

Individual differences in perceptions of service failure and recovery: the role of race and discriminatory bias

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Abstract This article investigates the role of contextual cues in the evaluation of a service failure. Empirical data demonstrates that although discrimination is a factor in the evaluation of a service failure for black (vs. white) customers, contextual cues also play a role in the evaluation of the encounter. When a black customer experiences a service failure, the failure will be evaluated more severely when no other black customers are present. In addition, the context of the event differentially affects the negative emotions generated by the service failure and results in racially driven differences in the amount of remuneration perceived as necessary to successfully recover from the failure. The implication is that when serving customers, the race of both the customer and other customers can provide service providers with information relative to the appropriate service recovery effort to implement.

Keywords Service failure · Service recovery · Discrimination · Context effects

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There can be little debate that race¹ and race-based discrimination has been harmful on many levels for those groups, such as blacks, that have been historically discriminated against. For example, discrimination has been shown to lead to structural barriers associated with limiting access to employment, occupational advancement, education, and housing (Major et al. 2002). Unfortunately, in addition to the broad, societal negative implications of discrimination listed above, exposure to discrimination is also problematic for blacks in their day-to-day lives. One example is what has come to be known as marketplace discrimination which is manifest in any number of everyday marketplace activities such as being closely watched/followed through stores, being ignored, getting seated in an undesirable location (e.g., near the kitchen), and being provided lesser quality service/products (e.g., getting a poor quality hotel room; Feagin and Sikes 1994). Due in part to this societal and day-to-day discrimination to which blacks have been exposed, it has been argued that blacks are more “on guard” and “suspicious” to signs of discriminatory actions (Allport 1975).

As the role of services in the economy has continued to grow (now accounting for approximately 80% of GDP and the labor force) there has been a corresponding increase in service interactions. As the number of interactions increase, so do the possibility of service failures. Although service failures can occur for any number of reasons including

¹ There is a great deal of controversy concerning the use of the terms “race” and “ethnicity.” Bhopal (2004) defines race as having to do with “physical features such as skin colour and hair texture” (p. 444) and ethnicity as a social group with which a person identifies which can be derived from “a mix of cultural and other factors including language, diet, religion, and ancestry” (p. 443). As we are primarily concerned with an identifiable characteristic we have chosen to use the term “race” and variations of it. Furthermore, while we recognize that race can include any number of groups, in this research we have chosen to focus on blacks and whites.

unavailable service and unreasonably slow service, poor employee response to customer special needs, and unprompted and unsolicited employee actions (Bitner et al. 1990), when a service failure involving a white service provider and a black customer occurs, there exists the possibility that the failure may be attributed to discrimination. This perception is brought to mind regardless of the true cause of the failure (Johnson et al. 2003). When a failure does occur, it is important that service providers try to recover as effectively as possible so that ultimately the customer is satisfied with the service, generates positive word of mouth, and continues to frequent the firm (Gronroos 1988). However, the possibility that a customer may attribute an innocuous service failure to discrimination might create significant impediments to the provider's ability to deliver a successful recovery. Accordingly, a more thorough understanding of service failures that are attributed to discrimination would appear to be warranted.

We believe our paper significantly contributes to the literature by adding to the limited knowledge that exists about racially driven differences in perceptions of service failures. We consider the role of the presence or absence of other customers as a contextual cue that might be used to interpret the service failure as well as the extent to which anger generated by the failure is quantitatively different based on the race of the customer. Finally, we identify differences between black and white customers' perceptions of service recovery efforts necessary to satisfy and enhance post-failure recovery perceptions.

Conceptual background/hypothesis development

It is our contention that what is commonly referred to as "marketplace discrimination" is but the manifestation of broader and more pervasive discrimination that has occurred within society for hundreds of years. Accordingly, any understanding of marketplace discrimination can only be understood within the broader context of discrimination. While a comprehensive review of the vast literature pertaining to societal discrimination is beyond the scope of this paper, in this section we will provide a brief overview of elements of discrimination research that we believe to be important to the understanding of our research and will tie this into marketplace discrimination, specifically that which might occur within a services context.

Major et al. (2002) argue that attributions of discrimination consist of two components. The first is the extent to which the treatment was based on group membership and the second is the extent to which the individual or group was treated unfairly. This two-part definition is consistent with the definition of Aronson et al. (1999) of discrimination as "an unjustified negative or harmful action toward

the members of a group, simply because of their membership in that group" (p. 506). Based on this definition, attributions of discrimination would occur only when a person involved in a negative event blamed the event on social identity (or group membership) rather than personal identity. To use an example from Major et al. (2002), a person who fails to get a job and blames that on the fact that they are the member of specific group would be making an attribution of discrimination. This could be contrasted with someone who fails to get a job and makes attributions of (1) self-blame ("I didn't get the job because I am unqualified"), (2) other-blame ("I didn't get the job because I am not well connected"), or (3) group-blame ("I didn't get the job because my group is not as qualified as other groups").

