Managerial Response and Recovery in Online Service Setting: An Other-Customer Perspective

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Most of the literature on service failure and recovery assesses the effectiveness from the perspective of customers. Little is known about how the failure of other customers and recovery experiences influence the focal customer's recovery attitude. This research employs an experimental design to examine how the moderating role of managerial responses impacts on the focal customer's recovery attitude in online service settings. Its findings suggest managerial responses play a moderating role. It is also found that not all customers are sensitive to online managerial responses and that only field-dependent customers show concern for other-customer service experience.

Keywords: cognitive style, managerial response, perceived justice, recovery satisfaction, recovery strategy

INTRODUCTION

Online review, especially negative online review, has an increasingly important impact on customer decision making (Sparks, So, & Bradley, 2016; Fox et al., 2018), which attracts manager's attention on how to manage customer online reviews appropriately. Nowadays, more and more managers have responded to online customer comments. Managerial response plays a key role in customer repurchase intention (Liu, Schuckert, & Law, 2015; Sparks, So, & Bradley, 2016) and also has significant impact on other customer's decision making (Roozen & Raedt, 2018; Wang & Chaudhry, 2018).

Online review includes the consumption experience and evaluation which reflects customer's satisfaction. Among them, negative online review includes customers' unpleasant consumption experience and dissatisfied attitude. Once the experience does not meet their expectations, service failure occurs, which may lead to negative evaluations (Kopalle & Lehmann, 2001). Service failures are inevitable, and this will negatively affect customer attitude (Roschk & Kaiser, 2013; Tan, Benbasat, & Cenfetelli, 2016). Numerous studies demonstrate that service recovery is effective in offsetting the negative effect of service failures and restoring customer satisfaction (see Lastner et al., 2016; Hogreve, Bilstein, & Mandl, 2017). However, a substantial amount of research focuses on focal customer and employee perspectives (Jung & Seock, 2017), with the consequence that influence from other customers is ignored and few service encounters are identified.

Service failures tend to occur in the presence of other/third-party customers (Choi & Kim, 2013) and it is noted that other-customer service failure and recovery experiences will influence the focal customer's recovery evaluation (Mattila, Hanks, & Wang, 2014; Shin, Casidy, & Mattila, 2018). Several studies demonstrate that customers are likely to be affected by other customers' recovery experience in offline service encounters, including in restaurants and retail (Kim & Lee, 2012; Van Vaerenbergh, Vermeir, & Larivière, 2013). However, what is largely unknown is that how other-customer recovery experiences influence the focal customer's recovery attitude in online service evaluation.

As the explanation of customer's service failure experience, online negative review includes the description and evaluation of service failure, and managerial response, aiming at rectifying undesirable situations, is just the feedback. Interestingly, few studies have regarded managerial response as a recovery. This study considers that online negative review and managerial response represent the relevant content of service failure and service recovery. When the focal customer evaluates their own recovery in online service context, other customer's failure and recovery experience will be exposed through online negative reviews and managerial responses. When the focal customer judges if he/she has been fairly treated, it is very likely that he/she will compare his/her recovery experience against that of others. This research therefore argues that managerial response may significantly influence the focal customer's recovery evaluation.

This research aims to address the following questions: 1) Will managerial response influence the focal customer's recovery evaluation? 2) How to response the managerial response effectively? 3) Will all focal customers be sensitive to managerial response? Beyond the research question, this research makes several key contributions. First, it extends the literature that considers how customer recovery attitudes influence the third party's recovery experience in online service encounters. Second, in examining the interaction effect through which the service recovery strategy with managerial response impacts on the focal customer's recovery attitude, it elaborates a boundary condition of recovery strategy. Finally, it explores the related customer factor (customer cognitive style) and combines the customer factor with managerial response, thereby providing a more comprehensive assessment of a recovery treatment that complements other-customer recovery attempts.

