

RESEARCH

Open Access



# The impact of perceived customer discrimination on negative word-of-mouth: the mediating role of customer embarrassment

Farhan Ahmed<sup>1\*</sup>, DaPeng Liang<sup>1</sup>, Muhammad Ibrahim Abdullah<sup>2</sup>, Muddassar Sarfraz<sup>3\*</sup> and Zeeshan Saeed<sup>4</sup>

## Abstract

Disadvantaged or minority customers are always vulnerable to discriminatory treatment by service employees. Discrimination against minority customers has become a frequent headline in the news. The main objective of this research is to construct a model that explains the relationship between perceived customer discrimination, negative word-of-mouth, and customer embarrassment. The paper proposes a direct relationship between perceived customer discrimination and switching intentions and an indirect relationship via customer embarrassment. Furthermore, discriminatory service experiences are classified into three categories to add transparency to customers' discriminatory experiences. This research also investigates the mediating role played by customer embarrassment. We collected data from minority customers to prove the proposed hypotheses' statistical significance. A survey was designed to collect data from respondents using self-administrative questionnaires. The data collection process was rigorous and yielded 252 useful questionnaires. Direct and indirect hypotheses testing was carried out by using Analysis of Moment Structures software. The research findings reveal that perceived customer discrimination significantly influences customer embarrassment. Furthermore, all perceived customer discrimination, i.e., overt, subtle, and service-level, significantly impact customer embarrassment. It is also found that customer embarrassment statistically impacts negative word-of-mouth. Additionally, the mediating role of customer embarrassment is also successfully substantiated. The paper includes implications for theory and practice, limitations of research, and future research options.

**Keywords:** Perceived customer discrimination, Overt discrimination, Subtle discrimination, Disadvantaged social group, Negative word-of-mouth, Customer embarrassment

## Introduction

Businesses worldwide, especially in the services industry, avow that embracing marketplace diversity is part of their organizational culture. In theory, acknowledging marketplace diversity is a social responsibility for an organization [35]; however, realizing this objective is very challenging [12]. It is observed that organizations that

face discrimination do not embrace customers who are different from the mainstream market. Marketing literature calls these customers “disadvantaged,” “out-group,” “stigmatized,” and “marginalized” customers [12, 35, 55]. According to Walsh [55], customers with unique social identities are more vulnerable to discrimination, biasness, and inequitable treatment during service encounters. JP Morgan, for example, recently faced litigation and media censure for discriminating against its customers [52].

Discrimination is widespread in the business world [54], and many renowned organizations have been reported to discriminate against disadvantaged customers.

\*Correspondence: [ahmid\\_farhan@hotmail.com](mailto:ahmid_farhan@hotmail.com); [muddassar.sarfraz@gmail.com](mailto:muddassar.sarfraz@gmail.com)

<sup>1</sup> School of Management, Harbin Institute of Technology, Harbin, China

<sup>3</sup> School of Management, Zhejiang Shuren University, Hangzhou, China  
Full list of author information is available at the end of the article

Discriminatory treatment is detrimental to psychological wellbeing [50], unfair [5], and repulsive [20]. Still, the news constantly reports stories of discriminatory marketing practices. Surprisingly, few academic inquiries have been conducted to examine the impact of perceived discrimination from the point of view of disadvantaged customers and its implications on customer emotions and behavior.

Perceived discrimination takes place when customers feel that service providers hold prejudice and negative stereotypes against them [51] and do not value them as much as other majority customers [54]. These predispositions by service providers will deteriorate the quality of customer interactions. Consequently, disadvantaged customers feel discrimination in a multitude of forms, i.e., price discrimination, mistreatment, harassment, verbal attacks, service denial, and inferior service equality to mention a few [21, 33, 35].

By consolidating previous research on marketplace discrimination, Klinner and Walsh [35] developed a framework called “Perceived Customer Discrimination” (PCD). There are three components of PCD: overt discrimination, subtle discrimination, and service-level discrimination. Overt discrimination refers to the visible misbehavior of service providers in terms of being abusive, humiliating, and threatening toward disadvantaged customers. Subtle discrimination comprises facial expressions and body language depicting unwelcoming, unfriendly, and hostile expressions toward disadvantaged customers. In service-level discrimination, disadvantaged customers are provided with inferior services. Only a handful of papers have utilized the PCD scale and have related its impact to customer emotions and behavior.

Discrimination by service providers is unethical and motivates customers to seek revenge [11], instigating confrontation [38] as well as boycotting the organization [24]. Discrimination has a lasting impact on both customer emotions and customer behavior. Klinner and Walsh [35] reported that PCD causes frustration and helplessness. Another important emotional outcome stemming from discriminatory treatment is an embarrassment, which has not yet been studied concerning PCD. Examining customer embarrassment is critical since an awkward interaction is an immediate outcome. Embarrassment occurs when a person’s wrongdoing, misbehavior, or transgression violates socially accepted conventions [36]. In marketing, customer embarrassment arises from poor interactions with service providers [36], like overt, subtle, or service-level discrimination. PCD in all three forms can create embarrassment for the customer.

This research considers negative word-of-mouth (nWoM) as a behavioral response to document customer response to discriminatory treatment. The nWoM communication refers to consumers’ expression of dissatisfaction with a product or a service to others [46]. PCD results from three types of discriminatory service encounter against disadvantaged customers; as a result, consumers can communicate these experiences to others in their social contact, creating nWoM [53]. Furthermore, customer embarrassment is an immediate and strong emotion to social transgressions from discriminatory service experiences. Therefore, the link between PCD and customer embarrassment must be documented. Put differently, this research establishes that customer embarrassment is a mediator between PCD and nWoM.

This research attempts to answer three research questions: (a) What is the impact of PCD on customer embarrassment and nWoM? (b) What is the impact of each dimension of PCD on customer embarrassment and nWoM? and (c) Does customer embarrassment mediate the relationship between PCD and nWoM? The rest of the paper includes a literature review, methodology, results, discussion, and future recommendations.

## Methods and material

### Perceived customer discrimination and negative word-of-mouth

Discrimination occurs when a person or group of customers is treated unequally because of their ethnicity or race [44]. PCD is the term used to describe discrimination experienced by disadvantaged customers in a service context. PCD is defined 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’” [16]. PCD takes place because disadvantaged customers are perceived as “out-group” and are frequently subjected to prejudice from service providers [1, 20].

