

# Responding to service failures with prevention framed donations

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## Abstract

**Purpose** – Service failures are common and companies must decide how best to respond to these incidents. The purpose of this study is to examine service recovery efforts that incorporate a donation component, in addition to financial compensation. More specifically, the relative effectiveness of these recovery efforts was explored according to the regulatory focus framing (i.e. prevention- or promotion-focused) of the donation message.

**Design/methodology/approach** – Three experiments are conducted to test the hypotheses.

**Findings** – Drawing from regulatory focus theory (Higgins, 1997), the authors determined that prevention framing (e.g. highlighting the negative outcomes avoided by a donation) leads to better service recovery outcomes compared to promotion framing (e.g. highlighting the positive outcomes of a donation) the donation message. Furthermore, warmth (e.g. perceptions of caring and helpfulness) and competence (e.g. perceptions of capability and usefulness) underlie this effect and message trust moderates the effect of regulatory framing on warmth.

**Research limitations/implications** – This study offers several theoretical and managerial implications. First, a novel recovery approach that benefits multiple stakeholders was illustrated, particularly when the donation message is prevention (vs promotion) framed. The authors focused on donations in particular, but future researchers should explore other corporate social responsibility activities such as those pertaining to sustainability, ethical labor practices or educational training.

**Practical implications** – Companies should consider incorporating donations into service recovery efforts. Moreover, companies should use prevention as opposed to promotion frames in their donation messages. Using a prevention frame enhances perceptions of company warmth and competence.

**Originality/value** – Very little research has explored the effectiveness of donations following service failures despite evidence that companies use donations in this context. This research highlights the importance of regulatory focus framing and demonstrates how a donation, paired with financial compensation, is more/less effective according to the framing of the communication. Thus, this research demonstrates a novel effect, identifies its underlying mechanism through warmth and competence and establishes an important boundary condition according to message trust.

**Keywords** Corporate social responsibility, Service recovery, CSR, Service failures, Regulatory focus, Donation, Prevention, Promotion

**Paper type** Research paper

## Introduction

Failures are inevitable during service delivery (Tax and Brown, 1998). It is therefore no surprise that in recent decades a large number of normative and positive investigations into service recovery or the actions an organization takes in response to a service failure (Grönroos, 1988) have been conducted (Smith *et al.*, 1999; Gelbrich and Roschk, 2011). This research stream has identified various “rules of thumb” regarding service recovery, including encouraging complaining behavior, offering an apology, acting quickly and empowering the front line (Hart *et al.*, 1990). In an oft-cited study on service recovery, Hoffman *et al.* (1995) identified seven service recovery strategies that can be categorized into three types: compensatory, corrective

response and no action taken. While this research stream has offered a number of alternatives for firms to enhance the service recovery experience, there still exist other compensatory service recovery strategies.

One potential approach to service recovery that has yet to receive much interest from researchers is the use of socially responsible actions as part of a service recovery effort. Peloza and Shang (2011) suggests corporate social responsibility (CSR) activities include things such as protecting employee rights, engaging in sustainable practices and contributing to charities. It is this latter component that is the focus of the current study in part because charitable donations have long been recognized as an important aspect of CSR initiatives (Bruch and Walter, 2005; Lichtenstein *et al.*, 2004). In 2016 alone, corporate donations exceeded \$20bn – an 8 per cent increase over the previous year (Giving USA, 2017). In

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addition to benefitting the recipient, corporate donations can enhance:

- how a company is perceived by customers (Alhouti *et al.*, 2016; Bhattacharya and Sen, 2004);
- the strength of relationships the company maintains with its stakeholders (Bhattacharya *et al.*, 2009);
- how consumers view a firm’s products (Chernev and Blair, 2015) and, most germane to our research; and
- evaluative judgments following service failures (Bolton and Mattila, 2015; Joireman *et al.*, 2015).

While a service recovery that includes a donation can be as effective or more effective than a more traditional recovery (e.g. refund or voucher), it is likely that how the donation is presented, or framed, to the consumer may have an impact on how it is received (Thomassen *et al.*, 2018). Message framing has been an important aspect of marketing communications because it was first proposed by Goffman (1974). Framing refers to attempts to impact how consumers organize or structure the meaning of messages (Kapuscinski and Richards, 2016) and has been used in a variety of contexts, most often as it is related to health-related communications (Tykocinski *et al.*, 1994; Updegraff and Rothman, 2013). Much of the research regarding framing has investigated the relative impact of gain- and loss-framed messaging (Updegraff and Rothman, 2013) and has specifically used regulatory focus theory (Higgins, 1997). According to Regulatory Focus Theory, consumers implement different motivational approaches to attain goals either a prevention focus (i.e. motivated by safety and minimizing losses) or a promotion focus (i.e. motivated by hopes and maximizing gains), and communications can be framed to emphasize either orientation. We suggest that message framing, specifically whether a donation message is prevention or promotion framed, will impact the recovery effectiveness of service recoveries that include a CSR component.

