

Moving Beyond the Western versus Asian Culture Distinction: An Investigation of Acculturation Effects

Purpose

This study analyzed the joint effects of where a service failure occurs and who witnesses it, with a specific focus on Chinese consumers who have varying levels of acculturation.

Design/Methodology

A $4 \times 2 \times 2$ between-subject factorial design was employed, with social presence, the location of the service failure and acculturation representing the independent variables. Data were collected in Australia and China to contrast Chinese–Australians and Mainland Chinese consumer responses by drawing on samples of 224 and 264 respondents, respectively.

Findings

Results showed critical variations in face, satisfaction, and repeat purchase intention ratings following a service failure between the two samples, as well as among Chinese–Australians with varying acculturation approaches. Contrary to expectations, results established that service failure location and social presence prominently affect consumer behavior regardless of acculturation levels.

Practical implications

It is vital for businesses to understand the impact of acculturation in a service failure context as to successfully compete in a global environment where migration results in multicultural societies and short-term travel significantly changes demands on service provisions.

Originality/value

This research is among the first that ventures past the conventional East/West customer distinction in examining service failure, analyzing individual and collective effects of acculturation.

Keywords: Service failure, acculturation, culture, social presence, Chinese consumers

Introduction

Service failure and recovery (SFR) research has garnered much interest among scholars (e.g., Kandampully et al., 2014) due to its critical effects on customer satisfaction (McCoullough et al., 2000), word-of-mouth communication (Blodgett et al., 1997), and repeat purchase intentions (Keaveney, 1995). Early research focused on categorizing service failures and recovery strategies (e.g., Bejou et al., 1996), and assessing their effects on customer perceptions and behaviors (e.g., Sparks and Bradley, 1997). Subsequently, theories from other fields (e.g., justice and fairness theory from organizational research) were drawn upon to advance our grasp of SFR (e.g., Bradley and Sparks, 2009; McColl-Kennedy and Sparks, 2003). However, the setting in which hospitality businesses are operating in is rapidly changing. Thus, research into the effect of technology-related SFRs (e.g., Mattila et al., 2009) and that of eWOM in response to service failures (e.g., Sparks and Browning, 2010; 2011; Zhang et al., 2010) has gained traction.

The majority of consumer behavior research traditionally relied on theoretical frameworks developed in the West (Namkung, et al. 2009; Patterson and Smith, 2003). Until the late 1990s, little research focused on assessing the influence of culture on customers' service experience evaluations (Mattila, 1999). Subsequently, various studies have examined the impact of culture on consumer perceptions/behaviors resulting from a SFR situation either with a focus on an Eastern culture (e.g., Hoare et al., 2011; Lee et al., 2013; Tsang and Qu, 2000) or a comparison between Eastern and Western cultures (e.g., Ekiz and Au, 2011; Swanson et al., 2014; Suh et al., 2013). However, these foci have resulted in current research generally ignoring potential variations in response to SFR approaches by customers who have spent their formative years in one culture but have lived for extended periods in another. In other words, the effect of *acculturation* has not been examined in any depth. Yet, continued globalization (Laroche and Teng, 2015; World Forum, 2000) producing a consumer base high in cultural diversity make culture in general and acculturation in particular critical considerations when managing customer relationships (Becker, 2000).

In addition, the majority of SFR research has analyzed the effect of service failures that occur in a consumer's home country. Warden and colleagues' (2003) study is a notable exception, analyzing consumer perceptions of service failures occurring overseas. To date, the effect of acculturation on a consumer's perceptions and behaviors in either of these circumstances has not been considered. Similarly, SFR research has traditionally investigated the effect of service failures only on customers who are the aggrieved party. Recently, the effect on other customers who are present in the same service failure situation but unfamiliar with the aggrieved party has been assessed (e.g., Butcher, 2005; He et al., 2012a; 2012b). Huang et al. (2014) and Lee et al., (2013) conducted the only studies thus far that considered potential effects if other customers are familiar with the aggrieved party.

Drawing on acculturation and social distinctiveness theory while also considering the social context/presence, this study extends current SFR research by providing insights into the effect of different acculturation strategies that individuals may adopt when settling into a country following migration. We argue that different levels of acculturation form the bases of differences in perceptions and behaviors (i.e., face, satisfaction, and repeat purchase intentions) following a service failure by itself and particularly in contrast to consumers who did not have any exposure to another culture (except for short-term business or leisure trips). The objectives of our study are as follows:

- 1) RO 1- Analyze differences between Chinese–Australians and Mainland Chinese for service failures characterized by differences in where the service failure occurs (SF location) and who witnesses it (social presence), and
- 2) RO 2- Test the effect of different levels of acculturation among Chinese–Australians on their face perceptions, satisfaction, and repeat purchase intentions, and compare it to those of Mainland Chinese for service failures characterized by differences in SF location and social presence.

