Social Exclusion Stimulates Product and Brand Switching

Lei Su
Hong Kong Baptist University

Yuwei Jiang
Hong Kong Polytechnic University

Zhansheng Chen
University of Hong Kong

C. Nathan DeWall
University of Kentucky

Abstract

The days of complete customer loyalty are over, and understanding consumer switching behavior is a new horizon in retailing and branding. In our recent work, we examine whether social exclusion—being ignored or rejected in social interactions—has a significant effect on consumers' switching behavior.[1] *Specifically, we demonstrate that consumers exhibit an increased tendency to switch brands and product choices after experiencing social exclusion.*

Understanding consumer switching behavior is becoming increasingly important in retailing and branding.[2] Brand loyalty has hit new depths, which presents risks and opportunities for those managing consumer products.[3] According to a recent survey of 23,665 consumers in 34 countries, the "switching economy," characterized by the revenue companies have lost due to increased switching rates, has swollen to $5.9 trillion for companies globally (i.e., a 29% increase since 2010), with $1.3 trillion in the U.S. alone.[4] Our recent research examines whether consumers who feel socially excluded are more likely to switch to a different product or brand, given the opportunity to do so.[5]

Social exclusion is something all people have felt during their lives, and it is part of human nature to want to belong to a group.[6-8] However, does this strong and meaningful human desire affect brand loyalty? For example, would a person who has just experienced a divorce be more likely to switch to a different restaurant than the one he or she normally frequents? We conducted five studies, and the results demonstrated that individuals who experienced social exclusion engaged in more switching behavior. This effect diminished, however, if the original product was a source of social connectedness.

In our first study, we uncovered the relationship between social exclusion and switching behavior by linking survey and archival data. We had a group of university students complete a survey about their social media use. We then retrieved information about their daily lunch routines. The data consisted of contactless electronic payment records, the primary method of payment at this university, and details on which canteen or restaurant the student visited on campus each day for the previous three months. We found that the students who had fewer social media friends or joined fewer chat groups were more likely to switch to a different canteen or restaurant from the one they had visited the day before.

In another study conducted in a lab setting, the participants experienced social exclusion through a computer ball-tossing game (dubbed “Cyberball” by psychologists). Afterwards, they were given the opportunity to switch to a different free gift than the one they had chosen earlier (a refrigerator magnet). We observed that the socially excluded participants were more likely than their included counterparts to switch to a different gift when presented with the option.

Why does this happen? Our third and fourth studies have indicated that social exclusion results in the loss of an individual’s control, that is, the sense one has of his or her ability to exert influence on or master his or her environment. This is quite understandable, as being rejected or ostracized by others leads to an inability to influence others in social activities, which impairs perceptions of control. From an evolutionary perspective, control is an important factor associated with survival. Subsequently, people are motivated to find ways to boost their sense of control after being socially excluded, a journey we refer to as “control restoration.” Meanwhile, we argue that a sense of control can be restored by the decision to switch when faced with a choice between "staying with the status quo" or "switching to another brand/company." Switching to a different brand provides apparent and salient evidence of the consumer's mastery of his or her environment. It also provides the consumer with a different option, such that he or she has an alternative and thus is not constrained by his or her environment. Both of these factors boost the consumer's sense of control. Taken together, we conclude that social exclusion results in a decreased sense of control, which motivates people to use switching to restore their sense of control. The results of studies 3 and 4 perfectly explain such "control restoration" mechanism for the observed effect in our studies 1 and 2.

Our last study indicated that the switching behavior among excluded people was weakened or disappeared when their *previous* choices allowed them to fit into a certain group. For example, people are less likely to switch to another gym, even after being socially excluded, if their peers go to the same gym. This indicates the importance of the effect of social connectedness on brand and product switching.

Our results have important managerial implications. Marketers should be aware of and use consumers' desire to be socially connected as a significant opportunity to draw them toward particular brands. Our research suggests that excluded participants pursue new products in an effort to re-establish control. Consequently, socially excluded people represent an opportunity to expand market share in saturated markets. For example, a recent survey conducted by J.D. Power and Associates revealed that consumers switch banks mainly due to two life circumstances: divorce and moving to another city.[9] Given that divorce and moving prompt feelings of social exclusion and are both associated with significant losses in existing social connections,[10,11] the current research should provide marketers with a possible focal point for managing switching behavior. Our research shows that marketing efforts that focus on events that socially exclude consumers can be effective.

Identifying and focusing on life events that precipitate social exclusion, such as moving to a different city or leaving a partner, can provide a marketing edge when trying to attract customers. Excluded consumers are seeking to assert control and mastery through consumer acts such as brand switching. Many of these acts have an annual cycle, with people switching jobs and moving around the New Year as they re-evaluate their lives. Thus, a marketing campaign built around switching and controlling the environment, implemented in this timeframe, could be a successful way to gain new customers.

