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**Does love become hate or forgiveness after a double deviation?
The case of hotel loyalty program members**

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Authors note

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The current study investigated whether hotel loyalty program membership attenuates desire for retaliation and perceived betrayal when members experience a double deviation. The findings of this study suggest that high-tiered members are more likely than non-members to suppress their desire for retaliation and perceived betrayal during the transition from a single deviation to a double deviation, and thus, advocate the "love-is-forgiving" effect. The extant literature has examined and reported the favorable impact of loyalty program membership on customer relationship under the no service failure condition; thus, the literature has not determined whether loyalty program membership exerts a positive effect on customer coping intentions and negative emotions after service failure. Also, this study enables researchers to observe and compare a double deviation-based coping behavior with a single deviation-based coping behavior, generating rich findings that capture the transition of desire for retaliation against a service firm from single to double deviation.

Does love become hate or forgiveness after a double deviation?

The case of hotel loyalty program members

ABSTRACT

This study aims to (1) examine whether a hotel's loyalty program is effective in weakening the desire for retaliation and perceived betrayal of high-tiered members after a double deviation and (2) determine which recovery tactic is more effective in attenuating their desire for retaliation and perceived betrayal. Scenario-based studies were conducted to achieve the objectives. The findings of this study suggest that high-tiered members are more likely than nonmembers to suppress their desire for retaliation and perceived betrayal during the transition from a single deviation to a double deviation, advocating the "love-is-forgiving" effect. This study also found that financial compensation and apology moderate perceived betrayal among high-tiered members. By contrast, only financial compensation attenuates perceived betrayal among nonmembers. This study contributes to the literature on loyalty programs and customer coping responses with novel findings on how members and nonmembers respond differently to service failure, failed service recovery, and recovery tactics.

Keywords: hotel loyalty program, double deviation, perceived betrayal, desire for retaliation, service failure

1. Introduction

The development and maintenance of customer relationship are ubiquitously regarded as fundamental to business perpetuity. The concept of relationship marketing is prevalently adopted in the tourism and hospitality industry to build customer satisfaction, commitment, loyalty, and retention (Bai, Hu, & Jang, 2007; Geddie, DeFranco, & Geddie, 2002; Morais, Dorsch, & Backman, 2005; Rahimi & Kozak, 2017). The most commonly used tool for implementing

relationship marketing is a loyalty/reward program, wherein program members are given economic and social rewards in return for their patronization (Lacey et al., 2007; Lam & Wong, 2020; Lee, Tsang, & Pan, 2015; Song, Kim, & Ko, 2017).

The prevalence of reward programs prompts researchers to look into the multifaceted issues of loyalty programs. The extant hospitality and tourism literature delves into loyalty programs to understand the differential impact of social and economic rewards (Lee et al., 2015), program requirement change (McCall & McMahon, 2016), brand relationship quality (Lo et al., 2017), the impact of membership tier levels (Tanford, 2013; Tanford, Raab, & Kim, 2011), affective commitment (Mattila, 2001, 2006), immediate versus delayed rewards (Hu, Huang, & Chen, 2010), and loyalty determinants among reward program members (Berezan et al., 2015). The current reward program literature reports the positive impact of a loyalty program on customer relationship, satisfaction, commitment, and loyalty, but does not present findings of whether a loyalty program is also effective in attenuating customer's negative coping intentions after service failure. That is, this study is prompted by the following research question: do reward program members suppress negative coping response (i.e., desire for retaliation) more than nonmembers after experiencing a service failure?

Responding to the aforementioned research gap will theoretically contribute to the literature on loyalty program, coping response, and service recovery on the following bases. The effect of relationship quality on customer coping intention and behavior is reported in the marketing literature (Grégoire & Fisher, 2006, 2008; Grégoire, Tripp, & Legoux, 2009). High-relationship-quality customers exhibit greater desire for retaliation after service failure than low-relationship-quality customers because the former senses more betrayal than the latter. That is, the "love-becomes-hate" effect is advocated in the marketing literature. Relationship quality is

operationalized as trust, satisfaction, and commitment when the effect of relationship quality on coping behavior is examined. High-tiered loyalty program members are perceived as high-relationship-quality customers because they exhibit strong commitment, trust, and attachment toward a service firm. However, members technically differ from nonmembers with high relationship quality because membership can trigger strong social identification and switching costs (as discussed in the literature review section). Thus, members may exhibit different negative coping intention compared with that of nonmembers after service failure.

Nevertheless, previous studies have not delved into how hotel reward program members react differently to service failure compared with nonmembers, and thus, the coping response of members is not known nor reported in the literature. Moreover, this study separately explores the coping response of member and nonmember groups in the context of a single deviation (i.e., service failure) and a double deviation (i.e., failed service recovery). Such approach enables this research to identify clearly the distinction between the two groups' coping intention transition from a single deviation to a double deviation. In addition, the recovery tactic (i.e., apology versus financial compensation) that works best for members has not been examined in the literature. Determining how differently apology and financial compensation work for members and nonmembers will theoretically advance the related literature. Consequently, the novel findings of this study shed theoretical light on the coping response and recovery strategy of members, enriching the quality of the literature on loyalty program, coping response, and service recovery. To fill in this research gap, the current study (1) examines whether hotel loyalty programs are effective in weakening the desire for retaliation and perceived betrayal of high-tiered members after a double deviation and (2) investigates which recovery tactic (i.e., apology versus financial

compensation) is more effective in attenuating their desire for retaliation and perceived betrayal after a double deviation.

2. Literature Review

2.1. Theoretical background

The literature on service failure and service recovery is mostly grounded on appraisal theory and justice theory. Appraisal theory states that individuals exhibit the cognition–emotion–coping behavior sequence in assessing an event (Lazarus, 1991). People engage in the cognitive appraisal of a particular event through the goal congruence dimension, and they determine the valence of their emotions by confirming goal-congruent or goal-incongruent events (Johnson & Stewart, 2005). Goal-congruent events (e.g., satisfactory service) elicit positive emotions, whereas goal-incongruent events (e.g., poor service recovery) foster negative emotions. Customers' negative emotions trigger coping behavior/strategies for dealing with goal-incongruent events. Coping behavior is considered a behavioral response of customers to manage events that exceed their resources (Lazarus & Folkman, 1984). Coping behavior is frequently exercised after negative emotions are triggered in an effort to relieve emotional pain or to exact revenge on those who violated fairness (Duhachek, 2005; Grégoire & Fisher, 2008). Appraisal theory is mostly adopted in the literature to develop a conceptual framework for examining customer/tourist response to goal-incongruent events. For example, previous studies have delved into how individuals respond to service failure arising from disruptive customer behavior in a dining context (Cai, Lu, & Gursoy, 2018) and unethical destination incidents (Breitsohl & Garrod, 2016). These studies follow the cognition (e.g., perceived severity, betrayal, and powerlessness)–emotion (e.g., anger, and frustration)–coping strategy (e.g., negative word of mouth, avoidance, and confrontation) sequence in developing a conceptual model for

understanding the cognitive and emotional appraisal of and behavioral response to service failure.

The current study builds on appraisal theory to explore the respective coping responses of hotels' loyalty program members to a single deviation and a double deviation compared with those of nonmembers by examining their perceptions of betrayal, desire to retaliate, and service failure severity (a control variable). Perceived betrayal is conceptualized as a customer's perception that a service provider has transgressed relational norms (Grégoire & Fisher, 2008; Ward & Ostrom, 2006). Perceived betrayal occurs when a service firm takes advantage of customers, disappoints them, lies to them, loses their trust, and breaks its promise (Elangovan & Shapiro, 1998). Customers who feel betrayed because of the infringement of relational norms prompt highly intense cognitions and are inclined to view retaliation as a valid means to restore fairness and social order (Grégoire & Fisher, 2008; Ward & Ostrom, 2006). In the social psychology literature, people become unhappy or worried when they are blamed by a group with whom they have sustained a strong bond (Moreland & McMinn, 1999) or when they maintain a close relationship with the violator (McCullough et al., 1998), suggesting that perceived betrayal is closely associated with the coping response of individuals who have a strong relationship with a firm, i.e., high-tiered members (Grégoire, Laufer, & Tripp, 2010).

Retaliatory desire or desire for revenge is regarded as customers' intention to get even with a firm for the trouble or failure it has caused them, and thus, restore justice (Grégoire & Fisher, 2006). Retaliatory desire is considered a natural coping response of those who feel betrayed due to service failure because perceived betrayal strongly motivates customers to take actions that will restore fairness, effectively predicting retaliation (Grégoire & Fisher, 2008). In particular, perceived betrayal and desire to retaliate can further intensify in the case of failed

service recovery (i.e., a double deviation) following a single deviation given that a double deviation in experimental research produces an extreme service failure case. The comparison between single and double deviations enables this study to determine how high-tiered members develop perceived betrayal and desire to retaliate from a single deviation to a double deviation, clearly demonstrating the effect of membership on coping response. Service failure severity indicates the extent to which damage is caused by a firm or an individual; it ranges from minor to major aggravation/inconvenience (Smith, Bolton, & Wagner, 1999). Failure severity significantly affects coping responses, and thus, it is generally held constant (as a control) in service failure experimental research. The present study also adopts failure severity as a control variable in the experiment.