Discrimination will result in dissatisfaction because it is perceived as a humiliating, unfair, and aversive experience [5]. Disadvantaged customers can represent their dissatisfaction emanating from discriminatory service encounters in many ways. nWoM is one such method and it refers to “interpersonal communication among consumers concerning a marketing organization or product which denigrates the object of the communication” [46]. nWoM is more relevant in the service industry, where there are more opportunities for service failure, like discrimination against disadvantaged customers. Furthermore, the public audience is always

present in-service generation, delivery, and consumption; therefore, when customers experience discrimination in front of the public, a feeling of injustice arises. Customers who experience differential treatment perceive a lack of justice and are likely to engage in nWoM behavior [10].

Customers quickly inform others about their negative service experiences to vent their frustration [56]. PCD is a negative service experience, which can compel customers to engage in nWoM. Although the customer can complain about discrimination, not all customers like complaining because they believe it will cause further annoyance. Alternatively, they resort to nWoM as a means of expressing frustration. [30].

PCD can occur in three distinctive ways, i.e., overt, subtle, and service-level discrimination [35]. Overt discrimination is observable, obvious, and direct, manifested by humiliating acts, abusive verbal utterances, and insulting glances toward disadvantaged customers [48]. Additionally, overt discrimination is also expressed in the form of physical attacks, homophobic, misogynistic, or xenophobic insults [35], and comments that are sexist, hostile, or racist. When a disadvantaged customer encounters overt discrimination, they are likely to get angry. The customer will likely inform others in their social circle about this type of experience [2, 31].

Subtle discrimination is indirect and is carried out by service providers because they dislike disadvantaged customers [20]. Service providers refrain from overtly expressing their dislike toward disadvantaged customers [55]; they resort to negative facial expressions, unfriendly glances, and hostile inflections. Rosenbaum and Montoya [48] also indicated that minority customers are targets of insulting glances from service providers. Similarly, service providers hold suspicion of disadvantaged customers and follow them in the shopping area. This type of treatment makes customers perceive unfair treatment [41] and being unwelcome in the service space [48] and feel uneasy and frustrated. These consequences of subtle discrimination can trigger nWoM from disadvantaged customers.

In service-level discrimination, disadvantaged customers are provided with poor quality service. This discrimination also includes service refusal and avoiding customers [8]. Previous research has documented that disadvantaged customers are charged higher prices and given poor financial advice [44]. Newspapers frequently report service-level discrimination, i.e., passengers are deplaned [39], bar entry is not allowed [18], dress choices are not respected [32], etc. Service-level discrimination is also distasteful, like the other two types of discrimination. Customers are likely to express negative evaluation or nWoM of these discriminatory experiences.

The following hypotheses are presented based on the nexus established between PCD and nWoM through literature review:

*H1* Perceived Customer Discrimination has a significant impact on negative Word-of-Mouth.

*H1(a)* Overt Discrimination has a significant impact on negative Word-of-Mouth.

*H1(b)* Subtle Discrimination has a significant impact on negative Word-of-Mouth.

*H1(c)* Service-Level Discrimination has a significant impact on negative Word-of-Mouth.

### **Perceived customer discrimination and customer embarrassment**

Embarrassment is defined as a “social emotion, resulting in an aversive state of abashment and chagrin associated with unwanted mishaps or social predicaments” [23]. A person’s actions can cause embarrassment as well as actions of others, for example, service providers to customers. Customer embarrassment results from the service provider’s behavior causing abashment for the customer. Service providers cause an estimated 66% of customer embarrassment incidences [24]. When service providers act in a discriminatory fashion, the customer experiences a worsening of their social image. Consequently, the customer feels less valued in front of social gatherings and hence will undergo embarrassment.

A recent study found that minority customers are perceived to be second-class customers by service providers [2, 40]. Their research found that minority customers feel social exclusion and that Jewish service providers show prejudice toward Arab customers. Racial profiling and prejudice toward customers hurt customers’ self-esteem and evoke embarrassment. Embarrassment is unpleasant as other people in the service space judge the person negatively [7], and it deteriorates self-image and lowers self-esteem [27].

As noted in the previous section, customers may experience discrimination by the service provider in three ways, i.e., overt, subtle, or service-level discrimination. The extant evidence suggests that all these forms of discrimination are prevalent during service exchange. For example, customers are treated with suspicion and are labeled as security threats [40]. Similarly, minority customers are given condescending looks and are the target of jokes. All of these behaviors are inflicting blows

on customers' self-esteem and hence cause a feeling of embarrassment. It is documented that the destruction of self-image and reduced self-esteem are related to negative opinions [27]. In service settings, customer-service provider interaction occurs with many social audiences (other customers); therefore, any discriminatory behavior will engender a loss of esteem on the part of the customer and will result in embarrassment.

Marketplace discrimination is widespread, and minority customers feel they are more exposed and vulnerable to misbehavior than majority customers [47]. Minority customers also feel that they are not valued highly enough by service providers, they are treated unfairly, and service providers hold several stereotypes against them [51]. Consequently, these service providers' beliefs impact their behavior toward minority customers, and the most prominent of the behaviors is discrimination. Similarly, service staff treat minority customers with prejudice. They act in a discriminatory fashion [24], hold a hostile attitude [55], and act arrogantly [8], representing all three types of discrimination, i.e., overt, subtle, and service-level discrimination. As a result of these actions of service staff, customers are likely to feel embarrassed. From the literature review, we can develop the following hypotheses:

*H2* Perceived Customer Discrimination has a significant impact on Customer Embarrassment.

*H2(a)* Overt Discrimination has a significant impact on Customer Embarrassment.

*H2(b)* Subtle Discrimination has a significant impact on Customer Embarrassment.

*H2(c)* Service-Level Discrimination has a significant impact on Customer Embarrassment.

### **Customer embarrassment and negative Word-of-Mouth**

nWoM is mainly caused by negative emotions stemming from dissatisfactory service experiences [9]. Customer embarrassment is the abashment or abasement of self-esteem caused by social awkwardness of service providers; therefore, it can cause nWoM. According to Charlett et al. [13], customers can respond to dissatisfactory experiences in three ways, i.e., directly complaining to service providers, using nWoM, or registering a complaint to consumer watchdogs. Therefore, it is assumed that PCD can cause nWoM. Similarly, it is known that customers

have an urge to tell others about negative consumption experiences to dispel their anger [57].

