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# The impact of ethical cues on customer satisfaction with service

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#### Abstract

This study examines the effects of ethical and unethical cues on customers' evaluations of the ethics of a service provider and their subsequent satisfaction with the service. The results of a disguised, laboratory experiment are used to suggest that customers respond to unethical cues in the environment through lower ethical assessments and satisfaction ratings, but that ethical cues may not necessarily increase satisfaction scores when compared to a neutral situation. The implications suggest that ethical cues and an honest service provider may be the expected norm, and thus will lead to (or maintain) satisfaction with the service encounter, while unethical cues will create dissatisfaction. © 2002 by New York University. All rights reserved.

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Customers often evaluate retail service providers using intangible evidence, such as the cleanliness of the establishment, appearance of service personnel, or, perhaps, the ethical image and conduct of a firm. During the service encounter, the time of direct interaction with a firm's personnel, customers make inferences about store quality and image (Baker, Grewal & Parasuraman, 1994). Since customers evaluate the entire service encounter, not just the initial interaction with the provider (Brown & Swartz, 1989), a failure in one aspect of that encounter may influence the extent that customers use criteria other than the service success in evaluating satisfaction with the overall service performance (Taylor & Claxton, 1994). Thus, many aspects of the service encounter may affect a customer's level of satisfaction to a greater degree than just service success (Wakefield & Blodgett, 1994; Mohr & Bitner, 1995). While the specific salient criteria may vary, customers judge the ability of a service provider to comply with their subjective expectations relative to these criteria. That is, customers, search for evidence to judge the intangible qualities of a retail service provider, including the ethics of the service provider.

Definitions of ethical versus unethical behavior are based upon the degree to which a proposed act is perceived as

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right versus wrong, good versus evil, fair versus unfair or just versus unjust (Hunt & Vitell, 1986). Marketing ethics, more specifically, involve moral norms as they relate to fair and just exchange relations and concern marketing-related issues. Customer expectations concerning fair and just treatment by the seller within a given retail environment, such as a retail service setting, for example, involve marketing ethics issues. It is also important to note that ethics and legality are not necessarily the same. Certain behaviors may be legal (i.e., an advertising campaign that is offensive to certain minority groups), but still be questionable ethically.

A number of prior studies have emphasized the social perceptions of specific actions by comparing customer judgments of various marketing issues (Vitell & Muncy, 1992), judging retail personnel (Dubinsky & Levy, 1985) as ethical versus unethical or by differentiating ethical judgments based on demographic characteristics such as occupation (Glenn & Van Loo, 1993) or gender (Tsalikis & Ortiz-Buonafina, 1990). However, no research has examined whether household consumers use their perceptions of a retailer's ethical behavior to form judgments of service performance. Our goal in this research, therefore, is to assess this issue by examining the extent to which (ethical vs. unethical cues may affect customers' ethical assessments and overall satisfaction ratings during a retail service encounter.

Toward this end, we develop below testable hypotheses, present our research methodology including extensive manipulation checks and set forth the results of several different tests. We conclude with a discussion of the importance of ethical behavior in retail operations and to customer satisfaction.

# 1. Hypotheses

Customers approach a retail interaction with preformed expectations (Mohr & Bitner, 1995) including definite ethical expectations, consisting of an implied moral standard for the behavior of retail service providers. That is, a customer will consider the behavior of a retailer as ethical if it meets or exceeds the moral/ethical norms that are expected by that customer relative to the particular retail environment in question. If the customer's ethical expectation is supported and reinforced, then it will positively affect the customer's overall satisfaction with the transaction. If not, the customer's overall satisfaction will likely be negative. This notion is quite consistent with a "disconfirmation of expectations" model where a customer is satisfied if performance exceeds expectations and dissatisfied if performance falls short of expectations (Oliver, 1980).

