

SAME, SAME BUT DIFFERENT: CHINESE-AMERICAN AND MAINLAND CHINESE CONSUMERS' PERCEPTIONS OF AND BEHAVIOR IN A SERVICE FAILURE SITUATION

Going beyond the traditional East/West consumer differentiation in studying service failure, this article examined the impact of acculturation, together with ethnicity of service staff and origin of a hotel brand on Chinese consumers' perceptions and behavioral responses. The research drew on four focus groups conducted in Beijing with 34 participants, followed by an experiment for which data was collected from 451 Chinese-Americans and 464 Mainland Chinese. Results showed significant differences in perceptions and behavioral responses following a service failure between Chinese-Americans and Mainland Chinese, and among Chinese-Americans with different acculturation strategies. Implications of study findings and directions for future research are discussed.

Keywords: acculturation, service failure, hotel brands, staff ethnicity, Chinese

Introduction

Concurrent with the rise of Asian economies, the past decade has witnessed heavy investment in hotel infrastructure development in Asia (Jones Lang La Salle, 2013). Mainland China in particular has become a key market of interest for both domestic and international hotel companies (e.g., Gu, Ryan & Yu, 2012) given its significant population base, increased discretionary income and potential travel markets. Numerous domestic hotel chains entered the market and experienced substantial growth (Hsu, Oh & Assaf, 2012). International hotel chains are expanding rapidly and for most of them Mainland China has been identified as the key market outside their country of origin and the fastest-growing market overall (Business Destinations, 2012). More recently, Asian-based hotel chains have also expanded into Western countries. For example, Hong Kong-based Shangri-La Hotels & Resorts and the Mandarin Oriental Group, Thai-based Dusit Thani and Anantara, Singapore's Banyan Tree and India's Taj Group all have established a presence in the United States, Europe, Australia, or the Middle East with more properties and other Asian-based hotel brands, including also three and four-star ones, likely to follow in coming years (e.g., BMI, 2012; Cafolla, 2012; Li, 2014).

Furthermore, Western hotel chains are no longer only focusing on expanding the number of properties in China but have now also shifted their attention to servicing this market by placing greater attention on guests' requirements. This is not only the case for properties in China but such initiatives are also implemented in their international properties in view of the rapidly growing Chinese outbound market. For example, in 2011 Starwood launched 'Starwood Personalized Travel,' a program that recognizes and addresses unique preferences of Chinese travelers. The program entails the provision of an in-hotel Chinese specialist to assist Chinese guests, special room amenities such as tea kettles and slippers, collateral material in Chinese and Chinese food. Hilton introduced a similar Huanying (welcome) program, and other international hotel chains no doubt will follow shortly (Duxbury, 2011). Central to these programs is the employment of Chinese staff, in part to assist with any matters in a guest's native language but potentially underlying here is the notion of self-employee congruity – a customer's perceived similarity with an employee based on personal characteristics (Gremler & Gwinner, 2000). Numerous studies have reported favorable responses in various situations resulting from self-employee congruity (e.g., Jamal & Adelowore, 2008; Montoya & Briggs, 2013). Yet, whether that is also the case in a

service failure situation has only received scant research attention thus far (Weber, Hsu & Sparks, 2014).

Given these dramatic shifts in origin and global presence of hotel brands, an examination of the effect of brand origin is clearly of interest to service marketers. Hsu (2014) established that Mainland Chinese travelers had similar brand performance ratings, including brand choice intention and brand loyalty, and satisfaction levels for Chinese and international hotel brands. Yet, no study to date has examined the effect of hotel brand origin in situations where customer expectations are not met, that is, in a service failure situation. Similarly, service failure research to date has not moved beyond the prevalent Western/Asian consumer differentiation to investigate the impact of acculturation, and potential differences in perceptions and behavioral responses between Asian (Chinese) consumers who have resided in a Western country and those who have resided in Asia (Mainland China) only. Service providers may consider customers as ‘simply Chinese,’ however, a Chinese who has lived for example for many years in the United States and in the process has adapted to a certain extent to the prevailing values of the host country may have very different perceptions of and behavioral responses to a service failure situation from a Chinese who has resided exclusively in Mainland China. Such potential differences may render service programs/strategies specially designed for Chinese travelers less effective than desired.

Given services’ inherent characteristics, service failures are to some extent inevitable, and together with negative customer evaluations of service provider attempts at service recovery directly result in significant losses for service firms (Sparks, 2001). Early research in the field focused on classifying service failures and recovery strategies (e.g., Bejou, Edvardsson & Rakowski, 1996; Nicholich & Sparks, 1996; Sundaram, Jurowski, & Webster, 1997), and examining their impacts on customer satisfaction, word-of-mouth communication and behavioral intentions (e.g., Hoffman & Chung, 1999; Matilla, 1999; McCullough, 2000; Sparks & Bradley, 1997). More recently, theories from other disciplines, such as justice and fairness theory from organizational research have been applied to extend the understanding of service failure and recovery (e.g., Bradley & Sparks, 2009; Namkung & Jang, 2009; Wang, Matilla & Bartlett, 2009). Yet, with the environment in which tourism and hospitality firms are operating constantly evolving, there has been an increased focus on gaining insights into the impact of technology-related service

failures/recoveries (e.g., Black & Kelley, 2009; Mattila, Cho & Ro, 2009) and service recovery strategies directed at a culturally diverse customer base (e.g., Becker, 2000; Lee, Khan & Ko, 2008; Lee & Sparks, 2007). In regard to the latter, until the late 1990s our understanding of how customers from different cultures evaluate service experiences was relatively limited (Mattila, 1999). Since then, numerous studies investigated the impact of culture on consumer perceptions and behavior following a service failure/recovery (SFR), either with a focus on an Eastern culture (e.g., Hoare, Butcher & O'Brien, 2011; Lee & Sparks, 2007; Lee, Sparks & Butcher, 2013) or on a comparison of an Eastern versus a Western culture (e.g., Suh, Greene, Rho, & Qi, 2013; Wang & Mattila, 2011). Yet, current research has largely ignored potential differences in reactions to service failures and recovery strategies by customers who have spent their formative years in one culture but have lived for extended periods in another culture - that is, the effect of *acculturation* has not been studied. That is despite growing globalization producing a consumer base high in cultural diversity that makes culture in general and acculturation in particular, a critical consideration when managing customer relationships (Becker, 2000).

The purpose of this study is to examine the impact of acculturation on consumer perceptions and behavioral responses in a service failure situation, in the context of the hotel industry. It investigates the effect of the origin of the hotel brand and the ethnicity of service staff in a service failure situation, with a specific focus on examining 1) differences between consumers of Chinese origin who have resided in the United States versus Mainland China, and 2) differences among Chinese-Americans having adopted different acculturation strategies and Mainland Chinese consumers. In the process the article will address the following research objectives:

- 1) Explore Mainland Chinese consumers' perceptions of and behavioral responses to a service failure situation in a hotel context;
- 2) Examine potential differences in perceptions of and behavioral responses to a service failure situation between Chinese-American and Mainland Chinese consumers;
- 3) Investigate the effect of acculturation on Chinese-American consumers' perceptions of and behavioral responses to a service failure situation, compared to Mainland Chinese consumers;

- 4) Establish whether hotel brand origin and staff ethnicity impact Chinese-American consumers' perceptions of and behavioral responses to a service failure situation differently from Mainland Chinese consumers.

The paper is structured as follows: First, the importance of the Chinese travel market is documented in addition to reviewing and pointing to gaps in research of service evaluations by Chinese consumers, followed by pertinent literature relating to acculturation in general and to the tourism/hospitality industry in particular. Next, we discuss the methodology and findings of four focus groups conducted in Beijing before detailing the subsequent experimental design that was administered in both the United States and Mainland China for comparative purposes. Finally, results are presented together with managerial implications, before pointing out study limitations and future research directions.

Literature Review

Chinese Travel Market

In 1995, the World Tourism Organization predicted that China would generate 100 million arrivals worldwide by 2020, making it the fourth largest origin market in the world (UNWTO Tourism 2020 Vision). Yet, since 2000 the country sustained an average annual growth rate of about 20% in outbound travel. In 2012, 83 million arrivals who spent US\$102 billion overseas (a 40% rise from US\$73 billion in 2011) were recorded (CNTA, 2013). In 2013, arrivals had risen to 98 million, with corresponding spending amounting to US\$129 billion (Travel China Guide, 2014). These figures make China the new number one global outbound tourism source market, overtaking Germany and the USA in terms of the number of travelers and spending (China Outbound Tourism Research Institute, 2014). The current size, its tremendous growth potential and the relative resilience of its fast growing economy, even at times of global recession, make it an attractive target for companies seeking to invest in China or in destinations where Chinese tourists visit in ever growing numbers. Mainland China has become a key tourist source market, not only for Asian countries such as Japan, Singapore, and the Philippines, but also for such countries like the United States, Canada and the United Kingdom (OTTI, 2013; Canadian Tourism Commission, 2013; Office for National Statistics, 2013). Recently, the State Council of China, in its Outline for National Tourism and Leisure (2013-2020), emphasized the need to promote the taking of paid

annual leave days and boost the healthy development of the country's tourism sector. This new national tourism strategy is set to substantially increase demand for both domestic and outbound tourism-related products, including hotels. In a more recent policy move, the United States agreed to issue longer-term visas to Chinese for business, tourism and education, with the intent to welcome a growing share of eligible Chinese travelers, inject billions of dollars in the U.S. economy and create enough demand to support hundreds of thousands of additional U.S. jobs (Lee, 2014). As is clearly apparent, outbound Chinese travelers are of critical importance to many destinations around the world.