We base our predictions on prior research linking service recovery strategies with social cognition and recovery outcomes. According to prior work on social perception (Fiske *et al.*, 2002), individuals routinely characterize individuals, groups and organizations according to their perceived warmth and competence; these dimensions are important aspects driving service recovery outcomes (Bolton and Mattila, 2015; Smith *et al.*, 2016). Warmth is generally associated with perceptions of caring and helpfulness, whereas competence is associated with perceptions of skill and efficacy (Fiske *et al.*, 2007). Importantly, engaging in CSR activities, such as philanthropic giving, has been shown to enhance the perceived warmth and competence of organizations (Bolton and Mattila, 2015; Scott *et al.*, 2013). Building on this research, we predict:

- that service recoveries that include a donation will enhance these perceptions, which should result in more positive recovery outcomes; and
- that the effect of these recoveries depends on the regulatory framing of the donation message.

We base the latter prediction on research by Bullard and Penner (2017) who showed that philanthropic giving is typically perceived as more impactful when communicated using a prevention (vs promotion) frame. We elaborate more on these predictions prior to introducing our hypotheses.

We believe this work makes important theoretical and managerial contributions. From a theoretical perspective, ours is one of the first to explicitly tie the regulatory framing of a service recovery with recovery outcomes. Furthermore, we add to this theoretical contribution by incorporating warmth and competence, two relatively new additions to the literature on service failure/recovery, to our framework. In addition to these theoretical contributions, we add to managerial thought by providing additional evidence of the efficacy of CSR-based service recoveries by showing that charitable donations can be effective in overcoming service failures. However, our research also suggests service providers should be careful regarding how the recovery offer is framed because prevention-framed messages perform better than promotion-framed ones. Finally, our research suggests service managers should monitor the extent to which customers trust the firm will carry through with the offer to make a charitable donation because the effects of regulatory framing on warmth perceptions and recovery effectiveness vary according to message trust.

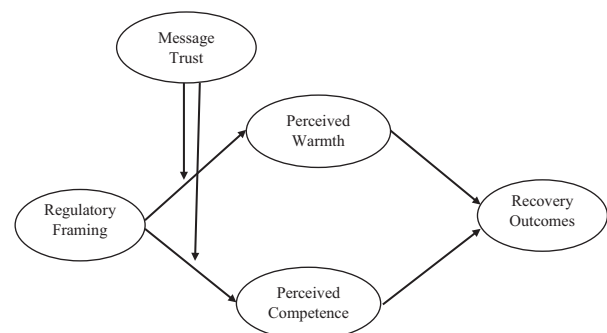
## Hypotheses

### Regulatory focus

Our conceptual model is presented in Figure 1 and is expounded in what follows. We hypothesize that the success of offering a donation, a form of CSR, in response to a service failure depends on the regulatory framing of the donation message (Kotler and Lee, 2008). Higgins (1997) distinguishes between two modes of motivational regulation: promotion focus and prevention focus. Consumers react differently depending on which motive is more salient. Promotion-focused messages emphasize gain, growth and achievement, whereas prevention-focused messages emphasize non-loss, safety and security (Higgins, 1997). Regulatory focus has been shown to influence consumer attitudes, intentions and behavior (Aaker and Lee, 2006; Avnet and Higgins, 2006). Moreover, regulatory focus play an important role in the perception of both service failures and CSR practices (Baek and Reid, 2013; Ku *et al.*, 2012; Zhang and Chen, 2013).

