Sins of Omission and Sins of Commission: Differences in Brand Switching Intentions Due to Prior Norm Violations

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Under revision for resubmission to the *Journal of Consumer Research*. Please do not quote without permission. Comments welcome.

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Abstract

Three studies examine how a violation of norms influences the degree of counterfactual thinking and its impact on the intention to switch brands during future purchase occasions. Brand switching intentions were found to be higher for Easterners when they experienced an unsatisfactory product experience that could be attributed to an action they took, and higher for Westerners when they experienced an unsatisfactory product experience due to their inaction. Furthermore, the pattern was reversed when the decision making agent was a group rather than an individual. We discuss the theoretical and practical implications of our findings regarding the interactive role of culture and decision making agent on norms and the potential effects on brand loyalty.
• "For all sad words of tongue and pen,
The saddest are these,
'It might have been'.
John Greenleaf Whittier

• "A man who has committed a mistake and doesn't correct it, is committing another mistake."
Confucius (551 – 479 BCE)

• "There are risks and costs to a program of action. But they are far less than the long-range risks and costs of comfortable inaction."
John F. Kennedy (1917 – 1963)

These opening quotes are instructive. Whittier’s poetry elegantly captures the feelings that people experience when they can imagine how a different chain of events could have yielded a different, more salutary outcome. Confucius’ quote suggests that if a person can imagine a chain of events unfolding differently had a different choice been made, then, when that chain of events is next encountered, a different choice ought to be made. A recent perspective in psychology is consistent with this assertion. Specifically, when confronted with situations in which events have unfolded in an unpalatable fashion, people may engage in a cognitive process that compares the existing situation with “what might have been” (Kahneman and Miller 1986; Miller, Turnbull, and McFarland 1990; Roese 1994). Such counterfactual thinking ought to lead to a modification of the individual’s behavior when next confronted with a similar situation. In the last quote, President Kennedy offered one prescription on how erroneous choices ought to be corrected – by taking action. Our research draws from the sentiments alluded to in these quotes to examine the topic of counterfactual thinking, and whether and when the taking of action is the likely approach to prevent a future chain of events unfolding in an unsatisfactory manner.

We draw from the core premise that the tendency to engage in counterfactual thinking is greater when norms have been violated in a chain of events. For example, as Kahneman and Tversky (1982) observe, unhappy outcomes that occur after abnormal events (e.g., an automobile
accident that occurs when a driver takes an unusual route home) tend to generate greater
counterfactual thinking than unhappy outcomes that occur after a normal chain of events (e.g., an
automobile accident that occurs when a driver takes the usual route home) (Kahneman and
Miller 1986; Miller and McFarland 1986). In the first instance, the violation of the norm (not
taking the normal route home) can lead to greater counterfactual thinking (Mandel, Hilton, and
Catellani 2005; Roese and Olson 1995). But, what is the genesis of these norms? The automobile
accident illustration suggests that habit is one source of norm development, though why the
particular habit developed in the fashion in which it did is not always entirely clear.

We develop the argument that an individual’s norms are determined by both culture and
context. Specifically, we propose that “taking action” is a typically Western norm, because, in
achievement oriented Western cultures, striving towards positive outcomes is the dominant
behavior; conversely, not taking an action (i.e., remaining passive) is a typically Eastern norm,
because, in Eastern cultures, preserving the status quo and avoiding negative outcomes is the
dominant behavior (Aaker and Lee 2001; Crowe and Higgins 1997). Further, since Westerners
tend to be relatively independent and Easterners tend to be relatively interdependent, we propose
that the agent (individual or group) responsible for the action or inaction that led to the unhappy
experience will play a role in perceptions of norm violation. In Western societies, individual
action is the norm (and group action would be a violation of the norm), while in Eastern
societies, group action is the norm (and individual action would be a violation of the norm)
(Menon et al. 1999). We examine the predictions that flow from this line of reasoning in a
uniquely marketing setting, the decision to switch brands following an unsatisfactory prior brand
experience.
The contributions of our research can be assessed along two principal dimensions. First, the interaction between action/inaction, cultural identity and group versus individual agency on norm violation is not envisioned in the extant literature. That is, while the premise that norm violation leads to stronger counterfactual thinking is well established, the role that culture and agency have on norms and their violation is a nuanced aspect of the norm violation mechanism that is novel. Theoretically, therefore, we expect our results to be of interest to the emerging discipline of cross-cultural psychology (Briley and Wyer 2001; Choi, Nisbett, and Smith 1997; Markus and Kitayama 1991; Nisbett et al. 2001; Triandis 1989) and its application to consumer behavior. Second, from a practical perspective, our research is likely to be of value to firms addressing culturally diverse markets. Consumers frequently select options and, in the process, eliminate other options. When the foregone option turns out to perform better than the selected option, or when the selected option turns out to perform relatively poorly, consumers may engage in counterfactual thinking and change their future behavior in accordance with the lessons learned from the previous dissatisfying experience (Krishnamurthy and Sivaraman 2002; Tsiros and Mittal 2000). The recognition that the degree and nature of counterfactual thinking that prospective consumers engage in is socially embedded, and has implications for brand loyalty and switching, should influence the development of communications strategies that target an individual versus a group of individuals and in the Orient versus the Occident, extending prior research that has examined the effect of counterfactual thinking on advertising responses and purchasing decisions (Cooke, Meyvis, and Schwartz 2001; Hetts et al. 2000; Inman and Zeelenberg 2002).

The rest of our paper is organized as follows. First, we provide a discussion of the relevant literature, from which we derive hypotheses. We then report on three studies that were
conducted to test our premises and our predictions, and conclude with a discussion of our findings and the implications of our research.

THEORETICAL FRAMEWORK

Overview

Our chief question of interest is the change in brand preference that occurs following an unsatisfactory consumption experience. The presumption that individuals will switch brands following an unhappy consumption experience is predicated on the premise that they believe a different brand choice would have led to a different outcome. Specifically, according to the literature on counterfactual thinking (CFT), consumers’ tendency to engage in CFT following an unsatisfactory consumption experience will differ depending on the degree to which norms have been violated. Consequently, the intention to change future behavior (such as the intention to switch brands) will also likely differ depending on the degree to which norms have been violated. We develop the reasoning for this logic, based on the CFT literature, next. Further, our examination of the CFT literature allows for the development of predictions regarding the role variations in norms due to cultural identity and agency on CFT and associated brand switching intentions.

