



When will customers care about service failures that happened to strangers? The role of personal similarity and regulatory focus and its implication on service evaluation

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ABSTRACT

This paper examines an interesting research question: how does a service failure that happen to a stranger customer influence an observing customer's service evaluation? Drawing on the defensive attribution theory and regulatory focus theory, we argue that an observing customer will attribute more (vs. less) blame to the company if the customer involved in the undesirable incident is personally similar (vs. not similar) to him/her. These attributions, in turn, will influence the observing customers to form a negative evaluation on service quality of the company. More importantly, a prevention-focused tendency will intensify the negative impact of personal similarity on service evaluation. Results from two experiments confirmed the hypotheses.

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1. Introduction

Service failure has long been recognized as an important issue in marketing and in the hospitality industry and has attracted considerable research attention (e.g., Chan et al., 2007, 2009; Maxham and Netemeyer, 2002a,b; Smith et al., 1999). Prior research has, however, largely focused on understanding the implication of service failure to the customer who is directly involved in the incident (e.g., customer dissatisfaction and complaining behaviors). Scant attention has been paid to examine whether or not service failure would also exert influences on those customers who are not directly involved in the failure, but are witnesses of the undesirable event. We refer to these customers as the observing customers, and believe that understanding the observing customers has significant theoretical and managerial implications for hospitality industry. First of all, the important role of the observing customers in the consumption context has long been recognized in the service marketing literature (i.e., the “other customer” identified by the servuction model, Langeard et al., 1981), but knowledge about them is limited. Secondly, the observing customers represent potential customers of a company. If simply witnessing a service failure that

happens to a stranger is enough to influence behavioral reactions, such as perceived service quality, then service recovery is not solely a matter between the company and the customer involved. For instance, managers or service employees should be told to handle service failure publicly to avoid losing their potential customers.

The present research aims to examine the consequences of service failure from a neglected perspective, that is, from the viewpoint of observing customers (i.e., the potential customer). In particular, this research examines how observing customers react to a service failure that happens to strangers. Drawing on the defensive attribution theory (Shaver, 1970) and regulatory focus theory (Higgins, 1997), it is hypothesized that perceived personal similarity and regulatory focus would lead to differential effects on observing customers' attributions and perceived service quality in a service failure. We propose that the extent to which an observing customer makes attribution about the service failure witnessed is contingent on personal similarity with the customer involved. In line with extant literature on defensive attribution, given that the situation of which a negative event has taken place is relevant to the observers, personal similarity would induce attribution in a defensive manner because it elevates feeling of threats and self-protection motivation.

Moreover, we suggest that the observing customers' regulatory focus moderates defensive attributions because of their distinct sensitivities to events reflecting different psychological situations. Precisely, when both situational and personal relevance are present, prevention-focused individual's vigilance to loss vs. non-loss and promotion-focused individual's concern about gain

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vs. non-gain, would affect their perception of threats signifies by the service failure. Consequently, the two regulatory foci would differ in the amount of blame assigned to the company, and in turn the perceived service quality of the company.

The remainder of this paper is organized as follows. First, we review the literature about service failure, defensive attribution theory, and regulatory focus theory. This is followed by developing hypotheses linking the attribution and regulatory focus constructs to observing customers' perceived service quality. We then describe the two experimental studies that tested the hypotheses in a restaurant setting. Finally, theoretical and managerial implications of this research are discussed along with its limitations.