Consumers of ethnic Chinese descent, particularly Chinese–Australians and Mainland Chinese, were selected for this comparative study; Australia and Mainland China serve as the research settings, respectively. Mainland China represents the largest and fastest growing global outbound tourism source market, accounting for over 100 million arrivals in 2014. This market has overtaken Germany and the United States not only for the number of travelers but also in spending that totaled US\$ 165 billion in 2014 (Travel Guide China, 2015), making it an attractive target for many destinations around the world (e.g., OTTI, 2013; Canadian Tourism Commission, 2013; Office for National Statistics, 2013). Not surprisingly, numerous studies have focused on the Chinese travel market (e.g., Gross et al., 2013; Li et al., 2013).

A Western setting that provides a significant “cultural distance” (Stauss and Mang, 1999) from Chinese culture was selected to analyze the effect of acculturation. Despite its location in Asia–Pacific, Australia is generally considered a Western country (Thompson and Hickey, 2010). Furthermore, Australia has long been a country open to immigrants from diverse backgrounds and regions, thereby allowing for various approaches to acculturation. Chinese–Australians are the largest ethnic group in Australia, accounting for 865,000 (4%) of the country’s population (Australian Bureau of Statistics, 2011). They represent a desirable target segment for both mainstream and ethnic marketers (Huang et al., 2013).

Literature Review

Acculturation Theory

Acculturation refers to “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” (Redfield et al., p. 149). Based on combinations of two critical dimensions - cultural maintenance, and contact and participation - Berry (1980) advanced the following four distinct acculturation strategies whereby individuals

- 1) who do not want to retain their original culture, and look for frequent interactions with a host culture are said to adopt an *Assimilation* strategy;
- 2) who value and seek to retain their original culture, while at the same time avoiding interaction with a host culture adopt a *Separation* strategy;
- 3) who aim to retain their original culture while actively pursuing frequent interactions with a host culture adopt an *Integration* strategy; and
- 4) who have either limited opportunities or interest in retaining one's original culture while at the same time displaying little interest or have restricted opportunities for interaction with a host culture are said to adopt a *Marginalization* strategy (Note. this strategy receives minimal interest from marketers (e.g., Penaloza, 1994) and the present study).

Acculturation has been explored in various tourism/hospitality contexts. Its effect on dining-out behavior of Chinese and Korean immigrants in Canada and the US, respectively (e.g., Yang, 2010; Bojanic and Xu, 2006), restaurant selection of Korean–Americans versus US-born non-Koreans (Magnini, 2010), and travel behavior of Korean immigrants in Australia (Lee and Cox, 2007) have been analyzed. These studies highlighted substantial variations in respondents depending on their level of acculturation. Several studies have also focused on customers of Chinese descent and their reactions in SFR situations (e.g., Hoare et al., 2011; Hui and Au, 2001; Lee et al., 2013; Liu et al., 2001, Magnini and Ford, 2004).

To date, only two studies have explored the effect of acculturation in service failure contexts. Based on focus groups in Beijing, Weber et al. (2011) established key variations in service failure responses between informants who had only lived in Mainland China and those who had resided long-term in the West. These differences

resulted in part from working in the hospitality industry while overseas that affected their understanding of the industry and complaint management.

In a subsequent study, Weber et al. (2014) employed an experimental design to analyze the effect of Chinese immigrants adopting different acculturation approaches in a service failure situation. They established key variations in Chinese-Americans' perceptions and behaviors, contingent on their level of acculturation. Significant differences among acculturation groups were identified, depending on whether the staff who serviced them in the failure situation was of Chinese or Western descent. Furthermore, it was ascertained that the origin of the hotel brand (either Asian or Western) where the service failure occurred lacked a significant effect on evaluations by itself and combined with acculturation. In view of prior studies on the effect of acculturation in various consumption situations, we hypothesize that:

H_{1a} - Significant differences in perceptions and behavioral responses to a service failure exist between Chinese–Australians and Mainland Chinese.

H_{1b} - Significant differences in perceptions and behavioral responses to a service failure exist among Chinese–Australians adopting different acculturation strategies and Mainland Chinese.

Weber and colleagues (2014; 2015) assessed the impact of acculturation by considering the service failure location (a specific hotel) together with the presence of staff with a certain ethnic background. Here, we are looking at the impacts of social presence and SF location from another angle. First, the effect of the presence of other customers in the service failure situation is of special interest. Second, we are interested in the effect of a service failure occurring either in the location where the consumer currently resides versus the one where s/he originates from in terms of his/her ethnic background. Particular emphasis was placed on these two locations being culturally distant (Shenkar, 2001).

