

# White Response to Potentially Discriminatory Actions in a Services Setting

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## ABSTRACT

**Discrimination in the marketplace is a significant problem for many blacks and for service providers. However, recent research suggests that some whites may respond similarly to blacks when they witness what they perceive to be a discriminatory act in a service encounter. Using an experimental design methodology, this research investigates the extent to which this occurs. The degree to which an observing customer values the other customer's welfare and feels empathy has been found to explain differences in service failure perceptions among white study participants. White participants high in empathy for blacks were found to react similarly to blacks relative to the inherent negativity of the service failure. This suggests that a service failure involving black customers that hints of discrimination has a greater overall impact on the long-term success of the service firm than originally envisioned. © 2011 Wiley Periodicals, Inc.**

## INTRODUCTION

Most people would agree that discrimination against blacks has been and continues to be one of the most pervasive and difficult issues facing the United

States.<sup>1</sup> Discrimination can occur in almost any area of everyday life including in the marketplace. Crockett, Grier, and Williams (2003) have defined marketplace discrimination as “differential treatment of customers in the marketplace based on perceived group-level traits that produce outcomes favorable to ‘in-groups’ and unfavorable to ‘out-groups’” (p. 1). Marketplace discrimination can be manifest in any number of activities, including being closely watched/followed through stores, being ignored, getting seated in an undesirable location (e.g., near the kitchen), and being provided lesser quality service/products (e.g., getting a poor-quality hotel room) (Feagin & Sikes, 1994).

While it will not be argued that the cost of discriminatory activities to firms is in any way commensurate with the emotional and psychological cost of those discriminated against, the fact remains that when firms act in a way that is perceived as discriminatory, it can result in economic losses. For example, in 1993 Denny’s was forced to pay out \$46 million and saw its stock become almost worthless after being made the defendant in two class-action lawsuits resulting from discriminatory practices. In addition to these large-scale, public examples, Baker, Meyer, and Johnson (2008) have shown that in a service failure concerning a black customer and a white service employee, service recovery expectations were found to be higher for blacks than whites. Thus, marketplace discrimination has real, financial implications to the firm in terms of the cost of additional service recovery activities necessary to placate those who are the victims of discrimination.

While blacks make up approximately 13% of the U.S. population and therefore represent a large enough group to create the potential for large losses stemming from discriminatory acts, recent research by Spanierman and colleagues (Spanierman & Heppner, 2004; Spanierman et al., 2008; Spanierman, Todd, & Anderson, 2009) suggests that yet another party may be harmed by marketplace discrimination: the white majority. Clearly, viewing discrimination is not the same as being discriminated against, yet understanding the broader effect of discrimination beyond the impact on direct participants (e.g., blacks) merits understanding. When a firm’s action is such that it is plausible to attribute the action to racially biased behaviors, the firm needs to understand the full ramifications of the negative consequences.

Research by Spanierman and Heppner (2004) proposes that there may be psychosocial costs to whites who are exposed to discrimination, which may lead to affective (e.g., fear, anger, guilt), cognitive (e.g., distorted perception of reality, lack of knowledge of others), and/or behavioral (e.g., having relationships exclusively with other whites, being rejected by other whites when challenging racism) outcomes. Based on this, Spanierman and Heppner (2004) developed a scale designed to assess the costs of racism to whites, which is composed of three dimensions: (1) white emphatic reactions towards racism, (2) white guilt, and (3) white fear of others. It is the first dimension of their scale, emphatic reactions to discrimination, which is the focus of this research.

According to Spanierman and Heppner (2004), white emphatic reactions toward racism involve feelings of anger and/or sadness relative to what was

<sup>1</sup> It is recognized that discrimination can be targeted toward any number of minority groups (e.g., Hispanic, Asian American) as well as other factors (e.g., age, gender, race, etc.). Although the research reported in this paper focuses on white on black discrimination, it is assumed the results could be generalized to other contexts (e.g., gender, age, sex).