Consumers' feelings of social exclusion can also be triggered by a mix of marketing tools, such as being rejected as a VIP member or (un)intentionally ignored by a salesperson or service representative. Our research shows that social exclusion leads to a drive to reassert control over the environment. Thus, marketing tools that trigger social exclusion may increase brand switching. Motivation to control the environment provides companies with opportunities to influence customers' temporary feelings of having a social connection, and to strategically manage their switching behavior. Companies desperately seeking new customers may want to induce feelings of loneliness in consumers, or tap into their past experiences of social exclusion through marketing communications (e.g., AT&T's "Loneliness" campaign and the McDonald's "Lonely Hearts" advertisement). Our research suggests these campaigns may be most successful at drawing people away from other brands in an effort to assert their control.

Our findings also suggest that marketers should consider providing more products and services to people with lower socioeconomic statuses. People with fewer financial resources tend to experience more social exclusion, and may therefore be inclined to switch products or brands more frequently, making them a prime group to focus on. Furthermore, offering a wider variety of services and products reduces the chances of the excluded customer purchasing another brand. Apple followed this strategy by offering a low-end model of the iPhone (iPhone 5C) as an alternative to the much more expensive iPhone 5 and 5S, and was rewarded with booming sales because it gave people from lower socioeconomic backgrounds the chance to afford an iPhone.

Companies who wish to keep their customers loyal and prevent them from switching can also work to make their products incite feelings of social connection. Our results suggest that a brand associated with a group is less susceptible to the brand switching behavior of socially excluded people. Products with a strong aspect of social connectedness, that is, products that either provide a group identity or encompass some group aspect, are less susceptible to the effects outlined in our results. A well-known example is the integration of online gaming and social media into gaming consoles such as the Xbox, PlayStation and Wii brands. This principle is at the core of the hospitality industry. These social and group aspects of a product reinforce consumers' sense of social connectedness. Developing a brand as a source of social connectedness makes socially excluded consumers less likely to switch from it.

These efforts can be doubled for consumers facing difficulties or at risk of social exclusion. For example, university graduates may find themselves in a position where their old social connections have been broken as friends move away and lives change. Marketing promotions and materials could focus on these groups at critical periods to reduce the likelihood of switching. Product and brand engagement can emphasize not only the advantages or the message of the product/brand, but also the social connections offered. Such efforts may reduce the likelihood of customers switching from a particular brand to assert control over their environment.

To conclude, socially excluded people are more likely to pursue new products or brands, unless their original product was a source of social connectedness. Marketers should be aware of social exclusion as a driver of product switching. This poses both an opportunity and a risk. Marketers can more easily get customers to switch by positioning their brands and products in ways that appeal to socially excluded people seeking to reassert their sense of control. Socially excluded customers are more susceptible to brand switching, a risk that can be managed by positioning one's product or brand as a source of social connectedness.

Authors

Lei Su (PhD – The Chinese University of Hong Kong) is an Assistant Professor of Marketing in Hong Kong Baptist University. Her research focuses primarily on consumer judgement and decision-making, examining how social or visual marketing factors influence product evaluations and purchase intentions. Su's research has been published in the Journal of Consumer Research, Journal of Consumer Psychology, and International Journal of Hospitality Management. Su obtained her PhD in marketing from the Chinese University of Hong Kong. Prior to entering academia, Su worked as Association Brand Manager in Procter & Gamble, and then Research and Analytics Director in Starcom Mediavest Group. She also had experience working in consulting projects with leading companies such as IBM and Bank of China.
email: lsu@hkbu.edu.hk

Yuwei Jiang (PhD – Hong Kong University of Science and Technology) is an Associate Professor of Marketing at the Hong Kong Polytechnic University. His research interests include visual marketing, social influences on consumption, subjective experiences and psychological resources. Dr. Jiang's research has appeared in the Journal of Consumer Research, Journal of Consumer Psychology, Strategic Management Journal, Organisational Behavior and Human Decision

Processes, Journal of Experimental Social Psychology, and AIDS Care. He serves as an editoral board member for the Journal of Consumer Research and Journal of Consumer Psychology, and an ad-hoc reviewer for various marketing and psychology journals. Dr. Jiang was selected as a Marketing Science Institute (MSI) young scholar in 2015, and an AMA-Sheth doctoral consortium fellow in 2008. Dr. Jiang holds a BA in Economics from the University of International Relations, China, and both an MSc in Economics and a PhD in Marketing from the Hong Kong University of Science and Technology (HKUST).
email: yuwei.jiang@polyu.edu.hk