Following a service failure, companies frequently provide consumers with financial compensation (Fehr and Gelfand, 2010); however, non-monetary compensation (e.g. offering an apology) is common (Gelbrich and Roschk, 2011) and is often used in concert with financial compensation. The current research explores offering a CSR component alongside financial compensation. For the CSR component, we focus

Figure 1 Theoretical model



specifically on charitable donations and examine whether the regulatory framing of the donation message influences recovery outcomes. Drawing on regulatory focus theory (Higgins, 1997), we predict that donations will enhance satisfaction more when they are prevention (vs promotion) framed. We base this prediction on a growing body of literature linking CSR activities with a prevention orientation. According to Bullard and Manchanda (2013), when consumers encounter information that a company engages in sustainable practices, they become more prevention-focused. Moreover, consumers make more prevention-focused inferences about the products of a sustainable company, and sustainable products are perceived as better positioned when they are marketed using a prevention (vs promotion) frame. Building upon this initial work, Bullard and Penner (2017) distinguished the regulatory focus of the individual from that of the message and found that causes and appeals garnered greater support from donors when they were prevention (vs promotion) framed because the donors perceived the cause to be more impactful. Thus, prior research shows that individuals exhibit a general tendency to associate CSR activities with a prevention (vs promotion) focus (Bullard and Manchanda, 2013), and individuals are more likely to support corporate donations when they are communicated using prevention (vs promotion) framed messages (Bullard and Penner, 2017). Consistent with this prior work, we predict that a service recovery that incorporates a donation will be more effective in terms of consumer satisfaction with the recovery when the donation message is prevention (vs promotion) framed. Thus:

*H1.* Satisfaction with the recovery will be higher when a service recovery compensation that has a donation component uses a prevention-framed message than a promotion-framed message.

### Warmth and competence

We predict that the effect of regulatory framing predicted in *H1* will be mediated by warmth and competence perceptions. According to social cognition theory (Fiske et al., 2002; Aaker et al., 2010), individuals routinely characterize people and companies according to two universal dimensions: competence and warmth (Aaker et al., 2010). People and organizations that we admire, hold in high regard, and affiliate with are often perceived as high in both dimensions and the perceived warmth and competence of an organization fluctuates according to its service recovery practices (Bolton and Mattila, 2015). Warmth, in this context, is likely to reflect the perceived intentions of the organization (following the service failure) and competence is more likely to reflect the perceived performance or commitment of the organization to the intentions. Offering a charitable donation following a service failure should influence how the company is perceived along these dimensions, subsequently impacting recovery outcomes (Fiske et al., 2002; Fiske et al., 2007). However, consistent with *H1*, the extent to which the service recovery impacts recovery outcomes through warmth and competence should vary according to the regulatory framing (prevention vs promotion) of the donation message. As discussed previously, charities are perceived as providing more pain reduction and aid when they are described

using a prevention (vs. promotion) frame (Bullard and Penner, 2017); thus, an organization making a donation in response to a service failure may be viewed as more warm and competent when the donation is prevention framed because the organization's actions may be perceived as more *impactful*, *thoughtful* and *caring* compared to when the donation is promotion framed. There is also perceptual link between warmth and competence (Judd et al., 2005), i.e. positive (negative) perceptions on one dimension typically coincide with positive (negative) perceptions on the other, so we anticipate a similar mediating effect through warmth and competence. Drawing on this prior work, we propose that warmth and competence will underlie the effect of regulatory framing on recovery outcomes:

*H2.* The effect of regulatory framing (prevention vs promotion) on recovery outcomes will be mediated by warmth perceptions.

*H3.* The effect of regulatory framing (prevention vs promotion) on recovery outcomes will be mediated by competency perceptions.

## Study 1: Regulatory framing of the corporate social responsibility service recovery method

The primary objective of Study 1 is to test *H1*, which suggests that when included in a service recovery, the regulatory framing of a donation will create variations in recovery satisfaction. Testing this hypothesis helps answer the question of whether companies should focus on prevention or promotion framing when providing donations as part of service recovery efforts.

### Participants and design

A total of 153 (38.6 per cent female; *M* age = 35) US adults recruited through Mturk completed an online study. Participants read the following service failure scenario created by Smith et al. (1999):

You are on a trip. After traveling for many hours you arrive at the hotel to check in. You are eager to get some much needed sleep when the representative at the front desk looks up your prepaid reservation and informs you that there has been a mix up and your reservation needs to be changed (in terms of number and size of beds and smoking or non-smoking) from what had originally been reserved months in advance.

The compensation for the service failure consisted of a discount and donation (each set at 25 per cent of the bill). Participants were randomly assigned to one of two framing conditions for the donation: promotion or prevention. The promotion and prevention orientations of the messages are based on the research of Baek and Reid (2013) who manipulated the message orientation of a request. The scenarios were modified to fit the context of the study and are included in the Appendix. The promotion (*prevention*) frame stated that the donation will:

- improve the quality of life for children living in poverty (*protect children living in poverty*);
- enhance access to nutritious food (*protect children suffering from malnutrition*); and
- promote literacy for children in need (*prevent illiteracy for children in need*).

