

## **Customer experience and evaluation in social media complaining across cultures**

### **Abstract**

This paper investigates how customers' cultural orientation impacts their service evaluations when complaining online on social media, by developing scenario-based surveys of non-student samples from two culturally diverse countries (Germany and India). The two studies show that when causal explanations for service failure, and regular updates during recovery process are provided to specific cultural groups (individualists and high uncertainty avoidance seekers), they reported higher recovery evaluations. This research thus contributes to the nascent literature in social media complaining by highlighting the role of culture. The paper's findings are therefore relevant to marketing managers of online service organizations who operate globally and cater to customers that belong to multi-cultural backgrounds.

**Keywords:** Customer evaluation; Culture; Online recovery; Twitter complaining.

## **INTRODUCTION**

Satisfaction with service recovery has been widely recognized to be a driver of overall customer satisfaction, loyalty and word-of-mouth intent for service firms (del Rio-Lanza et al., 2009; Smith et al., 1999). Globally online retailing services are growing exponentially as worldwide 2013 ecommerce sales grew 23% to exceed \$1.2 trillion, with China and Indonesia growing at 65% and 71% respectively (A.T. Kearney, 2013). However, online service providers face challenges in delivering superior customer experiences as well as creating customer loyalty worldwide (Kumar et al., 2013). It is even more challenging for them to respond to complaints of customers from different cultures (Chan & Wan, 2008). This becomes even more important when customers use social media channels to lodge their complaints as it is now becoming a common method of posting complaints worldwide. Over 70% of Indian internet users have complained via social media (American Express, 2015). As complaining on social media generally takes place on a public platform with many people virtually present to witness the service encounter, it becomes extremely vital for service providers to respond in a manner that maintains service brand credibility and reduces negative word-of-mouth, while ensuring service recovery satisfaction (Schaefers & Schamari, 2016). Thus, the rapid growth in online complaining globally requires both academic researchers and marketing practitioners to have a better understanding of the customer's cultural context especially of the factors influencing customer perceptions of the firm's service recovery efforts. However, the current understanding of handling complaints in an online cross-cultural context is severely limited. This is because most of the recovery studies examine offline contexts like restaurants and resorts that are characterized by high levels of contact between customer and service provider (Mattila & Patterson, 2004; Patterson et al., 2006). In the extant literature, there is scarcity of studies relating to cross-cultural service recovery in online and low contact settings (Orsingher et al., 2010). Existing research shows that service issues and their resolution in online settings is quite different from offline settings (Holloway & Beatty, 2003). It follows that customer fairness perception of service recovery associated with high contact service settings like restaurants or resorts may not be applicable in low-contact online settings like social media, especially in a cross-cultural context. The objective of this paper is therefore to investigate how customers' cultural differences impact their recovery evaluations when they complain on social media. Specifically, I investigate how providing explanations and updates by the service provider to their customers after service failure impact customer evaluations when such global customers complain online. This paper thus enhances understanding of service recovery in an online global market. In their 2014-2016 research priorities, the Marketing Science Institute calls for a better understanding of how organizations can operate in a global market (MSI, 2014). The paper's findings are therefore important for managers of global online service firms having customers from different cultures.

## **THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT**

Service recovery is the action that the organization takes to respond to the service failure (Smith et al., 1999). A well-executed service recovery program can not only restore dissatisfied customers' confidence in the firm, but also restore their satisfaction with the firm's services and reinforce loyalty (Tax & Brown, 2000). Many past studies have therefore looked at service recovery satisfaction in offline high-contact service settings such as restaurants, hotels, resorts, airlines, etc. But there are only a few existing studies investigating online retailing services (for

example Kuo & Wu, 2012). The lack of human interaction and the vital role of technology are major differentiating factors as compared to traditional offline settings (Holloway & Beatty, 2003). Even customers who are normally reluctant to complain feel free to complain online because of both physical comfort at the click of a button and relaxed social factors like less embarrassment and pressure (Holloway & Beatty, 2003). Thus, online context shows unique characteristics and warrants better understanding of the antecedents and consequences of recovery satisfaction (Orsingher et al., 2010).