Norm as an Antecedent of Counterfactual Thinking

Counterfactual thinking is a construction of alternatives which literally are contrary to the
facts (Boninger, Gleicher, and Strathman 1994; Roese, Sanna, and Galinsky 2005). People may wonder if, had events occurred differently, outcomes might have been different. For example, people might wonder whether their current state of marital happiness might be different had they married a different person, or if their current state of professional happiness might be different had they selected a different career. Similarly, consumers who are not satisfied with their brand choice might wonder if other brands considered but not selected during the choice process would have performed better. Thus, counterfactual thinking refers to the mental reconstruction of past events that involves a cognitive process of comparing existing situations with alternative imagined scenarios that might have yielded alternative outcomes.

The comparison process can occur in two ways. An upward comparison that contrasts a current outcome with a better alternative may yield regret, while a downward comparison that contrasts a current outcome with a worse alternative outcome may yield rejoicing\(^1\). Additionally, a person who experiences a disappointing outcome can prepare to behave differently when faced with a similar set of circumstances in the future, if such a change in behavior might change the outcome (i.e., the preparative function of counterfactual thinking (Roese 1994)). For example, a student who misses an “A” because of careless errors on an exam may plan to change his/her study habits to improve performance. A key factor that determines whether this preparative function will occur is whether the individual can successfully imagine changing the outcome if s/he had behaved differently.

\textit{Imagining an Alternative Sequence of Events.} The degree to which individuals can

\(^1\) For instance, a student who just misses making an A will likely be disappointed if s/he engages in an \textit{upward} comparison, while a student who barely makes a B will experience rejoicing if s/he engages in a \textit{downward} comparison, leading to the perverse outcome that a low B student is happier than a high B student (Medvec and Savitsky 1997). Similarly, Medvec, Madey and Gilovich (1995) report that Olympic bronze medal winners tend to be happier than silver medal winners. Because of its central role in the study of key Marketing issues such as regret and dissatisfaction (e.g., Tsiros and Mittal 2000, Inman and Zeelenberg 2002), we restrict our focus to the topic of upward comparisons. Further, in the interest of theoretical and empirical parsimony, we focus on CFT (and not on regret) as the construct of interest in our research.
Imagine the previous chain of events as *mutable*, or “the relative ease with which elements of reality can be cognitively altered” (Roese and Olson 1995, p. 7), is one important pre-requisite for individuals to plan to change their behavior to assure a different future outcome. For example, Kahneman and Tversky (1982) observe that ninety-six percent of subjects indicated that a passenger who missed his flight by 5 minutes would be more upset than one who missed his flight by 30 minutes, though “…the objective situation of both gentlemen is precisely identical, as both have missed their planes” (p. 203). Seemingly, subjects can imagine a passenger accelerating their progress towards the airport by five minutes more easily than they can imagine a passenger accelerating their progress towards the airport by 30 minutes. Further, people can imagine changing study habits and thus improving performance on an exam, or not driving home via an unusual route and thus avoiding an accident, because these are controllable elements in a chain of events and are therefore mutable. Conversely, it is more difficult to imagine elements such as the weather unfolding in a different manner, and thus influencing the chain of events to assure a more satisfactory outcome, because the weather is uncontrollable, and its role in the chain of events is therefore relatively immutable (Cooke et al. 2001; Markman et al. 1995; Roese and Olson 1995). In our context, the selection of a particular brand that led to a an unhappy consumption experience can be a mutable event since, in many instances, the consumer can imagine choosing a different brand.

However, not all events are mutable to the same degree, and thus, not all events are equally subject to counterfactual thinking. Rather, some unsatisfactory outcomes may lead to contemplating the mutation of an *action* (i.e., wondering how things might have turned out differently if one had *not done* something instead of having actively done something), while other unsatisfactory outcomes may lead to contemplating the mutation of an *inaction* (i.e.,
wondering how things might have turned out differently if one had done something instead of having stayed passive). Which form of mutation eventually occurs depends on whether acting versus staying passive is the standard behavioral norm (Kahneman and Miller 1986). For instance, for most investors, investing in the stock market tends to be typified by inaction. Consequently, people tend to generate greater counterfactual thoughts when a negative outcome occurs because they sold a stock when they should not have (i.e., they took an action) relative to when they did not sell a stock when they should have (i.e., they stayed passive; Kahneman and Tversky 1982). Conversely, in some situations, people expect the odds of success to increase if they engage in a set of actions (e.g., a student would expect to get good grades if s/he engaged in smart study habits). In such situations, people would generate greater counterfactual thoughts when a negative outcome occurs because they did not engage in the required action (Hattiangadi, Medvec, and Gilovich 1995; Kinnier and Metha 1989).

In sum, prior research shows that norms can differ across situations. But, precisely why certain circumstances determine the mutability of norms is not always clear. For instance, it is certainly true that missing one’s plane by five minutes is more mutable than missing one’s plane by thirty minutes, in most Western cultures. But, is missing one’s plane by thirty minutes more mutable than missing one’s plane by two hours? Further, is a time span of five minutes universally mutable, or, in light of the research on cultural differences in time perceptions, would five minutes be viewed as differentially mutable in different cultures or contexts (Graham 1981; Chen et al. 2005)? In other words, if similar events are considered to be differentially mutable across different cultures, then accounting for these cultural differences ought to yield results that illuminate how norm reversals might vary across cultural contexts. We turn to this issue of context next, and develop the argument that the degree to which action or inaction is the
appropriate future response to avoid outcomes that are similar to the current unsatisfactory outcome is dependent on societal norms. These societal norms and their mutability are driven by cultural context (i.e., the degree of independence and interdependence in the cultural milieu), which in turn implies a role for the agent who made the decision (i.e., the individual or a group).

