

Does customers' need for recognition support customer feedback intentions? a cross-cultural perspective

Abstract

Customer feedback understood as customer ideation plays an important role in many marketing-connected areas. Supporting customer-firm innovation process and improving new product development performance, it appears as an innovative form of customer behaviour. Establishing relatively long-lasting relationships with customers who provide valuable feedback is an important task for innovation-oriented companies. Only a handful of researchers have attempted to investigate this issue with mixed findings.

The purpose of this research is to identify the mediating role of the need for recognition in shaping customer feedback intentions in a cross-cultural context. The PLS-SEM analysis showed that need for recognition partially mediates the positive relationship between feedback and feedback intentions among collectivist participants, while among individualists the mediation is significantly lower. This shows that customers with higher collectivistic cultural orientation are more willing to provide feedback when they feel appreciated by the firm.

This study thus underscores the role of need for recognition as feedback motivator in building long-term relationships with customers and thereby contributes to the field of customer feedback and customer relationship marketing in an intercultural context.

Keywords: customer feedback, customer engagement, customer relationship management, cross-cultural,

Introduction and Objectives

Customer feedback is a part of customer-to-business communication and reflects positive and negative comments, as well as suggestions for product/service improvements (Celuch et al., 2015). Motivating customers to give feedback has important business functions because it seems to contribute to enhanced product quality or new product development (Cui & Wu, 2016). This article concerns feedback as ideation/suggestions and positions this as a part of the customer engagement concept (Dong & Sivakumar, 2017; Kumar et al., 2010).

Prior research indicates that firm's building social capital with customers (Wirtz et al., 2010) or with employees (Celuch et al., 2015) supports willingness to give feedback. Affectively committed customers are more willing to offer constructive suggestions (Liu & Mattila, 2015). Need for recognition builds affective commitment and shows that customers try to build a relationship through feedback asking themselves whether the firms appreciate this. This is especially important for multinational firms operating in different countries all over the world and having multicultural customers. Such firms must understand how national and individual culture plays a role in impacting customer feedback intentions through need for recognition. To investigate this under-researched phenomenon, we conducted studies using samples from two countries that have opposing scores in the Hofstede (2001) cultural orientation scales of individualism-collectivism. The purpose of the research is to identify the impact of customer cultural differences on the relationship between prior customer feedback and customer feedback intentions.

Conceptual framework

Customer feedback

Customer feedback consequences include business performance indicators like NPD performance, quality or effectiveness (Silva & Santos, 2021; Birch-Jensen et al.; 2020; Chang, 2019; James Lin & Huang, 2013). This positions customer feedback as an indirect firm performance antecedent and confirms its role as a value creator.

Customer feedback intentions

The phenomenon becomes more interesting when analysing customer feedback intentions. Feedback intentions or willingness to give feedback is an altruism symptom connected with the selfless provision of information aimed at improving the functioning of the company (Liu & Mattila, 2015). The literature states, that social capital plays an important role in supporting feedback intentions especially, when customers declare commitment continuance (Celuch et al., 2015; Liu & Mattila, 2015). Willingness to continue customer commitment in relationship with the firm allows to formulate a hypothesis about the relationship between customer feedback and customer feedback intentions (H1).

Need for recognition as a motivator

The entourage effect helps people doing different things for different purposes (McFerran & Argo, 2014). McFerran and Argo demonstrate that the presence of others (i.e., an entourage) alters a VIP's personal feelings of status. Specifically, the authors show that VIPs feel higher levels of status when they are able to experience preferential treatment with an entourage (McFerran & Argo, 2014). Analogically, we hypothesize that the status the customers have in firm's eyes (i.e. need for recognition) encourage them to do more for the firm (i.e. to feedback in the future) (H3). Additionally, prior customer feedback concerns for the future of their relationship (Umashankar et al., 2017) and, consequently, leads to customer need for recognition (H2).