Chinese Travelers' Perceptions and Behaviors

In line with the increased importance and recognition of the potential contributions of the Chinese travel market, numerous studies have investigated Chinese travelers' perceptions, attitudes and behaviors in a variety of tourism/hospitality contexts (e.g., Gross, Guao & Huang, 2013; Li, Meng, Uysal & Mihalik, 2013; Li & Stepchenkova, 2012; Tsang & Hsu, 2011). Several studies have also focused on Chinese consumers' perceptions and behaviors in service failure/recovery situations. Some studies (Liu et al., 2001; Magnini & Ford, 2004) claimed that Chinese customers have similar responses to service failures as their Western counterparts. This is in stark contrast to studies, based on Hofstede's (1980) work, which found significant differences between Western and Asian consumers (Hui & Au, 2001; Mattila & Patterson, 2004; Patterson, Cowley & Prasongsukarn 2006). A series of studies examined the impact of values central to Chinese consumers in service failure/recovery situations. For example, Lee and Sparks (2007) argued that there are five values – face, equity, value, harmony, and junzi aspirations – that are threatened in poor service situations. In subsequent work, Lee, Sparks and Butcher (2013) focused especially on the 'face' value, and found that interpersonal treatment style and the favorability of outcome fairness directly influenced Chinese consumers' self-reported loss of face. Hoare and Butcher's (2007) and Hoare, Butcher and O'Brien's (2011) work, set in a restaurant context and drawing on multiple methods, identified face and harmony as core values. They showed that these cultural values together with quality dimensions were significantly and positively correlated to both customer satisfaction and customer loyalty.

Yet, what is apparent when reviewing the literature is that there is a focus on Chinese travelers, primarily originating from Mainland China, and to a lesser extent from Taiwan and Hong Kong. Nevertheless, it is important to also consider that there are many Chinese consumers who have settled in Western countries through successive waves of immigration in the past decades. These ethnic Chinese immigrants have become an important consumer segment targeted by both mainstream and ethnic marketers. However, Chinese immigrants in Western countries and potential differences between them and Mainland Chinese travelers have received only scant attention (Weber, Hsu & Sparks, 2013). That is despite them being reported to be growing in importance due to their increasing size and purchasing power, as well as their geographical concentration (Chan, 2006; Huang, Oppewal & Movando, 2013; Pires & Stanton, 2005). For example, according to a recent joint study by the University of Maryland (UM) and the National Council of Chinese-Americans (NCCA) (2011), Chinese-Americans account for 3.64 million (1.2%) of the US population, making them the largest ethnic group among Asian-Americans. Between 2000 and 2009, their numbers increased by 33.3%. This ethnic group invests highly in education and occupation, resulting in them having higher levels of education than the general population. Consistent with higher education levels, Chinese-Americans have higher median household incomes, per capita incomes, and mean wage and salary earnings than the general population (UM/NCCA, 2011). Their spending power and tendencies towards brand loyalty make them an attractive target segment for marketers (Bent, Seaman & Emslie, 2007). Furthermore, it is important to understand that these immigrants have varying degrees of integration into Western society, and thus, even though they may appear similar to a service provider, are likely to have very different perceptions and behaviors when compared to Chinese travelers who have never lived outside Mainland China, especially if these are first-time travelers. Thus, we next turn to acculturation theory to highlight potential differences.

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 being “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.” Thus, of particular relevance in determining the extent of an individual’s

acculturation are the dimensions of *cultural maintenance* (to what extent are cultural identity and characteristics considered to be important, and their maintenance strived for); and *contact and participation* (to what extent should they become involved in other cultural groups, or remain primarily among themselves). Based on the various combinations of these two key dimensions, four distinct acculturation strategies, proposed by Berry (1980), are commonly identified in the literature. They are *Assimilation* whereby individuals do not wish to maintain their original cultural identity and seek daily interactions with the host culture; *Separation* refers to a strategy whereby individuals place value and aim to hold on to their original culture, and at the same time avoid interaction with the host culture. If individuals have an interest in both maintaining their original culture, while seeking daily interactions with the host culture, they are said to adopt an *Integration* strategy – a strategy that also helps to gradually change the nature of the host culture. It is these three acculturation strategies that are of key interest to this study. The final acculturation strategy, *Marginalization* refers to a situation where there is either little possibility or interest in maintaining one's original culture while at the same time displaying little interest in or having the possibility to interact with and participate in the host culture; it is thus, of little interest from a marketer's perspective and to this study.

The topic of acculturation has received some attention in both the tourism and hospitality context. From the consumer perspective, research has examined the impact of acculturation on dining-out behavior of Chinese and Korean immigrants in Canada and the US respectively (Yang, 2010; Bojanic & Xu, 2006; Rajagopal, Zheng, Kang & Lee, 2009), restaurant selection of Korean-Americans versus US born non-Koreans (Magnini, 2010) and travel behavior of Korean immigrants in Australia (Lee & Cox, 2007), with all these studies pointing to significant differences in respondents depending on the extent of their acculturation. A related stream of research focused on acculturation of Chinese immigrants, including that of Chinese-Americans (e.g., Kaufman-Scarborough 2000), Chinese-Canadians (e.g., Chen, Aung, Zhou & Kanetkar, 2005) and Australian-Chinese (e.g., Quester & Chong, 2001; Quester, Karunaratna, & Chong, 2001), with contexts of these studies ranging from food consumption to consumption of durable goods. As previously mentioned, several studies have focused on customers of Chinese origin and their reactions in service failure/recovery situations (e.g., Hoare & Butcher, 2008; 2011; Hui & Au, 2001; Lee & Sparks, 2007; Liu et al., 2001, Magnini & Ford, 2004). The only study thus far

that examined the impact of Chinese immigrants having adopted different acculturation strategies on their reactions to a service failure is by Weber, Hsu and Sparks (2014). Their study examined the effect of acculturation in the context of a service failure situation that was characterized by a customer not receiving the service promised in addition to being faced with a potential loss of face (Lee & Sparks, 2007). They found that there were indeed significant differences in the perceptions and behavior of Chinese-Americans, depending on the extent of their acculturation into the mainstream US culture. Yet while it is important to understand Chinese-American consumers, it is equally important to understand potential differences among consumers of Chinese origin residing in Western countries having adopted different acculturation strategies and how they differ in perceptions, attitudes and behaviors from Mainland Chinese consumers who are residing in China and have never lived in a Western country. This appears warranted and timely given the increased importance of Chinese travelers for many tourist destinations and service providers around the world (e.g., Cripps, 2013), combined with the fact that service recovery measures that have proven successful for Chinese consumers who live in Mainland China may not be suitable for consumers of Chinese ethnic background who have been exposed to vastly different cultural influences and norms when residing in a Western country. Thus, this study builds on Weber, Hsu and Sparks' (2014) study to contrast Chinese-American responses to a service failure with those of Mainland Chinese consumers.

In order to initially explore Chinese consumers' perceptions of and behavioral responses to a service failure situation in a hotel context, that is, address research objective 1, we conducted focus groups with Chinese consumers in Beijing, pertinent parts of which will be discussed next.

Study 1 – Focus Groups with Mainland Chinese Consumers in Beijing

Methodology

Four focus groups were conducted in Beijing. The city was considered a suitable setting given its status as China's capital and the consequent attention it has received in terms of hotel development, especially in the lead-up to the 2008 Summer Olympics. Furthermore, Beijing is known for its residents' trendsetting status in lifestyles and higher income and, therefore, higher propensities to travel (Hsu & Crotts, 2006). A purposive sampling procedure was employed to select focus group participants whose insights would be relevant to the issues being studied

(Lincoln & Guba, 1985), given that the study's focus was to gain greater insights rather than to generalize findings. Thus, focus group participants were recruited through local universities, and local tourism and hotel businesses. A key selection criterion was extensive experience with hotels, both domestic and international. Two focus groups consisted of Mainland Chinese who had lived for extended periods in a Western country while the other two focus groups comprised of Mainland Chinese who had travelled extensively overseas but had only resided in Mainland China. Four focus groups were conducted with the intent to ensure theoretical saturation (Strauss & Corbin, 1998). In order to ensure a variety of opinions, participants with diverse demographic and socio-economic background were included in the focus groups. Participants were invited via email and phone to a well-known hotel in downtown Beijing that was conveniently located in terms of public transportation. Focus groups were held in one of the hotel's meeting rooms. The duration of each focus group varied between 60 and 90 minutes. The focus groups, conducted in both English and Mandarin, were video-recorded and subsequently transcribed and translated from Chinese into English. The English transcripts were checked and compared with the Chinese version as well as with the video recordings to ensure accuracy. A total of 98 pages of transcribed data were obtained.

