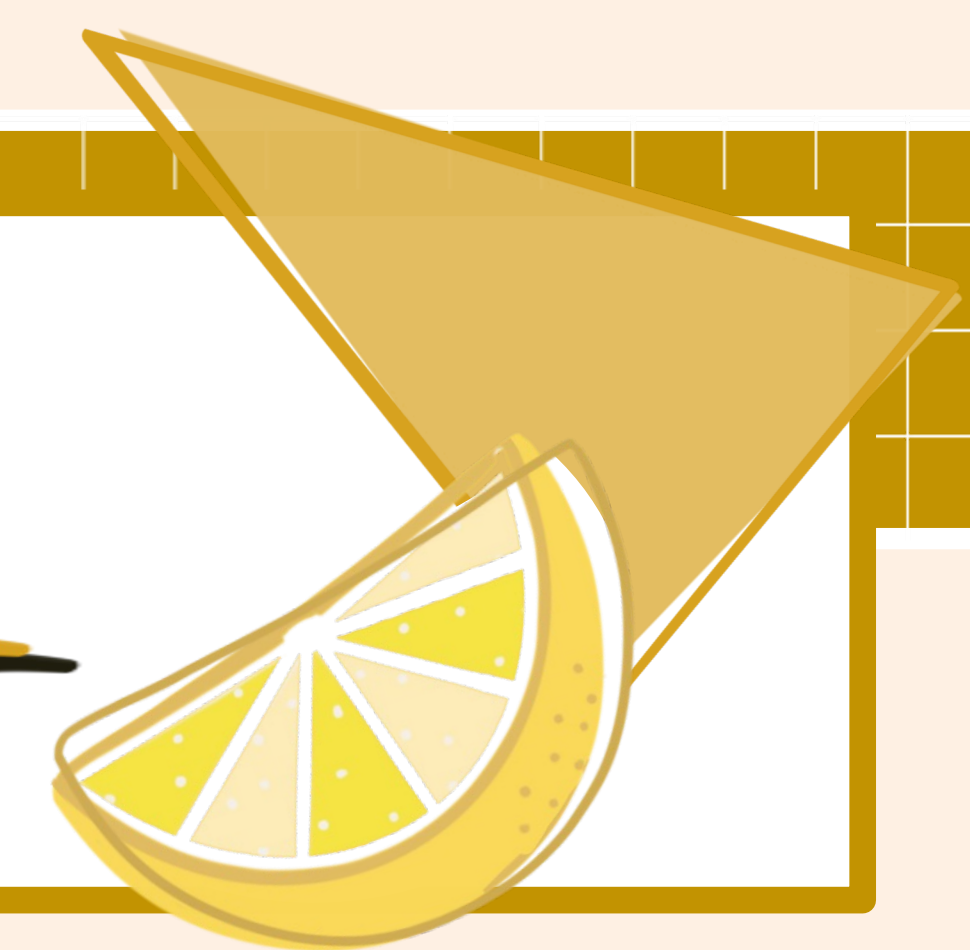




THE LEMONADE EFFECT

CONSUMERS' POSITIVE REFRAMING OF SERVICE FAILURE



TYLER FRASER MACDONALD – BOSTON UNIVERSITY, QUESTROM SCHOOL OF BUSINESS; *tfm8@bu.edu*

PROF. ANAT KEINAN – BOSTON UNIVERSITY, QUESTROM SCHOOL OF BUSINESS

SUMMARY

No matter how hard we try, we are all bound to endure unexpected negative experiences. However, while negative consumption experiences are inevitable for consumers, how one responds to them is not predetermined. Consumers can ruminate in regret and frustration, or they can reinterpret negative experiences into something special or valuable; reframing bad consumption experiences as stories that can be shared with others. Storytelling is fundamental to the human experience (Hennebury 2020), allowing us to share information, derive entertainment, and establish emotional connections. Therefore, a good story is a highly valuable form of common currency. Still, this valuable resource is often underutilized by marketers and consumers alike.