Cross-cultural perspective (collectivism vs. individualism)

Individualism-collectivism refers to the degree of interdependence a society maintains within its members (Hofstede, 2001). Collectivists prefer group goals more than individual goals and want increased interaction and recognition by group members (Hofstede, 2001; Franck et al. 2015). They are motivated by social recognition as it demonstrates successes to their group members and enhances their status and prestige (Jacobsen, 2014). Prior literature has shown the saliency of "the face" concept for collectivists. The face of an individual is "the respectability and/or deference which a person can claim for himself from others by virtue of his relative position" (Ho, 1976, p. 883) and therefore refers to how others view the individual. Face can be considered as a public reflection of a person's self-image (Oetzel & Ting-Toomey, 2003) and is very important for collectivists (Patterson et al. 2006). Recent literature has shown that even in a social media context face could be activated due to the virtual presence concerning others (Sengupta et al., 2018). Therefore, it follows that for collectivist customers engaging in feedback would likely lead to stronger need for social recognition (the basis for H4).

The above theoretical considerations assume the direct relationship between customer feedback and customer feedback intentions. We assume that customers who provide feedback are willing to provide feedback in the future, so:

H1. The greater the customer feedback, the greater the customer feedback intentions.

The introduction of need for recognition as a variable results in the introduction of a mediating factor. First, the paper hypothesise, that

H2. The greater the customer feedback, the greater need for recognition

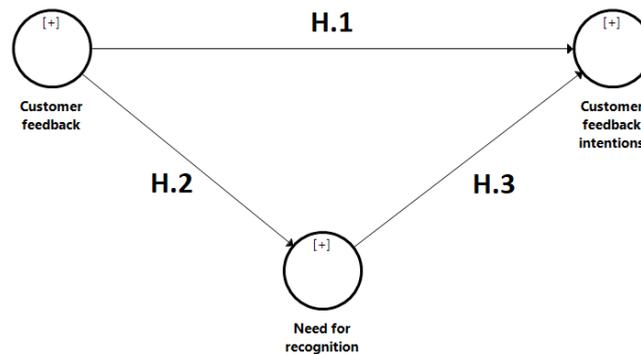
Assuming that need for recognition supports customer feedback intentions, the paper assumes, that

H3. The greater need for recognition, the greater the customer feedback intentions.

Cross-cultural perspective hypothesis

H4. The relationship between customer feedback and need for recognition is significantly stronger among collectivistic customers as compared to individualistic customers.

Figure 1 presents the conceptual model.



This model is to be tested empirically among customers differing in individualistic and collectivistic cultural orientation, thus allowing us to capture the cultural context for the baseline causal connections.

Method

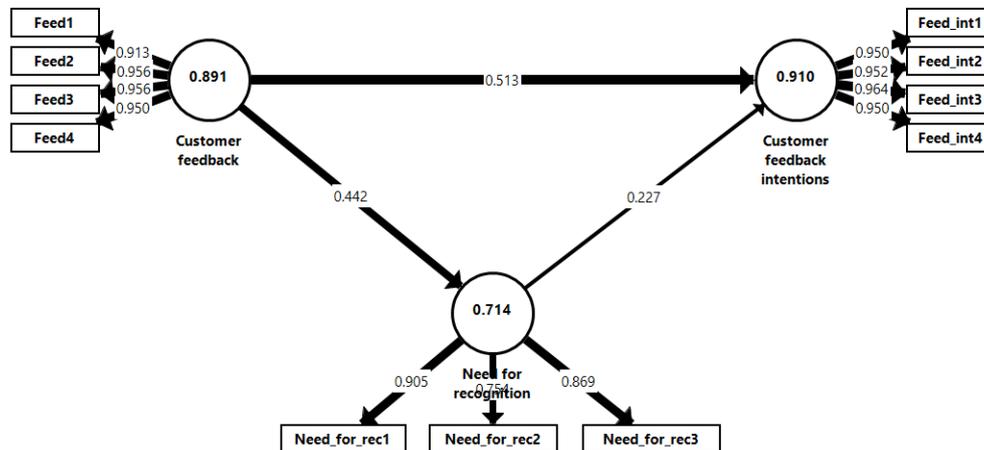
Data for the study were collected in May 2021 with CAWI method, using Qualtrics survey platform by recruiting participants online from Prolific - online participant recruitment for surveys. The research encompassed 801 respondents from India and US answering various questions regarding consumer goods consumption. The questionnaire relied on scales for measuring customer feedback and customer feedback intentions, which were adapted from Kumar and Pansari (Kumar, V. Pansari, 2016) and the need for (social) recognition adapted from McFerran and Argo (2014). Statistical analysis involved partial least squares structural equation modeling (PLS-SEM) using the SMART PLS 3.2 software.