*Cultural Orientation and the Norm of Action versus Inaction.* It has been argued that Easterners are relatively *interdependent* while Westerners are relatively *independent* (e.g., Aaker and Lee 2001; Markus and Kitayama 1991). The independence of Westerners is manifested in many ways including the need to differentiate themselves from others, a tendency to pay great attention to autonomy and achievement, and an orientation that leads to a strong emphasis on *promotion* goals. The interdependence of Easterners is manifested in many ways including a focus on the maintenance of group harmony and cohesion, a reduced concern about individual as opposed to group achievement, and an emphasis on *prevention* goals (Aaker and Lee 2001).

The goal orientation of independent Westerners versus interdependent Easterners plays an important role in our theoretical argument. Promotion goals are associated with the achievement of positive outcomes so as to achieve self-enhancement (Förster, Higgins, and Idson 1998; Higgins et al. 1994), which implies that Westerners “subscribe to a principle of personal control whereby positive action is appropriate and normative” (Roese and Olson 1995, p. 30, emphasis added). Further, a promotion orientation has been shown to bolster idea generation, relative to a prevention orientation (Friedman and Förster 2000, 2001). For instance, Crowe and Higgins (1997) show that when people work on a memory recognition task, those with a stronger promotion focus tend to generate a longer list of answers, perhaps because they wish to minimize errors of omission (i.e., minimize errors due to inaction). Thus, promotion-focused individuals appear to focus on *the action in which they need to engage in*, in order to achieve their goals. In
this regard, action is the norm, and missed opportunities or negative outcomes due to inaction would therefore be salient for promotion focused individuals, such as Westerners.

Prevention goals are associated with avoiding negative outcomes and with self-protection (Higgins 1997; Higgins et al. 1994). Prevention focused individuals are more sensitive to the presence and absence of negative outcomes, and their individual regulatory goals are associated with the reduction of negative outcomes so as to assure self-protection (Higgins, Shah, and Friedman 1997). Crowe and Higgins (1997) show that when asked to solve a puzzle, prevention-focused individuals typically generate a relatively short list of answers to questions, perhaps because they wish to minimize errors of commission (i.e., action). They focus on what they need to avoid doing in order to prevent the occurrence of the undesired outcome. Therefore the norm that emerges is one of maintaining the status quo, which is consistent with inaction (Chernev 2004). Because inaction is the norm, negative outcomes arising from their actions would be especially salient for prevention focused individuals, such as Easterners.

Thus, Westerners who are more promotion-focused are relatively action-oriented (i.e., action is the norm), and are likely to experience greater counterfactual thinking if they attribute the cause of the negative outcome to inaction. On the other hand, Easterners who are more prevention focused are relatively passive (i.e., inaction is the norm) and are likely to experience greater counterfactual thinking if they attribute the cause of the negative outcome to an action they took.

Implications for Brand Switching

In a consumption context, when a product fails to perform as expected, it is likely that
people will engage in “what-if” types of counterfactual thinking and consider alternative brands during the next purchase occasion (Hetts et al. 2000; Inman and Zeelenberg 2002; Krishnamurthy and Sivaraman 2002; Tsiros and Mittal 2000). Easterners are more likely to engage in counterfactual thinking when they can imagine that the negative outcome could have been avoided had they adhered to the norm that applies to Easterners, and had stayed passive during the previous purchase occasion. Because such CFT ought to lead to future brand switching, Easterners who are dissatisfied with their current brand and can associate their current dissatisfaction with an action they took, ought to display a greater willingness to switch brands on the next purchase occasion, relative to those who experience dissatisfaction as a consequence of having stayed passive.

On the other hand, Westerners are more likely to engage in counterfactual thinking when they can imagine that a negative outcome could have been avoided had they adhered to the norm that applies to Westerners, and had engaged in an action during the previous purchase occasion. Because such CFT ought to lead to future brand switching (Inman and Zeelenberg 2002), Westerners who are dissatisfied with their current brand and can associate their current dissatisfaction with having stayed passive, ought to display a greater willingness to switch brands on the next purchase occasion relative to those who experience dissatisfaction as a consequence of having taken an action. This line of reasoning leads to our foundational prediction:

**H1:** Westerners dissatisfied with their purchase will be more likely to switch to another brand when a negative outcome could have been avoided by an action, whereas Easterners dissatisfied with their purchase will be more likely to switch to another brand when a negative outcome could have been avoided had they stayed passive.
Group versus Individual Decisions

Recall that a prime feature distinguishing feature Westerners from Easterners is their relative degree of independence. (Indeed, it is this trait that leads to differences in goal orientation). This difference in degree of independence can lead to other differences in patterns of behavior that have implications for our theorizing. In particular, independent Westerners are more likely to act autonomously, while interdependent Easterners are more likely to act collectively. In this regard, norm violation could be a consequence not only of what was done (or not done), but also of who did (or did not do) it. That is, agency matters in the imagining of undoing elements in a chain of events.

Specifically, Easterners are chronically prevention oriented, and the group context allows the possible negative consequences of the decision to be diffused among all group members. Therefore, in a group decision making context, individual Easterners are likely to become less prevention oriented. As a consequence, action is less likely to be deemed to be a norm violation, and Easterners may prefer that the group engage in an action. In other words, if the group decision agent were to remain passive, Easterners may engage in a greater amount of CFT. By the same token, Westerners are chronically promotion oriented and the group context allows the possible positive consequences of the decision to redound to the group rather than the individual. Therefore, in a group decision making context, individual Westerners are likely to become less promotion oriented. As a consequence, inaction is less likely to be deemed to be a norm violation and Westerners may prefer that the group stay passive. In other words, if the group decision agent were to engage in an action, Westerners may experience...
This line of reasoning implies that, when Easterners experience an unsatisfactory outcome due to something that a group did not do (i.e., the group stayed passive), because the relative level of counterfactual thinking would be greater than if they experience an unsatisfactory outcome due to something the group did (i.e., the group engaged in an action), their intention to switch brands in the future will be higher. Similarly, when Westerners experience an unsatisfactory outcome due to something that a group did (i.e., the group engaged in an action), because the relative level of counterfactual thinking would be greater than if they experience an unsatisfactory outcome due to something the group did not do (i.e., the group stayed passive), their intention to switch brands in the future will be higher. Formally:

**H2:** In a group decision making context, Westerners dissatisfied with their purchase will be more likely to switch to another brand when a negative outcome could have been avoided had the group stayed passive, whereas Easterners dissatisfied with their purchase will be more likely to switch to another brand when a negative outcome could have been avoided had the group taken an action.

