CONSUMER GRUDGEHOLDING: AN OUNCE OF PREVENTION IS WORTH A POUND OF CURE

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Many corporate behaviors can lead to consumer grudgeholding, a strong, lasting feeling of hostility held by a customer toward a firm, and manifested as an exit or voice response against the organization. The current research reviews existing literature related to consumer grudgeholding, investigates the extent and expression of grudgeholding, and evaluates the responses available to organizations. Two empirical studies indicated that grudgeholding is prevalent and steadfastly maintained by consumers, rarely shared with company representatives but widely communicated among customers and their associates, and difficult for organizations to overcome. Implications and recommendations for organizations are provided, with suggestions for future research.

INTRODUCTION

How long can a customer hold a grudge against a company? In the case of one individual, the answer is thirty-plus years and counting. In 1973, this consumer purchased his first new automobile, a Chevrolet Vega GT. Unbeknownst to him, the Vega he purchased came equipped with what was later rated as one of the worst engines of all time. After two and one-half years, three engines, no satisfaction from Chevrolet/General Motors (GM), and almost a life savings later, the consumer finally had his Vega towed to a salvage yard (leaking oil as this model was prone to do) and received a paltry $150 in return. Since that time, the individual and his spouse have purchased eight new vehicles. In every case, Chevrolet/GM vehicles were never considered. At every opportunity since then, this individual still recounts his tales of woe associated with the purchase and ownership of the Vega. He will rant about the injustices heaped upon him by Chevrolet/GM in making him suffer through ownership of said vehicle and urge all who will listen to not even consider purchasing any vehicle manufactured by General Motors.

What is the cost to GM for causing this customer to harbor a grudge? Assuming the company lost out on subsequent automobile purchases from this individual and his family, and additional purchases from others due to the successful negative word-of-mouth by the individual in dissuading them from acquiring the GM nameplate, the costs associated with lost revenue from missed sales and subsequent servicing opportunities could easily run in the tens or even hundreds of thousands of dollars. Multiply this amount by the purchases withheld by other former customers who may hold a grudge against the company, and their friends, and one begins to see the high costs associated with incurring customer grudges. Indeed, Lexus estimates that a single customer can be worth up to $600,000 in lifetime sales while Taco Bell estimates the lifetime revenue associated with a customer (making relatively small purchases) exceeds $12,000 (Kotler 2001). In the grocery industry, it is estimated a lost customer can cost the offending grocer up to $50,000 in foregone revenues over a ten year period (Javaig, Whipple, Ghosh and Young 2005).
The previously mentioned experience describes what might be called a “product-harm crisis,” involving defective products (Dawar and Pilutla 2000), with the consumer blaming the company for the mishap (e.g., Laufer, Silvera, and Meyer 2005). Bad product experiences are not the only precursors of grudges. In a recent story featured in Advertising Age (Bulik 2004), a manager recounts how, at the age of 24, he was treated poorly by an executive at General Electric (GE) while working for a client of the company. Since that time, this individual, now in his fifties, has never bought a product from GE and states that he would light a candle before he would buy a GE light bulb. In other instances, a grudge may be created through a poorly-executed service encounter. Tobin (2005) provides examples of customers becoming alienated from companies due to frustrations with automated voice response systems which do not accurately relay personal information and instances where the information given to the customer differs from representative to representative, or between what a representative says and what is published on the Internet.

Customers can be lost and grudges created in situations where the company has yet to even “officially” acquire the customer. Barnes, King and Breen (2004) cite the case of a prospective customer being hassled regarding the return of a Christmas gift for which she did not have the receipt because the item was a gift from a friend. In this case, the company turned the opportunity for obtaining a new customer into a potential grudgeholding experience from which the customers may never return.

Recognizing the prevalence of consumer grudgeholding and the detrimental effect a consumer grudge can have on an organization, this study has four main objectives. The first objective is to examine consumer grudgeholding from the perspective of previous literature. The second objective is to investigate, through use of an empirical study, the actual extent of grudgeholding by consumers against product and service providers. The third objective is to examine the resulting overt actions and communication activities undertaken by individuals holding grudges against product and/or service providers. The study also offers recommendations to organizations for preventing consumer grudgeholding situations in the first place. Direction for future research efforts in this area is also offered.

LITERATURE REVIEW

Grudgeholding Defined

Holding a grudge conjures up the visual image of embittered, alienated individuals, lower lip puffed out, steam coming out of their ears, standing with their back toward the offending object, arms crossed into an impenetrable barrier to entry. Indeed, grudgeholding behavior might be considered childish, petty, irrational, and counterproductive to everybody except for the person holding the grudge. More often than not, the grudgeholder feels severely wronged and any retribution against the offending company is justified.