LITERATURE RIVIEW AND HYPOTHESES DEVELOPMENT

The Other-customer Perspective in Service Recovery

Service failure will lead to customer dissatisfaction or even the loss of original customers, and this insight resonates with particular force in online setting service, where the retention of customers is key to achieving sustainable development. When service recovery is conducted correctly, it has the potential to eliminate negative effects and restore customer satisfaction, and possibly contribute to increased loyalty (Stauss & Schoeler, 2004; Shin, Casidy, & Mattila, 2018). The literature on service failure and recovery previously focused on the perspective of the focal customer and/or the service provider (Bitner, Booms, & Mohr, 1994). Literature that addresses other-customer service encounters remains relatively rare, and the field continues to be dominated by the focal customer's perspective (Mattila, Hanks, & Wang, 2014; Zhou et al., 2013). However, service failures and recoveries often occur in the presence of third-party customers. There is currently a gap in the research field that relates to the question of how a focal customer reacts to a recovery strategy after observing, or obtaining knowledge of, other-customer recovery treatments. This study uses the observational learning theory to investigate how other's recovery experience influence the focal customer's recovery evaluation.

Observational learning is divided into two types, imitation and vicarious learning (Bandura, 1997). The service recovery experience of others observed from the perspective of the third party belongs to the type of indirect learning, which will influence the observer's attitude. Bandura (1997) indicates the importance of observational learning theory, which can help provide additional knowledge to individuals who rely solely on their own actions to make judgment. Observational learning theory has been well applied in consumer related research, such as Cai et al. (2009) found that restaurant consumers will learn

from other people's food purchase choices. Word of mouth is an important indirect learning method for online consumers to make purchasing decision (Kuo et al., 2013).

Learning theory can be used to examine the effect of other people's service recovery experience on the focal customer's recovery attitude. Van Vaerenbergh, Vermeir and Larivière (2013) found that learning a service recovery can affect current consumers' purchase intention and satisfaction. Mattila, Hanks and Wang (2014) found that observing others' service recovery can affect observers' response and emotion. In this currently research, we assume individuals receive equal treatment under similar circumstances (Leventhal, 1980). If a customer observes other customers' fair treatment, a positive outcome is more likely. In contrast, if other customers are perceived as receiving unfair treatment, a negative evaluation becomes more likely (Clark, Adjei, & Yancey, 2009; Bowden, Gabbott, & Naumann, 2015).

Managerial Response to Online Reviews

In physical service settings, the focal customer can observe service failures and recovery efforts as they occur. In online evaluation encounters, a different vicarious experience is enabled by posted reviews, which create an opportunity for other-customer experiences to be observed by the focal customer, and not just by chance. These experiences are extended temporally and are even organized for convenient discovery. It provides an effective way to acquire other-customers' recovery information through online customer reviews and managerial responses.

Various research has discussed the important role of online customer review (Minnema et al., 2016). Online customer review is demonstrated to have significant importance on purchasing decision of the potential customers (Sotiriadis, 2017). As a feedback and interaction of online customer review, managerial response receives less attention. Based on the existing literature, it can be demonstrated that managerial response can positively influence the reputation and consumer perceived trust on the company (Sparks, So, & Bradley, 2016), and may also affect business ratings (Liu, Schuckert, & Law, 2015). More importantly, the managerial response rate is consistently increasing, from 18% (Park & Allen, 2013) to 50% (Lee & Blum, 2015). This research also found that the response rate of local hotels reached to 70%.

Although the significance of managerial response, how to effectively provide the response remains unclear. Research indicates that individual level communications will be better than the general communications (Dijkstra, 2008; Tam & Ho, 2005; Zhang & Vásquez, 2014). In addition, several research has paid attention to the attribute factors in the response content, such as empathy and specific explanatory information, which makes the response more active and effective (Min, Lim, & Magnini, 2015). For the classification of managerial response, Sparks & Bradley (2014) puts forward "Triple A", which are acknowledgements, accounts and actions. These three strategies include three parts: recognition of the problem, analyze the problem and solve the problem.

This research analyzes more than 10000 managerial responses from local hotels and find that: most hotels only use verbal statements that deny responsibility when offering explanations, or when admitting responsibility and offering a respectful apology; moreover, less than 20% of hotel managerial responses include specific measures to rectify mistakes. Adopting from the existing literature and combining with the analysis of this research, we divide managerial response into three categories: explanation statement (express regret and explain excuse), empathy statement (express apology and show respect) and integrated statement (provide both apology and compensation).