observed. The concept of empathy has been characterized in a number of closely associated ways. The English word empathy has its etymology based in the Greek words *empathēia*, meaning “passion,” and *pathos*, meaning “feelings, emotion” (Merriam-Webster, 2009). Goldman (1993), a philosopher, defined empathy as “a ‘mimicking’ of one person’s affective state by that of another” (p. 351). The definition of empathy most commonly used in the marketing literature comes from Batson (1991), who defined empathy as “an other-oriented emotional response congruent with the perceived welfare of another person.” Therefore, having empathy for another individual suggests that in the case of a service failure involving a black consumer and including an attribution to discrimination, the negative emotional reaction arising from the black consumer is potentially mimicked by others observing the encounter. Said another way, just as acts of marketplace discrimination will impact those who are the objects of discriminatory acts (e.g., blacks) it may also be the case that other customers in the marketplace environment (e.g., whites) who view discriminatory acts will be impacted, perhaps in a similar fashion. This seems likely, as Spainerman and Heppner (2004) found that higher levels of white empathy were associated with higher levels of racial awareness and cultural sensitivity. Specifically, ambiguous service failures involving black consumers might serve as an emotionally laden trigger for some whites witnessing said acts. If this is indeed the case, one could make the case that the negativity of a service failure involving ambiguously racist actions is significantly broader than originally considered, since negative emotion that arises due to a service failure has been found to lead to everything from retaliatory behaviors (Bonifield & Cole, 2007), switching behavior and negative word-of-mouth (Bougie, Pieters, & Zeelenberg, 2003), as well as to consumer complaints and repurchase intentions (Folkes, Koletsky, & Graham, 1987). This suggests that the ultimate impact of the service failure is much more wide-reaching than originally considered.

The research presented here has a number of objectives. First, the extent to which whites who view a service failure that might be perceived as marketplace discrimination differ in their empathic reactions to the failure will be investigated. Specifically, it is expected that those who score high on the empathic reactions scale will tend to (1) view the failure as more severe, (2) exhibit a greater degree of anger, and (3) view the situation as being due to discrimination when compared to those who score low on the scale. From there, attention is turned to the extent to which there are similarities in how whites and blacks respond relative to those same factors. Finally, the social servicescape (Tombs & McColl-Kennedy, 2003) is examined to allow consideration of how the racial makeup of other customers who are present at the time of the service failure would be expected to impact perceptions. In other words, do some whites have reactions similar to blacks when witnessing a service failure that might be attributed to discrimination, and do others in the servicescape impact them in a similar manner?

The next section presents an overview of recent research suggesting whites can be impacted by exposure to potentially discriminatory actions. Following is an overview of empathy, which is believed to be the underlying factor relative to the impact of discriminatory actions on whites. This is followed by brief review of literature pertaining to the role of others in the service environment. Finally, details concerning the study will be presented, followed by the results and discussion.

## CONCEPTUAL BACKGROUND

### Psychosocial Cost of Racism to Whites

A number of studies have identified the negative outcomes to blacks associated with being the target of discrimination. These include the creation of structural barriers to employment, lack of occupational advancement, barriers to equal housing, lower levels of education, and less access to medical care (cf. Braddock & McPartland, 1987; Cash, Gillen, & Burns, 1977; Neckerman & Kirshenman, 1991). In addition to these broad, structural, macro impacts of discrimination, there are also more day-to-day, micro impacts of discrimination. Many of these discriminatory actions occur within what was referred to earlier as marketplace discrimination. These activities can have significant and long-term psychological effects on those discriminated against, including lower self-esteem (cf. Williams, Shore, & Grahe, 1998), a limit on fulfillment of affiliation needs (cf. Bowlby, 1969), and the perception that one is not valued by others (Pyszczynski, Greenberg, & Solomon, 1997).

Recently, it has been suggested that racial discrimination not only impacts those who are victims of discriminatory actions (blacks) but that it can also impact the “silent” and “blind” white majority (Spanierman & Heppner, 2004). Specifically, Spanierman and Heppner (2004) propose what they label the “psychosocial costs of racism to Whites” (PCRW), which is made up of affective, cognitive, and behavioral elements. The affective aspect of PCRW has to do with the “emotional consequences experienced by White individuals as a result of racism” (Spanierman & Heppner, 2004, p. 250). This includes such emotions as anxiety, fear, anger, sadness, helplessness, guilt, shame, and apathy. The cognitive element of PCRW has to do with distorted cognitions, which may emanate from the use of defense mechanisms such as repression and denial. Cognitive costs are likely to be different depending on the differences in awareness of race and racism. Finally, the behavioral element refers to restrictions in behaviors driven by attempts to avoid racial situations. These include but are not restricted to limited social relationships whites may have with blacks and may even include restrictions on relationships with other whites (Goodman, 2001).