The nexus between customer frustration/aggression with nWoM has been established successfully [6]. However, the implication of customer embarrassment on nWoM is still undocumented. As discussed earlier, customer embarrassment is caused not only by customers' actions but also by service employees' actions. Therefore, a negative service experience leads to embarrassment. Since embarrassment is a negative emotion, it makes people uncomfortable. Customers reflect their negative experiences to others by negatively portraying the behavior of service providers. In fact, nWoM is tantamount to revealing the truth about a company or the service provider's behavior. In other words, minority customers expose the indecency or incivility of service providers, causing them embarrassment by engaging in nWoM [29].

Since discrimination by service providers is a transgression, violating socially acceptable conduct causes embarrassment [36]. Customers develop various behavioral and cognitive coping strategies to deal with embarrassment. They can avoid purchasing a product, consuming a service, or developing positive feelings about embarrassment [36]. However, when embarrassed in a public context, these coping strategies may not be adequate to assist a customer. Embarrassment triggers anger and frustration [34]. As a result, such customers inform acquaintances about the embarrassment-causing agent or service provider via nWoM.

An embarrassing episode makes a person uncomfortable, awkward, foolish, flustered, nervous, and surprised [23]. These outcomes of embarrassment are negatively correlated with self-evaluation and a person's self-esteem. De Angelis et al. [19] found that self-esteem has a statistically significant relationship with nWoM, such that low self-esteem customers are less likely to engage in nWoM. In contrast, high self-esteem customers are more likely to engage in nWoM. Since discrimination by the service provider is detrimental to self-esteem, customers are likely to engage in nWoM.

Recent research has clarified that customers engage in nWoM for vindictive reasons and to seek support from other customers [26]. From this perspective, it is also clear that experiencing embarrassment can engender vindictive behaviors and seeking empathy and support from acquaintances. Therefore, embarrassed customers communicate to others how the service provider caused them to feel embarrassed in front of other customers. From the literature review, the following hypothesis is established:

*H3* Customer Embarrassment has a significant impact on negative Word-of-Mouth.

### Mediating role of customer embarrassment

This research proposes that the relationship between PCD and nWoM is mediated by customer embarrassment. A mediating variable is “a variable that transmits the effects of an independent variable to a dependent variable” [45]. The mediating variable serves as a “causal link” between the independent and dependent variables [15]. Through this research, we attempt to explain how PCD impacts nWoM through customer embarrassment. As discussed in previous sections, PCD triggers customer embarrassment, and customer embarrassment triggers nWoM; therefore, customer embarrassment becomes a mediating variable. Figure 1 represents a conceptual model of the proposed relationships.

The literature has established that perceived customer discrimination, i.e., overt, subtle, or service-level discrimination, is a negative service experience for minority customers. On the one hand, a discriminatory service provider causes anger and helplessness for minority customers and evokes embarrassment by undermining the public image and self-esteem of the customer. On the other hand, a customer who has experienced discrimination wants to seek support from others and also harbors vengeful intentions toward service organizations. Therefore, such customers engage in nWoM. With this understanding, we can draw the following hypothesis:

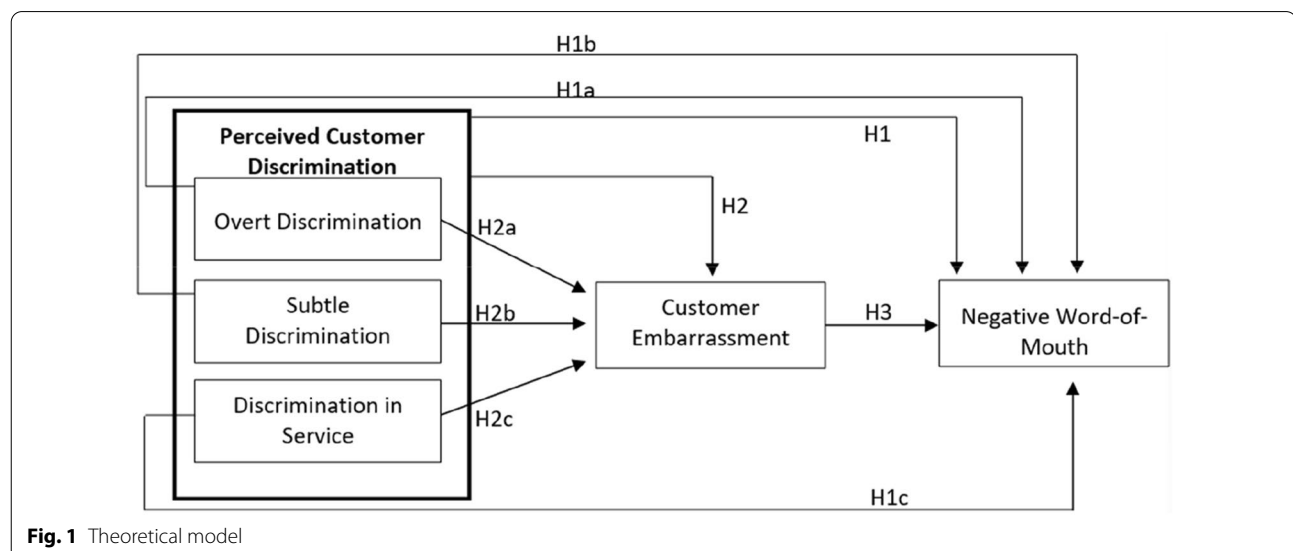
**H4** Customer Embarrassment mediates the impact of Perceived Customer Discrimination on negative Word-of-Mouth.

### Methodology

Since minorities represent disadvantaged social groups, data were collected from minorities living in Pakistan through a survey. Previous research has selected minorities for data collection purposes [35]. In Pakistan, the largest minority is Hindus. This minority group often laments its marginalization. Most of the Hindu population resides in the province of Sindh.

For data collection, self-administrative questions were distributed to students in Sindh province's universities. A cover letter provided appropriate information to students declaring that the anonymity of respondents will be maintained, and that participation is entirely voluntary.

