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THE EFFECTS OF COMPENSATION AND SOCIAL CLASS COMPARISONS AMONG CUSTOMERS IN SERVICE RECOVERY SETTINGS

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RESUMO

O impacto de diferentes níveis de compensação financeira como uma tática de recuperação em serviços nas respostas do consumidor (satisfação e boca a boca eletrônico negativo), quando o consumidor se compara a outro indivíduo percebido como sendo de uma classe social diferente, tem sido negligenciado pela literatura de marketing. Essa tese explora o papel mediador da percepção de justiça quando o consumidor percebe que recebeu uma compensação mais baixa que outro cliente em uma situação similar. Também é explorado o efeito moderador da comparação de classe social nas percepções de discriminação, e os efeitos dessas variáveis nas respostas do consumidor após um processo de falha e recuperação em serviços. Os resultados de cinco estudos experimentais confirmaram que quando os consumidores recebem uma compensação mais baixa, eles percebem a situação como injusta e isso reduz a satisfação e aumenta a intenção de fazer boca a boca eletrônico negativo sobre a experiência. Quando mais informações sobre o outro consumidor estão disponíveis, e o consumidor foca descobre que ele não apenas recebeu menos compensação, mas o outro indivíduo é também de uma classe social mais alta, isso gera percepções de discriminação, o que aumenta as intenções de se engajar em boca a boca eletrônico negativo e diminui os níveis de satisfação. Quando o sujeito recebe maior compensação e se compara com alguém que recebeu menos e é percebido como de uma classe social mais baixa, os consumidores também percebem, a situação como discriminatória, mas isso não influencia suas respostas com relação a recuperação de serviços. Esses resultados sugerem que oferecer diferentes níveis de compensação financeira pode resultar em percepções de injustiça e discriminação, o que pode influenciar de forma negativa as respostas do consumidor devido a comparação de classe social. Entretanto, quando a discriminação de classe social ocorre com os outros e não comigo, ela parece ser percebida como aceitável e não gera impactos negativos.

Palavras-chave: compensação financeira, comparação de classe social, discriminação, boca a boca eletrônico negativo, satisfação

ABSTRACT

The impact of using different levels of financial compensation as a service recovery tactic with regard to consumer responses (i.e. satisfaction and negative eWOM) when the consumer compares him/herself to a target individual perceived to be from a different social class has been neglected by marketing literature. This dissertation explores the mediating role of justice perceptions when consumers realize they have received lower financial compensation than another consumer in a similar situation. It also explores the moderating effect of social class comparison on discrimination perceptions and the effects of these variables on the responses of consumers after a service failure and recovery situation. The results of five experimental studies confirmed that when consumers receive lower compensation they perceive the situation as being unfair and this reduces satisfaction and increases intentions to spread negative eWOM about the experience. When further information on the target consumer becomes available, and consumers find out that they not only received less compensation, but that the target consumer is also from an upper social class, this triggers perception of discrimination, which increase negative eWOM intentions and decrease levels of satisfaction. When receiving higher financial compensation and perceiving the target customer to be from a lower social class, consumers perceive the situation also as discriminatory, but it does not influence their responses to service recovery. These results suggest that offering different levels of financial compensation may result in perceptions of unfairness and discrimination, which influence consumer responses negatively due to social class comparisons. Social class discrimination, however, seems to be considered acceptable when it happens to someone other than oneself since it does not influence negative outcomes.

Key words: financial compensation; social class comparison; discrimination; negative electronic word of mouth; satisfaction.

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1.INTRODUCTION

Failures are common in the service industry and to avoid negative consequences, service providers have been making efforts to offer recovery options. The tactics used to provide a recovery of services involve actions taken by the company and its employees to re-establish consumer satisfaction (PATTERSON; COWLEY; PRASONGSUKARN, 2006). A company that offers compensation is willing to propose a benefit to the consumer who suffered a loss as a result of his/her experience. The goal at the end of the process is that there be more of a balance in the relationship between the parties (BONIFIELD; COLE, 2008; GELBRICH; GÄTHKE; GREGOIRE, 2015).

Recovery tactics may take several formats, such as recognition of liability, an explanation of the problem, an apology and an offer of compensation, which is usually financial in nature and may involve reimbursement, discounts, an upgrade, or even the offer of the same services or their equivalent for free (BASSO; PIZZUTTI, 2016; FU; WU; HUANG; SONG; GONG, 2015; ROSCHK; GELBRICH, 2014).

Such tactics have had an impact on perceptions of fairness relating to the recovery process (PATTERSON *et al.*, 2006; SMITH; BOLTON; WAGNER; 1999), loyalty (HAESEVOETS; HIEL; PANDELAERE; BOSTYN; CREMER, 2017), satisfaction (HOGREVE; BILSTEIN; MANDL; 2017; ORSINGHER; VALENTINI; ANGELIS, 2010), trust (PIZZUTTI; FERNANDES, 2010; TAX; BROWN; CHANDRASHEKAREN, 1998), intentions to repurchase (GELBRICH; ROSCHK, 2011), retaliation (JOIREMAN; GREGOIRE; DEVEZER; TRIPP, 2013), reciprocal behavior of the consumer (ROSCHK; GELBRICH, 2017) and word-of-mouth (CHEN; MA; BIAN; ZHENG; DEVLIN, 2018; GELBRICH; ROSCHK, 2011). Among these tactics, financial compensation is considered the most effective tactic for recovering from a service failure (GELBRICH; ROSCHK, 2011b).

However, the literature (GELBRICH; GÄHTKE; GRÉGOIRE, 2016) has mostly addressed the impact of compensation on satisfaction and paying much less attention to consequences in terms of negative electronic word-of-mouth (eWOM). Besides, past research also neglected other mechanisms that might be relevant in this phenomenon, such as the possibility of comparisons among complainants.

There is in each one of us a tendency and a drive to evaluate our own opinions and abilities, in the sense of one's performance, and this happens by comparing oneself with other people. This phenomenon is also known as social comparison (FESTINGER, 1954). Likewise, consumers in their everyday lives evaluate their self-worth by comparing their achievements with those of others (CHUNG; LEE, 2019).

Comparisons have become more relevant because nowadays we have communication tools available for interacting with peers – whether they are similar or dissimilar (MUSSWEILER, 2003) – through face-to-face contact and by way of online platforms that allow them to engage and spread electronic word of mouth about a company or a brand (CHU; MANCHANDA, 2016; SCHWEIDEL; MOE, 2014). In this context of more profuse social interactions, comparisons between customers are increasingly frequent and may trigger perceptions of unfairness (BONIFIELD; COLE, 2008), which can be a critical driver of consumers' responses, such as increasing intentions to engage in negative eWOM and reducing satisfaction (GU; YE, 2014; ORSINGHER *et al.*, 2010).

Surprisingly, little research has focused on social comparison during a service recovery process (BORTOLI; PIZZUTTI, 2017), and the ones that have focused are normally related to a third party, such as a frontline employee comparing two customers (ANTONETTI; CRISAFULLI; MAKLAN, 2018; JERGER; WIRTZ, 2017), or an observing customer comparing two other people (WAN; WYER JR. 2019), instead of addressing the perspective of the customer who suffered the failure comparing him/herself with other customers.

In addition, most past research has explored the downward comparison (i.e. a comparison with a target consumer who received fewer benefits) (ANTONETTI *et al.*, 2018; BONIFIELD; COLE, 2008), neglecting upward comparisons (i.e. a comparison with a target consumer who received more benefits). Therefore, so far we do not know how people react when they realize that someone received a higher compensation (compared to their own) in a similar failure situation.

Existing research does not address individual differences either, such as income or social class combined with the effects of lower or higher compensation offered to other consumers in the service failure context (ALBRECHT; SCHAEFERS; WALSH; BEATTY, 2019). We already know that higher compensation usually results in more positive outcomes (ANTONETTI *et al.*, 2018), but previous research has not explained

what happens when we qualify the customer to whom the customer is comparing her/himself to (e.g. if the target customer is from an upper or lower social class).

This dissertation addresses these gaps in the literature by exploring the impact of financial compensation as a service recovery tactic on two consumer's responses: satisfaction and negative eWOM when the consumer (called here "the focus consumer¹") can compare the financial compensation received with a higher or lower compensation received by another consumer (called "target consumer"). Therefore, we explore both financial comparisons (higher vs. lower) from the perspective of the focus consumer (not from an employee, or another consumer). The explanatory mechanism of the main effect can be fairness perceptions regarding the treatment offered by the company during the service recovery situation. Therefore, fairness perception is considered the mediator between the compensation received and the reaction of consumers.

We also qualify the target consumer in terms of social class. We chose to focus on these criteria because there is an increase in wealth concentration and therefore social inequalities around the world (PIFF; KRAUS; COTE; CHENG; KELTNER, 2010; SÖDERLUND, 2017) and social class influences people's behavior (CAREY; MARKUS, 2016). Differences in the social class of individuals are related to lifestyle, preferences, consumption and behavior patterns (FISCHER, 1987; LEVY, 1999). Despite the fact that previous research has investigated social class influences on the purchase evaluation criteria of consumers (WILLIAMS, 2002), on environmentally sustainable behavior (IYER; KASHYAP, 2007), on consumer psychology (CAREY; MARKUS, 2016; SHAVITT; JIANG; CHO, 2016) and on prosocial behavior (PIFF *et al.*, 2010), no studies focusing on a social class comparison in service failure and recovery contexts were identified.

Dissimilarities between individuals might impact how people perceive a specific situation involving a company and the treatment offered to the consumer (MALLET; WILSON; GILBERT, 2008). People look forward to knowing how other people behave, or what benefits they receive, either in order to check if they are receiving what they

¹ In this dissertation, "focus consumer" relates to the consumer who makes the comparison, and "target consumer" relates to the individual with whom the focus consumer compares himself/herself.

“deserve”, or to compare themselves with the target consumer (JOHNSON AND LAMMERS, 2011; KRAUS; PIFF; DENTON; RHEINSCHMIDT; KELTNER, 2012). When people are treated differently from their peers and they become aware of it, an individual can use many explanations to try to make sense of the situation. When the reasons are ambiguous to customers some behaviors may be perceived as unjust (ROSCHK; GELBRICH, 2017) or discriminatory (BAKER; MEYER, 2012).

Justice perceptions refer to the assessment of fairness related to a specific exchange (ROSCHK; GELBRICH, 2017), which in the context of service failures is associated with the evaluation of how the company responded to customer complaints (BLODGETT; HILL; TAX, 1997). Perceiving service recovery as fair influences the responses of the customer, such as satisfaction with the solution received. When comparing to another consumer, for instance, the fairer someone perceives a process, the more satisfied and less prone to complain he/she will be (ORSINGHER *et al.*, 2010; ROSCHK; GELBRICH, 2017).

Fairness is related to discrimination because it influences the perspective of the individual about the treatment received (CROCKETT; GRIER; WILLIAMS, 2003). When an individual assesses an experience, how unfair it is perceived to be can influence the process of attributing the problem to discrimination (MAJOR; QUINTON; MCCOY, 2002). To feel discriminated against has to do with the perception of receiving certain treatment because the individual is part of a specific social group (BAKER; MEYER; JOHNSON, 2008).

These discriminatory attributions might be related to aspects that may be, for example, racial (CROCKETT *et al.*, 2003; DENTON; DOWNEY; PURDIE; DAVIS; PIETRZAK, 2002), or gender-related (IYER; RYAN, 2009; WHITE; ARGO, 2009), or have to do with sexual orientation (DUNN; SZYMANSKI, 2018; WOOTEN; RANK-CHRISTMAN, 2019), cultural differences (LEE; RICE, 2007), social class or hierarchy aspects (PIFF *et al.*, 2010; RUCKER; GALINSKY; MAGEE, 2018).

All of them are related to power imbalance, which is the perceived asymmetric control one has when compared to others (RUCKER; GALINSKY; DUBOIS, 2012). Some aspects of discrimination have been widely explored in the literature, especially racial and ethnic issues that have an influence on health (ROWEL; EVANS; ONG, 2012), social identity (OPERARIO; FISKE, 2001), and consumer behavior (BAKER *et al.*, 2008).

When feeling discriminated against individuals tend to react more intensely (DENTON *et al.*, 2002), they have fewer repatronage intentions (BAKER; MEYER, 2012), and are more willing to engage in WOM (CROCKETT *et al.*, 2003). However, little attention has been paid to the influence of social class on the reactions of a consumer who compares himself / herself to a target individual during a service failure and recovery process.

Based on previous literature, we would expect that people receiving less financial compensation than another customer would have a greater perception of the unfairness of the service recovery process and this would impact his / her responses (satisfaction and intention to engage in negative EWOM). When the focus consumer obtains information about the social class of the target individual, it will trigger discrimination perceptions and also the responses of the customer. Social class can be seen as a category in which people can be classified and depending on this classification individuals might feel to be wrongly treated. People receiving less compensation than a target consumer perceived to be from an upper social class, for instance, would feel discriminated against. Likewise, people receiving higher compensation but perceiving the target consumer to be from a lower social class would also perceive the treatment as discriminatory. Perceptions of discrimination would result in greater dissatisfaction and more intentions to engage in negative eWOM about the consumption experience.

Despite of the service situation that takes place in a face-to-face environment, the response of negative WOM is considered to be online especially by the opportunities of connection and online information sharing individuals face on a daily basis. Bearing these aspects in mind, it is possible to realize that people are very likely to express their frustrations online even though the problem did not happened virtually.

Considering all these relationships, this dissertation proposes the following research question: ***When compared to other individual's compensation, what is the impact of different levels of financial compensation on consumer's responses after a service recovery situation, considering the role of social class, justice and discrimination perceptions?***

1.1. OBJECTIVES

The general and specific goals of this dissertation are presented below.

1.1.1. General Objective

To analyze the impact of different levels of financial compensation on a consumer's responses (i.e. satisfaction and negative electronic word of mouth), when compared to the compensation received by another individual following a service recovery situation, considering the role of social class, justice and discrimination perceptions.

1.1.2. Specific Objectives

-To understand the mediating effect of justice perceptions on the relationship between the comparison of a customer's financial compensation (to other customer's compensation) on consumers' responses (i.e. satisfaction and intention to engage in negative eWOM);

- To verify how the social class (upper or lower) of the target customer moderates the effect of compensation comparisons on perceptions of discrimination.

This dissertation is structured as follows: the next section consists of the theoretical basis and is divided into 'Service Recovery Failures and Tactics', bringing us the basic concepts of the subject. The variations in 'Consumer Responses after Compensation' will then be presented, including satisfaction and eWOM, as well as the progress being made in the field of marketing studies on the subject. A chapter on 'Social Comparison' will then present details of this theory, followed by a section on 'Unfairness and Discrimination Perceptions' and their implications for consumer behavior. This will be followed by the methodological aspects of empirical research followed by a description of the studies. Finally, the research findings, managerial and theoretical implications and research limitations will be discussed.

2. THEORETICAL BACKGROUND

In this chapter, the theoretical foundations and reflections that led to the construction of the research and the hypotheses proposed for completing this study will be presented. At first, we discuss recovery tactics including financial compensation. Afterwards we explore consumers responses to these attempts from the firm, especially satisfaction and intentions to engage in negative eWOM. In the following chapter we discuss fairness perception as a mediator and the social comparison theory. Finally, we explore discrimination perceptions and its impact on human behavior.

2.1. COMPENSATION: A RECOVERY TACTIC AFTER A SERVICE FAILURE

Service failures are one among several factors that impact consumer satisfaction. Satisfactory products and services are those which have the capacity to be sufficient in fulfilling a purpose. The consumption experience implies satisfaction with events that occur during consumption itself (such as queuing, for example), satisfaction with the final results (emotional involvement, for instance) and satisfaction with the solution received (excessive, adequate or inadequate). Satisfaction is therefore a process and levels of satisfaction may vary according to the stages of consumption in which the consumer finds himself/herself. This means that the consumer's evaluation of their needs and expectations results in satisfaction (OLIVER, 2010).

Alternatively, failure addresses a situation in which the service was insufficient and usually implies the need for a recovery process. In this context there is an exchange, during which the customer experiences a loss and the company, on the other hand, tries to offer a gain or compensation via said recovery. The failure itself might occur while the service is being performed, or in its result. The consumer's evaluation of the failure depends on the type and amount of resources lost or gained during the exchange (SMITH *et al.*, 1999).

The field of studies on service failure recovery tactics is quite wide (GOURDAZI, BORGES AND CHEBAT, 2013; HOGREVE *ET AL.*, 2017; MAXHAM AND NETEMEYER, 2002). Andreassen (2000), in his research into the antecedents of satisfaction with the recovery from a service failure, argues that it is vital to have in place a professional recovery process performed by the company. Other research highlights

the importance of considering consumer preferences or expectations and their impact on behavior (NGUYEN, MCCOLL-KENNEDY AND DAGGERT, 2012).

Service recovery tactics may be classified as psychological and tangible. The former involves actions that can directly improve the psychological satisfaction of the consumer, like an apology, while tangible tactics will reduce the financial losses of the client, such as a discount or compensation (DAVIDOW, 2003; KUO; WU, 2012).

Tangible tactics can be presented in several ways, such as by way of monetary compensation, usually addressed in the literature as financial reimbursement offered in cash that the consumer can use to repurchase the service, or that can be used for another purpose according to their personal judgement, or the delivery of a voucher provided by the company so that the consumer can use it later for another purchase. Compensation may also involve exchange of the product, or the service that presented a problem being performed again (ROSCHK; GELBRICH, 2014; SMITH *et al.*, 1999).

The goal of this study is to focus on the tangible tactic of financial compensation, since this has been the recovery tactic with the greatest impact on consumer reactions (FU *et al.*, 2015; ROSCHK; GELBRICH, 2014). By offering compensation to consumers, the company is somehow making the relationship between the parties more balanced by generating some gain for the consumer who faced an experience of loss (BONIFIELD AND COLE, 2008). This compensation may be presented on several levels and is usually expressed as a percentage of the loss, which can be categorized as full compensation (100% of the loss), partial compensation (from 0% to 99%) or over-compensation (more than 100 %) (GELBRICH *et al.*, 2015). The focus in this research is on partial compensation since it is more commonly adopted by companies worldwide.

As in any recovery process, the tactic adopted by the company will influence how consumers behave afterwards, not only with regard to that specific experience, but also towards the company itself. Previous studies have already suggested that financial compensation has a positive influence on customer satisfaction (DAVIDOW, 2003; NOONE; LEE, 2011; ROSCHK; GELBRICH, 2017), and intention to engage in WOM (VOORHEES; BRADY, 2005). Little is known, however, about what happens when the compensation received is compared by customers and how this impacts their

responses. The relationships specifically associated with consequences of compensation after a service failure involving comparison contexts will be explored in the next sections.

2.2. CONSUMER RESPONSES AFTER COMPENSATION: SATISFACTION, AND NEGATIVE ELECTRONIC WORD-OF-MOUTH

The experience of consumers during a service encounter, especially when there was a problem during the process, might trigger several responses towards the company, like satisfaction (ORSINGHER *et al.*, 2010). This satisfaction may focus on the transaction and offer information about a particular type of product or service. Consumer satisfaction, however, can also be evaluated cumulatively, when all consumption experiences over time are taken into consideration, thus offering a perspective of the company's past, current and future performance (ANDERSON; FORNELL; LEHMANN 1994). In this research we focus on satisfaction with the transaction itself.

Several studies have already stated that satisfaction is a consequence of a service failure and recovery, since in these cases individuals evaluate how well the service provider handled the problem (ORSINGHER *et al.*, 2010). Service recovery processes, however, not uncommonly turn out to be unsuccessful and result in dissatisfied customers (JERGER; WIRTZ, 2017).

The recovery tactics used throughout this process have been recently receiving attention (BASSO; PIZZUTTI, 2016). Some researchers have discussed whether or not financial compensation improves consumer satisfaction, and which factors influence this outcome. If financial compensation is offered, including how this compensation is presented to the individual, whether concretely and/or in a more personal way, this has an influence on satisfaction and the results of recovery from a service failure (ROSCHK; GELBRICH, 2017).

Regarding the value of the financial compensation offered, it has already been identified that compensation above the level expected does not necessarily increase consumer satisfaction; even more specifically, satisfaction does increase, but only up to a certain point, given the fact that this relationship is not linear (GELBRICH; ROSCHK, 2011; ROSCHK; GELBRICH, 2014).

Davidow (2003) suggests that once a reasonable level of compensation is achieved, greater levels of compensation will not actually make a difference to the

satisfaction level of that individual consumer. The main issue is that sometimes this 'reasonable' level is flexible and depends on the subject's own perspective. This ceiling effect, according to Noone and Lee (2011), is reached because the individual realizes that he/she has already been compensated for the loss they suffered. Therefore, to continue compensating him/her to satisfy a need that no longer exists does not generate additional positive impacts, such as an increase in satisfaction.