From this conceptual work, Spanierman and Heppner (2004) developed a scale to assess PCRW, which initially consisted of 39 items. An assessment of face validity reduced that to 36 items, and an exploratory assessment of the factor structure resulted in three factors that retained 16 items. This was followed by a more rigorous confirmatory factor analysis utilizing a different sample, which confirmed the 16-item, three-factor structure. These three factors were labeled (1) white emphatic reactions to racism, (2) white guilt, and (3) white fear of others. It is the first factor which is the focus of the present research. The “white emphatic reactions to racism” subscale (WER) consists of six items, including such elements as anger, sadness, and helplessness. This factor was positively related with racial awareness, general attitudes toward racial diversity, and ethnocultural empathy. Interestingly, women scored significantly higher on this factor than did men, which Spanierman and Heppner (2004) attributed to their having experienced discrimination via sexism. As this subscale is essentially assessing empathy, which is proposed as the driving force behind the effects to be tested, the next section provides a brief discussion of empathy.

## Empathy

As noted earlier, Batson (1991) has defined empathy as “an other-oriented emotional response congruent with the perceived welfare of another.” Empathy is often thought of as emanating from the ability of one person to understand another’s psychological state relative to an event. For the most part, empathic concern has generally been considered to be similar to or a function of feelings of sadness, sympathy, compassion, and tenderness.

Research in the area of empathy initially focused on the perspective one took relative to the event. Batson, Early, and Salvarani (1997) argue that there is a difference between imagining how another feels and imagining how one would feel in that same situation. While both perspectives are altruistically motivated, the first was found to evoke empathy, while the latter was found to evoke both empathy and distress. Distress involves feeling the pain of the other person. If witnessing another person’s physical suffering, the distress is literally felt by the observer. When empathy involves something less acute (e.g., loneliness), people are more likely to respond with feelings of distress for the person in need (empathetic emotion).

Empathy has garnered a great deal of research interest, as it has been shown to be a useful explanatory variable in a variety of contexts. Batson et al. (1997) have shown that feeling empathy toward one member of a stigmatized group (their study used an AIDS patient and a homeless person) can improve attitudes toward the group as a whole. A later study by Batson et al. (2002) replicated this result but also showed that the empathy led to marginal increases with regard to behaviors on behalf of the stigmatized group (in this case, drug addicts). Bagozzi (2006) identified empathy as one of four positive emotions essential to salesperson–customer relations. Argo, Zhu, and Dahl (2008) investigated the role of empathy in what they termed “emotional melodramatic entertainment.” Their results indicated that that “high empathizers” evaluated stories higher when the story was low versus high in fictionality.

In the context of the current research, an important finding with regard to empathy is that it is altruistic in that the result of empathic feelings are directed toward the goal of relieving another’s needs rather than acting in an egoistic manner (Batson, 1991; Cialdini et al., 1987). For example, within marketing, Bagozzi and Moore (1994) have shown that anger from the viewing of public service announcements pertaining to child abuse leads to empathic responses and a decision to help. Basil, Ridgway, and Basil (2008) found that as it relates to giving to charity, empathy leads to feelings of guilt, which increases the possibility of donating to the charity.

It seems plausible that empathy may play a role in the service environment as well, particularly with regard to service failures. The social nature of a service encounter is such that it is not uncommon for a consumer to view another consumer dealing with poor service. There are ramifications for the observing consumer. The reality is that when consumers encounter other consumers in need (experiencing a service failure), it is likely they will feel empathy to some degree. An important question in this research is when and why whites exposed to ambiguous service failures (which could be construed to be discriminatory in nature) will have empathic reactions that lead them to react to the failure similarly to a black.

Empathetic concern has two antecedents (Batson et al., 2007, 1997). The first is the actual determination that the customer is in need. The second is the degree to which the observing customer values the other customer's welfare. Batson et al. (2007) found that perspective taking may or may not play a mediating role in the relationship between valuing the other person's welfare and empathetic concern. Batson et al. (1997) conducted two experiments to investigate this issue, with the results supporting the idea that empathy will increase when the subject values the welfare of the person in need. Batson et al. (2007) found additional support for this and extended the findings by showing that valuing another's welfare increased the ability to adopt another's perspective, which in turn increased empathic concern.