While the concept of consumer grudges has only occasionally been explored in the marketing literature, the meaning is familiar. “Grudge” is not an unusual word; in fact, the Internet search engine Google yields well over four million results when the word “grudge” is entered as the search term, and several conceptually similar definitions exist. Dictionary definitions for a “grudge” present a variety of responses including:

- “a feeling of ill will or resentment because of some real or fancied wrong” (Random House Webster’s College Dictionary 1999);
- “a resentment strong enough to justify retaliation” (WordNet 2005);
- “settling a score” (WordReference.com 2005);
- “a strong feeling of anger and dislike for a person who you feel has treated you badly which often lasts for a long time” (Cambridge Advanced Learner’s Dictionary 2003).

Wixen (1971) offers a psychoanalytic perspective, presenting grudgeholding as a phobic
avoidance of the offending party, enacted to preserve the grudgeholder’s self-esteem. In the marketing literature, Hunt defined a grudge as an extreme exit (Hunt and Hunt 1990), that is, ending or suspending a relationship for a long period of time. Another definition of grudgeholding reflects a more goal-oriented perspective on this phenomenon, portraying consumer grudgeholding as a means of coping with a real or perceived transgression attributed to the marketer (Aron 2001).

To both the customer and the organization, grudgeholding represents a profoundly dysfunctional relationship, a past or prospective customer who has removed himself or herself from any possible marketing communications, and who may have removed the offending organization from consideration of any future association. Grudgeholding is not simply dissatisfaction; it is a consumer’s emotional reaction to, and appraisal of, the experience of dissatisfaction. Grudgeholding is not simply exit, either. Grudgeholding is an exit with, at least for a time, no intent to return. Francis and Davis (1990) in their study of clothing purchases found that about one-fourth of consumers surveyed reported that they had such a negative experience with an article of clothing that they vowed never to purchase a similar item again. The consumer’s appraisal of his or her situation determines what type of exit will be enacted.

As noted in the above examples, the grudgeholder may also be actively spreading negative word-of-mouth communication to friends, to family members, and even to a larger audience via the Internet. It has been shown that people who engage in negative word-of-mouth talk to more people than those who engage in positive word-of-mouth (Naylor and Kleiser 2000). One can easily envision a customer who wants to settle the score sharing his story about the offending company to dozens or even hundreds of current and prospective customers through word-of-mouth and even the Internet. A grudgeholder’s retaliatory activities can escalate to the point of conducting a boycott or even the establishment of an anti-brand web site on the Internet (Aron and Muniz 2002). Star-buck.com and AllstateInsuranceSucks.com are examples of the many web sites designed specifically for individuals to publicly air their grievances against offending companies. Another web site, PlanetFeedback.com, caters to both praising and ranting customers about a wide variety of products and services. Greater access to communication media like the Internet allows more people to complain. Through e-mails, chat rooms, blogs, bulletin boards, and other web sites, corporate critics can quickly and easily tarnish a firm’s reputation (Allen 2001; Alsop 2004).

Background

Hirschman provides the background for the study of grudgeholding by distinguishing three broad responses to a situation that is deemed unacceptable: exit, voice, and loyalty (Hirschman 1971). According to Hirschman, exit denotes that some upset customers will stop buying the firm’s products, leading to a drop in revenue. Other customer’s will express their dissatisfaction directly to management or to others who care to listen: this is the voice option. Voice complaints can encompass communication directly to sellers, communication to family and friends and communication to third party entities such as the press, Better Business Bureau, consumer groups, or legal agencies (Halstead 2002).

While the loss in revenue stemming from customer exit is certainly harmful to a corporation, the voice option can be even more costly. This is because the eventual consequence of voice may be that through word-of-mouth and other actions spurred by the voice response, many customers stop (or never begin) purchasing the offending company’s products/services. Conversely, voice could be the most desirable of actions taken if it is directed at the offending company in the form of complaining behavior, offering the provider with the opportunity to attempt to fix the situation (Huefner and Hunt 2000) and “erase the grudge.”

Finally, loyalty means that one continues as a customer in spite of poor treatment bestowed
on him/her by the company. This might also be
called spurious loyalty (Day 1969). Consumers
might be constrained against ending a relation-
ship with a company, much like the Vega
owner who continued to drive his car for over
two years despite his intention to never pur-
chase a Chevrolet product again. A different
customer might continue to buy from a particu-
lar firm simply because other options are too
costly or nonexistent. Consumers may remain
in relationships when they feel they cannot
leave due to prohibitive constraints or high
switching costs (Colwell and Hogarth-Scott
2004). In effect, they are held hostage.