Gelbrich *et al.* (2015) analyzed the optimal level of compensation that has an effect on satisfaction, while being still financially viable for the company. They concluded that when the client decides to accept the company's suggestion in the recovery process (for example, a discount in the situation of a financial recovery strategy), compensation of between 1% and 20% would have a positive effect on satisfaction. This perspective suggests that small amounts of compensation already generate relevant effects on satisfaction.

Besides satisfaction, word-of-mouth (WOM) is another consequence of compensation considered in this research. It is conceptualized as the transfer of messages from one person to another about the products or services of an organization, usually involving comments about the performance of a product or the quality of a service (CHARLETT, GARLAN AND MARR, 1995). According to Arndt (1967), word-of-mouth occurs between a receiver and an issuer regarding a brand, product or service. The engagement of a consumer in this behavior assumes that he/she had some experience with the service in question and intends to share that information with other individuals (CASIDY; SHIN, 2015). The reasons why people engage in WOM are diverse and depend on several aspects related to the consumption experience, such as emotions and contextual factors (HENNIG-THURAU; HOFACKER; BLOCHING, 2013; LAMBRECHT; TUCKER; WIERTZ, 2018; WAKEFIELD; WAKEFIELD, 2018).

Electronic word of mouth (eWOM), however, deals with that part of WOM that occurs in a more complex environment, namely the electronic. This action eventually replaced a part of the word of mouth that occurred in other face-to-face contexts. This also allows the consumer to interact socially and be better informed about their choices at the time of decision making (KING; RACHERLA; BUSH, 2014). EWOM was defined by Hennig-Thurau, Gwinner and Gremler (2004, p.39) as '*any comment, be it positive or negative, made to a large number of individuals through the internet made by an ex, current or even a potential consumer, regarding a product or a company.*'

One of the major distinguishing features of eWOM when compared to the traditional face-to-face format is that it enables individuals to engage in communication with an extensive network of people who are part of virtual communities, where the interactions and the dialogues themselves are much more visible to all users (KOZINETZ; VALCK; WOJNICKI; WILNER, 2010).

These social network platforms where eWOM usually takes place enhance information exchange and have become important communication options for consumers. What usually brings so many people together in the same community who do not know each other are common interests in a subject, product or service (KING *et al.*, 2014). One unique feature of these networks (e.g. Facebook and Twitter) is the broadcast sharing of short messages with other users about feelings, actions or even consumption experiences. Considering their undirected and less personal nature, they allow people to reach out without addressing anyone in particular. In this way, these social networks increase opportunities for desired social interactions, without having to impose communication (BUECHEL; BERGER, 2018).

eWOM may have a positive emphasis, when an interesting experience is shared with that community of individuals (SWEENEY; SOUTAR; MAZZAROL, 2014; XIE; SO; WANG, 2017). However, it can also have a negative focus, such as a complaint about some episode faced by the consumer, or even an opinion about the consumption experience (HENNIG-THURAU; WIERTZ; FELDHAUS, 2015; NGAI; HEUNG; WONG; CHAN, 2007). Negative eWOM is generally used by individuals in order to vent their frustrations or negative feelings related to the lack of confirmation of one's expectations with regard to a consumption situation (HENNIG-THURAU *et al.*, 2004).

When this kind of comment is made virtually by way of negative eWOM it has an impact on a larger number of individuals (compared to face-to-face communication), it usually has a shorter response time (which influences consumer satisfaction) and it offers users the possibility to build on each other's comments (GREGOIRE; SALLE; TRIPP, 2015). It also negatively influences the adoption of a certain product or service with the same valence (CHEVALIER; MAYZLIN, 2006), which means that this kind of consumer behavior can be highly detrimental to a company's image.

In social networks this stronger effect of negative over positive eWOM is related to the perceived authenticity of the information and evaluations shared by other consumers who usually do not have an 'agenda' when sharing their experiences (HENNIG-THURAU *et al.*, 2015). These results suggest that it becomes relevant to delve deeper into what is known about negative eWOM, both theoretically and managerially.

In service failure and recovery situations there are many aspects that influence consumers when it comes to their adopting negative WOM, such as controllability (VAN VAERENBERGH, ORSINGHER, VERMEIR AND LARIVIÈRE, 2014), the locus of attribution of the failure (ALBRECHT *et al.*, 2017), the quality of the relationship (GRÉGOIRE; FISCHER, 2008), the lack of attention of the company during the recovery process (ROSCHK; GELBRICH, 2014), facing the problem with a group instead of alone (ALBRECHT *et al.*, 2019), and perceiving the treatment received as being fair (MATOS *et al.*, 2011).

Despite empirical research investigating the effect of compensation on satisfaction (GELBRICH; ROSCHK, 2011) and negative eWOM intentions (VAN VAERENBERGH *et al.*, 2014), much is still to be analyzed regarding the variables that play a relevant role in these main effects, especially those related to comparison opportunities that individuals have, not only in service encounters but also in social networks (WAN; WYER JR., 2019).

The goal of this dissertation is to understand what are the outcomes for a focus consumer of comparing to a target consumer who received a higher or lower financial compensation after a problem and is perceived to be from an upper or lower social class. This is connected to the social comparison theory, which will be discussed in the next section.

2.3. PERCEPTIONS OF FAIRNESS

Perceptions of fairness are related to the social justice theory, which has its foundations in social psychology. This theory has been used to explain human reactions to exchange processes. The outcomes of these exchanges might be perceived as either just or unjust, particularly when there is some level of inequity in the treatment that is offered (ADAMS, 1965).

Fairness is a construct that encompasses three different dimensions: procedural, interactional and distributive. The first concerns the consumer's perception of the recovery process as a whole and its developments. The focus is on the process itself (VORHEES; BRADY, 2005). The second category is the so-called interactional dimension, which involves the perception of fair treatment by the consumer with respect to the company in question, or its employees (COLQUITT, 2001; VORHEES; BRADY, 2005). The last dimension to be considered is that of distributive justice, which concerns the individual's perception about the outcome of the recovery process and involves analysis of the need for, equality and value of the compensation and benefits received (BLODGETT *et al.*, 1997; KUO; WU, 2012; TAX *et al.*, 1998). This dissertation will consider an overall perception of justice.

The effect of compensation can be defined as the difference between the consumer's reaction after the failure and after the recovery (MAXHAM; NETEMEYER, 2002). A recovery tactic is often used to dissipate frustration and dissatisfaction after a problem has occurred (GELBRICH; ROSCHK, 2011a), since it affects the perceptions of fairness/unfairness with regard to the recovery (MATTILA, 2006). For instance, when the consumer realizes that the recovery process met his/her expectations and there was great equity between the parties, this increases the sense of distributive justice (SMITH *et al.*, 1999; TAX *et al.*, 1998), which has a positive impact on satisfaction.

These perceptions of fairness have an influence not only on psychological aspects (e.g. satisfaction and trust), but also on behavioral (e.g. WOM, repurchase) responses (BLODGETT *et al.*, 1997). Specifically, in service encounters consumers face feelings of unfairness when they evaluate the responses given by the company during a failure recovery process (HOLLOWAY; BEATTY, 2003). In this context, the justice perceived by the customer has a positive impact on satisfaction (TAX *et al.*, 1998) and on their intention to engage in WOM (BLODGETT *et al.*, 1997; Santos and Basso, 2012). Therefore, companies that are perceived to treat their clients fairly in service failure situations are generally viewed favorably by consumers (VORHEES; BRADY, 2005).

In short, organizational responses to service failure lead to justice perceptions, which influence satisfaction and intentions to engage in negative WOM (GELBRICH; ROSCHK, 2011; ORSINGHER *et al.*, 2010). These reactions, however, are not only

determined by what the company offers a customer who has complained or faced a problem, but also by comparison with the responses received by other customers. When consumers observe that the responses to others are better or involve greater benefits (upward comparison) this generates a peer-induced perception of injustice and decreases customer satisfaction (GU; YE, 2014). The same effect is expected to occur and have negative eWOM as its outcome, since a perception of greater injustice (or unfairness) increases intentions to talk about the situation in order to express frustration (GREGOIRE; FISCHER, 2008).

Considering all the relationships discussed between financial compensation in service failure and recovery contexts and consumer responses (satisfaction and negative eWOM engagement intentions) we would expect that lower levels of financial compensation when compared to other customers would lead to lower satisfaction and more intention to engage in negative eWOM behavior. The reason is that by receiving lower compensation people would feel that they have not been compensated in a fair manner compared to others, and therefore would become dissatisfied with the results. Since there would be a lack of confirmation of expectations between what he/she thinks he/she will receive from the company and the actual benefit, consumers would feel that they need to vent their feelings through negative eWOM related to the experience in question. We propose, therefore, that:

H1: When a customer receives lower (vs. higher) compensation than another customer, his/her levels of satisfaction will be lower (vs. higher) (a) and his/her intentions to engage in negative eWOM will be higher (vs. lower) (b), both effects are mediated by perceptions of fairness.

The mechanisms explaining these negative responses from the customers are perceptions of fairness when comparing oneself with a target consumer. The social comparison is part of a specific theory which will be discussed next.

2.4. SOCIAL COMPARISON

Human beings are naturally inclined to compare themselves to other individuals. This phenomenon is explained by the theory of social comparison, which states that a

person's cognition of their situation, and their assessment of their abilities will influence this individual's behavior (FESTINGER, 1954).

This appraisal of what a person is capable of doing depends less on opinion and more on actual comparison of a person's performance with the performance of others, especially in the absence of concrete standards against which to measure these characteristics. This theory is an attempt to better understand how self-assessment is affected by an individual's social activities in order to reduce uncertainty (DREZE; NUNES, 2009), since social comparison is a requisite for other forms of social influence to occur and also an important source of competitive behavior (GARCIA; TOR; SCHIFF, 2013; ZHENG; BASKIN; PENG, 2018).

Social comparisons can be upwards or downwards; in the former, the individual is comparing himself/herself to someone who is considered to be superior to himself/herself (e.g. performing a specific task better), while in the latter, the comparison is to someone with a worst performance (BROWN; FERRIS, HELLER; KEEPING, 2007). Initially it was considered that upward comparisons would result in negative feelings and downward comparison would result in positive feelings, although nowadays it is known that both kinds of comparison might generate both positive and negative effects (CHUNG; LEE, 2019).

Positive effects are connected with self-improvement motivations, meaning that an upward comparison of a focus consumer with a target individual might result in greater intentions to improve one's performance in order to achieve the same outcomes as the target (SOBOL; DARKE, 2014). On the other hand, negative effects might involve reduced self-esteem (VOGEL; ROSE; OKDIE; ECKLES; FRANZ, 2015) anger (BAKER *et al.*, 2008), envy (LI, 2019; ZHENG *et al.*, 2018), less perceived fairness and reduced satisfaction (AUSTIN; MCGINN; SUSMILCH, 1979; LIU; LI; CARCIOPPOLO; NORTH, 2016). People generally feel better when they perceive themselves to be superior to their peers, or realize they have received more benefits (LIU *et al.*, 2016), either in work situations that imply a bonus payment (IGALENS; ROUSSEL, 1999), or in consumption contexts involving loyalty programs and perceived status (DREZE; NUNES, 2009).

A large body of research has dedicated attention to understanding the impact social comparison has on boards of directors (BOIVIE; BEDNAR; BARKER, 2015), on employees in work environments (BROWN *et al.*, 2007) and among social network

users (LIU *et al.*, 2016; PHUA; JIN; KIM, 2017). Although, limited research has focused on social comparison and consumer reactions, it is already known that they have an impact on luxury consumption decision making (EOM; SEOCK; HURST, 2019), spending propensity (Zheng *et al.*, 2018), the perception of company loyalty programs (DREZE; NUNES, 2008; SÖDERLUND AND COLLIANDER, 2015), and responses in service failure situations involving frontline employees or a third party, such as an observing customer (ANTONETTI *et al.*, 2018; WAN; WYER JR., 2019). Studies have not analyzed, however, how social comparison influences the reaction of a consumer when comparing himself/herself to a target individual who has received higher levels of compensation.

When companies offer customers different financial compensation in service failure and recovery contexts the outcome might be a social comparison experience (BAKER; MEYER, 2012; MANDEL; RUCKER; LEVAV; GALINSKY, 2017) using an upward (receiving less than the target consumer) or downward (receiving more than the target individual) perspective (LI, 2019) and influencing their responses to the recovery process, such as satisfaction levels (ALBRECHT *et al.* 2019).

One of the first studies about social comparison among consumers in a service failure and recovery situation was by Bonifield and Cole (2008). Authors used social comparison made by a frontline employee during a recovery process, which reduced the anger that the frustrated customer was feeling. The comparison in this case was downward and reduced the likelihood of adopting negative behavior towards the company that caused the problem (e.g. the intention to leave, complain and engage in negative WOM). These effects have been corroborated by recent studies, such as the one by Antonetti *et al* (2018) who also concluded that if the downward social comparison related to the compensation received is a message delivered by frontline employees, in the sense of their describing how service experiences turned out even worse for others, anger might be reduced when the explanation is accompanied by an apology. Both studies, however, focused only on downward comparisons and considered anger involving frontline employees.

Overall, individuals feel proud when there is public acknowledgement of their performance, mainly when it relates to a downward comparison with their peers (WEBSTER, DUVALL, GAINES AND SMITH, 2002). Social a comparison with people who received fewer benefits generates more positive outcomes (LIU *et al.*, 2016), since

people like to feel superior (DREZE; NUNES, 2009). Nevertheless, the question that remains unanswered is how people react when they receive lower levels of benefit (i.e. financial compensation) when compared to other individuals.

How people analyze their own situation and engage in comparisons is associated with the greater consumer exposure to others that happens nowadays (TUS-SYADIAH; KAISER; SOESLLO, 2018). Since customers often interact in service situations, they are likely to make their own social comparisons by observing the benefits received by others (BONIFIELD; COLE, 2008). We have no further information, however, about how people react when the comparison is upwards, meaning when a focus consumer compares him/herself to a target individual who received a higher level of compensation, especially when this target is perceived to be socially dissimilar. One hypothesis is that it might trigger discrimination perceptions which will be discussed in the next session.

2.5. PERCEPTIONS OF DISCRIMINATION

In this research, unfairness is expected to impact the relationship between levels of compensation and consumers' responses when people compare themselves to someone who received a lower financial benefit. However, when the focus consumer has more information about the other person (i.e. his/her social class), this would trigger feelings of discrimination and be the mechanism affecting the other variables. Perceived as being discriminated against means being harmed or treated differently (in an unfair manner) just because the customer is a member of a certain social group (BAKER *et al.*, 2008).

The reason for this relationship lies in the fact that when people compare themselves to target consumers, or perceive different treatment and the reasons are ambiguous, they look for clues in order to understand the situation. This might, therefore, lead to discriminatory attributions (BAKER *et al.*, 2008). Perceptions of unfairness and discrimination are connected; when an individual assesses an experience, the extent to which it is perceived as being unfair can influence the process whereby the problem is attributed to discrimination (MAJOR *et al.*, 2002). People might associate the perception of receiving unfair treatment in the marketplace to discrimination, for example

(CROCKETT *et al.*, 2003). In considering this relationship between fairness and discrimination perceptions, fairness will be considered as a proxy of discrimination in this dissertation.

Social comparisons might be drawn between people who are similar or dissimilar (LAPORTE; BREIERS, 2019). People can infer similarity to one another based on their behavior and on demographic factors, such as gender, race or even social class, which have stereotype-based implications for their personality and attitudes. Dissimilarity, on the other hand, happens when people can identify from these same factors that they differ from others, for example, in terms of performance. Despite the fact that previous studies shed some light on similarity discussions (WAN; WYER, JR., 2019), the major focus of this research is on dissimilar consumers, particularly because of the great diversity of people we might compare ourselves to on a daily basis, including during service encounters (LIU *et al.*, 2019; ZHENG *et al.*, 2018).

Consumers in general look for equity and when there is lack of alignment between what the individual expects and what the company actually offers, this generates discomfort and behaviors that try to balance this relationship. The intention is to restore positive emotions (ADAMS, 1965). In this case, receiving different financial compensation than another customer in a similar situation would lead consumers to try to make sense of this discrepancy. One of the reasons they might assume is usually related to the individual's social identity, meaning perceptions of discrimination (BAKER *et al.*, 2008).

Discrimination can be divided into two types, which are not mutually exclusive: interpersonal and institutional. The former is related to discriminatory interactions between individuals and the latter to discriminatory policies or practices embedded in organizational structures (KARLSEN; NAZROO, 2002). The focus of this research is on institutional discrimination, since our interest is in understanding how the compensation offered by a company might influence perceptions of discrimination and the consequent reactions.

In the case of this research, the focus is on comparison to targets with a different socioeconomic status (RUBIN AND STUART, 2018; ROWELL, EVANS AND ONG, 2012), which plays a major role in social comparison situations (LIU *et al.*, 2019) and requires to be further understood (SHAVITT *et al.*, 2016). Differences in the social class of individuals are related to differences in lifestyle, preferences, consumption and

behavior patterns (FISCHER, 1987; LEVY, 1999). People in general try to distance themselves from those in lower classes, while reproducing higher class behaviors (YANG; MATTILA, 2014; PIFF *et al.*, 2010). In his Leisure Class Theory from 1899 Veblen had already discussed the topic, stating that the clear distinction between high and low social classes is connected to one's concept of dignity and self-worth, meaning that comparisons are usually drawn with people in higher classes.

This is true since social hierarchies are based on positions of advantage vs. disadvantage. Social classes reflect discrepancies in resources, where those in higher classes possess higher incomes, bigger wealth and better opportunities in life (RUCKER *et al.*, 2018), while those in lower classes are less privileged and associated with diminished resources and a subordinate rank (KRAUS; PIFF; KELTNER, 2009; WHELAN; HINGSTON, 2018).

Lower social classes are more exposed to social threats (PIFF *et al.*, 2010). Literature on social and racial threat argues that as the percentage of a certain social minority in the population increases, it tends to be viewed as a threat to the majority and, therefore, more likely to face discrimination (BLALOCK, 1967) Likewise, individuals who belong to social minorities understand that they are susceptible to discrimination because they are part of a specific social group (CROCKETT *et al.*, 2003), meaning they are more "on guard" against discriminatory circumstances (CHANEY; SANCHEZ; MAIMON, 2019; JOHNSON; SIMMONS; TRAWALTER; FERGUSON; REED, 2003). These individuals are also more prone to attribute a certain treatment to aspects related to discrimination (JOHNSON *et al.*, 2003). In other words, people in positions of social disadvantage develop a higher sensitivity to status-based rejection and the consequence is a deeper perception of such situations (DENTON *et al.*, 2002).

Additionally, when people engage in social comparison with individuals who are dissimilar to them, they tend to focus specifically on the divergent characteristics and, therefore, try to anticipate unpleasant experiences (MALLET; WILSON; GILBERT, 2008). In service encounters, the fact of consumers comparing themselves to people who are different socially (for instance, black vs. white), might trigger discrimination perceptions and even a more severe assessment of the service failure (BACKER *et al.*, 2008).

In a discriminatory context there is a perception of asymmetry in the control individuals have over that experience, which is connected to power imbalance (Rucker

et al., 2012). These power perceptions are important because they shape and alter consumer behavior (HILL; MARTIN; CHAPLI, 2012; RUCKER *et al.*, 2012). An individual from an upper social class, for example, tends to feel more powerful and self-centered compared to people from lower social classes (PIFF *et al.*, 2010). This means that upper class people tend to demonstrate more agent-related behavior that focuses on their own motivations, goals and emotions (KRAUS *et al.*, 2012), while those from lower social classes and less powerful positions normally behave in a more accommodating and even submissive way (RUCKER *et al.*, 2012). Literature also compares these two different thinking styles, with one being more holistic and context-dependent (lower class), while the other is more analytical (upper class) and focuses on an individual aspect or experience that is separate from the context (LEE, 2017).

The consequences of perceived discrimination, therefore, depend on the position of one's group in the social structure. People in privileged groups do not usually face socially threatening situations, so differential treatment is less likely to reflect a general lack of control or rejection by the dominant culture (SCHMITT; BRANSCOMBE, 2002). For people who are in disadvantaged groups (e.g. lower social classes), on the other hand, discrimination is more harmful to their psychological well-being, since attributions of prejudice and discrimination are more constant, and this tends to reflect a lack of control over one's life and to represent social exclusion (SCHMITT; BRANSCOMBE, 2002). Despite the fact that discrimination is normally directed towards someone in a less privileged position (in this case in a lower social class), people from privileged social ranks also perceive situations as discriminatory.

