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## THE EFFECTS OF ACCULTURATION, SOCIAL DISTINCTIVENESS, AND SOCIAL PRESENCE IN A SERVICE FAILURE SITUATION

Going beyond the traditional East/West consumer differentiation in studying service failure, this article examined the effect of acculturation, both independently and together with social distinctiveness and social presence, on the perceptions and behavioral responses of Chinese–Australian consumers. The research employed a 3×2×2 between-subject experimental design in which data were collected from 224 Chinese–Australians. Results showed that the different acculturation levels of these consumers did not affect their perceptions and behavior in a service failure situation. Instead, where and with whom a service failure was experienced had pronounced effects on consumer behavior depending on the extent to which the consumers acculturated to the culture of their host country. Implications of these findings and directions for future research are also discussed.

Keywords: Acculturation, Service Failure, Social Presence, Chinese Consumers

#### 1. Introduction

According to an increasing number of studies, the cultural background of consumers affects their service consumption experiences, including their service expectations, evaluations, and intentions (Wang & Matilla, 2011; Zhang, Beatty & Walsh, 2008). Early service failure/recovery studies have primarily focused on service failures (SFs) in a domestic context without explicitly considering the effect of culture. Therefore, these situations may have been primarily intra-cultural in nature, in which the customer and the service provider both share the same cultural background. However, given the rapid globalization and the significant increase in international travel, situations in which the customer and service provider possess dissimilar cultural backgrounds (i.e., in inter-cultural SFs), have attracted increasing research attention (e.g., Chan & Wan, 2008; Chan, Wan, & Sin, 2007; Mattila & Patterson, 2004). Such SFs are often highly complex; according to role theory (Solomon et al., 1985), customers and employees from different cultures have varying role expectations and service scripts in their memory. Consequently, dissimilar cultural backgrounds can easily create misunderstandings and result in dissatisfied customers, frustrated

service employees, and loss of business (Cushner & Brislin, 1996; Mohr & Bitner, 1991; Wan & Mattila, 2011).

However, a notable research gap exists in assessing SFs that are neither strictly intracultural nor inter-cultural in nature. Specifically, SFs that are experienced by consumers who have migrated to and reside in countries with unfamiliar cultural backgrounds have received little research attention (Weber, Hsu, & Sparks, 2014; 2015). This is surprising for the following reasons: a) Western societies have become more multi-cultural in nature due to successive waves of immigration (Koopmans, 2013), b) the economic importance of these immigrants has made them a prime target for marketers, and c) potential significant differences are observed between those immigrants and consumers who are still living in the country of origin of immigrants. Such potential differences must be investigated to help hospitality marketers provide more customized services in the current global environment. Investigating such differences is especially important in SF situations due to their potentially significant effects on the satisfaction and repeat purchase intentions of customers (e.g., Smith, Bolton, & Wagner, 1999) and consequently on the profitability of service providers (e.g., Tax & Brown, 1998).

By drawing on acculturation theory (Berry, 1980) and social distinctiveness theory (McGuire & McGuire, 1979) as well as by assessing the effect of social presence, this study aims to provide insights into the varying responses and behaviors of ethnic Chinese immigrants after encountering a SF situation. The extent to which these ethnic consumers have acculturated to the mainstream Western society can affect their responses in a SF situation in itself and in combination with social distinctiveness and the social context. This article will determine the extent to which

- 1) the varying levels of acculturation among Chinese–Australian consumers can affect their responses to a SF situation;
- 2) the social distinctiveness in the location of the SF (in the country of current residence (CCR)/host country versus the country of ethnic origin (CEO)) affects the evaluations and behaviors of Chinese–Australian customers; and
- 3) the social presence (of family members versus business associates) in a SF situation can affect the evaluations and behaviors of Chinese–Australian customers.

Chinese–Australian consumers are selected for this study as they form an important consumer segment in Australia; this market segment is targeted by both mainstream and ethnic marketers because of its geographical concentration and its increasing size, purchasing power, and tendency towards brand loyalty (Chan, 2006; Huang, Oppewal, & Movando, 2013; Pires & Stanton, 2005). These consumers account for 4% of the Australian population (865,000 inhabitants), making them the largest ethnic group in the country (Australian Bureau of Statistics (ABS), 2011). Primarily concentrated in Sydney and Melbourne, this ethnic group invests highly in education; therefore, these consumers have higher levels of education than the general population (ABS, 2011).

We select a restaurant as the research setting for the following reasons:

- 1) A restaurant not only allows frequent contact between the service provider and a customer but also offers a context where group situations are typical because people usually dine in restaurants with others rather than by themselves. Therefore, a SF may affect not only the individual who is the aggrieved party but also the other individuals in the dining party.
- 2) Restaurants operate in an extremely competitive environment (Ladhari, Brun, & Morales, 2008) where growth surpasses demand (Dutta, Venkatesh, & Parsa, 2007). Furthermore, the large number of restaurants increases customer expectations for service and value for money, thereby challenging restaurants in sustaining their respective competitive advantages (Enz, 2008).

To the best of our knowledge, this article is one of the first to go beyond the traditional East/West consumer distinction in studying SF by examining the effects of consumer acculturation in itself and together with other variables of interest. By extending prior research (e.g., He, Chen, & Alden, 2012 a, b; Weber, Hsu, & Sparks, 2014; 2015), this study enriches and expands the existing knowledge on consumer responses in SF situations by highlighting the fact that SFs may have a pronounced effect on the perception and behavior of customers depending on the extent to which they have acculturated to the culture of their host country. This understanding is particularly important in a highly globalized world where migration produces multi-cultural societies and can help hospitality practitioners deal with SFs effectively and devise more appropriate service recovery strategies.

## 2. Theoretical Background

## 2.1 Acculturation Theory

Acculturation theory has a long history in social and behavioral sciences (Berry, 1997). Redfield, Linton, and Herskovits (1936, p.149) advanced the classical definition of acculturation as "those phenomena which result when groups of individuals having different cultures come into continuous first-hand contact with subsequent changes in the original culture patterns of either or both groups." Therefore, the dimensions of cultural maintenance (the extent to which cultural identity and characteristics are maintained and considered important) and contact and participation (the extent to which individuals must involve themselves in other cultural groups or remain primarily among themselves) are crucial in determining the extent of acculturation. Based on the various combinations of these two key dimensions, Berry (1980) has proposed four distinct acculturation strategies that are commonly identified in the literature. These strategies include assimilation, whereby individuals seek daily interactions with their host culture and refuse to maintain their original cultural identity; separation, whereby individuals value and hold on to their original culture while avoiding interaction with their host culture; integration, whereby individuals simultaneously maintain their original culture and seek daily interactions with their host culture, thereby gradually changing the nature of the host culture; and marginalization, whereby an individual is either uninterested or unable to maintain his/her original culture or to interact with the host culture. Therefore, marginalization is of little interest from a marketer's perspective (e.g., Penaloza, 1994) and to this study.