Justice theory is concerned with service recovery for service failure, and it involves the three dimensions of cognition: distributive, procedural, and interactional fairness (Grégoire et al., 2010; Tax et al., 1998). Distributive fairness refers to the outcome or compensation given to customers by service providers because of service failure. A free drink and an apology/discount in exchange for poor service are examples of distributive justice. Procedural fairness refers to the process of resolving problems. Procedural justice covers the procedures, methods, and policies of service firms when handling customer concerns/complaints. Interactional fairness refers to the manner in which service providers deal with and interact with customers. Interactional justice is manifested by treating customers with respect, empathy, and integrity and by offering them with a detailed explanation of the concerned events (McColl–Kennedy & Sparks, 2003). Customers perceive fairness as critical to judging service recovery quality. When customers observe a lack of or a violation of fairness in service recovery, they consider it failed service recovery, triggering negative emotions and coping behavior (Gelbrich, 2010; Grégoire et al., 2010). In

accordance with justice theory and experimental research, Liu et al. (2019) investigated the effectiveness of financial compensation and promptness of response in an effort to recover from negative online reviews against a hotel's service failure. Their study suggested that monetary compensation is suitable for less severe service failure, but a hotel's prompt response to negative reviews is the best recovery practice for a more severe service failure, enhancing the intention of hotel customers to contribute reviews. On the basis of experimental research, the current study also examines which recovery tactic (i.e., apology versus financial compensation) works best for members, as compared with nonmembers, in service recovery.

2.2. Hypotheses development

2.2.1. Love is forgiving

The "love-becomes-hate" phenomenon is observed in the relationship quality literature when best (loyal) customers become the worst critics (Grégoire & Fisher, 2006, 2008; Grégoire et al., 2009). High-relationship-quality customers escalate unfavorable emotions against negative service encounters, such as (a) service recovery failure (Grégoire et al., 2009) and (b) service interaction violation of relational norms (Aggarwal, 2004). High relational customers believe that they offer more favor to a service firm by patronizing it than the firm returns a favor to them. If service failure occurs under such circumstance, then high relational customers are more likely than low relational customers to feel betrayed, and thus, hold a grudge against the service provider (Grégoire et al., 2009; Ward & Ostrom, 2006). The "love-becomes-hate" effect is reported in the literature. In this effect, high relationship quality is operationalized as trust, satisfaction, and commitment under the context of nonmembership. Non-loyalty program members technically differ from high-tiered members who perceive strong social identification and positive switching costs. The current study posits the "love-is-forgiving" effect, in which

high relational customers exhibit less tendency to retaliate against a service provider after service failure (Grégoire & Fisher, 2006). Individuals with a strong commitment tend to exercise resistance against counter-attitudinal (negative) information that threatens their motives, needs (Kunda, 1990), or preferred positions (Ahluwalia, 2000). The present study advocates that high-tiered hotel loyalty program members are more likely than nonmembers to suppress perceived betrayal and desire to retaliate after service failure with biased assimilation through the relative weighting of attributes, social identification, and positive switching costs.

Biased assimilation prompts committed individuals to view pro-attitudinal information as more reliable than counterattitudinal information due to a biased memory search for premises, occasions, and inference rules in the past that can lead to a preferred conclusion (Kunda, 1990). When individuals are influenced by biased assimilation, they tend to be more critical of attitude-inconsistent information than attitude-consistent information, and thus, are likely to invalidate counterattitudinal information (Ditto et al., 1998). Biased assimilation occurs through the relative weighting of attributes. Committed individuals can sense cognitive dissonance (e.g., betrayal) when they are exposed to counter-attitudinal information, e.g., service failure (Ahluwalia, 2000). They are inclined to suppress dissonant cognition by either diminishing the weight of attribute(s) affected by attitude-inconsistent information (Festinger, 1957) or increasing the weight of attitude-consistent attribute(s) (Abelson, 1959), and thus, counteract negative information (Ahluwalia, 2000). Therefore, the current study postulates that when high-tiered members experience service failure, their biased assimilation enables them to better suppress perceived betrayal and desire for retaliation against a hotel than nonmembers to minimize their cognitive dissonance.

Social identity theory also supports the "love-is-forgiving" effect on high-tiered members, positing that "social identity consists of salient group classifications that, in turn, may be based on demographic categories, gender, or race, as well as membership in central organizations, such as clubs or religious, educational, or cultural institutions" (Bhattacharya, Rao, & Glynn, 1995, p. 47). The theory suggests that social identification arises from a sense of belonging to a group, i.e., the extent to which an individual identifies with a group. Social identification results in organizational identification wherein organizational members define themselves in accordance with organizational membership (Bhattacharya et al., 1995). Organizational identification is driven by a close cognitive link in which a member's self-concept shares the same attributes with organizational identity (Dutton, Dukerich, & Harquail, 1994). Given that individuals can reflect their social identity through organizational membership, they are motivated to join a prominent organization for self-enhancement and self-esteem through organizational identification (Mael & Ashforth, 1992). Membership affiliation characteristics, such as membership tenure (Mael & Ashforth, 1992) and category (Dutton et al., 1994), indicate the extent to which individuals identify with their organization. That is, the length of time that members stay with their organization and the high level of membership categories that they belong to are suggestive of their commitment to and identification with a focal organization (Bhattacharya et al., 1995). High-tiered membership status is earned through the frequent patronization of a membership-offering hotel over time, and thus, high-tiered members tend to hold a strong social identification with and commitment to the hotel. When they experience service failure, a high level of their social identification and commitment enable them to suppress perceived betrayal and desire for retaliation against the hotel more than nonmembers, who have weak social identification and commitment.

Another plausible explanation for the "love-is-forgiving" effect on high-tiered members is the positive switching costs (i.e., lost benefit costs and social switching costs) that customers perceive when they terminate a relationship with a service provider. Positive switching costs refer to material and social benefits (e.g., benefits of a loyalty program) that customers will lose if they exit a service firm (Haj-Salem & Chebat, 2014; Jones et al., 2007). Positive switching costs are perceived as value-added benefits that are regarded as a facilitator of key service rather than a negative restraint (Jones et al., 2007) for maintaining a long-term relationship (Chiu et al., 2005). In accordance with appraisal theory of emotion (Lazarus, 1991), people who experienced a negative episode appraise the unfavorable event and develop emotional reactions, leading to negative coping behavior (e.g., exit, loyalty, or desire for retaliation) to reduce emotional dissonance. In line with appraisal theory of emotion, Haj-Salem and Chebat (2014) developed the following hypothesis: when customers experience service failure, they consider the loss of material and social benefits in deciding whether to end their relationship with a service provider. If the positive switching costs outweigh the service failure, then customers feel indebted to the provider, triggering inward negative emotions, such as sadness, guilt, embarrassment, and regret, which make quitting the service firm difficult for the customer. Moreover, when customers engage in inward negative emotions after service failure, they may develop counterfactual thinking that helps them remain with a service provider (Roese & Olson, 1995). That is, customers who appreciate the value of positive switching costs after service failure may engage in counterfactual thinking that allows them to favorably reinterpret the circumstance (Haj-Salem & Chebat, 2014; Yi & Baumgartner, 2004).

In summary, high-tiered reward program members are more likely than nonmembers to be exposed to biased assimilation through the relative weighting of attributes, social

identification, and positive switching costs. When members experience service failure, their resistance against a counter-attitudinal experience, sense of belonging, and feeling indebted to a hotel play an active role in cushioning their negative cognition, emotion, and coping behavior against the hotel. Therefore, this study contends that high-tiered loyalty program members are more likely than nonmembers to weaken their desire for retaliation and perceived betrayal after service failure, positing the "love-is-forgiving" effect of hotel loyalty membership through the following hypotheses:

H1a: High-tiered hotel loyalty program members are more likely than nonmembers to attenuate their desire for retaliation and perceived betrayal against a hotel after a double deviation.

H1b: Nonmembers are more likely than members to evoke greater desire for retaliation and perceived betrayal after a double deviation than after a single deviation.

2.2.2. Service recovery tactics

A hotel loyalty program offers social (e.g., personalized attention, recognition, rapport, and preferential treatment) and economic (e.g., point redemption for a free room and food and beverage [F&B] discounts) rewards to its program members. The concept of social and economic rewards is construed from cognitive evaluation theory (CET), which states that reward types or contexts influence customer motivation differentially (Deci & Ryan, 1985) to maintain a relationship with a service firm (Noble, Esmark, & Noble, 2014). CET suggests internal (social) and external (economic) rewards. Internal rewards, which exhibit an intangible nature, drive the intrinsic enjoyment of a behavior and act as an intrinsic motivation to maintain such a behavior (Melancon, Noble, & Noble, 2011). Internal rewards are represented by preferential treatment, personalized recognition/attention from, and rapport with a service provider in relationship marketing (Gwinner et al., 1998). In contrast with internal rewards, external rewards exhibit a

tangible nature and are generally deemed as extrinsically motivating rewards, including money and prizes (Rummel & Feinberg, 1988); that is, financial rewards (e.g., free goods/services and discounts) are offered in exchange for loyalty (Berry, 1995).

CET advocates that social rewards are more likely than economic rewards to enhance affective commitment; by contrast, economic rewards are more effective than social rewards in developing continuance commitment (Deci & Ryan, 1985; Melancon et al., 2011). Affective commitment involves a sense of belonging and an emotional tie to an organization (Allen & Meyer, 1996); thus, it is closely associated with an intrinsic motivation to remain loyal to an organization when individuals care about internal relationship quality (Melancon et al., 2011). Social rewards prompt an intrinsic motivation/reason for sustaining strong emotional bonds, enjoyment, and satisfaction with an organization (Berry, 1995; Melancon et al., 2011); hence, they trigger affective commitment more strongly than economic rewards. Continuance commitment, which is rooted in tangible rewards, is indicative of an investment-based tie to an organization, as reflected by the need to retain current rewards or the concern of forfeiting investment (e.g., time or money) (Meyer & Allen, 1991). Customers maintain continuance commitment to an organization due to the anxiety of losing their time or money investment; thus, they are extrinsically motivated to stay with the organization for the purpose of retaining rewards (Melancon et al., 2011). Accordingly, economic rewards are more strongly linked to continuance commitment than social rewards.