Social Presence/Social Situation Effects

Despite a long tradition of customer–customer interaction (CCI) research (e.g., Johnson and Grier, 2013; Martin, 2016; Nicholls, 2010; 2011) dating back several decades (Martin and Pranter, 1989), studies on service failure situations traditionally focus on those experienced by a single customer with the single customer–service provider dyad as the center of research attention (Gittell, 2002). Considerable interest in investigating the effect of “other customers” in service failure situations has become evident only recently. Much research assumed that “other customers” are strangers to the focal consumer (e.g., Brocato et al., 2012; Du et al., 2014). By contrast, two studies assessed the effect of the presence of others with whom the consumer is familiar with when encountering a service failure. Lee et al. (2013) analyzed a situation where relatives (public) witnessed the service failure versus where it was only being experienced by the focal consumer (private). They determined that contrary to expectations, evaluations were significantly lower when Chinese consumers experienced service failures in private rather than public situations, particularly in situations characterized by unfavorable outcome fairness. Lee et al. (2013) suggested that this was due to “other customers” in their study being family/friends rather than strangers. Huang et al. (2014) established that Taiwanese customers more readily complained following a service failure when they were with others than when they were alone, and when they were with in-group (rather than out-group) members (Tajfel, 1984). This finding suggests that complaint intentions and dissatisfaction are higher in a family situation than in a business one because family members are typically regarded as in-group members more than business associates (Wong and Ahuvia, 1998).

However, evidence to the contrary was reported by Weber et al. (2011). They ascertained that Mainland Chinese had higher expectations for the service provision in a business situation with business associates present; thus, they were ready to complain to the service provider in case of a service failure. By contrast, comments from focus group members indicated a strong desire to adopt mood-maintenance strategies in situations involving family or friends (Mellers and McGrawth, 2001). Attempts were made to avoid

situations that would diminish an existing positive mood. Thus, informants aimed to spend the minimum time possible to deal with a service failure in an attempt to maintain a positive mood and maximize the limited leisure time. This behavior was viewed particularly important when traveling overseas because of the additional investment of time and money, and the uniqueness of the experience. A considerable tolerance for service failures was apparent in a leisure/family context, combined with a lower intention to complain. Evidently, a business versus a family/leisure context has varied effects. Conflicting evidence from prior studies has led us to examine the impact of varied public social contexts, particularly differentiating between ones in which the service failure is witnessed by family members during a family gathering versus business associates during a business gathering.

A restaurant context is particularly suitable for this objective. Yet, while situational rather than personal factors are recognized to have a more pronounced impact on consumer behaviors (Ward and Robertson, 1973), limited research has examined how dining occasion affects consumer choice and behavior (Filiatrault and Ritchie, 1988; June and Smith, 1987). Chang et al., (2012) established that dining occasions moderated complaint behaviors. Yet, they did not find evidence linking service failures and complaints for dining in a family setting, which possibly indicated limited emphasis placed on service when meal value matched expectations. This then offers additional support for a lower likelihood of complaints in family versus business situations. In assessing these findings, it is important to note that Chang et al. (2012) focused on Taiwanese consumers with the service failure occurring in Taiwan. By contrast, rather than analyzing the effects of social presence in isolation, the combined effect with acculturation is the focus of our study.

In summary, we intend to examine the effect of different types of public social situations, differentiating between situations in which the service failure is witnessed by business associates versus family members. Based on prior studies, we hypothesize that

H_{2a} - Significant differences in perceptions and behavioral responses to a service failure exist among individuals depending on the social presence of family members versus business associates.

H_{2b} - Significant differences in perceptions and behavioral responses to a service failure exist between Chinese–Australians and Mainland Chinese depending on the social presence of family members versus business associates.

H_{2c} - Significant differences in perceptions and behavioral responses to a service failure exist among Chinese–Australians adopting different acculturation strategies and Mainland Chinese depending on the social presence of family members versus business associates.

Cultural Distance

Shenkar (2001) refers to cultural distance as the degree to which one culture is distinct from or comparable to another. While cross-cultural exchanges may improve relations, variations in cultural values could also result in unfavorable perceptions and behaviors. Stauss and Mang (1999) advanced the idea of “cultural shocks.” Contrary to expectations, service encounters that are intra-cultural in nature rather than inter-cultural (the service provider and consumer share/do not share the same cultural background, respectively) have the potential to considerably upset customers. Differences in attribution are suggested as the primary reason. Specifically, Stauss and Mang (1999) proposed that inter-cultural failures are considered less serious because a consumer partially attributes that service failure to the specific setting, with consequent reductions in expectations, greater tolerance, and a more confined provider–service gap.

Comparing domestic and foreign service encounters, Warden et al. (2003) argued that greater acceptance of recovery strategies due to perceived cultural distance also plays a key role. Conversely, in situations where cultural distance between consumers and providers is small, the former expect the latter to be familiar with their expectations (Reichert and Gill, 2004). Thus, there is a greater likelihood for these consumers to

consider the failure more severe and exhibit greater dissatisfaction with the firm. However, consumers from distant cultures are likely to attribute a failure to variations in cultural norms of which firms may be oblivious to, resulting in greater forgiveness.