Numerous studies have focused on the acculturation of Chinese consumers, including Chinese–Americans (e.g., Kaufman–Scarborough, 2000; Ownbey & Horridge, 1997), Chinese–Canadians (e.g., Chen, Aung, Zhou, & Kanetkar, 2005; Chia & Costigan, 2006), and Chinese–Australians (e.g., Quester & Chong, 2001; Quester, Karunaratna, & Chong, 2001). Acculturation has also received some attention in the hospitality literature, with some studies examining the effects of acculturation on the dining-out behavior of Chinese and Korean immigrants in US and Canada (Bojanic & Xu, 2006; Rajagopal, Zheng, Kang, & Lee, 2009; Yang, 2010), the restaurant selection of Korean–Americans versus that of US-born non-Koreans (Magnini, 2010), and the travel behavior of Korean–Australians (Lee & Cox, 2007). These studies found that the extent of

acculturation produced significant differences among respondents in terms of their dining-out behavior, restaurant selection, and travel behavior.

Only one study program, to the best of our knowledge, has examined the effect of acculturation in a SF situation. Weber, Hsu, and Sparks (2014; 2015) argued that Chinese–American consumers differed in their responses to a SF situation depending on the extent of their acculturation. Those who adopted a separation strategy showed the highest ratings for satisfaction and repeat purchase intentions, while those who adopted an assimilation strategy displayed the lowest ratings. Weber et al. conducted their study in the hotel context and collected their data from the US. However, similar findings may be obtained from another hospitality setting (i.e., restaurants) in a different Western country. Therefore, based on the findings of prior acculturation studies, we expect that Chinese–Australians will display varying perceptions and behaviors in a SF situation depending on the extent of their acculturation. We propose the following:

 $H_1$  - There are significant differences in perceptions and behavioral responses to a SF among individuals (Chinese-Australians) adopting different acculturation strategies, with those who adopt a separation strategy having significantly higher ratings than those who adopt an assimilation strategy.

Weber, Hsu, and Sparks (2014; 2015) not only examined the effect of acculturation per se but in a particular SF situation that was characterized by differences in the presence of staff of a particular ethnicity and where the SF took place (in a particular hotel). We also examine the effects of social presence and SF location, albeit from a different perspective. First, instead of focusing on the consumer–staff encounter, we investigate the effect of the presence of other customers in a SF situation. Second, instead of narrowly defining the SF location to a particular venue, we investigate the effect of a SF taking place either in the country of current residence of the consumer or in his/her country of ethnic origin. We emphasize the cultural distance between these two locations (Shenkar, 2001). To devise hypotheses for subsequent testing, we review the literature on social situation next.

## 2.2 Social Situation: Presence of Other Consumers

Until recently, there has been a noticeable lack of research on the effect of 'other customers' in the SF literature (Miao, Mattila & Mount, 2011), even if many SFs occur in the presence of others. In fact, such a presence may affect the reactions of a customer to the failure and the subsequent service recovery of the firm (Lee, Sparks, & Butcher, 2013). To address such a gap, several studies have begun to investigate the effect of the presence of "other customers" (e.g., Brocato, Vorhees, & Baker, 2012; Kim & Lee, 2012; Soederlund, 2011). However, in most of these studies, the "other customers" are not familiar to the focal customer. In contrast, Lee et al. (2013), Huang, Wu, Chuang, and Lin (2014), and Fan, Mattila, and Zhao (2015) examined the effect of the presence of other companions who are familiar to a Chinese customer in a SF situation.

Drawing on a sample of Mainland Chinese consumers, Lee, Sparks, and Butcher (2013) examined the effect of "other customers" in a situation in which a SF was observed by relatives (public) versus a SF that was experienced only by the specific customer (private). Instead of examining their effects on traditional variables, such as complaint intentions, satisfaction, and behavioral intentions, the authors focused on the effect of other customers on "face" or "mianzi," a central cultural value for Chinese societies (Hu, 1944; Jia, 2001). Contrary to their expectations, the authors observed that Chinese customers would perceive a greater loss of face when they experienced a SF in private, especially in situations with unfavorable outcome fairness. This finding was attributed to the fact that "other customers" were defined as close family/friends instead of unfamiliar people unknown to them. In addition, these customers faced a "double face loss" when receiving rude interpersonal treatment and when reporting a negative outcome (a longer wait) to the waiting in-group members.

Focusing on the effect of word-of-mouth, Huang et al. (2014) found that in a SF situation, Taiwanese customers had higher complaint intentions when they were with others than when they were by themselves. They argued that the level of intimacy between two individuals partially mediated complaint intentions. Specifically, consumers reported higher complaint intentions when experiencing a SF with in-group (rather than out-group) members (Taijfel, 1984).

Building on prior studies on the effect of social presence, we further investigate the influence of different social situations, specifically that of dining contexts (family versus business occasions) wherein the SF is witnessed by individuals with different degrees of familiarity with the focal customer (family members versus business associates). Although situational factors have a much stronger effect on consumer behaviors than personal factors (Ward & Robertson, 1973), only few studies have examined the effect of a restaurant dining occasion on consumer choice (Filiatrault & Ritchie, 1988) and behavior (June & Smith, 1987), including complaint behavior (Lau & Ng, 2001; Su & Bowen, 2001). Recently, Chang, Khan, and Tsai (2012) examined the relationship among restaurant dining occasions, SFs, and customer complaint behaviors and found that dining occasion moderated complaint behavior. In business dinner situations, significant differences were noted in complaint behavior depending on the type of SF. However, a significant influence was not found between SFs and complaint behavior for a family dinner occasion, indicating that less emphasis was placed on service as long as the value of the meal matched customer expectations. Therefore, based on the literature, we hypothesize the following:

 $H_2$ : The perceptions and behavioral responses of customers are less negative when the SF is witnessed by family members (in-group) than by business partners (outgroup).

Rather than only examining the effects of social presence in isolation, we also investigate its combined effect with acculturation. Acculturation theory provides a rationale for the assertion that those Chinese–Australians who aim to assimilate will actively embrace the more individualistic (Western) values and behaviors that dominate the Australian mainstream culture. In comparison, those Chinese–Australians who adopt a separation strategy to acculturation tend to retain more collectivist values and behaviors that are consistent with their Chinese culture of origin. Therefore, compared with separatists, assimilators are more likely to display perceptions and behavioral intentions that are in line with individualistic (Western) customers. Triandis (1994) suggested that the social presence of others might have a greater effect on collectivists than on individualists; the former are typically more concerned about behaving properly, while the latter believe that they can do whatever they want regardless of the wishes of their groups. Differentiating between the presence of family members (in-group members) versus that of

strangers (out-group members), Fan et al. (2015) found that when dining out with families, Chinese customers (versus Americans) were less likely to voice their complaints about SFs. However, the presence of strangers triggered a concern for face among Chinese customers, thereby increasing their complaint intentions. Consequently, in an SF situation involving strangers, the complaint intentions of both American and Chinese respondents were uniformly high. Therefore, based on the prior literature, we hypothesize the following:

 $H_3$ : The perceptions and behavioral responses of assimilators are more negative than those of separatists for a SF that is witnessed by family members. However, their perceptions and behavioral intentions are not significantly different regardless of their acculturation level for a SF that is witnessed by business associates.