An apology or financial compensation is frequently used to recover service failure. Evidently, these recovery tactics work best in service recovery when they are used in combination (McDougall & Levesque, 1999; Wirtz & Mattila, 2004). Customers, whether loyalty program members or not, expect to receive the corresponding financial compensation for

the scale of service failure that they experienced (Smith et al., 1999). Thus, monetary

compensation (e.g., refund and discount) is regarded as an effective recovery strategy to develop

the continuance commitment of reward program members and non-members. However, previous

studies have not examined nor reported whether psychological compensation (e.g., an apology)

works better for members or nonmembers.

An apology, which acts as a nonmonetary or psychological compensation in nature, is a

message through which an offender admits responsibility for causing failure or damages to a

sufferer (Hareli & Eisikovits, 2006). An apology is used to recover service failure by expressing

regret and empathy for a customer's damage and suffering (Liao, 2007) and to restore justice

between the customer and the service firm during the service recovery process (Laer & de

Ruyter, 2010). Apology is viewed as a psychological recovery tactic that provides the sufferer

with intrinsic, emotional compensation rather than extrinsic, monetary benefits (e.g., discounts,

vouchers) (Basso & Pizzutti, 2016). An apology enhances satisfaction with service recovery

because it sends a signal that the transgressor intends to restore justice (Liao, 2007) and sustain

its relationship with the victim instead of terminating it (Cremer, 2010). An apology is also

found to recover trust significantly (de Ruyter & Wetzels, 2000), suggesting that it strengthens

customer perception of a service firm's integrity (Laer & de Ruyter, 2010; Xie & Peng, 2009).

High-tiered loyalty program members hold a strong sense of belonging and commitment

to a hotel through social identification. When exposed to a negative occasion from the hotel, they

suffer from cognitive dissonance more than nonmembers (Ahluwalia, 2000) due to their high

level of trust in the hotel. To attenuate cognitive dissonance, members are more likely than

nonmembers to reconfirm the integrity of a hotel favorably by relying more on pro-attitudinal

experience than on counter-attitudinal experience in the past (Kunda, 1990), instead of

immediately ending their relationship with the hotel. That is, if a hotel commits service failure, then members who maintain strong emotional attachment to the hotel would like the hotel to recover from its failure to the extent that they can reconfirm the integrity of the hotel and regain trust and justice from the hotel to minimize their cognitive dissonance from service failure. Members feel a stronger emotional tie or affective commitment to a hotel than nonmembers, and thus, they are more likely than nonmembers to be receptive to an apology that is instrumental in restoring trust and justice. Accordingly, the current study posits that an apology is more effective in attenuating the desire for retaliation and perceived betrayal of high-tiered loyalty program members than those of nonmembers.

H2: An apology is more effective in attenuating the desire for retaliation and perceived betrayal of members than those of nonmembers.

The overall framework and empirical studies are illustrated in Figure 1. Given that the hypotheses are primarily about causal relationship, an experimental method was adopted to provide empirical evidence for causality among various variables (Viglia & Dolnicar, 2020). Exposure to multiple conditions of the same participants can generate comparison bias; thus, we largely used the between-subjects design (Kardes & Herr, 2019). In addition, conducting field experiments, including actual service failure, is extremely difficult; hence, a scenario-based method, which is widely used in tourism and hospitality research (Kim et al., 2019; 2020), was adopted. From the studies of Grégoire et al. (2009) and Basso and Pizzutti (2016), the booking problem was selected as the primary scenario for service failure because it is one of the most popular hotel service failure cases during travel.

** Insert Figure 1 about here **

3. Methodology

3.1. Study 1: Participants, design, and procedures

Study 1 provided the initial empirical evidence for testing H1a and b by using service failure scenarios. A total of 203 adults from the US (43.8% female, average age = 39.26 years, standard deviation [*SD*] = 12.72) from an online panel (i.e., Amazon Mechanical Turk) participated in the study in exchange for a small monetary payment. The participants were randomly assigned to one of two experimental conditions in a 2 (loyalty program membership: non-member vs. member) × 2 (number of service failures: single deviation vs. double deviation) between-subject design.

To operationalize the current study, the participants were informed that this research aims to assess customers' responses from their hotel service experience. The scenarios were developed to assess negative coping intention against a hotel after single and double deviations by using service failure scenarios modified from the research of Grégoire et al. (2009) and Basso and Pizzutti (2016). The participants in the loyalty membership group were asked to imagine that they hold a high-tiered loyalty program membership in a franchised hotel for 10 years and had enjoyed its benefits. They always booked the same hotel for their business trips. By contrast, the participants in the non-loyalty membership group were asked to imagine that they had never stayed in the hotel before and that they booked the hotel for a business trip. Then, single and double deviations occurred. The participants in the single deviation group were informed that they could not check in before 5 p.m. because their room was not yet ready, even though the regular check-in time was 2 p.m. and they arrived at the hotel at 3 p.m. The participants in the

double deviation group were further informed that the hotel's front desk clerk was impolite and that their request to see the hotel manager was rejected (refer to the Appendix for the complete scenarios).

Subsequently, all the participants were asked to rate their desire for retaliation in response to six items (e.g., "You want to do something bad to this hotel") adopted from Grégoire and Fisher (2006) by using a seven-point scale (1 = strongly disagree, 7 = strongly agree; Cronbach's $\alpha = 0.954$). The participants were also asked to rate their perceived betrayal in response to three items (e.g., "I feel cheated") adopted from Grégoire and Fisher (2008) by using a seven-point scale (1 = strongly disagree, 7 = strongly agree; Cronbach's $\alpha = 0.891$). Then, manipulation checks were measured to check the manipulation of loyalty program membership. In particular, the participants were asked to assess their perceived relationship quality in response to four items (e.g., "I feel that this hotel is very dependable") adopted from Grégoire et al. (2009) by using a seven-point scale (1 = strongly disagree, 7 = strongly agree; Cronbach's $\alpha = 0.900$). In addition, to check the manipulation of single and double deviations, participants were also asked to evaluate the severity of service failure in response to three items (e.g., "The service failure caused me…") adopted from Smith et al. (1999) by using a seven-point scale (1 = minor problem/small inconvenience/minor aggravation, 7 = major problem/ big inconvenience/major aggravation; Cronbach's $\alpha = 0.912$). All the scales are provided in the Appendix.

3.1.1. Study 1: Results

Manipulation checks were successfully conducted. The participants' perceived relationship quality in each scenario were analyzed using 2 (loyalty membership: non-member vs. member) $\times$ 2 (number of service failures: single deviation vs. double deviation) ANOVA. Only the main effect of loyalty program members was significant. In particular, the perceived

relationship quality was higher for the participants in the member group ($M = 3.16$, $SD = 1.21$) than for those in the non-member group ($M = 2.61$, $SD = 1.47$; F [1, 199] = 8.01, $p = 0.005$, $\eta^2 = 0.039$), indicating the successful manipulation of loyalty program membership. In addition, the participants' perceived severity of the service failure was checked using the same 2×2 ANOVA. Only the main effect of the number of service failures was significant. In particular, the perceived severity of service failure was higher for the participants in the double deviation group ($M = 5.33$, $SD = 1.40$) than for those in the single deviation group ($M = 4.40$, $SD = 1.52$; F [1, 199] = 20.84, $p < 0.001$, $\eta^2 = 0.095$), supporting the evidence for service failure manipulation.

A 2×2 ANOVA was conducted for desire for retaliation. The main effect of the number of service failures was significant, i.e., the desire for retaliation was higher for the participants in the double deviation group ($M = 3.82$, $SD = 1.74$) than for those in the non-member group ($M = 3.09$, $SD = 1.73$; F [1, 199] = 9.01, $p = 0.003$, $\eta^2 = 0.043$). Moreover, the interaction effect of the two experimental factors was significant (F [1, 199] = 6.59, $p = 0.011$, $\eta^2 = 0.032$). The planned contrast analysis confirmed H1a and b, as shown in Figure 2. In particular, for the participants in the non-membership group, the desire for retaliation was higher in the double deviation group ($M = 4.17$, $SD = 1.80$) than in the single deviation group ($M = 2.83$, $SD = 1.71$; F [1, 199] = 15.59, $p < 0.001$, $\eta^2 = 0.073$). By contrast, for the participants in the member group, the desire for retaliation was similar in the double deviation ($M = 3.44$, $SD = 1.62$) and single deviation ($M = 3.34$, $SD = 1.74$; F [1, 199] = 0.09, $p = 0.760$, $\eta^2 = 0.001$) groups.

** Insert Figure 2 about here **

A similar interaction effect for perceived betrayal (F [1, 199] = 3.24, $p = 0.073$, $\eta^2 = 0.016$) was found, as shown in Figure 2. For the participants in the non-member group, perceived betrayal was higher in the double deviation group ($M = 5.12$, $SD = 1.25$) than in the single

deviation group ($M = 4.09$, $SD = 1.34$; F [1, 199] = 14.70, $p < 0.001$, $\eta^2 = 0.069$). By contrast, for

the participants in the member group, the perceived betrayal was similar in the double deviation

($M = 4.68$, $SD = 1.58$) and single deviation ($M = 4.34$, $SD = 1.28$; F [1, 199] = 1.62, $p = 0.205$, η^2

$= 0.008$) groups.