**Procedure**

After reading the scenario, respondents answered a series of questions assessing recovery effectiveness. Included was a measure of satisfaction with the service recovery adapted from Maxham and Netemeyer (2002) ( $\alpha = 0.86, M = 4.44, SD = 1.39$ ), which asked participants the extent to which they Strongly Disagree (1) or Strongly Agree (7) with the following three items:

- In my opinion, the hotel provided a satisfactory response to my service failure.
- I am not satisfied with the hotel’s handling of this particular problem (r).
- Regarding this particular event, I am satisfied with the hotel.

To ensure the regulatory framing manipulation worked as intended we used a single item developed by Poels and Dewitte (2008) and used by Baek and Reid (2013). The item was measured on a seven-point bipolar scale that asked participants whether the hotel’s description of helping impoverished children emphasized “more ideas about prevention/more ideas about promotion.” As expected, the promotion-framed message communicated promotion more than the prevention-framed message ( $F(1,151) = 3.61, p = 0.06, M_{\text{promotion}} = 4.56$  and  $M_{\text{prevention}} = 4.13$ ).

**Results**

To test the relative effectiveness of the framing of the donation as promotion or prevention focus, recovery satisfaction was submitted to an ANOVA with regulatory framing (*promotion or prevention*) as the independent variable. As expected, participants in the prevention-framing condition reported greater recovery satisfaction ( $M = 4.73, SD = 1.39$ ) compared to participants in the promotion-framing condition ( $M = 4.14, SD = 1.33, F(1,151) = 6.97, p = 0.01$ ).

**Discussion**

Study 1 provides initial evidence that using a prevention frame when including a donation in a service recovery results in higher levels of recovery satisfaction compared to using a promotion frame. Although Baek and Reid (2013) demonstrate that promotion framed CSR messages have a more positive influence than prevention-focused CSR messages in an advertising context, this appears not to be the case in the context of service failures. A service recovery includes a relationship evaluation component that does not exist in a one-way interaction such as advertising. Study 2 aims to explain why a prevention framed donation in a service recovery performs better than a promotion framed donation. Specifically, we predict that the regulatory frame of a CSR message during service recovery influences perceptions of company warmth and competence, which will impact recovery outcomes. Testing the proposed model helps elaborate the mechanism of consumers’ interpretation of CSR as a service recovery effort.

**Study 2: the mediating role of warmth and competence**

**Participants and design**

A total of 173 (39 per cent female;  $M$  age = 35) US adults recruited through Mturk completed an online study.

Participants read the service failure scenario described in Study 1. Participants were randomly assigned to one of two framing conditions for the donation (i.e. promotion or prevention) as described in Study 1 and included in the Appendix.

**Procedure**

After participants read the scenario, they answered questions assessing repurchase intent, warmth and competence. Items were measured using a seven-point scale. Repurchase intent ( $\alpha = 0.96$ ) asked participants their likelihood to stay at the hotel again and was measured using a 4-item semantic differential scale (“very unlikely/very likely,” “very improbable/very probable,” “impossible/very possible” and “no chance/certain”) initially developed by Oliver and Swan (1989). Perceived warmth ( $r = 0.80$ ) and competence ( $r = 0.86$ ) were measured using items developed by Bolton and Mattila (2015). Perceived warmth was measured by asking participants to indicate if they considered the hotel to be “Caring” and “Helpful” on a seven-point scale anchored by *Not at all* and *Very*. To assess perceived competence, participants indicated if they considered the hotel to be “Capable” and “Competent” on a scale also anchored by *Not at all* and *Very*.

The manipulation check for the regulatory framing manipulation consisted of the bipolar item developed by Poels and Dewitte (2008) and used by Baek and Reid (2013) as described in Study 1. As expected, the promotion-focused message communicates promotion more than the prevention-focused message ( $F(1,171) = 3.77, p = 0.05, M_{\text{promotion}} = 4.56, M_{\text{prevention}} = 4.06$ ).

The correlations, means and standard deviations for the constructs are presented in Table I. As the square roots of the AVEs (presented on the diagonal) are larger than the inter-construct correlations, there is evidence of discriminant validity.