To determine invariance of factor loadings in the measurement model (compositional invariance) non-parametric methods was employed that is available in SMART PLS with a bootstrapping approach with 2000 samples (Huit et al., 2018). Finally, standardized regression paths in both groups were compared through the PLS-MGA procedure in SMART PLS 3.2. For hypothesis 4 verification, the sample was split into individualistic participants (n = 359) and collectivistic participants (n = 442), based on the analysis from measurement of Hofstede values at the individual level using CVSCALE (Yoo et al., 2011).

Findings

All constructs in both models had good measurement qualities. Specifically, (1) Cronbach's alphas were all above a threshold of 0.7, suggesting high levels of correlation between items under each construct, (2) every construct explained > 50% of the variance in its indicators (all AVE coefficients being > 0.5) and CR exceeds 0,7, and (3) no constructs were

correlating more strongly with other constructs than its indicators, demonstrating no overlaps in the meaning of the latent variables (i.e. Average Variance Extracted greater than Maximum Shared Variance). The value of the factor loadings for all 3 latent variables exceeds the minimum level of 0.5. Figure 2 presents the verified model in both (collectivistic and individualistic groups).



The analysis of the results shows that all the hypotheses in the whole sample were positively verified. The relationship between *Feed* and *Feed_int* (H1) reaches the highest level of regression path and the hypothesis of a relationship between these variables has been accepted. *Feed* moderately impacts *Need* (H2), and *Need* weakly impacts *Feed_int* (H3). Need for recognition that partially mediates the direct relationship between customer feedback and feedback intentions, for which the direct relationship: $\beta = 0,613$; $p < 0,05$. However, the relationship between customer feedback and the need for recognition is significantly lower in the group of individualistic customers. Table 1 presents the results of hypothesis 4 verification.

Table 1 Hypotesis 4 verification based on MGA-PLS

Hypothesis	Relationship	Individ.	Collectiv.	Diff.	p-Value	Result
H4	Feed - Need	0,334	0,502	0,169	0,002	Confirmed

The results show that the impact of customer feedback on customer feedback intentions is partially moderated by the need for recognition. The results also illustrate that collectivistic customers need to feel more appreciated and recognized for their feedback than individualistic customers.

Discussion, conclusions and limitations

Customer feedback impacts customer feedback intentions which means that if customers have given feedback once, they will likely give it in the future as well. The differences between the customers specifically relate to the need for recognition.

From the cross-cultural perspective, our findings reveal the importance of need for recognition in the customer feedback process for a particular cultural group of customers. More specifically, collectivist customers who engage in feedback feel a stronger need to be socially recognized by the firm. This is because such recognition would convey to other customers and group members their success and achievement, thereby conveying to these collectivists a sense of status and prestige due to face concept. This social recognition could be done via social media platforms.

Managerial implications and future research

This research suggests managers to develop and implement different marketing strategies for different customers groups. It is worthwhile to differentiate customers in terms of how they react to firms' appreciations. Our findings suggest international marketers looking to increase engagement from their multicultural customers to actively recognize socially and publicly their customers' feedback contribution. They could put in place an effective reward and recognition program to identify and felicitate on a regular basis their customers who actively provide feedback. This could be done on social media channels as well as offline. While the monetary investment from the firm would be minimal, it could prove to be a powerful cost-effective tool to increase customer engagement.

Future research should include other, in addition to cultural, factors favoring the continuation of customer feedback intentions. This will allow the whole ecosystem of customer feedback motivators for previously aquired customers.

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