One of the researchers served as the focus group moderator. She had considerable experience in moderating focus groups, and an understanding of group processes, and the need for communication skills, friendliness, a sense of humor and openness to new ideas (Krueger & Casey, 2008). These are critical aspects since the quality of focus group interviews is highly dependent on the moderator's abilities and skills to guide the discussion and ensure interaction among focus group participants (Carson et al., 2001). For each session, the moderator welcomed focus group participants and thanked them for their participation, explained the purpose of the study and sought each participant's consent for the session to be video-recorded for review by the researchers and cross-validation. A structured moderator discussion guide was used during each session, with additional probing questions being raised by the moderator whenever necessary. The moderator also ensured that less vocal participants were involved in the discussion and provided their opinions on the issues of interest. At the end of each session, participants were asked to complete a short questionnaire as to obtain group members' key demographics and insights into their travel behavior. All group members were then presented with a small cash reward as a token of appreciation.

Results

Participants' Profile

The number of focus group participants ranged from 6 to 12, with a total of 34 participants across all four focus groups. Participants comprised of 21 females and 13 males. In terms of age, the majority was in the 26-35 age group (18 participants), followed by those in the 36-45 years age group (10). All participants travelled frequently within China and overseas, both for leisure and business purposes. As per the selection criteria, about half of the focus group participants had lived for an extended period overseas, with countries including Australia, Canada, the United States and the United Kingdom.

Chinese Consumers' Perceptions of Service Failures in Hotels

Analysis of focus group data provided considerable insights into not only what Chinese consumers expect and think of hotels in general and in service failure situations in particular, but also into the 'how' and 'why.' For the purpose of this study we focus on the discussion of three key aspects that lead to the development of the subsequent experimental design, namely acculturation, staff ethnicity and the origin of the hotel brand.

Acculturation

There appeared to be a marked difference in responses to a service failure between participants who had only lived in Mainland China and those who had lived for extended periods overseas. In particular, informants who had lived for extended periods in Western countries (and thus, were exposed to varying extents of acculturation) reported having gained a greater awareness that raising a complaint is acceptable and potentially effective. As a consequence, they had become more critical and vocal, as evidenced by the following comment.

After returning from abroad, I have become more critical about service and have higher requirements....if the hotel told me that it did not have any more rooms... and I had booked two rooms, yet I got only one I'd expect hotel staff tries his best to find another room for me and also make some compensation... (Focus Group 2, Female)

Alternatively, some informants reported that, since they had gained a better understanding of the hotel industry while overseas (in part because they also had worked part-time in the industry), they had become somewhat more lenient in a service failure situation due to greater empathy with service staff, as one informant explained

When I felt unsatisfied, I shouted it out. If anything didn't move, I began to get anxious. Anyhow, when abroad, I developed a slow temper. By saying slow, I mean that I became more lenient. And I ... learned hotel management. So I know about complaining....there might be some difficult steps only known to the staff involved in hospitality. So I began to take it easy about service and slowed down.. [Focus Group 4, Male]

As previously mentioned, prior research has identified differences in perceptions of and responses to service failure situations between Chinese and Western consumers (e.g., Hui & Au, 2001; Magnini & Ford, 2004). Similarly, literature on complaint behavior also noted substantial differences between collectivist and individualist societies (e.g., Liu & McClure, 2001; Mattila & Patterson, 2004; Ngai, Heung, Wong & Chan, 2007). Our focus group findings also point to the possibility that an extended stay by Chinese in a Western country results in changes in their perceptions of and responses to a service failure situation, compared to those experienced when only living in Mainland China. Consequently, we focused on examining the impact of acculturation in our subsequent experiment, and propose that

P_{1a}- there are significant differences in perceptions of and behavioral responses to a service failure between individuals who have been exposed to a different culture and those who have not, depending on their country of residence, and
P_{1b} - there are significant differences in perceptions of and behavioral responses to a service failure between individuals who have been exposed to a different culture and those who have not, depending on their level of acculturation.

Staff Ethnicity

Informants pointed to a marked difference in their expectations, depending on whether a service failure involved staff of Western versus Chinese origin. More specifically, it was noted that expectations of Western staff in a service failure situation, particularly if it occurs in China, were somewhat lower due to their perceived lack of understanding of Chinese culture. Thus, informants were more forgiving towards Westerners. In contrast, there were higher expectations towards Chinese staff, and more severe reactions if a service failure was not properly dealt with. The same was also true when encountering Chinese staff in a hotel overseas whereby informants had higher expectations that they would assist in the resolution of the service problem, given their common language and culture, and shared understanding, in addition to both being away from home, as noted in the following comments.

My expectations for a Chinese hotel staff might be higher. Because we share the same language and cultural background. [Focus Group 3, Female]

You expect they know more details, maybe Chinese cultures, the hidden rules, the way we usually do the things like that. [Focus Group 1, Male]

We were from China, the same country as his...and he was supposed to be more warmhearted with me, just like seeing his folks.[Focus Group 2, Female]

It became also apparent that in case of a service failure and an unsuccessful service recovery, informants would be angrier with Chinese rather than Western staff as the former's failure to assist would be perceived as deliberate since s/he should understand Chinese culture while a foreigner may not. However, if it is not deliberate then informants indicated that they 1) may have more empathy, 2) be more lenient rather than pursue the matter at all cost, 3) may be embarrassed to argue further, and 4) show greater gratitude if a good solution is reached as a way to support him/her in a foreign country. Given the emphasis on staff ethnicity by focus group participants and the central role of service staff in a service failure situation, we decided to manipulate staff ethnicity in our subsequent experiment.

Drawing on self-congruency theory (Sirgy, 1982), prior research explored the effect of a shared ethnicity, or lack thereof, between the customer and the service employee in various service situations. For example, Montoya and Briggs (2013) found evidence that encounters involving employees and customers from traditionally collectivist subcultures who are minorities in their country of residence (Hispanics and Asians in the United States) will be especially susceptible to the effects of shared ethnicity, as they more strongly identify with their respective ethnic groups than their individualist, majority counterparts. The authors demonstrated that ethnic (Hispanic) customers in the shared contact employee–customer ethnicity condition have greater expectations of a particularistic resource exchange (enhanced service, status, respect, and feelings of comfort and love) and preferential treatment benefits (free products and monetary discounts) than in the non-shared condition. Yet while these studies examined potential positive impacts of a shared ethnicity of a customer and a service employee, no study to date has examined the effect of acculturation in a situation where a customer experiences a service failure at the hands of an employee of a shared ethnicity. Thus, we set out to explore whether there are differences in responses to a service failure between Mainland Chinese and Chinese-Americans when served by staff of Western versus Chinese origin. Based on our focus group findings and prior literature, we propose that

P₂ - there are significant differences in perceptions of and behavioral responses to a service failure between Mainland Chinese and Chinese-Americans with different levels of acculturation, depending on whether or not the service failure involves a staff of the same ethnicity as the customer's.

Hotel Brand Origin

All focus group members pointed to perceived differences between Asian and Western hotel brands, noting differences in operational procedures and service quality standards. In particular, it was commented on that international high-end, luxury brands were perceived as superior in quality to equivalent-level Chinese brands. However, reference to international hotel brands included both Western and non-Chinese, Asian brands. As indicated at the outset of this article, numerous high-end brands of Asian origin have emerged and expanded beyond Asia into the West that are also well perceived and heavily frequented by Chinese travelers (BMI, 2012; Li, 2014). Thus, it is of interest to investigate whether there are significant differences in perceptions

and behavioral responses when a service failure takes place in a hotel of Western versus Asian brand origin. Zhou, Murray and Zhang (2002) pointed to a brand's country of origin having an effect on consumers' perceptions of service quality. Several studies also noted that quality perceptions for products/services are more positive when they originate from an industrialized country rather than a less developed or a developing country (e.g., Iyer & Kalita, 1997; Kaynak, Kucukemiroglu & Hyder, 2000). Alternatively, however, a tendency to favor indigenous services over foreign ones may occur due to a possible emotional attachment based on national pride (Verlegh, 2007). Yet, it is unclear how acculturation may impact consumers' perceptions of a hotel brand, particularly its country-of-origin, in a service failure situation. Therefore, we propose that

P₃ - there are significant differences in perceptions of and behavioral responses to a service failure between Mainland Chinese and Chinese-Americans with different levels of acculturation, depending on whether or not the service failure takes place in a hotel whose brand originated from the customer's culture of origin.