Service Recovery, Managerial Response and Recovery Evaluation

Justice theory is frequently used to explain customer response to recovery strategies (Shin, Casidy, & Mattila, 2018). Perceived justice is an important factor that customers take into account when evaluating the recovery performance (Sabharwal, Soch, & Kaur, 2010). Service recovery strategy will directly influence customer perceived justice (Smith, Bolton, & Wagner, 1999). The literature generally classifies service recovery strategy into economic and social recovery (Du, Fan, & Feng, 2010; Zhou et al., 2013). The former focuses on providing compensation to satisfy customers, which often includes an immediate discount or a voucher for future use. The latter, in contrast, is not monetary in form but instead applies to

psychological concessions that include the offering of an apology. It has been demonstrated that compensation and apology can significantly influence a customers' recovery satisfaction (Stauss & Schoeler, 2004; Shin, Casidy, & Mattila, 2018) and can help to put a relationship 'back on track' by creating positive feelings of satisfaction (Kelley, Hoffman, & Davis, 1993; Conlon & Murray, 1996). However, compensation will not appear alone, customers always expect an apology after a service failure, as attested to by numerous research studies that show an apology is essential to service failure recovery (Johnston & Fern, 1999). We therefore define an apology recovery effort as low-level — that is, as an implementation of the most basic and required step towards successful recovery. In contrast, an apology with a compensation recovery attempt is defined as a high-level recovery.

It is commonly understood that higher recovery will achieve higher satisfaction (Estelami & De Maeyer, 2002). However, individuals are intuitively learning the behaviors of others, which then affect their own behavior and evaluation. The literature shows that other-customers' unfair experiences will negatively affect the focal customers' fairness evaluation (Spencer & Rupp, 2009). This is because a customer compares his/her treatment with the other-customer(s), which impacts feelings of fairness (Skarlicki, Ellard, & Kelln, 1998). Although a customer can express the view that other-customers' experiences are unfair, this concern with justice mainly extends as far as its potential to influence their own outcomes (Lind & Tyler, 1988). During online service consumption, customers are exposed to others reviews and managerial responses. Observation of recovery attempts in managerial response suggest that an explanatory statement expressing regret and an excuse can be interpreted as avoiding full responsibility and exhibiting a desire for different choices (Wang & Mattila, 2011). These explanations fail to restore justice, and lead to higher dissatisfaction. An empathy statement, including a sincere apology, helps to restore justice by tapping into the social and emotional dynamics of offensive personal experiences. An apology is a social offering that helps to satisfy a customer's expectation of retributive and restorative justice. An integrated statement, including both an apology and specific compensation, shows concern and regret for the service failure events, and provides evidence that other customers are fairly treated. While apologies are not always sufficient for forgiveness and relational repair, the addition of compensation can help apologies to be more effective (Zechmeister et al., 2004).

The present research focuses on the impact that observational information relating to other-customers' service recovery experiences (which refers to managerial response) has on the focal customer's recovery evaluation in online service setting. We specifically propose that when the focal customer observes an explanation treatment, the focal customer will experience feelings of unfair treatment towards the other-customer, and this will produce a negative evaluation of fairness, resulting in both low and high recovery attempts that generate lower perceived justice. In contrast, when the focal customer observes that dissatisfied customers have received an empathy or integrated statement, a higher level of fairness is generated, and this results in a higher perceived justice that clearly contrasts with the low recovery response experience. We therefore propose the following hypotheses:

H1: Managerial response plays a moderating role in the relationship between service recovery strategy and perceived justice for the focal customer.

H1a: In the face of managerial response with explanation statement, both low and high recovery will lead to lower feelings of perceived justice within the focal customer.

H1b: In the face of managerial response with empathy statement, high recovery will lead to higher feelings of perceived justice within the focal customer.

H1c: In the face of managerial response with integrated statement, high recovery will lead to higher feelings of perceived justice within the focal customer.

The Moderating Role of Cognitive Style

Cognitive styles are correlated with attitudes and preferences, and this affects the individual's processing of information and self-expression (Mefoh & Ezeh, 2016). Cognitive styles are existing attitudes or behaviors that individuals refer to when processing information. This study refers to two types of style, specifically field-independent (FI) and dependent (FD). They highlight individual differences that affect the processing of decision-making and embody opposed information processing styles. Customers that employ the latter rely on the 'field' of the outside world to help them identify clues that will enable them to make decisions; in contrast, the former make decisions upon the basis of personal perceptions (Riding & Cheema, 1991).