As the primary objective of this paper is to investigate how providing explanations and updates to customers after service failure impacts their evaluations when complaining online, I look at the framework of formation of customer evaluations during the service recovery process. Most existing studies examining service recovery situations have focused on justice theory which is based on social exchange theory and equity theory (Smith et al., 1999). Existing literature has documented that customers expect that their service providers treat them fairly and justly in case of complaint resolutions (Blodgett et al., 1997). The justice framework proposed by Tax et al. (1998) states that during the service recovery process, customers examine the fairness of the process from three dimensions namely perceived fairness of outcome, perceived fairness of interactional treatment and perceived fairness of procedures giving rise to distributive, interactional and procedural justice respectively. There is also a fourth dimension of perceived justice called informational justice that has been conceptualized by further separating interactional justice into two dimensions of interpersonal treatment and informational fairness (Colquitt, 2001). Informational justice is concerned about the adequacy and truthfulness of information that describes the reasons for an unfavorable encounter (Colquitt, 2001). The actions that the service provider takes during the service recovery process results in the delivery of these four justice dimensions. Distributive justice can be perceived by the customer when a compensation or apology is provided. A customer can perceive interactional justice if the service personnel show politeness in their behavior and show courtesy and respect. Similarly, the customer can perceive informational justice when an explanation is provided to him or her for the service failure (Mattila, 2006). Finally, if customers are kept informed of what is happening during the service recovery process, it would impact their perceived procedural justice (Patterson et al., 2006).

This paper uses justice theory to look at customer evaluations of service recovery as extant literature has found that higher perceived justice levels leads to higher recovery satisfaction (Sparks & McColl-Kennedy, 2001). As the recovery process involves social exchanges, justice perceptions will be impacted by cultural values (Patterson et al., 2006). Unlike some past studies that looked at cultural value orientation at country level, I study culture at the individual level because marketing efforts focusing on customer characteristics instead of country characteristics have higher probability of success as culture and country may not necessarily correspond to each other in all instances (Leung et al., 2005). In addition, relationships that hold true at the country level may not hold true when applied as it is at the individual level to explain individual behavior (Yoo & Donthu, 2002). Therefore, I assert that studies that use individual cultural dimensions instead of nationality are expected to have wider generalization capability that would hold beyond the countries studied in the sample. Following prior studies in cross-cultural service recovery involving recovery attributes, I specifically look into two of the cultural dimensions of Hofstede (1991) namely collectivism-individualism and uncertainty avoidance (Mattila & Patterson, 2004). As this paper examines the impact of providing explanations and updates after

service failure in a cross-cultural context, these two cultural dimensions are particularly relevant to my studies. Collectivism-individualism dimension of Hofstede (1991) deals with the extent of interdependence a culture would have among their members. An individual with high collectivist orientation would give preference to group goals against their own goals and such people would owe allegiance to 'in groups' to look after them in exchange for their loyalty.

This study deals with complaining on social media. The service failure situation could be for a low-contact service setting like for an online retailer (eg. Amazon) or it could be for an offline service setting like a fashion retailer (eg. H&M) or hotels (eg. Marriott). In each case, the complaining takes place on social media where there is no face-to-face interaction between the service provider and the complaining customer. Therefore, I assert that examining the informational fairness dimension of interactional justice, that is, informational justice (Colquitt, 2001) is more relevant to my study. I expect that when a causal explanation is provided for the service failure, the details within the service provider's response, especially the content with respect to its adequacy and truthfulness, becomes important for fairness perceptions resulting in higher informational justice for all customers. More specifically, I expect that when a causal explanation for the failure is provided to highly individualist customers, there would be a greater increase in perceptions of informational justice as compared to lower individualist customers. Since individualists rely more on information for their decision making than collectivists, I expect them to use the adequacy and truthfulness of the causal explanation provided, thus creating a stronger positive relationship between explanations and perceived informational justice. Thus I hypothesize:

**H1:** Customers with higher individualist orientation when offered a causal explanation for service failure during an online recovery will have a greater increase in perceptions of informational justice as compared to customers with lower individualist orientation.

Uncertainty avoidance describes the degree to which members of a culture feel threatened by ambiguous or unknown situations (Hofstede, 1991). Individuals with high uncertainty avoidance orientation prefer predictability over ambiguity and they are comfortable with written rules and structure. Previous research in offline recovery has found a link between uncertainty avoidance and cognitive control<sup>1</sup> that is usually manifested in the form of having knowledge or information about a particular event (Patterson et al., 2006). However, this relationship in the online complaining context has not been investigated. The virtual presence of a number of other customers in social media complaining, unlike in the offline context, can impact the focal customer's desire to have control over the recovery process by means of receiving specific information. It would thus be relevant to find out both from a theoretical and managerial perspective what kind of customers would prefer more or less control, from a cultural standpoint. It is likely that higher uncertainty avoidance customers prefer predictability over ambiguity, and are more active and security-seeking than lower uncertainty avoidance customers (Triandis, 1995). In online recovery, as customers perform more of the service themselves than in offline, higher uncertainty avoidance customers would want more control even during the service recovery process and would prefer regular updates to minimize ambiguity and unpredictability. As this is specifically concerned with the service recovery process per se, I examine the impact on procedural justice as shown in Fig.2. Thus I hypothesize:

---

<sup>1</sup> Cognitive control enables an individual or a group to reduce uncertainty and impose meaning on events (Mattila & Cranage, 2005)

**H2:** Customers with higher uncertainty avoidance orientation who are provided cognitive control over the service recovery process during an online recovery will have higher perceived procedural justice as compared to customers with lower uncertainty avoidance.