In summary, the foregoing discussion suggests that culture and context may influence how people construe product failures because these two factors affect the way people judge whether a norm has been violated. We now turn to a description of the empirical examination we undertook to examine our predictions.

**STUDY 1**

A core premise that informs our inquiry is that Westerners and Easterners adhere to
different norms. Specifically, our argument rests on the claim that action is the norm amongst independent Westerners, whilst inaction is the norm amongst interdependent Easterners. In addition, we assumed that these norms may be reversed in a group decision making context. Thus, our first task is to examine if these assumptions are indeed valid. To examine these assumptions, we collected data from subjects in a Western country (Canada) and an Asian country (Singapore).

Procedure and Stimuli

Eighty students from a large university in Canada and fifty-three students from a large university in Singapore were recruited for this study. Participants were told they would respond to several surveys that pertained to different studies. In the first questionnaire, participants were asked to respond to a list of questions on their general perceptions. Included in these questions were two items that were of specific interest to us. The first item was “In my culture, actively taking an action is encouraged” and the second item was “People in my culture would stay passive when there is an equal probability of benefits and risks.” The first item measured the extent to which action was the norm in that culture, while the second item measured the extent to which inaction was the norm in that culture.

Participants then proceeded to the second study. In a between-subjects design, participants were randomly assigned to one of two conditions. In one condition, decisions were made by an individual, while in another condition decisions were made by a group. The scenario used in the individual decision making condition read as follows: “An IT analyst with a stable job in company A has an offer to move to company B. Company B promises him a higher salary
and position. Though the terms are good, he also knows that company B has a reputation for cutting back on staff when market conditions sour.” Participants in the group decision making condition were told “An entire team of IT analysts from company A has been offered positions in company B. Company B promises higher salary and positions for the whole team but the offer is only valid if the whole team moves to the company. Though the terms are good, the team also knows that company B has a reputation for cutting back on staff when market conditions sour.” After reading the scenario, participants were asked to indicate whether they thought the IT analyst (or team) should stick to their current company or switch to company B (“1” = stay with company A and “7” = switch to company B). We also measured participants’ motivation when responding to the questionnaire (“when reading the material and completing the study, how motivated were you?” anchored at “not at all motivated” and “very motivated”). Finally, participants provided demographic information, were debriefed and dismissed.

Results

Cross-Cultural Variation in Action versus Inaction as the Norm. First, to test if action (inaction) is typically the norm in Western (Eastern) cultures, participants’ responses to the two relevant questions in the first part of the questionnaire were analyzed. Results showed a significant main effect of culture for both questions \((F(1, 133) = 25.06, p < .01, \eta^2 = .16\) and \(F(1, 133) = 7.15, p < .01, \eta^2 = .05\), respectively). Specifically, Canadians were more likely to believe that actively taking an action is encouraged in their culture \((M = 5.60)\) versus Singaporeans \((M = 4.32)\). On the other hand, Singaporeans are more likely to believe that people would stay passive when the probability of benefits and risks is equal \((M = 4.83)\) relative to Canadians \((M = 4.16)\).
These results supported our core premise that action is the norm in Western cultures while inaction is the norm in Eastern cultures.

*Norm Reversal in Group Decision Making.* Next, to test if norms are reversed in a group decision making situation, we performed a 2 (Culture) × 2 (Individual versus group) ANCOVA, with motivation as a covariate. As expected, the ANCOVA run on participants’ responses to the scenario revealed a significant two-way interaction ($F(1, 127) = 4.99, p < .05, \eta^2 = .04$). Specifically, planned contrasts using one-tailed tests showed that Canadians were more likely to believe in action (i.e., switching to another company) in the individual decision making scenario, relative to the group decision scenario (4.09 vs. 3.46; $F(1, 127) = 3.06, p < .05$). On the other hand, Singaporeans in the group decision condition were more likely to believe in action compared to those in the individual decision condition (4.10 vs. 3.47; $F(1, 127) = 2.43, p < .06$). This pattern of results demonstrates a norm reversal due to agency (individual or group) and is consistent with our premise.

Discussion

This study provided evidence supporting our assumptions that action is the norm in Western cultures while inaction is the norm in Eastern cultures. We also establish that this norm is reversed when the decision making agent is the group rather than the individual. While this is an interesting and novel finding, it serves to establish the validity of our assumptions. We therefore now proceed to report on two studies conducted to test the key hypotheses that Easterners and Westerners will exhibit different brand switching intentions when they undergo a negative product experience due to their (vs. their group’s) action/inaction.
STUDY 2

The objective of study 2 is to examine the consequences of a negative product experience on brand switching intentions. Specifically, we examine the effect of cultural differences, individual versus group agency and action versus inaction during the prior brand acquisition process on future brand switching intentions. We conducted a 2 (Culture: Chinese vs. U.S. prime) \times 2 (Frame: Action vs. Inaction) \times 2 (Decision Making Unit: Individual vs. Group) between-subjects experiment, using “bi-cultural” Singaporean subjects (Chen, Ng, and Rao 2005). As has been argued elsewhere (e.g., Hong et al. 2000) such a sample allows for the priming of one or another culture through the use of visual primes that will in turn color subsequent psychological processes (Lee, Aaker, and Gardner 2000; Menon et al. 1999). While cross-country designs are arguably more externally valid (e.g., Childers and Rao 1992), the priming approach is valuable because: 1) it controls for the potential lack of equivalence in the two conditions in a cross-country design (see Schwarz 2003); and 2) it allows for the random assignment of subjects to conditions, eliminating concerns about confounding. Therefore, for this study, we primed bicultural subjects visually.