In view of the various findings from our focus groups in Beijing in regard to acculturation, staff ethnicity and hotel brand origin, and relevant literature, we developed and discuss next an experiment that tested the impact of these variables on perceptions of and behavioral responses following a service failure among Chinese-American and Mainland Chinese consumers.

Study 2 – Experiments with Chinese-American and Mainland Chinese Consumers

Methodology

Samples and Procedures

Data was collected in both the United States and China to ascertain perceptions and behavioral responses of Chinese-Americans and Mainland Chinese respectively. In view of the special requirements on the Chinese-American sample in particular and the fact that all three researchers were not based in the United States, utilizing a professional research firm and an online survey method were perceived to offer significant advantages in terms of accessibility to a large number of potential, suitable respondents, response rate, time, and cost. Thus, a research firm was contracted to program and host the online experiment (in both English and simplified Chinese), in addition to obtaining a target of 550 completed responses of Chinese-Americans and 550 Mainland Chinese within a

one-month timeframe. An about equal representation in terms of acculturation strategies for the Chinese-American sample, and gender and age for both samples were specified as important criteria. In order to ensure that the three acculturation strategies of interest were evenly represented among the Chinese-American sample, the research firm was asked to program the instrument in such a way that responses to the questions relating to acculturation would provide immediate feedback in terms of the respondent's adopted acculturation strategy so that the quotas for the acculturation strategies could be progressively filled. Respondents in both samples were randomly allocated to one of the four scenarios, resulting in an approximately even distribution of respondents across scenarios. The main data collection commenced in December 2012 and was completed in January 2013. Prior to the application of the multivariate analysis of variance (MANOVA) technique, preliminary data screening was conducted (Hair, et al., 2010), resulting in a final dataset of 451 cases of Chinese-American consumers and 464 cases of Mainland Chinese consumers. In order to address research objective 2, both original datasets were merged into one dataset containing a total of 915 responses (Dataset 1). In order to address research objectives 3 and 4, and given that the 451 Chinese-Americans comprised of 165, 171 and 115 respondents who respectively had adopted a separation, integration and assimilation strategy, a random selection of 160 cases was made of the 464 cases from the Mainland Chinese dataset to ensure an about equal representation of the various sub-groups when assessing the potential impact of acculturation or lack thereof. Thus, the analysis in relation to research objectives 3 and 4 is based on a dataset comprising 611 responses (Dataset 2).

Design and Stimulus Material

This study utilized two between-subject factorial designs: In order to address research objective 2, a 2 (Country of Residence: Mainland China versus United States) x 2 (Hotel Brand Origin: Asian versus United States (US)) x 2 (Staff Ethnicity: Chinese versus Western) design was utilized. A 4 (Acculturation: No Acculturation, Separation, Integration, Assimilation) x 2 (Hotel Brand Origin: Asian versus United States (US)) x 2 (Staff Ethnicity: Chinese versus Western) design (Figure 1) was employed to address research objectives 3 and 4. Hotel Brand Origin and Staff Ethnicity were manipulated, resulting in the development of four scripts. In contrast, acculturation was measured. Using a scenario method, respondents were presented with a service failure situation in which a guest's request for a reservation of an important family dinner at a

specific restaurant was not followed up by the luxury hotel's concierge, leading to the need to make last-minute alternative arrangements, without a perceived appropriate service recovery. Respondents were asked to imagine themselves to be the aggrieved customer. The four scenarios were identical except for manipulations of the two independent variables, hotel brand origin and staff ethnicity. Questions relating to the various dependent variables, manipulation checks for the independent variables, realism and believability checks, in addition to questions relating to acculturation followed the service failure/recovery scenario. A final section ascertained demographic data, including age, gender and education. The instruments presented to both samples were identical apart from two exceptions: First, the US-based sample was first presented with three screening questions relating to their arrival and stay in the United States to ensure that effects of acculturation could be measured (that is, respondents were not on a short-term student visa or their families had only relatively recently moved to the United States). Then, questions relating to the extent of their belief in Chinese and American values, and their self-identification as American, Chinese or Chinese-American were posed in order to make respondents' ethnic identity salient (Oakes, 1987) before reading the service failure/recovery script. Second, the hotel in which the service failure took place was located in the United States for the Chinese-American sample while it was situated in China for the Mainland Chinese sample. This was done to ensure consistency of both samples being exposed to a service failure in a domestic travel context, rather than introducing additional complexities resulting from international travel.

INSERT FIGURE 1 ABOUT HERE

The instrument was extensively pre-tested in both the United States and China to ensure that 1) the service failure/recovery scenario was believable and easily understood, and 2) the manipulations for the two independent variables performed as intended. Pre-testing took place in both an offline and online environment for both language versions of the instrument, with particular emphasis on obtaining feedback on the script, the manipulations, the various scales and any additional feedback that would assist in the revision process. Based on these pre-tests, the instrument was modified and tested again. This process continued over a 5-month period through a total of three iterations that involved 155 Chinese-American respondents based in the United States and through three reiterations that involved 123 respondents in Mainland China. It was then

determined that the manipulations performed as intended, and the service failure/recovery scenario was believable. The instrument was initially designed in English, translated into Chinese, and back into English. The back-to-back translation was conducted by two independent native Chinese speakers, with one of them having a professional background in translation. The final instrument was administered online in both English and Chinese, with respondents being allowed to make a choice in which language they would like to complete the questionnaire. The vast majority of Chinese-American respondents chose to complete the questionnaire in English (95.8%) while not surprisingly, all Mainland Chinese respondents opted for the Chinese language version.

Independent and Dependent Variables

Hotel Brand and Staff Ethnicity represented the two independent variables that were manipulated at two levels. For the former variable, reference to the origin of the hotel brand was made in the introduction to the script, as follows: “The hotel is part of a hotel chain managed by an *Asian [U.S.]* hotel management company that prides itself on maintaining corporate values that align with its origins in *Asia [the US.]*” This was also reiterated in the first part of the service failure script itself. Furthermore, reference was made to specific design elements of the hotel, alluding to its Asian [US] origins. Reference to an Asian rather than a Chinese hotel brand was made in the scenario due to the presence of several well-known, upmarket Asian brands and the lack of such Chinese hotel brands in the United States. For the staff ethnicity variable, reference was made to the origin of the hotel staff involved in the service encounter, and repeated reference throughout the script to that staff member’s name. Mr. Zhang was chosen for Chinese staff, whereas Mr. Smith was chosen for Western staff, in line with these being among the most frequent surnames in Mainland China and the US respectively, according to Wikipedia.

Acculturation represented the third independent variable, however, rather than being manipulated it was measured. To capture respondents’ adopted acculturation strategy, we developed a composite of three measures. Adapted from Suinn, Ahuna, and Khoo (1992), two questions ascertained the degree to which respondents believed in Chinese and American values. The same authors also proposed a measure of self-identification, corresponding to the three acculturation strategies of interest which was also adapted in this study. Consequently, respondents who indicated that they believed in Chinese but not American values, and who considered

themselves Chinese were classified into ‘1 – Separation;’ respondents who did believe in both Chinese and American values, and considered themselves Chinese-Americans were categorized as ‘3 – Integration;’ respondents who believed in American but not Chinese values, and considered themselves Americans were classified into ‘5- Assimilation.’ For a behavioral dimension of acculturation, we drew on Lerman, Maldonado, and Luna’s (2009) acculturation scale. Individual responses to the 10 questions on respondents’ behavior also corresponded with the 3 acculturation categories; thus, responses were averaged, with the resulting score providing again an indication whether respondents’ behavior was to be categorized as indicative of separation, integration or assimilation. Based on the literature, all three measures were given equal weight, and again, averaged. On the basis of this final score, each respondent was accorded to one of the three acculturation groups.

Word-of-mouth, satisfaction, and repeat purchase intentions with the hotel property and repeat purchase intentions with the hotel chain represent commonly measured dependent measures in service failure/recovery research. Each of these variables was measured utilizing multiple-item scales, comprising of three, four, three, and three items respectively. The word-of-mouth, satisfaction and repeat purchase intention measures were adapted from Blodgett, Hill & Tax (1997), Oliver and Swan (1989) and Zeithaml, Berry, and Parasuranam (1996), respectively. A sample scenario including the manipulations of the two independent variables is provided in Appendix A. Table 1 details the acculturation and dependent variable measurements.

