we claim the following proposition for our present research:

Proposition 7: Anger is positively correlated to Negative Word-of-Mouth.

The concept of retributive justice which has been neglected in the past currently receives more attention of researchers in the field of social psychology (Darley & Pittman 2003, p. 324). This concept deals with fundamental emotions and cognitions which evolve in result of experiencing harm and injustice (Darley & Pittman 2003, p. 324). After the blame has been attributed, there are two general classes of justice-providing reactions (Darley & Pittman 2003, p. 325). The first class focuses on the compensation for the victim whereas the second class addresses the punishment for the harm-doer (Darley & Pittman 2003, p. 325ff.). In the context of seller-initiated relationship termination, spreading negative word-of-mouth can be considered a justice-providing reaction of the customer aiming at punishment of the seller (Hibbard, Kumar & Stern 2001, p. 48; Walsh 2009, p. 158). Therefore, we propose:

Proposition 8: Retributive Justice is positively correlated to Negative Word-of-Mouth.

Research on dissolution of business relationships suggests that the manner in which a business relationship is ended exerts influence on the negative outcomes of the dissolution (Giller & Matear 2001, p. 108; Holmlund & Hobbs 2009, p. 270; Tähtinen & Halinen 2002, p. 173; Young 2004, p. 291). In the present research, we regard the case of seller-initiated relationship termination to unprofitable customers. Our aim is to investigate which strategies of business relationship ending render best results in terms of reducing and avoiding negative word-

of-mouth. The explorative research conducted on dissolution strategies states that other-oriented and direct strategies are to recommend for an ending of a business relationship (Alajoutsijärvi, Möller & Tähtinen 2000, p.1284; Giller & Matear 2001, p. 108). Therefore, we will test all the propositions of the general research model at first for other-oriented strategies and then for self-oriented strategies. Thereby, we assume that the influence of the independent variables of the model on the dependent variable is likely to be weaker for other-oriented strategies as compared to self-oriented ones. In a similar vein, we will conduct the testing of our propositions for direct strategies followed by the testing of the propositions for the indirect strategies. Drawing on the results of explorative research, we assume here that the influence of the independent variables of the model on the dependent variable is likely to be weaker for direct strategies as compared to indirect ones.

RESEARCH DESIGN & METHOD

In order to investigate our research model we will conduct a large-scale scenario-based online experiment among practitioners representing B2B companies. Strategies of business relationship dissolution proposed by Alajoutsijärvi, Möller, and Tähtinen (2000) will be conceptualized in terms of scenarios describing the typical actions of the disengager pertaining to a particular strategy. By means of a filter-question, we intend to identify the respondents who have an experience with a business relationship dissolution initiated by the seller. These respondents will then be presented a scenario describing a certain dissolution strategy. Assignment of scenarios to respondents should be done randomly.

The Analysis of our research model will be performed using Structural Equation Modeling (SEM). Among all statistical methods of analysis, the SEM is so far the only one that allows analyzing complex dependence structures simultaneously considering constructs which cannot be measured directly (Homburg 1992, p. 500). All the constructs integrated into the research model of the present paper are the so called latent variables as they represent states, attitudes and emotions. The influence of independent latent variables on the dependent latent variable is assumed to be different for the various dissolution strategies examined. Thus, the dissolution strategy is regarded as a moderator. In order to analyze the effect of the dissolution strategy as moderator, a Multigroup Analysis within the Confirmative Factor Analysis should be applied.

CONCLUSION

Our study contributes to existing research on the business relationship ending. To the best of our knowledge, no quantitative research has been conducted on the variety of possible dissolution strategies. In particular, the research question of dissolution strategies' impact on negative word-of-mouth behavior in the B2B context has not been addressed yet. Currently, the concept of negative word-of-mouth gains increasing importance especially in B2B context. Thus, we contribute to this stream of research. Furthermore, our study also makes a contribution to the research of emotions in B2B setting. Besides that our results will have high practical relevance as they will provide concrete managerial implications for handling unprofitable customers and terminating business relationships with them in a least detrimental manner.