As stated previously, it is expected that whites who are exposed to ambiguous service failures involving a black customer that could be attributed to discrimination may react in an empathetic manner. However, not all whites may respond in the same manner, which raises the question of why this difference may occur. One explanation is the value placed on the welfare of the other person. According to this line of reasoning, there is a positive relationship between perceived value and feelings of empathy. When a customer views a service failure occurring to another customer that the viewing customer generally likes or feels protective toward (even a complete stranger), the viewing customer is likely to consider how the customer embroiled in the service failure is affected by the event. Negative value is placed on events that are believed to bring pain, sorrow, or disappointment. Such valuing produces an active response to the event that affects the observing customers' welfare, much as the customer might respond to events that affect their own welfare. The observing customer values another's welfare and responds to perceived inequities. This would suggest that if two people do not similarly value another customer they would not have the same level of empathy. Variability implies that differences would exist among whites with regard to how they value blacks. This would lead to differences in empathic reactions, which would, in turn, lead to differences regarding the focal variables being investigated in this research. This is consistent with the Spanierman and Heppner (2004) research whereby white empathy and cultural sensitivity were positively related. Therefore:

**H1:** When viewing a service failure involving a black couple and white service provider, high-empathy whites (HEWs) [vs. low empathy whites (LEWs)] will: suggest the failure was more (vs. less) severe (**H1a**), report experiencing greater (vs. lesser) anger (**H1b**), and believe the failure was more (vs. less) likely due to discrimination (**H1c**).

**H2:** When viewing a service failure involving a black couple and a white service provider, HEWs and blacks will not differ with regard to: reported severity of the failure (**H2a**), amount of anger produced by the failure (**H2b**), and the degree to which discrimination was evident (**H2c**).

**H3:** When viewing a service failure involving a black couple and white service provider, blacks (vs. LEWs) will: suggest the failure was more (vs. less) severe (**H3a**), report experiencing greater (vs. lesser) anger (**H3b**), and believe the failure was more (vs. less) likely due to discrimination (**H3c**).

## The Impact of Others in the Service Environment

Service providers have long recognized the importance of the service environment on service delivery and perceptions of service quality. A critical but perhaps overlooked element of this environment is the other people present at the time of the service delivery. Tombs and McColl-Kennedy (2003) suggest that other people represent a “social” servicescape, with the other people present in the environment being a source of discriminative stimuli. Research by Grove and Fisk (1997) has illustrated the impact others present in the service environment can have on perceptions of service quality. Baker, Meyer, and Johnson (2008) found that the presence or absence of blacks in a service setting can impact black responses to service failures. Specifically, their research indicated that when no other blacks are present in the service environment, blacks who are the recipients of a service failure are more likely to attribute the failure to discrimination, feel more anger as a result of the failure, and demand higher levels of service recovery.

Just as one would expect context to impact blacks’ perceptions of severity, anger, and discriminatory attributions, it is expected the same will hold true for HEWs who are more vigilant to the potential harm that might be caused blacks due to racial prejudice. Therefore, the mix of other customers in the service environment will impact whites’ perceptions of service failures. Specifically:

- H4a:** HEWs will (a) perceive the failure to be more severe, (b) express more anger, and (c) attribute the failure to discrimination when the other customers are all white when compared to the other customers of mixed race.
- H4b:** Blacks will (a) perceive the failure to be more severe, (b) express more anger, and (c) attribute the failure to discrimination when the other customers are all white when compared to the other customers of mixed race.
- H4c:** There will be no difference for LEWs with regard to (a) perceptions of failure severity, (b) anger, or (c) willingness to attribute the failure to discrimination regardless of the makeup of other customers in the service environment.

Finally, it is proposed that while there will be a difference *across* context, there will be no impact *within* context groups. In other words, the results proposed in H1 to H3 should hold regardless of the context (e.g., all white, mixed race).

- H5a:** Regardless of the racial mix of other customers in the service environment, LEWs will score lower than HEWs with regard to perceptions of the severity of the failure, the anger expressed, and discriminatory attributions.
- H5b:** Regardless of the racial mix of other customers in the service environment, there will be no difference between HEWs and blacks with regard to perceptions of the severity of the failure, the anger expressed, and discriminatory attributions.
- H5c:** Regardless of the racial mix of other customers in the service environment, LEWs will score lower than blacks with regard to perceptions of the severity of the failure, the anger expressed, and discriminatory attributions.

## METHOD

### Participants and Procedure

Participants were from a large national consumer panel. The firm managing the panel does not allow consumers to self-select themselves into the panel. Rather, the firm systematically recruits participants and manages the number of surveys in which any member of the panel participates in a given period of time. The firm that manages the panel was contacted with a request for a minimum number of respondents for each cell in the design. The firm randomly chose participants and sent e-mail invitations along with a link to the research materials. This resulted in a total of 881 completed surveys, with 601 from whites and 280 from blacks. Study participants represented a broad cross section of the U.S. population. When compared to white participants, black participants were more commonly female, somewhat younger, less educated, and earned slightly less in annual income.

