Chapter 83

How Does Culture Impact Customer Evaluation in Online Complaining? Evidence from Germany and India

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ABSTRACT

This article investigates how customers' cultural orientation impacts their service evaluations when complaining online on social media. Two separate scenario-based experimental studies were conducted using non-student samples from two culturally diverse countries (Germany and India). Study 1 using 83 participants from Germany and 83 from India shows that when causal explanations for service failure are given, individualists have higher perceived justice. Study 2 with 81 participants from Germany and 82 from India shows that when cognitive control is given through regular updates during service recovery to high uncertainty avoidance seekers, they show higher perceived justice. The three independent justice dimensions positively influence recovery satisfaction, with informational justice showing the strongest impact, followed by procedural and distributive justice. This research thus contributes to the nascent literature in social media complaining. Managers of online service organizations can benefit from these findings when developing their complaint management strategies.

1. INTRODUCTION

Services due to their intangible and heterogeneous nature are often difficult to deliver without any fault (Hess et al., 2003) leading to inadequate and deficient service which is known as service failure (Lovelock and Quelch, 1983; Maxham, 2001).

The actions that the service organization takes to respond to the service failure so that the problem is resolved is defined as service recovery (Gronroos, 1988; Weun et al., 2004). A well-managed service recovery by the service organization would lead to positive customer evaluations in the form of perceived justice and satisfaction with service recovery (Kuo and Wu, 2012; Tax and Brown, 2000). Satisfaction with service recovery has been widely recognized to be a driver of overall customer satisfaction, loyalty, word-of-mouth intent and profit for service firms (Bambauer-Sachse and Rabeson, 2015; del Rio-Lanza et al., 2009; Maxham, 2001; Smith et al., 1999). In today's fast-growing digital economy, more and more customers all over the world are using online services (Rosenmayer et al., 2018; Shopify, 2018). Business to Consumer (B2C) online sales in 2017 grew 24.8% over 2016 to exceed US$ 2.3 trillion and is projected to reach US$ 4.88 trillion by 2021 (Statista, 2018; Shopify, 2018). China alone accounted for nearly half of total global B2C online sales in 2017 (Research and Markets, 2018). Indonesia recorded the fastest growth in B2C ecommerce market with 78% growth in 2017 as compared to 2016. The other markets that showed high growth rates are Mexico (59%), Philippines (51%), China (27%) and India (27%) (PPRO Group, 2018). However, online service providers all over the world face challenges in delivering superior customer experiences and create customer loyalty as service issues and customer complaints have risen sharply (Abney et al., 2017; Causon, 2015; Kumar et al., 2013). It is even more challenging for them to respond to complaints of customers from different cultures (Au et al., 2014; Prasongsukarn and Patterson, 2012). This becomes critically important when customers use social media channels to lodge their complaints as it is now becoming a common method of posting complaints worldwide (Bacile et al., 2018; Gunarathne et al., 2017; Ombudsman Services, 2016). About 50% of all US consumers look for solutions to their customer service problems on social media (PR Newswire, 2012). Online complaining is increasingly becoming the norm worldwide; over 70% of Indian internet users have complained via social media (American Express, 2015). 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 (Sengupta et al., 2018).

Complaining on social media generally takes place on a public platform with a large number of people virtually present to witness the service encounter, it essentially evolves from one-to-one communication between customer and online service provider to public form of communication (Schaefers and Schamari, 2016). Consequently, how the online firm responds to the complainant will be observed by many more customers which in turn would affect their evaluations about the firm's brand image and reputation (Gu and Ye, 2014; Rosenmayer et al., 2018). It therefore becomes extremely vital for online service providers to respond to such complaints in a manner that maintains service brand credibility and reduces negative word-of-mouth, while ensuring service recovery satisfaction (Abney et al., 2017; Balaji et al., 2016; Bougoure et al., 2016). While online retailers and new economy firms are at the forefront of resolving customer issues over social media, even some traditional old economy companies like General Motors regularly use social media for customer service (The New York Times, 2014). This is further evidenced by the rapid increase in the number of customer-responsive Facebook business pages to 50 million at the end of 2015, which are equipped with communication tools (Forbes, 2015).

In recent years, recognizing the importance of service recovery on social media, many global firms have their dedicated Twitter handles for customer service like @AmazonHelp, @Seamless_Care, @XboxSupport, @Zappos to name a few. A recent study by Twitter Inc. and Applied Marketing Science that examined the revenue benefit to companies who provide customer service via Twitter found that customers who get service resolution on Twitter were willing to spend up to 20% higher on their

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