Does Good Service Recovery Improve Consumer Affinity?

Shinichiro Terasaki¹ and Keigo Taketani²

¹ Ritsumeikan University, 2-150 Iwakuracho, Ibaraki-shi, Osaka, 567-8570, Japan
² Komazawa University, 1-23-1 Komazawa, Setagaya-ku, Tokyo, 154-8525, Japan

* Corresponding Author: terasaki@fc.ritsumei.ac.jp

Abstract
Increasing cross cultural contacts elicit a new breed of consumers with favourable attitudes toward foreign countries, or consumer affinity. Unlike its growing popularity in international marketing, its antecedents have been relatively neglected particularly in terms of quantitative investigations. In this study, we focus on service recovery in intercultural service encounters as one of the leading antecedents of consumer affinity and investigate whether appropriate service recovery increases consumer affinity for the country to which the employee belongs to, introducing consumer animosity as a moderating factor between them. The results of simple slope analysis revealed that service recovery has a positive effect on consumer affinity only when consumer animosity is low; when consumer animosity is high, it does not elicit consumer affinity. Hence, service providers can increase consumers’ affinity through good service recovery if low consumer animosity is observed. This research presents a new theoretical implication for service recovery in intercultural service encounters by incorporating the concepts of two different types of country biases into service marketing.

Keywords
Service recovery; consumer affinity; consumer animosity

1 INTRODUCTION
Increasing contact between cultures is raising a new breed of consumers with positive attitudes toward foreign countries (Cleveland, Papadopoulos and Laroche 2011; Grinstein and Wathieu 2012; Terasaki and Perkins 2017). International travel and lifestyle, personal experience, and personal preferences for specific countries form the attitude conceptualized as “consumer affinity” (Jaffe and Nebenzahl 2006; Oberecker, Riefler and Diamantopoulos 2008; Wongtada, Rice and Bandyopadhyay 2012; Asseraf and Shoham 2016). Although consumer affinity as a research theme is becoming more popular in international marketing, its antecedents have not been examined quantitively (for qualitative investigations, see Oberecker, Riefler and Diamantopoulos 2008; Asseraf and Shoham 2017).

Among the various potential antecedent factors, this study focused on service providers’ actions in service encounters in a cross-cultural setting. It is important for enterprises and employees to be able to manage such factors, considering the practical implications for marketing managers. Although service providers communicate their service quality to customers in a variety of ways, they impress customers with their authentic hospitality, particularly in a bad situation. Therefore, this study examined the effect of service recovery in intercultural service encounters on consumer affinity.

Service recovery refers to “the actions taken by an organization in response to service failure to improve the situation for the customer” (Zeithaml, Biner and Gremler, 2017, p. 179). Many services marketing researchers have studied this topic, revealing that good service recovery can increase customer satisfaction, loyalty, and positive word-of-mouth (see Gelbrich and Roschk 2011 for a meta-analysis). However, whether good service recovery also elicits consumer affinity toward a specific nation remains unexamined. This is the first study to quantitively explore the relationship between consumer affinity and service recovery via scenario experiments. Thus, our research is expected to make important contributions to both services marketing and international marketing.

Given that consumer affinity is formed by micro factors, such as overseas travel, lifestyle, and personal experience (Oberecker, Riefler and Diamantopoulos 2008), service recovery can elicit consumer affinity. If a service failure occurs in an unfamiliar place, a customer may feel anxiety. However, receiving good service recovery in a foreign country will make the customer more comfortable, resulting in a favorable personal experience. For this reason, it was anticipated that service recovery improves consumer affinity.