Since all questions are in English, it was decided to target students enrolled in semesters four and above. They have developed sufficient English comprehension skills to answer the questionnaire items. Students were enrolled in bachelor's programs across five universities. Because of the nature of the study, only minority students were allowed to participate in data collection. Initially, two weeks were given to fill in questionnaires. A reminder was sent through class instructors after two weeks. The research uses previously developed and tested scales for data collection. A 15-item scale is adopted from Klinner and Walsh [35] for measuring PCD. A three-item scale is adapted from Grégoire et al. [25] to measure nWoM. Customer embarrassment is measured by adapting the scale of Dahl et al. [17]. All items are measured on a five-point Likert scale, where one is “strongly disagree” and five is “strongly agree.”



**Fig. 1** Theoretical model



**Table 1** Study demographics

	%	N
Gender		
Male	69.0	174
Female	31.0	78
Service Sector		
Banking	16.67	42
Transportation	14.29	36
Medical	10.32	26
Utilities	20.63	52
Restaurant	19.84	50
Event management	18.25	46
Age		
Less than 21	28.57	72
21–25	49.21	124
Above 25	22.22	56
Academic level		
School	8.33	21
College	29.76	75
University	61.90	156

## Results

For data collection, 400 questionnaires were distributed to students and 275 were returned. To avoid any data contamination, these questionnaires were scrutinized and 23 questionnaires were rejected because these were partially filled, bringing the useful questionnaire total to 252. This number is adequate as Anderson and Gerbing [3] recommended a minimum sample size of 150 for Structural Equation Modeling (SEM). The demographic information is summarized in Table 1.

Table 2 summarizes statistics regarding Mean, Standard Deviation, and Correlation. For correlation among variables, Pearson Correlation is calculated and is found to be statistically significant for all variables.

## Reliability and validity

To access reliability, Cronbach's alpha is the most common measure of reliability in social sciences [45]. Nunnally [42] recommended a benchmark value of 0.70 for ensuring sufficient reliability. Table 3 reports Cronbach's alpha values for all variables. A two-step approach must be followed in structural equation modeling. The first is to ascertain the validity of scales, and the second is running the path analysis [4]. The validity of measures is accessed by using confirmatory factor analysis (CFA), where model fitness ratios provide validity.

There is no consensus among researchers about the exact number of model fit indices and their threshold points [28]. Therefore, interpretation must be carried out with caution. Validity for the scales is established as all ratios are within the recommended range:  $\chi^2(220) = 311.87$ ;  $p = 0.000$ ; CMIN/DF = 1.418; GFI = 0.90; CFI = 0.95; RMSEA = 0.041. Factor loadings for each scale item exceeds 0.50 [43]. The average variance extracted (AVE) and composite reliability (CR) of constructs are also reported in Table 3. The benchmark value for AVE is 0.50 [22]. Similarly, the cutoff value for composite reliability is 0.60. The reliability and validity of all constructs are ascertained successfully.

## Hypotheses testing

Regression analysis is performed for hypotheses testing (H1, H1a–H1c, H2, H2a–H2c, H3) using the Statistical Package for Social Sciences (SPSS). Regression analysis shows that PCD has a significant positive impact on both nWoM ( $H_1: \beta = 0.59$ ,  $p < 0.000$ ); ( $R^2 = .191$ ,  $F(1, 250) = 60.238$ ,  $p = 0.00$  and on customer embarrassment ( $H_2: \beta = 0.50$ ,  $p < 0.000$ ); ( $R^2 = .145$ ,  $F(1, 250) = 43.559$ ,  $p = 0.000$ ). From these results, it is clear that PCD has a crucial impact on nWoM and customer embarrassment. The greater the perception of

**Table 2** Mean, standard deviation, and correlation

		1	2	3	4	5
1	Overt discrimination	1.00				
2	Subtle discrimination	0.214**	1.00			
3	Service-level discrimination	0.226**	0.235**	1.00		
4	Customer embarrassment	0.245**	0.309**	0.257**	1.00	
5	Negative word-of-mouth	0.283**	0.348**	0.302**	0.417**	1.00
Mean		3.86	4.02	3.86	4.11	4.17
Standard deviation		0.73	0.69	0.67	0.63	0.65

\*  $p < 0.05$ ; \*\*  $p < 0.001$

**Table 3** Factor loadings, Cronbach alpha, AVE, and CR

Constructs and items	F.L (> 0.5)	$\alpha$ (> 0.7)	AVE (> 0.50)	CR (> 0.60)
<b>Overt discrimination</b>				
Compared to other customers, service employees				
Sometimes verbally abuse me	0.86	0.82	0.77	0.94
Sometimes insult me	0.90			
Make remarks that humiliate me	0.81			
Show a humiliating behavior toward me	0.83			
Are often offensive toward me	1.00			
<b>Subtle discrimination</b>				
Compared to other customers, service employee's ...				
Tone is often condescending to me	0.90	0.80	0.86	0.95
Often give me derogatory looks	0.83			
Often give me condescending looks	0.87			
Tone is often patronizing toward me	1.00			
<b>Service-level discrimination</b>				
Compared to other customers, service employees often ...				
Do not heed my needs or problems	0.89	0.85	0.82	0.95
Are patronizing toward me	0.94			
Take little time to advise me and go to next customer	0.81			
Are very distant to me	0.89			
Critically observe me	0.90			
Make me wait longer	1.00			
<b>Consumer embarrassment</b>				
The service experience made me felt uncomfortable	0.71	0.78	0.73	0.93
The service experience made me felt awkward	0.96			
The service experience made me look foolish	0.81			
The service experience made me felt discomfited	0.93			
The service experience made me felt humiliated	1.00			
<b>Negative word-of-mouth</b>				
I spread negative information about this service organization	0.96	0.80	0.96	0.90
I denigrated the service organization to my friends	0.89			
I told my friends not to go to that service provider	1.00			

F.L Factor loading,  $\alpha$  Cronbach's alpha, AVE Average variance extracted, CR Composite reliability