This greater exposure to social threat and a reduced sense of personal control is associated with lower social classes. Prejudice, for example, is a situational force within the social context, and indicated by individuals from a lower class to justify their social situation (PIFF *et al.*, 2010). Physiologically, a threat to social status might be a stressful life experience, which impacts people's health (DICKERSON; GRUENEWALD; KEMENY; 2009) and also how they behave in their daily life (DENTON *et al.*, 2002; RUCKER *et al.*, 2012), due to external uncontrollable forces which are frequent in their lives (KRAUS *et al.*, 2009), such as discrimination in consumption experiences.

Individuals who perceive themselves to be in a less privileged social position might even expect the experience with people from other social groups to be unpleasant (MALLETT *et al.*, 2008). People, therefore, tend to react intensely to status-based rejection (DENTON *et al.*, 2002); in other words, when they perceive others to be from an upper social class (JOHNSON *et al.*, 2003) and receiving different treatment. From the perspective of the consumer, when the failure is attributed to discrimination, responses can be more severe, such as less repurchase intentions and less perception of fairness (BAKER; MEYER, 2012). Discrimination perceptions might also trigger negative reactions, such as anger (BAKER *et al.*, 2008), frustration (DENTON *et al.*, 2002), and increased WOM engagement in order to warn other people about how the company might treat them (CROCKETT *et al.*, 2003). All these previous studies, however, focused on discrimination perceptions considering racial aspects. We need to understand if the same effects would apply to social class comparisons.

Discriminatory treatment might be perceived not only by individuals from lower social classes, but also by people with upper socioeconomic status. The perception of discrimination in this dissertation is treated as a broad concept, in the sense of an overall perception and not necessarily directed at the person who perceives the situation as discriminatory. Therefore, a person in a lower social class who received lower compensation might attribute the situation to discrimination, while a person from an upper social class who received greater compensation and perceives a target consumer to be from a lower social class, may also attribute the differential treatment to discrimination.

Therefore, in the context of this research, we would expect that, in a frustrating situation such as a service recovery where individuals discover they received less compensation than others who come from a higher social class, or more compensation than others who come from a lower social class, this might result in the perception of greater discrimination. The results of perceived social comparison associated with discrimination perceptions would be negative, in the sense of less satisfaction and more intentions of engaging in negative eWOM with regard to the situation.

It is important to mention that this discrimination perception is directed at the company that gave the preferential treatment, and not towards the target customer. To arouse an emotion an experience must be appraised by the individual as affecting him/her in some way. In a service failure context, consumers can evaluate the control

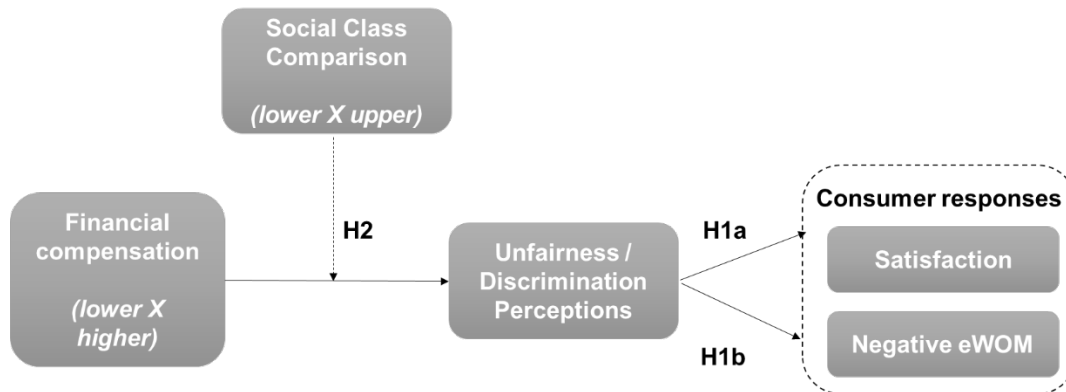
that the service provider had over the failure and over the compensation offered to different people, and this might create perceptions related to the company that caused the loss in the first place (BOUGIE; PIETERS; ZEELENBERG, 2003). Thus, discrimination perceptions are associated with perceptions of fairness, since both are connected to a consumer's understanding of events surrounding service failures that include individual differences between the parties involved (BAKER; MEYER, 2012), the customers.

Considering social comparison and the fact that individuals in lower social classes might perceive service failures as connected to social discrimination, we thus propose that:

H2: The interaction between social class comparison (upper vs. lower) and financial compensation (lower vs. higher) when compared to the compensation received by a target consumer will result in discrimination perceptions. Particularly when the comparison is with a consumer from an upper social class who received higher compensation, or from a lower class, who received lower compensation, and this will trigger more discrimination perceptions than other conditions.

Based on all these relationships between variables and research hypotheses a theoretical research model is described in Figure 1, where the level of financial compensation compared to other people (independent variable – IV) offered by the company as part of a service failure and recovery process has a main effect on consumer reactions: satisfaction and the intention to engage in negative eWOM (dependent variables – DV). Fairness will mediate the main effect when the focus consumer has no more information about the target individual.

Figure 1: Research model



Source: prepared by the author

However, when more information is available about the target individual, a social class comparison would be the variable moderating the relationship between compensation and discrimination perceptions. We expect that people who received lower compensation than a target person perceived to be from an upper social class would attribute the treatment received to discrimination and so would the consumer from an upper social class who received higher compensation than a target individual perceived to be of lower socioeconomic status. When social class moderation is tested, discrimination perception is used as the mediator because it is related to these criteria (social classes) and deeply associated with the notion of fairness.

3. EMPIRICAL STUDIES

In order to accomplish these research objectives, we developed five experimental studies using a set of different scenarios and service contexts. Studies 1a and 1b focused on testing Hypotheses 1a and 1b regarding the mediation role of justice perceptions in the relationship between different levels of financial compensation (compared to a target customer) and the responses of the consumer (satisfaction and negative eWOM). Study 1a focused on a hotel failure and Study 1b on a travel agency service failure scenario.

Studies 2, 3 and 4 tested Hypothesis 2 related to the moderation of a social class comparison in the relationship between different levels of compensation and discrimination perceptions. These studies also tested the conditional effect of social comparison and discrimination perceptions on the responses of consumers. Study 2 used a hotel context similar to Study 1a, Study 3 described a restaurant failure, while Study 4 presented a service problem during a theater experience.

All five experiments were lab studies performed using Prolific and Mturk platforms, with questions answered on Qualtrics. Despite some studies suggesting that Mechanical Turk workers do not pay attention to the answers they are giving, and that paying for their services might undermine their intrinsic motivation (HERTWIG; ORTMANN, 2001), recent studies on the matter indicate that these workers exhibit the classic biases and pay as much attention to directions as subjects from other traditional sources (PAOLACCI; CHANDLER; IPEIROTIS, 2010; GLEIBS, 2017).

The studies were based on written scenarios describing a service failure faced by a consumer who afterwards received financial compensation from the company that caused the problem. These kinds of situation in the hospitality industry are usually familiar to respondents and have already been used in several studies about consumer behavior (BASSO; PIZZUTTI, 2016; FU *et al.*, 2015; GELBRICH, *et al.*, 2016; ROSCHK; GELBRICH, 2017).

The first study will be described in the following section.

3.2. STUDY 1A

We conducted Study 1a in order to verify the main effects of different levels of financial compensation on consumer responses: satisfaction and intentions to engage

in negative eWOM mediated by perceptions of unfairness, therefore testing Hypotheses 1a and 1b. The relationships hypothesized suggested that when receiving lower levels of financial compensation consumers would perceive the treatment as being unfair and therefore would be less satisfied and more willing to engage in negative eWOM. The details of this experiment will be explained next.

3.2.1. Research design and its participants

The research design was single factor, with only one independent variable being manipulated (GOODWIN; GOODWIN, 2013). The variable 'compensation' was tested between-subjects on two levels (lower vs. higher than the target consumer). Data was collected using the Prolific platform, filtering for only British respondents.

Study 1a involved a total of 214 participants, 12 of whom did not pass the attention checks and were therefore eliminated from the database. Outliers were verified based on z scores and there were no cases with extreme values. The final dataset comprised a total of 202 respondents (57% female, $M_{age} = 39$, $s.d. = 12.67$). They were invited to take part in a study about service and were randomly assigned to one of the conditions (lower vs. higher compensation), with each experimental group resulting in 101 participants.

3.2.2. Procedures

To operationalize the study, we adapted a scenario used in Gelbrich *et al.* (2016). Respondents were exposed to a written failure in a hotel where they received 40% financial compensation and the target consumer received either 10% (from the respondent's perspective he/she received higher compensation), or 70% (from the respondent's perspective he/she received lower compensation). The levels of compensation offered were defined after a complaint had been lodged, which will be described in the following sections. The details of the scenario are as follows:

"Imagine that you've decided to treat yourself to a weekend trip and a one-night stay at a hotel. You booked and prepaid a hotel room for you and your partner. When you arrive at the Hotel it is already late at night and you are very tired, so you go straight to your room. At 5 AM, you are awoken by loud noises outside your room. Since you

are up and annoyed already, you decide to check out of the Hotel early in order to make the most of your day. At the front desk you mention the whole situation and your frustration to the receptionist, who talks to the manager, who comes back and says to you:

"We're very sorry to hear about the noise on your floor. In order to compensate you for the inconvenience caused we would like to offer you a 40% discount on your stay. We will refund the amount paid on your credit card next week as reimbursement. We hope you accept our apologies."

You thank the person and inform him that your car is in the garage. While they are fetching it, you and your partner wait in the lobby."

As the individuals who were assigned to receive lower compensation (considering the target consumer) are leaving the lobby, they overhear another customer talking about having received a 70% discount. Since the respondent always received 40% compensation, he was comparing himself to someone who had received a higher amount (70%), therefore this was labeled as "lower compensation" received by the respondent. For "higher compensation" he/she overhear the other customer say they had received 10% compensation, were respondents received a higher amount (40%).

After reading the scenario, respondents answered questions regarding the dependent variables, mediator measures, manipulation checks and control variables, which are discussed in detail in the following section.

3.2.3 Measurement

The present study listed four distinct types of measurement. First, the measure of the dependent variables (satisfaction and the intention to engage in negative eWOM regarding the experience in question) was included; second, the measure to check for manipulation: used to establish if manipulation of the independent variable was indeed effective; third, the measure of fairness perception as mediator; and lastly, variables for controlling items that may influence these relationships were measured, along with other important measures in the experimental research process.

For the first measure, aimed at checking for manipulation, respondents answered the question *'What was the compensation the other customer received like?'*

(adapted from Gelbrich *et al.*, 2016). The answers were presented on a 7-point Likert scale, varying from '*smaller than yours*' to '*bigger than yours*'.

The second group of measures related to dependent variables. Respondents were presented the following question: '*After this response from the hotel how likely are you to...*'. Dependent variables, related to the intention to engage in negative eWOM, were measured using the following items adapted from Singh (1988) and Mattila Hanks and Zhang (2013): '*share information about this situation with other people online*' and '*post negative information about the hotel on your social network*'. All the answers were structured on a 7-point Likert scale, ranging from '*very unlikely*' to '*very likely*'. These variables ($r = .61$) were used to create an index of intentions to engage in negative eWOM.

Dependent variable satisfaction was measured using two items (adapted from Maxham and Netemeyer, 2002) '*In my opinion the hotel provided a satisfactory solution to my problem on this particular occasion*' and '*I am satisfied with the hotel's handling of this particular problem*'. The scale ranged from 1 (strongly disagree) to 7 (strongly agree). These variables ($r = .91$) were used to create an index for satisfaction.

The third group of questions had to do with the 'fairness' (overall perception of justice) mediator, which was measured using three items (TAX *et al.*, 1998): '*The compensation I received was fair*', '*The compensation I received was appropriate*' and '*The compensation I received was justifiable*'. The scale ranged from 1 (strongly disagree) to 7 (strongly agree) and its reliability was verified with Cronbach's Alpha ($\alpha = .91$). A fairness perception index was created based on this scale.

In order to better understand the respondents' perceptions an open question was included: '*How did you feel about the failure and the compensation offered?*'.

An attention check was included to confirm whether the respondent was really paying attention to what he/she was answering. The final group of measures also included some of the variables that could exercise some influence on the main relationships.

The perceived severity of the failure was measured with one item "*The failure was minor*" (HESS; GANESAN; KLEIN, 2003). We also measured frequency of staying at hotels, to what extent the respondent perceived the failure as having been caused by the hotel, and their gender and age. It is important to mention that we ran Covariance Analyses (ANCOVA) both with and without these covariates for all studies in this

dissertation. The results were mostly non-significant for all the studies. In cases where the covariates were significant, the effect was minor (i.e. it did not significantly change the effects of the independent variables). Therefore, to keep a standard for all analyses, we did not include covariates in the final model. The results of the ANCOVAs are presented in Appendix 1.

Realism was checked by way of three statements: '*I could imagine myself in the situation described*', '*The compensation received was realistic*' and '*The negative experience described was realistic to me*', with possible answers varying on a 7-point Likert scale from '*Totally disagree*' to '*Totally agree*'. These three items produced an index ($\alpha = .63$) of realism.

3.2.4. Pretest

As an initial research effort we ran a pretest in order to verify higher and lower compensation situations by checking consumers' expectations regarding the amount of financial compensation received, their feelings towards the situation and eventual problems with the description of the scenario.

The pretest encompassed 184 respondents (56% male, $M_{age} 38$, $s.d. 11.95$). The manipulation of financial compensation worked as intended ($t(1,182) = 18.47$, $p=0.01$), since there were differences in perception of the compensation received in the two situations. Individuals receiving the lower compensation (compared to a target consumer) perceived their peers as having received more than they did ($M= 6.30$, $s.d.= 1.17$), while people who received higher compensation perceived other customers as having received a smaller amount ($M= 2.23$, $s.d.= 1.77$).

There was no difference between groups in their perceptions related to the realism ($M=5.35$, $s.d.= 1.03$ in the lower condition vs. $M= 5.43$, $s.d.= 1.18$) of the scenario described ($t(1,182) = -.51$, $p= .61$). Respondents said that they could imagine themselves in the situation depicted. They usually stayed at hotels ($M= 4.39$, $s.d.= 1.66$), perceived the failure as moderately severe ($M= 3.86$, $s.d.= 1.54$) and caused by the hotel ($M= 4.79$, $s.d.= 1.68$).

With regard to the open question, respondents expressed different perceptions of the problem described, but mostly those who received higher compensation expressed their perceptions using positive words, such as "happy", "pretty generous",

“lucky”, “grateful”, “glad” and “exciting”, whereas people assigned the lower compensation expressed feelings such as “sad”, “annoying”, “unfair”, “unacceptable”, “angry” and “upset”.

These results demonstrated that not only had the manipulation worked as intended, but also people’s reactions to the situation were in accordance with what the literature suggests. Considering the positive outcomes of the pretest we moved on to develop Study 1a.

3.2.5. Data Analysis and Results

The analyses of Study 1a basically related to descriptive statistics and tests of mean differences (ANOVA and t test) in SPSS 22. Mediation tests were carried out using the PROCESS macro for SPSS (model 4) by Hayes (2013).

3.2.5.1. Manipulation Checks

By way of a t test it was possible to verify that the manipulation of financial compensation worked as intended ($t(1, 200) = 38.45, p = .001$), since people who received less compensation than the target consumer perceived their peers as receiving higher levels of the benefit ($M = 6.50, s.d. = 1.07$), while individuals receiving a higher level of compensation perceived other customers’ compensation as being smaller ($M = 1.41, s.d. = .79$).

With regard to the realism of the scenarios, respondents mentioned that they could imagine themselves in the situation described and there was no difference between the groups ($M = 5.10, s.d. = .98$ in the lower compensation condition, vs. $M = 5.19, s.d. = 1.08$ in the higher) with regard to their perception of realism ($t(1, 200) = -.66, p = .510$).

3.2.5.2. Main effects

The main effects were as expected, where the higher the compensation received ($M = 5.80, s.d. = 1.08$ vs. $M = 3.90, s.d. = 1.49$), the higher the satisfaction reported ($F(1, 201) = 108.61, p = 0.001, \eta^2_p = .35$) by respondents. According to the ANOVA results shown in Table 1, compensation levels explained 35% of the variation

in consumer satisfaction.

Table 1: Effect of different levels of compensation on satisfaction

Dependent Variable: Satisfaction						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	182.49a	1	182.49	108.61	0.001	0.35
Intercept	4754.46	1	4754.46	2829.62	0.001	0.93
Compensation	182.50	1	182.50	108.61	0.001	0.35
Error	336.05	200.00	1.68			
Total	5273.00	202.00				
Corrected Total	518.55	201.00				

a. R² = .352 (Adjusted R²= .349)

Source: Research data, 2019.

Likewise, the main effect of negative eWOM was also as expected, with respondents demonstrating a greater intention to engage in negative eWOM because of lower levels of compensation when compared to their peers ($F(1, 201) = 32.35$, $p = 0.001$, $\eta^2_p = .14$), as mentioned in Table 2.

People who received less compensation were more willing to engage in negative eWOM ($M = 4.20$, $s.d. = 1.73$) than their peers who received more financial compensation ($M = 2.98$, $s.d. = 1.31$), and compensation levels explained 14% of the variance in intentions to engage in negative eWOM.

Table 2: Effect of different levels of compensation on negative eWOM

Dependent Variable: negative eWOM						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	76.12a	1	76.12	32.35	.001	.14
Intercept	2609.29	1	2609.29	1108.93	.001	.85
Compensation	76.12	1	76.12	32.35	.001	.14
Error	470.59	200.00	2.35			
Total	3156.00	202.00				
Corrected Total	546.71	201.00				

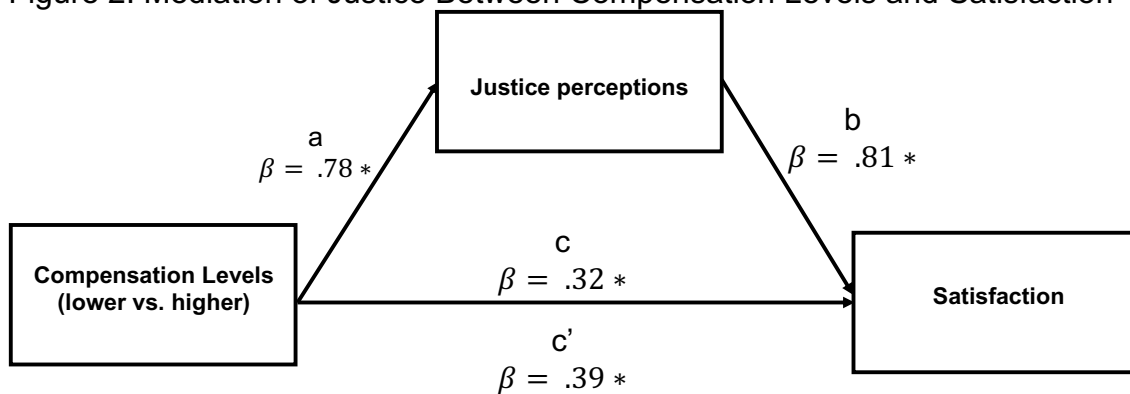
a. R² = .139 (Adjusted R²= .135)

Source: Research data, 2019.

3.2.5.3. Mediation

The mediation of fairness was tested considering covariates and using the PROCESS Macro, Model 4. The effect of the perception of justice mediating the main effect between levels of compensation and satisfaction was confirmed. The path between compensation and justice (a) was positive ($F(1, 200) = 68.82, p = .001, b = .78, R^2 = .26, t(200) = 8.30, p = .01$) and so was (b) the relationship between justice perception and satisfaction ($F(2, 199) = 392.14, p = .001, R^2 = .80, b = .81, t(199) = 20.93, p = .001$), meaning that for every point increase in the perception of justice, satisfaction increases 81%, which is a strong relationship.

Figure 2: Mediation of Justice Between Compensation Levels and Satisfaction –



* $p = .001$

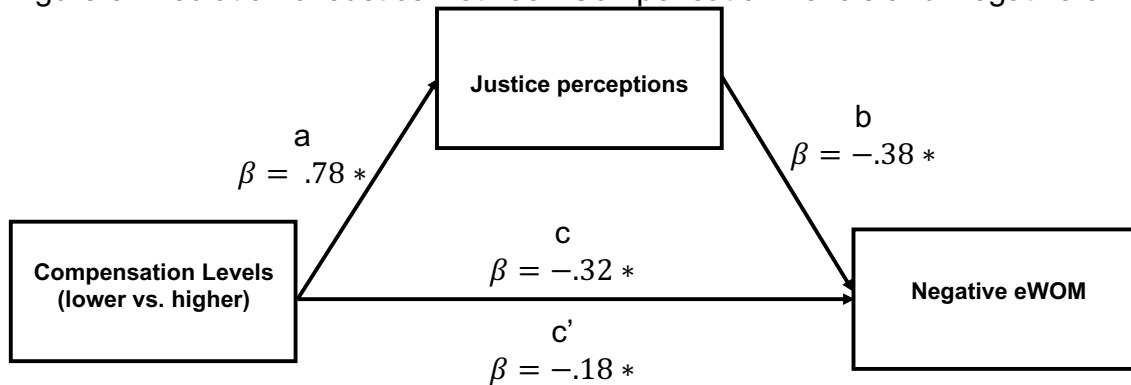
Source: Research data, 2019.