Existing studies in the offline context have found that distributive, interactional and procedural justices positively impact satisfaction with service recovery (del Rio- Lanza et al., 2009). I expect the same impact in an online recovery. However, there is a gap in the literature that examines service recovery as the effect of informational justice on recovery satisfaction has scarcely been studied. I expect that informational justice as well as procedural justice will have a positive influence on recovery satisfaction in online complaining. I also expect distributive justice to have a positive impact on recovery satisfaction in the online context. Thus I hypothesize:

**H3a:** Perceived informational justice will be positively related to satisfaction with service recovery in an online context.

**H3b:** Perceived procedural justice will be positively related to satisfaction with service recovery in an online context.

**H3c:** Perceived distributive justice will be positively related to satisfaction with service recovery in an online context.

## **METHODOLOGY**

### **Design:**

I used experimental design using hypothetical scenarios of service failure and recovery in an online retailing and complaining context as using scenarios lowers chances of biases due to lapses in memory or rationalization tendencies that are common in retrospective self-reports (Smith et al., 1999). I tested the first two hypotheses by two different studies using two single factor between-subjects design with each design having a separate manipulation. The service failure scenario is the same in both studies and the manipulations are done in the service recovery scenarios. In study-1, the presence or absence of causal explanations is manipulated whereby participants are told that they either receive or do not receive a detailed explanation about the cause of the service failure. In study-2, cognitive control over the recovery process is manipulated whereby participants are told that the service provider either kept them informed (higher cognitive control) or did not keep them informed (lower cognitive control) during the recovery process.

### **Sample:**

In order to maximize the variance within each of the two cultural dimensions that are relevant for our research namely individualism-collectivism and uncertainty avoidance, I selected participants from Germany and India as these two countries have contrasting scores in Hofstede's national scores (1991)<sup>2</sup>. Participants from Germany and India were recruited from Crowdfunder crowdsourcing platform ([www.crowdfunder.com](http://www.crowdfunder.com)) that provides survey participants from more than 100 countries. For this research, I specifically

---

<sup>2</sup> Germany and India score 67 and 48 respectively in individualism-collectivism; 65 and 40 respectively in uncertainty avoidance.

selected participants only from Germany and India to participate. For each of the studies, participants were paid 0.9 USD and it took them on an average 7 - 8 minutes to complete the main studies. A separate design and sample was used to test H1 and H2 thus giving rise to study-1 and study-2 respectively. I conducted pre-tests and main tests separately for each of the two studies. For the pre-test for study-1, data were analyzed from 41 participants in Germany and 39 from India; for pre-test for study-2, data were analyzed from 39 participants in Germany and 39 from India. For the main tests, in study-1 we had 83 participants from Germany and 83 from India (n=166). (German sample: 77% male; Mage = 32.2 years, SD = 10.7; Indian sample: 79% male; Mage = 29.1 years, SD = 10.2). For study-2, we had 81 from Germany and 82 from India (n=163). (German sample: 82% male; Mage = 31.6 years, SD = 10.5; Indian sample: 85% male; Mage = 29.3 years, SD = 10.3). Prior literature in experimental research have pointed out the requirement of having adequate sample size (Cohen, 1988). In order to achieve statistical power for experiments to be analyzed by ANOVA, it is expected that each experimental condition of the study should have at least 20 participants. Consistent with existing literature on service recovery using experimental design (Mattila, 2010; Wan, 2013), I ensured that the sample sizes from both countries were sufficient. Therefore, in both the main studies of this paper, for the single-factor (2-experimental conditions) study designs there were at least 80 participants from each of the countries (Germany and India), thus fulfilling the adequate sample size requirement. Samples for both studies consisted of respondents from a wide variety of occupations and ages as shown in Table 1 and Table 2 for study-1 and study-2 respectively.

**TABLE 1**

**Descriptive Statistics Study-1:**

	GERMANY		INDIA		OCCUPATION	GERMANY		INDIA	
	n	%	n	%		n	%	n	%
<b>AGE (years)</b>									
< 18	0	0	0	0	employed in private organization	19	23	14	17
18-24	18	22	23	28	employed in public organization	9	11	5	6
25-34	28	34	32	39	self-employed/business	20	24	32	39
35-44	24	29	17	20	student	15	18	18	22
45-54	8	9	7	8	housewife	6	7	4	5
55-64	3	4	4	5	retired	9	11	3	3
> 65	2	2	0	0	unemployed	3	4	5	6
					other	2	2	2	2
Total	83	100	83	100	Total	83	100	83	100