References

Adams, JS 1963, 'Towards an understanding of inequity', *Journal of Abnormal Social Psychology*, vol. 67, no. 5, pp. 422-436.

Alajoutsijärvi, K, Möller, K & Tähtinen, J 2000, 'Beautiful exit: how to leave your business partner', *European Journal of Marketing*, vol. 34, no. 11/12, pp.1270-1289.

Anderson, JC & Narus, JA 1990, 'A Model of Distributor Firm and Manufacturer Firm Working Relationships', *Journal of Marketing*, vol. 54, no. 1, p. 42-58.

Austin, W & Walster, E 1975, 'Equity with the World: The Transrelational Effects of Equity and Inequity', *Sociometry*, vol. 38, no. 4, pp. 474-496.

Bagozzi, RP 1992, 'The Self-Regulation of Attitudes, Intentions, and Behavior', *Social Psychology Quarterly*, vol. 55, no. 2, pp. 178-204.

Bansal, HS & Voyer, PA 2000, 'Word-of-Mouth Processes within a Service Purchase Decision Context', *Journal of Service Research*, vol. 3, no. 2, pp. 166-177.

Baxter, LA 1985, 'Accomplishing Relationship Disengagement', in S Duck & D Perlman (eds.), *Understanding Personal Relationships: An Interdisciplinary Approach* (pp. 243-265), Sage, London.

Bayus, LB 1985, 'Word of Mouth: The Indirect Effects of Marketing Efforts', *Journal of Advertising Research*, vol. 25, no. 3, pp. 31-39.

Bougie, R, Pieters, R & Zeelenberg, M 2003, 'Angry Customers Don't Come Back, They Get Back: The Experience and Behavioral Implications of Anger and Dissatisfaction in Services', *Journal of the Academy of Marketing Science*, vol. 31, no. 4, pp. 377-393.

Buttle, FA 1998, 'Word of mouth: understanding and managing referral marketing', *Journal of Strategic Marketing*, vol. 6, no. 3, pp. 241-254.

Carrell, MR & Dittrich, JE 1978, 'Equity Theory: The Recent Literature, Methodological Considerations, and New Directions', *The Academy of Management Review*, vol. 3, no. 2, pp. 202-210.

Charlett, D & Garland, R & Marr, N 1995, 'How damaging is Negative Word of Mouth?', *Marketing Bulletin*, vol. 6, pp. 42-50.

Chebat, J-C, Davidow, M & Codjovi, I 2005, 'Silent Voices: Why Some Dissatisfied Consumers Fail to Complain', *Journal of Service Research*, vol. 7, no. 4, pp. 328-342.

Cody, MJ 1982, 'A Typology of Disengagement Strategies and an Examination of the Role of Intimacy, Reactions to Inequity and Relational Problems Play in Strategy Selection', *Communication Monographs*, vol. 49, no. 3, pp. 148-170.

Darley, JM & Pittman, TS 2003, 'The Psychology of Compensatory and Retributive Justice', *Personality and Social Psychology Review*, vol. 7, no. 4, pp. 324-336.

Doney, PM & Cannon, JP 1997, 'An Examination of the Nature of Trust in Buyer-Seller Relationships', *Journal of Marketing*, vol. 61, no. , pp. 35-51.

Dwyer, FR, Schurr, PH & Oh, S 1987, 'Developing Buyer-Seller Relationships', *Journal of Marketing*, vol. 51, no. 2, pp. 11-27.

Eggert, A & Ulaga, W 2002, 'Customer perceived value: a substitute for satisfaction in business markets?', *Journal of Business & Industrial Marketing*, vol. 17, no. 2/3, pp. 107-118.

Frazier, GL 1983, 'Interorganizational Exchange Behavior in Marketing Channels: A Broadened Perspective', *Journal of Marketing*, vol. 47, no. 4, pp. 68-78.