In the present research, we examine how transforming negative experiences into **stories** can be used as an effective coping mechanism. We argue that because stories are such a fundamental form of communication, consumers derive substantial utility from having stories to share with others. Indeed, story utility is an important driver of consumer behavior, particularly in material/experiential happiness (Kumar and Gilovich 2015; Weingarten and Goodman 2021). However, not all consumption stories are created equal. We have all had the displeasure of sitting through a lackluster story about a colleague's pleasant, but uneventful, vacation. Valuable stories come at cost; tension and conflict are critical to producing engaging and evocative narratives (MasterClass 2024), therefore, high-value stories are more likely to arise from negative consumption experiences. And thus, the Lemonade Effect, when life gives you lemons (sour experiences) we can compensate for them by making lemonade (deriving valuable stories from said experiences). The Lemonade Effect helps consumers cope and, in turn, improves brand outcomes (e.g. willingness to repurchase/recommend the brand), over and above traditionally utilized responses to service failures.

HYPOTHESIS

Reframing negative consumption experiences as stories (vs. mere memories) creates "story utility", adding positive value to otherwise unpleasant experiences. This in turn helps individuals cope with negative experiences.

METHODS

Participants imagined having a negative consumption experience, recalling it as either:

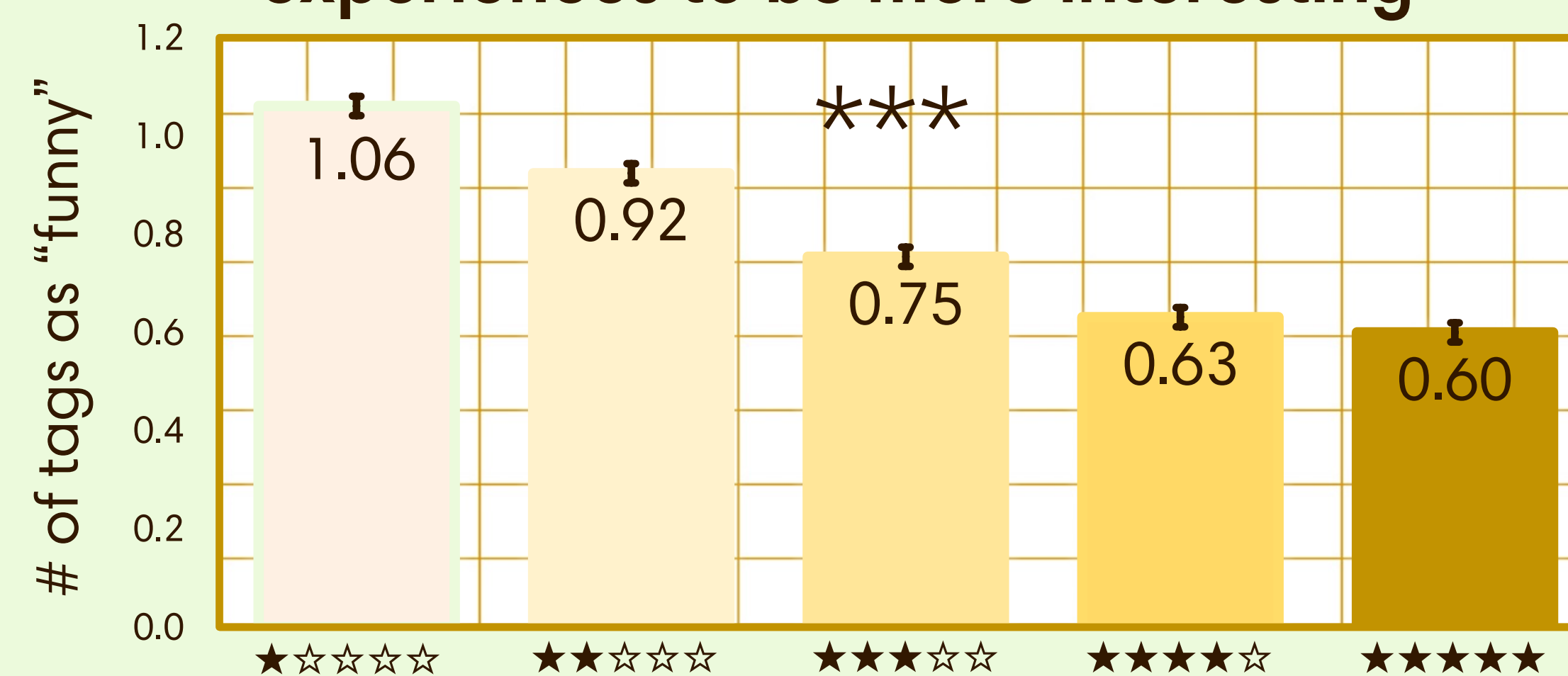
- 1) a story (**lemonade condition**)
- OR
- 2) a listing of events (**control condition**)

Participants then indicated their feelings and future consumption intentions.