**Results**

To examine the parallel mediation model suggested by H2 and H3, we used Hayes (2013) PROCESS macro (Model 4; 5,000 bootstrap resampling). The two scenarios were entered as the independent variables, with prevention focus coded as 0 and promotion focus coded as 1, warmth and competence as the mediators and repurchase intent as the dependent variable. Results suggested that warmth mediates the relationship between regulatory frame and repurchase intention (indirect effect =  $-0.17$ ; CI:  $-0.46$  to  $-0.01$ ), thus providing support for H2. However, this was not the case with H3, which proposed a mediating effect of competence on the relationship

**Table I** Correlations, means and standard deviation in Study 2

Variable	1	2	3
1. Warmth	0.89		
2. Competence	0.75*	0.93	
3. Repurchase intent	0.70*	0.72*	0.92
Mean	4.44	4.04	3.81
Standard deviation	1.54	1.68	1.74

Notes:  $N = 173$ . Listwise deletion. \* ( $p < 0.001$ ) one-tailed test Numbers on the diagonal represent square root of average variance extracted (AVE)

between regulatory frame and repurchase intentions (indirect effect =  $-0.11$ ; CI:  $-0.40$  to  $0.11$ ). Table II reports the means, standard deviations and *p*-values of the effect of the framing of the service recovery on the dependent variables.

**Discussion**

Study 2 provides support for the contention that a prevention framed message does better than a promotion framed message because it influences the perception of company warmth. Warmth and competence are both a reflection of how the consumer trusts the company (Cuddy et al., 2011). As such, when the consumer trusts the message regarding donations in the service recovery, how the message is framed would hold less weight in forming consumer judgments about the company. Consequently, we propose that message trust will moderate how consumers perceive the donation in the service recovery.

**Study 3: the moderating role of message trust**

Study 3 aims to build on Study 2 by demonstrating that the influence of regulatory framing on warmth and competence is moderated by whether the consumer trusts the CSR message. Specifically, Study 3 helps provide evidence of a boundary condition, the extent to which consumers have trust in the CSR message, on the relationship between message framing and warmth and competence.

Trust can be defined as “a willingness to rely on an exchange partner in whom one has confidence” (Moorman et al., 1993) and has long been recognized as a central element in the building and maintenance of relationships (Morgan and Hunt, 1994). Trust has been found to be particularly important as it relates to both service recovery and message framing. As to the former, trust plays a critical role in services because of the impacts of intangibility and heterogeneity of service delivery (Singh and Sirdeshmukh, 2000). As to message framing, there is a wealth of research that investigates the negative impact of deceptive marketing communications on consumer trust (Darke and Ritchie, 2007; DeCarlo, 2005), which in turn impacts consumer evaluations.

Prior research has shown that donations and service recoveries benefit companies because they enhance trust (Choi and La, 2013). However, research has also highlighted the extent to which questionable CSR motives can be a source of failure in CSR campaigns (Alhouti et al., 2016; Ellen et al., 2006; Wagner et al., 2009). Accordingly, it is important that firms using a CSR component in their recovery efforts do so in a way that is viewed as trusting; otherwise, the messaging may not have a positive impact on warmth and competence. However, creating the appropriate level of trust in the CSR message should enhance how the consumer feels about the warmth and competence of the company. This may occur

Table II Results of dependent measures in Study 2

Measure	Prevention	Promotion	F(1,171)	p-value
Warmth	4.64 (1.48)	4.24 (1.58)	3.03	0.08
Competence	4.16 (1.68)	3.92 (1.68)	0.82	0.37
Repurchase intent	3.95 (1.77)	3.67 (1.71)	1.16	0.28

Note: Standard deviations are in parentheses

because trust can be thought of being composed of both benevolence and credibility elements (Ganesan, 1994), which should impact warmth and competence, respectively. Thus, the extent to which consumers trust a CSR recovery message should impact (i.e. moderate) the mediating effects of warmth and competence on the relationships between message framing and distributive justice perceptions.

Thus, for Study 3, we hypothesize the following:

- H4. Following a service failure, message trust will positively moderate the relationship between message framing and consumer perceptions of warmth.
- H5. Following a service failure, message trust will positively moderate the relationship between message framing and consumer perceptions of competence.

**Participants and design**

A total of 190 US adults (44 per cent female;  $M_{age} = 38$ ) recruited through Mturk completed an online survey. Participants read the service failure scenario described in Studies 1 and 2. The compensation and regulatory framing are identical to those of Study 1 and are included in the appendix.