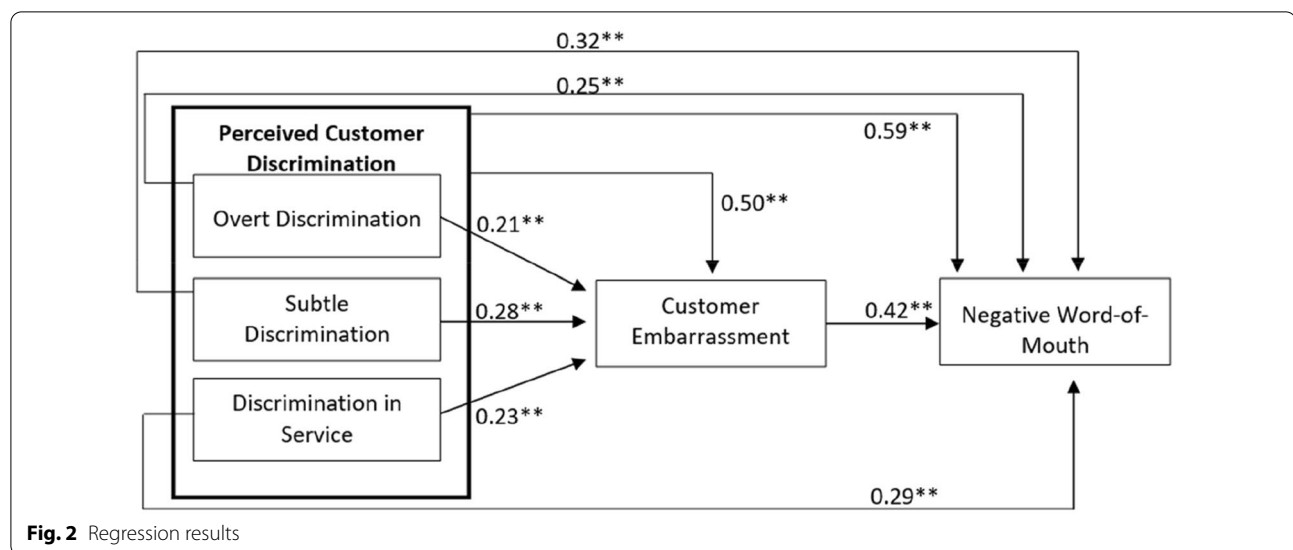
discrimination, the more embarrassment disadvantaged customers will face, and the higher the inclination for nWoM. H3 is also verified. It is found that customer embarrassment has a statistically significant impact on nWoM ( $H_3 : \beta = 0.42, p < 0.000$ ); ( $R^2 = .170, F(1, 250) = 52.482, p = 0.000$ ). This result indicates that the higher the feeling of embarrassment because of service provider behavior, the more likely is nWoM.

As indicated in the introduction section, PCD has three distinct manifestations. A regression analysis reveals that nWoM is influenced by all three types of discrimination experiences, i.e., overt discrimination ( $H_{1a} : \beta = 0.25, p < 0.000$ ); ( $R^2 = .080, F(1, 250) = 21.830, p = 0.000$ ) subtle discrimination ( $H_{1b} : \beta = 0.32, p < 0.000$ );

( $R^2 = .121, F(1, 250) = 34.446, p = 0.000$ ), and service-level discrimination

( $H_{1c} : \beta = 0.29, p < 0.000$ ); ( $R^2 = .087, F(1, 250) = 25.000, p = 0.000$ ). Therefore, it is established that all types of discrimination can trigger nWoM.

Regression analysis is also conducted to examine the impact of the components of PCD on customer embarrassment. The results show that all types of embarrassment have a statistically significant impact on customer embarrassment, i.e., overt discrimination ( $H_{2a} : \beta = 0.21, p < 0.000$ ); ( $R^2 = .060, F(1, 250) = 15.931, p = 0.000$ ), subtle discrimination ( $H_{2b} : \beta = 0.28, p < 0.000$ ); ( $R^2 = .096, F(1, 250) = 26.428, p = 0.000$ ), and service-level discrimination



( $H_{2b} : \beta = 0.28, p < 0.000$ ); ( $R^2 = .096, F(1, 250) = 26.428, p = 0.000$ ). Therefore, it is established that all types of discrimination can trigger customer embarrassment.

### Mediation analysis

The research has successfully established the direct impact of PCD on nWoM and customer embarrassment. Mediation analysis is performed to test for the indirect impact of PCD through customer embarrassment on nWoM. Structural Equation Modeling performs mediation analysis with Maximum Likelihood Estimation in Analysis of Moment Structures (AMOS Version 21). The analysis results indicate that customer embarrassment partially mediates the relationship between PCD and nWoM ( $\beta = 0.44, p < 0.000$ ). All regression analysis is found to be statistically significant (Fig. 2).

### Discussion

Previous studies have not linked PCD with nWoM behavior. In this research, the first finding confirms that PCD causes nWoM for disadvantaged customers. Services are a social phenomenon, and interaction between the service provider and customers is inevitable; as a result, service generation can reflect hostilities or prejudice held by service providers. Discrimination is an unpleasant and unfair experience [49], so disadvantaged customers narrate discriminatory service episodes and vent their frustration to their acquaintances. Customer decision-making is a function of their memory of previous experiences [37]. Therefore, discriminatory experiences will elicit nWoM whenever service provider-related discussion occurs.

The second finding of the research corroborates the nexus between PCD and customer embarrassment. Extant research examined PCD for its impact on helplessness and frustration [35]. This research has added to the scope of PCD by including its impact on customer embarrassment. Embarrassment is a complex emotion, and its understanding in the service industry is paramount. This research successfully established that PCD is an antecedent of customer embarrassment. According to Grace [24], customer embarrassment holds cognitive, behavioral, and physiological consequences such as nWoM. Since embarrassing episodes erode public image, people attempt to restore their image by relaying nWoM about discriminatory service providers.

Discrimination in service generation and delivery causes discomfort for minority customers, and embarrassment is a natural consequence. It is a general belief among disadvantaged customers that they are discriminated against because of their unique social identities. Service providers disrespect and do not like minority customers, so resort to mistreatment and demeaning behaviors to show their contempt toward disadvantaged customers in overt or covert ways.

The third finding indicates that customer embarrassment causes nWoM. It is known that embarrassment weakens self-image and self-esteem [27] and results in physiological effects, i.e., shaking, crying, blushing, and nausea [24]; therefore, customers develop antipathy for service providers who cause embarrassment. To remedy this situation and avoid becoming the target of negative judgment, customers exit the service space and try to avoid future contact with the service provider. The abashment and awkwardness caused by inept service providers



will result in dissatisfaction with the overall service experience.