Not all customers will be affected by an other-customer recovery experience. Although online customer reviews and managerial response are important for most customers, the intensity of the effect may differ across different cognitive styles. Information related to others is more of a priority for FD individuals, who believe that their self-definition is determined by 'contextualization' – that is, by situation, roles and obligations. Customers who rely on a FD style will be more affected by the experience of others, whereas FI individuals will be more sensitive to information related to themselves. In believing that individuals follow an independent existence, they will accordingly claim that self-definition is determined by abilities, achievements and characteristics that emanate from the self. Because they are more independent from external information, they are less likely to be affected by the actions and experiences of others. They will evaluate recovery attempt performance in accordance with what they receive in the recovery attempt. On this basis, we advance Hypothesis 2:
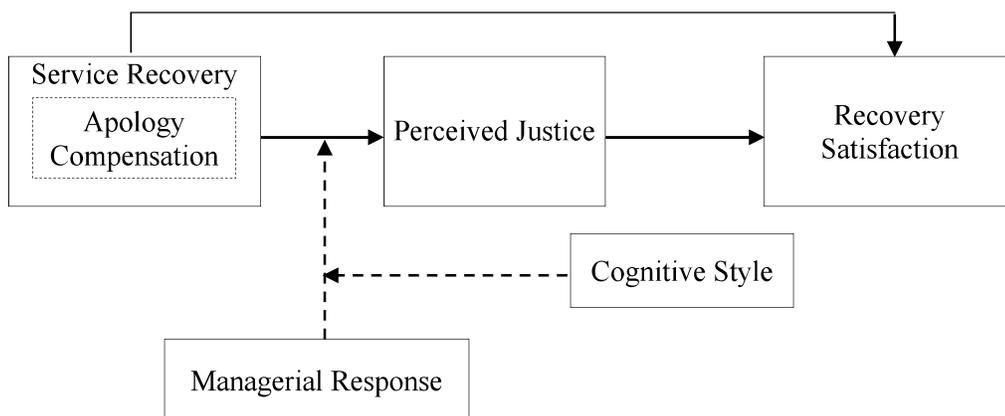
H2: When conceived in relation to the focal customer, cognitive style moderates the effect of managerial response.

H2a: For FI customers, the effect of managerial response will be lowered.

H2b: For FD customers, the effect of managerial response will be increased.

FIGURE 1 shows the current research conceptual framework.

FIGURE 1
CONCEPTUAL FRAMEWORK

RESEARCH METHOD

This research adopts a 2 (recovery level: low vs high recovery) * 3 (managerial response: explanation statement, empathy statement vs integrated statement) experimental design to examine the role of managerial response in relation to the focal customer's recovery evaluations and the moderating role of cognitive styles.

Experimental Stimuli

In applying the Web Crawler System, this research downloads more than 10000 managerial responses from Ctrip.com and then evaluates them, with the intention of obtaining a deeper understanding of managerial response in the online hotel booking market. This research focus reflects the fact that increasingly large numbers of customers use online platforms to search for information and book hotels (Sparks, So, & Bradley, 2016). The Ctrip platform is the most popular online network for China's travel customers, whose high level of involvement in hotel booking activities reflects their view that hotel accommodation is a luxury (Roozen & Raedts, 2018).

We use a professional data collection website (Sojump.com) to help collecting data from six panels, each one consisting of a description of service failure, one of recovery strategy, online customer reviews, one of managerial responses and measurement scales. Each participant was asked to complete with the assistance of instructed words. Before started, each participant is required to imagine that they had used an internet service platform (Ctrip.com) to book a hotel for a national day holiday and that, subsequent to arrival at the hotel, they had encountered service failures. A service failure scenario is initially outlined and each participant then reads a high or low recovery strategy. At the end of the trip, participants were asked to evaluate the hotel on the Internet. They were asked to read customer online reviews and managerial responses carefully. Then, we asked questions regarding their perceived justice and satisfaction. Last, cognitive style test and demographic information were collected.

