The Next Table Over: The Impact of Others’ Service Experiences on Emotions, Perceived Justice, and Satisfaction

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Abstract

Service failures are common and often times such failures are witnessed by other customers, but very little is known about how consumers react to service recovery efforts aimed at other customers. Using the deontic theory of justice as a framework, this study examines consumers’ reactions to justice directed toward other customers. Results show that the valence of the other customer’s recovery attempt had a significant impact on the focal customer’s reactions and evaluations, and that the focal customer’s reactions were moderated by the valence of their own service experience. Managerial implications and limitations are discussed.

Keywords: justice theory, deontic, third-party justice, service recovery

Introduction

Most services are delivered in the same location in which they are produced, and thus their delivery involves the presence of other customers. Service failures are common and often times such failures are witnessed by other customers, particularly in public service settings such as retail stores, restaurants, hotels, and airline ticket counters. Although there is ample research in the service recovery literature examining the effect of a service failure on the focal customer and their reactions to the situation (e.g., Smith, Bolton, & Wagner, 1999; DeWitt, Nguyen, & Marshall, 2008), very little is known about how other customers react to service failures that happen to other customers.

Prior literature suggests that when people become aware of others being treated unjustly, this knowledge results in negative emotional reactions to the situation (Bies & Shapiro, 1987; Weiss, Suckow, & Cropanzano, 1999). However, much of this research has been conducted in organizational settings in a context where the parties had preexisting relationships with each other. In this study, we are particularly interested in consumers’ emotional reactions to justice directed toward other customers and how these discrete emotions in turn influence the focal customer’s fairness perceptions and behavioral intentions. We seek to examine this in a context that mirrors a typical service environment – one in which the customers have no preexisting relationship and are aware of the service failure and service recovery only by observation.

In addition, much of the service recovery literature has examined how the combination of an initial service encounter, followed by a service recovery effort, impacts the consumer emotionally, attitudinally, and behaviorally (Gustafsson, 2009; Mattila & Patterson, 2004a; Mattila & Patterson, 2004b; Ok, Back, & Shanklin, 2007; Wirtz & Mattila, 2004). However, this research examined consumer responses in a situation where both the initial service encounter and the service recovery were experienced by the focal customer. In the present study, we are interested in the
outcomes when the service recovery effort is aimed at another customer and merely observed by the focal customer. This replicates a real-world service environment in contexts such as restaurants, retail shops, airlines, and hotels.

This paper is organized as follows. First, we will review the relevant literature on third-party justice, deontic justice, and service recovery and explicate our hypotheses. Next, our methods will be explained, followed by the results of our analysis. Lastly, we discuss our findings, their relationship to extant literature, managerial implications, and areas for future research.

Background Literature

Third Party Justice

Given that it is generally assumed that all people in similar circumstances deserve equal treatment (Leventhal, 1980), the observation of another customer being treated unfairly should result in a negative evaluation of fairness. Spencer & Rupp (2009) refer to perceptions of how fairly others are treated as third-party justice perceptions, and reactions to such perceptions as third-party justice effects. Prior literature in psychology shows that people react emotionally, behaviorally, and attitudinally when they observe others being treated unfairly (Colquitt, 2004; Cremer & Hiel, 2006; van den Bos & Lind, 2001). When people become aware of others being treated unjustly, this knowledge results in emotional reactions to the situation. For example, previous research has focused on the reaction of anger when a subject is aware of others being treated unfairly (Bies & Shapiro, 1987). Weiss et al. (1999) examined the effects of injustice on discrete emotions and found that unfair treatment of others led to feelings of guilt in focal subjects, particularly when one’s own outcome is positive. Cremer & Hiel (2006) found that injustice toward others could result in both positive and negative emotions, and that the presence of these emotions was impacted by the nature of the relationship with the other party, with the emotional reaction being stronger the closer the relationship. Unfair treatment of others has also been demonstrated to result in lower perceptions of happiness with outcomes, even when one’s own outcome was good (van den Bos & Lind, 2001).