This was partial mediation, since the direct effect is significant even when perceptions of justice are considered (c) ($b = .32, t(199) = 5.45, p = .001$). The partially standardized indirect effect (c') of compensation on satisfaction was positive and significant ($b = .39, CI$ from .31 to .47). Figure 2 shows the mediation model for satisfaction.

Mediation of eWOM was also confirmed by way of significant paths between justice and negative eWOM (b) ($F(2, 199) = 29.89, p = 0.001, b = -.38, R^2 = .23, t(199) = -4.87, p = 0.001$), demonstrating that for every point increase in the perception of justice, there is a decrease of 38% in intentions to engage in negative eWOM regarding the situation. The confidence interval for the indirect effect (c'), based on 5000 bootstrap samples, confirmed the mediation of fairness between compensation and negative eWOM ($b = -.18, CI$ from -.26 to -.10). This was a partial mediation, since there was a

significant direct (c) effect ($b = -.32$, $t(199) = -2.71$, $p = 0.001$). Figure 3 details the mediation model.

Figure 3: Mediation of Justice Between Compensation Levels and Negative eWOM



* $p = .001$

Source: Research data, 2019.

3.2.6. Discussion

Study 1a confirmed that lower compensation levels trigger perceptions of unfairness and this has a positive impact on consumer satisfaction (GELBRICH *et al.*, 2016), thus confirming Hypothesis H1a. Likewise, unfairness perceptions also have a negative impact on intentions to engage in negative eWOM, meaning that the more unfair consumers perceive a service recovery to be that involves financial compensation to several individuals, the greater their intentions to spread negative information about the experience online (GREGOIRE *et al.*, 2015). This confirms our Hypothesis H1b related to the increase in the venting of frustration and expressing negative feelings (HENNIG-THURAU *et al.*, 2004).

Study 1a was an initial research effort in order to corroborate the main effects of offering different compensation levels to individuals who faced a similar failure, as well as fairness perceptions triggered by this compensation. It is important to note that the respondents received 40% compensation in both conditions, and what was manipulated was only the compensation received by the target consumer (i.e. 10% or 70%). These results were relevant since it is very usual to face service failure in a hotel consumption context and Study 1 suggests that offering different levels of financial compensation might backfire if individuals find out that another consumer received a higher discount. The outcome is more than just a dissatisfied customer; it involves a person

who is willing to speak out in a negative manner on social networks about the company. This may have a negative impact on the hotel's image not only online, but offline also. Therefore, this is a recovery tactic that must be cautiously adopted.

Although these results are interesting, the fact that fairness perceptions mediated only partially the main effects between financial compensation levels and satisfaction and intentions to engage in negative eWOM needs special attention. It suggests that other variables might play a relevant role in this relation. Maybe discrimination perceptions could be one of the plausible explanations for this effect, however on scenario of study 1a there were no information enough about social groups. It is also important to know if this partial mediation effect will hold true in other service contexts. Therefore, we designed Study 2 considering a different failure situation.

3.3. STUDY 1B

We conducted Study 1b to check whether the relationships tested in study 1a are consistent in different service contexts using a different sample. This study included testing main effects and Hypothesis H1a and H1b related to the mediating effect of the perception of justice on the relationship between levels of compensation and consumer responses.

3.3.1. Research design and its participants

The research design was single factor, with the same independent variable already manipulated in Study 1. The levels were also the same (lower vs. higher compensation compared to the target consumer). Data were collected using the Mturk platform with an American sample.

Study 1b involved a total of 296 participants, 40 of whom did not pass the attention checks and were therefore eliminated from the database. Outliers were verified based on z scores and there were no cases of extreme values. The final dataset comprised a total of 256 respondents (54% male, $M_{age} = 36$, $s.d. = 16.05$). They were invited to take part in a study about service and were randomly assigned to one of the situations, with the lower compensation group comprising 126 respondents and 130 in the higher compensation group.

3.3.2. Procedures

To operationalize the study, we developed a scenario involving a service failure in a travel agency. As with Study 1a, respondents were exposed to a failure where they received 40% financial compensation and the target consumer received either 10% (from the respondent's perspective he/she received higher compensation) or 70% (from the respondent's perspective he/she received lower compensation). The levels of compensation offered were kept equal in order to maintain the same comparison standards. The details of the scenario are as follows:

"Imagine that you are on vacation and you have planned a day trip to a historical location which is a unique archaeological complex. You are very excited about the possibility of visiting such a beautiful place located on top of a hill. On the day of your trip the bus leaves early in the morning. After driving for one hour, the tour guide finds out that you will not be able to reach your destination, since the road is too slippery and temporarily closed due to the previous night's bad weather. At the end of the trip the bus heads back to the travel agency parking lot as planned. Then you decide to go to the office to explain your frustration. You actually went to other minor tourist spots that were included in your trip, but you didn't go to the archaeological complex which was the main attraction you were so excited about.

The person says to you:

"We're very sorry about this problem. In order to compensate you for the inconvenience caused we would like to offer you a 40% refund on the price you paid. We hope you accept our apologies."

On leaving the company's office, the individuals who were assigned to receive lower compensation (considering the target consumer) overheard other customers talking about having received a 70% refund. Since the respondent who received 40% compensation was comparing him/herself with someone who received a higher amount (70%), this was therefore labeled as a "higher compensation" condition. For the "lower compensation" condition, he/she overheard the other customer who had received 10% compensation.

3.3.3 Measurement

After reading the scenario, respondents answered the same questions as the ones used in Study 1a. Dependent variable (satisfaction and intention to engage in negative eWOM) measures, manipulation checks, mediator justice perception and control variables were exactly the same. The only adjustment that was made was to the questions that mentioned the hotel (e.g. "...*post negative information about the travel agency on your social network*"). Reliability and the correlations of measures used for satisfaction ($r = .87$), negative eWOM ($r = .67$) and justice perceptions ($\alpha = .96$) were considered acceptable.

3.3.4. Data Analysis and Results

The analyses of Study 1b basically related to descriptive statistics and tests of mean differences (ANOVA and t test) in SPSS 22. Mediation tests were performed using the PROCESS macro for SPSS (model 4) by Hayes (2013).

3.3.4.1. Manipulation Checks

Manipulation of financial compensation worked as intended ($t(1, 254) = 21.97$, $p = .001$), since the people who received less compensation than the target consumer perceived their peers as having received higher levels of the benefit ($M = 6.17$, $s.d. = 1.21$), while individuals on the higher compensation level perceived other customers' compensation as being smaller ($M = 1.99$, $s.d. = 1.76$).

Regarding the realism of the scenarios, respondents mentioned they could imagine themselves in the situation described and there was no difference between the groups ($M = 5.32$, $s.d. = 1.32$ in the lower condition vs. $M = 5.28$, $s.d. = 1.45$ in the higher) with regard to the perception of realism ($t(1, 256) = .22$, $p = .830$).

3.3.4.2. Main effects

The main effects were also as expected, where the higher the compensation received ($M = 4.48$, $s.d. = 1.66$ vs. $M = 3.02$, $s.d. = 1.79$), the higher the satisfaction reported ($F(1, 255) = 46.18$, $p = 0.001$, $\eta^2_p = 15.0$) by respondents. According to the ANOVA results shown in Table 3, compensation levels explained 15% of the variation

in consumer satisfaction.

Table 3: Effect of different levels of compensation on satisfaction

Dependent Variable: Satisfaction						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	137.28a	1	137.28	46.18	.001	.15
Intercept	3603.40	1	3603.40	1212.00	.001	.83
Compensation	137.28	1	137.28	46.18	.001	.15
Error	755.17	254.00	2.97			
Total	4518.75	256.00				
Corrected Total	892.45	255.00				

a. R² = .154 (Adjusted R²= .150)

Source: Research data, 2019.

Likewise, the main effect of negative eWOM was also as expected, with respondents showing a greater intention to engage in negative eWOM for lower levels of compensation than their peers ($F(1, 255) = 12.34, p=0.001, \eta^2_p = .05$), as detailed in Table 4.

People who received less compensation were more willing to engage in negative eWOM ($M=4.73, s.d.=1.78$) than those who received more financial compensation ($M=3.95, s.d.=1.82$). In this model, compensation accounted for 5% of the variation in intentions to engage in negative eWOM.

Table 4: Effect of different levels of compensation on negative eWOM

Dependent Variable: negative eWOM						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	39.22a	1	39.33	12.34	.001	.05
Intercept	4816.64	1	4816.64	1511.43	.001	.86
Compensation	39.33	1	39.33	12.34	.001	.05
Error	809.45	254.00	3.19			
Total	5653.00	256.00				
Corrected Total	848.78	255.00				

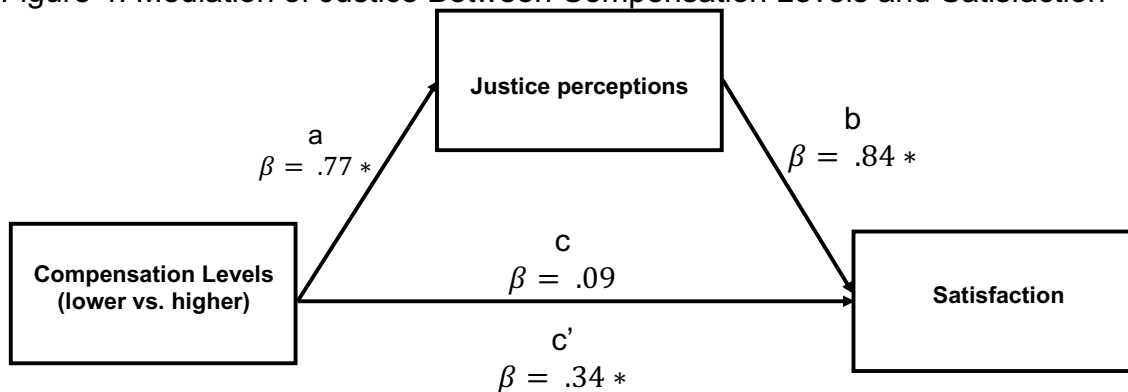
a. R² = .046 (Adjusted R²= .043)

Source: Research data, 2019.

3.3.4.3. Mediation

The effect of the perception of justice mediating the main effect between levels of compensation and satisfaction was once again confirmed. The path between compensation and justice was positive (a) ($F(1, 254) = 48.29, p = .001, b = .77, R^2 = .16, t(254) = 6.95, p = .001$) and so was (b) the relationship between justice perception and satisfaction ($F(2, 253) = 441.75, p = .001, R^2 = .78, b = .84, t(253) = 26.62, p = .001$), meaning that for every point increase in the perception of justice, satisfaction increases 84%.

Figure 4: Mediation of Justice Between Compensation Levels and Satisfaction-



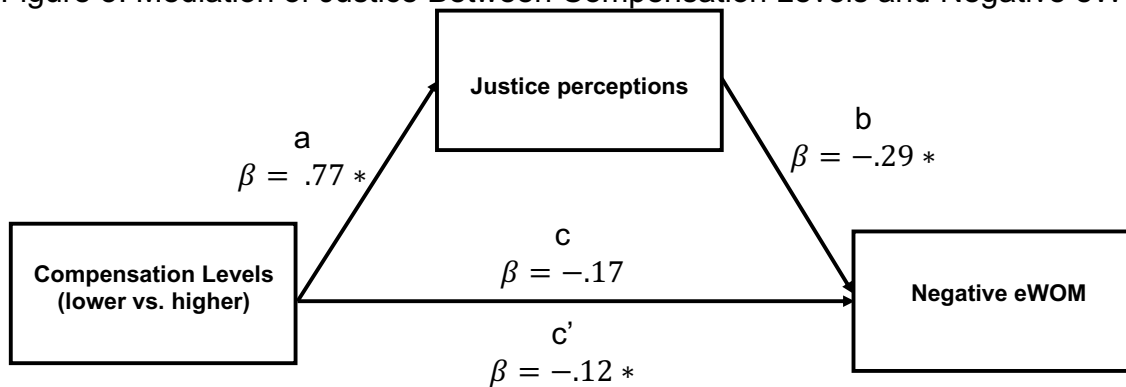
* $p = .01$

Source: Research data, 2019.

The overall indirect effect of compensation on satisfaction through the perception of justice (c') was also significant and positive ($b = .34, CI$ from .25 to .44). This was full mediation, since the direct effect (c) was not significant ($b = .09, t(253) = 1.48, p = .140$). Figure 4 details the mediation model for satisfaction.

Mediation on eWOM was also confirmed by way of significant paths between justice and negative eWOM (b), which was negative ($F(2, 253) = 18.01, p = 0.001, b = -.29, R^2 = .12, t(253) = -4.76, p = 0.001$), demonstrating that for every point increase in the perception of justice, there is a decrease of 29% in intentions to engage in negative eWOM regarding the situation. Figure 5 details the mediated model.

Figure 5: Mediation of Justice Between Compensation Levels and Negative eWOM.



*p = .01

Source: Research data, 2019.

The confidence interval for the indirect effect (c') corroborated the mediation of fairness between compensation and negative eWOM ($b = -.12$, CI from $-.19$ to $-.06$). This was also full mediation, since there was no direct effect (c) when justice was included in the model ($b = -.17$, $t(253) = -1.45$, $p = .140$).

3.3.5. Discussion

Study 1b confirmed the effect of different levels of financial compensation offered to consumers facing a similar service failure situation. These discrepancies in the treatment offered end up causing unfairness perceptions and this had an impact on consumers' responses, satisfaction (H1a) and intentions to engage in negative eWOM (H1b).

Similar outcomes, considering a different population and service context from Study 1a (British sample – a hotel scenario) to Study 1b (American sample – a travel agency scenario), increased the external validity of the results by demonstrating a consistent effect.

These results also confirmed existing research on responses to service failure leading to perceptions of justice, which influence satisfaction levels and negative WOM intentions (GELBRICH; ROSCHK, 2011; ORSINGHER *et al.*, 2010). These results also add to the literature on consumer behavior, showing that it is not just the amount of compensation offered that matters. In a context where one individual can compare him/herself socially to another customer who is apparently in the same situation, offering different amounts of compensation without an explanation might trigger feelings of

injustice and therefore reduce satisfaction (GU; YE, 2014), while increasing frustration and intentions to spread negative WOM (GREGOIRE; FISCHER, 2008).

Studies 1a and 1b add to the social comparison theory demonstrating that upward comparison can be very detrimental to the relationship the company has with the customer. In other words, when the customer compares him/herself to a target who received higher financial benefits, this has an influence on perceptions of fairness and customer responses to service recovery, so that the individual is more prone to engage in negative eWOM, thus potentially damaging the company's image.

After these initial results, we moved on to Hypothesis 2 which focused on the role played by a specific social comparison criterion: one based on the social class of individuals. The focus adopted in the next studies will be on dissimilarities between consumers (RUCKER *et al.*, 2018; SHAVITT *et al.*, 2016) when compared to one another, thus adding extra information to the comparison situation. Considering that this might trigger perceptions of discrimination, this can also be a variable that has an influence on consumer responses and therefore it needs to be better understood.

Fairness is related to discrimination because it influences the perspective of the individual about the treatment received (CROCKETT; GRIER; WILLIAMS, 2003). When an individual assesses an experience, how unfair it is perceived to be can influence the process of attributing the problem to discrimination (MAJOR; QUINTON; MCCOY, 2002). In the case of this research when we specifically analyze the social class of consumers, the variable to be considered will be discrimination instead of fairness perceptions which might be triggered without any connection to social comparison. To feel discriminated against has to do with the perception of receiving certain treatment because the individual is part of a specific social group (BAKER; MEYER; JOHNSON, 2008), in the next studies this social group will be lower social class (versus higher).

3.4. STUDY 2

Study 2 was designed to test Hypothesis 2 regarding social class comparison moderating the relationship between levels of compensation and discrimination perceptions. This study also allowed us to test the conditional effect of social class and discrimination on the responses of customers (satisfaction and negative eWOM) by

testing a moderated mediating model.

3.4.1. Research design and its participants

Study 2 was carried out using the same hotel failure scenario employed in Study 1, but we also manipulated social comparison resulting in a 2 (compensation: higher vs. lower financial compensation compared to a target consumer) x 3 (social class: upper vs. lower vs. same social class) experiment to check for moderation and conditional indirect effects. This factor design was entirely between subjects, in which each respondent in the sample was only exposed to one of the six conditions.

Data collection used the *Mturk* platform with American respondents and involved 287 respondents. Since 57 did not pass the attention checks they were deleted from the dataset. Outliers were verified based on z scores and there were no cases of extreme values. The final data comprised a total of 230 individuals (56% male, $M_{age}=36$, $s.d.=11.81$). The group in the lower compensation condition involved 114 respondents, while the higher compensation condition involved 116. Likewise, the experimental group in the lower social class condition encompassed 78 individuals vs. 75 in the upper social class condition and 77 respondents in the control group (similar).

3.4.2. Procedure

The scenario and manipulation of different financial compensation levels were kept the same as in Study 1a, but manipulation of the moderator (social class comparison) was included in Study 2. This manipulation involved suggesting that the other customer appeared to be from a higher social class and was formally dressed, while he/she was from a lower social class and informally dressed. It was inspired by previous research carried out by Baldwin and Mussweiler (2018) and Rucker *et al* (2018), in which dress code and dressing formally were associated with the upper social classes. The scenarios included only a written description of the situation, according to the example below:

“Imagine that you’ve decided to treat yourself to a weekend trip and a one-night stay at a hotel. You booked and prepaid a hotel room for you and your partner. When you arrive at the Hotel it is already late at night and you are very tired, so you go straight

to your room. At 5 AM, you are awoken by loud noises coming from the breakfast room (which was located near your room). Since you are up and annoyed already, you decide to check out of the Hotel early in order to make the most of your day. At the front desk you mention the whole situation and your frustration to the receptionist, who talks to the manager, comes back and says to you: "We're very sorry to hear about the noise on your floor coming from the breakfast room. In order to compensate you for the inconvenience caused we would like to offer you a 40% discount on your stay. We will deposit the amount paid on your credit card next week as reimbursement. We hope you accept our apologies." You thank the person and inform him that your car is in the garage. While they bring it, you and your partner wait in the lobby."

The manipulation then presented the following example:

"Next to you there is a couple also waiting for their car. The man says "Honey, I complained to the manager because of the loud noises on our floor and he gave us a 10% discount."

The couple is not similar to you and you can't relate to them. They seem to be from an upper social class and are wearing very formal suits."

The example illustrates the "higher compensation" situation. Since the respondent received 40% compensation, he/she was comparing him/herself to someone who received a lower amount (10%) and belonged to an upper social class, while the following example illustrated the manipulation of the "lower compensation" situation, where the respondent was comparing him/herself to a target customer who received 70% and was perceived as being from a lower social class:

"Next to you there is a couple also waiting for their car. The man says "Honey, I complained to the manager because of the loud noises on our floor and he gave us a 70% discount."

The couple is not similar to you and you can't relate to them. They seem to be from a lower social class and are wearing very informal outfits."

The social class manipulation control group was as follows:

“The couple is similar to you and you can relate to them. They seem to be from the same social class as you and are dressed just like you.”

Respondents were randomly assigned to situations that mixed the examples above, including lower and higher compensation levels, as well as being compared to a target consumer who appears to be from an upper, lower or the same social class. After reading the scenario, respondents answered the measures as follows.

3.4.3. Measurement

The measures used were similar to those in Studies 1a and 1b, with four groups of questions. The first related to dependent variables (satisfaction and intention to engage in eWOM), the second related to manipulation checks, the third group of measures related to perceptions about the treatment received (justice and discrimination perceptions), and the final group included the control variables.

In the first group we included manipulation checks for the social comparison variable with two items to the question *‘Regarding the couple waiting in the lobby...’*. The first question was *‘how similar were they to you?’* answered on a Likert scale ranging from *very dissimilar* (1) to *very similar* (7). The second question was *‘To what social class do you think they belong when compared to you’*, with possible answers on a Likert scale ranging from *lower class* (1) to *upper class* (7).

We also included a three-item discrimination scale (BAKER *et al.*, 2008) in order to check the effect of this variable on the perceptions of special treatment considering a social comparison between customers with regard to the service context. The items used were *“I believe the company was discriminatory”*, *“I believe the different levels of financial compensation were due to social class discrimination”* and *“I believe the social class of the customers was a relevant factor in the problem described”*. The scale ranged from *strongly disagree* (1) to *7 strongly agree* (7).