3.2. Study 2: Participants, design, and procedures

Study 2 provided additional empirical evidence for our major argument by sampling

current members of hotel reward programs. Study 2 recruited 280 hotel loyalty program

members from three countries, namely, the US (100), Hong Kong (90), and Singapore (90), in

collaboration with Toluna (a business analytic company), which holds more than 9 million

panels across 49 countries. The major findings of Study 2 were not different across countries,

and thus, a country-specific effect is not an issue in this study. The gender ratio of the sample is

45.7% (female) to 54.3% (male), with the following age categories: 21 to 30 years (24.6%), 31 to

40 years (26.8%), 41 to 50 years (27.1%), 51 to 60 years (16.1%), and 61 years and above

(5.4%). Table 1 provides the loyalty program profile of the survey respondents, many of whom

are members of Hilton Honors (39.6%) and Marriott Rewards (47.1%).

** Insert Table 1 about here **

The survey participants were randomly assigned to one of two experimental conditions in

a 2 (loyalty membership: non-member vs. member) × 2 (number of service failures: single vs.

double deviation) between-subject design. The general procedure and measurement used in this

study were similar to those used in Study 1 except for a few modifications. All the participants

are current members of a hotel loyalty program. Although they hold membership, membership

association or attachment can vary among individuals. To consider a different level of membership attachment among the study participants, their membership commitment was measured by asking them to rate their previous frequency of staying in a membership-offering hotel by using a four-point scale (1 = not once in the past 12 months, 4 = more than 5 times in the past 12 months). Then, the participants were asked to assess their desire for retaliation (Cronbach's α = 0.948), perceived relationship quality (Cronbach's α = 0.870), and the severity of the service failure (Cronbach's α = 0.900). In addition, the scenario's realism (Basso & Pizzutti, 2016) was measured in response to two items in a seven-point scale (1 = very unrealistic, 7 = very realistic; Cronbach's α = 0.815).

3.2.1. Study 2: Results

The realism of the scenario (M = 4.83, SD = 1.30) was higher than the neutral point (i.e., "4", t (279) = 9.50, p < 0.001). It was similar under different experimental conditions (all p > 0.442). In addition, the participants' perceived relationship quality in each scenario were analyzed using a 2 (loyalty membership: nonmembers vs. members) × 2 (number of service failures: single vs. double deviation) ANOVA. Only the main effect of loyalty program members was significant. That is, the perceived relationship quality was higher for participants in the member group (M = 5.39, SD = 0.85) than for those in the non-member group (M = 4.82, SD = 1.07; F [1, 276] = 24.92, p < 0.001, η^2 = 0.083), suggesting the successful manipulation of loyalty program membership. In addition, the participants' perceived severity of the service failure was analyzed in the same manner. Only the main effect of the number of service failures was significant. That is, the perceived severity of the service failure was higher for the participants in the double deviation group (M = 5.61, SD = 1.10) than for those in the single deviation group (M = 5.09, SD = 1.44; F [1, 276] = 11.56, p < 0.001, η^2 = 0.045), supporting the

checked.

2 × 2 ANOVA was conducted for desire for retaliation. In contrast with the results of Study 1, the interaction effect was insignificant (F [1, 276] = 0.10, p = 0.757, η^2 = 0.000). However, when membership commitment was included as an additional moderator, a marginally significant three-way interaction effect was identified. The results of Hayes's (2017) analysis for Model #3 with 5,000 bootstrapping, i.e., IV = number of service failures (single vs. double), Moderator #1 = loyalty membership (non-member vs. member), and Moderator #2 = membership commitment as a continuous variable (relatively low versus high in measurement), exhibited a significant three-way interaction effect (effect = −0.92, t = −1.92, 90% confidence interval: [−0.1.725, −0.131]). That is, for the participants with relatively high membership commitment (i.e., +1 SD in the measurement), the results of Study 1 was replicated; the difference between single and double deviations was only significant for the participants in the non-member group (p = 0.039), but not in the member group (p = 0.816). However, for participants with relatively low membership strength (i.e., −1 SD in the measurement), the difference between single and double deviations was found to be only significant for the participants in the member group (p = 0.001), but not in the non-member group (p = 0.237). The detailed pattern is illustrated in Figure 3.

** Insert Figure 3 about here **

In summary, H1a and b were supported for the relatively high membership commitment group with the "love-is-forgiving" effect when a sample of reward program members was used. However, the opposite pattern (i.e., "love becomes hate") was true for the relatively low membership commitment group. Considering that new members may have low membership

commitment, reward program managers should understand that in contrast with high-tiered members, new members may exhibit the same negative coping intention displayed by non-members.

3.3. Study 3: Participants, design, and procedures

Study 3 investigated the impact of different compensations on desire for retaliation and perceived betrayal by comparing three different recovery tactics, namely, no recovery vs. financial compensation vs. apology (emotional compensation). A total of 370 adults from the US (50.3% female, average age = 36.53 years, *SD* = 12.64) from an online panel (i.e., Amazon Mechanical Turk) participated in the study in exchange for a small monetary payment. The participants were randomly assigned to one of two experimental conditions in a 2 (loyalty membership: non-member vs. member) × 3 (recovery tactics: no recovery vs. financial compensation vs. emotional compensation [apology]) × 1 (number of service failures: double deviation) between-subject design.

Study 3 followed the same procedure and measurement used in Studies 1 and 2 with minimal contextual adjustment, i.e., only double deviation was considered for all the experimental conditions. Although the implementation of Study 3 was basically the same as those of Studies 1 and 2, three recovery tactics were additionally executed by providing further information from a hotel manager the subsequent day. All the participants received the following common message from the hotel manager: *Good morning, Sir/Madam. We understand that you are unable to check in at our hotel at 2 p.m. yesterday due to a service failure on our part*, followed by three different recovery tactics. For example, the participants in the no recovery group received the following message: *We hope that you enjoy your stay at our hotel*. The

primary purpose of this experimental condition was to compare no recovery condition (as the control condition) with other experimental conditions. Meanwhile, the participants in the financial compensation group received the following message: *For this reason, we would like to inform you that you are entitled to a 50% discount off our daily rate for your next stay at our hotel*. Lastly, the participants in the apology group received the following message: *We take full responsibility for the failure, and we sincerely apologize for the inconvenience it has caused you.* The participants were then asked to rate their desire for retaliation (Cronbach's α = 0.960), perceived betrayal (Cronbach's α = 0.872), and perceived relationship quality (Cronbach's α = 0.929).

3.3.1. Study 3: Results

Manipulation checks were successfully completed given that the participants' perceived relationship quality was higher for the participants in the member group (M = 3.25, SD = 1.45) than for those in the non-member group (M = 2.28, SD = 1.35; F [1, 368] = 43.87, p < 0.001, η^2 = 0.107), suggesting the successful manipulation of loyalty program membership. A 2 × 3 ANOVA was conducted to assess desire for retaliation and perceived betrayal. The interaction effect (p = 0.307) and the main effect (p > 0.376) of desire for retaliation were insignificant, whereas the main effect of recovery tactics was significant (F [2, 364] = 10.51, p < 0.001, η^2 = 0.055) for perceived betrayal. Perceived betrayal was higher for the no recovery group (M = 5.10, SD = 1.19) than for the financial compensation group (M = 4.32, SD = 1.57) and the apology group (M = 4.58, SD = 1.29). Moreover, the interaction effect was significant (F [2, 364] = 3.07, p = 0.048, η^2 = 0.017). The planned contrast analysis partially confirmed H2, as shown in Figure 4. In particular, for participants in the non-membership group (F [2, 364] =

4.19, $p = 0.016$, $\eta^2 = 0.022$), perceived betrayal was lower in the financial compensation group

($M = 4.35$, $SD = 1.42$) than in the no recovery group ($M = 5.01$, $SD = 1.24$; $p = 0.008$) and in the

apology group ($M = 4.92$, $SD = 1.03$; $p = 0.022$). The perceived betrayal of the two latter

groups (i.e., the no recovery and apology groups) was similar ($p = 0.715$).

However, different patterns were found for the participants in the membership group (F

[2, 364] $= 9.59$, $p < 0.001$, $\eta^2 = 0.050$). Perceived betrayal was lower in the financial

compensation group ($M = 4.28$, $SD = 1.71$) than in the no recovery group ($M = 5.18$, $SD = 1.15$;

$p < 0.001$). In addition, perceived betrayal was lower in the emotional compensation group ($M =$

4.27, $SD = 1.44$) than in the no recovery group ($M = 5.18$, $SD = 1.15$; $p < 0.001$), but no

significant difference existed between the financial compensation and apology groups ($p =$

0.946). In summary, the recovery strategy of financial compensation was found to be effective

for those in the membership and non-membership groups. Meanwhile, the recovery tactic of

emotional compensation was only effective for those in the membership group.

** Insert Figure 4 about here **

4. Discussion of the results

In accordance with Studies 1 and 2, this study found that nonmembers developed stronger

perceived betrayal and retaliation desire after a double deviation than after a single deviation.