Hunt and his colleagues (Hunt, Hunt and Hunt
1988) advanced the research on consumer
grudgeholding on several fronts. The authors
argued that grudges tend to occur more fre-
quently when a consumer becomes emotionally
upset over product performance (as opposed to
service performance) and over infrequently
made purchases (compared to more frequently
made transactions). In addition, the authors re-
ported that grudges tend to be fairly long in du-
rations and older consumers were more likely
than teen-aged or college-aged consumers to
harbor grudges.

Grudgeholding was explored by Wright and
Larsen (1997) in a more specific context. 
Wright and Larsen examined grudgeholding
responses demonstrated by audience coping
with the rejection of their favorite college foot-
ball team (Brigham Young University) by col-
lege football’s Alliance Bowl Coalition, which
selects the teams that will play in post-season
games. As Wright and Larsen found, rejection
by the Alliance can lead to intense, vitriolic
responses by fans of the spurned football pro-
gram. The extent of the grudgeholding re-
sponses ranged from making the offending par-
ties “feel as guilty as possible” to a desire to
enjoy Schadenfreude, pleasure derived from the
suffering of others (Wright and Larsen 1997,
p. 178). As Hirschman might have predicted,
these responses included both voice and exit.
Some fans suggested boycotting all business
related to the alliance: PepsiCo, Frito-Lay, To-
stitos, ABC Television, and the other Bowl
games arranged by the Alliance. One informan
t vowed that he was “throwing out (his) Tostitos”
(p. 179) while others prompted their Senators to
involve the Justice Department and the Federal
Trade Commission in tackling this supposed
injustice.

The deterioration of the relationship between
organizations and consumers has a cost to all
parties involved, yet these consequences may
be difficult for organizations to recognize and
may even be invisible to them (Richins 1987).
It is quite possible that switching barriers pre-
clude customers from leaving (Colwell and
Hogarth-Scott 2004). Drew, Mani, Betz and
Datta (1999) note that especially in the area of
expensive services, contractual obligations
erect a high (yet temporary) barrier to exit.
When barriers can be overcome, customers of-
ten flee from their relationship with a brand or
an organization with no intention of returning,
even if there are no similar options from which
to satisfy a particular need. To the outsider,
such behavior may seem like the irrational deci-
sion on the choice of fight versus flight. To the
offended consumer, however, this response
makes sense and may be seen as the only alter-
native.

Basis of the Grudgeholding Response

As illustrated by the previously mentioned ex-
amples, central to grudgeholding is a grievance
held by an individual against an organization.
There are several surface-level causes or events
that might lead to the suspension of the con-
sumer’s relationship with the organization.
These include the commitment of a real or per-
ceived offense against the consumer by the or-
ganization, the accumulation of such offenses
until a threshold of tolerance by the consumer is
exceeded, and offensive communication by or
about the organization. Linking the previously
mentioned causes of possible grudgeholding
and the responses generated is the consumer’s
own appraisal of the event (e.g., Roseman
1991). Subsequent, secondary appraisal deter-
mines the form that the consumer response will
take. If the consumer believes that exit may
make the situation improve, grudge-driven exit
behavior may take the form of an individual boycott, with the hope that transgressions will be corrected so the relationship will improve and possibly continue. If the consumer does not believe that the situation can be improved, then a subsequent, terminal exit behavior will reflect this belief.

With the background and general costs of consumer grudgeholding established, the following section describes the study meant to bear a greater understanding of factors related to consumer grudgeholding. These factors include the causes and extent of grudgeholding, the distinction between a recoverable customer and an unrecoverable one, and the factors related to the organization regaining a grudgeholder’s patronage.

**METHODOLOGY**

The concept of holding a grudge is a familiar one to many consumers, yet consumer grudgeholding has infrequently been explored empirically. Because of this, the current research is meant first to gain a greater understanding of how grudges are experienced in terms of a consumer-business relationship, and then to get a meaningful understanding of how these relationships are affected and responded to by the participants. Therefore, this research has been conducted over the course of two studies. The first study is a preliminary survey that serves as a foundation for the second, larger-scale primary study of this project. Both phases of the project are discussed in the following sections.

**Preliminary Study**

The first stage of this project was intended to establish a combined qualitative and quantitative foundation for subsequent stages of this research. In order to better understand the concept of consumer grudgeholding, the critical incident technique (CIT) was employed. An advantage of using CIT at this early point in the research is the ability to gain a greater understanding of a phenomenon from the perspective of the individual consumer. This is of particular importance when, as in the case of consumer grudgeholding, prior research is scarce and the need exists to establish a conceptual overview of this topic (Bitner, Booms and Tetreault 1990; Grove and Fisk 1997). The critical incident technique can combine qualitative approaches such as collecting narrative data to be coded and categorized with the quantitative perspective of analyzing types and frequencies of incidents and responses (Chell and Pittaway 1998). The CIT has been used in the context of a conceptually related topic, forgiveness (Gordon and Baucom 2003) and in eliciting important data from the consumer’s perspective in general (see Gremler 2004, for an extensive review and synthesis of the CIT approach).