Gelbrich, K 2010, 'Anger, frustration, and helplessness after service failure: coping strategies and effective informational support', *Journal of the Academy of Marketing Science*, vol. 38, no. 5, pp. 567-585.

Giller, C & Matear, S 2001, 'The termination of inter-firm relationships', *Journal of Business & Industrial Marketing*, vol. 16, no. 2, pp. 94-112.

Haenlein, M, Kaplan, A & Schoder, D 2006, 'Valuing the Real Option of Abandoning Unprofitable Customers When Calculation Customer Lifetime Value', *Journal of Marketing*, vol. 70, no. 3, pp. 5-20.

Haenlein, M & Kaplan, A 2009, 'Unprofitable customers and their management', *Business Horizons*, vol. 52, no. 1, pp. 89-97.

Haenlein, M & Kaplan, A 2011, 'Evaluating the consequences of abandoning unprofitable customers: A comparison of direct and indirect abandonment strategies', *Zeitschrift für Betriebswirtschaft*, vol. 81, no. 2 (special issue), pp. 77-94.

Helm, S 2004, 'Customer Valuation as a Driver of Relationship Dissolution', *Journal of Relationship Marketing*, vol. 3, no. 4, pp. 77-91.

Helm, S, Rolfes, L & Günter, B 2006, 'Suppliers' willingness to end unprofitable customer relationships', *European Journal of Marketing*, vol. 40, no. 3/4, pp. 366-383.

Hirschman, AO 1970, *Exit, Voice, and Loyalty – Responses to Decline in Firms, Organizations, and States*, Harvard University Press, Cambridge.

Hibbard, JD, Kumar, N & Stern, LW 2001, 'Examining the Impact of Destructive Acts in Marekting Channel Relationships', *Journal of Marketing Research*, vol. 38, no. 1, pp. 45-61.

Hocutt, MA 1998, 'Relationship dissolution model: antecedents of relationship commitment and the likelihood of dissolving a relationship', *International Journal of Service Industry Management*, vol. 9, no. 2, pp. 189-200.

Holmlund, M & Hobbs, P 2009, 'Seller-initiated relationship ending. An empirical study of professional business-to-business services', *Managing Service Quality*, vol. 19, no. 3, pp. 266-285.

Homburg, C 1992, ,Die Kausalanalyse – Eine Einführung', *Wirtschaftswissenschaftliches Studium*, vol. 21, no. 10, pp. 499-508.

Homburg, C, Droll, M & Totzek, D 2008, 'Customer Prioritization: Does It Pay Off, and How Should It Be Implemented?', *Journal of Marketing*, vol. 72, no. 5, pp. 110-130.

Homburg, C, Fürst, A & Prigge, J-K 2010, 'A customer perspective on product eliminations: how the removal of products affects customers and business relationships, *Journal of the Academy of Marketing Science*, vol. 38, no. 5, pp. 531-549.

Homburg, C, Steiner, V & Totzek, D 2009, 'Managing Dynamics in a Customer Portfolio', *Journal of Marketing*, vol. 73, no. 5, pp. 70-89.

Huseman, RC, Hatfield, JD & Miles, EW 1987, 'A New Perspective on Equity Theory: The Equity Sensitivity Construct', *The Academy of Management Review*, vol. 12, no. 2, pp. 222-234.

Johnson, MD & Selnes, F 2004, 'Customer Portfolio Management: Toward a Dynamic Theory of Exchange Relationships', *Journal of Marketing*, vol. 68, no. 2, pp. 1-17.

Kaufmann, PJ & Stern, LW 1988, 'Relational Exchange Norms, Perceptions of Unfairness, and Retained Hostility in Commercial Litigation', *Journal of Conflict Resolution*, vol. 32, no. 3, pp. 534-552.

Kumar, V, Petersen, JA & Leone, RP 2007, 'How Valuable Is Word of Mouth?', *Harvard Business Review*, vol. 85, no. 10, pp. 139-146.