Reliability and the correlation of measures used for satisfaction ($r = .89$), negative eWOM ($r = .56$), justice perceptions ($\alpha = .93$) and discrimination perceptions ($\alpha = .89$) were verified and considered to be at acceptable levels.

3.4.4. Data Analysis and Results

The analyses of Study 2 basically related to descriptive statistics and the mean differences tests (ANOVA and t test) in SPSS 22. Moderation and conditional effects were verified using the PROCESS macro for SPSS (models 1 and 7) by Hayes (2013).

3.4.4.1. Manipulation Checks

The manipulation of financial compensation worked as expected ($t(1, 228) = 23.17, p = .01$). Individuals in the lower compensation situation perceived others to have received higher levels of compensation ($M = 6.26, s.d. = 1.05$) and respondents at the higher compensation level perceived another customer's compensation as being smaller ($M = 2.04, s.d. = 1.64$).

Manipulation checks of social class also worked, ($F(2, 227) = 212.07, p = 0.01$), since *post hoc* tests using the Least Significant Difference (LSD) confirmed that respondents in the situation of comparing themselves to a customer described as being from a lower social class perceived them to be part of this social group ($M = 2.23, s.d. = 1.35$), whereas those from the upper class perceived their peers as being part of a higher social position ($M = 6.11, s.d. = 1.12$). People in the control group were also perceived as such ($M = 4.43, s.d. = 1.01$).

Regarding the realism of the scenarios, respondents mentioned that they could imagine themselves in the situation described and there was no difference between the groups ($M = 5.27, s.d. = 1.16$ in the lower class condition vs. $M = 5.14, s.d. = 1.35$ in the higher class condition) in perception related to realism ($t(1, 227) = .82, p = .420$).

3.4.4.2. Moderation effect

The interaction analysis (Table 5) showed there to be a significant relationship between the variables ($F(1, 229) = 16.72, p = .001, \eta^2 p = .13$), with the interaction explaining 13% of the variation in discrimination perceptions. We used PROCESS Model 1 to test the different levels of social class comparison and results were significant for people who compared themselves to lower class target consumers ($b = .62, t(226) = 3.96, p = .001$) and for individuals comparing themselves to the upper social class ($b = -.65, t(226) = -4.17, p = .001$). The effect was not significant, however, for the control

group ($b = -.02$, $t(226) = -.14$, $p = .881$).

Table 5: Interaction between compensation levels and social class comparison

Dependent Variable: Discrimination						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	173,54a	5	34.71	14.08	.001	.24
Intercept	3993.91	1	3993.91	1619.97	.001	.88
Compensation	.12	1	.12	.05	.820	.00
Class	81.28	2	40.64	16.48	.001	.13
Compensation * class	82.44	2	41.22	16.72	.001	.13
Error	552.26	224	2.47			
Total	4833.56	230				
Corrected Total	725.80	229				

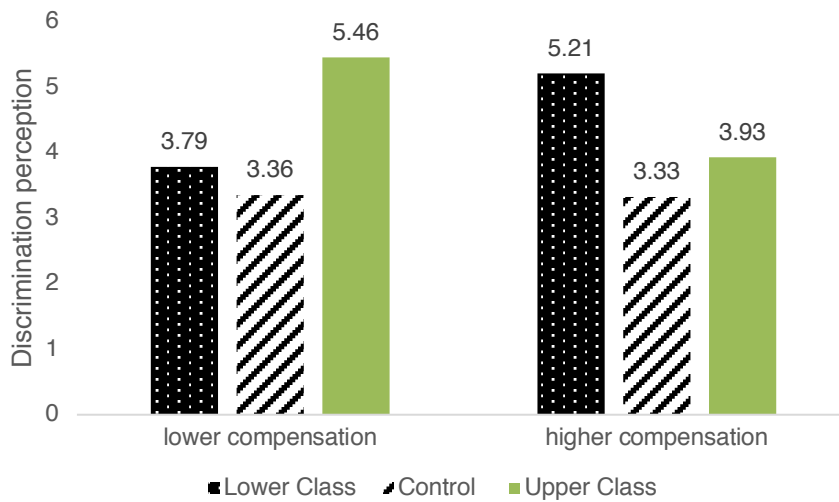
a. $R^2 = .239$ (Adjusted $R^2 = .222$)

Source: Research data, 2019.

When respondents exposed to lower compensation compared themselves to someone who appears to be from a higher social class, they perceived higher levels of discrimination ($M = 5.46$, $p = .000$) than those who compared themselves to people from lower social classes ($M = 3.79$, $p = .000$). On the other hand, people who received higher compensation levels compared to someone from a lower social class ($M = 5.21$, $p = .000$) felt more discriminated against than when they were comparing themselves with someone of upper socioeconomic status ($M = 3.93$, $p = .000$). There was no difference for the control group.

The results shown in Figure 6 confirm the idea that different levels of social compensation trigger higher levels of discrimination, not only when the focus consumer receives lower levels of compensation compared to a target consumer who is perceived to be from an upper social class, but also when someone from an upper social class receives higher compensation.

Figure 6: Moderation of social class - hotel



Source: Research data, 2019.

As already mentioned, discrimination in this dissertation is treated as a broad concept. Even people who are in the downward compensation condition (i.e. receiving more compensation) perceive the situation as discriminatory when the target consumer receives less benefit because he/she belongs to a lower social class. Likewise, the person who received lower compensation than a target consumer, perceived to be from an upper social class, perceives him/herself as being treated in a discriminatory manner due to his/her social class.

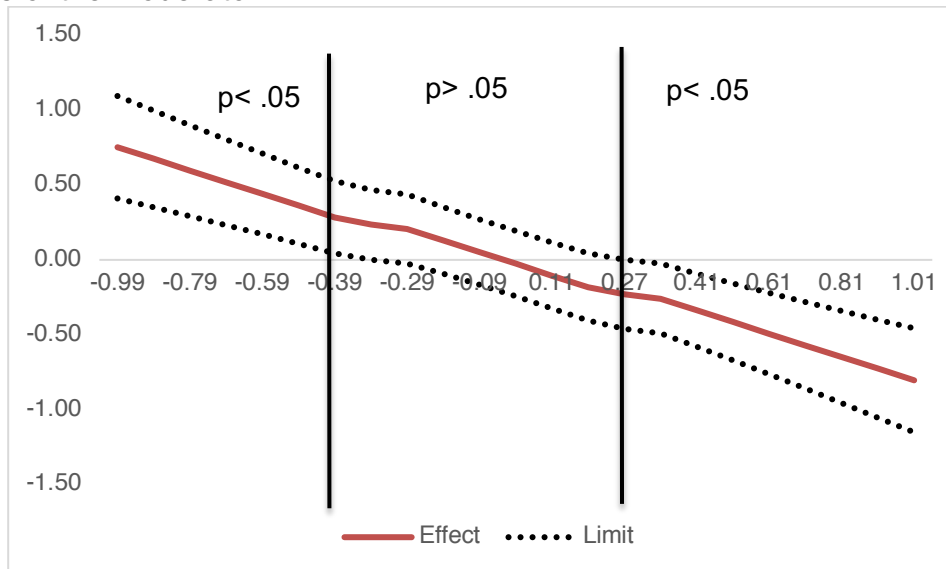
3.4.4.3. Conditional Effects

We used Process Model 7 (Appendix) to test if the indirect effect of levels of financial compensation on consumer responses would vary as a function of the social class comparison, considering its effect on discrimination perceptions.

When we consider satisfaction as the dependent variable, the index of moderated mediation was not significant, because when we analyze the upper and lower confidence intervals (CI) zero was included (CI from $-.03$ to $.18$), which means that the simple slopes of different levels of the moderator and the indirect effect of compensation on satisfaction were not different. When performing the floodlight (i.e., a technique that identifies simple effects on all possible values of the moderator – social comparison) analysis (Spiller *et al.*, 2013), it was possible to perceive in Johnson Newman's output (Figure 7), that the conditional effects were significant at the extreme values of

the moderator (lower vs. upper), but not in the control group. Considering -1 to be lower class situation and +1 to be the upper-class situation the effects are positive and significant up to the level -.32 and negative and significant from .27 onwards.

Figure 7: Johnson Newman output for the levels of discrimination considering different levels of the moderator



Source: Research data, 2019.

However, when we consider negative eWOM as the dependent variable, the index of moderated mediation (CI from -.31 to -.08) was significant and so was the overall effect on negative eWOM ($F(2, 227) = 13.37, p = 0.001, b = .23, R^2 = .11, t(227) = 4.04, p = 0.001$). The results of all paths are displayed in Table 6.

Table 6: Conditional effects on negative eWOM

	Mediation Model (Discrimination)			Dependent Model (Negative eWOM)		
	Coef.	S. E.	p	Coef.	S. E.	p
Constant	4.18	.11	.001	2.78	.27	.001
Compensation	-.02	.11	.892	-.33	.10	.001
Discrimination	-	-	-	.23	.06	.001
Class	.08	.14	.543	-	-	-
Compensation*Class	-.78	.14	.001	-	-	-
	R ² = .13			R ² = .11		
	F(3, 226) = 11.14, p = .001			F(2, 227) = 13.37, p = .001		

Source: Research data, 2019.

The conditional indirect effect of financial compensation on negative eWOM through discrimination is positive and significant at low levels (-1 s.d.) of the target consumer's perceived social class ($b=.15$, $s.e.=.05$, C.I. from .06 to .27), but negative and significant at higher levels (+1 s.d.) of social class ($b=-.15$, $s.e.=.05$, CI fom -.27 to -.06).

In other words, discrimination is a function of the perceived social class and of compensation levels. When the target is perceived as being from a lower social class, receiving less compensation despite triggering discrimination perceptions in the eyes of the upper-class individual, as demonstrated in the moderation model, also results in less intention to engage in negative eWOM. This means that when an upper-class focus consumer perceives a lower-class target individual receiving lower compensation, he/she understands that situation to be discriminatory, however he/she will probably not engage in negative eWOM with regard to the situation. This is maybe because the discrimination was not directed towards him/herself.

On the other hand, when the target is perceived as being from an upper social class, and the focus consumer receives less compensation it will trigger discrimination and he/she will be willing to engage in negative eWOM regarding their experience.

3.4.5 Discussion

The results of Study 2 corroborated Hypothesis H2 about the interaction of a social class comparison on the relationship between levels of financial compensation and discrimination perceptions, so that when a focus consumer receives lower compensation than an upper-class individual, he/she would feel discriminated against. The opposite is also true, since people who receive higher compensation than a target individual perceived to be from a lower social group also perceived discriminatory treatment. These initial results shed an interesting light on the effects of inequalities on consumers' behavior.

There is a lack of research on discrimination perceptions related to social class comparisons, with most of the research focusing on racial (BAKER *et al.*, 2012) not social class issues (SCHMITT; BRANSCOMBE, 2002). Based on Study 3, it appears that discrimination perceptions are actually activated when a social class comparison is available to the customer who received a smaller financial benefit from the company

that caused the problem.

This study also demonstrates that responses from consumers are influenced by discrimination perceptions. Intentions of engaging in negative eWOM would increase as a result of discrimination perceptions triggered by social class comparisons. Indeed, individuals who received lower amounts of compensation than other people perceived to be from higher socioeconomic ranks showed that they have more intention to engage in spreading negative information about the bad experience they had. Therefore, offering lower levels of compensation in a service setting in which individuals can compare themselves with one another in a qualified manner considering social classes might not be a good option for companies. They may spend less on compensating the consumer, but if the levels of financial compensation are different this might end in negative eWOM, thus damaging the image of the firm.

Previous studies have already stated that people focus on dissimilarities when comparing themselves with other individuals (MUSSWEILER, 2003) and even anticipate negative experiences when interacting with people who are outside their identity group (MALLET *et al.*, 2008). Among all the possible dissimilarities someone may face when engaging in social comparisons in a service encounter are those aspects associated with social class. Since these inequalities are constant in the daily lives of consumers and are increasing worldwide (SHAVITT *et al.*, 2016), we need to understand what we know on this topic better. These relationships will be further explored in the following studies.

3.5. STUDY 3

Study 3 was designed to confirm the interaction of compensation levels and social class, and to understand better the conditional indirect effect on consumer responses at different levels of social class.

3.5.1. Research design and its participants

Study 3 was carried out using a restaurant failure scenario. Manipulations were very similar to those used in Study 2, with 2 levels of financial compensation (higher vs. lower) and 3 levels of social class (social class: upper vs. lower vs. same social class).

Data collection used the *Mturk* platform with American respondents, of whom

there were 288. Since 45 did not pass the attention checks they were deleted from the database. Outliers were verified based on z scores and there were no cases of extreme values. The final sample comprised a total of 243 respondents (52% male, $M_{age} = 37$, $s.d. = 12.38$). They were invited to take part in a study about service and were randomly assigned to one of the conditions. The group in the lower compensation condition involved 127 respondents, while the higher compensation condition involved 116. Likewise, the experimental group in the lower social class condition encompassed 80 individuals vs. 82 in the upper social class condition and 81 respondents in the control group (same social class).

3.5.2. Procedure

The scenario was inspired by Roschk and Gelbrich (2017) who used a service failure in a restaurant that related to a delay in receiving the meal. As customers had a time constraint due to an appointment after dinner, they were compensated financially because of the problem. In the scenario used in Study 3 the failure was slightly different, since the customer received a meal that was different from the one ordered. Time constraint was also an issue here, since due to a later appointment he/she could not wait for the new dish to arrive. Restaurant situations have been commonly used in service failure research (WIEN; OLSEN, 2014; WU; MATTILA; WANG; HANKS, 2016) and also in social comparison contexts (BONIFIELD; COLE, 2008).

Financial compensation and social class manipulations were similar to those in Study 2. The scenarios included only a written description of the situation, according to the example below:

“Imagine that you go to a restaurant during your lunch break and order a risotto. When the main course arrives, you realize it is not what you ordered. Immediately you talk to the waiter and explain the problem mentioning how frustrated you are with the situation. Despite that, you will eat anyway because you have a meeting in 45 minutes, and you don't want to be late. When you ask for the check, the waiter says to you:

‘We are very sorry about the problem with your risotto. In order to compensate you for the inconvenience caused we would like to offer you a 40% discount on your meal. We hope you accept our apologies.’

You pay the bill and leave.”

The manipulation was then presented as follows:

“When you are leaving the restaurant, you overhear a couple talking. One of them says: ‘Honey, I complained to the manager for receiving the wrong dish and he gave us a 10% discount.

The couple is not similar to you and you cannot relate to them. They seem to be from an upper social class, and they are wearing very formal suits.

Based on this situation please answer the following questions:”

The example used the “higher compensation” situation. Since the respondent received 40% compensation, he/she compared him/herself to someone who received a lower amount (10%) and belonged to an upper social class. The following example depicted the manipulation of a “lower compensation” situation, with the respondent received 40% and was comparing him/herself to a target consumer who received 70% and was perceived as being from a lower social class:

“When you are leaving the restaurant, you overhear a couple talking. One of them says: ‘Honey, I complained to the manager for receiving the wrong dish and he gave us a 70% discount.’

The couple is not similar to you and you cannot relate to them. They seem to be from a lower social class and are wearing very informal outfits.

Based on this situation please answer the following questions:”

Control group manipulation was as follows:

“When you are leaving the restaurant, you overhear a couple talking. One of them says: ‘Honey, I complained to the manager for receiving the wrong dish and he gave us a 70% discount.’

The couple is similar to you and you can relate to them. They seem to be from the same social class as you and they are dressed just like you.

Based on this situation please answer the following questions:"

Respondents were randomly assigned situations, with the above examples being mixed to include lower and higher compensation levels, as well as being compared to a target consumer who appears to be from an upper, from a lower, or from the same social class. After reading the scenario, respondents responded to the measures as follows.

3.5.3. Measurement

The measures used were similar to those in Studies 1 and 2, with four groups of questions. The first related to dependent variables (satisfaction and intention to engage in eWOM), the second related to manipulation checks, the third group of measures related to perceptions about the treatment received (discrimination perceptions), and the last group included the control variables. Manipulation checks and the other scales used were the same; only the scenario was changed.

Reliability and the correlations of measures used for satisfaction ($r=.85$), negative eWOM ($r=.68$), justice perceptions ($\alpha=.94$) and discrimination perceptions ($\alpha=.93$) were considered acceptable.

3.5.4. Data analysis and results

3.5.4.1. Manipulation Checks

The manipulation of financial compensation worked as expected ($t(1, 241) = 23.08$, $p=0.001$). Individuals in the lower compensation situation perceived others as having received higher levels of compensation ($M= 6.14$, $s.d.= 1.22$) and respondents at the higher compensation level perceived other customers' compensation as being smaller ($M= 1.97$, $s.d.= 1.59$).

The manipulation check of social class also worked according to the ANOVA and LSD *post hoc* tests, ($F(2, 240)= 117.55$, $p=0.001$), since respondents in the situation where the other customer was described as being from a lower social class perceived them as being part of this social group ($M= 2.75$, $s.d.= 1.56$), while those in the upper class situation perceived their peers as being part of a higher social position ($M=$

5.95, s.d.= 1.41). People in the control group were also perceived as such (M= 4.59, s.d.= .96).

There was no difference between groups (M= 5.46, s.d.= 1.13 in the lower situation vs. M=5.51, s.d.= 1.16 in the higher situation) in their perception of the realism of the scenario described ($t(1, 241) = -.34, p=.740$).

3.5.4.2. Moderation effect

The interaction of the social class comparison on the relationship between compensation and discrimination perception (Table 7) was significant ($F(2, 242) = 8.59, p=0.001, \eta^2_p = .07$). We used PROCESS Model 1 to test the different levels of social class comparison and results were significant for people who compared themselves to lower class target consumers ($b = .38, t(239) = 2.30, p=.020$) and for individuals comparing themselves to upper social class consumers ($b = -.42, t(239) = -2.54, p=.011$). For the control group, however, the effect was not significant ($b = -.02, t(239) = -.17, p=.870$).

Table 7: Interaction between compensation levels and social class comparison

Dependent Variable: Discrimination						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	189,66a	5	37.93	13.72	.001	.22
Intercept	4041.67	1	4041.67	1461.82	.001	.86
Compensation	0.95	1	.95	.34	.560	.00
Class	140.11	2	70.05	25.34	.001	.18
Compensation * class	47.52	2	23.76	8.59	.001	.07
Error	655.26	237	2.76			
Total	4870.11	243				
Corrected Total	844.92	242				

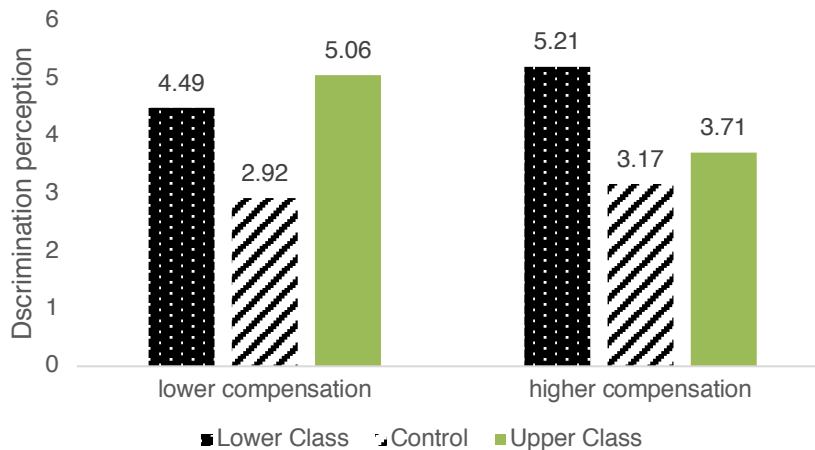
a. R²= .224 (Adjusted R²= .208)

Source: Research data, 2019.

ANOVA LSD *post hoc* results showed that individuals in the lower compensation situation, when comparing themselves to someone who appears to be from an upper social class, perceived higher levels of discrimination (M= 5.06, $p = .000$) than those who compared themselves to people from lower social classes (M= 4.49, $p = .055$).

Likewise, people who received higher compensation levels, when compared to someone from a lower social class ($M= 5.21$, $p= .055$) perceived the situation as more discriminatory than when they compared themselves to someone who received higher compensation, but had a higher socioeconomic status ($M= 3.71$, $p= .000$). There was no difference for the control group.

Figure 8: Moderation of social class - restaurant



Source: Research data, 2019.

The results shown in Figure 8 confirm the idea that different levels of social compensation trigger higher levels of discrimination when the focus consumer receives lower levels of compensation compared to a target consumer who is perceived as belonging to an upper social class, and also when the upper class consumer compares him/herself to a target consumer perceived to be from a lower class who received less compensation.