Next, we examine the literature on social distinctiveness and cultural distance in order to assess the potential effects of a SF that takes place relative to the CCR of customers versus their CEO.

## 2.3 Social Distinctiveness Theory and Cultural Distance

Social distinctiveness theory and cultural distance are drawn upon to explain the potential differences in how ethnic consumers (Chinese–Australians) perceive and react to SFs that take place in their CCR (Australia) versus their CEO (Mainland China). Social distinctiveness theory argues that individuals are more attuned to the characteristics that differentiate them from the people around them than they are to the characteristics that make them feel the same and included (McGuire & McGuire, 1979). Various studies show that in an ethnically mixed society such as Australia, the identity of an individual as a member of an ethnic subgroup (e.g., Chinese–Australian) becomes more salient when such a group is considered a minority in the social context. For instance, Deshpandé and Stayman (1994) found that Hispanics in Dallas were more attuned to their Hispanic identity than the Hispanics in San Antonio because Hispanics were considered a minority in the former yet considered a majority in the latter. Similarly, Grier and Deshpandé (2001) noted that blacks in Cape Town were more conscious of their ethnic identity than those in Johannesburg because they were a minority in the former yet a majority in the latter. Therefore,

ethnicity becomes more salient when a SF takes places in Australia where Chinese–Australians are considered a minority, thereby affecting the responses of these consumers.

However, the relationship between cultural distance and consumer evaluations in cross-cultural service encounters must also be considered to predict the possible effects in this study context. Previous studies have identified significant differences between the perceptions of people from East Asian cultures (e.g., China, Japan, and Korea) and those of people from Western cultures (e.g., Australia, USA, and Canada) (Markus & Kitayama, 1991). Such differences are not surprising because of the substantial cultural distance between Asian and Western cultures. Cultural distance refers to the extent to which a culture differs from or is similar to another culture (Shenkar, 2001). Such differences may result from variations in language, social structure, religion, standard of living, and values (Triandis, 1989).

Ye, Zhang, and Yuen (2013) noted that cultural distance between parties might have a dual role in a cross-cultural service encounter; one of a cultural conflict or one of a cultural cushion. Although cross-cultural interactions may enhance mutual understanding, the differences in cultural values and norms may also create feelings of discomfort that lead to negative perceptions and behaviors, which may then form the basis of prejudice and discrimination (Sharma et al., 2009). Stauss and Mang (1999) noted that cultural distance might also bring unexpected effects. They introduced the notion of "cultural shocks" resulting from the cultural differences in inter-cultural service encounters. However, contrary to expectations, Stauss and Mang found that intra-cultural encounters, rather than inter-cultural ones, could cause a greater upset among customers because of the differences in attribution. Specifically, inter-cultural SFs exhibited lower seriousness ratings because a consumer could attribute a SF, at least partially, to the inter-cultural setting, thereby resulting in lower service expectations, a wider zone of tolerance, and a narrowed service provider gap. This finding is consistent with that of Weiermair (2000), who suggested that the closer the tourists' own cultures were located in comparison to an experienced cross-cultural service encounter in the tourist destination, the more critical they would be in terms of perceiving and judging service quality and satisfaction. Conversely, the further away customers were culturally located, the less demanding and the more tolerant they tended to be regarding experienced service quality.

Building on this, Warden et al. (2003) compared both domestic and foreign service encounters in the SF and recovery stages. They argued that the apparent reduction in inter-cultural failure seriousness could be attributed not to the error itself, but to the increased acceptance of the recovery strategy because of the perceived cultural distance. Reichert and Gill (2004) further reasoned that customers from close cultures might believe that service providers should be well acquainted with their expectations. Therefore, these customers would view the failure more seriously and become more dissatisfied with the service provider. By contrast, customers from distant cultures may attribute such a SF to a mismatch of cultural standards of which the service provider may be unaware. Hence, such customers are more forgiving of such failures.

Given the substantial cultural distance between Chinese and Australians and based on the findings of previous studies on the effects of cultural distance and social distinctiveness, we expect that those Chinese–Australians who experience a SF in Australia perceive such failure less negatively than if they experience the same SF in Mainland China. However, such an expectation focuses primarily on the effect of the SF location and assumes that all Chinese–Australians are the same in terms of their ethnic identification, which is obviously not the case. As previously discussed, immigrants adopt different acculturation strategies that vary the strength of their ethnic identification with both of their home and host culture, thereby affecting their cultural distance to the mainstream culture in both locations. Drawing on acculturation theory, the assimilators in Australia perceive the least cultural distance to the mainstream culture, while the separators perceive the highest cultural distance among the three acculturation groups. The opposite may be expected for a SF in China. Based on these arguments and on the findings presented by Reichert and Gill (2004), we hypothesize the following:

H<sub>4</sub>: In a SF situation in the CCR (Australia), assimilators will have more negative perceptions and behavioral intentions than separatists. Conversely, in a SF situation in the CEO (China), separatists will have more negative perceptions and behavioral intentions than assimilators.

Figure 1 illustrates our conceptual model.

INSERT FIGURE 1 ABOUT HERE

## 3. Methodology

## 3.1 Sample and Procedure

A sample of 224 Chinese–Australians currently residing (and having resided for at least five years) in Australia participated in this study. In view of the special requirements of the Chinese–Australian sample, we used a professional research firm and conducted an online survey to access a large number of potential and suitable respondents and to achieve the best response rate, time, and cost. We contracted a research firm to program and host the online experiment (in both English and simplified Chinese) to reach the target of 300 Chinese–Australian respondents. To ensure that the three acculturation strategies of interest were evenly represented, the research firm programmed the instrument to classify respondents immediately into one of the three categories according to their responses. In this way, the quotas for the acculturation strategies could be progressively filled. The respondents were randomly allocated to one of the four scenarios to reach an even distribution.

We utilized a 2 [SF Location: CCR (Australia) versus CEO (China)] × 2 (Social Presence: Family Members versus Business Partners) between-subject factorial design. We devised three screening questions that were related to the arrival and stay of respondents in Australia to ensure that the effects of acculturation could be measured (i.e., respondents were not using a short-term student visa or their families had only recently moved to Australia). By using a scenario method and asking respondents to imagine themselves as aggrieved customers, we created a SF situation wherein several people were being hosted for a special dinner. In the course of the evening, the host experienced several embarrassing incidents and the dinner party was treated less favorably than another party in the same restaurant. The four scenarios were identical, except for manipulations of the two independent variables. Following the service failure/recover scenario, we asked respondents questions about various dependent variables and performed manipulation, realism, and believability checks. A final section ascertained demographic data, including age, gender, and education. A copy of the sample scenario, including the manipulations of the two independent variables, is provided in Appendix A.