Given the findings of prior studies on cultural distance effects, Mainland Chinese experiencing service failures in Australia are expected to be more forgiving than if they encounter service failures in Mainland China. In contrast to previous studies noting a reluctance of Chinese consumers to voice complaints (e.g., Liu and McClure, 2001; Ngai et al., 2007), Weber et al. (2011) highlighted a potentially different situation. Their informants from Mainland China emphasized that they would most certainly complain, argue with hotel staff, be firm in their attitude, and pursue the matter of contention. However, such behaviors were common only for service failures experienced in China. Yet, Mainland Chinese were less likely to complain if a service failure occurred overseas; they tended to respond passively, as previously reported in the literature (e.g., Heung and Lam, 2003). Although informants did not complain directly, they were often more disappointed with service failures while traveling overseas compared with those in China. They expressed higher expectations for service provisions in Western countries because of their comparatively long traditions in tourism/hospitality education and training. These higher expectations result in considerably greater disappointment and dissatisfaction when a service failure is experienced overseas than in China. This finding directly contradicts Stauss and Mang's conclusion (1999).

How Chinese–Australians who have acculturated to Australia at different rates perceive and react to service failures experienced in Australia versus Mainland China is even less clear. Immigrants employ various acculturation approaches that result in varying strengths of ethnic identification with their host culture and culture of ethnic origin, as well as their cultural distance to mainstream culture in both locations. Based on acculturation theory, assimilators in Australia (China) perceive least (most) cultural distance to the mainstream culture, whereas separators are likely to feel most (least) cultural distance among the three acculturation groups. Thus, if the SF location is in

Australia, assimilators are likely to be more negative in their evaluations following a service failure compared with separators. The reverse holds true for a service failure experienced on a visit to Mainland China.

On this basis and the argument of Warden et al. (2003), we hypothesize that:

H_{3a} - Significant differences in respondents' perceptions and behavioral responses to a service failure exist depending on whether the service failure occurs in the country of their current residence or their country of origin.

H_{3b} - Significant differences in perceptions and behavioral responses to a service failure exist between Chinese–Australians and Mainland Chinese depending on whether the service failure occurs in the country of their current residence or their country of origin.

H_{3c} - Significant differences in perceptions and behavioral responses to a service failure exist among Chinese–Australians adopting different acculturation strategies and Mainland Chinese depending on whether the service failure occurs in the country of their current residence or their country of origin.

Methodology

Design and Stimulus Material

Experimental designs are frequently employed in services marketing (Kim and Jang, 2014). Although Smith (1997) highlighted a traditional focus on non-experimental methods in service failure research, primarily in the form of the critical incident technique (Bitner 1990), since then many studies have drawn on experimental designs (e.g., Smith and Bolton, 1998; Weber and Sparks, 2009; Wu and Mattila, 2013). Bitner (1990, p. 75) noted several advantages of role-playing (scenario-based) experiments: (1) greater internal validity, (2) expensive or difficult manipulations can be relatively easily operationalized, (3) researchers can control otherwise unmanageable variables, and (4) time compression can be facilitated. However, these advantages are realized with a

concurrent loss of external validity. Nevertheless, Carlsmith et al. (1976) argue that the use of actual consumers and realistic scenarios can ensure sufficient realism. Thus, particular care was taken in the creation of scenarios and utilization of actual consumers. Focus groups in Beijing preceded the experiments, informing our scenario design.

Two between-subject factorial designs were devised. Relating to RO 1, a 2 (Country of Residence: Mainland China versus Australia) \times 2 (Social Presence: business associates versus family members) \times 2 (SF Location: Mainland China versus Australia) was employed. A 4 (Acculturation: Separation, Integration, Assimilation, No Acculturation) \times 2 (Social Presence: business associates versus family members) \times 2 (SF Location: Mainland China versus Australia) design was drawn upon to address RO 2 (Figure 1). While acculturation was measured, social presence and the SF location were manipulated. Consequently, four scripts were devised.

In these scripts a service failure situation was depicted that involved the hosting of several people for a special dinner. As the evening progressed, several incidents occurred that were embarrassing to the host while another dinner party that was also in the restaurant received more favorable treatment than his/her dinner party. Scenarios referred to technical and functional service quality dimensions (Groenross, 1988). In addition, they focused on service failure situations that required interaction with the customer rather than monetary compensation (Silber et. al., 2009).

Independent Variables

The SF location and social context/presence were manipulated at two levels. Reference to the SF location was made at the outset, as follows: “The scenario describes a service experience that takes place in a restaurant in *Mainland China/Australia*.” This was then further emphasized - “...on a visit to a major city in *Mainland China/Australia*.” In relation to social context, reference was made to hosting “several *executives from a Chinese partner firm/ family members...* to celebrate a special *business/family* occasion.”