The observation of third party justice can have an impact on behaviors and attitudes, as well. The fairness of the treatment of others shapes positive perceptions and attitudes about justice toward oneself, thereby influencing the customer’s fairness evaluations and shaping their behavior. Research in the corporate arena, in particular, has shown that the justice experiences of others can substantially impact fairness evaluations. Skarlicki, Ellard, & Kel’n (1998) and van den Bos & Lind (2001) demonstrated that a person’s perception of third party justice significantly impacts one’s own fairness judgments (Colquitt, Noe, & Jackson, 2002). Ambrose, Harland, & Kulik (1991) demonstrated that subjects had a higher level of satisfaction and higher levels of fairness perceptions when others were treated fairly. Perceptions of fair treatment toward others also leads to more positive or desirable behavioral outcomes. Colquitt (2004) demonstrated that the perception of fairness toward others resulted in higher levels of productive behavior for employees.

Deontic Justice
The previous research demonstrates that the perception of fair treatment for others leads to positive emotions, attitudes, and behaviors, while focal subjects have negative reactions when others are treated unfairly. However, previous research examining why people react negatively to third-party injustice is scant. Prior research would suggest that individuals operate on a principle of self-interest, seeking the most beneficial outcomes for themselves, regardless of the results for others. The instrumental theory of justice posits that individuals are concerned about justice for others only to the degree to which it impacts or informs their own economic or financial outcomes (Lind and Tyler, 1988). The interpersonal, or relational model of justice reactions suggests that people value fairness because the level of fair treatment informs them as to their social standing in the groups of which they are a member (Lind & Tyler, 1988; Tyler & Lind, 1992). These two views would suggest that individuals would only experience negative reactions when their own position was threatened, and would only concern themselves with injustice toward others if they stood to benefit from doing so – for example, if they had a social relationship with the wronged party, if helping would gain them recognition or status, or if restoring justice to others would result in future benefits to themselves. However, prior studies have demonstrated that this is often not the case. A series of studies by (Turillo, Folger, Lavelle, Umphress, & Gee, 2002) showed that when given the chance, people attempt to restore justice even when they stand to gain nothing by doing so and in situations where they have no relationship with the wronged party. In fact, subjects attempted to restore justice even when doing so imposed a financial burden on themselves, which stands in direct contrast to the instrumental theories of justice. Subjects also sought to restore fairness even when they were anonymous and when the victim was not a member of their own social group, in contrast with interpersonal and relations models of justice. As an explanation for these results, Turillo et al. (2002) suggested that the subjects were motivated by deontological principles.

The deontic perspective of fairness theory (Cropanzano, Goldman, & Folger, 2003b: Folger & Cropanzano, 2001)) suggests that people react to perceived wrongdoing not because of their own self-interest, but due to an inherited predisposition to be sensitized to unfair treatments. This theory posits that when acting according to deontological principles, individuals act not to enhance their social standing or for their own self-interest, but rather because they perceive a moral imperative to do the right thing. When considering the fairness of a situation, people sort actions as conforming to an a priori standard of “right” or “wrong,” and make fairness judgments against this standard, regardless of their involvement with the parties or their self-interest. Turillo et al. (2002) suggests that people expect others to adhere to this shared moral standard as well. When the behavior of others violates this standard, such as when a transgressor treats another party unfairly, it can result in “deontic rage,” anger, antipathy toward the injuring party, lower levels of perceived fairness, and avoidant behavior.

Prior research has examined third-party justice effects by manipulating the level of personal involvement with the third party and whether the source of information was direct or indirect (van den Bos & Lind, 2001). Yet, the condition of no personal involvement combined with indirect information has not yet been studied in the social justice literature. This, however, is a condition that occurs frequently in the service setting. Often, the focal customer receives information by observing a service failure and recovery effort occurring to an unfamiliar customer in front of him in line or sitting at the
next table in a restaurant. To that end, the present study focuses on the impact of service failures occurring to other unfamiliar customers (no personal involvement). Moreover, only observational information is available to form fairness perceptions (indirect information). Specifically, we propose that when the focal customer observes another customer’s poor treatment, they will react negatively to the situation. Customers in commercial service encounters also expect that everybody gets good service, and thus service failures result in unfavorable fairness perceptions (e.g., Smith et al., 1999). Based on the deontological model of justice, we propose that simply observing poor treatment directed at another customer will induce negative emotions which in turn will color the focal customer’s perceptions of their own experience. We will focus on consumers’ emotional responses to others’ failures, as previous work has demonstrated the importance of emotions in driving people’s post-recovery fairness evaluations (Bonifield & Cole, 2007; Chebat & Slusarczyk, 2005; DeWitt et al., 2008; Schoefer & Diamantopoulos, 2008). Therefore, we put forth the following hypothesis:

H1: The observation of injustice toward another will result in a negative emotional reaction, while the observation of a just service recovery toward another with result in a positive emotional reaction.