The instrument was extensively pre-tested in both offline and online environments. The pre-test aimed to obtain feedback on the script, manipulations, and scales to facilitate the revision process. Based on each pre-test, the instrument was modified and re-tested. The three iterations of the pre-test involved 134 respondents to ensure that (1) the manipulations performed as intended and that (2) the service failure/recovery scenario was believable.

The instrument was initially designed in English, translated to Chinese, and translated back to English. This back-to-back translation was conducted by two independent native Chinese speakers, one of whom had a professional background in translation. The final instrument was administered online in both English and Chinese to allow respondents to choose their preferred language. The vast majority of respondents chose to complete the questionnaire in English (92%).

## 3.2 Independent Variables

The two independent variables represented the location of the SF and social presence. These variables were manipulated at two levels in line with the previous literature. For the former variable, the location of the SF was indicated in the introduction to the script as follows: "The scenario describes a service experience that takes place in a restaurant in *Mainland China/Australia*." The location was reiterated in the first part of the SF script, with more specific reference to "...on a visit to a major city in *Mainland China/Australia*." The latter variable was cited as "hosting several *executives from a Chinese partner firm/family members*...to celebrate a special *business/family occasion*."

## 3.3 Acculturation as a Grouping Variable

To capture the acculturation strategy of respondents, we developed a composite of three measures that provided insights into the extent to which respondents wanted to retain their identification with their culture of origin and the extent to which they wanted to conform to their host culture. From each of these three acculturation measures we derived a score indicating the acculturation strategy; these three scores were then averaged to derive the final score indicating the acculturation strategy that the individual had adopted. We adopted two questions from Suinn, Ahuna, and Khoo (1992), which were measured on a seven-point Likert scale to ascertain the degree to which respondents believed in Chinese and Australian values. The same authors

proposed a measure of self-identification, which was also adopted in this study. For the behavioral dimension of acculturation, we used the 10-item acculturation scale of Lerman, Maldonado, and Luna (2009). Table 1 presents the various acculturation measures.

#### INSERT TABLE 1 ABOUT HERE

## 3.4 Dependent Variables

Face, satisfaction, and repeat purchase intentions represented the perceptual and behavioral response measures in this study. Satisfaction and repeat purchase intentions, which are commonly measured dependent variables in service failure/recovery research, were adapted from Oliver and Swan (1989) and Zeithaml, Berry, and Parasuranam (1996), respectively. These variables were measured using multiple-item scales that comprised four and three items, respectively, on a seven-point scale (1 = strongly disagree and 7 = strongly agree).

The concept of face or "mianzi" is of particular interest and relevance in our study context. As a central cultural value that is accorded by in-group members or significant others with status and position in the society (Hu, 1944; Jia, 2001), several studies emphasized the importance of face in service encounter situations (e.g., Chan & Wan, 2008, Du, Fan, & Feng, 2010; Lee & Sparks, 2007; Lee, Sparks, & Butcher, 2013; Hoare & Butcher, 2008). People suffer from face loss when service providers fail to recognize their importance and do not treat them with due respect or honor (Fox, 2008, Kipnis, 1995: Seligman, 1999). Therefore, face may be threatened by a lack of respect and the perception of being ignored or challenged (Chan et al., 2007). Lee et al. (2013) define face as the social recognition that a person gains or loses in social interactions. This variable is self-assessed, situationally dependent, and flows from the manner in which a person is treated or the outcomes received. Following Lee, Sparks, and Butcher (2013), we measured face using six items on a seven-point scale.

#### 4. Results

We performed preliminary data screening before applying the multivariate analysis of variance (MANOVA) technique (Hair et al., 2010). We were vigilant in checking the quality of the data given that we availed the services of an online panel company in the sample recruitment.

The lack of attention or fatigue, which can result in unusual response patterns, may indicate that respondents are not paying sufficient attention to the stimulus material (Brace, 2008). Among the 300 received responses, 38 cases were deleted because these respondents only selected one response category for the majority of the questions, thereby providing logically inconsistent answers. Another 38 cases were deleted because these respondents incorrectly answered both manipulation check questions. Consequently, a total of 224 cases were used for the main analysis.

#### 4.1 Scale Reliabilities, Realism, and Manipulation Checks

We formed summated scales for four measures, namely, 1) acculturation, 2) face, 3) satisfaction, and 4) repeat purchase intentions. Before calculating the reliability coefficients (Cronbach's alpha), the items were reverse-coded where required. The reliability of each scale exceeded the conventional minimum of 0.70 (Nunnally, 1978), with reliability coefficients of 0.79, 0.95, 0.74, and 0.86, respectively. Therefore, all scales had adequate to superior reliability.

Next, participants were asked to respond to scenario scripts by imagining themselves in the role of the customer. We included several measures that assessed the realism of the provided scenarios (Willson & McNamara, 1982). Table 2 provides descriptives for each of the four realism checks; they indicate that respondents found the service experience believable and likely to occur, in addition to encountering such staff as depicted in the script and being able to identify with the customer. Realism checks for each of the four scenarios confirmed the results of realism checks at the aggregate level, that is, no significant differences were observed in realism checks across cells.

Checks also confirmed that the two independent variables, namely, location of the SF and social presence, were successfully manipulated. We ascertained the effectiveness of the "SF location" manipulation by asking the question, "The service experience described in the scenario was set in a restaurant located in 1) Mainland China or 2) Australia?" We established the effectiveness of the "social presence" manipulation by asking the question, "The service experience described in the scenario occurred on a 1) business occasion or 2) family occasion?"

#### INSERT TABLE 2 ABOUT HERE

## 4.2 Consumer Perceptions and Behavioral Response

A 3 (Acculturation)  $\times$  2 (SF Location)  $\times$  2 (Social Presence) MANOVA was performed to examine differences in face, satisfaction, and repeat purchase intentions. Both SF Location and Social Presence were manipulated, whereas Acculturation was measured. Table 3 presents significant multivariate statistics and univariate results, while Table 4 summarizes the descriptive statistics for all dependent variables by experimental cells.

#### INSERT TABLE 3 AND 4 ABOUT HERE

First, we examined the main effect of acculturation on the perceptions and behavioral responses of respondents (H<sub>1</sub>). Contrary to expectations, no main effect was observed (p > 0.05), thereby rejecting H<sub>1</sub>. To test H<sub>2</sub>, we inspected the main effect for Social Presence (F (3,207) = 6.71, p < 0.000, partial  $\eta^2 = 0.089$ ). Univariate results indicated significant differences in face, satisfaction, and repeat purchase intentions when the SF took place during a family occasion versus a business occasion (Face: F (1,222) = 6.16, p < 0.014, M<sub>F</sub> = 2.88, M<sub>B</sub> = 3.36; Satisfaction: F (1,222) = 19.84, p < 0.000, M<sub>F</sub> = 2.46, M<sub>B</sub> = 3.14; Repeat Purchase Intentions: F (1,222) = 19.5, p < 0.000, M<sub>F</sub> = 2.51, M<sub>B</sub> = 3.26). However, the ratings were more negative (lower) when family members, instead of business partners, were present in the SF situation. Therefore, H<sub>2</sub> is rejected.