INSERT TABLE 1 ABOUT HERE

Results and Discussion

Scale Reliabilities

Summated scales were formed for four measures: 1) WOM 2) satisfaction, 3) repeat purchase intentions at hotel property level and 4) repeat purchase intentions at hotel chain level. Prior to calculating reliability coefficients, items were reverse-coded where required. The Cronbach alpha of each of the scales exceeded the conventional minimum of .70 (Nunnally, 1978), with reliability coefficients of .96, .77, .89* and .85* respectively for Dataset 1 and .96, .73, .90*

and .86* (*following deletion of item 1, resulting in 2 items for repeat purchase intentions) for Dataset 2. Thus, all scales were judged to have adequate to superior reliability.

Realism and Manipulation Checks

Several measures assessing the realism of the provided scenarios were included (Wilson & McNamara, 1982). Table 2 provides descriptives for both samples for each of the four realism checks, indicating that respondents 1) were able to identify with the customer, 2) found the service experience both believable and likely to occur, and 3) thought it possible to encounter staff as that depicted in the script. Realism checks for each of the four scenarios confirmed the results of at the aggregate level, in addition to realism checks for the two original datasets.

Checks also confirmed that the manipulations for the two independent variables – hotel brand origin and staff ethnicity - were generally successful, as indicated by the high percentage of respondents who correctly identified the manipulation as intended (the one exception relating to one condition for the Asian Hotel Mgt. company is acknowledged as a study limitation). The effectiveness of the ‘hotel brand origin’ manipulation was ascertained with the following question “*The hotel described in the scenario was part of a hotel chain managed by 1) an Asian hotel management company 2) a US hotel management company*” while that of staff ethnicity was established with the question “*The employee in the scenarios is of 1) Chinese Origin 2) Western Origin.*”

INSERT TABLE 2 ABOUT HERE

Differences in Responses to a Service Failure Situation between Chinese-American and Mainland Chinese Consumers

Addressing research objectives 2, 3 and 4, and in order to test the advanced propositions focusing on the influence of 1) country of residence and acculturation, 2) staff ethnicity and 3) hotel brand origin, each by itself (main effects) and in combination with each other (interaction effects), two MANOVAs were conducted, and are reported on next.

Research Objective 2 - Differences in Perceptions of and Behavioral Responses to a Service Failure Situation between Chinese-American and Mainland Chinese Consumers

A 2 (Country) x 2 (Hotel Brand Origin) x 2 (Staff Ethnicity) MANOVA examined differences in word-of-mouth (WOM), satisfaction and repeat purchase intentions at hotel property and hotel chain level. While both hotel brand origin and staff ethnicity were manipulated, country was a categorical variable indicating whether respondents resided either in the United States or in Mainland China. As predicted, results revealed a significant main effect for country of residence $F(4,904) = 14.22, p = .000, \eta^2 = .059$. Univariate results indicated significant differences in perceptions of word-of-mouth and repeat purchase intentions at both property and chain level between US-based and Mainland China-based Chinese consumers (WOM $F=9.934, p=.002; M_{US/China}= 5.17/4.92$, Repeat purchase intentions - property $F=8.287, p=.004, M_{US/China} = 3.09/2.83$; and Repeat purchase intentions - chain $F=6.668, p=.010, M_{US/China} = 3.34/3.12$), but not in terms of satisfaction. Ratings of Mainland Chinese respondents were lower than that of US-based respondents for all three dependent variables.

Thus, study findings provided support for our main premise that behavioral responses of Mainland Chinese and Chinese-American consumers are significantly different in a service failure situation, as suggested by Proposition P_{1a}. Ratings of Mainland Chinese respondents were lower than those of Chinese-Americans for word-of-mouth and repeat purchase intention ratings at both property and chain level. Thus, it appears that Chinese-Americans are more likely than Mainland Chinese to engage in negative WOM following a service failure with a particular hotel, particularly sharing their experience with family and friends. Interestingly, though, they are less likely to switch to another hotel/hotel chain when faced with such a service failure. This is consistent with prior literature (Bent, Seaman, & Emslie, 2007). In contrast, Mainland Chinese were less likely to engage in negative WOM, compared to Chinese-Americans, but were more likely to look for other, more suitable options. This is consistent with findings of our focus groups that when traveling in Mainland China they will switch service providers if a complaint cannot be resolved satisfactorily. With differences in perceptions and behavioral responses between Chinese-Americans and Mainland Chinese confirmed, we next investigated the potential impact of acculturation, by itself and in combination with staff ethnicity and hotel brand origin, on these differences.

Research Objective 3 - Differences in Perceptions of and Behavioral Responses to a Service Failure Situation between Chinese-American consumers with different levels of acculturation and Mainland Chinese (no acculturation group)

A 4 (Acculturation) x 2 (Hotel Brand Origin) x 2 (Staff Ethnicity) MANOVA examined differences in WOM, satisfaction and repeat purchase intentions at property and chain levels. While both hotel brand origin and staff ethnicity were manipulated, acculturation was measured in the Chinese-American sample – since Mainland Chinese respondents had not been exposed to another culture, other than during short-term travel, no consideration was given to acculturation in that sub-sample, and in the combined dataset it was coded under a ‘no acculturation’ category. Significant multivariate statistics and univariate results are presented in Table 3; non-significant results have been omitted due to space constraints.

INSERT TABLE 3 ABOUT HERE

A significant main effect was found for acculturation ($F(12, 1782) = 5.69, p < .000$, partial $\eta^2 = .037$), lending further support to Proposition P_{1b}. Univariate results showed a significant effect on satisfaction, and repeat purchase intentions at both property and chain levels. An inspection of the mean scores indicated that all dependent variables were highest for respondents adopting a separation strategy. In contrast, the lowest ratings were returned by respondents adopting an assimilation strategy (Satisfaction: $M_{S/I/A/NA} = 3.26/2.72/2.58/2.94$; Repeat purchase intentions – property $M_{S/I/A/NA} = 3.41/2.94/2.86/2.87$ and Repeat purchase intentions - chain $M_{S/I/A/NA} = 3.63/3.19/3.16/3.19$).

Significant differences were observed for satisfaction ratings between the separation and integration groups ($M_{S/I} = 3.26/2.72$), and the separation and assimilation groups ($M_{S/A} = 3.26/2.58$), while there were no significant differences between Mainland Chinese respondents and the three acculturation groups, and the integration and assimilation groups. For the repeat purchase ratings at both property and chain levels, there were significant differences between the separation and integration groups (Repeat purchase intentions - property $M_{S/I} = 3.41/2.94$; Repeat purchase intentions - chain $M_{S/I} = 3.63/3.19$), the separation and assimilation group (Repeat purchase intentions - property $M_{S/A} = 3.41/2.86$; Repeat purchase intentions - chain $M_{S/A} = 3.63/3.16$), and unexpectedly, also between the separation and Mainland China groups (Repeat purchase intentions

- property $M_{S/NA} = 3.41/2.87$; Repeat purchase intentions - chain $M_{S/NA} = 3.63/3.19$). There were no significant differences between Mainland Chinese respondents and the integration and assimilation groups respectively.

Respondents with a separation strategy had the highest ratings on all dependent variables. These individuals place value on and try to retain their original culture, and also tend to avoid interaction with the host culture. One visible result of such a strategy is the formation of Chinatowns across the US in the early days, and the Chinese population concentration in various urban areas nowadays (UM/NCCA, 2011). These individuals live in their comfort zone and perform their daily consumption activities within a close-knit community. Given such a semi-captured consumer base where service provider options are limited, consumers may be more forgiving of service failures and decide to return to the same provider, even though their satisfaction ratings are not that high. Furthermore, due to the limited exposure to and interaction with the outside world, their tolerance of service failures may be higher due to unfamiliarity with the environment and the service provider. This is also in line with suggestions by Goto et. al. (2002) and Ying (1996) who argued that less acculturated individuals may be less likely to be cognizant of subtleties that constitute discrimination. Alternatively, perhaps recent Chinese immigrants that have been socialized as dominant group members in Asia possess less awareness of differential treatment based on race and ethnicity.

Respondents adopting an assimilation strategy reported the lowest ratings for all four dependent variables, however, there was no statistically significant difference between the ratings of the assimilation and integration groups. As people of Chinese descent seek daily interactions and assimilate or integrate with the host culture, their value orientation and consumer responses could deviate from those who are separated from the mainstream host culture. This is especially apparent for those who do not want to maintain their original cultural identity, that is, the assimilation group. Assimilators and integrators live as ethnic minorities in the US and try to adopt the American culture - these acts by themselves are a challenge. If placed in a service failure situation where they perceive differential treatment, potentially on the basis of their ethnicity, their responses are understandably more negative compared to those who live in their own culture bubble and do not bother to integrate or assimilate.