TABLE 2

## Descriptive Statistics Study-2:

AGE (years)	GERMANY		INDIA		OCCUPATION	GERMANY		INDIA	
	n	%	n	%		n	%	n	%
< 18	0	0	0	0	employed in private organization	18	22	17	21
18-24	21	26	21	26	employed in public organization	8	10	7	8
25-34	30	37	34	41	self-employed/business	21	26	30	37
35-44	16	20	18	22	student	14	17	17	20
45-54	6	7	6	7	housewife	4	5	3	4
55-64	6	7	3	4	retired	10	12	2	3
> 65	2	3	0	0	unemployed	3	4	4	5
					other	3	4	2	2
Total	81	100	82	100	Total	81	100	82	100

As this research relates to online shopping and complaining on social media for service failures, both studies included only those respondents from Germany and India who had shopped online at least once during the six months prior to the survey and were active social media users with at least one activity in the past one month on any of the social networking sites. Table 3 shows the respondent characteristics for both studies in terms of their online shopping and social media activity.

TABLE 3

## Respondent characteristics: online shopping &amp; social media

Online activity	Study-1		Study-2	
	GERMANY	INDIA	GERMANY	INDIA
	%	%	%	%
shopped online at least once in past 15 days	52	40	45	36
active social media user (in past 7 days)	97	91	96	89
complained to service provider on social media (in past 3 months)	48	42	53	39
complained to friends on social media (in past 3 months)	32	61	36	67

**Procedure:**

For the German participants the surveys were presented in German language (Deutsch) while for Indian participants the surveys were presented in English. To ensure item equivalence which is important for multi-lingual studies, the questionnaires for German participants were classically prepared using both forward and backward translation by bilinguals. The English survey was forward translated by a bilingual whose mother tongue was German, and then back translated by another bilingual whose mother tongue was English (Hambleton, 1993). In addition, group discussions were conducted with native German speakers to ensure meaning equivalence of the concepts and phrases related to our survey. The sampling equivalence was further ensured by the fact that we collected data from participants that were equivalent for this research's objectives

(Wang and Mattila, 2011). Therefore, samples from both countries were sourced only from Crowdfunder platform's Level 3 participants (the highest quality level) to ensure minimum demographic variance between groups.

All participants were first asked to imagine themselves in a service failure situation in online retailing. They were asked to imagine that they purchased an electronic product (tablet computer) online but were delivered the wrong tablet model, following which they tweet their complaint to the official Twitter customer service handle of the company. This service failure scenario common to all experimental conditions was followed by recovery scenarios in the form of tweet responses from the company thus randomly exposing participants to the study manipulations. In study-1, participants were either told that they received causal explanation for the wrong delivery of the product and were promised a quick replacement or in the alternate condition given no explanation but promised quick replacement. In study-2, participants were either told that they would receive a replacement order and then the company kept them updated about their order processing status through regular tweets or in the alternate condition they were promised a replacement order but provided no updates. Subsequently, at the end of the scenario in both studies, all participants receive their correct order.

### **Measures:**

Informational justice is measured using scales adapted from Colquitt (2001), procedural justice using scales adapted from del Rio-Lanza et al. (2009) and distributive justice using scales adapted from Smith et al. (1999). Recovery satisfaction is measured using scales adapted from Smith et al. (1999). 11 items of the CVSCALE were used to measure Collectivism and Uncertainty Avoidance cultural orientation at the individual level (Yoo & Donthu, 2002). All the measures demonstrated good scale reliability with strong Cronbach's alpha ranging from .80 to .89 for study-1 and from .88 to .94 for study-2 thus exceeding the accepted standards (Nunnally, 1978). As manipulation check for study-1, participants were asked whether they were given an explanation for the service failure. For study-2, I asked them if they were kept updated about their order status on Twitter and could predict when they would be receiving their order. A realism check was done by asking participants how realistic they found the problem. All scales were 7-point Likert scales.

### **Results:**

#### **(i) Pre-test Study-1**

This pretest was conducted to test the 'presence or absence of causal explanation' manipulation by randomly assigning participants to one of these two conditions. For Indian participants, one-way ANOVA revealed that they agreed they were provided an explanation in the first condition but not in the second (Explanations-present = 5.05, Explanations-absent= 2.79,  $F=16.37$ ,  $p < .001$ ). For German participants also, one-way ANOVA revealed that they agreed they were provided an explanation in the first but not in second condition (Explanations-present = 5.57, Explanations-absent= 1.95,  $F= 58.16$ ,  $p < .001$ ).

