

## Customer actions when brands fail



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The South African banking industry is saturated, with the four largest banks – Absa, First National Bank (FNB), Standard Bank and Nedbank – holding 83% of the industry’s deposits in 2020. Despite the number of deposits, none of these banks had the largest share of customers in the South African banking industry. Interestingly, regardless of accounting for 2% of the total industry deposits, Capitec Bank had the largest customer share, at 25% of the total industry. Capitec Bank has fast become a key player and surpassed what was traditionally referred to as the “Big Four Banks”.

Reports show that although there is an increase in the banked population in South Africa since 2010, there has also been a decline in the number of people whose finances are being managed by the “Big Four Banks”. Such information begs the question, “What is driving the banked population to switch banks?” Research has found service failure as the main driver of bank switching. Service failures often result in consumers experiencing negative emotions. Thus, brand hate (defined as negative emotions that consumers have towards a brand) is a phenomenon that should not be ignored.

Negative consumer brand relationship literature indicates that brand hate has not been considered with sufficient detail and depth. Furthermore, brand hate research is currently underrepresented in developing countries. Consequently, a study on brand hate was conducted by Amogelang Setlhalogile, a [Master’s](#) student in the [Department of Marketing Management](#). The study examined brand hate and its relationship with three outcomes namely, brand avoidance, negative electronic word-of-mouth (e-WOM), and brand switching, within the context of the South African banking sector.

Data were collected using an online survey, distributed via social media using non-probability sampling (namely, convenience and snowballing sampling). Responses were obtained from 248 individuals living in South Africa (over the age of 18), that have used South African banking services for personal use. The findings revealed a positive, statistically significant relationship between brand hate and all three outcomes.

Previous research has found that negative consumer-brand relationships had a financial impact on businesses. In addition, these findings indicate to practitioners the importance of not only understanding brand hate, but also being aware of the various ways in which consumers could choose to display their negative emotions towards brands.

Responding to the call for the extension of brand hate research, specifically in developing countries, the paper discusses suitable strategies that both managers and practitioners can use to deal with brand hate, for example, implementing a brand management process, brand recovery, loyalty programmes and the use of service quality matrixes.

*The research was conducted as part of the fulfilment of the [Master's degree](#) in Marketing Management in 2022 with the [Department of Marketing Management](#) by Amogelang Setlhalogile under the supervision of [Dr M.C. van der Merwe](#).*