**Procedure**

After participants read the promotion or prevention regulatory framing scenario, they answered questions related to their perceptions of distributive justice, warmth, competence and message trust. Warmth ( $r = 0.83$ ) and competence ( $r = 0.91$ ) were measured using the same items described in Study 2. Message trust ( $\alpha = 0.95$ ) was measured using a four-item semantic differential scale developed by Oliver and Swan (1989) that was designed to assess repurchase intent. However, rather than asking participants about their likelihood to stay at the hotel again, participants in this study were asked, “How likely is it that the hotel will make the promised donation?” Items were rated on a seven-point scale anchored by “very unlikely/very likely,” “very improbable/very probable,” “impossible/very possible” and “no chance/certain.” Distributive justice (Maxham and Netemeyer, 2002) was measured using four items ( $\alpha = 0.97$ ) assessed on a seven-point scale anchored by 1 (Strongly Disagree) and 7 (Strongly Agree):

- Although the event caused me problems, the hotel’s effort to fix it resulted in a very positive outcome for me.
- The final outcome I received from the hotel was fair, given the time and hassle.
- Given the inconvenience caused by the problem, the outcome I received from the hotel was fair.
- The service recovery outcome that I received in response to the problem was more than fair.

The manipulation check for the regulatory framing manipulation consisted of the bipolar item developed by Poels and Dewitte (2008) and used by Baek and Reid (2013), as discussed in Study 1. The manipulation check item was measured on a seven-point scale and asked participants whether the hotel’s description of helping impoverished children emphasized “more ideas about prevention/more ideas about promotion.” As expected, the promotion-framed message communicated promotion more than the

prevention-framed message ( $F(1,188) = 13.79, p < 0.05, M_{\text{promotion}} = 4.68$  and  $M_{\text{prevention}} = 4.14$ ).

**Measurement assessment**

A confirmatory factor analysis was conducted using MPlus 8 to assess the measurement qualities and discriminant validity of the measures. The model includes items for message trust, warmth, competence and distributive justice. All standardized loadings were positive and statistically significant, which supports unidimensionality and convergent validity (Anderson, 1987). The model ( $\chi^2 = 70.20; \chi^2/df = 1.46; RMSEA = 0.05$  and  $CFI = 0.99$ ) has an acceptable measurement model fit. The correlations, means and standard deviations for the constructs are presented in Table III. The square roots of the AVE are presented on the diagonal and are larger than the inter-construct correlations indicating discriminant validity.

**Results**

The moderating effects of message trust on the relationship between regulatory framing and distributive justice through warmth and competence were examined using Hayes' (2013) PROCESS macro (Model 7; 5,000 bootstrap resampling). While we only hypothesized a moderating effect of message trust on the relationship between regulatory framing and warmth (H4) and competence (H5), using Model 7 allows us to test this effect within the broader context of our research model and therefore is a test of moderated mediation. Accordingly, the analysis included regulatory framing as the independent variable, with prevention focus coded as 0 and promotion focus coded as 1, message trust as the moderator, warmth and competence as the mediators, and distributive justice as the dependent variable.

The results revealed a non-significant moderating effect of message trust on the relationship between regulatory framing and competence ( $B = 0.04; SE = 0.15; t(3,186) = 0.30; CI: -0.25$  to  $0.34, ns$ ). Also, the conditional indirect effect of regulatory framing on distributive justice through competence did not reach statistical significance (index = 0.01;  $SE = 0.05; CI: -0.1$  to  $0.11$ ), thus leading to the rejection of H5. The analysis did, however, reveal a significant moderating effect of message trust on the relationship between regulatory framing and warmth ( $B = 0.26; SE = 0.12, t(3,186) = 2.24; CI: 0.03$ - $0.50; p < 0.05$ ) and a significant conditional indirect effect of regulatory framing on distributive justice through warmth (index = 0.16;  $SE = 0.08; CI: 0.01$ - $0.31$ ), supporting H4.