To better understand the relationship between service recovery and consumer affinity, the moderating role of “consumer animosity,” a hostile attitude toward specific nations, is considered in this study (Klein, Ettensohn, and Morris 1998). Although consumer affinity and animosity seem to be two ends of a continuum, they are actually two distinct constructs (Oberecker, Riefler and Diamantopoulos 2008; Wongtada, Rice and Bandyopadhyay 2012; Nes, Yelkur and Silkoset 2014). In addition, antecedents of affinity and animosity are not identical; affinity is formed by micro factors such as overseas travel experience and lifestyle (Oberecker, Riefler and Diamantopoulos 2008), whereas animosity is formed by macro factors like war and perceived...
economic competition (Khan, Darvanto and Liu 2019). Thus, they may coexist (e.g., a consumer with a negative feeling about a certain foreign country loves a product from the same country). Accordingly, consumer animosity is expected to moderate the relationship between service recovery and consumer affinity. Given the attitudinal difference between consumer affinity and animosity, service recovery will be effective only when consumer animosity is low; when consumer animosity is high, the favorable effect of service recovery will be offset. Therefore, the following hypothesis is offered:

H: Service recovery has a positive effect on consumer affinity but only when consumer animosity is low.

2 MATERIALS AND METHODS

2.1 Material

This study utilized a single-factor (good recovery vs. bad recovery) between-subjects experimental design. An online survey was used to recruit 217 Japanese participants (female =108, male =109, mean age = 44.931 [SD = 14.530]) who were randomly assigned to two recovery conditions; participants were asked to fill out a questionnaire after reading a scenario of Japanese travelers’ visit to a reputable restaurant in Korea. In the scenario, there was a certain delay in service (adapted from Roschk and Gelbrich 2017). For participants in the good recovery group, a manager carefully listened to the customers’ complaints, politely apologized, provided a full refund, and arranged a taxi to take them to their next destination. For the other group, the manager explained why their food was delayed but offered no other recovery actions. South Korea served as the destination country for our scenario. Since Japan and South Korea have various political and economic problems, they generate large statistical variance in consumer animosity.

2.2 Methods

The survey measured consumer affinity (7 items taken from Oberecker and Diamantopoulos 2011), e.g., “pleasant feeling,” “like,” “captivated,” “feeling attached,” “Korea wants to gain economic power over Japan,” “Korea is not a reliable trading partner,” “Korea is a part of the Japanese culture,” and “Korea is a part of the Japanese economy,” and appropriateness of recovery (3 original items: “The manager offered sufficient monetary compensation,” “The manager listened to our claim,” and “The manager firmly apologized.”) All items were measured on a 7-point Likert scale.

Both scenarios had positive ratings (above 4 on the 7-point scale), which means they were believable (Wang and Mattila 2011). Furthermore, the manipulation of the appropriateness of recovery was successful (Mgood = 2.782, SDgood = 1.340, Mbad = 2.044, SDbad = 1.130, t(215) = 13.458; r = .677, p < .000).

3 RESULTS

To test the hypothesis, regression analysis was conducted, with consumer affinity as a dependent variable, service recovery (1 = good recovery, 0 = bad recovery), consumer animosity, the service recovery × consumer animosity interaction as independent variables, and failure severity as a control variable; the analysis was conducted using a PROCESS macro (Hayes 2018, model 1). All variables were mean centered to avoid multicollinearity. The variance inflation factors (VIFs) were well below 10 (highest VIF = 1.885). The regression model was significant (F (4, 212) = 4.890, p = .001, R² = .085). The simple effect of the service recovery (B = .355, SE = .179, t = 1.977, p = .049) was significant, but neither the simple effect of consumer animosity (B = -.076, SE = .102, t = .745, p = .457) nor the control variable (B = -.093, SE = .064, t = 1.463, p = .145) was significant (see Table 1). More importantly, the service recovery × consumer animosity interaction was marginally significant (B = -.300, SE = .155, t = 1.941, p = .054).