The previously reported higher repeat purchase ratings of Chinese-Americans, compared to Mainland Chinese, are apparently driven by the separation group, given the significant difference in ratings between this acculturation group and Mainland Chinese only. The higher ratings for repeat purchase at property and chain levels for the US-based separation group compared to Mainland Chinese may be due to the former living in their bubble in the United States and thus, being limited in their choices and more timid to investigate other options. Thus, even though the separation group may be closest to Mainland Chinese in terms of values, norms, and attitudes, given their desire to closely maintain their cultural heritage, the external environment, and living in a country as a minority rather than as a majority ultimately lead to different responses in a service failure situation.

It is also interesting to note that the mean ratings of satisfaction and repeat purchase intentions of the separation group are clustered around the mid-point of the 7-point scale. As modesty and conservatism are valued in Chinese culture, respondents may not have expressed extreme opinions, even if they were unhappy, influencing the ratings of this group in particular. Such tendencies have also been noted by several other authors (e.g., Harzing, Brown, Koster & Zhao, 2012). Conversely, the satisfaction and repeat purchase intention ratings of the integration and assimilation groups could be indicative of their learned “freedom of speech” American value. Next, the impact of staff ethnicity and hotel brand origin is assessed.

Research Objective 4 – Differences in Impact of Hotel Brand Origin and Staff Ethnicity on Chinese-American Consumers’ Perceptions of and Behavioral Responses to a Service Failure Situation compared to those of Mainland Chinese

a) Staff Ethnicity

The main effect for acculturation was further qualified by a significant two-way interaction for acculturation and staff ethnicity ($F(12, 1782) = 1.854, p < .05, \text{partial } \eta^2 = .012$), lending support to Proposition P₂. Univariate results showed a significant effect on repeat purchase intentions at the hotel chain level only once the Bonferroni Correction factor was applied. The means for the repeat purchase intention ratings for all four acculturation groups are shown in Table 4, and the interaction effect is graphically displayed in Figure 2.

INSERT TABLE 4 AND FIGURE 2 ABOUT HERE

Further analysis indicated that respondents adopting a separation strategy and Mainland Chinese did not significantly differ in their repeat purchase intention ratings at the chain level, regardless of the ethnicity of the staff involved in the service failure situation. However, there were significant differences in ratings for respondents adopting an integration strategy, whereby their repeat purchase intentions at chain level were significantly higher if a Chinese staff was involved in the service failure situation as opposed to a Western staff ($t=3.1, p<.001$), consistent with prior research (Montoya & Briggs; 2013). As integrators possess both Chinese and US cultural values and understand both cultures, they may have a greater understanding for people trying to fit into the mainstream society, just like themselves, thus possessing greater empathy for Chinese staff. On the other hand, they may feel more discriminated against by Western staff as they have, or they thought they have, integrated into mainstream society and yet are still treated differently, thus the lower intention to return.

In contrast, for respondents who had adopted an assimilation strategy the opposite was the case, with higher repeat purchase intention ratings when a Western staff was involved in the service failure situation compared to a Chinese one ($t=2.1, p < 0.05$). Having adopted an assimilation strategy, these individuals do not wish to retain their Chinese values and would like to see themselves as “real Americans.” The strong desire to fit in more with US values may have made them more forgiving to Western staff. On the other hand, the desire to get away from Chinese values may have caused them to be more critical of Chinese staff. This finding is in contrast to that of a recent study by Montoya and Briggs (2013). They noted that encounters involving employees and customers from traditionally collectivist subcultures who are minorities in their country of residence (such as Chinese in the United States) are especially susceptible to the effects of a shared ethnicity, as they more strongly identify with their respective ethnic groups than their individualist, majority counterparts. Yet, assimilators displaying a more positive reaction when the ethnicity of service personnel is different to their own clearly indicates that different acculturation strategies adopted by ethnic consumers have to be also taken into consideration, especially in a service failure situation.

Ratings by Mainland Chinese respondents did not show a significant difference in terms of their intention to return at the hotel chain level, although the means are slightly lower when served by a Western staff compared to a Chinese staff. This appears to be somewhat in contrast to findings from our focus groups that Chinese consumers are more forgiving when a service failure involves a Western employee as they may not understand and are not expected to understand Chinese values, behaviors, and needs, while naturally, Chinese employees should. Yet, this may be indicative of changing expectations by Mainland Chinese consumers when being served in their own country vs. overseas by Western staff. In the past few years in particular there has been considerable media coverage (e.g., Cripps, 2013; Yang, 2014) highlighting the importance and substantial economic impact of Mainland Chinese travelers in both the domestic and international context. Thus, Mainland Chinese are likely to feel more and more entitled to be treated with appropriate respect, and expect Western staff who serve them, including those working in China, to be familiar not only with service-specific requirements but also with their values, norms and etiquette, especially in a service failure situation.

Simple effects tests revealed that when the service failure situation involved Chinese staff, repeat purchase intentions at hotel chain level ($F(3, 302) = 3.22, p < .05$) varied depending on respondents' acculturation strategy. In particular, there was a significant difference in ratings between respondents adopting a separation strategy versus those adopting an assimilation strategy ($p < .05$). Ratings were highest for respondents adopting a separation strategy while they were lowest for respondents adopting an assimilation strategy. There was no significant difference between Mainland and US-based respondents of varying acculturation levels. Similarly, when the service failure situation involved a Western staff, repeat purchase intentions at the hotel chain level ($F(3, 301) = 6.45, p < .001$) also varied depending on respondents' acculturation strategy. Post-hoc analysis indicated that there was a significant difference in ratings between respondents adopting a separation strategy versus those adopting an integration strategy, and between respondents adopting a separation strategy and Mainland Chinese respondents. Respondents adopting a separation strategy provided higher ratings in relation to both integrators and Mainland Chinese.

Finally, it is interesting to note that staff ethnicity alone does not influence respondents' evaluation of satisfaction or return intentions, that is, no main effect for staff ethnicity was found. In combination with acculturation, staff ethnicity still does not change Chinese-American or Mainland Chinese consumers' responses to satisfaction measurements, with them being such personal issues; external contextual factors may not be significant enough to change their perception. Thus, while hotels may hire employees of a particular ethnic origin to better serve customers of that ethnicity, the mere presence of them will not automatically increase customer satisfaction. Indeed, as study results have shown, there may even be negative repercussions of doing so, as in the case of assimilators. Thus, it is imperative for service providers in general, and hotel management in particular to become more cognizant of the nuanced differences in reactions to service failures among customers of Chinese origin residing in different parts of the world. Frontline staff should receive appropriate culture-specific training and be alerted to pay attention to guests with Chinese names in terms of their place of residence in the reservation records. In case of a US address, staff may communicate with these Chinese guests to better understand their level of acculturation by causally touching for example on language and media (TV, newspaper, magazine, website) preferences, observance of national holidays, etc., in line with established acculturation measures (e.g., Lerman, Maldonado, & Luna, 2009; Suinn, Ahuna, & Khoo, 1992). With an approximate level of acculturation established, it may then also be preferable to assign staff of a specific ethnic background if that guest should experience a service failure during his/her stay in the hotel. Specifically, Chinese staff may be assigned for integrators while Western staff would appear to be more appropriate for assimilators, in view of their higher repeat purchase intentions in case of a service failure when served by respective staff.

Staff training in relation to Chinese culture should not be confined to Western staff but also extend to Chinese staff, as they too may originate and/or have lived in a very different cultural environment that has shaped their values, attitudes and behaviors differently than those of Mainland Chinese – whether it is Chinese from Malaysia, Singapore, Hong Kong and Taiwan, or Canadian-Chinese or Australian-Chinese. Fully appreciating the concept of face or 'mianzi,' accorded by in-group members or significant others with status and position in society (Hu, 1944; Jia, 2001), appears especially important. People who desire face suffer a face-loss when service providers fail to recognize their importance and do not accord them with due respect or honor (Fox,

2008, Kipnis, 1995; Seligman, 1999). Thus, face may be threatened by a lack of respect, having feelings ignored or challenged (Chan et al., 2007). Being a central cultural value for Chinese society, face has been found to significantly impact consumer responses in service encounter/failure situations (e.g., Chan & Wan, 2008, Hoare & Butcher, 2008; Lee & Sparks, 2007; Lee, Sparks & Butcher, 2013). Thus, more attention in both research and practice should be accorded to face, together with the effect of racial discrimination, to gain a better understanding of its implications in service failure/recovery situations.

b) Hotel Brand Origin

Hotel brand origin did not have any influence on any of the dependent variables, whether by itself (main effect) or in combination with acculturation (interaction effect), so that Proposition P₃ could not be supported. Thus, in a service failure situation, hotel brand origin does not appear to play a role in Chinese-American consumers' satisfaction, and repeat purchase intentions, regardless of their level of acculturation, nor does it appear for Mainland Chinese. This is in part supported by Hsu's (2014) finding that Mainland Chinese travelers had similar brand performance ratings, including brand choice intention and brand loyalty, and satisfaction levels for Chinese and international hotel brands. As more Asian hotel brands expand into the United States, it may be reassuring to know that consumers hold similar expectations for these brands as they do for any other Western brand.