**Table III** Correlations, means and standard deviation in Study 3

Variable	1	2	3	
1. Message trust	0.91			
2. Warmth	0.66*	0.91		
3. Competence	0.58*	0.81*	0.95	
4. Distributive justice	0.64*	0.79*	0.73*	0.94
Mean	5.17	5.01	4.49	4.83
Standard deviation	1.31	1.41	1.60	1.58

Note:  $N = 190$ . Listwise deletion. \* ( $p < 0.001$ ) one-tailed test Numbers on the diagonal represent square root of average variance extracted (AVE)

Further analysis revealed that warmth mediates the relationship between regulatory framing and distributive justice at low levels of message trust (indirect effect =  $-0.30; CI: -0.58$  to  $-0.04$ ), with a prevention framed donation message improving the perceived warmth of the company more than a promotion framed donation message. However, warmth did not mediate the relationship between regulatory framing and distributive justice at high levels of message trust (indirect effect = 0.12, 95 per cent;  $CI: -0.15$  to  $0.38$ ). Table IV reports the means, standard deviations and  $p$ -values of the effect of the framing of the service recovery on the dependent variables. Figure 2 shows a Johnson-Neyman analysis, which reveals that the mediation effect through warmth occurs for those consumers low ( $< 4.38$ ) but not high ( $\geq 4.38$ ) in message trust.

**Discussion**

Study 3 reveals that a high perception of message trust significantly attenuates the influence of regulatory framing on the perception of company warmth resulting from the inclusion of a donation in the service recovery. In other words, having a credible message can outweigh the prevention framing of a donation message as part of the service recovery.

**General discussion**

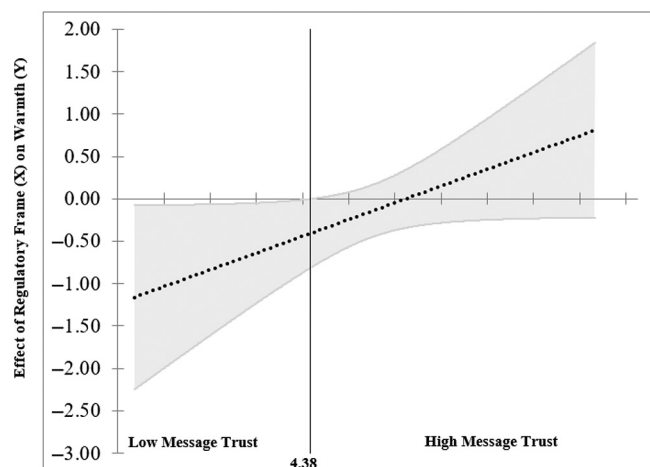
Consumers align their purchases with companies that communicate CSR because doing so provides them with a feeling of warm glow, enhances the perceived value of their purchase and helps to express their identity (Green and Peloza, 2011;

**Table IV** Results of dependent measures in Study 3

Measure	Prevention	Promotion	$F(1,188)$	$p$ -value
Message trust	5.32 (1.21)	5.02 (1.40)	2.51	0.12
Warmth	5.19 (1.15)	4.84 (1.61)	3.02	0.08
Competence	4.57 (1.52)	4.42 (1.67)	0.40	0.53
Distributive justice	4.95 (1.47)	4.71 (1.58)	1.13	0.29

Note: Standard deviations are in parentheses

**Figure 2** Simple slope of regulatory framing (promotion = 1; prevention = 0) on warmth as a function of message trust



Winterich and Barone, 2011). Companies have leveraged CSR to highlight the human aspects of their business and enhance relationships with consumers (Bolton and Mattila, 2015; Sen and Bhattacharya, 2001; Sen *et al.*, 2006). Service failures can anger consumers to the point where they seek not only compensation but also vengeance (Bougie *et al.*, 2003). CSR can protect companies from losing customers by reminding them of the human aspect of the company through its perceived warmth (Bolton and Mattila, 2015). Nevertheless, the findings of this research show that careful consideration is needed when including a donation in the service recovery in terms of the regulatory framing of the message and the level of trust the consumer places in the company's donation message.

Researchers have offered explanations for why regulatory focus creates variations in how consumers respond to service failures (Wan *et al.*, 2011). This research builds on the relationship between regulatory framing and service failure by demonstrating variations in how customers react to service recoveries and why these differences occur. Zhang and Chen (2013) found that promotion and prevention focused consumers have different preferences for a service recovery method. The current study builds on this research by demonstrating that prevention framing leads consumers to prefer donations in the service recovery effort more than promotion framing.

Within a service recovery context, donations that are framed as prevention focused can lead to a greater willingness to patronize a business than a promotion focused donation unless there is low trust in the company's donation message. During a service failure, consumers will have a prevention focused mindset because they want to minimize losses (Betts *et al.*, 2011), and prevention focused consumers are more harmful to a company during a service failure because they tend to spread negative word-of-mouth (Shin *et al.*, 2014). As a result, companies should appeal to prevention focused consumers by not only creating prevention focused messages in the service recovery but also choosing causes that generate prevention related thoughts and appeal to prevention focused consumers (Kim *et al.*, 2012; Ku *et al.*, 2012).