Oliver and Swan (1989) extended Oliver's "expectancy disconfirmation" model by examining perceptions of interpersonal equity and its impact on satisfaction. Their findings showed satisfaction as being a function of both fairness and expectancy disconfirmation. That is, if customers believe that the seller treated them fairly and if expectations for the service encounter are met or exceeded, then customers will experience satisfaction. If, on the other hand, customers believe that the seller treated them unfairly and if expectations are not met, then they will be dissatisfied. If customer satisfaction is viewed as a judgment based on a specific service encounter, then service providers must meet or exceed expectations of ethical treatment. If customers perceive that they are treated unfairly, they are likely to be dissatisfied with the service encounter (Cronin & Taylor, 1994).

Tested within an industrial setting, this concept was supported by Trawick et al. (1991) who noted that as the perceived ethics of industrial salespeople declined, buyers' intentions to use the related supplier declined. Given the close link between satisfaction and intentions, one may deduce that increased dissatisfaction led to the decline in intentions.

Similarly, the arguments that have been applied to satisfaction may also be applied to ethical assessments. The customer's ethical assessment of the service provider will be positive if the service provider exceeds the customer's ethical expectations and will be negative if the service provider falls short of these same ethical expectations. From this, the following hypotheses regarding ethical cues are postulated:

**H**<sub>1</sub>: A customer's exposure to ethical cues versus a neutral group without these cues will result in increased:

H<sub>1a</sub>: ethical assessments of the service provider;

**H**<sub>1b</sub>: satisfaction with the service outcome.

**H**<sub>2</sub>: A customer's exposure to unethical cues versus a neutral group without these cues will result in decreased:

H<sub>2a</sub>: ethical assessments of the service provider;

H<sub>2b</sub>: satisfaction with the service outcome.

## 2. Methodology

#### 2.1. Experimental treatments

An experiment was conducted to assess customers' reactions to cues in a service environment. Subjects in the experiment reacted to videotaped portrayals of a service encounter at an automobile repair shop with one of three distinct conditions (ethical, neutral, unethical) presented. These distinct conditions manipulated the use (or nonuse) of ethics-related cues in the environment. Preliminary focus groups were used to select the specific cues used as manipulations that included whether or not a code of ethics was displayed, uncertainty/certainty over the price estimate for repairs, return of a replaced (old) part or not, and the use/nonuse of unapproved recycled parts. After viewing all scenes of the videotape, respondents answered questions concerning their ethical assessments, perceived satisfaction, and demographic characteristics.

The introduction of more than one change across treatments was selected to more closely represent a real service experience. All scenarios were designed to be identical (with the same backgrounds, actors, cars, and scripts employed in each scenario) except for the experimental manipulations that are shown in italics within the scenario descriptions.

The **Ethical** scenario consisted of three scenes: (1) In the first scene, respondents view a young male customer approaching a male mechanic in the reception area of the shop as he describes a problem with the car. A 10-point Code of Ethics is displayed on the wall behind the mechanic, large enough to be read on the television monitor. The mechanic provides an estimate of \$170 for repairs, and then after checking the price on a computer terminal, modifies the estimate to a total of \$172.53. (2) The second scene occurs inside the repair shop with the mechanic looking under the hood and confirming the diagnosis of a bad fuel injector with a two hour time estimate to complete. This scene is exactly the same in all three videos. (3) Finally, the customer enters the shop, starts the car, receives the old part back from the mechanic, and pays \$172.53 with a check.

The **Unethical** scenario consisted of three scenes as well, where: (1) first, the young man approaches the mechanic in the reception area and describes a problem with the car (the ten-point code of ethics is *not displayed* on the wall). The mechanic pauses and provides an *uncertain* estimate of the cost as, "*anywhere from \$120 to \$220*." (2) The second scene is the same as in the ethical treatment videotape where the mechanic confirms the problem after looking under the hood. (3) Finally, the customer is told that *the mechanic used recycled parts to keep the cost to \$170 and the old parts are not returned.* The customer then starts the car, and pays \$172.53 with a check.