PCD has three distinct components; therefore, it was hypothesized that each type would affect customer embarrassment and nWoM. These hypotheses are proven true in this research. A service encounter characterized by overt, subtle, or service-level discrimination imprints a negative image of the service provider on customers' minds. Disadvantaged customers feel frustrated, helpless, and embarrassed. Moreover, discriminatory service experiences, in any form, cause dissatisfaction for customers, which is the main driver of nWoM [9].

Similarly, discrimination in the service context, where other customers are the social audience, results in embarrassment. Customer embarrassment is a natural outcome of a discriminatory treatment since such incidences reduce self-esteem and deteriorate social image [27]. The situation worsens as customers are twice as likely to spread nWoM than positive WoM [14]. Overt, subtle, or service-level discrimination results in a feeling that minority customers have lower social status than majority customers.

Overt discrimination is hatred of disadvantaged customers and takes the form of physical assaults [35], sexist or racist yelling, etc. These kinds of incidents cause minority customers to develop a negative attitude toward the service provider. Moreover, customers engage in nWoM against these service providers because they want their acquaintances to remain safe from discriminatory experiences and to vent their anger. Covert discrimination takes place as service providers hold prejudice against disadvantaged customers. Service providers resort to veiled hostilities, condescending tones, and suspicious gazes at disadvantaged customers. Though it is generally difficult to detect, covert discrimination is noted by the person on the receiving end [55]. Covert discrimination causes insecurity and adds to the sense of vulnerability among disadvantaged customers. Disadvantaged customers feel embarrassed by service provider behavior and inform others of this unpleasant service experience. The consequences of service-level discrimination are similar to overt and covert discrimination. Service-level discrimination is manifested by refusing, ignoring, or providing sub-standard services to disadvantaged customers. This form of discrimination is also used to debase the minority customers and evokes feeling of embarrassment as well as an urge to tell others about incivility of service provider.

All forms of discrimination result in emotional and behavioral consequences for service providers. In this research, the implications of PCD have been extended to incorporate customer emotional and behavioral responses. In terms of emotions, disadvantaged

customers feel embarrassed when they encounter any form of discrimination. Similarly, PCD also causes nWoM by disadvantaged customers.

## Conclusions

Discrimination against minority customers is a pervasive problem in the marketing field. The ramifications of discrimination in the context of services are wide and detrimental for the organizations. It is believed that services are performances. Therefore, service providers must be sensitive to their minority customers' identities while serving them. This research paper examined the emotional and behavioral implications of perceived customer discrimination. We used a model of service exchange discrimination that classifies discrimination with minority customers in three forms, i.e., overt, subtle, and service-level discrimination. Customer embarrassment was considered the most suitable emotional outcome whereas nWoM was selected as the most suitable behavioral reaction of customers.

This research explained that discrimination is hurtful to customers and that all forms of discrimination lead to customer embarrassment. The main reason for feeling embarrassed is that the service space hosts other customers too. When a customer experiences discrimination in front of a public or social audience, their self-esteem and public image is destroyed. Furthermore, it is established that consumer embarrassment leads to nWoM. Customers want other people to know about their negative service experiences because they want to seek empathy, revenge, or protect others in their social group from discrimination. The research also successfully established that consumer embarrassment mediates the relationship between experiencing discrimination and nWoM.

What customers feel, say, and attribute is influenced by the environment in which they experience the service. If service experience is tainted with discrimination by service providers, the customer will not be able to discuss these experiences in a positive sense. Customers expect that they have the right to equal treatment. Hence, discrimination is unacceptable to them. Customers feel that direct or indirect discrimination belittles them and represents prejudice service providers hold toward minority customers. Although it is determined that customers will engage in nWoM with others, service organizations can expect more severe responses from customers. In conclusion, discrimination during service exchange causes embarrassment and causes customers to generate nWoM against service organizations.

## Limitations and future recommendations

A comprehensive understanding of PCD holds important academic and practical implications. In academic terms,

future research can include moderating variables, i.e., gender, personality, and nationality, to account for the difference in emotional and behavioral responses to PCD. Future research can be designed as a cross-cultural study comparing perceptions of discrimination across customers in different cultures.

In practical terms, service-related organizations can measure the factors that result in the perception of discrimination, especially among disadvantaged customers. Moreover, service organizations can train their employees so that they do not engage in behaviors that reflect overt, subtle, or service-level discrimination. With a better understanding of perceived discrimination, service organizations can change their culture and become more inclusive of disadvantaged customer groups.

Future research can also deploy different mediating and moderating variables to add robustness to the research model. For example, guilt and shame are also negative emotions, which can be added to the model. Examining consumer guilt and shame will also increase our understanding of the impact of discrimination on customers. Similarly, the moderating impact of personality traits can be introduced into the model. All personalities are not equally prone to the negative impact of discriminatory service experience. Therefore, a research model that caters to these differences will reveal important information.

#### Abbreviations

nWoM: Negative word-of-mouth; PCD: Perceived customer discrimination; AMOS: Analysis of moment structures; SPSS: Statistical package for social sciences; AVE: Average variance extracted; CR: Composite reliability; CFA: Confirmatory factor analysis; SEM: Structural equation modeling.

#### Acknowledgements

Not applicable

#### Author contributions

FA and LD involved in conceptualization; FA, ZS and MS contributed to methodology; MIA and MS contributed to software; LD, FA and MIA involved in validation; ZS and MS involved in formal analysis; MS involved in investigation; FA contributed to resources; LD contributed to data curation; FA and MIA involved in writing; MS and FA involved in writing—review and editing. All authors have read and agreed to the published version of the manuscript.

#### Funding

No funding was received for the current study.

#### Availability of data and materials

The datasets used and/or analyzed during the current study are available from the corresponding author on reasonable request.

#### Declarations

##### Ethics approval and consent to participate

All procedures performed were in accordance with the ethical standards as laid down in the 1964 Declaration of Helsinki and its later amendments or comparable ethical standard.

#### Consent for publication

Not applicable

#### Competing interests

The authors declare that they have no competing interests.