Acculturation

Numerous authors argue that values, self-identification measures and behavioral measures should be equally considered in assessing the extent to which individuals have acculturated (e.g., Alvarez et al., 2014; Carpenter et al., 2013). Consequently, three measures were combined to determine the adopted acculturation strategy of respondents. The extent to which study participants believed in Chinese and Australian values, together with a self-identification measure were drawn from Suinn et al. (1992). For acculturation's behavioral dimension, Lerman and colleagues' (2009) scale was adopted.

Dependent Variables

Face, satisfaction, and repeat purchase intentions were measured to establish customers' perceptions and behavioral responses. Prior SFR research extensively focused on satisfaction and repeat purchase intentions as dependent variables (Oliver, 2010). Adapted from Oliver and Swan (1989) and Zeithaml et al. (1996), satisfaction and repeat purchase intentions were measured utilizing multiple-item, seven-point Likert scales. Our face measures were adopted from Lee et al. (2013). Detailed information on the measurements for independent and depended variables, and corresponding scale reliabilities, together with the scenario script and related realism and believability checks have been provided by Weber et al. (2016). For brevity they have been omitted here.

Samples and Procedures

A research firm was employed to collect data in Australia and China via an online survey in English and simplified Chinese respectively. Our sample was drawn randomly from panels of Chinese consumers residing in major cities in Australia (Sydney, Melbourne) and Mainland China (Beijing, Shanghai). All respondents had at least one dining experience in the past three months. Random allocation of respondents to one of the scenario options was ensured. The instrument was extensively pre-tested, modified and retested - this process continued for 3 months through 3 iterations involving 134 respondents for the Chinese–Australian sample and 2 reiterations with 115 respondents for the Mainland Chinese sample.

Results

Following preliminary data screening, final samples of 224 Chinese–Australians and 272 Mainland Chinese were derived. Addressing RO 1, the two initial datasets were combined into one comprising 496 responses (Dataset 1). Prior to merging the two datasets we examined and found no significant differences in personal attributes between the two samples that could have affected responses to the scenarios. Addressing RO 2, and as of the 224 Chinese–Australians 78, 48, and 98 respondents had embraced separation, integration, and assimilation strategies, respectively, 76 cases were randomly selected from the 272 cases from the Mainland Chinese dataset for an approximately equal representation of different acculturation groups. Consequently, analysis addressing the second research objective draws on a dataset of 300 responses (Dataset 2).

Sample Profile

Both samples had a slightly higher representation of female than male respondents (Chinese–Australians: 58%; Mainland Chinese: 53%). Most respondents were 26–45 years old (Chinese–Australians: 53.6%; Mainland Chinese: 69%). Respondents in both samples were highly educated, with over three-quarters possessing a university education (Chinese–Australians: 77.6%; Mainland Chinese: 79.4%).

Consumer Behavior and Evaluations

Research Objective 1

A 2 (Country of Residence) \times 2 (SF Location) \times 2 (Social Presence) MANOVA assessed differences in the dependent variables (Table 1). While SF location and social presence were manipulated, country of residence was a categorical variable (residence in Australia versus Mainland China).

INSERT TABLE 1 ABOUT HERE

Main Effects

There was a main effect for country of residence ($F(3, 486) = 7.71, p = 0.000, \eta_p^2 = 0.045$; Wilk's lambda = 0.955), thereby supporting H_{1a} . Univariate results revealed significant differences in perceptions of face ($F = 21.6, p = 0.000; M_{MC/AC} = 3.80/3.10$), satisfaction ($F = 6.63, p = 0.010, M_{MC/AC} = 3.11/2.78$), and repeat purchase intentions ($F = 6.46, p = 0.011, M_{MC/AC} = 3.22/2.87$) between Mainland Chinese and Chinese–Australian consumers. Ratings of Mainland Chinese respondents were higher than those of Australian-based Chinese for all dependent variables.

Another main effect was determined for social presence ($F(3, 486) = 5.63, p = 0.001, \eta_p^2 = 0.034$; Wilk's lambda = 0.966), thereby supporting H_{2a} . Significant differences were evident in perceptions of face ($F = 4.22, p = 0.041; M_{Business/Family} = 3.64/3.31$), satisfaction ($F = 14.03, p = 0.000; M_{Business/Family} = 3.17/2.74$), and repeat purchase intentions ($F = 13.83, p = 0.000; M_{Business/Family} = 3.27/2.83$). Ratings for a service failure witnessed by family members were lower than those by business associates.

Interaction Effect

These two main effects were further clarified by an interaction effect between country of residence and social presence ($F(3, 486) = 2.7; p = 0.045, \eta_p^2 = 0.016$; Wilk's lambda = 0.984), thereby highlighting significant differences in the dependent variables. Thus, H_{2b} was supported. For Mainland Chinese, no significant difference was evident in the dependent variables, regardless of the social context. However, social presence exhibited a significant difference for Chinese–Australians for face ($t = 2.48, p = 0.014; M_{Business/Family} = 3.38/2.86$), satisfaction ($t = 4.46, p = 0.000; M_{Business/Family} = 3.16/2.45$), and repeat purchase intentions ($t = 4.42, p = 0.000; M_{Business/Family} = 3.28/2.51$). All ratings were significantly lower if the service failure was experienced with family members than if business associates were present.