#### **(ii) Pre-test Study-2**

This pretest was conducted to test the 'cognitive control - high or low' manipulation by randomly assigning participants to one of the two conditions. For Indian participants, one-way ANOVA revealed that they agreed they were updated about their order status and could predict about their order delivery thus having higher control over the situation in the first but not in the second



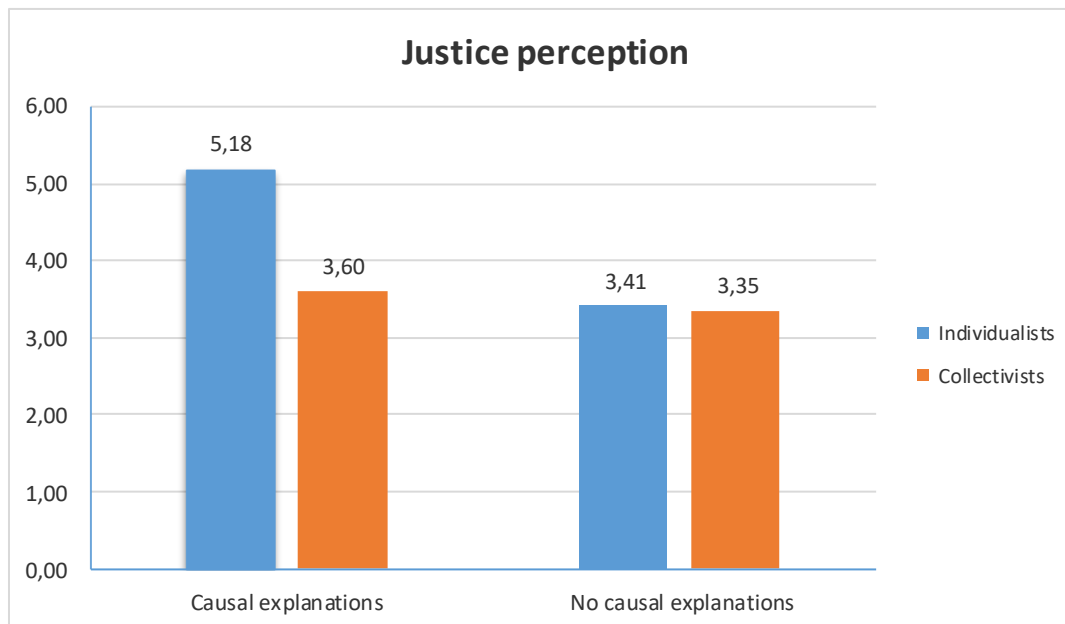
condition (Cognitive control-high = 6.00, Cognitive control-low= 3.68,  $F=34.69$ ,  $p< .001$ ). For German participants also, one-way ANOVA indicated similar results (Cognitive control-high = 6.33, Cognitive control-low= 2.00,  $F=106.77$ ,  $p< .001$ ).

**(iii) Realism check**

Participants in both countries agreed that the scenarios were realistic and reflected real-life experiences with online shopping and complaining (Study-1: Germany:  $M=5.63$ , India:  $M= 5.79$ ; Study-2: Germany:  $M=5.02$ , India:  $M= 5.36$ ).

**(iv) Main Study-1**

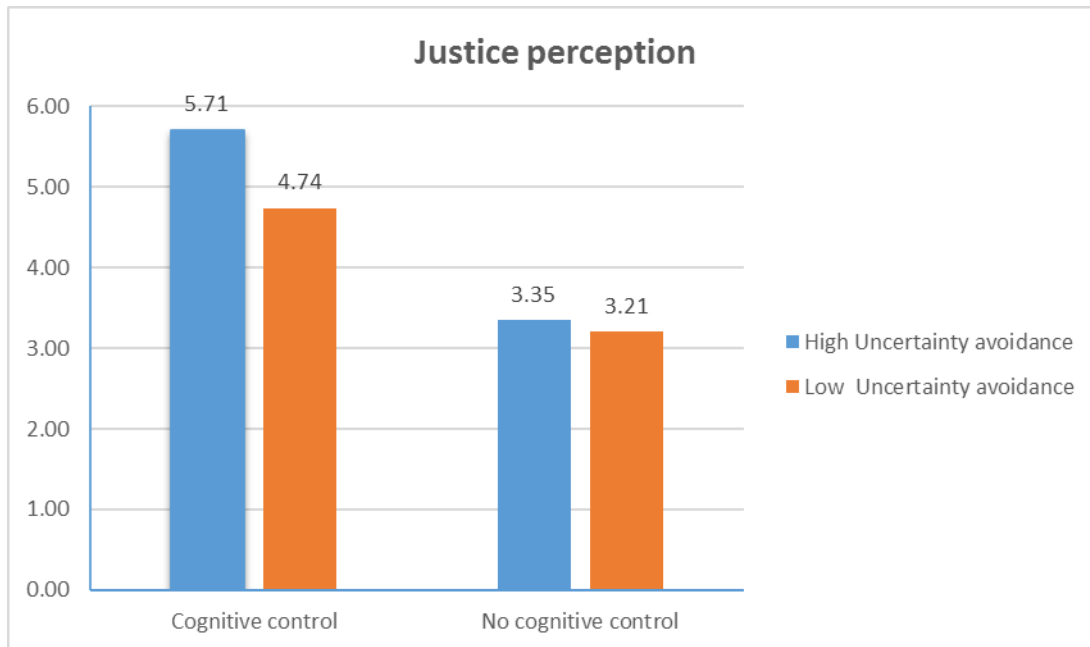
This study tested the moderating effect of individualist value orientation on the relationship between explanations and informational justice. ANOVA results show that there was a main effect for explanations ( $F(1,162)=14.2$ ,  $p< .001$ ) demonstrating that participants felt a higher sense of informational justice when given explanation for the service failure, irrespective of their Individualism- Collectivism orientation. There was also main effect for Individualism-Collectivism orientation ( $F(1,162)= 33.13$  ,  $p< .001$ ). As expected there was a significant interaction between explanations and Individualism- Collectivism ( $F(1,162)= 4.17$ ,  $p=.043$ ) such that participants high on Individualism (and low on Collectivism) perceived higher informational justice ( $M=5.18$ ,  $SD=1.16$ ) when offered explanations than participants low on individualism (and high on collectivism) ( $M=3.60$ ,  $SD=1.63$ ). This finding supports hypothesis H1 that customers with higher individualist orientation when offered an explanation for service failure during online recovery will have a greater increase in perceived informational justice as compared to customers with lower individualist value orientation. For the no-explanation condition (although not hypothesized), both individualists and collectivists had similar levels of perceived informational justice (individualists:  $M= 3.41$ ; collectivists:  $M= 3.35$ ;  $p>.10$ ). Fig.1 illustrates perceived informational justice for both conditions. We also found significant interaction between explanations and Individualism-Collectivism on procedural justice ( $F(1,162)= 3.97$ ,  $p=.047$ ), and also on distributive justice ( $F(1,162)= 3.86$ ,  $p=.051$ ).