Prospective participants were told that the study was concerned with how a customer views things that go wrong in a service encounter. In preliminary instructions, panel members choosing to participate were told they would be asked to read a scenario that described a situation that actually happened and view pictures showing the people involved in the scenario as well as a picture of where the service encounter took place. Study participants were asked to respond based on how they believed they would react if they observed the same situation. Participants were made aware that once they completed a survey page and advanced to the next page they would not have the option to return to the previous page.

To provide a more subtle manipulation of race it was decided to include pictures of the waitress and the couple who were the focus of the scenario. Pictures were also used to manipulate the context manipulation. Bateson and Hui (1992) have demonstrated that the use of pictures in experimental studies of this type can have the effect of inducing the same responses as real situations. After reading the scenario (see the Appendix) and looking at the pictures of the customers (a black couple), the server (a white woman), and the other customers (all white or a 50/50 mix of black and white), participants were asked to rate the severity of the failure on a 1 (not severe) to 7 (very severe) scale. The anger measure was taken from Richins's (1997) work on consumption emotions. The item asked participants to rate on a scale of 1 (not at all) to 7 (very) the extent to which the service failure made them feel angry. A question related to perceptions of discrimination was then administered. The question asked participants to rate their belief that the service failure was due to discrimination on a scale of 1 (definitely disagree) to 7 (definitely agree). Finally, white participants were asked to complete the six-item White Empathetic Reactions toward Racism scale developed by Spanierman and Heppner (2004). The scale included items such as "I become sad when I think about racial injustice," and "It disturbs me when people express racist views." The scale was administered as a 7-point Likert scale, with higher scores indicative of greater empathy. As the scale was subjected to a rigorous validation process by Spanierman and Heppner (2004), the analysis of scale properties consisted of an exploratory factor analysis only. The analysis resulted in a single factor that explained 60.85% of the variance, and the factor loadings were between 0.56 and 0.88. Reliability was assessed via the calculation of coefficient alpha, which was 0.85.



The study design was a 3 (group: black vs. high-empathy white vs. low-empathy white)  $\times$  2 (other customers: all white vs. half white/half black) between-subject design. Participants were randomly assigned to one of the two conditions. A median split of Spanierman and Heppner's (2004) empathy scale was used to divide white participants into low- and high-empathy groups.

## RESULTS

The first three hypotheses proposed that for severity, anger, and discrimination (1) there would be differences between LEWs and HEWs, (2) there would be no differences between HEWs and blacks, and (3) there would be differences between LEWs and blacks. To test these hypotheses, a univariate ANOVA was run across all three groups for each of the dependent variables and post hoc tests were conducted to determine differences between groups. The means for each group for each of the variables tested are presented in Table 1. For each of the three variables the univariate ANOVA was significant ( $p < 0.001$ ). The means for LEWs were significantly lower than those for HEW for each of the three variables tested, which provides support for H1a–c. In addition, the means for LEWs were significantly lower than those for blacks, providing support for H3a–c. H2 receives partial support since the means for HEWs and blacks are not different for severity (H2a) or anger (H2b) but are different for discrimination (H2c).

H4a–b suggested the means of severity, anger, and attributions of discrimination for both HEWs and blacks would be significantly different between the mixed race and all white condition, while H4c proposed that there would be no differences for those three variables across the mixed race and all white conditions for LEWs. H5a–c proposed that the same pattern of results proposed in H1–H3 would be found in both the all white and mixed race conditions. These two sets of hypotheses were tested by first running a 2 (condition)  $\times$  3 (group) ANOVA for each of the dependent variables (severity, anger, discrimination), followed by the appropriate post hoc tests. Table 2 provides a summary of the post hoc tests for H4a–c, and Table 3 provides the results for the tests of H5a–c.

With regard to the ANOVA tests, for severity there was no significant impact of condition [ $F(1,875) = 1.12, p > 0.05$ ], nor was there a significant interaction [ $F(2,875) = 2.31, p > 0.05$ ]. However, there was a significant effect of group [ $F(2,875) = 9.733, p < 0.01$ ]. As for severity, there was no effect of condition [ $F(1,875) = 2.14, p > 0.05$ ] but there was an effect for group [ $F(2,875) = 9.73, p < 0.01$ ] as well as a significant interaction [ $F(2,875) = 3.76, p = 0.05$ ]. Finally, tests were conducted for perceptions of discrimination in the service failure. In this case there was a significant effect of condition [ $F(1,875) = 390.35, p < 0.01$ ], group [ $F(2,875) = 29.33, p < 0.01$ ] as well as a significant interaction [ $F(2,875) = 10.32, p < 0.01$ ].