Meanwhile, the perceived betrayal and retaliation desire of members remain the same between

single and double deviations. Moreover, the high membership commitment group did not exhibit

a different level of retaliation desire between single and double deviations. By contrast, the low

membership commitment group displayed a higher level of retaliation desire after a double

deviation than after a single deviation. The findings are supportive of the "love-is-forgiving"

effect, which is presumed to be caused by biased assimilation through the relative weighting of

attributes (Ahluwalia, 2000; Kunda, 1990), social identification (Bhattacharya et al., 1995), and switching costs (Jones et al., 2007). In particular, high-tiered members maintain a strong commitment to membership-offering hotels. When they have a bad experience with such hotels, they can hold down their negative emotions against the hotel by having attitude-consistent information (e.g., previous good episodes) outweigh attitude-inconsistent information (e.g., service failure) through a biased memory search for a favorable experience. Moreover, high-tiered members develop a sense of belonging to their hotels, establishing social identification with these hotels through which their social identity is enhanced. Their strong social identification may enable them to weaken their desire for retaliation and perceived betrayal against a hotel that has incurred service failure. In addition, high-tiered members perceive high switching costs (i.e., lost economic and social benefits) when they terminate their relationship with a hotel. High perceived switching costs discourage members from strengthening their desire for retaliation against a hotel after service failure. Otherwise, their desire for retaliation will lead them to cease bonding with the hotel and relinquish switching costs.

In addition, this study found that financial compensation and apology similarly moderate perceived betrayal for high-tiered members, but only financial compensation attenuates perceived betrayal for nonmembers, suggesting that an apology is a more effective recovery strategy for members than for nonmembers. Members have been enjoying economic and social rewards from a hotel's reward program for a long time, and thus, they can develop continuance and affective commitments that allow financial compensation and apology to alleviate their betrayed feeling against a hotel after a double deviation. However, nonmembers do not have continuance and affective commitments. Hence, they are only sensitive to monetary rather than

emotional compensation after service failure, explaining why only financial compensation relieves their perceived betrayal.

Finally, inconsistent results were observed from desire to retaliate and perceived betrayal for the interaction effect between loyalty membership and recovery tactics. The different result can be attributed to the stronger motivational aspects of desire for retaliation compared with those of perceived betrayal. Future research should provide a theoretical explanation for these inconsistent results.

5. Conclusions and implications

Reward programs proliferate the hotel industry, resulting in the increasing number of individuals who hold multiple hotel loyalty program memberships, and thus, causing skepticism with regard to the genuine impact of loyalty programs. Therefore, the current study investigated whether hotel loyalty program membership attenuates desire for retaliation and perceived betrayal when high-tiered reward program members experience a double deviation. The findings of this study suggest that high-tiered members are more likely than nonmembers to suppress their desire for retaliation and perceived betrayal during the transition from a single deviation to a double deviation, and thus, advocate the "love-is-forgiving" effect with the following theoretical and managerial implications.

This study contributes to the literature on loyalty programs and customer coping responses with novel findings on how members and nonmembers respond differently to service failure, failed service recovery, and recovery tactics. The current loyalty program literature mostly deals with the effect of such program on customer loyalty and commitment (Bolton et al.,

2000; Hu et al., 2010; Noble et al., 2014; Tanford, 2013; Wirtz et al., 2007), switching costs (Tanford, 2013; Tanford et al., 2011), relationship quality (Lo et al., 2017; Mimouni-Chaabane & Volle, 2010), and relationship value (Lee et al., 2015; Melancon et al., 2011). This research stream is well expected given that a reward program is designed to develop and sustain long-lasting customer relationship with firms. The aforementioned research stream has examined and reported the favorable impact of loyalty program membership on customer relationship under no service failure condition. Thus, the extant literature has not determined whether loyalty program membership exerts a positive effect on customer coping responses after service failure.

Moreover, the existing service failure literature (Grégoire & Fisher, 2006, 2008; Grégoire et al., 2009; Yang & Mattila, 2012) has identified the impact of relationship quality/strength on desire for retaliation and behavior after service failure in the context of nonmembership. The marketing literature (Grégoire & Fisher, 2006; Grégoire et al., 2009) shared the finding about the "love-becomes-hate" effect (i.e., high-relationship-quality customers feel greater perceived betrayal and develop more desire for retaliation than low-relationship-quality customers after service failure). Meanwhile, the hospitality literature (Yang & Mattila, 2012) observed the "love-is-forgiving" effect (i.e., high-tie-strength customers lowers their desire to spread negative word of mouth after service failure). Although reward program membership reflects relationship quality/strength, these are not identical concepts. Relationship quality is primarily operationalized as trust, satisfaction, and commitment; meanwhile, the relationship nature of members is associated with switching costs, social identification, and biased assimilation through the relative weighting of attributes, apart from the three components of relationship quality. Moreover, the aforementioned research tested the effect of relationship strength on customer coping behavior after a single deviation rather than a double deviation. A double deviation study

context creates an extreme service failure situation, enabling researchers to observe and compare a double deviation-based coping response with a single deviation-based coping response, generating rich findings that capture the transition of desire for retaliation against a service firm from single to double deviation.

In addition, the previous literature (McDougall & Levesque, 1999; Wirtz & Mattila, 2004) has indicated that a combination of monetary compensation and apology is the best service recovery tactic; however, how financial compensation and apology work differently between reward program members and nonmembers has not been reported. The current study found that members and nonmembers react differently to financial compensation and apology. Financial compensation alone relieves the retaliation desire of nonmembers. Meanwhile, financial and emotional compensations are found to be effective recovery strategies for members. Such novel finding will assist researchers interested in gaining an insight into members' response to recovery tactics, relative to that of nonmembers, contributing to the enrichment of the current service recovery literature.

The hospitality and tourism literature advocates that hotel loyalty programs maintain and enhance customer loyalty, but does not report whether reward programs are also effective in managing program members' coping behavior after service failure. The findings of the present study suggest that membership is helpful in alleviating the desire for retaliation and perceived betrayal of members who experienced service failure due to biased assimilation, social identification, and switching costs. This implication provides loyalty program managers with an insight into how to design reward programs in a manner that reinforces biased assimilation, social identification, and emotional switching costs. The insight can be the development of emotional attachment to a loyalty program through the emotional benefits of the program.

Individuals join a reward program to enjoy economic rewards, such as point redemption for room and F&B discounts, room upgrade, point usage at partner retail shops, and others. However, if a loyalty program is highly characterized as providing economic benefits only, then the program likely faces the risk of losing members in the end. Economic benefits are easily copied and offered by other competing reward programs, and thus, members are likely switch to other loyalty programs with greater economic benefits because of a lack of emotional attachment to their loyalty program. This study contends that apart from economic rewards, a loyalty program should provide emotional value proposition (i.e., emotional rewards) for its members to develop emotional bonding with the program. For example, a reward program can offer member-exclusive special events that are not available in other programs. A hotel may invite members to a special "Mother's Day" lunch/dinner for a discounted price, allowing members to celebrate special moments with their parents and children and cultivate their bond with the program. When a reward program is equipped with unique emotional rewards, in addition to economic rewards, not offered by other programs, then the program is likely to develop members' attachment to it. The emotional value proposition of a loyalty program will facilitate biased assimilation, social identification, and emotional switching costs that will weaken the desire for retaliation and perceived betrayal of members after service failure.

5.1. Limitations and suggestions for future research

This study makes a significant contribution to the related literature, but future research should address its limitations. For example, although this study focuses on the consequences of maintaining loyalty program membership for a long time, it is also important to understand the dynamic change from new customers to loyal customers and its impact on service failure. In addition, future research should cover various service failures to extend the external validity of

the current study's findings. To achieve this objective, a longitudinal study may be helpful in understanding the significant role of membership in service failure. The current research relies on scenario-based investigation, and thus, the external validity can be relatively weak, although this method has been widely adopted in the tourism and hospitality literature. Future research may investigate the issue using actual data, such as consumers' complaints or feedback. In addition, biased assimilation, social identification, and switching costs are considered to induce a cushioning effect on negative coping behavior. Future research may be interested in identifying which components of a hotel's reward program are effective in solidifying members' biased assimilation, switching costs, and social identification with a hotel. Moreover, social identification can be tested as a moderator for future research on service recovery and failure. Finally, although this research provided empirical evidence for the moderation effect, the empirical evidence for mediation was weak. Future studies should include empirical evidence for mediation by measuring mediators.

Appendix. Scenario and Scales

FOUR DIFFERENT SCENARIOS:

Hotel loyalty program member in the single deviation condition:

Imagine that <u>you currently hold a high-tiered loyalty program membership of a franchised hotel for 10 years</u> and enjoy the extra benefits, special deals, and discounts offered by the hotel loyalty program. Whenever possible, you patronized the hotel for a business/family trip as you love this hotel brand and thus wish to remain loyal to the hotel.

You booked a room at the same hotel again for an upcoming business trip. On the day of your business trip, you arrive at the hotel at 3 pm after a long and tiring journey and go directly to the front desk to fill out your entry form. The hotel check-in time is 2 pm according to a hotel policy, so you expect to check in the room immediately. However, the hotel front desk clerk tells you that you cannot check in the room at the moment because it has not yet been ready for occupancy. Without apology or compensation, the clerk says that you can check in the room at 5 pm. You are upset about the fact that you need to wait another 2 hours before check-in while you are exhausted from a tiring trip.

Hotel loyalty program member in the double deviation condition:

Imagine that <u>you currently hold a high-tiered loyalty program membership of a franchised hotel for 10 years</u> and enjoy the extra benefits, special deals, and discounts offered by the hotel loyalty program. Whenever possible, you patronized the hotel for a business/family trip as you love this hotel brand and thus wish to remain loyal to the hotel.