Manipulation Checks

We use a pretest to check the realism of our service scenarios and the fitness of managerial responses. A total of 156 subjects are recruited through "Sojump" and receive monetary payment in return. We use a three-item scale adapted from Sultan, Joireman, & Sprott (2012) to measure the realism of service scenario. The results show a mean score of 5.15 ($p < 0.000$), which indicates the scenarios are realistic. In order to assess the fitness of managerial responses, we asked the participants to indicate their agreement level with three type of managerial responses (1 = strongly disagree, 7 = strongly agree). For example: manager defended the problem and provide explanation (explanation statement); manager understand the feelings of the customer and provide sincere apology (empathy statement); manager not only apologize to the problem but also promise tangible compensation (integrated statement). The mean scores of the valence of three conditions of managerial responses are above five, which exceeds the midpoint ($p < 0.000$).

Data, Participants and Measures

A total of 300 subjects participant in our study. Thirty-one respondents are excluded from the data analysis for incomplete or corrupt data, leaving 269 valid response sets (128 males, 46.5% participants are between 21-30 years old, 37.5% participants are between 31- 40 years old).

The perceived justice scale is adopted from Smith, Bolton, & Wagner (1999) and Choi & Choi (2014). A three-item scale applied by Siu, Zhang, & Yau (2013) is used to measure recovery satisfaction. All measurements are shown in the Appendix.

We use the Group Embedded Figures Test (GEFT) to identify customers' cognitive styles. It is divided into three sections. Nine practice questions in Section I are not scored; Sections II and III each include 10 questions, and code a correct answer as 1 and an incorrect response as 0. The minimum total score is 0 and the maximum is 20. The test has to be completed within 20 minutes.

Analysis and Results

The Division of Cognitive Style

Participants are categorized as FI and FD upon the basis of scores measured by GEFT, which were found to range from 4 to 18, with a mean and standard deviation of (respectively) 9.93 and 3.52. Upon the basis of this formulation, 131 participants were categorized as FD and 138 as FI.

The Moderating Role of Managerial Response

We use Hayes (2013)'s Process Method to analyze the data and select Model 11. The results (see Table 1) show that the recovery strategy has a significant positive effect on perceived justice (Effect = 1.26, t = 16.50, p = 0.000). The effect of perceived justice on recovery satisfaction is also found to be significant (Effect = 0.38, t = 5.16, p = 0.000). Even though the direct effect of recovery strategy on recovery satisfaction is found to be insignificant (Effect = 0.04, t = 0.31, p = 0.760), the indirect effect of recovery strategy on recovery satisfaction through perceived justice is noted as significant, which highlights the mediation role of perceived justice (see Table 2). The positive effect of managerial response on justice (Effect = 0.37, t = 7.93, p = 0.000), along with the interaction effect of recovery strategy and managerial response on perceived justice, are also found to be significant (Effect = -0.39, t = -4.13, p =0.000), and both lend clear support to H1.

TABLE 1
### RECOVERY STRATEGY, MANAGERIAL RESPONSE, COGNITIVE STYLE AND PERCEIVED JUSTICE

Model	Perceived Justice		
	Effect	*t*	*p*
Constant	4.63	121.50	.000
Recovery strategy (centered)	1.26	16.50	.000
Managerial response (centered)	0.37	7.93	.000
Recovery strategy* Managerial response	-0.39	-4.13	.000
Cognitive style (centered)	0.42	5.53	.000
Recovery strategy*Cognitive style	-0.73	-4.79	.000
Managerial response *Cognitive style	0.10	1.02	.308
Recovery strategy*Managerial response *Cognitive style	-0.60	-3.21	.002
		$R^2 = 0.62$	
		$F = 59.67, Sig = .000$	

TABLE 2
INDIRECT EFFECT OF RECOVERY STRATEGY ON RECOVERY SATISFACTION THROUGH PERCEIVED JUSTICE

Model			Recovery satisfaction			
Mediator	Groups		*Value*	*SE*	*LLCI*	*ULCI*
Perceived justice	Explanation statement	FI	0.644	0.163	.350	.988
	Explanation statement	FD	0.552	0.126	.325	.817
	Empathy statement	FI	0.614	0.146	.342	.915
	Empathy statement	FD	0.336	0.081	.191	.508
	Integrated statement	FI	0.585	0.142	.334	.894
	Integrated statement	FD	0.120	0.057	.027	.256