A survey of business students, including both undergraduate and graduate students, was conducted at a Midwestern university. All respondents were first asked if they currently held or have ever held a grudge against a company (e.g., against a retailer, store, product, service provider, etc.). Those responding “no” were directed toward the final section of the survey instrument containing demographic questions. Those that answered “yes,” that they are holding (or have held) a grudge were then asked to describe in their own words the incident that led to the grudgeholding response. A total of 281 questionnaires were completed, with 181 (60.8 percent) of the respondents indicating that they are (or were once) consumer grudgeholders. This group of 181 respondents was composed of 95 women (52.5 percent) and 86 men (47.5 percent), with a median age of 25 years old. This approach to gaining insight into the consumer’s perspective of his or her encounter is in keeping with the definition of a critical incident as one that makes a significant positive or negative contribution to an activity or phenomenon (Bitner, et al. 1990).

All respondents reporting that they held a grudge were asked to indicate which emotions they experienced after the grudge-provoking event and to share which thoughts they experienced after the focal event. More specifically, informants were asked to provide a written expression of their reaction to the experience. Further, respondents were asked to comment on
Consumer Grudgeholding: . . . .

Aron, Judson, Aurand and Gordon

their post-event behaviors, such as telling others about the event, and the actions that they and the organizations took to improve the situation. Respondents who had once held a grudge but no longer did were asked to describe why this is the case; that is, why they had relinquished their grudge. The final question before the demographic section asked for the respondents’ “current thoughts and feelings about the experience.” Following the completion of the questionnaire, participants were fully debriefed.

Primary Study

The second stage of this project was conducted to elicit a more generalizable perspective on the consumer grudgeholding response. While the first study involved the critical incident technique and informants’ verbatim responses in order to gain insight on their negative consumption experiences, this second phase offered participants a more efficient instrument based on the earlier data set.

A new survey of undergraduate business students was conducted at a large, public Midwestern university, different but in the same geographic region as the site of the first study. Students were offered course extra credit for their participation. Questionnaires were given to 570 students taking a required general business education course. Of the surveys distributed, 562 were returned and 560 were deemed usable by the research team.

Respondents were then asked to recall “a purchase experience involving a company or an organization against which you have held, or currently hold, a grudge,” based on an experience that occurred six months ago or longer. They were asked to focus on experiences that had occurred at least six months prior to evoke the consideration of meaningful experiences while avoiding the contemplation of experiences that, while easily recalled, might be so recent that they would not fit the conception of a grudge. All respondents were asked their age and gender, and were then asked if they currently held or have ever held a grudge against an organization, as in the first phase of this research. Those responding “no” were asked to return their surveys to a research assistant. Those that answered “yes” were then asked to write the name of the offending company or organization, the item that was purchased, and the cost of the purchase, selected from a list of price ranges. They were then asked to describe their post-experience word-of-mouth behavior by first indicating if they had told anybody about the experience, and if so, by next indicating how many people they told. Subsequent questions asked if any member of the offending organization had tried to rectify the situation by offering any kind of refund or repair.

Respondents then were asked if they still held the grudge, and to indicate if their sentiment toward the organization had changed. In an overview of the consumer grudgeholding process, Aron (2001) considered three general categories of consumer response after the grudge-provoking event had occurred, and after the organization had a chance to respond (even if no such response was offered). Aron suggested that a grudge might be retained in essentially its original form, that it might be revised somewhat while still maintained over the course of time, or that the grudge might be relinquished, with no subsequent grudgeholding behavior exhibited by the consumer. Based on the data collected in the first study, two additional general revisions to a held grudge are offered.

One such revision is the dissipation of negative emotion while the respondent maintains the decision to avoid further relations with the organization. For example, one informant wrote that he was “no longer angry but I would not use this company again.” Another modification to Aron’s original “revise” categorization includes the response that maintains a strong negative emotional response, even if factors beyond the customer’s control have led to a continued or renewed relationship with the organization. One respondent wrote that his situation had grown “better with time but (I) still hate them,” suggesting that this customer might remain inclined to avoid the organization if possible. To accommodate this newly discovered range of responses, informants were asked
Consumer Grudgeholding....