You booked a room at the same hotel again for an upcoming business trip. On the day of your business trip, you arrive at the hotel at 3 pm after a long and tiring journey and go directly to the front desk to fill out your entry form. The hotel check-in time is 2 pm according to a hotel policy, so you expect to check in the room immediately. However, the hotel front desk clerk tells you that you cannot check in the room at the moment because it has not yet been ready for occupancy. Without apology or compensation, the clerk says that you can check in the room at 5 pm. You are upset about the fact that you need to wait another 2 hours before check-in while you are exhausted from a tiring trip.

Further imagine that when you are waiting for check-in, you complain to the front desk clerk and ask the clerk to make the room ready for you as soon as possible because you are very tired. After checking the room status, the clerk tells you that you have to wait until 5 pm because the clerk cannot do anything. You strongly believe that the hotel should take full responsibility for the inconvenience caused as the official check-in time is 2 pm. Thus, you keep complaining to the clerk. The clerk responds in an impolite manner by saying "There is nothing I can do about it!" You demand angrily to see the manager, but the clerk says that the manager is not available to see you. Therefore, you are very upset. Given that hotel lobby sofas and chairs are all occupied by other hotel customers, you have to wander around the hotel until 5 pm. After you finally enter the room at 5 pm, you take a shower and decide to go to bed without a dinner (although you are very hungry) as you are so exhausted.

Non-member the single deviation condition:

Imagine that you booked a room at a franchised hotel for an upcoming business trip. Given that you have never stayed with the hotel brand before, you selected the hotel, based on TripAdvisor customer feedback.

On the day of your business trip, you arrive at the hotel at 3 pm after a long and tiring journey and go directly to the front desk to fill out your entry form. The hotel check-in time is 2 pm according to a hotel policy, so you expect to check in the room immediately. However, the hotel front desk clerk tells you that you cannot check in the room at the moment because it has not yet been ready for occupancy. Without apology or compensation, the clerk says that you can check in the room at 5 pm. You are upset about the fact that you need to wait another 2 hours before check-in while you are exhausted from a tiring trip.

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Relationship quality

I feel that this hotel is very undependable – very dependable

I am satisfied with the relationship I have with this hotel.

The relationship with this hotel is something I am very committed to.

I feel a sense of belonging to this hotel.

Retaliation desire

Indicate to which extent you want to…

.. to do something bad to this hotel.

.. to take actions to get this hotel in trouble.

.. to cause inconvenience to this hotel.

.. to punish this hotel in some way.

.. to make this hotel get what it deserves.

.. to get even with this hotel.

Perceived Betrayal

I feel cheated.

I feel betrayed.

I feel lied to.

This hotel intends to take advantage of me.

This hotel try to abuse me.

Failure severity

The service failure caused me…

Minor problems (1) – major problems (7)

Small inconvenience (1) – big inconvenience (7)

Minor aggravation (1) – major aggravation (7)

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Table 1

Loyalty program profile of the survey respondents.

Hotel loyalty programs	Number of respondents	%
Starwood Preferred Guest	47	16.8
Hilton HHonors	111	39.6
Marriott Rewards	132	47.1
Hyatt Gold Passport	72	25.7
Intercontinental Priority Club	50	17.9
Best Western Gold Crown Club	39	13.9
Choice Privileges	38	13.6
Goldpoints Plus	21	7.5
Fairmont President's Club	21	7.5
Shangri-La Golden Circle	56	20
Omni Select Guest Program	10	3.6
Accor Le Club Membership	50	17.9
Wyndham Rewards	41	14.6