Spotlight analyses are conducted to deeply analyze the interaction effect. The results (see FIGURE 2) show that when managerial response belongs to an explanation statement, recovery strategy has a significant effect on perceived justice (Effect = 1.57, t =. 13.18, p = 0.000); this indicates that high recovery increases perceived justice, and therefore rejects H1a. Although this result is inconsistent with the hypothesis, it is nonetheless interesting and indicates that the focal customer will, after observing unfair treatment of the other-customer, focus on his/her own interest and compare their own recovery strategy against that of others. When managerial response belongs to an empathy statement, recovery strategy has a significantly positive effect on perceived justice (Effect = 1.28, t =15.18, p = 0.000), supporting H1b. This also applies when managerial response belongs to an integrated statement given to the other-customer, as the effect of recovery strategy on perceived justice is found to be significantly positive (Effect = 0.99, t = 8.27, p = 0.000), which supports H1c. FIGURE 2 clearly shows that an explanatory managerial response will reduce the focal customer's perception of justice within low-level recovery, while an integrated managerial response will significantly increase the justice that the focal customer perceives within this form of recovery. However, this does not extend to high-level recovery, and, when the focal customer is offered this form of recovery, irrespective of the managerial response style, a higher level of perceived justice will be generated.

FIGURE 2
**INTERACTION OF RECOVERY AND MANAGERIAL RESPONSE ON PERCEIVED JUSTICE**
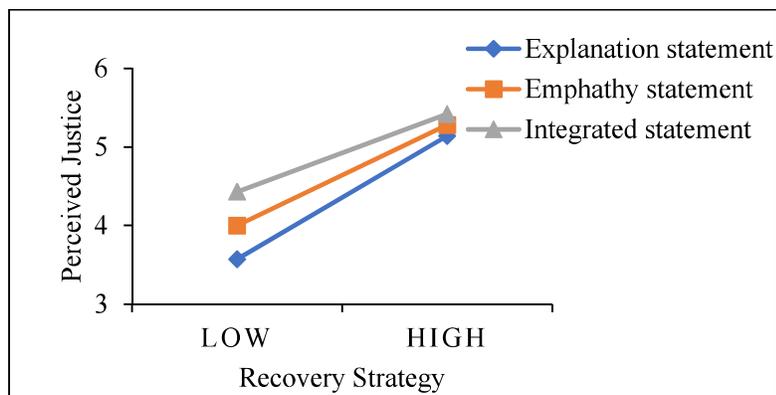
The Moderating Role of Cognitive Styles

Results show that the cognitive style will positively influence the customer's perception of justice (Effect = 0.42, t = 5.53, p = 0.000) and also indicate that recovery strategy and cognitive style have a significant effect on perceived justice (Effect = -0.73, t = -4.79, p = 0.000). Although managerial response and cognitive style have an insignificant interaction effect on perceived justice (Effect = 0.10, t = 1.02, p = 0.307), the interaction effect of recovery strategy, managerial response and cognitive style (on perceived justice) is found to be significant (Effect = -0.60, t = -3.21, p = 0.002), and this shows that cognitive style moderates the effect of managerial response on customer recovery evaluation, which supports H2 (see TABLE 1).

With the intention of gaining an improved understanding of the interaction effect, we conducted a spotlight analysis. The results (see FIGURE3) demonstrate that, for FD focal customers, the conditional effect of recovery strategy * managerial response interaction is found to be significant (Effect = -0.69, t = -5.16, p = 0.000), and this indicates that these customers are more likely to be influenced by managerial response, which supports H2a. For FI focal customers, the conditional effect of recovery strategy * managerial response interaction is found to be insignificant (Effect = -0.09, t = -0.72, p = 0.470), which indicates that customers of this kind are more independent and therefore less likely to be influenced by managerial response; this dampens the effect of managerial response on FI focal customers, and lends support to H2b.