Univariate results also revealed a significant difference in face ratings for a business occasion between Mainland Chinese and Chinese–Australians ($t=2.14$, $p=0.033$, $M_{MC/AC}=3.82/3.38$), with higher ratings by Mainland Chinese. If the service failure occurred with family members present, then Mainland Chinese displayed significantly higher ratings than Chinese–Australians for face ($t=4.62$, $p=0.000$, $M_{MC/AC}=3.77/2.86$), satisfaction ($t=3.79$, $p=0.000$, $M_{MC/AC}=3.03/2.45$), and repeat purchase intentions ($t=3.92$, $p=0.000$, $M_{MC/AC}=3.15/2.51$).

Research Objective 2

A 4 (Acculturation) \times 2 (SF Location) \times 2 (Social Presence) MANOVA assessed differences in the dependent variables to distinguish between Chinese–Australians who embraced various acculturation strategies and Mainland Chinese (Table 2). The latter respondents did not have any exposure to other cultures except for short-term travel; hence, they were classified under “no acculturation.”

INSERT TABLE 2 ABOUT HERE

Main Effects

A significant main effect was determined for acculturation ($F(9, 843) = 2.07$, $p < 0.030$, $\eta_p^2 = 0.022$; Wilk’s lambda = 0.935), thereby supporting H_{1b} . Univariate results showed a significant effect on face only ($F = 4.73$, $p < 0.003$, $\eta = 0.048$). Face ratings were highest for respondents from Mainland China, while the lowest ratings were by respondents embracing a separation strategy (Face: $M_{S/A/NA} = 3.07/3.15/3.1/3.90$). Significant differences existed in face ratings between Mainland Chinese and the Separation ($p = 0.007$; $M_{NA/S} = 3.90/3.07$) and Assimilation groups ($p = 0.005$; $M_{NA/A} = 3.90/3.10$). Respondents with a separation strategy had the lowest rating on face. These respondents retain Chinese values the most (perhaps even more so than Chinese living in the Mainland).

A significant main effect was determined for social presence ($F(3, 279) = 5.22$, $p < 0.002$, $\eta_p^2 = 0.053$; Wilk's lambda = 0.947), thereby further supporting H_{2a}. Univariate results showed a significant effect on satisfaction ($F = 12.23$, $p < 0.001$, $\eta = 0.042$) and repeat purchase intentions ($F = 10.7$, $p < 0.001$, $\eta = 0.037$) only. Mean scores indicated that satisfaction and repeat purchase intention ratings were higher when the service failure occurred within a business context than within a family one (Satisfaction $M_{\text{Business/Family}} = 3.11/2.58$; Repeat Purchase Intentions $M_{\text{Business/Family}} = 3.22/2.67$). A possible explanation for this result has been provided when analyzing the effect of country of residence.

Interaction Effect

Unexpectedly, the main effect for social presence was clarified by a 2-way interaction between social presence and SF location ($F(3, 279) = 2.6$, $p < 0.042$, $\eta_p^2 = 0.027$; Wilk's lambda = 0.973). Yet, univariate results pointed to a significant effect on satisfaction only when the Bonferroni correction factor was applied. When the service failure occurred in China, satisfaction ratings were significantly higher when a failure was witnessed by business associates than by family members ($t = 4.69$, $p = 0.000$; $M_{\text{Business/Family}} = 3.34/2.47$). Conversely, no significant difference in ratings was evident for a service failure situation witnessed by either business associates or family members when the service failure occurred in Australia ($M_{\text{Business/Family}} = 2.90/2.68$). Simple effects also demonstrated that when a service failure situation involved business associates, satisfaction was higher when the service failure took place in China rather than in Australia ($t = 1.97$, $p = 0.050$). By contrast, no significant difference was evident for social presence when the service failure occurred in Australia. Thus, even though the SF location had no impact on customer perceptions and behaviors in a failure scenario, either by itself or in combination with respondents' country of residence or their extent of acculturation, it exhibited an effect when combined with social presence.

Conclusions and Theoretical Implications

The present study advances existing knowledge on consumer responses in service failure situations, with a particular emphasis on the effect of consumers' cultural background. Among the first studies to venture past the conventional East/West divide in examining consumer reactions to service failures, this research analyzes individual and collective impacts of acculturation.