The **Neutral** scenario is similar to the ethical treatment with the following exceptions: In the first scene, there is *no ten-point code of ethics* on the wall and the mechanic offers the estimate of about \$170.00 without checking the price. In the final scene, the customer starts the car and pays \$172.53 with a check *without receiving the old part back* from the mechanic.

## 2.2. Manipulation checks

A manipulation check was subsequently performed with a separate sample to assess the degree to which the employed ethical and unethical cues were perceived as intended. Three groups of students (one for ethical, one for the unethical and one for the control condition) viewed one of the videotapes in its entirety. An open-ended question was initially asked to assess which symbols or actions students viewed as positive or negative. This was followed by additional open-ended, and finally closed-ended, questions about the six specific ethical cues manipulated across conditions: 1) the preciseness (or lack of it) of the repairman's price estimate, 2) the presence (or absence) of a code of ethics, 3) the return (or nonreturn) of old parts, 4) the use (or nonuse) of recycled parts, and 5) the use (or nonuse) of a computer to estimate costs. In the initial open-ended questions, subjects were not asked to comment on ethical considerations, but were rather to provide any positive versus negative aspects of the service encounter.

The initial open-ended question measured each subject's unaided recall of positive versus negative cues in the environment, with summary results shown in Table 1. As expected, a higher proportion of those viewing the ethical and neutral videos made positive comments while a higher proportion of those who saw the unethical video mentioned negative issues ( $X^2_{(2d.f.)}$ , p < .01). The specific positive issue most often mentioned by those viewing the ethical video was the "presence of a code of ethics" (57%). The majority of those viewing the unethical video noted that there was "no exact price quoted or that the range was too broad" (56%). Respondents, who viewed the unethical video, also clearly believed that the use of recycled parts was questionable (71%).

Subsequent open-ended questions provided a form of aided response for each of the relevant cues. As can be seen in Table 1, in terms of the preciseness of the cost estimate, a higher proportion of respondents viewing the ethical and neutral videos made positive comments compared to those who viewed the unethical video. Consistently, a higher proportion of comments about the unethical video were negative ( $X^2_{(2 \text{ d.f.})}$ , p < .01).

Regarding the politeness of the repairman and the gen-

#### Table 1

Responses to open-ended questions as manipulation checks for cues

	Unethical video	Neutral video	Ethical video
Unaided recall, symbols/actions noticed: <sup>a</sup>			
Proportion of comments that were positive	35%	91%	83%
Friendliness of the mechanic;			
accurate price quote;			
accurate diagnosis, quick service			
Proportion of comments that were	65%	9%	17%
negative			
No exact price;			
use of recycled part; nonchalant			
attitude of mechanic;			
lack of cleanliness in the shop			
Aided responses, questions about specific			
cues:			
Cost estimate, proportion of comments:* <sup>a</sup>			
positive: for the preciseness	32%	85%	97%
negative: for the lack of precision	68%	15%	3%
Politeness of employee, proportion of			
comments:**a			
positive: for friendliness, niceness	68%	79%	97%
negative: for nonchalance	32%	21%	3%
General shop appearance, proportion of			
comments:			
positive: a typical repair shop	52%	56%	56%
negative: a rundown, older repair shop	48%	44%	44%

Sample sizes are: unethical = 34; neutral = 53; ethical = 42

\* One cell has expected value of less than 5, reducing the efficacy of the  $X^2$  test.

<sup>a</sup>  $X^{2}_{(2d,f)}$ , p <.01

eral appearance of the shop, issues that were held constant across treatments, the majority viewing all three treatments responded positively, believing that the repairman was "polite, friendly or nice," and that this was "a typical repair shop." Further, as expected, a  $X^2$  test resulted in no significant difference among the videos in terms of positive versus negative responses relative to the overall, general appearance of the shop. However, contrary to expectations, there were significant differences across treatment groups in response to the politeness issue ( $X^2_{(2d.f.)}$ , p < .01). This could have been a cause for concern; however, several respondents from the ethical treatment group mentioned, in debriefing discussions, how impressed they had been with the mechanic checking the price on the computer. This was interpreted as a polite and conscientious way to do business.