Contrary to our expectation, the main effect for Social Presence was not qualified by an interaction with Acculturation, thereby rejecting  $H_3$ . Given the lack of an interaction effect between Acculturation and SF Location, we also rejected  $H_4$ . Instead, we observed that the main effect for Social Presence was qualified by a significant two-way interaction with SF Location (F = 2.85, p < 0.038, partial  $\eta^2$  = 0.040), for which univariate results showed a significant effect on all three dependent variables. However, the main effect and two-way interaction were further qualified by a significant three-way interaction (Social Presence × SF Location × Acculturation (F (6, 416) = 2.69, p < 0.014, partial  $\eta^2$  = 0.037). Therefore, we focus on this higher-level interaction (non-hypothesized) to explain our findings. Data for each acculturation group were examined separately. Figures 1, 2, and 3 show the representative results for each group, respectively. Simple effects tests were performed to examine the effects of one independent variable on the various levels of another variable (Field, 2009).

#### INSERT FIGURES 2, 3 AND 4 ABOUT HERE

Respondents in the separation group had significantly lower ratings for both satisfaction (F  $_{(1,37)}$  = 12.83; p = 0.001) and repeat purchase intentions (F $_{(1,37)}$  = 9.97; p = 0.003) when the SF took place in China and involved family members instead of business associates (M<sub>SAT F</sub> = 2.26; M<sub>SAT B</sub> = 3.59/M<sub>RP F</sub> = 2.2; M<sub>RP B</sub> = 3.52). Furthermore, we also observed a significant difference in satisfaction ratings when the SF occurred in a business context, depending on the location of the SF (F  $_{(1,37)}$  = 5.69, p = 0.022). Satisfaction ratings were significantly lower when the SF occurred in Australia than in China (M<sub>A</sub> = 2.66; M<sub>C</sub> = 3.59).

Respondents in the integration group also had significantly lower ratings for both satisfaction (F  $_{(1, 18)}$  = 15.36; p = 0.001) and repeat purchase intentions (F  $_{(1, 18)}$  = 5.4; p = 0.032) when the SF took place in China and involved family members instead of business associates (M<sub>SAT F</sub> = 2.04, M<sub>SAT B</sub> = 3.63; M<sub>RP F</sub> = 2.22, M<sub>RP B</sub> = 3.63). In contrast, we did not observe significant differences in ratings between family and business occasions when the SF took place in Australia. We observed a significant difference in satisfaction ratings when the SF occurred in a business context, depending on the location of the SF (F  $_{(1, 20)}$  = 6.77, p = 0.017). Satisfaction ratings were significantly lower when the SF occurred in Australia than in China (M<sub>A</sub> = 2.45; M<sub>C</sub> = 3.63). We did not observe significant differences in ratings when the SF occurred in a family context regardless of the SF location.

Respondents in the assimilation group had significantly lower ratings for both satisfaction (F  $_{(1,\,45)}$  = 10.53; p = 0.002) and repeat purchase intentions (F $_{(1,\,45)}$  = 9.19; p = 0.004) when the SF took place in Australia and involved family members instead of business associates (M<sub>SATF</sub> = 2.29/M<sub>SATB</sub> = 3.43; M<sub>RPF</sub> = 2.37/M<sub>RPB</sub> = 3.52). When the SF took place in China, we observed a significant difference for repeat purchase intentions (F  $_{(1,\,49)}$  =5.84, p < 0.019), with ratings for the presence of family members again being lower than those for the presence of business associates (M<sub>RPF</sub> = 2.46/M<sub>RPB</sub> = 3.37).

In sum, although the four proposed hypotheses were rejected, a non-hypothesized threeway interaction was reported because of its significance in highlighting the complexity of perceptions and behavioral intentions among individuals with different levels of acculturation.

#### 5. Discussion

Previous studies have indicated that different levels of acculturation of individuals had direct effects on their dining out behaviors, restaurant selection, and travel behaviors (e.g., Bojanic & Xu, 2006; Lee and Cox, 2007; Magnini, 2010; Yang, 2010). However, we found that this was not necessarily the case in SF situations. Other factors, in combination with varying acculturation levels, may have to be present before affecting the perceptions and behavior of individuals toward a service provider. This finding is consistent with prior research suggesting that the social identity of an individual must be salient before affecting consumer responses (e.g., Forehand, Desphande, & Reed, 2002). Therefore, these individuals' sense of ethnic origin must be activated before acculturation can affect their perceptions and responses after encountering a SF. In other words, an individual must be conscious of his/her strength of affiliation with his/her home and host cultures. That may be the case in certain SF situations, similar to the one presented in this study, but not in others. Consequently, contextual factors appear to act as key determinants of whether or not consumer perceptions and behaviors are affected by different acculturation levels.

#### 5.1 Main Effect – Social Presence

The main effect for social presence demonstrated significant differences in face, satisfaction, and repeat purchase intentions when the SF took place during a family occasion. Contrary to expectations, respondents gave a lower rating for all dependent variables when the SF occurred in the presence of family members than in the presence of business associates. Several studies suggest a close link between face and customer satisfaction (e.g., Lee & Sparks, 2007). Therefore, when respondents lose face, they tend to become less satisfied. The Chinese usually do not express their inner feelings with people they are unfamiliar with, such as business associates. In contrast, they often talk openly with their family members, and the more family members may discuss a SF situation, the more this situation becomes an issue, thereby resulting in lower satisfaction. This argument is related to the concept of subjective norms (Ajzen & Fishbein, 1980), whereby people influence the behavioral intentions of one another depending on the importance

that they give to the opinion of an individual. In this way, the SF may become a much larger issue. Regarding behavioral intentions, respondents are likely to choose restaurants freely for a family occasion. Therefore, they are less likely to return to the same restaurant after facing a SF that has potentially embarrassed them. However, in a business situation, the decision on whether or not to return to the same restaurant may not be theirs to make or the perceived alternatives may not be as many.

## 5.2 Two Way Interaction – Social Presence and SF Location

The main effect for social presence was further qualified by a significant interaction with SF location. Interestingly, the interaction effect on face perceptions demonstrates that, within the business condition, face levels remain high only when the SF takes place in China. This finding suggests that the interaction is driven by the presence of business associates because only slight changes have been observed when family members are present. Therefore, the loss of face and the lowered satisfaction and repeat visit intention are felt more acutely when the SF is experienced in the presence of business associates in Australia. However, given that this two-way interaction is further qualified by acculturation, our discussion focuses on the three-way interaction among acculturation, social presence, and SF location.