Regarding research objective 1, findings suggested substantial variations in perceptions and behaviors following a service failure between consumers with a shared cultural/ethnic background but who reside in culturally distant countries (i.e., between Chinese residing in Mainland China versus those residing in Australia). Our study particularly showed that no significant difference in the dependent variables existed for Mainland Chinese regardless of the social context (family versus business). By contrast, Chinese–Australians had significantly lower ratings for all dependent variables if the service failure was experienced with family members than with business associates. Childers and Rao (1992) explained that family and friends are typically regarded as in-group members; they often influence each other's emotions and evaluations. Thus, a service failure experience can potentially be discussed freely during family dinner. Consequently, service failure may become a serious issue, such that complaint intentions are higher (Huang et al., 2014), and face, satisfaction, and repeat purchase intention ratings are lower, particularly if a complaint is not satisfactorily addressed.

This finding also appears to be consistent with the finding of Weber et al. (2011) that Mainland Chinese have lower expectations in terms of service quality. By contrast, Mainland Chinese who have lived for prolonged times overseas (as Chinese–Australians in our experiment) may have been exposed to a more sophisticated dining culture and higher service quality standards. Thus, they are more upset in a service failure situation, particularly if family members are present. However, in contrast to Huang et al. (2014) whose results are based on Taiwanese consumers experiencing a service failure in their home environment, we did not determine differences based on social context for

Mainland Chinese but rather for Chinese–Australians. For a formal business occasion, conversation among business associates tends to be business oriented. Thus, a service failure may be downplayed either intentionally or unintentionally.

Regarding research objective 2 and the effect of acculturation, contrary to expectation, no significant difference existed in satisfaction or repeat purchase intention ratings for Mainland Chinese versus Chinese–Australians with varying acculturation levels. Only face differed in ratings because of the service failure experienced. Specifically, face ratings were highest for respondents from Mainland China; they were lowest for respondents having adopted a separation approach. Thus, people may be more sensitive to a loss of face when they are in an unfamiliar environment. Chinese–Australians adopting a separation strategy are those who retain Chinese values the most, often more than Chinese living in the Mainland, which is consistent with findings of acculturation studies in general (e.g., Berry, 2005). A service situation, particularly when serving as a host, enables respondents to show their status. However, when their choice of restaurant represents a bad decision, it causes them to lose face because it reflects their lack of knowledge, thereby clearly exposing their separation from mainstream society. By contrast, respondents from Mainland China reported the highest ratings for face. They may have encountered numerous similar situations both as hosts and guests. Thus, they are not greatly concerned about face.

The lack of a significant effect of acculturation, by itself and in combination with other variables, is surprising. Yet, there are various possible explanations. First, in contrast to the studies of Weber and colleagues (2014; 2015), the research settings differed (hotels versus restaurants). Furthermore, the variables assessed in combination with acculturation by Weber et al. may have been more closely related to and activated feelings of cultural identity and acculturation (origin of hotel brand; staff ethnicity) than the variables used in this study. The extent to which acculturation plays a role in consumer perceptions and behaviors seemingly depends on the particular service failure experience and service setting. Specifically, whether a service failure situation makes a

person's cultural identity salient for it to influence consumer behavior is critical (e.g., Forehand et al., 2002).

Second, a more global consumer culture may be more prevalent than the effect of a specific ethnic culture (Cleveland and LaRoche, 2007) in this particular research setting. Samples from both Mainland China and Australia were drawn from major cities rather than rural destinations where the preservation of specific cultural values may be less affected by a global consumer culture compared with major metropolitan centers. The current study did not ascertain frequency of international travel despite its possible relevance. Although Mainland Chinese respondents had not lived overseas for extended periods, they may have frequently traveled overseas for short-term visits. Thus, they would have been familiar with foreign environments, thereby accounting for the lack of noticeable differences between the various groups under investigation. Third, the lack of a noticeable effect of acculturation may be partly caused by the relatively small sample sizes for each acculturation group, particularly in combination with other dependent variables. We acknowledge this situation as a study limitation and recommend that future research considers the need for a more substantive number of respondents in each acculturation category.

We determined a main effect for social presence when testing for both country of residence and acculturation, thereby adding further weight to focusing more on analyzing service failure situations that involve groups rather than individuals only (Lee et al., 2013). We also observed an interaction effect between the social context and the SF location without country of residence or acculturation influencing this interaction. When the service failure occurred in China, satisfaction ratings were significantly higher when a service failure situation was witnessed by business associates than by family members. Conversely, no significant difference existed in ratings for a service failure situation witnessed by either business associates or family members when the service failure occurred in Australia. Simple effects also indicated that when the service failure situation involved business associates, satisfaction was substantially higher if the service failure

took place in China rather than in Australia. Conversely, no significant differences were evident in ratings in a family situation. Thus, although the SF location had no impact on consumer reactions to a failure, either by itself or in combination with respondents' country of residence or their extent of acculturation, it had an effect when combined with social presence.