Further to report, when asked specifically, after seeing the ethical video, about the use of the computer to estimate costs, over 85% stated that it was a very positive issue, showing *integrity* and up-to-date technology. Of those viewing the ethical video, over 60% thought that the code of ethics was a good business idea and even found it comforting. Regarding the use of recycled parts (only shown in the *unethical* video), the overwhelming majority of respondents (91%) found this unacceptable with many stating that it was wrong, unprofessional, dishonest and that the mechanic should have asked the customer first. In summary, responses to open-ended questions strongly supported the manipulations used in the study.

The final section of the instrument included two closedresponse questions for each cue, one question asked whether or not an ethical issue was involved and the other asked the valence of this cue (either positive or negative). Using 95% confidence intervals for the means, the following findings resulted. The preciseness of the cost estimate was seen as a positive ethical cue in the *ethical* condition. However, the lack of preciseness of the estimate in the unethical video was considered as neither positive nor negative in terms of ethics. The presence of a code of ethics in the ethical condition was considered to involve ethics and was seen as positive. Returning old parts was also seen as a positive ethical cue, while not returning old parts in the unethical condition was seen as negative and involving ethics. The use of a computer in the ethical condition was seen as involving ethics in a positive manner. Finally, the use of recycled parts in the unethical condition was viewed as negative and involving ethics. Thus, the results from both the open- and closed-ended questions appear to support the manipulations used in this study as well as their ethical or unethical connotations.

## 2.3. Questionnaire items

Ethical assessments relate to the consumer's perception of the moral equity of the service performance received. This ethical assessment construct was measured using Robin, Reidenbach and Forrest's (1996) conceptualization of moral equity that includes items reflecting the extent to which a situation is perceived as fair, just, morally right and acceptable to one's family. The consumer's ethical assessment of a service provider will be positive if the service provider is perceived as fair, just, and morally right; but the ethical assessment will be negative if the service provider is perceived as unfair, unjust and morally wrong. Six satisfaction questions were selected from the scale provided by Oliver and Swan (1989). The specific items used for these scales are contained in the Appendix.

# 3. Pre-test

The first empirical phase of the research was conducted with 254 undergraduate students. In addition to a preliminary test of the hypotheses, further objectives of the pretest were to assess the effectiveness of the scenario treatments (ethical, unethical, neutral) and the reliability of the scales. As may be seen in the Appendix, the coefficient alpha of both scales was above .90, suggesting a high degree of reliability (Nunnally, 1978). The treatment videos originally contained four scenes, beginning with a picture of the outside of the automobile repair shop. During the pretest, some respondents viewed the wooden, possibly rural exterior of the shop negatively and this scene (which was extraneous

#### Table 2 MANOVA-Effect results on mean scores for assessment and satisfaction, pretest

	(1) Ethical	(2) Control	(3) Unethical	Univ. prob.	Scheffé*
Ethical assessment	22.6	20.5	15.9	.000	3&1, 3&2
Satisfaction	33.5	31.0	23.8	.000	3&1, 3&2

Wilks lambda = .863, p=.000; power > .90

(1) Ethical, n = 54; (2) Control, n = 151; (3) Unethical, n = 49 \* Scheffé contrasts, p = .05, were examined for all paired comparisons

\* Scheffe contrasts, p = .05, were examined for all paired comparisons with all significantly different comparisons contained in the last column. The first entry, 3&1, for example, indicates a statistically significant (p = .000) difference between the ethical (1) and the unethical (3) condition.

and similar across conditions) was eliminated from the main study. Otherwise, the two studies used identical videotaped scenes.