Stimulus Development and Pretest

To activate participants’ cultural orientations, two different collages were developed. Each collage comprised icons representing either the Chinese culture (e.g., the Great Wall, Confucius, a dragon) or the U.S. culture (e.g., the White House, Marilyn Monroe, a bald eagle;
see appendices A and B for collages used for cultural priming). A pretest conducted on a separate sample of one-hundred-thirty-six Singaporean students revealed that, in a task requiring them to list the names of three politicians, participants in the Chinese prime condition listed significantly more Asian politicians than those in the U.S. prime condition ($F(1, 134) = 11.46, p < .05$). On the other hand, people primed with the U.S. collage listed significantly more Western politicians than those primed with the Chinese collage ($F(1, 134) = 10.27, p < .05$). In addition, among those primed with the Chinese (vs. the U.S.) collage, Asian (vs. Western) politicians were more likely to be the first that came to mind ($F(1, 134) = 17.79, p < .001$). Thus, the visual prime likely induced different cultural orientations among the participants.

Participants and Procedure

A total of one hundred twenty Singaporean undergraduates participated in this study to fulfill a course requirement. First, participants were told that they would be involved in two experiments. They were told that the first experiment was designed to examine people’s general knowledge of important persons, objects or places. To this end, they would be asked to name the pictures shown in a collage. Immediately after the instructions, the participants were shown the collage associated with the condition to which they were randomly assigned, and then they were asked to recall the various icons they saw in the collage. This procedure assured that participants attended to the visual prime.

Next, participants were introduced to a purportedly separate study about investment decisions. They were asked to imagine that they had been investing in the stock market and have had an account at an agency which helped them make decisions by providing market analysis
results or advice on when to buy or sell. The action and inaction frames were included in the scenario given. The scenario in the action condition described that the agency had advised people who owned shares in company A to switch to stock in company B. Furthermore, the participants were asked to imagine that they had indeed switched to the stock in company B. Following exposure to information regarding their own action, participants went on to read about the sub-par performance of their stock (“you would have been better off by $2,000 if you had kept your stock in company A without switching to the stock in company B”). On the other hand, the scenario in the inaction condition described that the agency had advised people who owned shares in company A to stay with stock in company A. Furthermore, the participants were asked to imagine that they had indeed stayed with the stock in company A. Following exposure to information regarding their own inaction, participants went on to read about the sub-par performance of their stock (“you would have been better off by $2,000 if you had switched to the stock of company B instead of staying with the stock in company A.”)

The manipulation of individual versus group decision making unit was also accomplished within the scenario. Those who were assigned to the individual decision making condition read the scenario described above, while the other half of the participants were asked to imagine that they were a member of a finance team which invests in the stock market. Additionally, participants in the group decision condition were informed that for their team, all decisions regarding stock selection and timing were made altogether as a group and that by acting as a team on each and every issue, team-members would be assumed to carry equal contribution for gains and/or equal responsibility for losses (see Appendix C). The action and inaction frames were included in the scenario as described above.
After reading the scenario, respondents were asked about their switching intentions on two seven-point scales (“Switching to another agency company would be a good decision” and “It would be sensible to find a new agency company in order to invest in the stock market.”). Finally, participants were debriefed, thanked, and dismissed.

Results

**Manipulation Checks.** To check whether the visual priming successfully activated different cultural orientations, participants were asked to list the names of the three politicians that first came to their minds. Results showed that people primed with the U.S. collage listed significantly more Western politicians than those primed with the Chinese collage and vice versa ($F(1, 112) = 3.97, p < .05$), indicating that our culture manipulation was successful. No other main or interaction effects were significant.

In addition, we also checked whether the action/inaction manipulation was successful. The results showed that those in the action condition perceived the outcome as having occurred because they did something they should not have done ($F(1, 112) = 11.83, p < .01$), while those in the inaction condition perceived the outcome as having occurred because they did not do something they should have done ($F(1, 112) = 4.84, p < .05$). No other effects were significant. Taken together, the manipulation of factors of interest in this study was deemed successful.

**Brand Switching Intention.** To assess support for our predictions, we performed a univariate analysis of variance of the fully saturated three-factor model on the dependent variable. The ANOVA conducted on the average of the two brand switching intention items ($r = .80, p < .001$) revealed a significant three-way interaction of culture, frame and decision making unit
(F(1, 112) = 8.95, p < .01, \eta^2 = .073). To shed further light on this pattern, planned contrasts were conducted. Recall that according to the hypothesis on individual decision making situations, Westerners dissatisfied with their purchase will be more likely to switch to another brand when the failure could be attributed to inaction, whereas Easterners dissatisfied with their purchase will be more likely to switch to another brand when the failure could be attributed to an action. The opposite pattern was predicted in group decision making situations.

Results from planned contrasts using one-tailed tests confirmed these predictions. First, consistent with hypothesis 1, a significant two-way interaction between culture and frame was observed in the individual decision condition (F(1, 112) = 8.95, p < .05). Further, follow-up contrasts between the action and inaction frames among individuals primed with the U.S. culture indicated that they were more willing to switch to another agency following sub-par performance due to their inaction versus action (4.73 vs. 3.97; F(1, 112) = 3.47, p < .05). Planned contrasts among individuals primed with the Chinese culture showed a pattern that is directionally consistent with our thesis that the action versus inaction frame would lead to stronger brand switching intentions, though the result was statistically not significant (4.53 vs. 4.23; F(1, 112) = .53, p > .1).

The interaction between culture and frame was also significant in the group decision condition, but, as we predicted, the pattern of the interaction was reversed (F(1, 112) = 5.77, p < .05; see figure 1). Specifically, when the agent is a group, individuals primed with the Chinese culture were more likely to switch to another brand when sub-par performance could be attributed to inaction versus action (4.80 vs. 3.97; F(1, 112) = 4.09, p < .05), while individuals primed with the U.S. culture were more likely to switch to another brand when sub-par performance could be attributed to action versus inaction (4.47 vs. 3.90; F(1, 112) = 1.89, p
Secondary Analyses to Examine the Source of Culturally Disparate Norms. Recall our argument for why it is that group behavioral norms differ from individual behavioral norms differently in different cultures. Easterners are chronically prevention oriented, and the group context allows the possible negative consequences of the decision to be diffused among all group members. Therefore, in a group decision making context, individual Easterners are likely to become less prevention oriented. Westerners are chronically promotion oriented and the group context allows the possible positive consequences of the decision to redound to the group rather than the individual. Therefore, in a group decision making context, individual Westerners are likely to become less promotion oriented.