Aron, Judson, Aurand and Gordon

treated you badly,” a high number of participants, 418 (74.6 percent) stated that they had at one time, or currently, held a grudge against a store, company, or organization. While more males than females were present in the sample, the likelihood of holding a grudge did not vary by gender (75.4 percent of all males and 73.5 percent of all females indicated that they at one time, or currently held a grudge). No statistically significant difference in the age of those participants who held, and did not hold, a grudge was present.

As Table 1 illustrates, a negative experience regarding even a relatively inexpensive item can be at the center of a grudge. For example, several respondents hold grudges due to an unpleasant experience at a fast food restaurant; a situation where a battle over a one dollar menu item may very well end up costing the offending restaurant thousands in future lost business. Products or services costing $50 or less are responsible for over half of the grudges identified by study participants. Much of this can be explained by the fact that traditional undergraduate students are not in the life stage in which large incomes and expenditures are common. However, nearly three-quarters of participants state that they currently hold, or have held a grudge, and in most cases these grudges surround relatively low-cost products or services.

Grudgeholders also appear quick to share their animosity surrounding their grudge with others, but are much more likely to do so with individuals outside of the company or organization responsible than with individuals inside the respective companies or organizations. As can be seen in Table 2, the majority (60.1 percent) of grudgeholders voice their concerns with people in the company or organization responsible for the grudgeholding incident, and nearly 94 percent of grudgeholders share their concerns with individuals outside of the company (including spouses, other family members, friends, and classroom/work acquaintances). In fact, well over half (60 percent) of grudgeholders tell 5 or more people about their negative experience and over 15 percent of grudgeholders tell more than 13 individuals.

FINDINGS

A survey administered to nearly 600 undergraduate business majors, and consisting of numerous open and closed end questions and Likert-type scales was employed to capture and evaluate respondent opinions regarding grudgeholding. The survey data was subsequently edited, coded, and entered in SPSS 13.0 for analysis.

A total of 560 surveys were completed and submitted for analysis. The sample consisted of 349 (62.3 percent) males and 211 (37.7 percent) females with a mean age of 21.7 years. Based upon the definition of grudgeholding provided, “A strong, lasting feeling of hostility or dislike of a company or organization that you fell has
**TABLE 1**  
Cost of Product or Service Responsible for the Grudge

<table>
<thead>
<tr>
<th>Cost</th>
<th>Number</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1-$25</td>
<td>149</td>
<td>36.5%*</td>
<td>36.5%*</td>
</tr>
<tr>
<td>$26-$50</td>
<td>63</td>
<td>15.4%</td>
<td>52.0%</td>
</tr>
<tr>
<td>$51-$100</td>
<td>58</td>
<td>14.2%</td>
<td>66.2%</td>
</tr>
<tr>
<td>$101-$200</td>
<td>42</td>
<td>10.3%</td>
<td>76.5%</td>
</tr>
<tr>
<td>$201-$500</td>
<td>39</td>
<td>9.6%</td>
<td>86.0%</td>
</tr>
<tr>
<td>$501-$1000</td>
<td>18</td>
<td>4.4%</td>
<td>90.4%</td>
</tr>
<tr>
<td>$1,001-$2000</td>
<td>19</td>
<td>4.7%</td>
<td>95.1%</td>
</tr>
<tr>
<td>Over $2000</td>
<td>20</td>
<td>4.9%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*n=408

**TABLE 2**  
Grudgeholder Communications with Internal and External Personnel

<table>
<thead>
<tr>
<th>Did Grudgeholder tell anyone at the store, company, or organization?</th>
<th>Number</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes: 250</td>
<td>60.1%*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No: 166</td>
<td>39.9%*</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Did Grudgeholder tell anyone who does not work for the store, company, or organization

| Yes: 388                                                            | 93.9%**|         |                    |
| No: 25                                                             | 6.1%** | 100%    |                    |

Number of people outside of the firm Grudgeholders have mentioned the incident to:

| 1                      | 12     | 3.2%   | 3.2% |
| 2-4                    | 139    | 36.8%  | 39.9%|
| 5-7                    | 107    | 28.3%  | 68.3%|
| 8-10                   | 56     | 14.8%  | 83.1%|
| 11-13                  | 6      | 1.6%   | 84.7%|
| More than 13           | 58     | 15.3%  | 100% |

*n=416; **n=413
While about 60 percent of the grudgeholders share their concerns with individuals at the firm deemed responsible for the grudge itself, firms are about only half as likely to respond to these concerns. Surprisingly, less than a third (31 percent) of firms considered responsible for the grudge take corrective active to address the situation. When firms do respond, the most common action taken by the firm or organization in question is the offering of an apology, followed by the replacement of the product and the offer of a refund. Because so few firms take corrective action, less than 14 percent of grudgeholders receive even an apology from the firms in question, and less than 8 percent are issued a replacement product or refund.