The results from the pretest, shown in Table 2, were used to explore mean differences across conditions (Wilks lambda = 0.863, p = .000). As expected, the ethical assessments and satisfaction ratings of participants in the unethical treatment group ( $\mathbf{H}_2$ ) exhibited the lowest scores when compared to participants in both the ethical and control groups. However, no statistically significant difference (p < .05) was found between the ethical and neutral groups in terms of their ethical assessment or satisfaction ( $\mathbf{H}_1$ ). We present an explanation for these findings in the discussion section.

## 4. Main study

The 222 participants for the main study were solicited from various groups and civic organizations within two southern states and one western state, where about half of the respondents were from small towns or cities and about half lived in large metropolitan areas. A wide variety of civic and church groups were selected to participate and

Table 3

MANOVA-Effect results on mean scores for assessment and satisfaction, main study

	(1) Ethical	(2) Control	(3) Unethical	Univ. prob.	Scheffé*
Ethical assessment	21.7	21.2	12.2	.000	3&1, 3&2
Satisfaction	33.0	32.0	19.5	.000	3&1, 3&2

Wilks lambda = .079, p = .000, power > .90

(1) Ethical, n = 74; (2) Control, n = 67; (3) Unethical, n = 68

\* Scheffé contrasts, p = .05, were examined for all paired comparisons with all significantly different comparisons contained in the last column. The first entry, 3&1, for example, indicates a statistically significant (p = .000) difference between the ethical (1) and the unethical (3) condition.

each group was offered a donation in exchange for member participation. Subgroups within each organization were formed and individuals within each subgroup were randomly assigned to one of the treatment conditions. Ninetyfive percentage of the sample respondents owned an automobile and 80% had experienced an automobile repair situation within the past year, providing a reasonable experience base for the study. The ten respondents who did not own an automobile and three respondents who supplied incomplete answers were subsequently eliminated from the analysis, providing a total of 209 responses for analysis.

Sample respondents were relatively young (average age of 34) and female (55%), with the largest percentage of respondents reporting some college education (47%) and an income level between \$20,000 and \$50,000 (see the Appendix). Reliabilities for the ethical assessment and satisfaction scales achieved the standards suggested by Nunnally (1978), with alphas of 0.965 and 0.975 for the two constructs.

Operationally, the items of ethical assessment (e.g., just/ unjust, morally right/not morally right) measure a different construct than the satisfaction scale (e.g., pleased/displeased, satisfied/dissatisfied). Both scales have been shown to be reliable and valid in prior work (Oliver & Swan, 1989; Robin, Reidenbach & Forest, 1996). The discriminant validity between ethical assessment and satisfaction was also examined by a confirmatory factor analysis. A  $\chi^2$  difference test was conducted between a one- and a two-factor model. The results of this test ( $\chi^2_1$  difference = 454.7, p < .001) suggested that the two-factor model ( $\chi^2_{43} = 180.54, p <$ .001, NFI = 0.953, CFI = 0.964, Standardized RMSE = 0.006) fit the data significantly better than a one-factor model ( $\chi^2_{44}$  = 635.29, p < .001, NFI = 0.806, CFI = 0.845, Standardized RMSE = 0.015), supporting the discriminant validity of the two constructs. In short, ethical assessment and satisfaction were found to be distinct constructs.

The results in the main study (Wilks lambda = 0.079, p = .000) largely replicate the results from the pretest, with power exceeding 0.90 for all hypothesized relationships. Participants exposed to unethical cues held decreased ethical assessments ( $\mathbf{H}_{2a}$ ) and satisfaction ratings ( $\mathbf{H}_{2b}$ ) when compared to participants who were exposed to ethical or neutral cues. Participants in the ethical group did not exhibit significant increased ethical assessments ( $\mathbf{H}_{1a}$ ) or satisfaction scores ( $\mathbf{H}_{1b}$ ) when compared to participants in the control group.