FIELD EXPERIMENT 1:

N = 229,905; Yelp Reviews

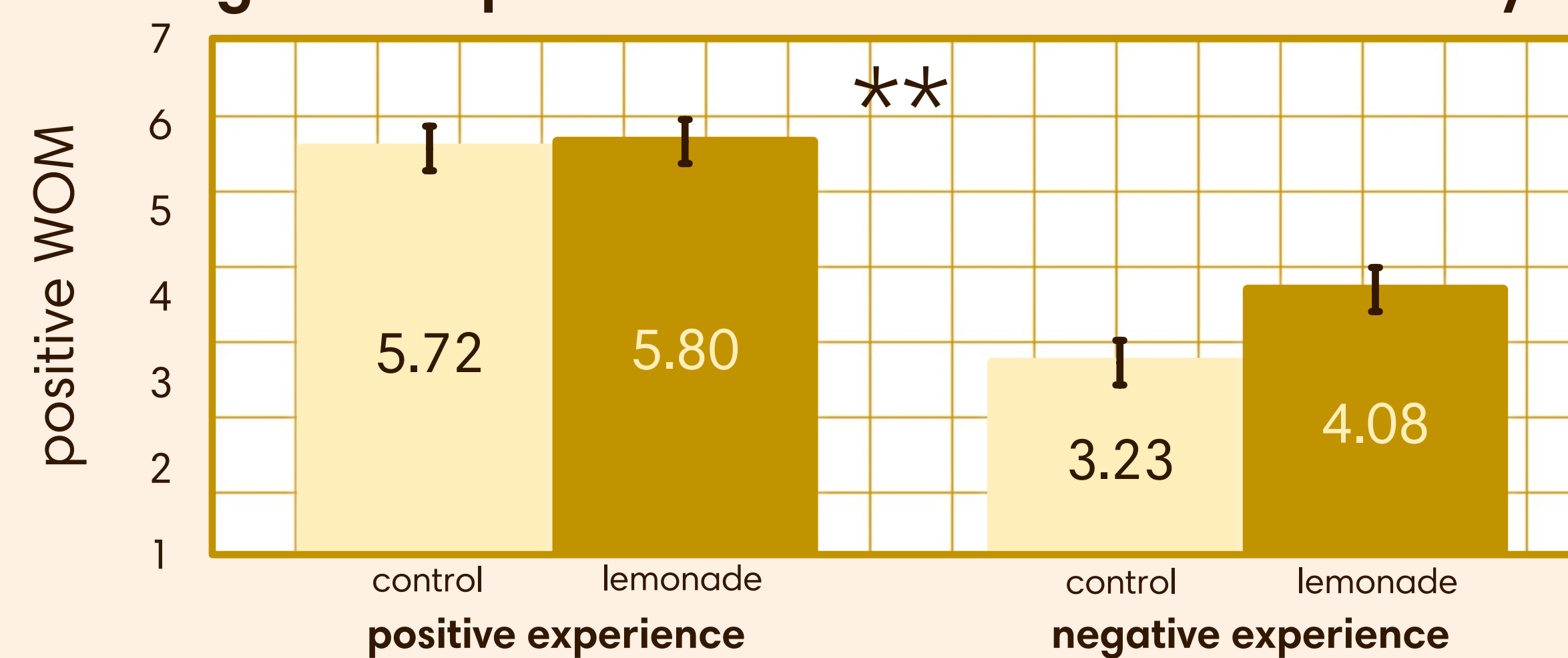
Consumers find stories about negative experiences to be more interesting



EXPERIMENT 2:

N = 401 unhappy campers; Prolific Academic

Consumers are more willing to recommend negative experiences when reframed as a story