# 5.3 Three-Way Interaction - Acculturation, Social Presence, and SF Location Separation Group

Respondents in the separation group had significantly lower ratings for both satisfaction and repeat purchase intentions when the SF took place in China and involved family members. Given that these respondents, despite residing in Australia, closely maintained their Chinese culture and values at the expense of integrating themselves further into the Australian society, they clearly felt that the restaurants in China should not only serve them well but equally as the other dining parties. After all, they are in their "own country." Moreover, compared with the other acculturation groups, these respondents felt the least cultural distance when returning to China. Therefore, these respondents might be less forgiving in a failure situation as suggested by Warden et al. (2003). The presence of family members with whom this service situation may have been more openly discussed can lower the satisfaction and behavioral intention ratings further (Ajzen & Fishbein, 1980). In comparison, we observed no significant difference in ratings when the SF

took place in Australia regardless of whether family members or business associates were present. Given that these respondents mostly lived in predominantly Chinese communities in Australia (ABS, 2011) and had little desire to integrate into the mainstream Australian society, they did not have many alternative restaurants to patronize whether for business or family occasions even if they had prior SF experience and low satisfaction.

We also observed a significant difference in satisfaction ratings when the SF occurred in a business context, depending on the location of the SF. Satisfaction ratings were significantly lower when the SF occurred in Australia than in China. This result is not surprising because these respondents who live in Australia may feel pressured in selecting an excellent restaurant as a "local host" when inviting Chinese business associates for dinner because of the importance of properly hosting business associates in Chinese culture (Hamilton & Zhang, 2012). Although they are not interested in integrating into Australian society, these individuals may want to be perceived as local insiders by visitors from their own country, who in turn, expect them to be in more knowledgeable positions. Being treated differently in their host country may cause additional embarrassment in such situations. However, when they are in China, these individuals have the excuse of not being a "local" because, after all, they live in Australia. We did not observe significant differences in ratings for the separation group when the SF occurred in a family context regardless of the SF location because family members tend to understand the familiarity of one another with any environment.

#### *Integration Group*

The same patterns from the separation group were observed for the integration group even though their underlying reasons were different. We observed lower ratings for a SF in China when family members were present; we did not observe any difference when the SF occurred in Australia. We also observed significant differences in satisfaction ratings when the SF occurred in a business context, with the ratings in Australia being lower than those in China. No significant differences in ratings were observed for the integration group when the SF occurred in a family context regardless of the SF location. Although these respondents aim to integrate themselves into the mainstream Australian society, they are similar to the separation group members in the sense that they still value and hold onto their Chinese culture and values. Therefore, these respondents

tend to draw on a social identity that suits a specific social occasion/location, that is, they draw on their Chinese identity when they are in Mainland China and draw on their Australian identity when they are in Australia. In other words, they negotiate their "dual identities" (Badea, Jetten, Iyer, & Er-Rafiy, 2011). When in Mainland China, instead of feeling at home, these respondents feel that they are special because they have successfully settled into another country. This observation is especially important in a dining context that involves family because many Chinese families make much sacrifices to support a family member who migrates to another country (e.g., Fuligni, 2001; Tan, Storey, & Zimmerman, 2007). Therefore, a SF in China may be perceived much more negatively in a family versus a business situation, especially if such a SF involves an embarrassing, face-losing situation. In contrast, these respondents draw on their Australian identity when they are in Australia because they are trying to fit into their society. Therefore, if a SF situation conveys the impression that they may not be treated with the appropriate respect—especially when hosting Chinese business associates in their host country—their evaluations may become more negative because of the loss of face that they experience at the hands of the service provider.

## Assimilation Group

Respondents in the assimilation group had significantly lower ratings for both satisfaction and repeat purchase intentions when the SF took place in Australia and involved family members. When the SF took place in China, a significant difference was observed for repeat purchase intentions, again with the ratings for the presence of family members being lower than those for the presence of business associates. These respondents do not wish to maintain their original cultural identity and rather adopt the Australian culture. Therefore, they tend to become upset when they are treated differently in Australia, potentially on the basis of their ethnicity. Similarly, in China, these respondents expect to be treated with respect as they consider themselves different from locals. If such treatment is not received, their reactions are likely to be negative. Their higher ratings in a business context versus a family context may be attributed to two reasons. First, in a business context, the focus primarily rests on business matters, with dining potentially being perceived as secondary, especially if no serious SFs are noticeable to the entire dinner party. Second, although an individual may wish to assimilate into a new cultural setting, his/her family members may not only opt for a different approach to acculturation but also be critical of a choice to assimilate at the expense of maintaining ties with the Chinese culture. Numerous studies have

examined the discrepancies in acculturation among family members and considered acculturation a major source of conflict in immigrant families (e.g., Lau et al., 2005; Portes & Rumbaut, 1996; Zhou, 1997). Therefore, such a SF situation may drive an individual not only to question his/her own approach to acculturation but also drive family members to question that individual's approach.

Finally, it is interesting to note that the location of the SF (i.e., in the CCR or CEO of the respondent) alone did not affect perceptions or behaviour (that is, no main effect for SF Location was detected). Although this finding contrasted those of Warden et al. (2003), one must note that the latter did not focus on Chinese living in an entirely different cultural environment, but rather on Taiwanese living in Taiwan. Therefore, despite the significant cultural distance between their country of residence and their travel destination, the cultural background and values of the respondents are unlikely to have varied widely across the sample. In contrast, cultural distance is a much more complex issue for immigrants who are living in very different cultural environments because of their varying levels of acculturation and the resulting variations in their perceptions. Furthermore, by adopting a Critical Incidence Technique than an experimental approach, Warden et al. also examined different types of SFs than that examined in this study.

#### 6. Conclusions

#### 6.1 Theoretical Contributions

To the best of our knowledge, this article is one of the first to go beyond the traditional East/West consumer distinction in studying SF by examining the effects of consumer acculturation in itself and together with other variables of interest. By extending prior research (e.g., He, Chen, & Alden, 2012 a, b; Weber, Hsu, & Sparks, 2014, 2015), this study enriched the existing knowledge on consumer responses in SF situations by highlighting the fact that where and with whom a SF was experienced had a pronounced effect on perceptions and behaviors of consumers depending on the extent to which they acculturated to the culture of their host country. This understanding is particularly important in an ever more globalized world where migration produces multi-cultural societies.

The introduction of acculturation into the study of SF also challenges the distinction between inter-cultural and intra-cultural SFs and the subsequent anticipated behavior (e.g., Stauss & Mang, 1999; Warden et al., 2003). Such boundaries are blurred when the extent of acculturation of an individual is considered. Specifically, a SF that outwardly may be considered an intra-cultural SF (involving a Chinese consumer and service provider) can take on the characteristics of an inter-cultural SF (by involving an assimilated Chinese–Australian consumer and a Mainland Chinese service provider). Consequently, service recovery measures that are established for a particular ethnic group, such as Chinese consumers, must be rethought and more finely differentiated in light of migration and acculturation.

This study also examined the effect of the presence of other customers in a SF situation by highlighting how such a presence might differ depending on whether the SF takes place in the CCR or CEO of an individual. The SF location changes the susceptibility of acculturated individuals to cultural influences. Prior research on the effect of other customers typically focuses on SF situations in a familiar or home environment of an individual (e.g., Lee et al., 2013; Huang et al., 2014). However, assessing the effect of a SF in a location other than a familiar environment becomes increasingly important in view of the substantial international movement of people, whether for short-term travel or long-term migration (Abel & Sander, 2014; UNWTO, 2015). Consequently, future research must explore and examine SF location more closely.