To learn more about the current mindset of grudgeholders regarding the grudge, survey participants were asked to respond to one question regarding the present status of their grudge as well as two seven point Likert-type scales: one addressing current feelings surrounding the grudgeholding situation and the other regarding feelings toward purchasing again from the store or company. As a result, it was learned that grudgeholders are very slow to relinquish their grudges. As Table 4 depicts, over three-quarters (78.5 percent) of those individuals who stated that they have at one time held a grudge, still hold that grudge. In spite of grudgeholders’ attempts to make firms aware of the situation, grudgeholders currently feel virtually the same about the incident as they did when it originally transpired. Grudgeholders are less likely to purchase from the store or company responsible for the grudge causing incident in the future, possibly due to the continued presence of the grudge itself.

It is important to note that intervention initiatives implemented by firms or organizations deemed responsible for grudgeholding events do not, in general, have a favorable impact upon the feelings held by grudgeholders themselves. While only half (51.2 percent) of firms even respond at all to the concerns voiced by grudgeholders, these initiatives do not generally improve grudgeholders’ feelings. As is illustrated in Table 5, neither a grudgeholder’s cur-
### TABLE 3

**Corrective Action Taken by Firms**

<table>
<thead>
<tr>
<th>Action</th>
<th>Number</th>
<th>Percent of Firms that Responded to Grudgeholder</th>
<th>Percent of Grudgeholders Mentioning the Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did anyone at the firm do anything to try to correct the problem?</td>
<td>Yes: 127 (31.1%)&lt;br&gt;No: 282 (68.9%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corrective action taken</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apologized</td>
<td>58</td>
<td>45.7%*</td>
<td>13.9%**</td>
</tr>
<tr>
<td>Replaced the product</td>
<td>31</td>
<td>24.4%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Gave a refund</td>
<td>29</td>
<td>22.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Offered store or company credit</td>
<td>20</td>
<td>15.7%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Gave extra attention</td>
<td>20</td>
<td>15.7%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

*n=127; **n=418

### TABLE 4

**Current Feelings and Repurchase Intentions of Grudgeholders**

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does Grudgeholder still hold the grudge?</td>
<td>324 (78.5%)*</td>
<td>89 (21.5%)*</td>
</tr>
<tr>
<td>Mean</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grudgeholders’ current feelings regarding the situation</td>
<td>4.06**</td>
<td>1.32</td>
</tr>
<tr>
<td>Mean</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grudgeholders’ interest in purchasing again from the company or store</td>
<td>2.86***</td>
<td>1.75</td>
</tr>
</tbody>
</table>

*n=413  
**Based upon 7 point Likert-type scale: 1 = Much worse than when it happened; 7 = Much better than when it happened.  
***Based upon 7 point Likert-type scale: 1 = I definitely will not purchase from them again; 7 = I definitely will purchase from them again.

### TABLE 5

**Impact of Company Intervention on Grudgeholder Current Feelings and Repurchase Intentions**

<table>
<thead>
<tr>
<th></th>
<th>Store or Organization: Did intervene</th>
<th>Store or Organization: Did not intervene</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grudgeholders’ current feelings regarding the situation</td>
<td>4.06*</td>
<td>4.05*</td>
<td>0.927</td>
</tr>
<tr>
<td>Grudgeholders’ interest in purchasing again from the company or store</td>
<td>3.02**</td>
<td>2.78</td>
<td>0.193</td>
</tr>
</tbody>
</table>

*Based upon 7 point Likert-type scale: 1 = Much worse than when it happened; 7 = Much better than when it happened.  
**Based upon 7 point Likert-type scale: 1 = I definitely will not purchase from them again; 7 = I definitely will purchase from them again.  
***p<0.05
### TABLE 6
Impact of Specific Company Intervention Initiatives on Grudgeholder Current Feelings and Repurchase Intentions