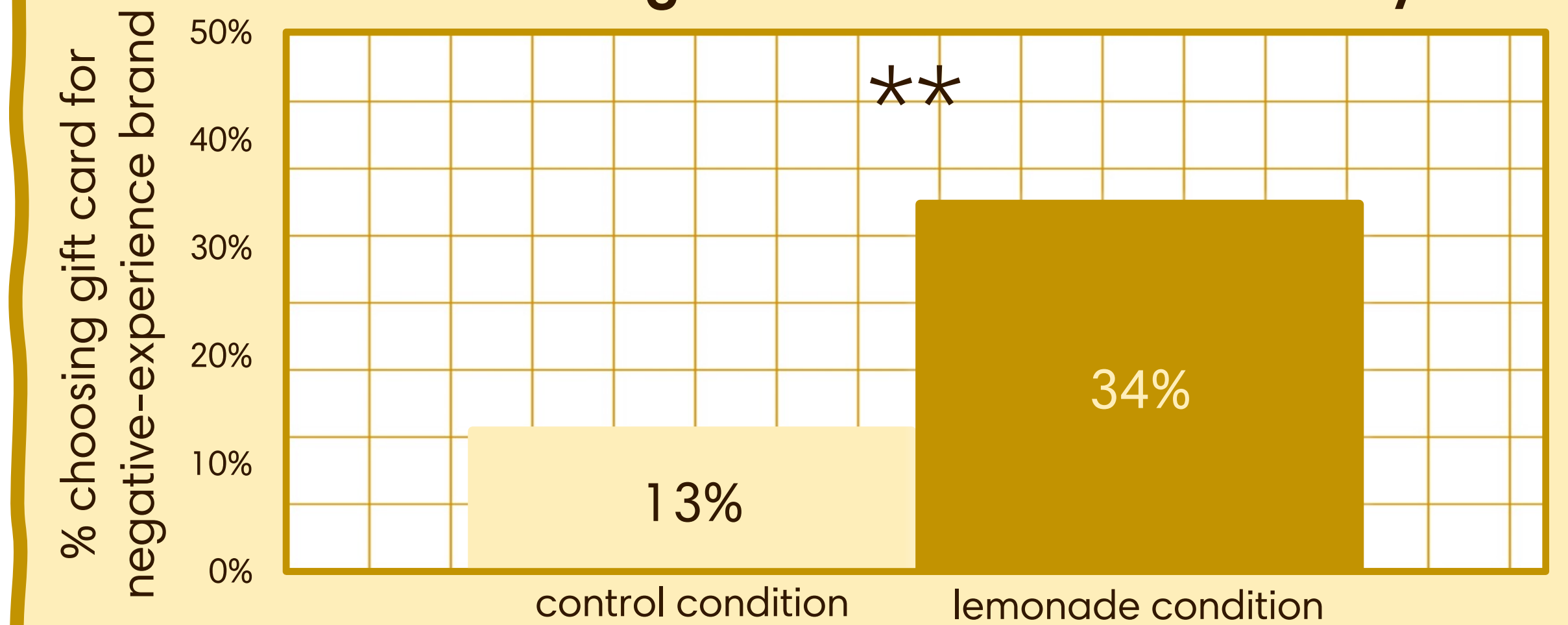


EXPERIMENT 3:

INCENTIVE COMPATIBLE

N = 103 dissatisfied diners; Prolific Academic

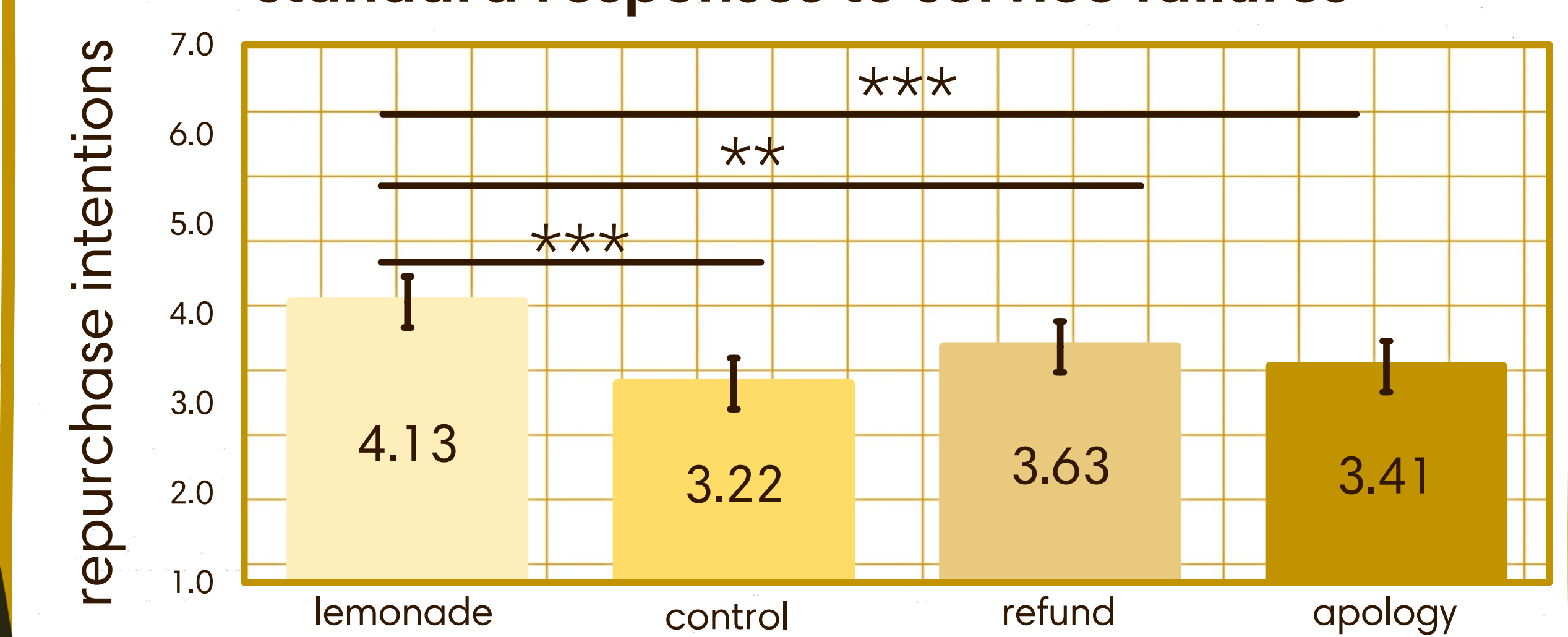
Consumers are more willing to repurchase when considering a service failure as a story



EXPERIMENT 4:

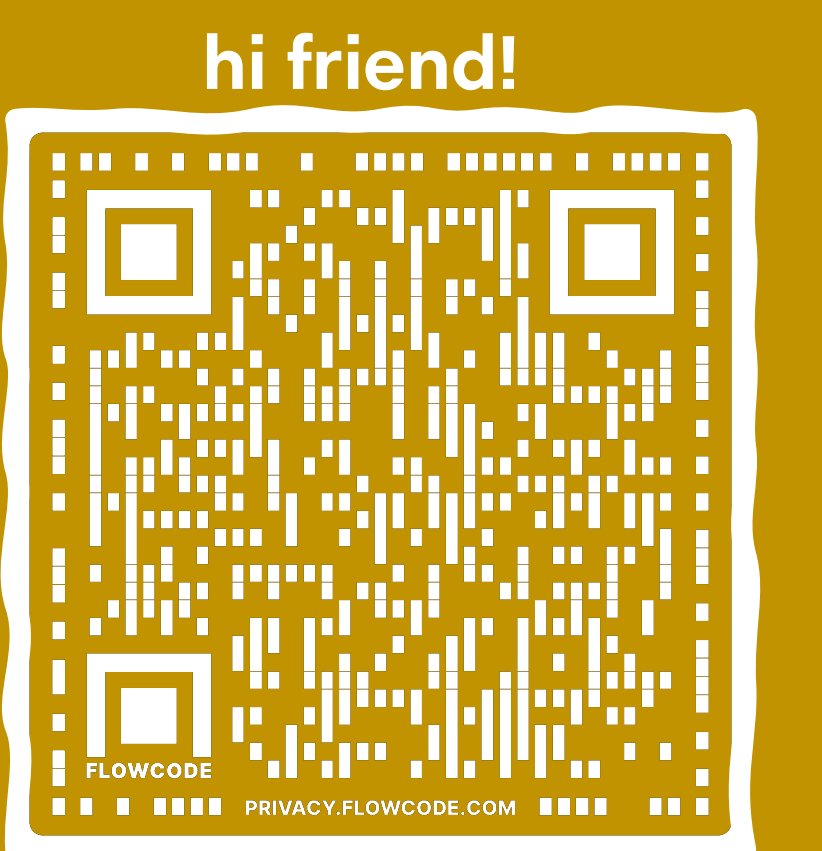
N = 599 weary travelers; Prolific Academic

The lemonade effect outperforms industry standard responses to service failures



TAKEAWAY

story utility is a valuable resource to both consumers, who can use storytelling to cope with negative experiences, and practitioners, who can use story utility to repair their relationships with consumers after a service failure



For study details and references, please scan this QR code ^ ^