## 6.2 Managerial Implications

Our findings reveal significant differences in the perceptions and behavior of Chinese–Australians with varying acculturation levels. The complexity of affiliation with the culture of the host and home countries highlights the need for marketers to avoid looking at Chinese–Australians (or any ethnic group living in a host country) as homogeneous and to refrain from treating these customers as a singular group. Service providers must be sensitive to different sensibilities, especially in various service contexts (formal/informal; family/business), and to the different types of individuals in a service situation.

Given the diversified needs of customers, highly customized services are evidently required to ensure customer satisfaction and repeat patronage. In view of various dining occasions, Chang et al. (2012) called on restaurateurs to improve their service consistency (e.g., by implementing daily standard operating procedures) in order to satisfy the needs of their customers and to minimize SFs. They also emphasized the need to determine the reasons for customers to dine out in order to modify their services accordingly and meet the expectations of their customers. In view of our findings, restaurant servers in China must focus on service recovery, especially for family parties, as soon as a SF is observed so as to maintain their control over the situation. Australians must be sensitive in their perceptions toward ethnic groups because these groups may be aware of the differences in their treatment as noted by several authors (e.g., Tan, 2003; Tan, Storey, & Zimmerman, 2007). The background of the dining party host must be clearly established to gauge the situation accurately. In this context, both culture- and intra-culture-specific training is necessary to ensure that the nuanced differences among Chinese-Australian and Mainland Chinese consumers can be properly addressed. Managers must also design training programs that define a range of action alternatives that employees can use to satisfy different Chinese customers. These programs can teach managers and front-line employees in China and Australia about what Chinese customers from different parts of the world consider important in service encounters. If employees have such inter/intra-cultural sensitivity training, they can adjust their behavior accordingly (Tse & Ho, 2009)

Our study was set in Australia, with a particular focus on Australian–Chinese consumers. Hence, our findings imply that marketers must realize that Australian–Chinese consumers do not represent a homogeneous market. A more targeted service provision that considers different levels of acculturation is necessary in certain situations. However, the need for marketers to be cognizant of such differences is not confined within an Australian context or among Chinese consumers. Given the successive waves of immigration, Western societies are increasingly becoming multicultural in nature (Koopmans, 2013). In view of their spending power, many immigrants have also become a prime target of marketers (e.g., Bent, Seaman, & Emslie, 2007). Consequently, the potential differences among customers with varying ethnic backgrounds must be investigated further to help hospitality marketers provide more customized services in the current global environment.

#### 6.3 Limitations and Future Research Directions

The results should be cautiously interpreted in view of the limitations of our study. As its chief limitation, this research was based on a scenario situation. Given that how respondents feel and respond to simulations or scenarios may not necessarily reflect their responses to actual situations (Blodgett et al., 1997), future studies may explore the reactions of respondents to actual SFs. The influence of demographics, such as age, gender, and education, on perceptions and behavior may also be considered. Future studies may also adopt larger sample sizes.

Given that this study involved responses to a SF, future studies should explore whether Chinese–Australians with different acculturation approaches would prefer different service recovery measures. If so, these studies must also investigate whether and how these consumers differ in their perceptions of and behavior in response to service recovery measures. Their preferences for different service recovery measures would be of interest to marketers and managers alike. To further examine the effect of acculturation in an ever more globalized world, the influence of different types of SFs and recovery measures with other ethnic groups must also be investigated to yield valuable insights.

#### Table 1. Acculturation Measures.

## **Acculturation Composite**

## 1. Belief in Chinese/Australian Values - 2 items

Please rate yourself on how much you believe in Chinese values (e.g., about marriage, families, education, and work) by selecting the appropriate number.

Do not believe in Chinese values...

Strongly believe in Chinese values

Please rate yourself on how much you believe in Australian values by selecting the appropriate number.

Do not believe in Australian values...

Strongly believe in Australian values

## 2. Self-Identification – 1 item

- 1. I consider myself as Chinese even though I live and work in Australia.
- 2. I consider myself as Australian even though I have Chinese background and characteristics.
- 3. I consider myself as Chinese–Australian even though deep down I always know that I am Chinese.
- 4. I consider myself as Chinese–Australian even though deep down I view myself as Australian first.
- 5. I consider myself as Chinese-Australian. I have both Chinese and Australian characteristics, and I view myself as a blend of both nationalities.

#### 3. Behavioral Measures – 10 items

- 1. What language do you use when you speak with your brothers and sisters?
- 2. What language do you use when you speak with your closest friends?
- 3. What kind of websites do you visit?
- 4. What kind of TV programs do you watch?
- 5. What kind of newspapers and magazines do you read?
- 6. In what language do you pray?
- 7. In what language are the jokes with which you are familiar?
- 8. What is the ethnic background of your closest friends?
- 9. When you go to social functions such as parties, dances, picnics, or sports events, what is the ethnic background of the people that you tend to go with?
- 10. What types of national or cultural holidays (such Australia Day and Lunar New Year) do you typically celebrate?

Table 2. Realism and Manipulation Checks.

Realism Check Items	Mean	SD					
I think a service experience like this does occur							
in restaurants in real life.	5.28	1.4					
I believe there are employees who behave like this							
in restaurants.	5.41	1.2					
I felt I could identify with the customer							
in this scenario.	4.98	1.4					
The scenario about the service experience							
in the restaurant is believable.	5.38	1.2					

*Note.* All variables were measured on a seven-point scale, with a value of 1 indicating strong disagreement and a value of 7 indicating strong agreement.

	Social Presence			
	Business	Family		
Scenario	%	<b>%</b>		
1) Business Context	81.2	18.8		
2) Business Context	76.0	24.0		
3) Family Context	23.1	76.9		
4) Family Context	25.6	74.4		
CI. 00.2 10.2 0.000				

Chi-square: 89.2, df=3, p=0.000.

	SF Location			
	China	Australia		
Scenario	%	%		
1) SF in China	69.4	30.6		
2) SF in Australia	10.9	89.1		
3) SF in Australia	12.1	87.9		
4) SF in China	62.9	37.1		

Chi-square: 91.13, df=3, p=0.000.