FIGURE 3
INTERACTION OF RECOVERY, MANAGERIAL RESPONSE AND COGNITIVE STYLE ON PERCEIVED JUSTICE
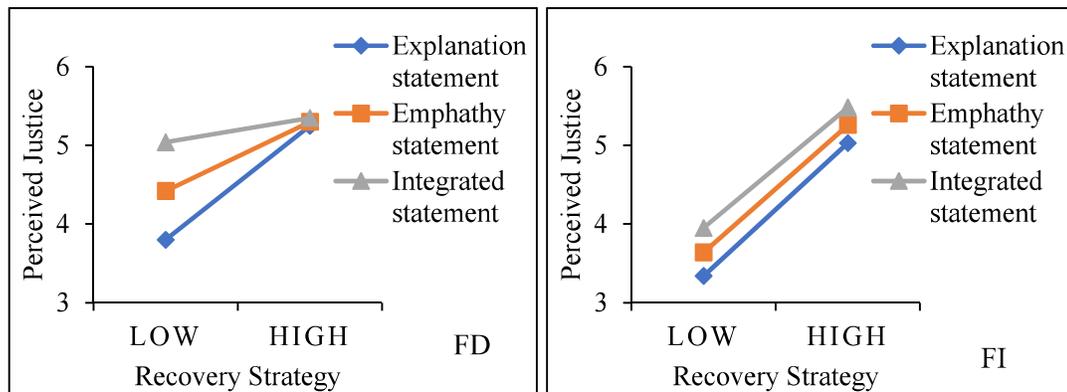
GENERAL DISCUSSION

Theoretical Implications

This research extends understanding of the effect of other-customers' recovery treatments from offline to online service setting. The literature demonstrates that the observation of unfair treatment inflicted on others will result in more negative evaluations (Colquitt, 2004; Mattila, Hanks, & Wang,2014). However, much of this research has been conducted in an offline context, such as in restaurants or retail settings. For this reason, the current research proposes to examine the effect of other-customer service failure experiences in an online setting.

In initially examining the moderating role of managerial response in relation to the focal customer's recovery evaluations, it provides some contributions to the online review literature. Negative reviews by online customers render complaints about service experience, and the details provide insight into the process of service failure. This study treats managerial response as the service provider's recovery strategy. After dividing the managerial response into personalized and generic responses (Roozen & Raedts, 2018), it then sub-divides it into three types (explanation, empathy and integrated statements) that are based on an analysis of more than 10,000 actual managerial responses.

Second, this study examines the boundary effectiveness of recovery strategy (low vs. high recovery). The results indicate that the observation of online managerial response moderates the relationship between recovery strategy and perceived justice. In accordance with previous research, it is found that high levels of recovery will generate high levels of customer perceived justice (Bradley & Sparks, 2012). However, the findings indicate a variation across types of managerial response, with the integrated statement significantly improving the focal customer's perceived justice of low recovery. The integrated statement shows a higher level of other-customers being fairly treated, and this indicates a sense of responsibility on the part of the service provider, which positively influences the focal customer's evaluation. However, when the focal customer is offered a high-level recovery, the role of managerial response decreases. One possible explanation is that individuals generally use rational decision-making and are likely to shift their attention upon the basis of self-interest (Oliver & Swan, 1989).

Third, this study incorporates an important characteristic of customer cognitive style into service recovery research. The role that cognitive style plays in affecting customer recovery evaluations within the wider context of other-customer perspectives has, to this extent, been largely overlooked.

This study makes an important contribution by demonstrating that not all customers are equally affected by other-customers' recovery experiences. It also suggests that FI customers are relatively independent and therefore less likely to be influenced by other-customers' recovery experiences. In

contrast, FD customers pay more attention to others' experience and are therefore more likely to be influenced by managerial response supplied to other-customers.

Managerial Implications

These results are useful because they will help service providers who seek to manage service encounters with focal customers gain access to other-customer service failures and management recovery attempts. Service failures often occur in the presence of other customers, both in offline and online service settings. Service providers should, in acknowledging that it is not only failure and recovery attributes that affect recovery evaluations, also recognize that other-customer recovery experiences have implications for the focal customer. When perceived from the offline service setting, it is easy to understand how a focal customer can directly witness other-customer service experiences. Online service settings differ in this regard as online customer evaluation acquires the third-party service experience indirectly through the means of managerial response.

Always supply compensation (high-level recovery) along with an apology, for the reason that customer dissatisfaction is not economically realistic. Our findings suggest that managerial response will improve situations of low-level recovery and that, in being applied as part of an integrated statement, will increase customer's perceived justice. It is therefore essential for online service providers to balance the recovery treatment that is extended to the focal customer and all other customers.