#### Author details

<sup>1</sup>School of Management, Harbin Institute of Technology, Harbin, China.

<sup>2</sup>Department of Management Sciences, COMSATS University Islamabad-Lahore Campus, Lahore, Pakistan. <sup>3</sup>School of Management, Zhejiang Shuren University, Hangzhou, China. <sup>4</sup>Faculty of Business and Law, Liverpool John Moores University, Liverpool, UK.

Received: 19 July 2022 Accepted: 8 September 2022

Published: 8 October 2022

#### References

1. Abdullah MI, Huang D, Sarfraz M et al (2021) Effects of internal service quality on nurses' job satisfaction, commitment and performance: mediating role of employee well-being. *Nurs Open* 8:607–619
2. Abdullah MI, Sarfraz M, Arif A, Azam A (2018) An extension of the theory of planned behavior towards brand equity and premium price. *Polish J Manag Stud* 18:20–32
3. Anderson JC, Gerbing DW (1984) The effect of sampling error on convergence, improper solutions, and goodness-of-fit indices for maximum likelihood confirmatory factor analysis. *Psychometrika* 49:155–173. <https://doi.org/10.1007/BF02294170>
4. Anderson JC, Gerbing DW (1988) Structural equation modeling in practice: a review and recommended two-step approach. *Psychol Bull* 103:411
5. Antón C, Camarero C, Carrero M (2007) Analysing firms' failures as determinants of consumer switching intentions. *Eur J Mark* 41:135–158. <https://doi.org/10.1108/03090560710718157>
6. Azemi Y, Ozuem W, Howell KE (2020) The effects of online negative word-of-mouth on dissatisfied customers: a frustration–aggression perspective. *Psychol Mark* 37:564–577. <https://doi.org/10.1002/mar.21326>
7. Babcock MK (1988) Embarrassment: a window on the self. *J Theory Soc Behav* 18:459–483. <https://doi.org/10.1111/j.1468-5914.1988.tb00510.x>
8. Barker S, Härtel CEJ (2004) Intercultural service encounters: an exploratory study of customer experiences. *Cross Cult Manag Int J* 11:3–14. <https://doi.org/10.1108/13527600410797710>
9. Berger K, Klier J, Klier M, Probst F (2014) A review of information systems research on online social networks. *Commun Assoc Inf Syst* 35:8
10. Blodgett JG, Granbois DH, Walters RG (1993) The effects of perceived justice on complainants' negative word-of-mouth behavior and repatronage intentions. *J Retail* 69:399–428. [https://doi.org/10.1016/0022-4359\(93\)90015-B](https://doi.org/10.1016/0022-4359(93)90015-B)
11. Bougie R, Pieters R, Zeelenberg M (2003) Angry customers don't come back, they get back: the experience and behavioral implications of anger and dissatisfaction in services. *J Acad Mark Sci* 31:377–393. <https://doi.org/10.1177/0092070303254412>
12. Chaney KE, Sanchez DT, Maimon MR (2019) Stigmatized-identity cues in consumer spaces. *J Consum Psychol* 29:130–141. <https://doi.org/10.1002/jcpy.1075>
13. Charlett D, Garl R, Marr N (1995) How damaging is negative word of mouth. *Mark Bull* 6:42–50
14. Chevalier JA, Mayzlin D (2006) The effect of word of mouth on sales: online book reviews. *J Mark Res* 43:345–354. <https://doi.org/10.1509/jmkr.43.3.345>
15. Creswell JW, Creswell JD (2017) Research design: Qualitative, quantitative, and mixed methods approaches. Sage Publications, Beverley Hills
16. Crockett D, Grier SA, Williams JA (2003) Coping with marketplace discrimination: an exploration of the experiences of black men. *Acad Mark Sci Rev* 4:1–21
17. Dahl DW, Manchanda RV, Argo JJ (2001) Embarrassment in consumer purchase: the roles of social presence and purchase familiarity: table 1. *J Consum Res* 28:473–481. <https://doi.org/10.1086/323734>
18. Davies S (2018) Gay men told Leeds bar was for 'mixed couples only'. BBC News. <https://www.bbc.com/news/uk-england-43683033>