**Table 3. Summary of Significant MANOVA Results.** 

	Multivariate		Univariate			
Source	$\boldsymbol{\mathit{F}}$	p	$\eta_p{}^2$	${m F}$	p	$\eta_p{}^2$
MAIN EFFECT						
<b>Social Presence</b>	6.71	0.000	0.089			
Face				4.09	0.044	0.019
Satisfaction				15.57	0.000	0.069
Repeat Visit				14.82	0.000	0.066
INTERACTION EFFECTS						
Social Presence $\times$ SF Location	2.85	0.038	0.040			
Face				4.16	0.043	0.020
Satisfaction				8.44	0.004	0.039
Repeat Purchase				6.63	0.011	0.031
Acculturation × Social Presence						
× SF Location	2.69	0.014	0.037			
Satisfaction				6.71	0.002	0.060
Repeat Visit				3.04	0.050	0.028

**Table 4. Summary of Descriptive Statistics for all Dependent Variables by Experimental Cells.** 

			Cell Size	Face Mean (SD)	Satisfaction Mean (SD)	Repeat Purchase Mean (SD)		
Experimental Manipulations								
Separatists	Family	Australia	22	3.00 (1.57)	2.70 (1.24)	2.92 (1.22)		
		China	17	2.90 (1.47)	2.26 (0.99)	2.2 (1.1)		
	Business	Australia	17	2.61 (1.64)	2.66 (1.15)	2.82 (1.24)		
		China	22	3.63 (1.78)	3.59 (1.25)	3.52 (1.42)		
Integrator	Family	Australia	11	3.42 (1.61)	3.02 (1.24)	2.94 (1.44)		
C	Ž	China	12	2.61 (1.51)	2.04 (1.03)	2.22 (1.42)		
	ъ :	A . 1:	1.4	2.00 (1.66)	2.45 (1.10)	2.62 (1.5)		
	Business	Australia	14	2.98 (1.66)	2.45 (1.19)	2.62 (1.5)		
		China	8	3.87 (1.57)	3.63 (0.59)	3.63 (1.15)		
Assimilator	Family	Australia	25	2.69 (1.54)	2.29 (1.21)	2.37 (1.32)		
	·	China	32	2.83 (1.42)	2.48 (1.16)	2.46 (1.27)		
	Dusinass	Avatralia	22	2 52 (1 42)	2 42 (1 2)	2 52 (1 25)		
	Business	Australia	22	3.52 (1.43)	3.43 (1.2)	3.52 (1.25)		
		China	19	3.59 (1.65)	3.01 (1.17)	3.37 (1.35)		

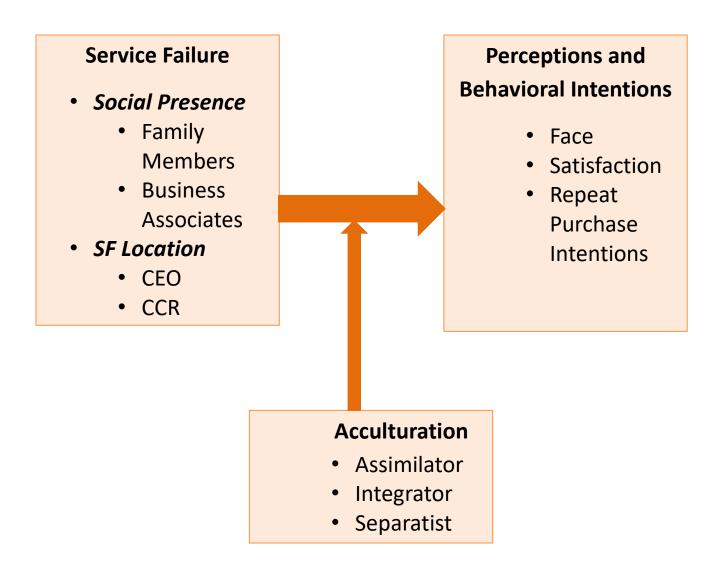


Figure 1. Conceptual Model

Figure 2. Satisfaction Ratings by Social Presence and SF Location – Separation Group.

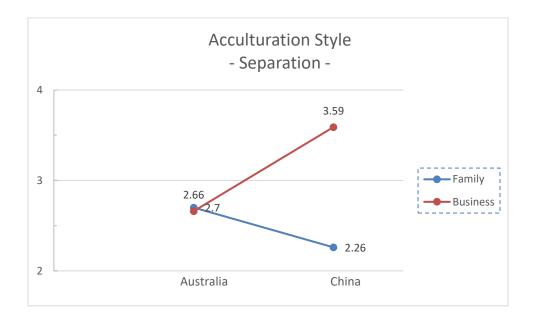


Figure 3. Satisfaction Ratings by Social Presence and SF Location – Integration Group.

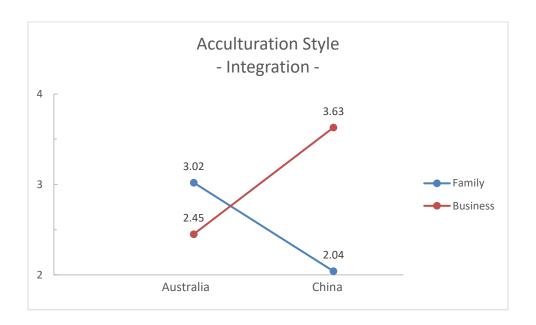
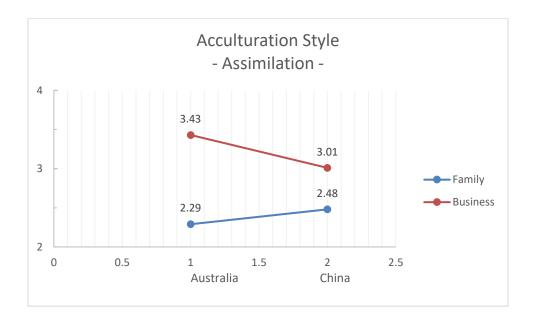


Figure 4. Satisfaction Ratings by Social Presence and SF Location – Assimilation Group.



## Appendix A: Generic Version of the Scenario.

This scenario describes a service experience that takes place in a restaurant in **Mainland** China/Australia. The story involves an interaction with a waiter in that restaurant. Please read the story carefully and try to imagine yourself as the customer in this situation. Then, please answer each of the questions that follow.

You are hosting several *executives from a Chinese partner firm/family members* for a dinner at a well-known, up-market, modern European-style fine dining restaurant *on a visit to a major city in Mainland China/Australia* to celebrate a special *business/family occasion*.

You have made and reconfirmed your reservation well in advance. You and your party arrive at the restaurant and are welcomed by a friendly waiter who leads you to your table (though you notice that it is not the table you had requested when making the reservation). It is indeed a very nice restaurant, with a pleasant and unique decor, and your party favorably comments on your choice.

The waiter presents the menu and briefly introduces the daily specials before attending to another party of diners of Western appearance, to whom he introduces the daily specials in considerably more detail. Your party is somewhat slow and indecisive with their orders and even though the waiter continues to smile when checking back repeatedly, you can sense that he is getting somewhat impatient.

Throughout the evening you also notice that even though the waiter serves your meals and drinks, he never inquires about any additional requests your party may have, and also doesn't refill your empty glasses, instead more closely attending to the other party. Your food also arrives later than that of the party of Western diners, even though they placed their orders after your party did.

However, your party has an enjoyable time and as the evening progresses talks excitedly and laughs a lot. It is then that the waiter approaches your table and asks you to stop talking and laughing so loudly as not to upset the other restaurant patrons, even though you believe that your party is not any louder than the other diners. Not long after your party finishes the meal, you are presented with the bill even though you had not requested it yet, almost as if asked to vacate the table for new customers. You notice that there are two items on the bill that your party did not order and when questioning this with the waiter he refers the matter to the restaurant manager who in front of your party questions each item on your order, almost as if he does not believe you.

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