In addition, the question of how service sustainability can be achieved is critical for online service providers, and managerial response has a very important implication in this regard as it will affect the recovery evaluation of new customers, help service providers to deploy multi-dimensional strategies during service recovery and, perhaps most importantly of all, increase user stickiness and customer retention by evidencing concern for customer reviews.

Irrespective of managerial response effectiveness, it should be noted that not all customers are sensitive to other-customer recovery experiences and this is shown by the fact that the managerial response only has a role in relation to FD customers. For this reason, the distinguishing customer cognitive style and the changing of the FI customer's cognitive style (including the process through which it can be changed) both require further attention. Service providers can draw upon the current findings to develop effective recovery strategies that acknowledge and incorporate the important influences of managerial response and cognitive styles.

Limitations and Future Research

There are several research limitations. First, this paper uses a scenario-based experimental design to represent the online service setting, as opposed to an actual consumption experience. Although the use of scenarios in experiments can help to control relevant variables (Guo et al., 2016), future research should consider actual service experiences in a field study with the intention of replicating and further extending the paper's findings.

Second, participants in the current study are presented with five specific managerial responses, which clearly does not resemble reality. TripAdvisor research (2015) indicates that customers generally choose to read six to twelve reviews, and engage a range of failures and management responses as a consequence. Future research needs to expand the numbers and range of reviews to include more details of the service provider, as this will make it possible to test the role of variables that include firm and other-customer reputation.

Third, future research needs to explore other situational variables that include customer attribution (Nikbin et al., 2014), service failure severity (Betts, Wood, & Tadisina, 2011) and a range of personality variables.

ENDNOTE

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APPENDIX

Service failure and recovery scenario:

Imagine that you are going on a vacation during the National Day holiday and you book a hotel on Ctrip.com. When the holiday comes, you go to the resort you booked in high spirits. When checking in at the front desk of the hotel, the staff tells you that there is no room available at the present time. An hour later, there is still no room available. You wait for another two hour; your check-in procedure is then completed.
The hotel staff explained,

> *"We are sorry to have kept you waiting for such a long time, due to the number of tourists during the National Day. Cleaning and tidying has been slow, which caused a delay in check-in. I hope you can understand." (Low recovery)*

The hotel staff explained,

> *"We are sorry to have kept you waiting for such a long time, which has caused you a lot of inconvenience. We have upgraded your room at no extra charge and we hope you can understand. We wish you a happy stay!" (High recovery)*

Online reviews and Managerial response details (we use the explanation statement as an example):

GUEST 1: I was already disappointed at check in. The front desk staff was not motivated. The long-time waiting makes this trip disappointed.

MANAGER: Dear guest, thank you for your feedback concerning our hotel. We feel deep regret over your unpleasant experience in our hotel. We place great importance on your valuable comments and have passed them on to the relevant departments in order to improve the relevant services.

GUEST 2: This trip is ruined by the hotel. My family and I arrived after the requirement time of the hotel. But we had a long, long time waiting for check in because of the rooms were not available. I am still angry and will not choose this hotel ever.

MANAGER: Dear guest, we regret your unsatisfactory experience. We look forward to further contacting you and collecting more details about this unpleasant experience. Wish you have a happy life!

MEASUREMENT SCALES USED

Recovery Satisfaction	*M*	*SD*	α
1. To me, the hotel provides me a satisfactory resolution to the problem.			
2. I am not satisfied with how the hotel handled my problem. (R)	4.31	1.00	0.74
3. For the particular event, I feel satisfied with the handling.			

Perceived Justice	*M*	*SD*	α
Distributive justice			
1. The response I received form the service provider was considered reasonable.			
2. Overall, the outcome I received from the service provider in response to the service failure has been adequate.	4.68	1.10	0.76
3. The outcome I received was fair.			
Procedural justice			
1. The service provider has fair policies and practices to handle the failure.			
2. The service provider has shown adequate flexibility in dealing with the service failure.	4.55	1.11	0.79
3. I feel the service provider responded in a timely fashion to the failure.			
Interactional justice			
1. The service provider was appropriately concerned about the service failure.			
2. The service provider's communication and care when dealing the failure has been appropriate.	4.63	1.07	0.78
3. The service provider gave me a proper apology and explanation about the failure.			

Notes：(R) = Reverse coded