2. Literature review

2.1. Service failure and attribution

Attribution theory is concerned with the nature of people's inferential process. It has been widely recognized as an important framework for examining consumers reactions to product and service failures and has attracted considerable research attention (e.g., Bitner, 1990; Chan and Wan, 2008; Folkes, 1984; Folkes and Kotsos, 1986; Folkes et al., 1987; Weiner, 2000). When a service fails, consumers often attempt to determine the cause (Weiner, 2000), and they make attributions according to information received or perceived. A review of attribution research (Folkes, 1988) in consumer behavior revealed that most studies focused on the influence of information about a product or service on attributions, which in turn affect product or service satisfaction (e.g., Folkes et al., 1987). The perceived causes of concern in these studies were dispositional vs. situational, controllable vs. uncontrollable, and stable vs. unstable. In an extreme case where a service failure is (1) attributed internally to the service provider/company, (2) is believed to be controllable, and (3) is believed to have stable occurrence, consumers are most dissatisfied with the service failure. Prior literature has largely applied the attribution theory on examining the reactions from consumers experiencing service failures, but it sheds little light on the attribution tendency of consumers who simply observe a service failure. As an exception, Folkes and Kotsos (1986) are early advocates that consumers will place blame on a company even if they have only read descriptions of a product (e.g., split seams in pants) or a service failure (e.g., a car breakdown after being repaired). More recently, a handful of researchers have also started to investigate observing consumers' attribution tendency in product or service failures (Cowley, 2005; Laufer and Gillespie, 2004). For example, Laufer and Gillespie (2004) have taken an observing customer approach in contrasting blame attributions of serious product failures across genders, and found that female blame a company more than their male counterpart after reading a newspaper article describing a product harm crisis. Cowley (2005) has also found that observing customers make dispositional or situational attributions in a service failure, and allocentric (i.e., individual-level collectivism) consumers blame a company less than idiocentric (i.e., individual-level individualism) consumers when situational constraints are salient in service contexts (e.g., the restaurant is busy).

Interestingly, past studies only focused on the impact of observing customers' personal characteristics (i.e., genders and personality traits) on their attribution tendency, but none considered the reverse influence—that of the personal characteristics of customers involved in the failure on observing customers' attribution tendency. We propose that the personal characteristics of a customer involved would also influence an observing customer's attribution tendency. In particular, if the personal characteristics of the customer involved are similar with that of an observing

customer (e.g., they are in the same age group, of the same sex, and with the same status, etc.) the observing customer would be motivated to place more blame on the company even if the customer involved is not known to him/her. This argument is built on one of the fundamental attribution theories—defensive attribution theory.

2.2. Defensive attribution and personal similarity

Defensive attribution theory pertains to the responsibility assignment behavior of an observer to an alleged perpetrator or a potential victim in an accident (Shaver, 1970; Shaw and McMartin, 1977; Walster, 1966). According to the defensive attribution hypothesis first proposed by Walster (1966), there is a positive relationship between the severity of a negative incident and the blame attributed to a party potentially at fault. The reason is as follows: when the consequences of an incident become more severe, the notion that they might be accidental becomes less tolerable as people feel vulnerable for the same incident should happen to them. Building on Walster's research works, Shaver (1970) pointed out that the severity of a negative incident may not be a necessary condition for observers to assign blame to a party potentially at fault. Arguably, when observers witness a negative event in a context that is relevant to them, feeling of threat would arise. This feeling would then lead to attribution driven by self-protective motives, that is, the observer is motivated to avoid possible future harm by assigning more blame to the perpetrator of a negative event. Put differently, as noted by Shaver (1970), the prerequisite for the occurrence of defensive attribution is relevance rather than the severity of a negative incident.

Relevance refers to the possibility that an accident could befall the observer, and it is associated with situational similarity ("perceived similarity between the circumstances of the person involved and the observer") and personal similarity with the target person ("perceived congruence of beliefs, values, and personal characteristics"). Shaver (1970) believed that situational similarity is the basic requirement to arouse the self-protection tendency. Given situational similarity, the degree of personal similarity will then have differential effect on attribution behavior. We will use the following examples to explain situational and personal similarity. First, if a service failure happens to a tourist in a hotel, tourists may find the failure incident to be more relevant to them than do non-tourists; subsequently, this relevance may arouse their self-protection tendency to make attribution. This is a case of situational similarity. Then, if the tourist involved in the failure is an American, American tourists should find the failure more relevant to them, and place more blame on the hotel than do non-American tourists. This is a case of personal similarity.

2.3. Defensive attribution and perceived service quality

Notably, in the current context, situational similarity is present because an observing customer witnessing the transaction or encounter between the company and another customer is in the same servicescape. The degree of personal similarity then becomes the critical factor which determines how much blame to assign to a particular party. Since defensive attribution theory suggests that an observer's personal similarity with the victim involved in the accident would increase his/her assignment of blame to the perpetrator, it follows that if the customer involved in a service failure (i.e., victim) is perceived to be personally similar with an observing customer, it is possible for the observing customer to place blame upon the company (i.e., perpetrator) even the customer involved is not known to him/her. The reason is that an observing customer is motivated to avoid harm that might be directed to him/her should the same failure befall him/her in the future. On the contrary, when

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