We examined this possibility empirically in this study. We assessed whether regulatory goals varied due to culture and decision context using a four item scale (Cronbach’s $\alpha = .70$). The results showed a significant two-way interaction between culture and decision making unit ($F(1, 112) = 19.02, p < .01$). Western-primed participants were more focused on the positive versus negative outcomes of decisions in the individual versus group decision condition (4.12 and 4.63; $F(1, 112) = 4.58, p < .05$), while Eastern-primed participants were more focused on the negative versus positive outcomes of decisions in the individual versus group decision condition (4.42 and 3.52 respectively; $F(1, 112) = 15.11, p < .01$). These results confirm that people tend to have different regulatory goals depending on culture, and that these goals are also sensitive to

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2 The items in the scale were: “my goal would be to avoid incurring additional losses”, “my goal would be to strive for higher returns”, “I would focus on the positive outcomes of the decision” and “I would focus on the negative outcomes of the decision”. The second and third items were reverse coded.
context (individual versus group as agent). That is, the group setting reduces Westerners’ promotion orientation because the potential benefits of the group decision accrue to the entire group rather than to the individual. Conversely, the group setting reduces Easterners’ prevention orientation because the potential harm due to group action will redound to the entire group rather than the individual actor.

Discussion

Results from this study demonstrate that bicultural subjects primed with different cultures may respond to the same negative event differently, depending on whether the decision was made by the individual or collectively by a group, as well as whether the outcome seemed to be a consequence of their action or inaction. Specifically, consistent with our theorizing, participants whose Eastern culture was made salient via visual priming displayed heightened brand switching intentions after a negative product experience that could be attributed to an action versus inaction, while those whose Western culture was made salient displayed heightened brand switching intentions after a negative product experience that could be attributed to inaction versus an action. However, this pattern was reversed when the agent responsible for the original action or inaction was a group rather than an individual. Our argument for these findings rests on the notion of the cultural norms that prevail for individual versus group action/inaction, in each of the cultures. Secondary analyses provided evidence supportive of a theoretical claim that the attenuation of chronic regulatory goals when the group is the decision making agent might account for the reversal in the brand switching intention pattern.

In sum, as a first empirical study showing a reversal of the interactive pattern of culture
and frame on switching intentions in a group decision making, the current study offers a novel advance regarding how people’s behavioral tendency may shift depending on the nature of the agent engaging in the action. Yet, a key premise that underlies our theorizing – that counterfactual thinking leads to the observed brand switching intentions – remains untested. We turn to the task of testing that premise in our third study.

**STUDY 3**

The objective of study 3 was to directly examine differences in counterfactual thoughts across the conditions, in addition to replicating results obtained in study 2 in a different consumption context. For this purpose, we included measures of counterfactual thinking, as well as brand switching, as dependent variables. By doing so, we attempt to shed further light on the mechanism by which a poor product experience leads to switching behaviors via counterfactual thinking processes. Thus, similar to study 2, we conducted a 2 (Culture: Chinese vs. U.S. prime) × 2 (Frame: Action vs. Inaction) × 2 (Decision Making Unit: Individual vs. Group) between-subjects experiment.

Procedure and Stimuli

The procedures followed were similar to those employed in study 2. Specifically, participants were shown the cultural prime and completed a recall question before proceeding to an ostensibly different study on purchasing behavior. In that different study, participants were told to imagine that they as an individual (or as a member of their family) have owned a
computer for their own (or their family) business. However, the configuration no longer satisfied their needs and they had decided to purchase a new computer. After much consideration, they (or the family) either decided to stick with the current brand (in the inaction condition) or to try out a new brand (in the action condition). However, upon using the new computer, they (or their family) were disappointed with its performance. After reading this scenario, participants completed questions regarding their level of involvement, brand switching intentions and counterfactual thoughts and responded to questions about norms in the described situations.

Results

**Manipulation Checks.** To check if the cultural prime was successful, participants’ listing of three politicians that first came to their mind was analyzed. As expected, results showed that participants in the U.S. prime condition listed significantly more Western politicians, relative to those in the Chinese prime condition, and vice versa ($F(1, 277) = 18.44, p < .01$). No other effects were significant. We also checked whether the action/inaction manipulation was successful. The results showed that those in the inaction condition were more likely to perceive that the outcome occurred because they did not do something they should have done ($F(1, 277) = 4.03, p < .05$). No other effects were significant. Thus, overall, our manipulations were deemed successful.

**Brand Switching Intentions.** Brand switching intentions were measured by asking participants to indicate the extent to which they would purchase their next computer from a different manufacturer. An ANCOVA with involvement as a covariate revealed a significant
three-way interaction of culture, frame and decision making unit \( (F(1, 277) = 13.22, p < .01, \eta^2 = .05) \).

Consistent with our hypotheses, the decomposition of the significant three-way interaction by decision making unit showed significant two-way interactions of culture and frame when the individual was the agent \( (F(1, 277) = 8.09, p < .01) \). Participants in the U.S. prime condition exhibited significantly higher intentions to switch brand when poor performance could be attributed to their inaction relative to action \( (5.50 \text{ vs. } 5.00; F(1, 277) = 3.56, p < .05) \). On the other hand, participants in the Chinese prime condition exhibited significantly higher switching intentions when poor performance could be attributed to an action they took relative to staying passive \( (5.63 \text{ vs. } 5.11; F(1, 277) = 4.45, p < .05) \).

Additionally, and consistent with study 2, contrast analyses using one-tailed tests when the group was the decision making agent, revealed a pattern of results that was the reverse of the pattern observed when the individual was the agent \( (F(1, 277) = 4.94, p < .05) \). Participants primed with the U.S. culture exhibited significantly higher intentions to switch brands when poor performance could be attributed to the group’s action relative to inaction \( (5.23 \text{ vs. } 5.62; F(1, 277) = 3.05, p < .05) \), while those primed with the Chinese culture exhibited higher intentions to switch brands when the poor performance could be attributed to the group staying passive relative to when they took an action \( (5.78 \text{ vs. } 5.40; F(1, 277) = 1.99, p < .07) \). Overall, the pattern of results supported our hypotheses and replicated the findings obtained in study 2.