**The Service Encounter, Service Recovery, and the Other Customer**

To gain a richer understanding of third-party justice effects in the context of service consumption experiences, our design included both a good and a bad experience from the focal consumer’s perspective. Prior service recovery literature has examined the various outcomes when the focal consumer has an initial service experience and then a second service experience (a service recovery effort.) For example, previous research has shown that a customer who has an initially bad service experience, followed by a positive service recovery, may demonstrate higher satisfaction with the overall encounter than if their initial experience had been positive (McCollough & Bharadwaj, 1992; Maxham III & Netemeyer, 2003). This service recovery paradox hinges upon the interplay between the consumer’s evaluation of both the initial service experience and the subsequent recovery effort. Conversely, an unsatisfactory service experience, followed by an unsatisfactory service recovery effort, can result in a ‘double deviation’ situation (Bitner, Booms, & Tetreault, 1990; Tax, Brown, & Chandrashekaran, 1998) wherein the customer experiences a double failure, leading to a lower level of satisfaction with the overall service encounter (Ok et al., 2007). While this literature points to the fact that there exists a clear relationship between the valence of the initial service encounter and that of the service recovery effort, and that this relationship has the ability to impact subsequent customer evaluations, these results were found in a context in which both events were experienced by the focal customer. We aim to extend these findings by examining this relationship when the service recovery is experienced not by the focal customer, but by another customer in the service environment. Therefore, we put forth the following hypothesis:

H2: The impact of the other customer’s service recovery on the focal customer’s perception of fairness, satisfaction with the handling of the service recovery, and intent to return will be moderated by the valence of the focal customer’s service experience.
Method

Design and Sample

The design was a 2 (own experience: bad or good) x service recovery aimed at other customer (good or bad) between subjects factorial design. After agreeing to participate, subjects were randomly assigned to one of the four conditions and presented with a scenario describing their dining experience. When the focal customer’s experience was good, the scenario described the focal customer having good food, a nice atmosphere, and attentive service. When the focal customer’s experience was bad, the participants were told that their food was cold, the atmosphere noisy, and the server slow and inattentive. The scenario then described the focal customer overhearing a customer at the next table complaining to the manager that their steak was overcooked and served with the wrong side dish. In the positive service recovery condition, the manager apologizes, takes the entree off the bill, and replaces the meal quickly. In the negative service recovery scenario, the manager blames the problem on the fact that the customer must have ordered the steak incorrectly and states that cooking another steak will take a long time. After reading the scenario, subjects answered a survey regarding their reaction to the condition in the scenario.

The sample was composed of faculty and administrative employees at a large state university. Twelve hundred fifty subjects were randomly selected from the University’s mailing list and a drawing of four $50 gift cards to a local restaurant was offered as an incentive to participate in the study. A total of 219 usable responses were received by the cut-off date (response rate of 17.5%). To test for non-response bias, respondents were split into two groups (early and late) then a MANOVA was conducted across the variables under investigation. The results were not significant ($p > .05$), suggesting no differences between early and late responders. In terms of demographics, 67% of the respondents were female, and 90% were Caucasian-American. Seventy-nine percent had a college degree, and 66% of participants made in excess of $60,000 annually. Eighty-nine percent of the respondents reported eating out at non-fast food restaurants between 1 and 6 times per month.

Measures

Emotional reaction to the experience was assessed using items adapted from Cremer & Hiel (2006), Russell (1980), and Weiss et al. (1999). The items were: happy, excited, pleased, angry, irritated, anxious, disgusted, embarrassed, guilty, and contented. A principal component factor analysis yielded a two factor solution with all positive emotion items loading on one factor while the negative items loaded on another factor (total variance extracted 66%; Cronbach alpha =.86 and .80 for positive and negative emotions respectively). Fairness perception regarding other customer’s service recovery effort was measured using 2 items adapted from van den Bos & Lind (2001) ($r = .93$). Satisfaction with other person’s treatment was assessed with a 4-item semantic differential scale adapted from Oliver & Swan (1989). The items were: pleased me/displeased me, contented with/disgusted with, very satisfied/very dissatisfied, happy with/unhappy with, Cronbach alpha =.92). Repurchase intention was captured via a two item scale anchored at very unlikely/very likely ($r = .97$), adapted from (A. S. Mattila &