Lefaix-Durand, A & Kozak, R 2010, 'Comparing Customer and Supplier Perceptions of Value Offerings: An Exploratory Assessment', *Journal of Business Market Management*, vol. 4, no. 3, pp. 129-150.

Mangold, WG, Miller, F & Brockway, GR 1999, 'Word-of-mouth communication in the service marketplace', *The Journal of Services Marketing*, vol. 13, no.1, pp. 73-89.

Michalski, S 2004, 'Types of Customer Relationship Ending Processes', *Journal of Marketing Management*, vol. 20, no. 9/10, pp. 977-999.

Mizerski, RW, Golden, LL & Kernan, JB 1979, 'The Attribution Process in Consumer Decision Making', *Journal of Consumer Research*, vol. 6, no. 2, pp. 123-140.

Morgan, RM & Hunt SD 1994, 'The Commitment-Trust Theory of Relationship Marketing', *The Journal of Marketing*, vol. 58, no. 3, pp. 20-38.

Nyer, PU 1997a, 'Modeling the Cognitive Antecedents of Post-Consumption Emotions', *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, vol. 10, pp. 80-90.

Nyer, PU 1997b, 'A Study of the Relationships Between Cognitive Appraisals and Consumption Emotions', *Journal of the Academy of Marketing Science*, vol. 25, no. 4, pp. 296-304.

Oliver, RL 1993, 'Cognitive, Affective, and Attribute Bases of the Satisfaction Response', *Journal of Consumer Research*, vol. 20, no. 3, pp. 418-430.

Oliver, RL 2010, *Satisfaction – A Behavioral Perspective on the Consumer*, 2nd ed., M.E. Sharpe, Inc., New York.

Peters, LH & O'Connor, EJ 1980, 'Situational Constraints and Work Outcomes: The Influences of a Frequently Overlooked Construct', *The Academy of Management Review*, vol. 5, no. 3, pp. 391-397.

Pick, D 2010, 'Never Say Never – Status Quo and Research Agenda for Relationship Termination in B2B Markets', *Journal of Business Market Management*, vol. 4, no. 2, pp. 91-108.

Pressey, AD & Selassie, H 2007, 'Motives for dissolution in export relationships: Evidence from the UK', *Journal of Consumer Behaviour*, vol. 6, no. 2/3, pp. 132-145.

Ranaweera, C & Prabhu, J 2003, 'On the relative importance of customer satisfaction and trust as determinants of customer retention and positive word of mouth', *Journal of Targeting, Measurement and Analysis for Marketing*, vol. 12, no. 1, pp. 82-90.

Reinartz, W, Krafft, M & Hoyer, WD 2004, 'The Customer Relationship Management Process: Its Measurement and Impact on Performance', *Journal of Marketing Research*, vol. 41, no. 3, pp. 293-305.

Richins, M 1983, 'Negative Word-of-Mouth by Dissatisfied Consumers: A Pilot Study', *Journal of Marketing*, vol. 47, no. 1, pp. 68-78.

Rogers, M 2005, 'Customer Strategy: Observation from the Trenches', *Journal of Marketing*, vol. 69, no. 4, pp. 262-263.

Ryan, A & Blois, K 2009, 'The emotional dimension of organizational work when B2B relationships are dissolved', Electronic proceedings of the 25th IMP Conference, Marseille, France.

Sajtos, L & Kreis, H 2010, 'Diagnosing the Impact of Patronage Concentration and Cross-Buying in Retail Banking', *Journal of Business Market Management*, vol. 4, no. 3, pp. 151-165.

Scheer, LK, Kumar, N & Steenkamp, J-B 2003, 'Reactions to perceived inequity in U.S. and Dutch interorganizational relationships', *Academy of Management Journal*, vol. 46, no. 3, pp. 303-316.

Schoefer, K & Diamantopoulos, A 2008, 'The Role of Emotions in Translating Perceptions of (In)Justice into Postcomplaint Behavioral Responses', *Journal of Service Research*, vol. 11, no. 1, pp. 91-103.