<table>
<thead>
<tr>
<th>Intervention Initiative</th>
<th>Mean–Grudgeholder Current Feelings</th>
<th>Sig.</th>
<th>Mean–Grudgeholder Repurchase Intentions</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apologized</td>
<td>4.16*</td>
<td>0.582</td>
<td>3.29**</td>
<td>0.037***</td>
</tr>
<tr>
<td>Did not apologize</td>
<td>4.04</td>
<td></td>
<td>2.78</td>
<td></td>
</tr>
<tr>
<td>Replaced the product</td>
<td>4.44</td>
<td>0.240</td>
<td>3.87</td>
<td>0.001***</td>
</tr>
<tr>
<td>Did not replace the product</td>
<td>4.04</td>
<td></td>
<td>2.77</td>
<td></td>
</tr>
<tr>
<td>Gave a refund</td>
<td>4.09</td>
<td>0.918</td>
<td>2.93</td>
<td>0.799</td>
</tr>
<tr>
<td>Did not give refund</td>
<td>4.06</td>
<td></td>
<td>2.85</td>
<td></td>
</tr>
<tr>
<td>Offered store/company credit</td>
<td>4.21</td>
<td>0.654</td>
<td>3.55</td>
<td>0.066</td>
</tr>
<tr>
<td>Did not offer store credit</td>
<td>4.05</td>
<td></td>
<td>2.82</td>
<td></td>
</tr>
<tr>
<td>Gave extra attention</td>
<td>3.94</td>
<td>0.704</td>
<td>3.30</td>
<td>0.239</td>
</tr>
<tr>
<td>Did not give extra attention</td>
<td>4.07</td>
<td></td>
<td>2.83</td>
<td></td>
</tr>
</tbody>
</table>

*Based upon 7 point Likert-type scale: 1 = Much worse than when it happened; 7 = Much better than when it happened.

**Based upon 7 point Likert-type scale: 1 = I definitely will not purchase from them again; 7 = I definitely will purchase from them again

***p<0.05

### TABLE 7
Grudgeholder Current Feelings and Repurchase Intentions Compared to Grudgeholder Communications with External Personnel

<table>
<thead>
<tr>
<th>Number of people outside of the firm Grudgeholders have mentioned the incident to:</th>
<th>*Mean–Grudgeholder Current Feelings</th>
<th>**Mean–Grudgeholder Repurchase Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4.89</td>
<td>3.67</td>
</tr>
<tr>
<td>2-4</td>
<td>4.32</td>
<td>3.17</td>
</tr>
<tr>
<td>5-7</td>
<td>4.02</td>
<td>2.70</td>
</tr>
<tr>
<td>8-10</td>
<td>4.00</td>
<td>2.70</td>
</tr>
<tr>
<td>11-13</td>
<td>4.20</td>
<td>3.00</td>
</tr>
<tr>
<td>More than 13</td>
<td>3.69</td>
<td>2.40</td>
</tr>
</tbody>
</table>

*Based upon 7 point Likert-type scale: 1 = Much worse than when it happened; 7 = Much better than when it happened.

**Based upon 7 point Likert-type scale: 1 = I definitely will not purchase from them again; 7 = I definitely will purchase from them again
Consumer Grudgeholding: . . .

Summary of Findings

Five hundred and sixty traditional undergraduate college students provided input regarding their personal experiences and feelings towards grudges. It was learned that approximately three-quarters of the participants have held, or currently hold a grudge and most of these grudges stem from purchases of $50 or less. Grudgeholders are quick to share their negative experiences with acquaintances, but less likely to contact the firm or organization directly responsible for the grudge itself. Unfortunately, little can be done to adequately rectify a grudge causing incident after the incident has occurred. The risk associated with a grudgeholding incident is, therefore, high not only with grudgeholders, but also with those to whom they communicate. Because the number of friends and associates that grudgeholders talk to grows with increased negative feelings toward the incident, it would be prudent for firms to take extraordinary steps toward eliminating potential grudge causing situations before they happen.

MANAGERIAL IMPLICATIONS

It is clear that organizations must take steps to avoid consumer grudgeholding, and then monitor and address the feedback and actions of its customers. These steps begin with offering products and services which satisfy the customer the first time. Without attention to continued customer satisfaction, the greatest cost to the marketer may be that the existence of consumer grudgeholding behavior might not be known until relationships with current and future customers are beyond repair.

One of the primary objectives of this study was to investigate the grudgeholding phenomenon and examine consumers’ feelings toward the organizations as well as their subsequent patronage intentions. Examining the relationship between the individual and the organization provides a tool for managing positive or negative affect toward the organization. Ralph (2001) summarizes the relationship between the consumer and an organization: “Relationship management is a comprehensive orchestration of every contact that occurs between the institution and a potential or current customer [italics added]” (p. 149). Along these lines, the findings in this study indicate that organizations would benefit greatly from skillfully managing or scripting contact opportunities prior to any grudge-causing incident rather than simply relying on post-failure strategies when customer complaints arise. Implementing proactive measures early in the relationship to foster customer loyalty and prevent negative situations from occurring is far superior to relying on reactive measures to salvage the relationship.