# 5. Discussion

In this research we undertook two separate experiments to test the impact of unethical cues on customer satisfaction and ethical assessments relative to a service encounter. Findings, in both experiments, indicated that subjects responded negatively to unethical cues by sharply reducing both their ethical assessments and satisfaction ratings of the service provided. However, in contrast, there was no comparable increase in satisfaction and ethical assessments (vs. a neutral setting) when subjects were exposed to ethical cues. These differences in satisfaction and ethical assessment were evident in spite of the fact that the basic repair service was successfully completed, at the same price, in all treatment groups.

These findings suggest that customers, absent any evidence to the contrary, initially assume that a service retailer is ethical. Thus, positive cues such as the written code of ethics, a more precise cost estimate, and the return of used parts may merely confirm what is already expected: fair and honest treatment. On the other hand, signals of unethical behavior, such as the unauthorized use of recycled parts or a nonprecise cost estimate stimulate questions among customers and lowering their evaluations of the service provider's ethics and overall satisfaction with the service.

This interpretation is further supported in the *post hoc* tests of our manipulations. These resulted in a significant difference between the ratings of subjects exposed to the *ethical* versus the *unethical* service encounter. That is, the proportion of positive versus negative comments was significantly greater for the ethical and neutral service encounters while the proportion of negative comments was significantly greater for the unethical treatment.

Trust is essentially the expectation of "honest and cooperative behavior, based on commonly shared norms" (Fukuyama, 1995, p. 26). Thus our result showing little difference between the neutral and the ethical settings may be explained by the historically high degree of trust maintained in the United States where there is an expectation of honest behavior and shared norms. While the U.S. may have departed somewhat from those high trust beginnings in recent years, it has been described as a society developed on principles of trust (Fukuyama, 1995). Thus, customers initially trust a service provider unless there are specific cues that alter that initial expectation.

Potential managerial implications of these results begin with the apparent marginal benefit from displaying ethical cues. These results, however, do not imply that ethical behavior is not rewarded. However, merely displaying a code of ethics may be less important than developing systems, processes, and an organizational culture that ensures that employees consistently act in an ethical manner. On the other hand, cues or evidence of unethical behavior clearly lower overall satisfaction.

Participants who were exposed to ethical cues did not report increased assessments or satisfaction ratings in comparison to participants in the control group. As Zeithaml, Parasuraman and Berry (1985) have described, interactions that fall within a "zone of tolerance" produce little subsequent change. Furthermore, positive assessments that meet expectations may not necessarily lead to higher and higher levels of satisfaction (Spreng, Mackenzie & Olshavsky, 1996). Such assessments seem quite compatible with the current study where subjects seem to have had their expectations met by the neutral service such that additional positive factors did not change their satisfaction levels.

Summarizing, incongruent information results in more in depth, or attribute-based processing by customers (i.e., Heckler & Childers, 1992) while information congruent with expectations may reinforce existing opinions. Thus, customers notice unethical cues because these differ from their expectations whereas ethical cues are more consistent with expectations.

For retailers and service providers in industries that are likely to experience little variation in the ethical treatment of customers (i.e., pharmacists, department stores), people may assume that the ethical behavior will continue and, thus, fail to notice cues that reinforce ethical treatment. However, for retailers that are more likely to experience greater variation in the ethical aspects of service (i.e., automobile repairs, tire dealerships), managers need to ensure that all employees consistently engage in ethical conduct and avoid cues that potentially produce uncertainty and questions among customers, reducing satisfaction.

With replication and extension, the implications of the results may impact several aspects of the service environment. Employees tend to underestimate customer expectations regarding interpersonal issues such as empathy, responsiveness, or assurance, while overestimating customer desires for tangible components of a service (O'Conner, Shewchuk & Carney, 1994). Although simply displaying a code of ethics may not produce higher satisfaction among customers and will not change the behavior of frontline employees, ethical behavior tends to increase among employees and unethical behavior tends to decline in the presence of clear organizational policies (Hegarty & Sims, 1979). Thus, communicating and enforcing a code of ethics for employees is probably more important than merely displaying one.