**Fig.1. Perceived Informational justice as a function of causal explanations and culture**

**(v) Main Study-2**

This study tested the moderating effect of uncertainty avoidance value orientation on the relationship between cognitive control and procedural justice. ANOVA results show that there was main effect for Uncertainty avoidance value orientation ( $F(1,159)= 10.69, p < .002$ ). There was no main effect for cognitive control ( $F(1,159)= 1.39, p = .241$ ) but as expected there was a significant interaction between cognitive control and uncertainty avoidance value orientation ( $F(1,159)= 4.09, p = .045$ ) such that participants high on uncertainty avoidance perceived higher procedural justice ( $M=5.71, SD=1.10$ ) when given cognitive control than participants low on uncertainty avoidance ( $M=4.74, SD=1.22$ ). This finding supports hypothesis H2 that customers with higher uncertainty avoidance value orientation when provided cognitive control over the service recovery process will have higher perceived procedural justice as compared to customers with lower uncertainty avoidance. For the no-cognitive control condition (although not hypothesized), both high uncertainty avoidance and low uncertainty avoidance participants had similar levels of perceived procedural justice (high uncertainty avoidance:  $M= 3.35$ ; low uncertainty avoidance:  $M= 3.21$ ;  $p > .10$ ). Fig.2 illustrates perceived procedural justice for both conditions. We also found significant interaction between cognitive control and uncertainty avoidance on informational justice ( $F(1,159)= 8.605, p = .004$ ), and also on distributive justice ( $F(1,159)= 4.143, p = .043$ ).



**Fig.2. Perceived Procedural justice as a function of cognitive control and culture**

**(vi) Impact of justice dimensions on recovery satisfaction**

For testing H3a, H3b and H3c, the data were pooled ( $n= 329$ ) with 164 participants from Germany and 165 from India. These data were analyzed by multiple regression analysis. For the pooled data, all the three justice dimensions namely informational, procedural and distributive justice were found to be significantly positively associated with recovery satisfaction. Informational justice had the largest standardized beta-coefficient ( $\beta = .421, p = .000$ ) followed by

procedural justice ( $\beta = .400, p = .000$ ) and distributive justice ( $\beta = .188, p = .000$ ). Thus H3a, H3b & H3c are supported.

## **DISCUSSION AND CONCLUSION**

### **Theoretical contribution:**

The combined results of the two studies contribute to a coherent picture, in which the individual cultural orientation of customers determine their recovery evaluations in social media complaining. The findings from study-1 concluded that customers with higher individualist value orientation when offered an explanation for service failure when complaining online will have greater justice perceptions and consequently recovery perceptions as compared to customers with lower individualist value orientation. Study-2 found that higher uncertainty avoidance orientated customers would want more control even during the service recovery process and would prefer regular updates so as to minimize ambiguity and unpredictability. With these findings, this paper contributes to the literature in several ways.