Singh, J 1990, 'Voice, Exit, and Negative Word-of-Mouth Behaviors: An Investigation Across Three Service Categories', *Journal of the Academy of Marketing Science*, vol. 18, no. 1, pp. 1-15.

Singh, J 1990, 'A Typology of Consumer Dissatisfaction Response Style', *Journal of Retailing*, vol. 66, no. 1, pp. 57-99.

Singh, J & Wilkes, RE 1996, 'When Consumers Complain: A Path Analysis of the Key Antecedents of Consumer Complaint Response Estimates', *Journal of the Academy of Marketing Science*, vol. 24, no. 4, pp. 350-365.

Singh, J & Sirdeshmukh, D 2000, 'Agency and Trust Mechanisms in Consumer Satisfaction and Loyalty Judgments', *Journal of the Academy of Marketing Science*, vol. 28, no. 1, pp. 150-167.

Stephens, N & Gwinner, KP 1998, 'Why Don't Some People Complain? A Cognitive-Emotive Process Model of Consumer Complaint Behavior', *Journal of the Academy of Marketing Science*, vol. 26, no. 3, pp. 172-189.

Sundaram, DS, Mitra, K & Webster, C 1998, 'Word-of-Mouth Communication: A Motivational Analysis', *Advances in Consumer Research*, vol. 25, no. 1, pp. 527-531.

Suh, M, Ahn, J & Rho, T 2009, 'Does Demarketing Increase Intention to Retain and Improve the Relationship? Focus on Customers' Characteristics', *International Journal of Arts and Sciences*, vol. 3, no. 2, pp. 1-22.

Szymanski, DM & Henard, DH 2001, 'Customer Satisfaction: A Meta-Analysis of the Empirical Evidence', *Journal of the Academy of Marketing Science*, vol. 29, no. 1, pp. 16-35.

Tähtinen, J & Halinen, A 2002, 'Research on Ending Exchange Relationships: A Categorization, Assessment and Outlook', *Marketing Theory*, vol. 2, no. 2, pp. 165-188.

Tähtinen, J & Havila, V 2004, 'Enhancing Research in Exchange Relationship Dissolution', *Journal of Marketing Management*, vol. 20, no. 9/10, pp. 919-926.

Tähtinen, J & Blois, K 2010, 'The Involvement and Influence of Emotions in Business Relationships', Electronic proceedings of the 26th IMP Conference, Budapest, Hungary.

Vaaland, TI 2006, 'When Conflict Communication Threatens the Business Relationship: Lessons from the "Balder" Story', *Journal of Business-to-Business Marketing*, vol. 13, no. 2, pp. 3-27.

Van Prooijen, J-W 2006, 'Retributive Reactions to Suspected Offenders: The Importance of Social Categorizations and Guilt Probability', *Personality and Social Psychology Bulletin*, vol. 32, no. 6, pp. 715-726.

Walsh, G 2009, 'Disadvantaged consumers' experiences of marketplace discrimination in customer services', *Journal of Marketing Management*, vol. 25, no. 1/2, pp. 143-169.

Walter, A, Müller, T, Helfert, G & Ritter, T 2003, 'Functions of industrial supplier relationships and their impact on relationship quality', *Industrial Marketing Management*, vol. 32, no. 2, pp. 159-169.

Watson, L & Spence, MT 2007, 'Causes and consequences of emotions on consumer behavior: A review and integrative cognitive appraisal theory' *European Journal of Marketing*, vol. 41, no. 5/6, pp. 487-511.

Wetzer, IM, Zeelenberg, M & Pieters, R 2007, '"Never Eat In That Restaurant, I Did!": Exploring Why People Engage In Negative Word-of-Mouth Communication', *Psychology & Marketing*, vol. 24, no. 8, pp. 661-680.

Young, SL 2004, 'Factors that Influence Recipients' Appraisal of Hurtful Communication', *Journal of Social and Personal Relationships*, vol. 21, no. 3, pp. 291-303.