The proposed influence of regulatory framing on competence is not supported in the study, which could be because of not framing the CSR message as a sign of competence (Bolton and Mattila, 2015). In a service recovery context, a prevention focused message leads to a more positive perception of warmth than a promotion focused message. These findings contrast with findings related to the interpretation of a spokesperson's smile. Wang *et al.* (2016) found that promotion focused consumers evaluate smile intensity as warmer than prevention focused consumers. Our study emphasizes the unique nature of the response to service failure of consumers with a prevention focused mindset that makes them more likely to look for signals of warmth in a service recovery effort.

When consumers trust that the company's donation message during a service recovery, regulatory framing of a message will not play a role in influencing their perception of company competence. In an advertising context, prevention framed CSR ads are less successful when framed as a strategic rather than altruistic CSR act (Kim *et al.*, 2012). A strategic CSR motive does not influence consumers' perception of trust, whereas other types of motive do (Vlachos *et al.*, 2009). As a result, the

less successful outcome of prevention framed strategic CSR messages could be because of the level of message trust.

## Managerial implications

Companies that choose to incorporate a donation as a component of their service recovery strategy need to stimulate a prevention focused mindset among consumers. This can be achieved by formulating the message about the cause the company benefits as prevention focused such as emphasizing that the cause provides safety and protection. A company that provides a service or a good that is prevention focused will attract consumers with a prevention-focused mindset. For example, a company that provides an alarm system will benefit from providing a donation in the service recovery because it will appeal to prevention focused consumers.

Companies need to ensure that marketing efforts are in place that leads consumers to trust that the company will honor its donation promise. Methods to increase message trust include ensuring that the company has an authentic CSR image that enhances the credibility of the donation claim (Alhouti *et al.*, 2016). Companies can also be positioned on a CSR strategy, which will help alleviate consumers' concern that a company's reason for having a service recovery donation is self-serving.

## Limitations and future research

Research has shown that consumers' reactions to service failure are different based on the context of the study (Smith and Bolton, 2002). This study only had consumers experience failure in a hotel context but future researchers should replicate the service failure in various contexts. Furthermore, this research uses a percentage of the bill as the compensation amount without providing participants with a reference point based on the price of the hotel. Future researchers could replicate this study and include the actual amount given as compensation.

The importance of the cause to the consumer and the consumer's ability to choose a cause for donation have been shown to be important in consumers' reaction to CSR causes (Robinson *et al.*, 2012). This study neither did allow participants to choose the cause nor did it control for their interest in the cause. Future researchers could determine whether allowing consumers to choose a cause would result in a more positive reaction to donations as an aspect of the compensation than having a specific cause.

Future research could benefit from a deeper understanding of how donations compare to other forms of "socially responsible" compensation. Past studies have examined when tangible or intangible compensations benefit a service recovery (Cambra-Fierro *et al.*, 2015; Roschk and Gelbrich, 2014). Future researchers could determine whether a donation is perceived as an emotional or economic benefit to determine in what context the company benefits from using a donation over other forms of compensation.

Companies use CSR activities, such as donations, in part to improve their brand image (Walsh and Beatty, 2007). However, company donations are perceived negatively when a company does not have an authentic CSR image (Alhouti *et al.*, 2016). Understanding whether donation as a service recovery influences brand image can determine whether a CSR strategy should be included in a service recovery.

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## Appendix

### Scenario

Please read the following scenario carefully. While you are reading, try to imagine yourself experiencing this situation:

You are on a trip. After traveling for many hours, you arrive at the hotel to check in. You are eager to get some much-needed sleep when the representative at the front desk looks up your prepaid reservation and informs you that there has been a mix up and your reservation needs to be changed (in terms of number and size of beds and smoking or nonsmoking) from what had originally been reserved months in advance.

The hotel clerk apologizes and goes on to say that because they are not able to provide you with your exact reservation the hotel will give you 25 per cent off your final bill and will make a donation equal to 25 per cent of your final bill to impoverished children. Your donation will improve the quality of life for children living in poverty.

Specifically, it will:

### Promotion manipulation

- Enhance access to nutritious food.
- Promote literacy for children in need.

### Prevention manipulation

- Protect children suffering from malnutrition.
- Prevent illiteracy for children in need.

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