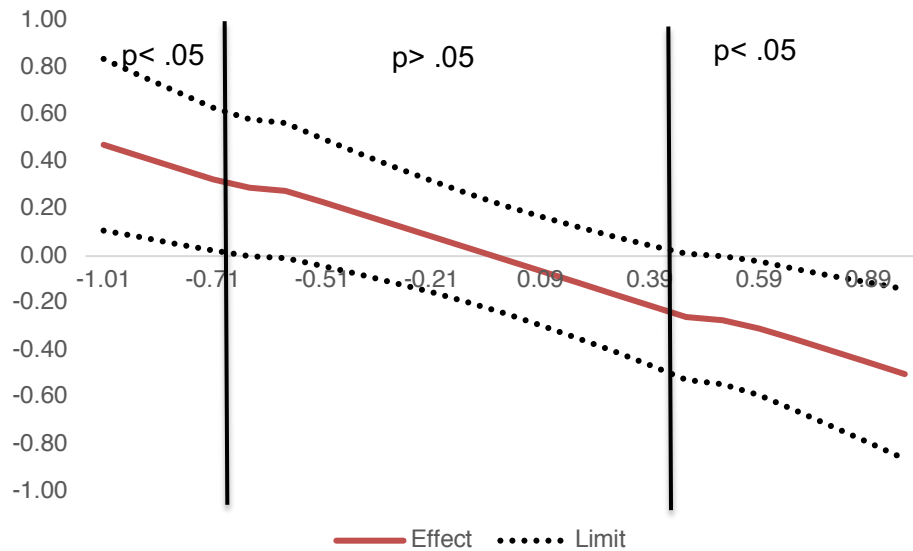
3.5.4.3. Conditional Effects

When we consider satisfaction as the dependent variable the index of moderated mediation was not significant, because when we analyze the upper and lower confidence intervals (CI) zero was included (CI from $-.03$ to $.10$). In other words, the conditional indirect effect of financial compensation on satisfaction was not different when considering lower and upper-class comparisons.

As in Study 3, by performing a floodlight analysis it was possible to see that the conditional effects were significant at extreme values of the moderator (lower vs. upper class). Considering -1 to be the lower-class situation and $+1$ to be the upper-class

situation, the effects are positive and significant up to the -.63 level and negative and significant from .52 onwards (Figure 9).

Figure 9: Johnson Newman output for levels of discrimination considering different levels of the moderator



Source: Research data, 2019.

When we considered eWOM as DV, the index did not include zero (CI from -27 to -.06), therefore confirming the conditional indirect (discrimination perception) effect on consumer responses considering different levels of social class comparison between customers. The direct effect of compensation levels on the outcome variable is significant ($F(2,240) = 20.12, p=0.001, b = -.35, R^2 = .14, t(240) = -3.31, p=0.001$), and so are the effects of discrimination perceptions on intentions to engage in negative eWOM ($t(2, 240) = 5.36, p=0.001$), according to Table 8.

Table 8: Conditional effects on negative eWOM

	Mediating Model (Discrimination)			Dependent Model (Negative eWOM)		
	Coef.	S. E.	p	Coef.	S. E.	p
Constant	4.09	.12	.001	3.49	.25	.001
Compensation	-0.02	.12	.870	-.35	.11	.001
Discrimination	-	-	-	.30	.06	.001
Class	-0.21	.14	.141			
Compensation*Class	-0.49	.14	.001			
	R ² = .06			R ² = .14		

F(3, 239) = 4.80, p=.003

F(2, 240)= 20.12, p= .001

Source: Research data, 2019.

The conditional indirect effect of financial compensation on negative eWOM through discrimination is positive and significant at low levels (-1 s.d.) of the target consumer's perceived social class ($b=.12$, $s.e.= .05$, C.I. from .03 to .23), but negative and significant at high levels (+1 s.d.) of social class ($b= -.13$, $s.e.= .06$, CI fom -.26 to -.06).

In other words, discrimination here is a function of the perceived social class and the compensation levels, so that when the target is perceived to be from a lower social class, receiving lower compensation despite perceptions of discrimination, this does not trigger more intentions to engage in negative eWOM in the focus consumer. When the target is perceived to be from an upper social class, however, if the focus consumer receives less compensation this will result in greater intentions to spread negative information about the experience.

3.5.5 Discussion

The results of Study 3 confirmed a moderated effect already seen in the hotel context, and now found in a restaurant situation. These results corroborate the idea that when the focus consumer compares him/herself to a target individual and perceives the latter to be from an upper social class it will trigger more discrimination perceptions towards the service recovery process and the company itself, therefore confirming Hypothesis H2.

The conditional indirect effect was also identified when we considered intentions to engage in negative WOM, where the lower the compensation received, the greater the intentions to engage in negative eWOM about the situation due to increased perceptions of discrimination, especially when the target consumer is from an upper social class. When the target is from a lower social class, the focus consumer does not engage in negative eWOM.

Despite these interesting results, it was not possible to identify a similar effect of discrimination perceptions on satisfaction. One possible explanation could be the fact that individuals tend to have biased expectations regarding interactions with

groups that differ from their own identity, in the sense that they normally expect this kind of interaction to be negative (MALLET *et al.*, 2008). This happens because of the activation of anxious expectations of status-based rejection, which might be connected to the possibility people identifying having to face a devaluing experience based on characteristics of the group (DENTON *et al.*, 2002).

Further studies need to be carried out in order to understand these relationships and the differences in the social class comparison impact of consumer responses that are apparently connected (satisfaction and eWOM). In order to deepen our understanding of these effects we developed Study 4.

3.6. STUDY 4

Study 4 was carried out to understand the moderated mediation of social class comparison better, considering discrimination perceptions triggered by different compensation levels, especially those related to customer satisfaction levels after a service recovery process, but using a different service setting.

3.6.1. Research design and its participants

In Study 4 we adopted a scenario involving a failure during a theater experience. Manipulations were very similar to those in Studies 2 and 3, with 2 levels of financial compensation (higher vs. lower) and 3 levels of social class (social class: upper vs. lower vs. same social class).

Data collection took place on the *Mturk* platform with 296 American respondents, but since 55 did not pass the attention checks they were deleted from the database. Outliers were verified based on z scores and there were no cases of extreme values. The final sample comprised a total of 241 respondents (47% male, $M_{age}= 36$, $s.d.=10.36$). The experimental group in the lower compensation condition involved 120 respondents, while the higher compensation condition involved 121. Likewise, the experimental group in the lower social class condition encompassed 81 individuals vs. 77 in the upper social class condition and 83 respondents in the control group.

3.6.2. Procedure

The scenario used was inspired by Gelbrich *et al.* (2015) who used a service

failure at a theater that related to uncomfortable seats and an obstructed view of the stage. As the show was sold out the employee could not change the seats. The only difference in the scenario used in Study 4 is that the original study mentioned the amount of money paid for the tickets, but we did not involve this variable in our scenario in order to avoid confounding effects.

Despite the fact that service failure scenarios involving theater experiences are not widely used, this kind of consumer experience has already been the focus of other studies in service literature (ROSENZWEIG; CRITCHER, 2017; STUART; TAX, 2004).

Financial compensation and social class manipulations were similar to those in Studies 3 and 4. The scenarios included only written descriptions of the situation according to the example below:

“Imagine that you bought tickets for a musical that you and your partner are anxiously looking forward to seeing. The performance will take place at the University Theater, which is not very formal. On the day of the show you arrive at the theater and look for your seats. When you find them, you realize that they are worn and uncomfortable. Besides that, your view to the stage is partially obstructed. You go to the front desk and complain about the bad shape your seats are in, explaining that when you bought the tickets there was no information about a partial view of the stage. The person says to you:

‘We are very sorry about this problem, but I cannot offer you alternative seats since the performance is sold out tonight. In order to compensate you for the inconvenience caused we would like to offer you a 40% discount on the price you paid. We hope you accept our apologies.’

You go back to your seat and watch the show.”

The manipulation was then presented as per the example below:

“When you are leaving your seats at the end of the performance you overhear a couple who were in the row behind you. One of them says: ‘The seats were not good but at least they gave us 10 % discount after I complained’. The couple is not similar to you and you cannot relate to them.

They seem to be from an upper social class and are wearing very formal outfits.

Based on this situation please answer the following questions:"

The example illustrated a "higher compensation" situation. Since the respondent received 40% compensation, he/she was comparing him/herself to someone who received a lower amount (10%) and was from an upper social class, while the following example illustrated manipulation of the "lower compensation" situation, where the respondent compared him/herself to a target consumer who received 70% and was perceived as being from a lower social class:

"When you are leaving your seats at the end of the performance you overhear a couple who were in the row behind you. One of them says: 'The seats were not good, but at least they gave us a 70 % discount after I complained.'

The couple is not similar to you and you cannot relate to them.

They seem to be from a lower social class and are wearing very informal outfits.

Based on this situation please answer the following questions:"

Control group manipulation was as follows:

When you are leaving your seats at the end of the performance you overhear a couple who were in the row behind you. One of them says: 'The seats were not good but at least they gave us 70 % discount after I complained.'

The couple is similar to you and you can relate to them.

They seem to be from the same social class as you and are dressed similar to you.

Based on this situation please answer the following questions:

Respondents were randomly assigned to conditions that mixed the examples above, including lower and higher compensation levels and being compared to a target consumer who appears to be from an upper, lower or the same social class as them. After reading the scenario, respondents answered the questions about the variables.

3.6.3. Measurement

The measures used were similar to those in Studies 2 and 3, with four groups of questions. The first related to manipulation checks, the second related to dependent variables (satisfaction and intention to engage in eWOM), the third group of measures related to perceptions of the treatment received (discrimination perceptions), and the last group included the control and demographic variables. Manipulation checks and the other scales used were the same; only the scenario was changed.

Reliability and the correlations of measures used for satisfaction ($r=.92$), negative eWOM ($r=.70$), justice perceptions ($\alpha=.93$) and discrimination perceptions ($\alpha=.93$), were at acceptable levels.

3.6.4. Data analysis and results

3.6.4.1. Manipulation Checks

The manipulation of compensation worked as expected, ($t(1, 239) = 33.50$, $p=0.001$), with people perceiving those in the lower compensation situation as such ($M= 1.61$, $s.d.= 1.29$) and those in the higher compensation situation as receiving more financial compensation ($M=6.45$, $s.d.=0.92$).

The manipulation check of social class also worked, ($F(2, 238) = 186.84$, $p=0.001$), since respondents in the situation in which the other customer was described as being from a lower social class perceived them as being part of that social group ($M= 2.09$, $s.d.= 1.48$), whereas those in the higher class situation perceived their peers as being part of a higher social position ($M= 5.95$, $s.d.= 1.37$). People in the control group were also perceived as such ($M= 4.18$, $s.d.= 0.86$), according to the LSD *post hoc* tests.

There were no differences between groups with regard to their perception of the realism of the scenario described ($t(1, 240) = -.57$, $p=.570$), either in the lower ($M= 5.18$, $s.d.= 1.32$) or higher ($M= 5.28$, $s.d.= 1.34$) compensation conditions.

3.6.4.2. Moderation effect

The interaction of the social class comparison on the relationship between compensation and the perception of discrimination (Table 9) was significant ($F(2, 240)= 5.64, p=0.001, \eta^2_p= .05$). Results from the PROCESS analysis using Model 1 were significant for people who compared themselves to individuals from the upper social classes ($b= -.38, t(237)= -2.25, p=.030$), although the conditional effect was not significant for people when compared to the situation of lower class consumers ($b= .25, t(237)= 1.47, p=.141$), neither for the control group ($b= -.07, t(237)= -.56, p=.580$).

Table 9: Interaction between compensation levels and social class comparison
Dependent Variable: Discrimination

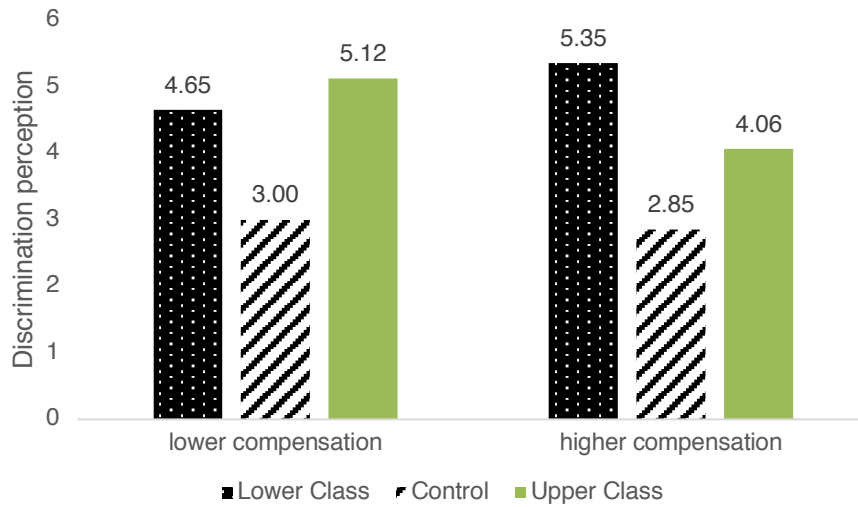
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model		5	44.87	16.65	.00	.26
Intercept	4174.06	1	4174.06	1549.16	.00	.87
Compensation	1.77	1	1.77	.66	.42	.00
Class	198.46	2	99.23	36.83	.00	.24
Compensation * class	30.38	2	15.19	5.64	.00	.05
Error	633.18	235	2.69			
Total	4973.78	241				
Corrected Total	857.53	240				

a. $R^2= .239$ (Adjusted $R^2= .222$)

Source: Research data, 2019.

As shown in Figure 10, when respondents exposed to the lower compensation situation compared themselves to someone from an upper social class they reported greater feelings of discrimination ($M= 5.12, p= .005$) than those who compared themselves to people from lower social classes ($M= 4.65, p= .057$). In the higher compensation condition, when comparing themselves to someone from a lower social class ($M= 5.35, p= .057$), the means were higher than when they compared themselves to someone from an upper social class ($M= 4.06, p= .005$)

Figure 10: Moderation of social class - theater



Source: Research data, 2019.

The moderation effect analysis demonstrated that when people in this study compare themselves to a target consumer perceived to be from a lower social class, there is no difference in the levels of financial compensation received. If the social comparison was made considering an upper-class consumer, however, then individuals receiving lower amounts of compensation would feel more discriminated against.

3.6.4.3. Conditional Effects

Unlike the previous studies, when we considered satisfaction as the dependent variable in the theater scenario the index of moderated mediation was significant (CI from .01 to .14) and so was the overall model's effect on satisfaction considering discrimination as a mediator ($F(2, 238) = 28.35, p=0.001, b = -.16, R^2 = .19, t(238) = -2.83, p=0.001$). The results of all paths are shown in Table 10,

Table 10: Conditional effects on satisfaction

	Mediating Model (Discrimination)			Dependent Model (satisfaction)		
	Coef.	S. E.	p	Coef.	S. E.	p
Constant	4.15	0.12	0.001	4.57	0.25	0.001
Compensation	-0.07	0.12	0.588	0.71	0.10	0.001
Discrimination	-	-	-	-0.16	0.05	0.001
Class	-0.22	0.15	0.131			
Compensation*Class	-0.39	0.15	0.011			
	R ² = .04			R ² = .19		

F(3, 237) = 3.21, p=.0235	F(2, 238)= 28.35, p= .001
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Source: Research data, 2019.

The conditional indirect effect of financial compensation on the dependent variable through the mediator was not significant at low levels (-1 s.d.) of the target consumer's perceived social class ($b = -.04$, $s.e. = .03$, C.I. from $-.11$ to $.01$), as suggested previously by the moderation analysis. However, when we considered higher levels (+1 s.d.) of social class, the results were positive and significant ($b = .06$, $s.e. = .04$, C.I. from $.01$ to $.14$); in other words, in view of their perception of discrimination, receiving less compensation than a lower-class individual does not affect a consumer's responses to a service failure recovery situation in the sense of their satisfaction, and when the comparison is with someone from the upper-class, receiving less compensation in the context of this scenario will reduce satisfaction levels, in part because of their feelings of discrimination.

The moderated mediation index was also significant for negative eWOM (-.23 to -.02). Likewise, the path between discrimination and intention to spread negative information about the experience was again positive and significant, as detailed in Table 11. The conditional indirect effect of financial compensation on the dependent variable through the mediator was not significant at low levels (-1 s.d.) of the target consumer's perceived social class ($b = .07$, $s.e. = .06$, C.I. from $-.02$ to $.19$). The results were significant, however, for higher (+1s.d.) levels of social class ($b = -.12$, $s.e. = .06$, C.I. from $-.24$ to $-.02$).

Table 11: Conditional effects on negative eWOM

	Mediating Model (Discrimination)			Dependent Model (negative eWOM)		
	Coef.	S. E.	p	Coef.	S. E.	p
Constant	4.15	0.12	0.001	3.82	0.26	0.001
Compensation	-0.07	0.12	0.588	-0.27	0.11	0.010
Discrimination	-	-	-	0.30	0.06	0.001
Class	-0.22	0.15	0.131			
Compensation*Class	-0.39	0.15	0.011			
	R ² = .04			R ² = .13		
	F(3, 237) = 3.21, p=.0235			F(2, 238)= 17.35, p= .001		

Source: Research data, 2019.

These results confirmed once again that the moderated mediation effect is significant, so that when the target is perceived to be from a lower social class, receiving less compensation does not trigger a greater intention to resort to negative eWOM, but when the target is perceived to be from an upper social class, if the focus consumer received less compensation this will trigger perceptions of discrimination. In this situation the focus consumer will feel less satisfied with the experience and their intention will be to spread negative information about the company.

3.6.5 Discussion

Study 4 confirmed that when people receive lower levels of financial compensation as a service recovery tactic used by a company and they realize that other people in a similar situation but with upper socioeconomic status received more, this will trigger perceptions of discrimination. These results once again confirm Hypothesis H2. The research outcomes also confirmed that a discrimination perception is the mechanism linking compensation to satisfaction and eWOM (consumer responses after service recovery situations), and this indirect relationship is conditional on the higher level of the moderator in the social class comparison. The boundary condition in this study is the comparison with someone from an upper social class.

The conditional indirect effect on levels of consumer satisfaction was significant in this study, contrary to previous studies, thus confirming that receiving lower levels of financial compensation when compared to a person perceived to be from an upper social class will result in a less satisfied customer. Further studies considering the impact of social class comparisons on satisfaction levels will be needed in order to better understand in what situations the conditional indirect effect exists and in which contexts it does not, but these results suggest that there is definitely a relationship between these variables.

The interesting result of this sequence of studies is that the conditional effect of financial compensation on negative eWOM was the same in three of the five studies. The greater the perception of social class, the stronger the effect of receiving lower levels of compensation on negative eWOM when compared to lower social classes. These results might be explained by the enhancement of consumer reactions. When consumers feel they are being dealt with in a particular way because they are part of a specific social group, in this case perceived as belonging to a lower social class,

they tend to respond in a more intense manner (DENTON *et al.*, 2002); for instance, spreading negative eWOM about the company that caused the problem and treated him/her in a discriminatory way.

When the person who received higher compensation perceives the target consumer to be from a lower social class, this focus individual also perceived the situation to be discriminatory. However, it did not influence negatively satisfaction or intentions to spread negative eWOM. Maybe it was because this customer received a better deal, therefore there was no reason to be dissatisfied or intend to engage in negative eWOM.

Another intriguing outcome of this study is the fact that we did not find this effect when those receiving higher compensation were from a lower social class. One of the reasons might be the fact that people in higher social ranks do not expect lower class people to go to the theater. This would be aligned with a characteristic that is frequently attributed to this social group (KRAUS *et al.*, 2009), that of consistently suffering from a lack of resources.

Another explanation could be related to the thinking style attributed to people who occupy higher social ranks in society. These individuals are expected to be analytical thinkers, meaning they evaluate a situation separately from its context (LEE, 2017). Since the social class of another customer might be considered an aspect not related to the failure at hand, the analytical thinking style could account for these individuals not considering this variable when responding to the service recovery process.

4. GENERAL DISCUSSION

The main objective of this dissertation was to analyze the impact on the responses of consumers who receive different levels of financial compensation when compared to the compensation received by other individuals, considering social class, and perceptions of justice and discrimination. This goal was attained by way of a process that had specific objectives.

Initially, we were able to deepen our understanding of the effects on satisfaction levels and intentions to engage in negative eWOM caused by receiving lower levels of financial compensation when compared to other customers, considering perceptions of justice with regard to the service recovery process. This result was achieved by way of two experimental studies developed in two different service settings (a hotel and a travel agency).