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>B (SE)</th>
<th>p-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant – -0.161 (.128)</td>
<td>n.s.</td>
<td></td>
</tr>
<tr>
<td>Service Recovery .355 (.179)</td>
<td>&lt; .05</td>
<td></td>
</tr>
<tr>
<td>Consumer Animosity – -0.076 (.102)</td>
<td>n.s.</td>
<td></td>
</tr>
<tr>
<td>Service Recovery × Consumer Animosity – -0.300 (.155)</td>
<td>&lt; .10</td>
<td></td>
</tr>
<tr>
<td>Failure Severity – -0.093 (.064)</td>
<td>n.s.</td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>.085</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>4.890</td>
<td>&lt; .01</td>
</tr>
<tr>
<td>n</td>
<td>217</td>
<td></td>
</tr>
</tbody>
</table>

Note: Table 1 reports unstandardized betas; standard errors are reported in parentheses.

The two-way interaction effect on consumer affinity was explored using simple slope analysis. The analysis showed that at low levels of consumer animosity (−1SD), service recovery has a significant positive effect on consumer affinity (B = .711, SE = .258, t = 2.756, p = .006), whereas at high levels of consumer animosity (+1SD), the relationship between service recovery and consumer affinity is not significant (B = -.002, SE = .255, t = .006, p = .995) (see Figure 1). These results supported the hypothesis.

4 DISCUSSION

Given the increasing numbers of tourists worldwide, treating overseas customers properly is indispensable for future service development, particularly when a bad socio-economic relationship is observed (e.g., struggle between Japan and South Korea). Accordingly, this study examined the influence of service recovery in intercultural service encounters on consumer affinity, considering the moderating role of consumer animosity. The results showed that service recovery is effective only when consumer animosity is low; when consumer animosity is high, service recovery does not
eliciting consumer affinity. Therefore, managers can increase consumers’ affinity through good service recovery if low animosity is observed. Consumer affinity is a key factor that positively affects consumers’ intention to visit and to invest in a country (Oberecker and Diamatopoulos 2011). Additionally, it increases the intention to own products from the affinity country (Wongtada, Rice and Bandypadhyay 2012). Therefore, people can benefit from the good service recovery practices of services marketers in various ways. This study confirmed the relationship between consumer affinity and animosity. Many studies have regarded consumer affinity as one factor to overcome the negative effects of consumer animosity (Wongtada, Rice and Bandypadhyay 2012; Asseraf and Shoham 2017), making it vital to understand the relationship between the two. As stated, these are mutually distinct rather than opposing constructs, and our data supported a weak correlation between consumer affinity and consumer animosity ($r < -.2$); consumer affinity and animosity can coexist and one can affect the other.

5 CONCLUSION

Although service recovery is not a new area of research (Gelbrich and Roschk 2011), this is the first study to investigate the influence of service recovery on consumer affinity by bridging two research areas, international marketing and service marketing. Additionally, while many cross-cultural comparison studies have been conducted (Wang and Mattila 2011; Mattila and Patterson 2004), only a few intercultural studies (i.e., concerning customers and service providers from different countries), including Poddar, Ozcan and Madupalli (2015), have discussed the effect of employees’ country of origin (domestic vs. foreign) and competence on customer satisfaction. This study extends their work by focusing on consumer affinity as a new outcome variable.

In addition to theoretical contributions, the findings also provide practical implications. For example, service managers and tourism policy makers can benefit from enforcing excellent service recovery practices since consumer affinity is a key factor influencing consumers’ intention to visit and invest in the affinity country (Oberecker and Diamatopoulos 2011) or to own its products (Wongtada, Rice and Bandypadhyay 2012). That is, the effect of good recovery practiced by the local service providers can also trigger an emotional bond between visitors and the focal country.

To conclude, certain limitations should be addressed in future research. Since cross-cultural service recovery has not been thoroughly discussed, future studies should assess this study’s external validity by examining whether the relationships among service recovery, consumer affinity, and consumer animosity hold in different country settings.

6 ACKNOWLEDGEMENTS

This work was supported by JSPS KAKENHI Grant Numbers JP17K13811 and JP20K13628.

7 REFERENCES