Note: Many respondents hold multiple hotel reward program memberships; thus, the total number and percent exceed 280 members and 100%, respectively.
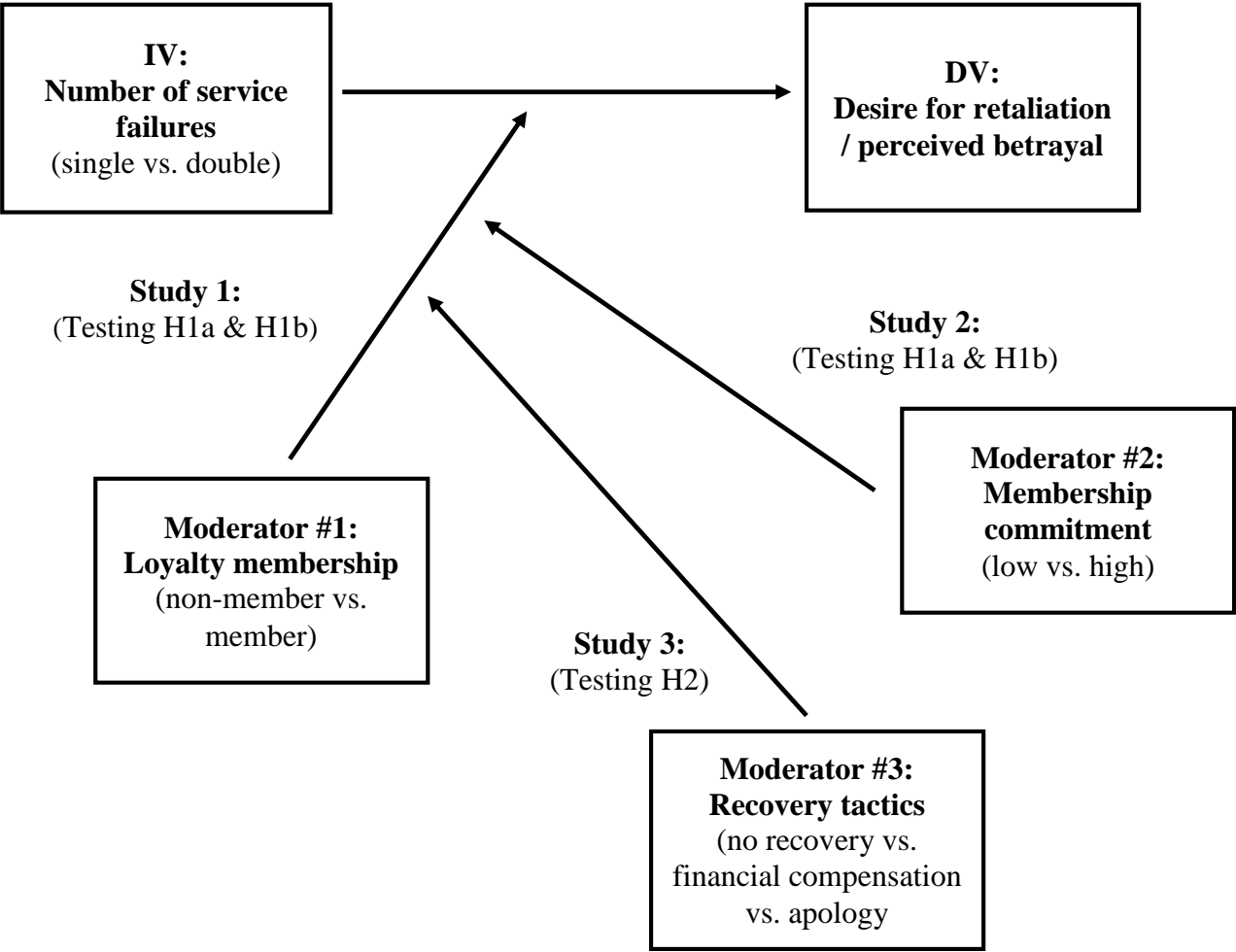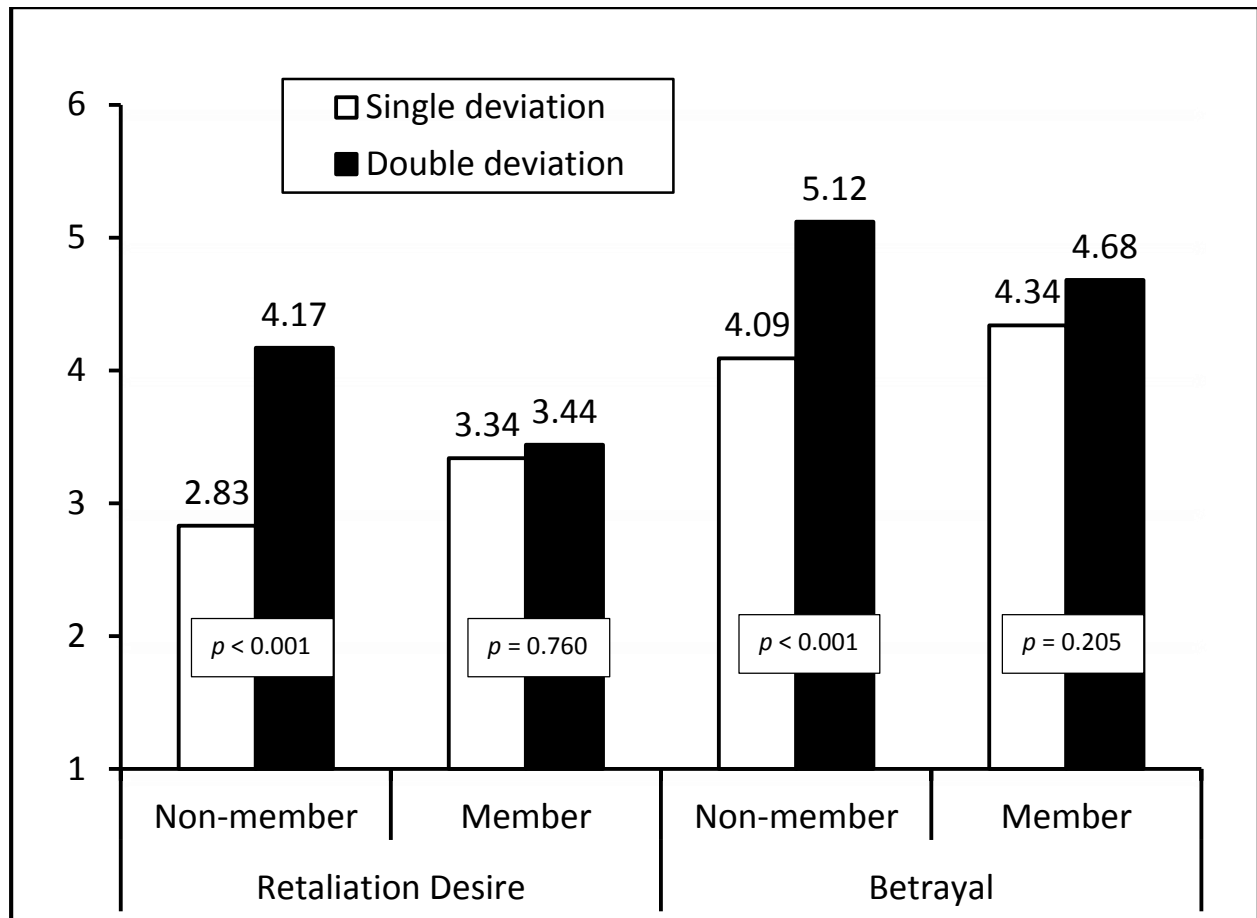
Fig. 1. Theoretical Framework
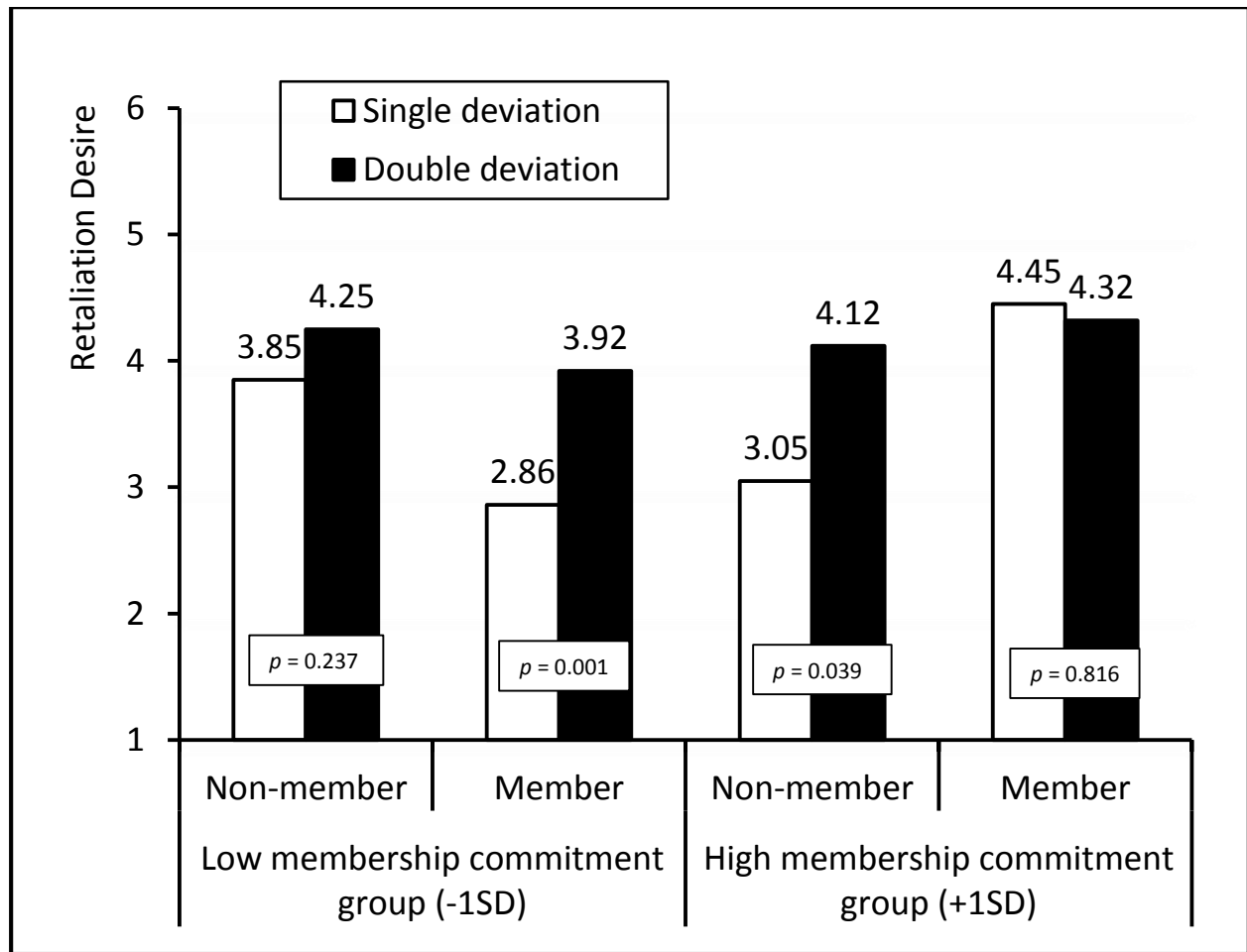
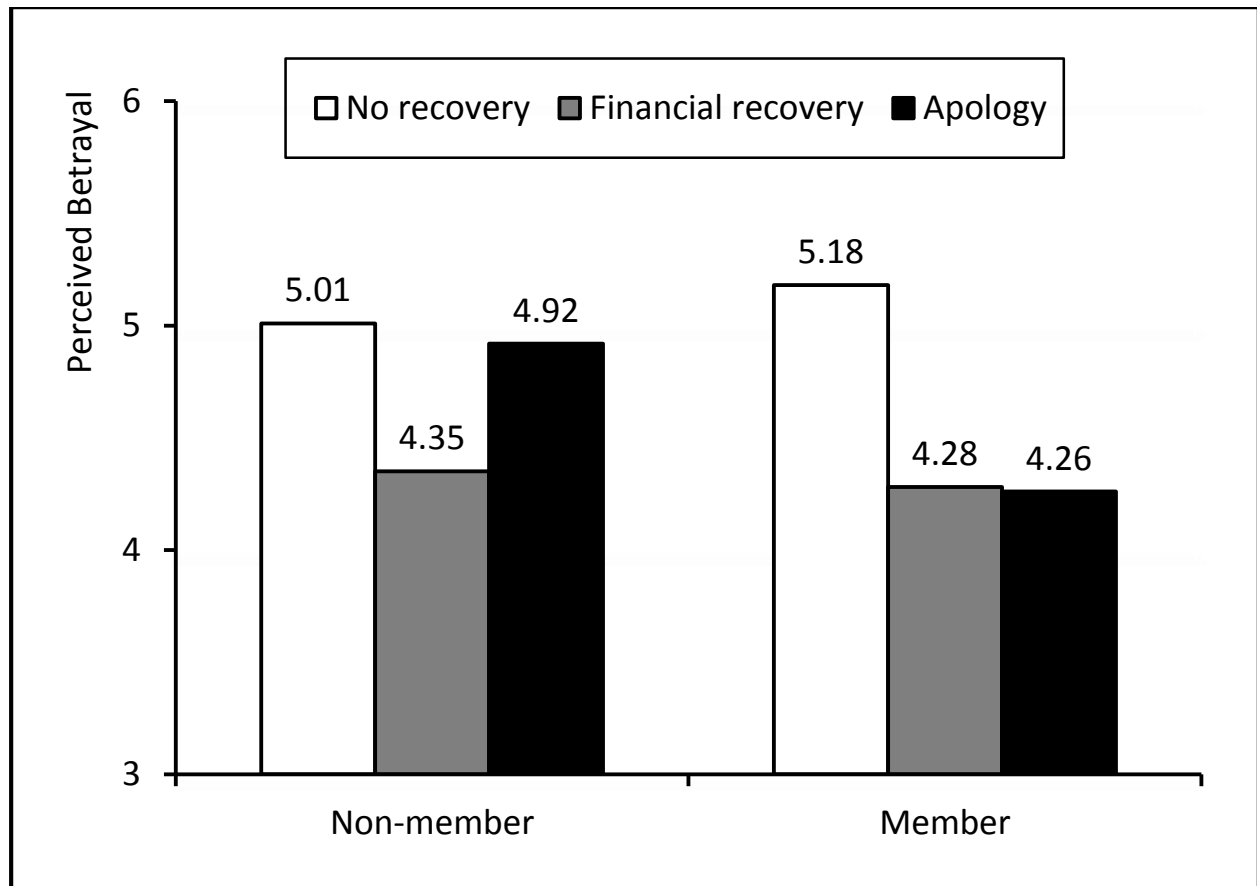**Fig. 2.** Results of Study 1

Fig. 3. Results of Study 2

Fig. 4. Results of Study 3

What is your gender?

1) Female   2) Male

What is the HIGHEST level of education you have completed?

1) High school or less   2) Associate degree/technical certificate

3) Bachhelor's   4) Post-graduate or above

Approximately what is your monthly household income before taxes? (US dollars)

1) Less than $2,000   2) $2,001 - $4,000   3) $4,001 – $6,000

4) $6,001 – $8,000   5) More than $8,000

What is your age?