A summary of the post hoc tests which provide the tests of H4a–c is presented in Table 2. H4b receives support since, as hypothesized, blacks exhibit higher scores in the all white condition than the mixed race condition for severity, anger, and attributions of discrimination. Partial support is found for H4c since, while there are no differences for severity or anger across the two conditions for LEWs, there is a significant difference for discrimination. Finally, H4a receives only partial support since there is no difference for HEWs with regard to severity or anger across the two conditions. However, there is, as hypothesized,

**Table 1. Means for Empathy Groups for Tests of H1–H3.**

	LEW	HEW	Black	<i>F</i>	Sig.
Severity	5.42 <sub>a</sub>	5.82 <sub>b</sub>	5.94 <sub>b</sub>	12.65	0.000
Anger	5.73 <sub>a</sub>	6.23 <sub>b</sub>	6.03 <sub>b</sub>	9.68	0.000
Discrimination	3.01 <sub>a</sub>	3.57 <sub>b</sub>	4.25 <sub>c</sub>	25.58	0.000

LEW = Low-empathy white.

HEW = High-empathy white.

Within a given row, cells not sharing the same subscript differ at  $p < 0.01$ .

**Table 2. Tests of Hypotheses 4a–c.**

Group	Variable Tested	All White*	Mixed Race
High-empathy whites	Severity	5.85 <sub>a</sub>	5.79 <sub>a</sub>
	Anger	6.16 <sub>a</sub>	6.31 <sub>a</sub>
	Discrimination	4.77 <sub>a</sub>	2.32 <sub>b</sub>
Blacks	Severity	6.09 <sub>a</sub>	5.83 <sub>b</sub>
	Anger	6.25 <sub>a</sub>	5.83 <sub>b</sub>
	Discrimination	5.35 <sub>a</sub>	2.72 <sub>b</sub>
Low-empathy whites	Severity	5.36 <sub>a</sub>	5.48 <sub>a</sub>
	Anger	5.77 <sub>a</sub>	5.69 <sub>a</sub>
	Discrimination	3.81 <sub>a</sub>	2.20 <sub>b</sub>

\* Subscripts that are the same indicate differences that are not significant at  $p < 0.05$ , while those that are different indicate significant differences at  $p < 0.05$ .

**Table 3. Tests of Hypotheses 5a–c.**

	All White Condition		
	LEW	HEW	Black
Severity	5.36 <sub>a</sub>	5.85 <sub>b</sub>	6.09 <sub>b</sub>
Anger	5.77 <sub>a</sub>	6.16 <sub>b</sub>	6.16 <sub>b</sub>
Discrimination	3.81 <sub>a</sub>	4.77 <sub>b</sub>	5.55 <sub>c</sub>
Mixed Race Condition			
Severity	5.48 <sub>a</sub>	5.79 <sub>a</sub>	5.83 <sub>a</sub>
Anger	5.69 <sub>a</sub>	6.31 <sub>b</sub>	5.83 <sub>a</sub>
Discrimination	2.20 <sub>a</sub>	2.32 <sub>a,b</sub>	2.72 <sub>b</sub>

LEW = Low-empathy white.

HEW = High-empathy white.

Within a given row, cells not sharing the same subscript differ at  $p < 0.01$ .

a significant difference across the two conditions with regard to attributions to discrimination. This is interesting as it seems to suggest that HEWs are cognizant of the others in the servicescape, and this leads them to act in a manner similar to blacks. Specifically, HEWs in the all white condition attributed the failure to discrimination to a greater degree than those HEWs in the mixed race condition. Just as with the black respondents, the presence of other blacks in the service environment tends to attenuate the willingness to attribute a service failure to discrimination.

The tests of H5a–c are provided in Table 3. H5a proposed that LEWs would score lower than HEWs for severity, anger, and discrimination regardless of condition (all white, mixed race). This pattern holds for the all white condition but is only the case for anger in the mixed race condition. Contrary to expectations, there is no difference between LEWs and HEWs with regard to severity or discriminatory attributions in the mixed race condition. H5b receives support for four of the six tests. It was expected that there would be no difference between HEWs and blacks for the three variables regardless of condition. That was the case for severity and anger in the all white condition but not for attributions of discrimination. In the mixed race condition, HEWs and blacks had similar means for severity and discrimination but not for anger. Finally, it was proposed in H5c that LEWs would score lower than blacks across both conditions. This is the case in the all white condition, but in the mixed race condition the only difference is for attributions of discrimination, with the means for severity and anger being equal.