First, this paper contributes to the limited research on online service recovery by specifically showing how culture impacts recovery differently in online as compared to offline context. It shows that the impact of culture that is applicable in high-contact offline services need not necessarily be applicable for low-contact services like online shopping. Thus the paper tries to provide answers to questions of whether there is any difference in customer perceptions of recovery between traditional offline services and online. It is important to advance our understanding of online service recovery as online retail sales continue to grow phenomenally with worldwide sales expected to cross 2 trillion US dollars by 2017 (Statista, 2016). With this tremendous growth there has been a drastic increase in online customer complaints as many offline retailers also provide online channels of complaining (Petzer et al., 2014). The online presence of many other prospective customers who witness this encounter between the complainant and the firm can strongly impact their purchase and word-of-mouth decisions (Sridhar & Srinivasan, 2012). However, research on service recovery in an online context is still in its infancy (Wang & Mattila, 2011). This dearth of research is especially pronounced in case of online service recovery strategies across different cultures (Gelbrich & Roschk, 2011).

Second, prior studies in offline settings have found differing results when it comes to finding the strongest justice dimension that is positively related to recovery satisfaction (Smith et al., 1999). My research answers the call of Patterson et al. (2006, p. 273) to investigate the impact of justice dimensions on satisfaction across various contexts. This study, apart from finding the effect of distributive and procedural justice, also looked at the effect of informational justice on recovery satisfaction that has scarcely been studied. I found that informational justice is the strongest predictor of recovery satisfaction in the online medium, followed by procedural and distributive justice. This finding on the strong effect of informational justice suggests that in the absence of face-to-face interaction in online social media context, customers primarily rely on information which becomes crucial in forming recovery evaluations. This research thus contributes to the very limited literature addressing cross-cultural online service recovery by showing a cost-effective way of recovery on social media that involves providing explanations and updates to a culturally diverse group of global customers.

The paper also has two methodological contributions. First, I use non-student samples in both the studies. Previous research in service recovery has suggested the use of non-student samples to

increase the generalizability of the findings by validating it across different customer segments (Wang & Mattila, 2011). As the samples of my studies consisted of respondents from a wide variety of occupations and ages, my findings will have greater generalizability. The second methodological contribution is that of using samples of online complaining customers from Germany and India that have rarely been studied in services marketing literature, and in the process answering the call for studying other cultural groups in service recovery research mentioned by Mattila & Patterson (2004, p. 343).

### **Managerial implications:**

The findings of this paper are relevant to managers of global online service providers having multi-cultural customers. As social media is transforming communication between customers and service firms after service failure (Gregoire et al., 2015), globally, Twitter is the preferred social media channel for service complaints. However, majority of complaints on Twitter go unanswered as managers lack a clear understanding of handling social media complaints (Ma et al., 2015). Therefore, it is essential for service providers to respond effectively to such social media complaints to improve customer evaluations of service recovery (Schaefer & Schamari, 2016). Effective service recovery and consequently satisfaction for Eastern customers is a priority area for multinational online service providers because of tremendous growth in customer base in recent years. As Eastern consumers are increasingly resorting to social media complaining, this research recommends cost-effective strategies to global service managers to improve customer evaluations of recovery on which there is little research currently available.

As the findings show, providing causal explanations of failure and keeping customers informed during recovery can increase recovery evaluations for certain customer types. By doing these, firms do not incur any cost implications unlike offering monetary compensation, discounts or coupons. Thus, online service firms need to be aware and accordingly be sensitive to customer's cultural orientation. This can be achieved by having an effective Customer Relationship Management (CRM) system in place that performs customer profiling and segments customers based on their individual cultural orientation (Patterson et al., 2006). While implementing such CRM systems for offline retailers has been suggested earlier, implementing them by online firms might be even more relevant, effective and easier to implement as most online service providers already have existing CRM systems in place that provide customer profiles. They could then include cultural value orientation into the system; to start with, it may be implemented for frequent or high-value shoppers and then depending on the results may be rolled out for a larger customer base. Providing explanations and updates during recovery to customers over social media could be a cost-effective way to improve evaluations not only from the complaining customers but also to other existing and prospective customers who are witnessing the recovery process on social media.

### **Limitations and future research:**

One limitation of this paper is that the study samples had a large percentage of male respondents. Recent articles from Indian business press have pointed out the low internet and social media usage among Indian women with just 24% of female Facebook users and 29% of overall internet users (Statista, 2015; The Times of India, 2016). While this could explain the lower percentage of females in the Indian samples, future research in this area could look at samples with higher proportion of females. This paper did not directly examine the impact of virtual presence of other customers on customer evaluations when complaining online. Future research can investigate

this aspect. There could be other studies exploring personality variables as moderators like customer's propensity to complain or customer's need to belong. Future research can also look at how severity of failure impacts service recovery in different cultures and for different type of personalities.