Overall, being aware of having received less benefit in a service recovery context has a detrimental impact on consumers' responses. Human judgment is comparative by nature and such comparisons can affect behavior (FESTINGER, 1954). Since the perception of fairness is related to expectations about what the individual wants or deserves, our results showed that receiving lower levels of compensation than a target consumer triggered perception of unfair treatment. We were able to confirm that the higher the compensation received, the greater the fairness perceived and, therefore, satisfaction levels also increased, which confirmed H1a. On the other hand, when the solution was perceived as being unfair because the customer realized that he/she had received less compensation than other people, he/she was more prone to engage in negative eWOM, thus corroborating Hypothesis H1b.

These results show that offering different levels of financial compensation to two consumers who faced a similar service failure without explaining why or giving a reason, might be a risky recovery strategy. Even with the company investing resources in financial compensation, if consumers find out about the different levels of reimbursement offered this will trigger perceptions of unfairness, which will have a negative influence on responses, such as satisfaction and eWOM

Additionally, across three studies in different hospitality settings (hotel, restaurant and theater) it was possible to verify how a social class comparison between customers influenced perceptions of discrimination and the consequent consumer reactions. Social comparisons between people who are dissimilar result in contrast, meaning that social judgment focuses on characteristics that are different (MUSSWEILER, 2003). In the case of this research the contrast was directed at social class.

The studies demonstrated that receiving less compensation than a target individual who is perceived to be from an upper social class triggers a perception of discrimination. Interestingly, when the target consumer was from a lower social class and received less compensation, the focus consumer who received a higher benefit also perceived the situation as

discriminatory. Bearing in mind that discrimination is the perception of someone being treated in a detrimental way because he/she belongs to a specific social group, it is interesting to note that discrimination is not only felt by those who are treated with prejudice, but also by others who are not harmed by the situation.

These outcomes show that discrimination is indeed a broad concept that can be triggered in people who are mistreated and, therefore, feel they are being discriminated against. Discrimination perceptions, however, can also involve another person, when individuals who are in an advantageous situation perceive their peers as being treated in an inappropriate manner by the company. Although compensation levels did not have a direct effect on discrimination, when we included social class comparison in the model the results were significant, thus confirming H2.

We also paid attention to the indirect effect of financial compensation on customer responses when a social class comparison occurred and how it related to perceptions of discrimination. When these variables were considered, the indirect effect of compensation on satisfaction reduced and the effect of financial compensation levels on intentions to spread negative eWOM increased. Meaning the lower the compensation received, if compared to someone who received a higher compensation, the less satisfied and more willing to spread negative eWOM about the company the customer will be. The mechanisms underlying these effects are the social comparison among the individuals and also the discrimination perceptions triggered by the process.

Nevertheless, these results were only significant when people in lower classes received lower levels of compensation and compared themselves to those who were perceived to be in higher social positions. Therefore, despite perceiving the situation as discriminatory towards the focus consumer who was from a lower social class, people from upper social classes who received higher compensation did not respond in a negative manner. The satisfaction of these individuals was probably not reduced by the recovery process because the response they received from the company was considered adequate; when compared to other consumers, they received a better deal. Likewise, since these consumers were offered higher compensation, they might not feel comfortable spreading negative eWOM about the company or the situation. This could be perceived as an ungrateful response to the company that favored them over another customer.

In other words, a focus consumer from an upper social class realized that the situation was discriminatory, but since he/she received a higher benefit, this perception did not reduce their satisfaction levels, neither did it increase their intentions to engage in negative eWOM. This might suggest that it is acceptable for a company to treat its customers in a discriminatory

way as long as “I’m not the one being discriminated against”. The results of testing the hypotheses are summarized in Table 12

Lower social classes are more exposed to social threat (PIFF *et al.*, 2010) and poor performance (RUCKER *et al.*, 2018). They are more attentive to situations in which they are not treated properly (CHANEY *et al.*, 2019), so differential treatment might be seen as discriminatory (BAKER; MEYER, 2012). Overall, the negative impact of social class comparison and discrimination perceptions on satisfaction with the service recovery and intentions to engage in negative eWOM confirmed previous studies that focused on minorities and involved racial discrimination, and that stated that the perception of being discriminated against had an impact on how people react towards the company (BAKER *et al.*, 2012; CROCKETT *et al.*, 2003).

Table 12: Summary of the hypothesis tests using five studies

Hypothesis		Study 1a	Study 1b	Study 2	Study 3	Study 4
H1a	When a customer receives lower (vs. higher) compensation compared to another customer his/her satisfaction levels will be lower (vs. higher) and mediated by fairness perceptions	Con- firmed	Con- firmed	N/A	N/A	N/A
H1b	When a customer receives lower (vs. higher) compensation compared to another customer his/her intentions to engage in negative eWOM will be higher (vs. lower), mediated by fairness perceptions	Con- firmed	Con- firmed	N/A	N/A	N/A
H2	The interaction of social class comparison (upper vs. lower) and financial compensation (lower vs. higher) compared to the compensation received by a target consumer will result in discrimination perceptions, particularly comparison with a consumer from an upper social class who received higher compensation, or from a lower class who received lower compensation. This will trigger more discrimination perceptions than in the other situations.	N/A	N/A	Con- firmed	Con- firmed	Con- firmed

Source: Research data, 2019.

4.1. THEORETICAL AND MANAGERIAL IMPLICATIONS

This dissertation contributes to the literature in at least three ways. First, it adds to the service failure and recovery field of study, especially encompassing financial compensation and the impact this recovery tactic might have on the different consumers, such as satisfaction

(GELBRICH *et al.* 2015) and word of mouth (HOGREVE *et al.*, 2017). Despite the fact that for many decades researchers have focused on identifying and understanding appropriate responses to service failures (SANTOS; BASSO, 2016), there are still some research gaps that need to be filled. We respond to the call from Van Vaerenbergh *et al.* (2018) regarding the necessity to understand customer-related heterogeneity aspects better, considering the service recovery journey. The spotlight is on how individuals who are not equal respond to diverse recovery efforts (ORSINGHER *et al.*, 2010).

The second contribution relates to the social comparison theory (FESTINGER, 1954; MUSSWEILER, 2003). Previous studies have already shown that comparison with someone who received a smaller benefit (downward comparison) results in positive reactions and outcomes (ANTONETTI *et al.*, 2018; BONIFIELD; COLE, 2008), since people like to feel they are in an advantageous position when compared to others (LIU *et al.*, 2016; WEBSTER *et al.*, 2002). This need to feel superior (DREZE; NUNES, 2009) might lead to negative outcomes when the opposite happens, and people feel they are in a less privileged position than others. Our research sheds some light not only on comparing people who receive more than their peers during the recovery process, but also and particularly on the outcomes of receiving less than other customers (upward comparison). This is a situation that can cause much more harm to the company's image and, therefore, needs further investigation. Over the five studies, the negative effects of receiving lower financial compensation than a target consumer were confirmed.

There are studies on social comparison in a service recovery context from the perspective of an observing customer (WAN; WYER JR., 2019), or that focus on comparisons made by the firm itself (BONIFIELD; COLE, 2008; ANTONETTI *et al.*, 2018). This dissertation, however, focuses on the consumer who suffered the failure, and assesses not only what he/she received from the company, but also how fair he/she perceives what other customers received in a similar service recovery situation to be, and how this influences his/her responses. As far as we know, this is the first research on service recovery that focuses on a social class comparison and assumes the perspective of the customer who has been impacted by the failure, considering not only a downward but also an upward comparison.

This leads to the third and perhaps the most important contribution of this dissertation, which is its focus on social class comparison as a boundary condition for customer responses after financial compensation (ROSCHK AND GELBRICH, 2017) in comparison to other customers. People nowadays are more aware of behaviors that might be related to discrimination (BAKER *et al.*, 2012; CHANEY *et al.*, 2019) and are more attentive to evaluating services considering discriminatory attributions (JOHNSON; SIMMONS; TRAWALTER; FERGUSON; REED, 2008). Being a member of an undervalued group (i.e. being perceived to be from a

lower social class) can lead people not only to readily perceive, but also to intensely react to status-based rejection (DENTON *et al.*, 2002).

Social class may impact one's performance (ZEEV *et al.*, 2005), sense of self-worth (RUCKER *et al.*, 2012), thinking styles (Lee 2017), and discrimination perceptions (KRAUS *et al.*, 2009). Previous studies have focused on discrimination related to racial issues (CROCKETT *et al.*, 2003; BAKER *et al.*, 2012; JOHNSON *et al.*, 2008), but little research has been done into understanding how consumers respond to situations they perceive as exclusionary or discriminatory (SHAVITT, 2019), and as far as we know no research connecting social class and consumer responses has been found within this context.

Whereas research into social class has increased in the psychological sciences (KRAUS *et al.*, 2012; PIFF *et al.*, 2010), there is a strong need to deepen our understanding of how one's social position in society can influence behavior across a wide range of circumstances, especially in the context of consumers (CAREY; MARKUS, 2016; SHAVITT *et al.*, 2016) and considering social comparisons (ANTONETTI *et al.*, 2018). Wu *et al* (2016) have already suggested that power influences intention to post positive reviews online. The authors, however, did not find a consistent effect for negative situations. On the other hand, Wooten *et al.* (2019) suggest that academics should explore in more detail the behaviors that reflect consumers' common responses to frustration, especially involving negative WOM on social media (WOOTEN *et al.*, 2019). This dissertation contributes to this field of study by confirming that perceiving a situation as unfair or discriminatory leads to negative outcomes, such as less satisfaction with the service recovery and increased intention to spread negative information about the experience. These responses, which might be damaging to the company, are also enhanced by a social class comparison with consumers perceived to be from an upper social class.

This dissertation, therefore, sheds some light on the social psychology of inequality. With the increase in wealth concentration around the world and more possibilities of interaction between people, understanding how material and social conditions associated with rank influence how people perceive and relate to others becomes more critical and relevant, therefore positioning studies such as this at an emerging frontier of research (KRAUS *et al.*, 2012).

Deepening our understanding of the antecedents and consequences of social class is of major importance in psychology, especially when we consider consumer behavior (PIFF *et al.*, 2010). This dissertation contributes to a better understanding of the consequences of social class comparisons on consumer behavior, demonstrating that people who are treated in a discriminatory manner react negatively, although, individuals who perceive other people as being discriminated against do not experience the same negative results as long as they are in an advantageous position because they received a good deal.

Social class matters and how it influences the way people see the world and react to the experiences they face needs to be better explored (CAREY; MARKUS 2016; SHAVITT *et al.*, 2016). We confirmed that the differential treatment offered to different social classes triggers a perception of discrimination against the lower classes and more negative eWOM from them, and that the upper classes might see discrimination towards others as acceptable.

In terms of management, the results of this dissertation might give some guidance to practitioners on how to mend a flawed service using financial compensation. Social class is a classic segmentation variable used by firms. By understanding these segments, service companies can make specific offers available to customers with different needs (SÖDERLUND, 2017). They need to pay attention, however, in order not to be seen as discriminatory, especially by people from the lower classes, since this recovery tactic may backfire and result in negative information about the company being spread over the Internet and on social media platforms. Since negative eWOM is often used to express frustration and vent negative feelings, customers can build upon the comments of other individuals (HENNIG-THUREAU *et al.*, 2015), thus damaging the image of the company for a long time. When we particularly consider that eWOM can influence sales with the same valence (CHEVALIER; MAYZLIN, 2006), this is an outcome that companies must try to avoid after service failure and recovery situations.

To understand the consequences of social hierarchy and how it affects one's behavior is important, not only for theory but also for practitioners (PIFF *et al.*, 2010; RUCKER *et al.*, 2018). The rule of thumb would be, in the absence of a common-sense reason, such as a loyalty program, firms should adopt a standard process with the same amount of compensation being offered, thus avoiding the negative effects of providing different levels of financial compensation to customers with similar complaints. If the company chooses to adopt different compensation levels, it should be cautious about the reasons and explanations that will be offered to customers who do not receive special treatment. Even with an explanation, customers might interact with each other outside the servicescape environment and end up jumping to conclusions.

With regard to satisfaction levels after a service recovery situation using different levels of compensation, it is very likely that all customers who received lower benefits will be less satisfied than their peers who received more. The consequences might be feeling angry (ANTONETTI *et al.*, 2018), switching to a different service provider (BONIFIELD; COLE, 2008) or even stronger behavior of retaliation (JOIREMAN *et al.*, 2013). In order to avoid such reactions companies need to be especially careful when adopting different levels of financial compensation in similar situations.

4.2. LIMITATIONS AND FUTURE STUDIES

This dissertation has several limitations to be considered when analyzing its results. First, despite performing five experiments, all of them used panel data from online platforms (Prolific and Mturk). Future studies should involve at least one field study in order to improve research validity and also to verify how this phenomenon impacts customer's actual daily lives and service experiences.

Second, this research only addressed intentions to engage in eWOM and not the action itself. Further research could include a process for encouraging respondents to actually post something online. Another option would be to use a real database from a social network (e.g. Twitter) and analyze the eWOM behavior individuals adopt after a specific problem.

Third, the sample considered throughout all experiments involved American and British consumers. Future studies could include customers from different cultural backgrounds in order to explore the diversity of attitudes and perceptions that distinct samples could offer demonstrate.

Future studies could also address other possible consumer reactions that were not included in this research, such as repurchasing intentions (BAKER *et al.*, 2008), willingness to retaliate against the company (GREGOIRE *et al.*, 2015), trust (BASSO; PIZZUTTI, 2016), or even feelings of gratitude for being privileged.

Future studies could also shed some light on the effect of a consumer's social class considering social comparison involving a third party in a service recovery context, such as a frontline employee, or even a social context where these differences are stronger, or more evident, in order to check if the results found in this dissertation would hold true in different social comparison contexts.

This dissertation only described scenarios in which customers appear to be from lower / upper socioeconomic groups, but we did not use real social classes. Since customers who belong to socially vulnerable groups (i.e. lower social classes) are more vigilant with regard to situations involving mistreatment and discrimination (WOOTEN *et al.*, 2019), it might be interesting to investigate if these individuals actually perceive higher levels of discrimination and hence feel less satisfied and more willing to engage in negative eWOM, or if they might adopt more accommodative behavior and avoid engaging in eWOM about the experience in order not to expose themselves to situations of social rejection (DENTON *et al.*, 2002).

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APPENDIX I – CENARIOS

Study 1a and study 2

“Imagine that you’ve decided to treat yourself to a weekend trip and a one-night stay at a hotel. You booked and prepaid a hotel room for you and your partner. When you arrive at the Hotel it is already late at night and you are very tired, so you go straight to your room. At 5 AM, you are awoken by loud noises outside your room. Since you are up and annoyed already, you decide to check out of the Hotel early in order to make the most of your day. At the front desk you mention the whole situation and your frustration to the receptionist, who talks to the manager, who comes back and says to you:

“We’re very sorry to hear about the noise on your floor. In order to compensate you for the inconvenience caused we would like to offer you a 40% discount on your stay. We will refund the amount paid on your credit card next week as reimbursement. We hope you accept our apologies.”

You thank the person and inform him that your car is in the garage. While they are fetching it, you and your partner wait in the lobby.”

Study 1b

“Imagine that you are on vacation and you have planned a day trip to a historical location which is a unique archaeological complex. You are very excited about the possibility of visiting such a beautiful place located on top of a hill. On the day of your trip the bus leaves early in the morning. After driving for one hour, the tour guide finds out that you will not be able to reach your destination, since the road is too slippery and temporarily closed due to the previous night’s bad weather. At the end of the trip the bus heads back to the travel agency parking lot as planned. Then you decide to go to the office to explain your frustration. You actually went to other minor tourist spots that were included in your trip, but you didn’t go to the archaeological complex which was the main attraction you were so excited about. The person says to you:

“We’re very sorry about this problem. In order to compensate you for the inconvenience caused we would like to offer you a 40% refund on the price you paid. We hope you accept our apologies.”

Study 3

“Imagine that you go to a restaurant during your lunch break and order a risotto. When the main course arrives, you realize it is not what you ordered. Immediately you talk to the waiter and explain the problem mentioning how frustrated you are with the situation. Despite that, you will eat anyway because you have a meeting in 45 minutes, and you don’t want to be late. When you ask for the check, the waiter says to you:

‘We are very sorry about the problem with your risotto. In order to compensate you for the inconvenience caused we would like to offer you a 40% discount on your meal. We hope you accept our apologies.’

You pay the bill and leave

Study 4

“Imagine that you bought tickets for a musical that you and your partner are anxiously looking forward to seeing. The performance will take place at the University Theater, which is not very formal. On the day of the show you arrive at the theater and look for your seats. When you find them, you realize that they are worn and uncomfortable. Besides that, your view to the stage is partially obstructed. You go to the front desk and complain about the bad shape your seats are in, explaining that when you bought the tickets there was no information about a partial view of the stage. The person says to you:

‘We are very sorry about this problem, but I cannot offer you alternative seats since the performance is sold out tonight. In order to compensate you for the inconvenience caused we would like to offer you a 40% discount on the price you paid. We hope you accept our apologies.’

You go back to your seat and watch the show.”

Manipulation of higher compensation

Hotel:

“Next to you there is a couple also waiting for their car. The man says “Honey, I complained to the manager because of the loud noises on our floor and he gave us a 10% discount.”

Travel agency:

While you are leaving the company's office you overhear a couple who were on the same bus than you. One of them says: "Honey, I complained to the manager for not reaching our destination and he gave us a 10% discount."

Restaurant:

"When you are leaving the restaurant, you overhear a couple talking. One of them says: 'Honey, I complained to the manager for receiving the wrong dish and he gave us a 10% discount.'

Theater:

"When you are leaving your seats at the end of the performance you overhear a couple who were in the row behind you. One of them says: 'The seats were not good but at least they gave us 10 % discount after I complained'.

Manipulation of lower compensation

Hotel:

"Next to you there is a couple also waiting for their car. The man says "Honey, I complained to the manager because of the loud noises on our floor and he gave us a 70% discount."

Travel agency:

While you are leaving the company's office you overhear a couple who were on the same bus than you. One of them says: "Honey, I complained to the manager for not reaching our destination and he gave us a 70% discount."

Restaurant:

"When you are leaving the restaurant, you overhear a couple talking. One of them says: 'Honey, I complained to the manager for receiving the wrong dish and he gave us a 70% discount.'

Theater:

“When you are leaving your seats at the end of the performance you overhear a couple who were in the row behind you. One of them says: ‘The seats were not good, but at least they gave us a 70 % discount after I complained.’

Manipulation of lower social class

The couple is not similar to you and you can’t relate to them. They seem to be from a lower social class and are wearing very informal outfits.”

Manipulation of higher social class

The couple is not similar to you and you can’t relate to them. They seem to be from an upper social class and are wearing very formal suits.”

Manipulation of similar social class (control)

“The couple is similar to you and you can relate to them. They seem to be from the same social class as you and are dressed just like you.”

APPENDIX II – SCALES

Variable	Scale
negative eWOM	After this response from the company how likely are you to...
	a) Share information about this situation with other people online
	b) Post negative information about the company on your social network (e.g. facebook)
	(1) Very unlikely / Very likely (7)
Satisfaction	Considering the problem you had and the way the company handled the situation...
	a) In my opinion the company provided a satisfactory resolution to my problem in this particular occasion
	b) I am satisfied with the company handling of this particular problem
	c) The compensation I received was fair
justice	b) The compensation I received was appropriate
	c) The compensation I received was justified
	(1) Strongly disagree / Strongly agree (7)
	discrimination
a) I believe the different levels of financial compensation were due to social class discrimination	
b) I believe the social class of the customers was a relevant factor in the problem described	
c) I believe the company was discriminatory	
(1) Strongly disagree / Strongly agree (7)	
severity	Considering the problem described, how much do you agree with these statements?
	a) The failure was minor
locus of attribution	b) The company was responsible for the failure
	(1) Strongly disagree / Strongly agree (7)
frequency of service use	What is the frequency that you... Stay at hotels / use travel agency services / go to restaurants / Go to theatres
	(1) Never / Very frequently (7)
man.check - compensation	How was the compensation the other customer received?
	(1) Smaller than yours / Bigger than yours (7)
man.check - social class	To what social class do you think they belong (compared to you)
	(1) Lower social class / Upper social class (7)
realism	Considering the situation presented...
	a) The negative experience described was realistic to me
	b) The compensation received was realistic
	c) I could imagine myself in the situation
	(1) Strongly disagree / Strongly agree (7)

gender	What is your gender
	(1) male / female (2) / other (3)
age	How old are you?
open	How did you feel about the failure and the compensation offered?
attention check	What was the context of the scenario?
	This is an attention question, please check the option "other" and write "research"

Source: Research data, 2019.