**Counterfactual Thoughts.** We also assessed the extent to which participants engaged in counterfactual thinking. To measure the degree of counterfactual thinking, we first conducted a preliminary study in which participants provided open ended responses to “if only …” prompts following an unsatisfactory product experience. Approximately 70% of the participants indicated
that they wished they had checked out more information before making their final purchase decision. Therefore, in this study, we asked participants to indicate, on a seven-point scale, the extent to which they felt they should have checked out more information before making a final purchase decision.

An analysis of participants’ responses to this question revealed a significant three-way interaction \(F(1, 277) = 19.45, p < .01\). All other effects were not significant. Further analyses showed that the simple interaction of culture and frame when the individual was the agent was significant \(F(1, 277) = 5.25, p < .05\). U.S. primed participants provided marginally higher counterfactual thinking scores when poor performance could be attributed to their inaction relative to an action they took (6.25 vs. 5.95; \(F(1, 277) = 1.77, p < .09\)). On the other hand, participants primed with the Chinese culture provided higher counterfactual thinking scores when poor performance could be attributed to an action they took versus staying passive (6.06 vs. 5.69; \(F(1, 277) = 3.56, p < .05\)).

The interaction when the group was the agent was also significant \(F(1, 277) = 14.83, p < .01\), yielding the opposite pattern of results obtained in the individual decision making condition. Specifically, when the group was the agent, U.S. primed participants provided higher counterfactual thinking scores when poor performance occurred because of the group’s action relative to inaction (6.49 vs. 5.84; \(F(1, 277) = 8.95, p < .01\)). Similarly, Chinese primed participants provided higher counterfactual thinking scores when poor performance could be attributed to the group’s inaction relative to action (6.32 vs. 5.73; \(F(1, 277) = 5.89, p < .05\)). This pattern of results corroborates our premise that people engage in counterfactual thinking when faced with poor product performance, and the degree to which such counterfactual thinking
occurs ought to vary depending on action/inaction, culture and individual versus group decision making.

We next tested whether counterfactual thinking mediated the interaction of culture, decision making unit and frame on brand switching intentions by employing the procedure recommended by Baron and Kenny (1986). The regression coefficient associated with the three-way interaction in a model incorporating main and interaction terms as predictors of brand switching intentions yielded a significant effect of the interaction term ($\beta =1.95, p < .01$). The second regression analysis of culture, frame and decision making unit and their interactions on counterfactual thinking, a proposed mediator, yielded a significant effect of the three-way interaction term ($\beta = 2.12, p < .01$). Finally, when the degree of counterfactual thinking was employed as a covariate in the original regression model, it was a significant predictor ($\beta = .38, p < .01$), but the coefficient associated with the three-way interaction term declined in magnitude though it remained significant ($\beta = 1.16, p < .05$). The result of the Sobel test confirmed that the reduction in the effect of the three-way interaction was significant ($z = 3.69, p < .05$). This pattern of results suggests that counterfactual thinking indeed mediated the higher-order interaction effect on brand switching intentions. Collectively, these findings suggest that when a negative outcome occurs due to their action versus inaction, consumers engage in counterfactual thinking differently depending on culture, decision making unit and whether action or inaction led to the unhappy product experience, and this leads to differences in how they prepare to act in the future, with regard to their willingness to switch brands or remain brand loyal.\(^3\)

\(^3\) In this study, we also asked participants to list counterfactual thoughts they had while imagining themselves in the scenario. When the number of thoughts they listed was used as an indicator of the extent to which they were engaged in counterfactual thinking, a similar pattern emerged. An ANOVA run on this measure revealed a significant three-way interaction ($F(1, 277) = 14.54, p < .01$). However, probably due to the insensitivity of the measure, though the simple effects were directionally consistent with our premise, they were not significant. Also, a mediation analysis did not yield a significant effect.
Regulatory focus. We also measured participants’ regulatory focus by asking them to indicate the extent to which they would focus on the absence of a negative outcome when purchasing a computer (i.e., a computer that will not fail in a short time), a prominent prevention trait; and the extent they would attempt to find their ideal computer, a prominent promotion trait. The promotion item was reversed coded and a mean of the two items was taken. Participants who scored high on the scale were deemed to be more prevention focused while those who scored low on the scale were deemed to be more promotion focused.

Analyses revealed a significant two-way interaction between culture and decision making unit ($F(1, 277) = 12.09, p < .01$). U.S. primed participants were more likely to focus on choosing a computer that would not fail in the group decision making condition relative to in the individual decision making condition (4.56 vs. 4.16; $F(1, 277) = 5.18, p < .01$). Conversely, Chinese primed participants were more likely to focus on choosing a computer that would not fail in the individual decision making condition relative to in the group decision making condition (4.45 vs. 4.09; $F(1, 277) = 6.86, p < .01$). These results are consistent with our expectation that people’s chronic cultural norms manifest themselves differently depending on whether a decision is made individually or collectively for a group.

Discussion

Results in this study replicated the findings obtained in previous studies. Additionally, we shed some light on the underlying mechanism that accounts for the phenomenon. Consistent with our theorizing that counterfactual thinking is stronger when norms are violated, and that counterfactual thinking is linked to future brand switching intentions, the current study offers
process evidence about how the factors of interest interact and influence counterfactual thinking and brand switching intentions. Thus, this study provides additional evidence that product failure due to action and inaction affects Easterners and Westerners differently, and this cross-cultural variation, in turn, depends on the agent responsible for the original action or inaction that led to the unsatisfactory product experience.

**GENERAL DISCUSSION**

Summary

Drawing from the literature on counterfactual thinking, regulatory focus and cross-cultural psychology, we predicted differences in brand switching behavior due to the degree to which norms are violated. Specifically, prior action/inaction is a norm that varies across cultures and the agent to whom the unhappy experience can be attributed, the individual or the group. The evidence indicated that individuals from Western cultures (who are more promotion focused by definition) are more likely to engage in counterfactual thinking when they could have prevented product failure by having done something (i.e., inaction is a norm violation). This results in a willingness to switch brands when Westerners believe that they could have mutated the causal chain by having engaged in an action. Conversely, individuals from Eastern cultures (who are more prevention focused by definition) are more likely to engage in counterfactual thinking when they could have prevented product failure by having stayed passive. This results in a willingness to switch brands when Easterners believe that they could have mutated the causal chain by having stayed passive (i.e., action is a norm violation). More interestingly, we show that
this pattern of results was reversed when a group rather than the individual was deemed responsible for the original decision that resulted in the unsatisfactory product experience. Norms that prevail in the group decision making setting are different from the norms that prevail when the individual is the decision making agent (Menon et al. 1999).