Zhansheng Chen is an Associate Professor in the Department of Psychology at the University of Hong Kong. Dr. Chen obtained his PhD in social psychology from Purdue University, M.Ed. in educational psychology from South China Normal University and B.S. in B.S. in Applied Psychology from Beijing Normal University. His research focuses on aggression and morality. He tests how interpersonal factors (e.g., ostracism/social exclusion, objectification), community contexts (e.g., crowding, money prime), and societal level factors (e.g., social class, social inequality) contribute to aggression and unethical behaviors. His research has been published in the leading academic journals such as Psychological Science, Personality and Social Psychology Bulletin, and Journal of Experimental Social Psychology. His research has also been covered by media outlets such as BBC News, Science Daily, China Daily, and South China Morning Post.
email: chenz@hku.hk

Nathan Dewall is professor of psychology and director of the Social Psychology Lab at the University of Kentucky. He received his bachelor's degree from St. Olaf College, a master's degree in social science from the University of Chicago, and a master's degree and Ph.D. in social psychology from Florida State University. DeWall received the College of Arts and Sciences Outstanding Teaching Award, which recognizes excellence in undergraduate and graduate teaching. The Association for Psychological Science identified DeWall as a "Rising Star" for "making significant contributions to the field of psychological science." DeWall conducts research on close relationships, self-control, and aggression. With funding from the National Institutes of Health and the National Science Foundation, he has published over 180 scientific articles and chapters. DeWall's research awards include the SAGE Young Scholars Award from the Foundation for Personality and Social Psychology, the Young Investigator Award from the International Society for Research on Aggression, and the Early Career Award from the International Society for Self and Identity. His research has been covered by numerous media outlets, including Good Morning America, the Wall Street Journal, Newsweek, Atlantic Monthly, the New York Times, the Los Angeles Times, the

Harvard Business Review, USA Today, and National Public Radio. He has lectured nationally and internationally, including in Hong Kong, China, the Netherlands, England, Greece, Hungary, Sweden, and Australia. Nathan is happily married to Alice DeWall and is the proud father of Beverly "Bevy" DeWall. He enjoys playing with his two golden retrievers, Finnegan and Atticus. In his spare time, he writes novels, watches sports, tends his chickens and goats, and runs and runs and runs. He has braved all climates—from freezing to ferocious heat— to complete over 1000 miles' worth of ultramarathons, including the Vol State 500K in 2016.
email: nathan.dewall@uky.edu

Endnotes

1. Su, L., Jiang, Y., Chen, Z., & DeWall, C.N. (2017). Social exclusion and consumer switching behavior: A control restoration mechanism. *Journal of Consumer Research*, Forthcoming.
2. Jiang, Y., Zhan, L., & Rucker, D. D. (2014). Power and action orientation: Power as a catalyst for consumer switching behavior. *Journal of Consumer Research*, *41*(1), 183-196.
3. Kusek, K. (2016). The death of brand loyalty: Cultural shifts mean it's gone forever. *Forbes.* Retrieved from http://www.forbes.com/sites/kathleenkusek/2016/07/25/the-death-of-brand-loyalty-cultural-shifts-mean-its-gone-forever.
4. Accenture. (2013). *U.S. "Switching Economy" Puts Up To $1.3 Trillion of Revenue Up for Grabs for Companies Offering Superior Customer Experiences, Accenture Research Finds*. Retrieved from https://newsroom.accenture.com/subjects/research-surveys/us-switching-economy-puts-up-to-1-3-trillion-of-revenue-up-for-grabs-for-companies-offering-superior-customer-experiences-accenture-research-finds.htm.
5. Su, L., Jiang, Y., Chen, Z., & DeWall, C.N. (2017). Social exclusion and consumer switching behavior: A control restoration mechanism. *Journal of Consumer Research*, Forthcoming.
6. DeWall, C.N., Baumeister, R.F., & Vohs, K.D. (2008). Satiated with belongingness? Effects of acceptance, rejection, and task framing on self-regulatory performance. *Journal of Personality and Social Psychology*, *95*(6), 1367-1382.
7. DeWall, C.N., Maner, J.K., & Rouby, D.A. (2009). Social exclusion and early-stage interpersonal perception: Selective attention to signs of acceptance following social exclusion. *Journal of Personality and Social Psychology*, *96(4),* 729-741.
8. Duclos, R., Wan, E.W., & Jiang, Y. (2013). Show me the honey! Effects of social exclusion on financial risk-taking. *Journal of Consumer Research*, *40*(1), 122-135. [Reprinted in JCR Research Curations 2013 – Social Influence and Consumer Behavior]
9. J.D. Power and Associates (2011). *Shopping and Switching Rates Increase among Retail Bank Customers as Competition in the Industry Intensifies.* Retrieved from http://businesscenter.jdpower.com/news/pressrelease.aspx?ID=2011020.
10. Berman, W.H. (1988). The relationship of ex-spouse attachment to adjustment following divorce. *Journal of Family Psychology*, *1*(3), 312-328.
11. Rubin, M., Paolini, S., & Crisp, R.J. (2010). A processing fluency explanation of bias against migrants. *Journal of Experimental Social Psychology*, *46*(1), 21-28.