APPENDIX III - ANCOVA RESULTS WITH COVARIATES

Table 1: ANCOVA with satisfaction as dependent variable – study 1a

Dependent Variable: satisfaction						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	244,507a	4	61.13	43.94	0.00	0.47
Intercept	166.27	1	166.27	119.53	0.00	0.38
Severity	12.53	1	12.53	9.01	0.00	0.04
Locus of attribution	26.91	1	26.91	19.34	0.00	0.09
Hotel frequency	1.62	1	1.62	1.17	0.28	0.01
Compensation	156.93	1	156.93	112.82	0.00	0.36
Error	274.04	197	1.39			
Total	5,273.00	202				
Corrected Total	518.55	201				

a R² = ,472 (Adjusted R² = ,461)

Source: Research data, 2019.

Table 2: ANCOVA with negative eWOM as dependent variable – study 1a

Dependent Variable: negative eWOM						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	145.854a	4	36.46	17.92	0.00	0.27
Intercept	55.32	1	55.32	27.19	0.00	0.12
Severity	12.75	1	12.75	6.27	0.01	0.03
Locus of attribution	20.81	1	20.81	10.23	0.00	0.05
Hotel frequency	10.38	1	10.38	5.10	0.03	0.03
Compensation	61.83	1	61.83	30.38	0.00	0.13
Error	400.86	197	2.04			
Total	3,156.00	202				
Corrected Total	546.71	201				

a R² = ,267 (Adjusted R² = ,252)

Source: Research data, 2019.

Table 3: ANCOVA with satisfaction as dependent variable – study 1b

Dependent Variable: satisfaction						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	279,666a	4	69.92	28.64	0.00	0.31
Intercept	213.93	1	213.93	87.63	0.00	0.26
Locus of attribution	21.73	1	21.73	8.90	0.00	0.03
Travel Agency frequency	3.34	1	3.34	1.37	0.24	0.01

Severity	87.02	1	87.02	35.64	0.00	0.12
Compensation	86.71	1	86.71	35.52	0.00	0.12
Error	612.79	251	2.44			
Total	4,518.75	256				
Corrected Total	892.45	255				

a R² = ,313 (Adjusted R² = ,302)

Source: Research data, 2019.

Table 4: ANCOVA with negative eWOM as dependent variable – study 1b

Dependent Variable: negative eWOM

Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	144,457a	4	36.11	12.87	0.00	0.17
Intercept	406.36	1	406.36	144.81	0.00	0.37
Locus of attribution	16.02	1	16.02	5.71	0.02	0.02
Severity	48.26	1	48.26	17.20	0.00	0.06
Travel Agency frequency	41.00	1	41.00	14.61	0.00	0.06
Compensation	28.05	1	28.05	10.00	0.00	0.04
Error	704.32	251	2.81			
Total	5653.00	256				
Corrected Total	848.78	255				

a. R² = ,170 (Adjusted R² = ,157)

Source: Research data, 2019.

Table 5: Ancova with Discrimination perception as dependent variable – study 2

Dependent Variable: Discrimination

Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	176,906a	8	22.113	8.950	.000	.246
Intercept	137.620	1	137.620	55.697	.000	.203
Hotel frequency	3.077	1	3.077	1.245	.266	.006
Severity	.939	1	.939	.380	.538	.002
Locus of attribution	4.464	1	4.464	1.807	.180	.008
Compensation	.096	1	.096	.039	.844	.000
Class	78.053	2	39.027	15.795	.000	.126
Compensation * class	84.678	2	42.339	17.135	.000	.135
Error	541.119	219	2.471			
Total	4768.556	228				
Corrected Total	718.025	227				

a. R²= ,246 (Adjusted R²= ,219)

Source: Research data, 2019.

Table 6: Ancova with Satisfaction as dependent variable – study 2

Dependent Variable: Satisfaction						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	227,93a	4	56.98	26.65	0.00	0.32
Intercept	31.83	1	31.83	14.88	0.00	0.06
Severity	120.35	1	120.35	56.28	0.00	0.20
Hotel frequency	0.13	1	0.13	0.06	0.81	0.00
Locus of attribution	5.52	1	5.52	2.58	0.11	0.01
Compensation	73.22	1	73.22	34.24	0.00	0.13
Error	476.88	223	2.14			
Total	5586.50	228				
Corrected Total	704.81	227				

a. R² = ,323 (Adjusted R² = ,311)

Source: Research data, 2019.

Table 7: Ancova with negative eWOM as dependent variable – study 2

Dependent Variable: negative eWOM						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	76.27a	4	19.07	7.85	0.00	0.12
Intercept	57.23	1	57.23	23.55	0.00	0.10
Severity	10.48	1	10.48	4.31	0.04	0.02
Hotel frequency	33.25	1	33.25	13.68	0.00	0.06
Locus of attribution	2.24	1	2.24	0.92	0.34	0.00
Compensation	13.49	1	13.49	5.55	0.02	0.02
Error	541.91	223	2.43			
Total	3,854.50	228				
Corrected Total	618.18	227				

a R² = ,123 (Adjusted R² = ,108)

Source: Research data, 2019.

Table 8: Ancova with Discrimination perception as dependent variable –study 3

Dependent Variable: Discrimination						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	207,572a	8	25.95	9.53	0.00	0.25
Intercept	129.82	1	129.82	47.66	0.00	0.17
Restaurant frequency	0.57	1	0.57	0.21	0.65	0.00
Locus of attribution	3.03	1	3.03	1.11	0.29	0.00
Severity	16.84	1	16.84	6.18	0.01	0.03

Compensation	0.91	1	0.91	0.33	0.56	0.00
Class	137.29	2	68.64	25.20	0.00	0.18
Compensation * class	47.00	2	23.50	8.63	0.00	0.07
Error	637.35	234	2.72			
Total	4870.11	243				
Corrected Total	844.92	242				

a. $R^2 = ,246$ (Adjusted $R^2 = ,220$)

Source: Research data, 2019.

Table 9: Ancova with satisfaction as dependent variable – study 3

Dependent Variable: Satisfaction						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	145,31a	4	36.33	17.05	0.00	0.22
Intercept	51.95	1	51.95	24.38	0.00	0.09
Severity	73.01	1	73.01	34.27	0.00	0.13
Locus of attribution	0.25	1	0.25	0.12	0.73	0.00
Restaurant fre- quency	0.10	1	0.10	0.05	0.83	0.00
Compensation	65.27	1	65.26	30.63	0.00	0.11
Error	507.05	238	2.13			
Total	5,394.75	243				
Corrected Total	652.35	242				

a $R^2 = ,223$ Adjusted $R^2 = ,210$)

Source: Research data, 2019.

Table 10: Ancova with negative eWOM as dependent variable – study 3

Dependent Variable: negative eWOM						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	56,61a	4	14.15	4.75	0.00	0.07
Intercept	142.52	1	142.52	47.81	0.00	0.17
Severity	9.20	1	9.20	3.09	0.08	0.01
Locus of attribution	8.47	1	8.47	2.84	0.09	0.01
Restaurant fre- quency	14.28	1	14.28	4.79	0.03	0.02
Compensation	32.16	1	32.16	10.79	0.00	0.04
Error	709.52	238	2.98			
Total	6213.25	243				
Corrected Total	766.13	242				

a. $R^2 = ,074$ (Adjusted $R^2 = ,058$)

Source: Research data, 2019.

Table 11: Ancova with Discrimination perception as dependent variable –study 4

Dependent Variable: Discrimination						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	242,41a	8	30.30	11.43	0.00	0.28
Intercept	59.76	1	59.76	22.54	0.00	0.09
Theatre frequency	11.38	1	11.38	4.29	0.04	0.02
Severity	4.14	1	4.14	1.56	0.21	0.01
Locus of attribution	1.76	1	1.76	0.66	0.42	0.00
Compensation	1.52	1	1.52	0.57	0.45	0.00
Class	207.22	2	103.61	39.08	0.00	0.25
Compensation * class	21.78	2	10.89	4.11	0.02	0.03
Error	615.12	232	2.65			
Total	4973.78	241				
Corrected Total	857.53	240				

a. R² = ,283 (Adjusted R² = ,258)

Source: Research data, 2019.

Table 12: Ancova with Satisfaction as dependent variable – study 4

Dependent Variable: Satisfaction						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	209,60a	4	52.40	22.44	0.00	0.28
Intercept	45.01	1	45.01	19.27	0.00	0.08
Severity	72.06	1	72.06	30.86	0.00	0.12
Locus of attribution	0.09	1	0.09	0.04	0.84	0.00
Theatre frequency	2.42	1	2.42	1.04	0.31	0.00
Compensation	138.71	1	138.71	59.39	0.00	0.20
Error	551.20	236	2.34			
Total	4,482.00	241				
Corrected Total	760.80	240				

a R²= ,276 (Adjusted R²= ,263)

Source: Research data, 2019.

Table 13: Ancova with negative eWOM as dependent variable – study 4

Dependent Variable: negative eWOM						
Source	Type III Square Sum	df	Mean Squared	F	Sig.	Partial Squared ETA
Corrected Model	101,62a	4	25.41	8.95	0.00	0.13
Intercept	134.67	1	134.67	47.45	0.00	0.17
Severity	56.12	1	56.12	19.77	0.00	0.08

Locus of attribution	1.49	1	1.49	0.53	0.47	0.00
Theatre frequency	13.70	1	13.70	4.83	0.03	0.02
Compensation	24.14	1	24.14	8.51	0.00	0.04
Error	669.75	236	2.84			
Total	6,942.25	241				
Corrected Total	771.38	240				

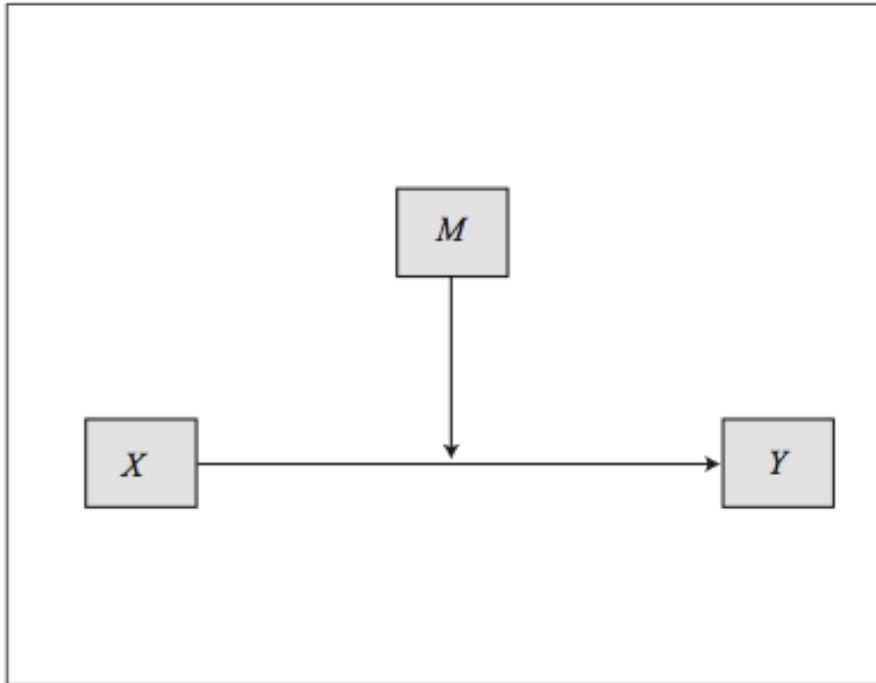
a $RR^2 = ,132$ (Adjusted $R^2 = ,117$)

Source: Research data, 2019.

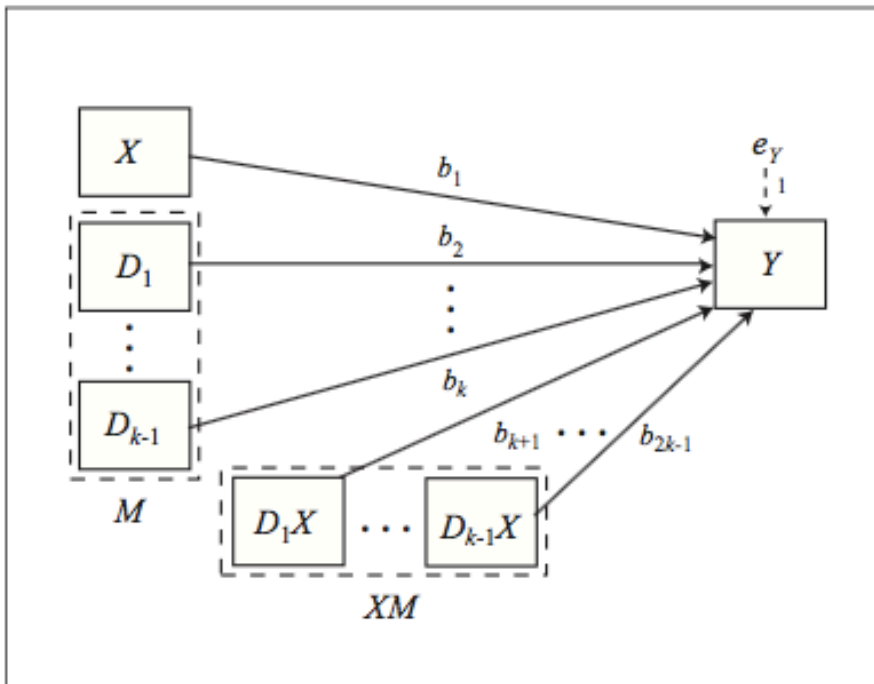
APPENDIX IV – PROCESS MODELS

Model 1

Conceptual Diagram



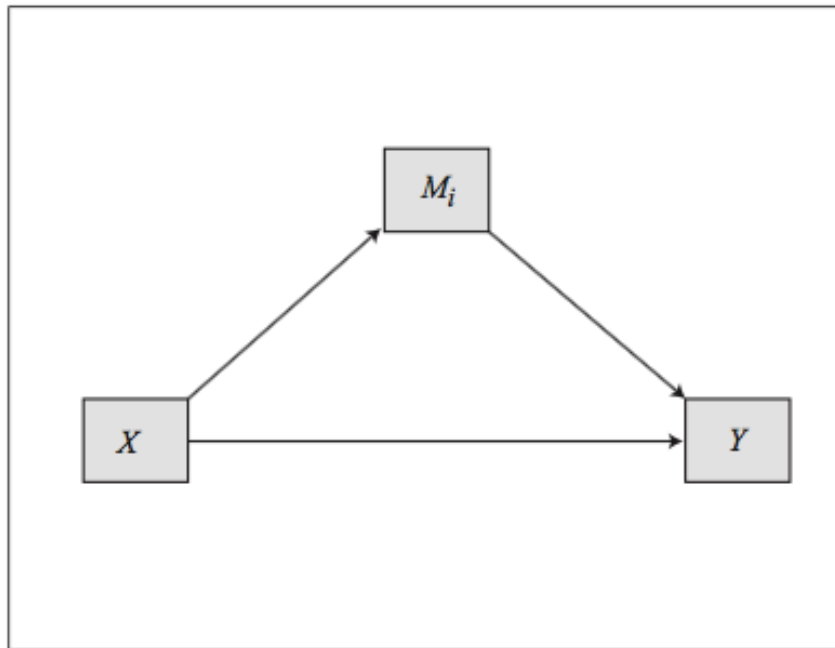
Statistical Diagram



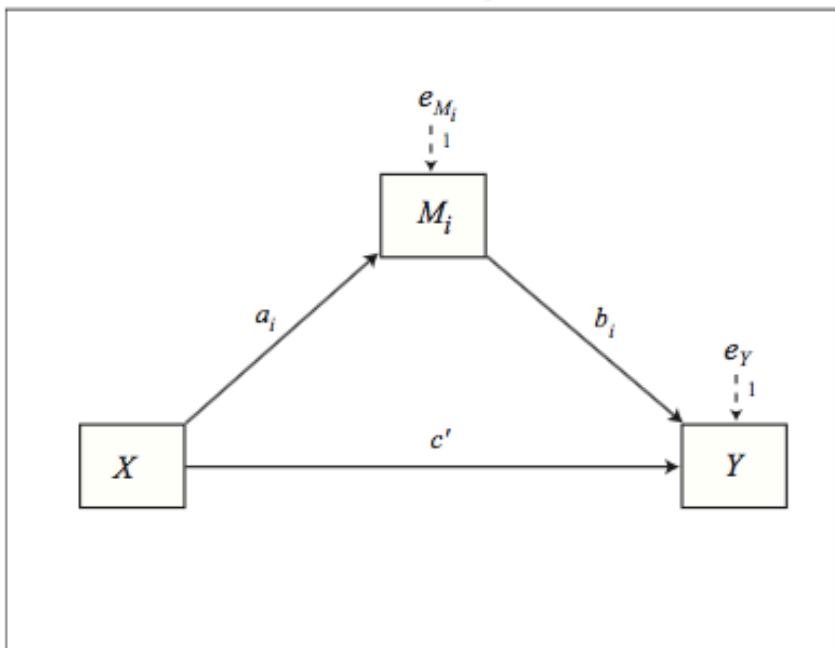
Conditional effect of X on Y = $b_1 + b_{k+1}D_1 + \dots + b_{2k-1}D_{2k-1}$

Model 4

Conceptual Diagram



Statistical Diagram

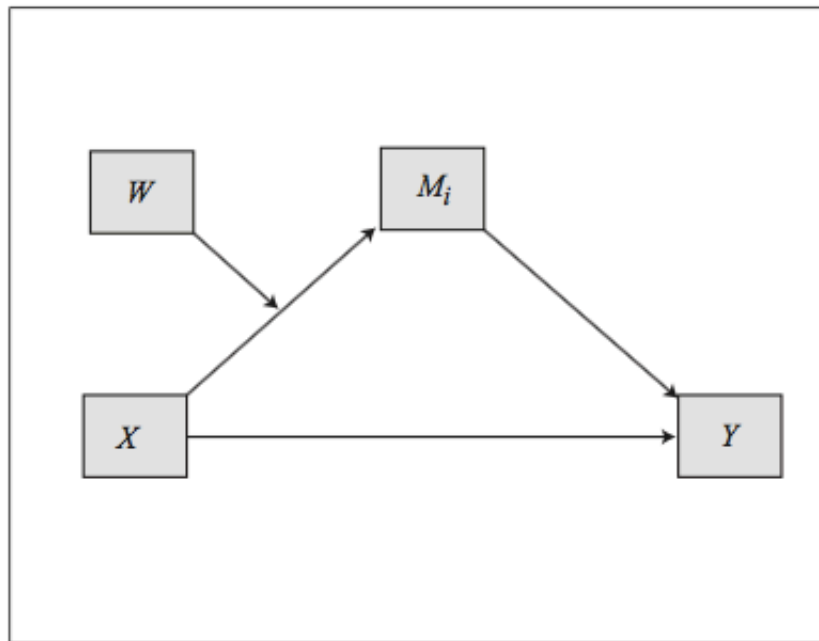


Indirect effect of X on Y through $M_i = a_i b_i$

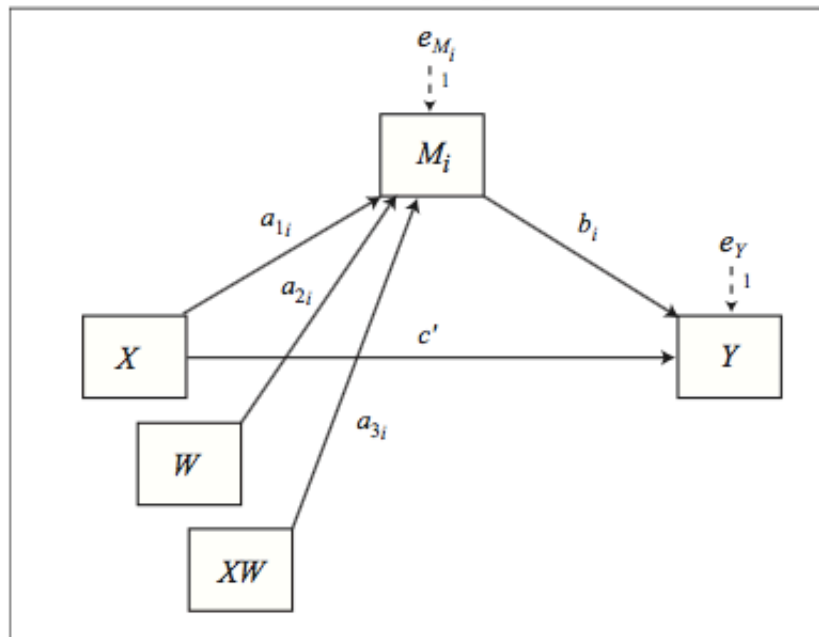
Direct effect of X on $Y = c'$

Model 7

Conceptual Diagram



Statistical Diagram



Conditional indirect effect of X on Y through $M_i = (a_{1i} + a_{3i}W)b_i$

Direct effect of X on $Y = c'$