6.0 Conclusion, Limitations and Future Research Directions

This article presents one of the first studies that went beyond the traditional East/West consumer distinction in studying service failure, instead examining the impact of consumer acculturation in itself, and together with other variables of interest. Study results showed that the extent of acculturation did have significant effects on Chinese-American consumers' perceptions and behavioral responses following a service failure. Thus, a key implication of this study is that marketers targeting the ethnic Chinese market should avoid looking at it as homogeneous and refrain from treating ethnic Chinese-Americans as a single group. Given the significant differences between Chinese who have lived for a long period away from Mainland China and those who have not, together with the rise in international travel activity among Mainland Chinese, it also appears prudent to further investigate this market and establish potential differences to Chinese-Americans.

Only then can appropriate and effective strategies be devised for various service failure situations, as discussed in this paper.

As acculturation clearly plays a role in a service failure situation, especially if staff with different ethnic background is involved, the careful deployment of front-line personnel is essential to ensure not only the provision of superior service but particularly the successful handling of inevitable service failure situations. As previously mentioned, not only culture-specific training but intra-culture specific training is necessary to ensure that the nuanced differences among Chinese-American and Mainland Chinese consumers can be properly addressed. Management should design training programs that define a range of action alternatives that employees can exercise to suit different Chinese customers. Such training programs should equip managers and front-line employees of both Western and Chinese origin with an awareness of what different Chinese customers consider important in service encounters. If employees have such inter/intra-cultural sensitivity training, they can adjust their behaviors accordingly (Tse & Ho, 2009).

Furthermore, research findings also indicate that studies examining effects of shared ethnicity (e.g., Montoya & Briggs, 2013) need to take the different effects of acculturation into consideration. Subcultures who are minorities in their country of residence may or may not be susceptible to the effects of shared ethnicity, depending on their adopted acculturation strategy.

There are some limitations inherent in this study that present directions for future research. The research design was experimental in nature, asking respondents to read a scenario, imagine facing a specific service failure, and indicate their responses. Since respondents' reactions to simulations or scenarios may not necessarily reflect responses to actual situations (Blodgett et al., 1997) future studies may explore respondents' reactions to actual service failures. Furthermore, the current study focused on a service failure situation in a luxury hotel setting, while future studies may wish to explore service failures set in budget-to-mid-range hotels.

The current study focused on Chinese-American and Mainland Chinese consumers' perceptions of and behavioral responses to a service failure situation only; future studies may explore whether Chinese-Americans who have acculturated at different rates prefer different service recovery measures, and to what extent these preferences are different from those of Mainland Chinese consumers.

It is also acknowledged that respondents for the focus groups were city-based (Beijing), that is, they represented urbanized Mainland Chinese travelers. However, the focus groups were conducted to explore Chinese consumers' perceptions of and behavioral responses to service failure situations in a hotel context and to generate evidence for our propositions rather than to generalize findings. Nevertheless, in view of the fact that more and more Mainland Chinese travelers originate from regions that are less urbanized, particularly those who travel to South East Asia, consideration should be given in future studies to a mixed sample of urban versus rural Mainland Chinese travelers.

Finally, both of our studies focused on Mainland Chinese only, and thus, excluded ethnic Chinese from Malaysia, Singapore, Hong Kong and Taiwan. While they too have Chinese features, and still hold some traditional Chinese values, they have been exposed to somewhat different cultural influences that may result in different behavioral responses to service failure situations to those of Mainland Chinese – yet another area for fruitful future research.

Table 1 – Acculturation, WOM, Satisfaction and Repeat Purchase Intention Measures

Acculturation Composite

1. Belief in Chinese/American Values - 2 items

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

do not believe in American values... strongly believe in American values

2. Self-Identification – 1 item

1. I consider myself basically a Chinese person - Even though I live and work in the United States, I still view myself basically as a Chinese.

2. I consider myself basically as an American - Even though I have a Chinese background and characteristics, I still view myself basically as an American.

3. I consider myself as a Chinese-American, although deep down I always know I am a Chinese.

4. I consider myself as a Chinese-American, although deep down, I view myself as an American first.

5. I consider myself as a Chinese-American. I have both Chinese and American characteristics, and I view myself as a blend of both.

3. Behavioral Measures – 10 items

What language do you use when you speak with your brothers and sisters?

What language do you use when you speak with your closest friends?

What kind of websites do you visit?

What kind of TV programs do you watch?

What kind of newspapers and magazines do you read?

In what language do you pray?

In what language are the jokes with which you are familiar?

What is the ethnic background of your closest friends?

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?

What types of national or cultural holidays (such as Fourth of July and Lunar New Year) do you typically celebrate?

Table 1 – Acculturation, WOM, Satisfaction and Repeat Purchase Intention Measures - Continued

Word-Of-Mouth – 3 items

If this service experience had happened to me, I would

- very likely warn my relatives and friends not to stay at this hotel.
- make sure to tell my friends and relatives not to stay at this hotel.
- complain to my relatives and friends about this hotel.

Satisfaction – 4 items

If this service experience had happened to me, I would feel

- extremely displeased with this hotel.
- that this hotel did an extremely good job.
- extremely unhappy with this hotel.
- extremely satisfied with this hotel.

Repeat Purchase Intentions at Property Level – 3 items

If this service experience had happened to me, I would

- never stay at this hotel again.
- still stay at this hotel in the future.
- still consider this hotel as my first choice.

Repeat Purchase Intentions at Hotel Chain Level – 3 items

If this service experience had happened to me, I would

- still stay at this hotel chain in the future.
- never stay at this hotel chain again.
- still consider this hotel chain as my first choice.

Note. Acculturation was measured on 5-point scales; WOM, Satisfaction and Repeat Purchase Intentions were measured on 7-point Likert scales

Table 2
Realism and Manipulation Checks

Realism Check Items	Dataset 1 ^a		Dataset 2 ^b	
	Mean	SD	Mean	SD
I think a service experience like this does occur in hotels in real life.	5.53	1.19	5.52	1.29
I believe there are employees who behave like this in hotels.	5.67	1.09	5.65	1.15
I felt I could identify with the customer in this scenario.	5.42	1.12	5.29	1.24
The scenario about the service experience in the hotel is believable.	5.51	1.09	5.51	1.15

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

Hotel Brand Origin Manipulation Check	Dataset 1 ^a		Dataset 2 ^b	
	Hotel Mgt. Company		Hotel Mgt. Company	
	Asian	US	Asian	US
Scenario Version	% ^c	% ^c	% ^c	% ^c
1) Asian Hotel Mgt. Company	82.2	17.8	83.4	16.6
2) Asian Hotel Mgt. Company	64.1	35.9	61.0	39.0
3) US Hotel Mgt. Company	6.7	93.3	7.5	92.5
4) US Hotel Mgt. Company	23.9	76.1	26.7	73.3

Dataset 1 - Chi-Square: 329.4, df=3, p=.000; Dataset 2 Chi-Square: 208.0 df=3, p=.000

Staff Ethnicity Manipulation Check	Dataset 1 ^a		Dataset 2 ^b	
	Staff Ethnicity		Staff Ethnicity	
	Chinese	Western	Chinese	Western
Scenario Version	% ^c	% ^c	% ^c	% ^c
1) Chinese Staff	93.3	6.7	92.4	7.6
2) Western Staff	24.1	75.9	19.5	80.5
3) Western Staff	9.4	90.6	8.9	91.1
4) Chinese Staff	75.7	24.3	77.6	22.4

Dataset 1 - Chi-Square: 431.8 df=3, p=.000; Dataset 2 Chi-Square: 311.3 df=3, p=.000

^a n=915, ^b n= 611

^c - % refers to the percentage of respondents who correctly (in bold)/incorrectly identified the hotel brand origin and staff ethnicity manipulations respectively, as intended

Table 3
Summary of Significant MANOVA Results

Source	Multivariate			Univariate		
	<i>F</i>	<i>p</i>	η^2	<i>F</i>	<i>p</i>	η^2
MAIN EFFECTS						
Acculturation	5.690	.000	.037			
WOM				2.88	.035	.014
Satisfaction				9.17	.000*	.044
Repeat Purchase - Hotel Property				5.97	.001*	.029
Repeat Purchase – Hotel Chain				4.66	.003*	.023
INTERACTION EFFECTS						
Acculturation x Staff Ethnicity	1.854	.036	.012			
Repeat Purchase - Hotel Property				2.82	.039	.014
Repeat Purchase - Hotel Chain				4.74	.003*	.023

* Significant with the application of the Bonferroni correction $p < .0125$

Table 4
**Descriptives for Repeat Purchase – Hotel Chain-
Acculturation x Staff Ethnicity**