These results suggest that both the degree to which whites are empathic to blacks and the racial mix of other customers present at the time of a service failure play a role in perceptions of service failures involving a black customer and white service provider. It appears that HEWs are likely to react more similarly to blacks than LEWs, particularly with regard to perceptions of event severity and discrimination. The context does appear to influence attributions of discrimination for all three groups, such that a mix of black and white customers present at the time of the failure has an overall attenuating effect. However, results differ relative to anger. The mix of other customers is found to play a role in the anger experienced by blacks in that it is attenuated when there is a mix of black and white customers. The same is not the case for LEWs or HEWs: The context appears not to attenuate the anger arising from the service failure.

## DISCUSSION

As expressed earlier in the paper, there can be little doubt that discrimination remains pervasive in society. One area where discrimination is often manifested is in the marketplace. This is particularly troubling since the U.S. economic system assumes equality with regard to access and treatment. If that is not the case, then there exists what an economist would consider a market imperfection. But beyond that macro and somewhat abstract perspective is the fact that when marketplace discrimination occurs, there is an individual who suffers. It would be expected that any individual who is the subject of marketplace discrimination, whether it truly is a discriminatory act or simply an individual attributing an act to discrimination, as was the situation investigated in this study, would react in some way that would lead to the object of those discriminatory attributions facing some consequence. Specifically, there are times when a service provider's actions result in a service failure that can be attributed to discrimination by a black customer. If this is the case, research has found that for the service recovery effort to be effective it might need to include more than would be the case if it was the customer were white (Baker, Meyer, & Johnson, 2008).

However, the research reported here implies that the problem may be greater than first suspected. The results indicate that some whites, those who are high with regard to emphatic reactions to exposure to discrimination, will have a psychosocial response to the failure, as would a black. It is not being suggested

that whites will request some type of service recovery on the part of the service provider. However, it is reasonable to expect that whites who perceive a service failure in a similar manner as blacks may have some response that takes a tangible form. Such responses might include actions as not returning to the service provider, engaging in negative word-of-mouth, or perhaps even engaging in reporting to third parties regarding the actions they have witnessed. All of these actions might have significant implications for the service provider, particularly when one considers the use of social media outlets as a mechanism to engage in negative word-of-mouth.

This research also expands the understanding of the role of empathy in marketing. To date, most studies that have investigated empathy have done so within a communications context. For example, Bagozzi and Moore (1994) studied how the creation of negative emotions via public service announcements impact empathic reactions, which in turn impact willingness to help. The research reported here adds to this research by providing evidence of the role of empathy in actual market transactions. Specifically, the research reported in this paper investigated empathic reactions to service failures that include black customers and white service providers. However, the role of empathy may be more far-reaching than that. For example, as firms move toward the use of more self-serve technologies in service/retail settings, there exists greater opportunity for “service failures” emanating from complexity of the technology being employed. Helping behaviors by other consumers would be expected, in part due to emphatic, perhaps nurturing, reactions.

This research also provides additional evidence as to the importance of considering the impact of other consumers present during market exchanges. Baker, Meyer, and Johnson (2008) have shown that the racial make-up of other customers can impact the perception of a service failure by black customers. In addition, this research provides some tentative evidence that this finding is applicable to some degree to white customers viewing potentially discriminatory actions as well. It was expected that, just as there would be differences for blacks across the two conditions for the three variables studied, there would also be differences for the HEW group but no differences for the LEW group. In other words, HEWs would use the presence or absence of other blacks in the service environment in a similar fashion as would blacks, that being to accentuate severity, anger, and discriminatory attributions when there were no other blacks present. This was not the case for severity or for anger but was for discriminatory attributions. In other words, in a situation where there are no other blacks present, HEWs, like blacks, will attribute a service failure to discrimination to a greater degree than they will when those present are of mixed raced. It is interesting to note that the results for H5b relative to the all white group mirror those from H2. In both situations there are no differences with regard to severity and anger but there are differences in discriminatory attributions. While one might expect attributions to discrimination to be the “causal” factor regarding severity perceptions and anger, that does not seem to be the case. Nonetheless, HEWs and blacks have equivalent scores regarding severity and anger. It might be simply that HEWs, while recognizing the severity of the failure and becoming angry about it, are unwilling or unable to go so far as to attribute the failure discrimination. Still, the results from H4a provide evidence that HEWs must be cognizant of the racial makeup of others in the servicescape, since there is a significant difference for that group with regard to discriminatory

attributions across the two conditions (4.77 for the all white condition vs. 2.32 for the mixed race condition).