1) 20 and under   2) 21 – 30   3) 31 - 40   4) 41 – 50   5) 51 – 60   6) 61 and over

How many times have stayed with your reward program-offering hotel in the last 12 months?

1) Not once in the past 12 months

2) 1-2 times

3) 3-4 times

4) More than 5 times

Please select the name of hotel reward program you currently join.

1. Starwood Preferred Guest
2. Hilton HHonors
3. Marriott Rewards
4. Hyatt Gold Passport
5. Intercontinental Priority Club,
6. Best Western Gold Crown Club
7. Choice Privileges
8. Goldpoints Plus
9. Fairmont President's Club
10. Shangri-La Golden Circle
11. Omni Select Guest Program
12. Accor Le Club Membership

13. Wyndham Rewards
14. Others (Please put down the name of your hotel reward program)

Please thoroughly read and understand the following scenario by imagining yourself as a person in the scenario and respond to each question, based on the experience you encountered in scenario.

(Scenario Time 1)

(Member condition)

Imagine that you are currently a member of high-tiered loyalty program of a franchised hotel. You have been a member for 10 years and have enjoyed additional benefits, special deals, and discounts offered by the hotel's loyalty program. Whenever possible, you patronize this hotel for business/family trips because you love this hotel brand, and thus, wish to remain loyal to it. (To be continued in scenario Time 2)

(Non-member condition)

Imagine that you book a room at a franchised hotel for an upcoming business trip. Given that you have never stayed in this hotel brand before, you selected the hotel based on customer feedback in TripAdvisor.

Please imagine yourself as a person in the scenario above and indicate the extent of your agreement with the following statements, based on the scenario Time 1.

	1	2	3	4	5	6	7
	Strongly disagree	Disagree	Disagree somewhat	Undecided	Agree somewhat	Agree	Strongly agree
I feel that this hotel is dependable.	1	2	3	4	5	6	7
I am satisfied with the relationship I have with this hotel.	1	2	3	4	5	6	7
The relationship with this hotel is something I am very committed to.	1	2	3	4	5	6	7
I feel a sense of belonging to this hotel.	1	2	3	4	5	6	7

Please continue to immerse yourself in scenario Time 2 that follows scenario Time 1.

(Scenario Time 2)

(Member condition-single deviation)

You book a room at the same hotel for an upcoming business trip. On the day of your trip, you arrive at the hotel at 3 p.m. after a long and tiring journey and go directly to the front desk to fill out your entry form. The check-in time is 2 p.m. in accordance with hotel policy; hence, you expect to check in at your room immediately. However, the hotel's front desk clerk tells you that you cannot check in at the moment because your room is not yet ready for occupancy. Without apology or compensation, the clerk tells you that you can check in at 5 p.m. You are upset about the fact that you have to wait for another 2 hours before you can check in when you are already exhausted from your trip.

(Non-member condition-single deviation)

On the day of your business trip, you arrive at the hotel at 3 p.m. after a long and tiring journey and go directly to the front desk to fill out your entry form. The check-in time is 2 p.m. in accordance with hotel policy; thus, you expect to check in at your room immediately. However, the hotel's front desk clerk tells you that you cannot check in at the moment because your room is not yet ready for occupancy. Without apology or compensation, the clerk tells you that you can check in at 5 p.m. You are upset about the fact that you have to wait for another 2 hours before you can check in when you are already exhausted from your trip.

Please imagine yourself as a person in the scenario Time 1 and 2 and indicate the extent of your agreement with the following statements, based on your service experience in the scenario Time 2.

	1 Strongly disagree	2 Disagree	3 Disagree somewhat	4 Undecided	5 Agree somewhat	6 Agree	7 Strongly agree
I want to do something bad to this hotel.	1	2	3	4	5	6	7
I want to take actions to get this hotel in trouble.	1	2	3	4	5	6	7
I want to cause inconvenience to this hotel.	1	2	3	4	5	6	7
I want to punish this hotel in some way.	1	2	3	4	5	6	7

	1	2	3	4	5	6	7
I want to make this hotel get what it deserves.	1	2	3	4	5	6	7
I want to get even with this hotel.	1	2	3	4	5	6	7
I feel cheated.	1	2	3	4	5	6	7
I feel betrayed.	1	2	3	4	5	6	7
I feel lied to.	1	2	3	4	5	6	7

(Scenario Time 3)

(Member and non-member condition-double deviation)

Furthermore, imagine that while you are waiting to check in, you complain to the front desk clerk and ask the clerk to prepare your room as soon as possible because you are very tired. After checking your room's status, the clerk tells you that you have to wait until 5 p.m. because he or she cannot do anything about it. You strongly believe that the hotel should take full responsibility for the inconvenience because the official check-in time is 2 p.m. Thus, you continue complaining to the clerk. The clerk responds in an impolite manner by saying "I cannot do anything about it!" You angrily demand to see the manager, but the clerk says that the manager is unavailable to see you. You are now extremely upset. Given that the hotel lobby's sofas and chairs are all occupied by other customers, you have to wander around the hotel until 5 p.m. When you finally enter your room at 5 p.m., you take a shower and decide to go to bed without eating dinner (although you are very hungry) because you are too exhausted.

Please imagine yourself as a person in the scenario Time 1, 2, and 3 and indicate the extent of your agreement with the following statements, based on your service experience in the scenario Time 3.

	1 Strongly disagree	2 Disagree	3 Disagree somewhat	4 Undecided	5 Agree somewhat	6 Agree	7 Strongly agree
I want to do something bad to this hotel.	1	2	3	4	5	6	7
I want to take actions to get this hotel in trouble.	1	2	3	4	5	6	7
I want to cause inconvenience to this hotel.	1	2	3	4	5	6	7
I want to punish this hotel in some way.	1	2	3	4	5	6	7

	1	2	3	4	5	6	7
I want to make this hotel get what it deserves.	1	2	3	4	5	6	7
I want to get even with this hotel.	1	2	3	4	5	6	7
I feel cheated.	1	2	3	4	5	6	7
I feel betrayed.	1	2	3	4	5	6	7
I feel lied to.	1	2	3	4	5	6	7

Please indicate the extent to which the service failure caused you.

The service failure caused me…	1	2	3	4 Neutral	5	6	7
Minor problems (1) ……. Major problems (7)	1	2	3	4	5	6	7
Small inconvenience (1) …….Big inconvenience (7)	1	2	3	4	5	6	7
Minor aggravation (1) ……. Major aggravation (7)	1	2	3	4	5	6	7

Please continue to immerse yourself in scenario Time 4 that follows scenario Time 3.

(Scenario Time 4)

(Member and non-member condition-apology)

Next day, the hotel manager calls you and says the following:

Good morning, Sir/Madam. We understand that you are unable to check in the room at 2 pm yesterday due to a service failure on our part. We take full responsibility for the failure, and we wish to sincerely apologize for the inconvenience it has caused you. We will call for a meeting today to review and improve our service delivery system to ensure that our valued customers like you will not experience a service failure. Once again, we are truly sorry about the terrible experience you had yesterday. If you have any further issues, please feel free to contact me.

(Member and non-member condition-financial compensation)

Next day, the hotel manager calls you and says the following:

Good morning, Sir/Madam. We understand that you are unable to check in the room at 2 pm yesterday due to a service failure on our part. For this reason, we would like to inform you that you are entitled to a 50% discount off our daily rate for your next stay at our hotel.

(Member and non-member condition-no recovery tactic)

Next day, the hotel manager calls you and says the following:

Good morning, Sir/Madam. We understand that you are unable to check in the room at 2 pm yesterday due to a service failure on our part. We hope that you enjoy your stay at our hotel.

Please continue to imagine yourself as a person in the scenario and indicate the extent of your agreement with the following statements, based on your service experience in the scenario Time 4.

	1	2	3	4	5	6	7
	Strongly disagree	Disagree	Disagree somewhat	Undecided	Agree somewhat	Agree	Strongly agree
I want to do something bad to this hotel.	1	2	3	4	5	6	7
I want to take actions to get this hotel in trouble.	1	2	3	4	5	6	7
I want to cause inconvenience to this hotel.	1	2	3	4	5	6	7
I want to punish this hotel in some way.	1	2	3	4	5	6	7
I want to make this hotel get what it deserves.	1	2	3	4	5	6	7
I want to get even with this hotel.	1	2	3	4	5	6	7
I feel cheated.	1	2	3	4	5	6	7
I feel betrayed.	1	2	3	4	5	6	7
I feel lied to.	1	2	3	4	5	6	7

Does the hotel offer a financial compensation to you?   1) Yes   2) No

Does the hotel offer an apology to you?   1) Yes   2) No

Please indicate how realistic you find the situation at the hotel from the scenario.

Very unrealistic (1) ……. Very realistic (7)	1	2	3	4	5	6	7
				Neutral			

Thanks so much for your participation!

Author Biography

Jin-Soo Lee is a professor in the School of Hotel and Tourism Management at the Hong Kong Polytechnic University. His research interests are in MICE and consumer behavior research.

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Author Contribution

Jin-Soo Lee contributed to the development of the overall research framework, the improvement of the literature review section, and the finalization of the manuscript.

Jungkeu Kim contributed to the data acquisition as well as completion of the literature review.

Jinsoo Hwang contributed to strengthening the entire manuscript and survey design.

Yuanyuan (Gina) Cui contributed to data analysis and methodology sections of this research.