	Chinese Staff		Western Staff	
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>
<i>Repeat Purchase – Hotel Chain</i>				
Separation (CA)	3.56	1.41	3.71	1.25
Integration (CA)	3.50	1.15	2.91	1.31
Assimilation (CA)	2.92	1.27	3.41	1.25
No Acculturation (MC)	3.30	1.35	3.08	1.21

CA – Chinese-American; MC- Mainland Chinese

Figure 1 – Diagram of Experimental Design, including Acculturation, Hotel Brand Origin and Staff Ethnicity

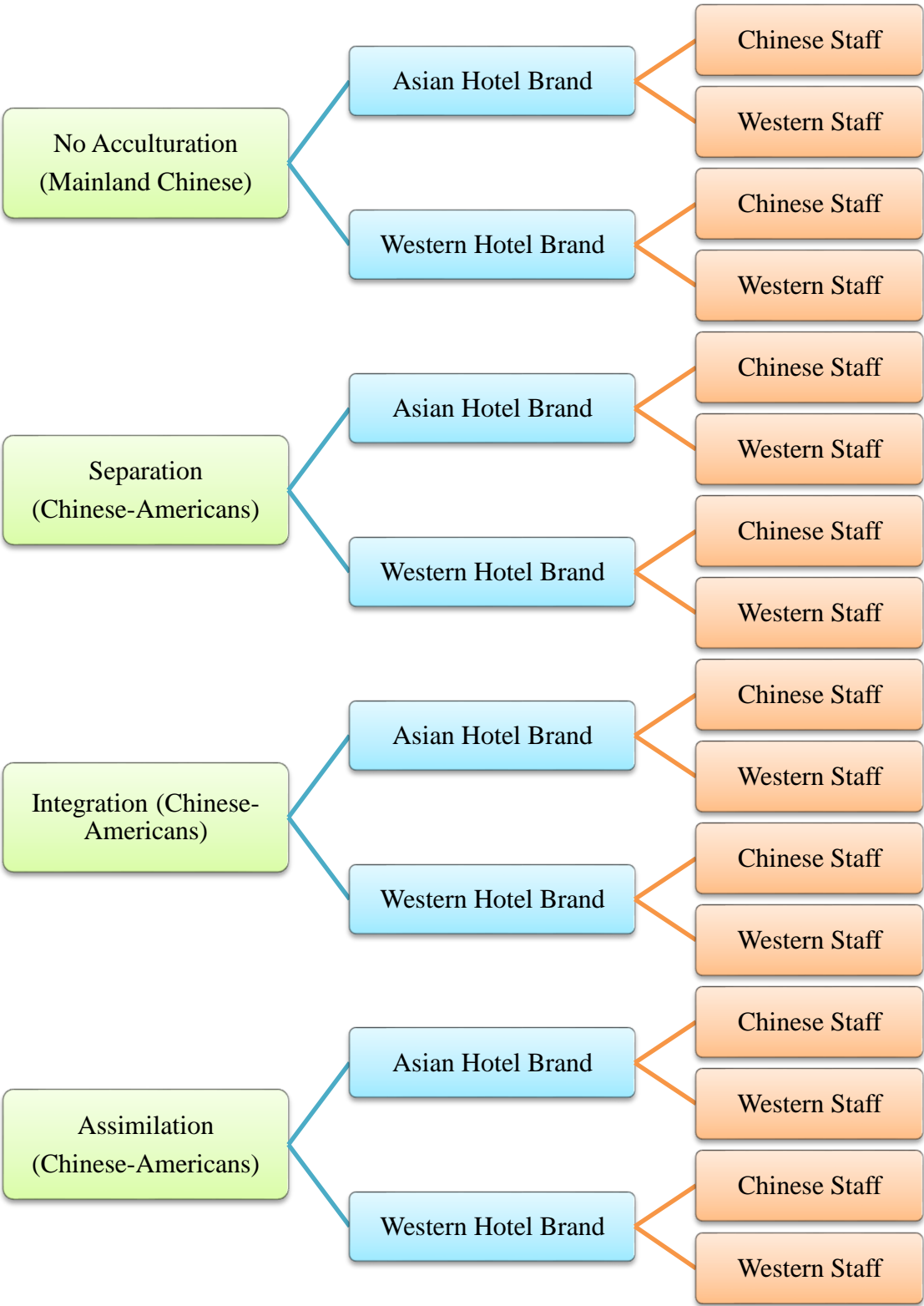
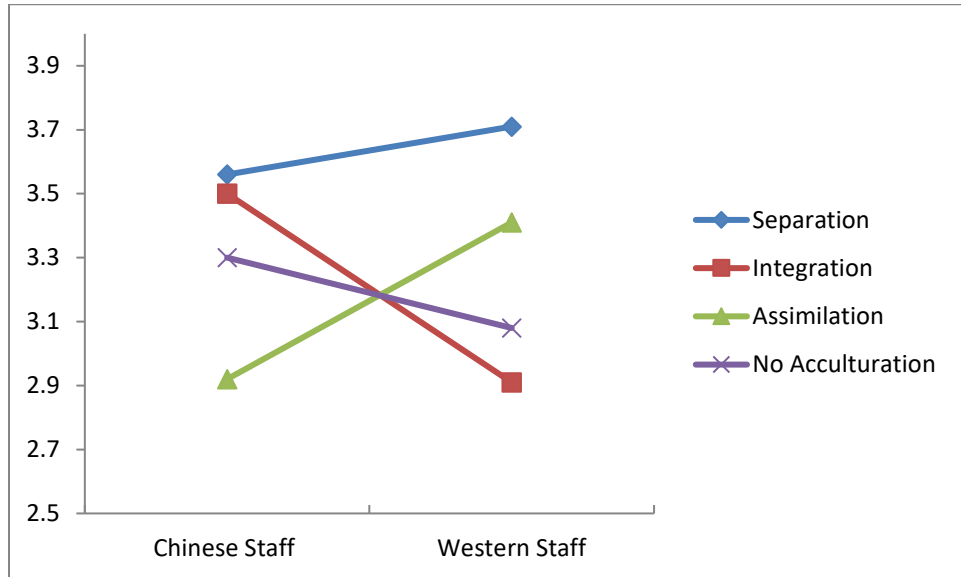


Figure 2

Hotel Chain Repeat Purchase Intention Ratings by Acculturation and Staff Ethnicity



Appendix A

Generic Version of the Scenario

This scenario describes a service experience that takes place in a luxury hotel in the United States/China. It is part of a hotel chain managed by an **Asian/US** hotel management company that prides itself on maintaining corporate values that align with its origins in **Asia/the United States**. The story involves an interaction with hotel staff of **Chinese/Western origin, Mr. Zhang/Mr. Smith**. 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 traveling on a vacation for which you have saved money for a long time. In order to treat yourself and your family, you are staying at a centrally-located, 300-room luxury hotel in the United States/China * that is part of a global luxury hotel chain managed by an **Asian/US** hotel management company.

You are very excited about this trip and would like to experience many of the local attractions and most importantly, have dinner at a famous local restaurant for a special occasion. You decide to ask the concierge of your hotel for assistance. You approach the concierge desk where an employee of **Chinese/Western origin, Mr. Zhang/Mr. Smith**, is serving guests. You wait for a few minutes while that employee is helping several tourists from Europe and notice just how friendly and sincere he is.

While waiting you also become aware of numerous attractive design elements in the hotel, including

- large porcelain vases, landscape prints featuring mountains and pagodas, and a feng shui water fountain, and the tranquil, Zen-like atmosphere] **ASIAN**
- large vases, landscape prints featuring national parks like the Grand Canyon, and a water fountain, and the tranquil atmosphere] **US**

Finally, it is your turn and you introduce yourself to the hotel employee whose name you note is **Mr. Zhang/Mr. Smith**. You have many questions that **Mr. Zhang/Mr. Smith** patiently addresses in a friendly manner. Yet, you cannot help but feel that the attitude towards you and the tone when speaking to you is quite different from that used earlier for the European tourists. You also ask for a reservation to be made at that famous restaurant for the next night to celebrate a special occasion with your family. **Mr. Zhang/Mr. Smith** assures you that he will take care of it.

However, when you approach **Mr. Zhang/Mr. Smith** at the concierge desk the next day to reconfirm the arrangements for the special dinner, it is clear that he has forgotten to call the restaurant for your reservation. At that late stage it is impossible to get a reservation for the evening at that restaurant. While **Mr. Zhang/Mr. Smith** does apologize, you have the feeling that the apology is not very sincere. And even though he suggests making a reservation at another restaurant, no special effort such as offering complimentary transportation to the restaurant is made to appease you.

** reference to the United States for the Chinese-American sample; reference to China for the Mainland Chinese sample*

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