We address the theoretical and practical contributions of our research next and then turn to identifying areas for future research.

Theoretical Contributions

The finding that norms differ depending on whether the individual or a group is the decision making agent and this difference has an impact on consumers’ counterfactual thinking and resulting brand switching intentions is a novel finding. Though the argument that norm violations lead to counterfactual thinking is not new, our contribution lies in identifying \textit{how norms differ across cultures due to agency}. The existing literature has shown that Westerners are more promotion focused and thus, by implication, are more likely to engage in counterfactual thinking when a negative outcome occurred due to their inaction, while Easterners are more prevention focused and so, by implication, are more likely to engage in counterfactual thinking when a negative outcome occurred due to an action they took (Aaker and Lee 2001; Higgins et al. 1994). But, the reversal of this effect in the group setting is not readily deducible from the extant literature. Our ability to predict and observe this pattern reversal is an outcome of the marriage of regulatory focus theory, cross-cultural psychology and counterfactual thinking and is an original theoretical contribution not contemplated in the counterfactual literature (Roese and
Olson 1995), regulatory focus literature (Higgins 1997) or in the cross-cultural literature (Aaker and Lee 2001).

That group decision making is different from individual decision making is fairly well established (Derks, Laar and Ellemers 2009; Levine, Higgins and Choi 2000). However, in our context, we find that the confluence of cultural orientation and group decision making has an impact on decision making because the independence/interdependence dimension of culture has an impact on the individual’s regulatory focus. Our research adds to the group decision making literature by demonstrating how culture and the nature of agency associated with the decision may impact behavior following negative outcomes. Westerners’ chronic promotion orientation may be attenuated when the decision making agent is a group, while Easterners’ chronic prevention orientation may be attenuated when the decision making agent is a group.

Finally, this research contributes to the burgeoning literature on cross-cultural influences in marketing and consumer behavior (e.g., Aaker and Lee 2001; Briley, Morris, and Simonson 2005; Chen et al. 2005; Ng and Houston 2006). Our examination of the interaction of cross-cultural psychology and consumer behavior provides insight on consumer judgment and decision making in the same spirit as other work that examines the role of culture in the development of human thought (Markus and Kitayama 1991; Nisbett et al. 2001).

Managerial Contributions

Our research has implications for both brand management and advertising persuasion strategies. In bi-cultural settings (such as Singapore, the Indian sub-continent, Hong Kong), consumers’ tendency to behave differently depending on the environment has important
implications for multi-national firms contemplating local markets. The possibility that subtle message frames might yield brand loyalty or switching depending upon which cultural orientation is primed is one that firms would do well to consider.

Persuading consumers from different cultural orientations requires subtle variations in messaging strategy. Contrary to popular perspectives that may be misinterpreted to imply that a flattening world implies that strategies ought to be standardized (Friedman 2005), the availability of new and emerging international markets in the Orient may require dramatically different persuasion strategies that recognize profoundly different cultural norms and values. While in general, people from all cultures may engage in counterfactual thinking, people from different cultures are likely to react differently to messages designed to exacerbate or attenuate counterfactual thinking. Understanding this subtlety is an important prerequisite to the construction of effective communication strategies.

Limitations and Future Research

While our research offers several contributions, we should acknowledge several obvious limitations at this point. First, the use of student subjects and laboratory settings raises the usual concerns about generalizability. However, our test of the norms in two different countries does alleviate some of the concerns regarding generalizability. Second, our dependent variable is a measure of behavioral intention, not behavior. Therefore, caution should be exercised in making any inferences regarding actual consumer behavior.

There are several interesting avenues for future research. First, our focus has been on counterfactual thinking associated with a negative outcome and its implications for brand
switching. It is unclear whether counterfactual thinking associated with a positive outcome will have a similar effect on brand loyalty, and whether the strength of the effects due will be symmetric or will differ due to the impact of loss aversion on unhappy outcomes. A second potential issue for further research is the impact of our framework for other dependent variables of interest to marketing, such as the effect of counterfactual thinking on price sensitivity. Third, promotion/prevention can be manipulated within a culture. Such a manipulation of regulatory focus within culture and in concert with a frame manipulation might yield interesting variations in counterfactual thinking. Finally, the effect on purchase decisions of the counterfactual thinking that is experienced vicariously versus personally, and the extent to which that effect is culturally mediated, is another avenue worthy of empirical scrutiny.
APPENDIX A

CHINESE CULTURAL COLLAGE
APPENDIX C

INVESTMENT PROBLEM (GROUP DECISION, ACTION CONDITION)

You are a member of a finance team which invests in the stock market. Your team has been subscribing a service from a consulting company called EZ TRADE. This company helps investors make decisions by providing market analysis results or advice on when to buy or sell, although it is always an investor who makes the final decisions. For your team, all decisions regarding stock selection and timing are made altogether as a group. By acting as a team on each and every issue, team-members are assumed to carry equal contribution for gains and/or equal responsibility for losses.

Your team holds shares in company A. During the past month, your team has considered switching to stock in company B because the stocks in these two companies tend to go in opposite directions. In other words, the market has observed that an increase in the price of stock in company A is always accompanied by a decrease in the price of stock in company B, and vice-versa.

Recently, your team has received market updates from the agency, EZ TRADE. Among these updates is a piece of information that advises people who own shares in company A to switch to stock in company B.

Following this advice, your team decides to do it. That is, your team switches to the stock in company B.

Your team now finds out that your team would have been better off by $5,000 if your team had kept the stock in company A without switching to the stock in company B.
FIGURE 1

STUDY 2: BRAND SWITCHING INTENTION AS A FUNCTION OF CULTURE, FRAME AND DECISION MAKING UNIT

a. Individual Decision Unit

b. Group Decision Unit
REFERENCES