# 5.1. Limitations

There are a number of limitations to these results. First, this study is an experiment with recognized limits to external validity (i.e., the subjects merely watched a service encounter rather than having participated in it). A videotaped scenario is less personally involving and less realistic than experiencing an actual service encounter. The context of an automobile repair shop may not accurately reflect responses to different service situations. That is, for example, an automobile repair service may be a service where it is difficult for customers to determine whether or not they have been well served. This may be in sharp contrast to other services such as a beauty parlor, barbershop or laundry where it is probably easier to judge the quality of the results. Additionally, only issues directly affecting the customer were examined. However, other unethical practices are clearly possible (i.e., nonpayment of taxes or employees being treated unfairly). By limiting our scenarios to only

situations that directly affected customers, we have introduced another potential *caveat*.

Finally, multiple cues were used in the videotaped scenarios. While these multiple cues may add realism by representing a service encounter in its entirety, future work is needed to isolate different ethical/unethical cues and to measure the impact on subsequent satisfaction/dissatisfaction. For example, in this research, the use of a used (recycled) part in the unethical video may have been an overriding negative issue.

# 5.2. Further research

The results of this study also suggest various avenues for future research. Issues such as a consumer's moral intensity (Singhapakdi, Vitell & Kraft, 1996) have been shown to affect ethical judgments. Thus, individual differences in a customer's involvement with ethics may differentiate responses to cues as well as their subsequent satisfaction or ethical assessments.

Additional research could explore customer's reactions to a variety of ethical and environmental cues. For example, a comparison of different types of services (i.e., those that are easy for the customer to judge vs. those that are not) should be undertaken. Other specific cues that could be tested might include certificates of inspection, quality awards, society memberships, or employee dress and demeanor. These are cues that might suggest trust, reliability, competence or quality, and might reinforce a customer's decision to retain a current service provider. Similarly, work is needed to define customer perceptions of unethical cues and the levels of unethical behavior associated with an intention to switch providers. For example, future studies might examine the reactions of customers to behaviors that do not affect them directly such as viewing the mistreatment of employees.

In summary, this study indicates that unethical behaviors may harm a service provider, while merely displaying ethical cues does not really help much in terms of improving customer satisfaction. We believe this is because ethical behavior appeared in our study was expected and thus merely reinforced positive customer expectations. However, if unethical behavior were the expected norm, as might be the case with a retailer having an existing negative image, different results might be obtained. It would be of particular interest to determine whether a retailer who finds itself with a tarnished image can alter customer perceptions by providing both ethical cues and behaviors.

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## Appendix

#### Construct measures

Ethical assessment\* Pretest,  $\alpha = .942$  Main study,  $\alpha = .965$ 

The manner in which the repair facility performed the service was: unfair/fair; just/unjust; not morally right/morally right; not acceptable to my family/acceptable

Satisfaction\* Pretest,  $\alpha = .962$  Main study,  $\alpha = .975$ 

Please indicate how satisfied you think the customer in the video should be with the repair facility: pleased/displeased; contented/disgusted; dissatisfied/satisfied; good job/poor job; selecting this shop was not wise/was wise; happy/unhappy

\*Semantic differential items used a seven-number response form

	Number	Percent
Residence		
Rural	121	55
Urban	101	45
Automobile ownership		
Currently own	212	95
Do not own	10	5
Last automobile repair		
Within 6 months	131	59
Within last year	47	21
Longer than a year	44	20
Gender		
Female	121	55
Male	100	45
Missing	1	
Education		
High school or less	46	21
Some college	104	47
College & some graduate	51	23
Graduate degree	20	9
Missing	1	
Income		
\$20,000 or below	63	29
\$20,001 - \$50,000	105	47
\$50,001 - \$100,000	43	20
More than \$100,000	9	4
Missing	2	
Age (Average $= 34$ )		
24 or younger	65	29
25 – 35	66	30
36–45	34	15
46–55	18	8
56–65	24	11
66 & over	15	7

n = 222, where the 10 respondents who did not own cars and 3 respondents with incomplete surveys were eliminated from hypothesis testing

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