## References

- A.T. Kearney. (2013). *A.T. Kearney 2013 global retail e-commerce index*. Retrieved from <https://www.atkearney.com/documents/10192/3609951>.
- Blodgett, G. J., Hill, J. D., & Tax, S. S. (1997). The effects of distributive, procedural and interactional justice on postcomplaint behaviour. *Journal of Retailing*, 73(2), 185-210.
- Chan, H. & Wan.L.C. (2008). Consumer Responses to Service Failures: A Resource Preference Model of Cultural Influences. *Journal of International Marketing*, 72-97.
- Cohen, J. (1988). *Statistical Power Analysis for the Behavioral Sciences*. Second edition, Hillsdale, NJ: Lawrence Erlbaum Associates.
- Colquitt, J. (2001). On the dimensionality of organizational justice: a construct validation of a measure. *Journal of Applied Psychology*, 86(3), 386-400.
- Del Río-Lanza, A. B., Vázquez-Casielles, R., & Díaz-Martín, A. M. (2009). Satisfaction with service recovery: Perceived justice and emotional responses. *Journal of Business Research*, 62(8), 775–781.
- Gelbrich, K. & H. Roschk. (2011). A Meta-analysis of organizational complaint handling and customer responses. *Journal of Service research*, 14(1), 24-43.
- Gregoire, Y., Salle, A., & Tripp, T.M. (2015). Managing social media crises with your customers: The good, the bad, and the ugly. *Business Horizons*, 58,173-182.
- Hofstede, G. (1991). *Cultures and organization: Software of the mind*. Berkshire, UK: McGraw-Hill.
- Holloway, B.B. & S.B. Beatty (2003). Service failure in online retailing. *Journal of Service research*, 6(1), 92-105.
- Kumar, V., Pozza, I.D. & Ganesh,J. (2013).Revisiting the Satisfaction-Loyalty Relationship: Empirical Generalizations and Directions for Future Research. *Journal of Retailing*, 246-262.
- Kuo, Y-F., & Wu, C-M. (2012) Satisfaction and post-purchase intentions with service recovery of online shopping websites. *International Journal of information management*, 32, 127-138.
- Leung, K., Bhagat, R., Buchan, N., Erez, M., & Gibson, C. B. (2005). Culture and international business: Recent advances and their implications for future research. *Journal of International Business Studies*, 36, 357-378.
- Ma, L., Sun, B., & Kekre, S. (2015). The Squeaky Wheel Gets the Grease- An Empirical Analysis of Customer Voice and Firm Intervention on Twitter. *Marketing Science*, 34(5), 627-645.
- Mattila, A. S. (2006). The power of explanations in mitigating the ill-effects of service failures. *Journal of Services Marketing*, 20(7), 422–428.
- Mattila, A. S., & Patterson, P. G. (2004). Service recovery and fairness perceptions in collectivist and individualist contexts. *Journal of Service Research*, 6(4), 336–346.
- Nunnally, J. C. (1978). *Psychometric theory* (2<sup>nd</sup> ed.). New York: McGraw-Hill.
- Orsingher, C., Valentini, S. & deAngelis, M. (2010). A meta-analysis of satisfaction with complaint handling in services. *Journal of the Academy of Marketing Science*, 38(2), 169-186.
- Patterson, P.G., Cowley, E. & Prasongsukarn, K. (2006). Service failure recovery: The moderating impact of individual-level cultural value orientation on perceptions of justice. *International Journal of Research in Marketing*, 23(3), 263 - 277.

Petzer, D. J., Mostert, P. G. & Fourie, S. (2014). Online complaint intention and service recovery expectations of clothing retail customers. *The Retail and Marketing Review*, 10, 38-58.

Schaefer, T. & Schamari, J. (2016). Service Recovery via Social Media: The Social Influence Effects of Virtual Presence. *Journal of Service Research*, 1-17.

Smith, A. K., Bolton, R. N., & Wagner, J. (1999). A model of customer satisfaction with service encounters involving failure and recovery. *Journal of Marketing Research*, 36, 356-372.

Sparks, B. N., & McColl-Kennedy, J. R. (2001). Justice strategy options for increased customer satisfaction in a services recovery setting. *Journal of Business Research*, 54, 209-218.

Sridhar, S. & Srinivasan, R. (2012). Social influence effects in online product ratings. *Journal of Marketing*, 76(5), 70-88.

Tax, S. S., Brown, S. W., & Chandrashekar, M. (1998). Customer evaluations of service complaint experiences: Implications for relationship marketing. *Journal of Marketing*, 62, 60-76.

Triandis, H. C. (1995). *Individualism and collectivism*. Boulder, CO: Westview Press.

Wang, C & A.S. Mattila. (2011). A cross-cultural comparison of perceived informational fairness with service failure explanations. *Journal of Services marketing*, 75(6), 429-439.

Yoo, B., & Donthu, N. (2002). The effect of marketing education and individual cultural values on marketing ethics of students. *Journal of Marketing Education*, 24(2), 92-103.