19. De Angelis M, Bonezzi A, Peluso AM et al (2012) On braggarts and gossips: a self-enhancement account of word-of-mouth generation and transmission. *J Mark Res* 49:551–563. <https://doi.org/10.1509/jmr.11.0136>
20. Dovidio JF, Gaertner SL (2004) Aversive racism. *Adv Exp Soc Psychol* 36:4–56
21. Foo PK, Frankel RM, McGuire TG et al (2017) Patient and physician race and the allocation of time and patient engagement efforts to mental health discussions in primary care. *J Ambul Care Manag* 40:246–256. <https://doi.org/10.1097/JAC.0000000000000176>
22. Fornell C, Larcker DF (1981) Evaluating structural equation models with unobservable variables and measurement error. *J Mark Res* 18:39–50
23. Goffman E (1955) On face-work. *Psychiatry* 18:213–231. <https://doi.org/10.1080/00332747.1955.11023008>
24. Grace D (2007) How embarrassing! an exploratory study of critical incidents including affective reactions. *J Serv Res* 9:271–284. <https://doi.org/10.1177/109467050700900305>
25. Grégoire Y, Laufer D, Tripp TM (2010) A comprehensive model of customer direct and indirect revenge: understanding the effects of perceived greed and customer power. *J Acad Mark Sci* 38:738–758. <https://doi.org/10.1007/s11747-009-0186-5>
26. He Y, Ju I, Chen Q et al (2019) Managing negative word-of-mouth: the interplay between locus of causality and social presence. *J Serv Mark* 34:137–148. <https://doi.org/10.1108/JSM-03-2019-0117>
27. Higuchi M, Fukada H (2002) A comparison of four causal factors of embarrassment in public and private situations. *J Psychol* 136:399–406. <https://doi.org/10.1080/00223980209604166>
28. Hooper D, Coughlan J, Mullen MR (2008) Structural equation modeling: guidelines for determining model fit. *Electron J Bus Res Methods* 6:53–60
29. Husnain M, Syed F, Hussain K et al (2022) Explaining the mechanism of brand hate: a mixed-method investigation using moderated mediation in emerging markets. *Kybernetes*. <https://doi.org/10.1108/K-12-2021-1246>
30. Ismail IJ (2022) Imported or locally made products? Building customers' resilience to negative word of mouth (NWOM) about locally made products: Mediation of message quality in Tanzania. *Cogent Bus Manag*. <https://doi.org/10.1080/23311975.2022.2079168>
31. Jabeen F, Kaur P, Talwar S et al (2022) I love you, but you let me down! How hate and retaliation damage customer-brand relationship. *Technol Forecast Soc Change* 174:121183. <https://doi.org/10.1016/j.techfore.2021.121183>
32. Ke B (2019) Air Canada forces U.S. Junior National Squash player to remove Hijab at the gate. NEXTSHARK. <https://nextshark.com/air-canada-remove-hijab/>
33. Khawaja KF, Sarfraz M, Rashid M, Rashid M (2021) How is COVID-19 pandemic causing employee withdrawal behavior in the hospitality industry? An empirical investigation. *J Hosp Tour Insights* 5:687–706. <https://doi.org/10.1108/JHTI-01-2021-0002>
34. Khrystenko O (2022) Implicit displays of emotional vulnerability: a cross-cultural analysis of "unacceptable" embarrassment-related emotions in the communication within male groups. *Open Linguist* 8:209–231. <https://doi.org/10.1515/opli-2022-0189>
35. Klinner NS, Walsh G (2013) Customer perceptions of discrimination in service deliveries: construction and validation of a measurement instrument. *J Bus Res* 66:651–658. <https://doi.org/10.1016/j.jbusres.2012.06.008>
36. Krishna A, Herd KB, Aydinoglu NZ (2019) A review of consumer embarrassment as a public and private emotion. *J Consum Psychol* 29:492–516. <https://doi.org/10.1002/jcpy.1086>
37. Li J, Ma F, DiPietro RB (2022) Journey to a fond memory: How memorability mediates a dynamic customer experience and its consequent outcomes. *Int J Hosp Manag* 103:103205. <https://doi.org/10.1016/j.ijhm.2022.103205>
38. Min H, Kim HJ (2019) When service failure is interpreted as discrimination: emotion, power, and voice. *Int J Hosp Manag* 82:59–67. <https://doi.org/10.1016/j.ijhm.2019.03.017>
39. Myers A (2016) Muslim family kicked off flight demands apology from United Airlines. <https://www.chicagotribune.com/news/breaking/ct-united-airlines-removes-muslim-family-met-20160401-story.html>
40. Nagar R, Shani A, Poria Y (2022) "You feel like a second-class guest": customer discrimination against Arab guests in Israeli hotels. *Int J Hosp Manag* 103:103216. <https://doi.org/10.1016/j.ijhm.2022.103216>
41. Nikbin D, Marimuthu M, Hyun SS (2016) Influence of perceived service fairness on relationship quality and switching intention: an empirical study of restaurant experiences. *Curr Issues Tour* 19:1005–1026. <https://doi.org/10.1080/13683500.2013.801407>
42. Nunnally JC (1978) Psychometric theory. McGraw-Hill, New York
43. Nunnally JC, Bernstein IH (1994) Psychometric theory. McGraw Hill, New York
44. Pager D, Shepherd H (2008) The sociology of discrimination: racial discrimination in employment, housing, credit, and consumer markets. *Annu Rev Sociol* 34:181–209. <https://doi.org/10.1146/annurev.soc.33.040406.131740>
45. Rasmussen K (2007) Encyclopedia of measurement and statistics, vol 1. Sage, Beverley Hills
46. Richins ML (1983) Negative word-of-mouth by dissatisfied consumers: a pilot study. *J Mark* 47:68. <https://doi.org/10.2307/3203428>
47. Rosenbaum MS, Edwards KL, Malla B et al (2020) Street harassment is marketplace discrimination: the impact of street harassment on young female consumers' marketplace experiences. *J Retail Consum Serv* 57:102220. <https://doi.org/10.1016/j.jretconser.2020.102220>
48. Rosenbaum MS, Montoya DY (2007) Am i welcome here? exploring how ethnic consumers assess their place identity. *J Bus Res* 60:206–214. <https://doi.org/10.1016/j.jbusres.2006.09.026>
49. Rudert SC, Reutner L, Greifeneder R, Walker M (2017) Faced with exclusion: perceived facial warmth and competence influence moral judgments of social exclusion. *J Exp Soc Psychol* 68:101–112. <https://doi.org/10.1016/j.jesp.2016.06.005>
50. Schmitt MT, Branscombe NR (2002) The meaning and consequences of perceived discrimination in disadvantaged and privileged social groups. *Eur Rev Soc Psychol* 12:167–199. <https://doi.org/10.1080/14792772143000058>
51. Shavitt S (2019) Diversity and stigmatized identity in the marketplace: introduction to research dialogue. *J Consum Psychol* 29:128–129. <https://doi.org/10.1002/jcpy.1079>
52. Son H (2020) JP Morgan admits to 'terrible customer experience' in response to discrimination allegations. CNBC News. <https://www.cnbc.com/2020/01/15/jpmorgan-admits-to-terrible-customer-experience-in-congress-letters.html>
53. Strathern W, Ghawi R, Schönfeld M, Pfeffer J (2022) Identifying lexical change in negative word-of-mouth on social media. *Soc Netw Anal Min* 12:59. <https://doi.org/10.1007/s13278-022-00881-0>
54. Tadjewski M (2012) Character analysis and racism in marketing theory and practice. *Mark Theory* 12:485–508. <https://doi.org/10.1177/1470593112457742>
55. Walsh G (2009) Disadvantaged consumers' experiences of marketplace discrimination in customer services. *J Mark Manag* 25:143–169. <https://doi.org/10.1362/026725709X410070>
56. Yang C, Sun Y, Shen X-L (2022) Beyond anger: a neutralization perspective of customer revenge. *J Bus Res* 146:363–374. <https://doi.org/10.1016/j.jbusres.2022.03.076>
57. Yin J, Ji Y, Ni Y (2022) Love me, love my dog: does destination attractiveness not only mitigate tourists' anger and regret emotions but also prevent negative word of mouth? *Curr Issues Tour*. <https://doi.org/10.1080/13683500.2022.2080647>

## Publisher's Note

Springer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.