Practical Implications

Our findings are important because they indicate that in an age of increased globalization, mobility, and migration (Laroche and Teng, 2015, Li, 2010; World Forum, 2000), segmentation based on broad cultural groupings without establishing the cultural effect of the country of long-term residence is likely to be insufficient. This observation is applicable not only to the Chinese context but to any cultural group with a sizable number living in other countries. It is particularly critical if culturally distant countries are involved. From a service provider perspective, the customer may be simply considered "Chinese." However, as findings of this study suggest, a Chinese having resided for a prolonged period in a Western country and has adapted to its prevalent norms acquires dissimilar perceptions and behaviors when service expectations are not met than a Chinese who has only resided in the Mainland.

Given the continuously globalized world and the rise in short-term travel, particularly in view of the significant percentage of Mainland Chinese traveling overseas in the coming decades (UNWTO, 2013), demands on service provision are likely to change. In recent years, many companies have established programs directed specifically at Mainland Chinese customers because of the rising prominence of this outbound travel market (e.g., Hilton, Starwood). However, service programs particularly devised for Mainland Chinese travelers may be less effective for Chinese who have resided long-term in other culturally distant countries (e.g., Australia). Our findings suggest that a greater awareness is required among restaurant management of variations in reactions to service provision in general and failures in particular for consumers of Chinese descent living overseas. However, a key challenge in the actual service setting may be for service

personnel to establish whether a customer is Mainland Chinese or a resident of a culturally distant country. Hence, frontline staff may engage in casual conversation with Chinese restaurant patrons to establish where they are currently and have been residing. Thereafter, service provision may be adjusted accordingly. Focusing on the host of the dining party and establishing his/her background clearly are advised to gauge the situation accurately. Our study also highlights the importance for frontline staff to establish customers' reasons for dining out. Thus, the service can be modified based on the dining occasion to meet customers' expectations.

In a wider context, training programs need to be developed that ensure that managers and frontline personnel with both Chinese and Western background possess an appreciation of the varied needs and wants of different Chinese customers in failure situations. Such programs should also identify various recovery options employees may draw on to accommodate different needs. Employees can modify their behavior suitably when trained in intra and inter-cultural sensitivities (Tse and Ho, 2009). Different “zones of tolerance” (Johnston, 1995; Torres and Kline, 2013) of Chinese customers should be considered. Despite minimal differences in their “ideal” service, Chinese customers are likely to differ considerably on the minimum acceptable service level.

Limitations and Future Research Directions

Several research opportunities arise from the findings and limitations of this study. First, in contrast to the current study that employed a scenario based approach (Kim and Jang, 2014), customer reactions to actual service failures may be investigated. Second, the influence of demographics may be considered. Third, this study focuses on reactions to a service failure. Hence, future studies may investigate whether Chinese–Australians who embraced varied acculturation strategies favor recovery measures distinct from Mainland Chinese consumers - an issue of relevance to managers and marketers alike. Fourth, to further explore acculturation effects, analyzing SFR situations with other ethnic groups and in different contexts may yield valuable insights. Finally, the face construct deserves further attention. Measures for face were drawn from the

literature and shown to be reliable. However, the notion of face may not be universal. Thus, future research on the conceptualization of this important construct is encouraged.

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Table 1**Significant MANOVA Results – Country of Residence, Social Presence and SF Location**

Source	Multivariate				Univariate		
	<i>F</i>	<i>p</i>	η^2	λ	<i>F</i>	<i>p</i>	η^2
MAIN EFFECTS							
Country of Residence (COR)	7.71	.000	.045	.955			
Face					21.60	.000*	.042
Satisfaction					6.63	.010*	.013
Repeat Purchase Intentions					6.46	.011*	.013
Social Presence	5.63	.001	.034	.966			
Face					4.22	.041	.009
Satisfaction					14.03	.000*	.028
Repeat Purchase Intentions					13.83	.000*	.028
INTERACTION EFFECT							
COR x Social Presence	2.70	.045	.016	.984			
Satisfaction					6.31	.012*	.013
Repeat Purchase Intentions					7.58	.006*	.015

* Significant with the application of the Bonferroni correction $p < .016$

$n=488$

Table 2**Significant MANOVA Results – Acculturation, Social Presence and SF Location**

Source	Multivariate				Univariate		
	<i>F</i>	<i>p</i>	η^2	λ	<i>F</i>	<i>p</i>	η^2
MAIN EFFECTS							
Acculturation	2.07	.030	.022	.935			
Face					4.73	.003*	.048
Social Presence	5.22	.002	.053	.947			
Satisfaction					12.23	.001*	.042
Repeat Purchase Intentions					10.7	.001*	.037
INTERACTION EFFECT							
Social Presence x SF Location	2.6	.042	.027	.973			
Face					4.32	.039	.015
Satisfaction					7.85	.005*	.027
Repeat Purchase Intentions					5.18	.024	.018

* Significant with the application of the Bonferroni correction $p < .016$

$n=300$

Figure 1 – Diagram of Experimental Design, including Acculturation, SF Location and Social Presence