The fact that consumer grudges (even over nominal purchases) are difficult to identify and rectify underscores the importance of Berry and Parasuraman’s (1991) position that reliability is paramount and organizations must do the service right the first time. Similar to recent studies that challenge the notion of the service recovery paradox in which a corporate apology during service recovery is thought to serve as an antecedent to enhanced brand image (Andreassen 2001; Ok, Back and Shanklin 2005), the findings from this study do not support the paradox. None of the intervention initiatives investigated (including an apology) proved to significantly alter grudgeholders’ feelings. In accordance with the familiar adage, it appears that an ounce of prevention is indeed worth a pound of cure.

While all of the grudges reported in this study were subsequent to a product purchase, many of these grudges were a direct result of poor service quality. Berry and Parasuraman (1991) argue that the building and nurturing of a zero defects’ culture is just as important in the service aspect as it is in the manufacturing aspect of an organization. Reliability-centered service strategies typically result only when senior executives champion a culture of zero defects’ and reward employees accordingly. Thus, organizations need to communicate internally with employees and externally with customers to ensure that they accurately interpret customer expectations and can deliver a high level of service quality.
The current findings suggest that post-event communication is of some value to the grudgeholding consumer, yet the difficulty faced by the organization is that they are so rarely aware that the need to apologize exists or is expected. Therefore, it is apparent that building brand equity through communication in the form of rapport building may be effective not only in preventing service failure, but also in providing service recovery benefits such as increased post-failure customer satisfaction and repatronage intentions (DeWitt and Brady 2003). Thus, in the event that a service or product defect does occur within the organization, management will find that the company is viewed in a much more favorable light following the service failure as a result of their preemptive efforts to properly communicate with the customer. This level of communication between the firm and its customers will occur, however, only if employees within the organization are allowed appropriate time during customer interactions to demonstrate a genuine customer orientation.

This study also brings to light the finding that consumers are much more likely to share their negative feelings with acquaintances than they are to share them with the offending organization. This finding may not indicate customer reticence toward the organization as much as it points to the lack of an appropriate forum for registering complaints. Thus, it is recommended that every firm provide opportunities for customers to dialogue with the company by having managers available at all times or representatives available through hotline phone numbers, web sites, and corporate blogs. These communication forums must be monitored by corporate employees who view them as unique opportunities to manage customers’ impressions of the firm and enhance repatronage intentions.

While none of the intervention initiatives were reported to significantly alter grudgeholders’ feelings, one initiative does appear to significantly alter grudgeholders’ repurchase intentions: replacing the product. This intervention action appears to give the company an opportunity to start over with the customer. In addition, replacing the product requires the company to absorb the cost of the transaction and perhaps signals to the customer that the offending organization is willing to pay its debt. Just knowing that the product can be and was replaced may reduce the risk of consumers’ avoiding future purchases with the firm. In any case, it appears to be beneficial in terms of repatronage intentions for firms to replace the product whenever financially feasible. Note that the offer of store credit, increasingly used among retailers instead of product replacement, was not appreciated by the grudgeholding customers to the point of statistical significance. Future research in this area might further consider consumers’ perceptions of store credit, a soft-dollar alternative that, by definition, requires the offended customer to return to the offending store for a new purchase.

A limitation of this study is that it was conducted among young adult respondents and focused largely on less expensive product purchases. This is reflected in the difference between the percentage of grudgeholders in the preliminary study, 60.8 percent (with a median age of 25 years old), and in the main study, 74.6 percent, which consisted of a younger sample (median age under 22 years old). One explanation for this difference might be that the sample in the preliminary study was relatively small, only about half the size as that of the main study. Another possible explanation is that an age effect might exist, though in the opposite direction of that found by Hunt (Hunt et al. 1988). This distinction does raise important questions about the role of age in consumer grudgeholding, and future research should consider older adults with more discretionary income, who are likely to make larger and riskier purchases but are more aware of alternative responses than are college undergraduates. A comparison between grudges held against primarily service-oriented organizations and grudges held against primarily product-oriented organizations will also be important to investigate for potential differences. In addition, busi-
Consumer Grudgeholding: ....

ness-to-business grudgeholding has not been examined at length. Because of the increased complexity of the organizational decision-making process as well as the size of corporate purchases and the attached risk of such decisions, such a study would contribute significantly to this growing body of literature.

Reflecting back on the former Chevrolet Vega owner mentioned at the beginning of this article, it appears unlikely that his faith in Chevrolet/GM will ever be restored or that he will stop recounting his tales of injustice anytime soon. Short of replacing the vehicle (and bad engine) with a quality product immediately following the incident, the current findings suggest that no action could have overcome the defect and salvaged the relationship. Consequently, the grudge is destined to remain intact as are most of the grudges investigated in this study. Hence, the key for GM and other organizations who want to avoid grudgeholding customers is to prevent the product or service failure in the first place.

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