## LIMITATIONS AND FUTURE RESEARCH

As with any research, this study has some limitations that should be acknowledged. Study participants were drawn from a national panel company, and although the firm that manages the panel actively works to ensure the panel accurately reflects a large number of characteristics of the U.S. population and the participants were randomly invited to participate, a comparison of the white and black participants revealed some minor differences with regard to age, gender, education, and income. However, it does not appear that these differences are so large as to significantly impact the generalizability of the results. In addition, the experiment was limited to white observers of black discrimination. Similar experiments that include other potentially discriminated minority groups such as Hispanics, older consumers, and/or handicapped individuals are needed in order to be able to truly generalize the results to the broader population.

The scenario design of the study is also such that it may cause a loss in the strength of the reactions to the service failure. The fact that significance was still found in the perceived severity of the failure, anger, and discrimination only attests to the strength of the results. Furthermore, while a scenario methodology like that used in this study has been used in a number of high-visibility research efforts that have examined consumers' reactions to service encounters (e.g., Smith, Bolton, & Wagner, 1999; Bitner, 1990), it is still not as realistic as if the study were conducted in a different manner (e.g., using a critical incident methodology). Along those lines, the collection of qualitative data from the participants regarding their perceptions of the scenarios might have provided the ability to have provided a richer understanding of the results.

The research presented here raises a number of questions. Perhaps primary among these is the extent to which the results translate into any sort of behavioral response. It has been proposed above that whites who view what could be considered a discriminatory act might engage in various non-service provider kinds of actions (e.g., negative word-of-mouth, third-party complaining), but it is also possible that whites could act to intervene at the time of the service failure. Interestingly, the level of anger exhibited by HEWs was greater than that of blacks overall as well as in the mixed race condition (it was equal in the all black condition). Previous research has indicated that higher levels of anger are related to a greater motivation to act. Unfortunately, this research did not include a test of the possibility of a response at the time the failure was observed, but it does raise the intriguing question that perhaps some sort of action could occur.

Following this, an additional research question might consider under what conditions a white customer would come to the aid of a black customer. Recent research by Cuddy, Rock, and Norton (2007) indicates that infra-humanization— ascribing greater intelligence, language competency, and/or a full range of emotions to in-groups as opposed to out-groups—helped explain willingness to help victims after Hurricane Katrina. However, Cuddy, Rock, and Norton (2007) suggest the link may not as simple as empathy → helping. Specifically, the helping behaviors were moderated by group membership such that when the inferences

of secondary emotions were made concerning out-group members, helping intentions increased. The current research could be extended by investigating the extent to which the findings reported by Cuddy, Rock, and Norton (2007) would be applicable in a service failure situation such as that described in this research.

## CONCLUSION

This research finds that the cost of a service failure involving a black customer might be higher than expected when the cause of the failure is such that attributions of discrimination are made. This may occur because of the carryover effect of the negativity of the failure that hurts white consumers as well. In other words, the cost to the service firm is not simply from the potential loss of business from the black consumer in question, but also from others harmed by simply viewing the encounter. It is also quite likely that consumers (both black and white) may share the experience with other consumers. These negative word-of-mouth effects are exacerbated by the recent adoption of social media platforms (e.g., Facebook, Twitter). The bottom line is that firms need to be cognizant of the bigger picture as it relates to service failures that have the potential to be viewed as acts of discrimination. The overall ramifications of such an encounter are such that firms must be able to recognize when attributions of discrimination are likely to be made. Firms need to consider factors such as the race of the parties involved and the racial makeup of other customers present at the time to fully comprehend the situation and consider how best to respond to these situations where every party involved is in fact a loser.

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## APPENDIX

### Participant Instructions

Most of the questions contained in the survey will be based on the scenario and pictures below. Please be sure to carefully read the scenario and look at the pictures before going to the next page. Remember, you will not be able to come back to this page once you have gone to the next page.

### Scenario

Vonessa and Darnell Williams (see picture below), arrived at a restaurant for dinner on a Saturday evening. Below is a picture representing what they saw upon entering the restaurant.\* The hostess sat them at a table in the corner of the restaurant and informed them that their waitress (see picture below) would be there to serve them in a minute or two. The waitress did come to take their order after about 10 minutes. After doing so she left the table and walked towards the kitchen. After 40 minutes the waitress finally brought the food to Darnell and Vonessa after everyone who had been seated at approximately the same time had been served their meals. Both Darnell and Vonessa were extremely upset at what they described as “horrible service.” In fact, they asked for the manager and made a formal complaint regarding their “shabby treatment.”

\* This sentence was omitted in the “no mention of other customers” condition.

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