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Crisafulli, Benedetta and Singh, J. (2016) Too little, too late? The effect of time and money on consumer responses to online service failures. In: 2017 Frontiers in Service Conference, 22-25 Jun 2017, New York, U.S..

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CAN A DELAYED RECOVERY EVER BE ACCEPTABLE? THE EFFECT OF TIME ON CONSUMER RESPONSES TO ONLINE SERVICE FAILURES

After a service failure, a salient organizational response to restore customer dissatisfaction is to provide timely recovery (Smith et al., 1999). Intuitively, it is expected that customers care about receiving timely recovery, especially when dealing with online services, which are seemingly seamless and quick. However, in practice, ensuring timely recovery can be impractical and resource-intensive for firms. Extensive scholarly research has so far examined whether timeliness of recovery overcomes the negative consequences of service failure, thus making customers satisfied and willing to show repatronage. Empirical findings differ with regards to the effectiveness of timely recovery. A number of studies support that customers, when receiving timely recovery, are more satisfied than customers who do not receive timely recovery (e.g., Chebat and Slusarczyk, 2005; McColl-Kennedy et al., 2011). This is in line with the conventional wisdom that timely recovery is effective as perceived as fair. However, there is anecdotal evidence that delayed recovery leads to positive customer outcomes (e.g., Davidow, 2003; Karatepe and Ekiz, 2004; Mattila and Mount, 2004; Zhou et al., 2014). This is consistent with neuropsychology theory suggesting that a delay can have a quenching effect on customer-firm conflicts (Brehm, 1999). The passage of time calms down negative emotions elicited by a service failure, enabling consumers to respond more rationally. Similarly, consumer research drawing on marginal utility (Gossen, 1954) and construal level theories (Trope and Liberman, 2003) shows that consumers construe time more abstractly than money (Macdonnell and White, 2015) and have a zone of indifference for small time losses (Festjens and Janiszewski, 2015). Time is ambiguous and difficult to quantify; consequently, time losses can be perceived as acceptable, especially when tangible resources (i.e. money) compensate for the time loss, and when customers lack the sense of urgency (i.e. consumption criticality).

Drawing on the above theoretical precepts, the present study investigates how delay in online service recovery impacts customer emotions and perceptions, and its interaction with compensation and service consumption criticality. The study employed a 2 (delay vs. no delay) x 2 (monetary vs. psychological compensation) x 2 (high vs. low criticality), between-subjects experimental design. Data were collected from UK consumers who regularly do online shopping, by using an online self-completion questionnaire. Scenarios of a failure with the online commerce site were embedded in the questionnaire. The study's findings reveal that delay in recovery is effective at lowering negative emotions, especially in the case of low criticality services (vs. high criticality) and when monetary compensation (vs. psychological) is provided. Conversely, customer negative emotions increase if recovery is delayed, the service is critical and psychological compensation is provided. Theoretically, the study offers empirical evidence on the role of delay in online service recovery and the conditions under which delay is more (less) effective. Notably, the study challenges the conventional view that recovery should always be timely. This study demonstrates that recovery time is construed differentially when combined with monetary (vs. psychological) compensation and services of high (vs. low) criticality. From a managerial perspective, the study's findings indicate that delayed recovery can be an effective strategy at lowering customer negative emotions and encouraging positive customer outcomes.

References available upon request.