Even though some would suggest that the overall level of discrimination has declined over the past few decades Deitch et al. (2003) report that there has been a relative increase in covert forms of discrimination. This is problematic since covert discrimination might be more damaging than overt discrimination due in part to what Crocker and Major (1989) term "attributional ambiguity" which they define as the extent to which an individual from a traditionally stigmatized group is "uncertain whether the event occurred because of his or her personal inadequacies or whether it occurred because the evaluator was racist" (p. 612). Thus, the tendency to make a discriminatory attribution may be accentuated in a services context due to the inherent ambiguity associated with service provision. This ambiguity derives in part from the number of parties involved in the service delivery process as well as processes the customer cannot observe. For example, an eyeglass order not being ready when promised can be the result of any number of interacting persons/processes that occur behind the scenes. Since the consumer may not have a complete understanding of the process associated with providing the service it will be difficult for the consumer to understand why/how the failure occurred resulting in ambiguity with regard to the cause of the failure. Accordingly, this ambiguity might lead to discriminatory attributions when in fact the failure was due to an unrelated issue.

Given that in ambiguous situations such as service encounters blacks may be likely to attribute a negative event to discrimination, the question arises as to how often this might happen. Evidence suggests that it might occur quite frequently. From a theoretical perspective, as groups are exposed to discrimination over time they become more sensitive to discriminatory acts, are on-guard or suspicious of discriminatory acts, and live with a "healthy cultural paranoia" or "cultural mistrust" (c.f., Allport 1954/1979; Grier and Cobbs 1968; Terrell and Terrell 1981). Having experienced discriminatory acts might be manifest in heightened sensitivity to cues in the environment, particu-

larly in attributionally ambiguous situations that involve a black customer and white service provider. This would then lead to a greater likelihood to attribute a service failure to discrimination.

Further evidence regarding the propensity of blacks (vs. whites) to make discriminatory attributions may be found in differences in perceptions regarding the extent to which discrimination occurs. Reed et al. (1997) found that while most blacks believe racial discrimination is a significant problem, the majority of whites believe blacks are not subject to racism. Similar results were published in the 2006 African American Men Survey conducted as a three-way partnership between *The Washington Post*, the Kaiser Family Foundation, and Harvard University (see African American Men Study in references). Findings suggest that perceptions of discrimination vary dramatically between blacks and whites. The survey was conducted by telephone from March 20 to April 29, 2006 and included 1,835 blacks and 932 whites nationwide. Survey results revealed that approximately 54% of blacks surveyed noted being somewhat or very worried about being a victim of racial discrimination. And although 52% of blacks felt that America's economic system is stacked against them, only 23% of whites felt the same (that America's economic system is stacked against blacks).

The two studies cited above provide some evidence of perceptual differences that exist between blacks and whites with regard to the extent to which discrimination exists. However, there are also studies which provide a more objective perspective. For example, in a content analysis of 81 federal court cases decided between 1990 and 2001 Harris et al. (2005) provide examples of the various types of activities that might constitute marketplace discrimination. They categorized the 81 cases based on the extent to which the case dealt with overt or covert discrimination, the extent to which the issue was degradation or denial, and the extent to which criminal actions were present in the discrimination. Harris et al. (2005) concluded that marketplace discrimination continues to be an issue in the USA and that research devoted to a better understanding of the cause as well as remedies for marketplace discrimination is needed.

Our research is set specifically within the context of the service industry which we believe to be an area in which attributions of discrimination are likely to be problematic for a variety of reasons. We have already discussed the issue associated with the ambiguous nature of services. In addition, there are at least two other possible reasons why service encounters might be expected to lead more to discriminatory attributions. First, the fact that services are produced and consumed simultaneously means that service provision occurs in a public space where others can see the interaction between the service provider and the customer. Second, the service industry has continued to move towards

more co-creation of services. Thus, in those situations where a service failure occurs and the actors include a black customer and white service provider there may be a greater propensity for the customer to attribute the failure to discrimination as a way to "protect" themselves from others seeing them as the reason for the failure. In other words, attributing the failure to discrimination (i.e., the fact that they are part of a group that has been historically discriminated against) may be a way to maintain self-esteem (c.f., Allport 1954/1979) in a negative situation that is viewed by others, particularly when the others are part of the out-group.

Research by Crockett et al. (2003) further supports the contention that race is a potential evaluative factor in service settings. In a series of in-depth interviews of black respondents, they found that black males define their marketplace experiences by the presence or absence of discriminatory treatment and go on to conclude that "the black men in this sample regularly perceive encounters with market-place discrimination, and accept such treatment as an inevitable aspect of their marketing-related experiences" (Crockett et al. 2003, p. 12). Furthermore, research by Johnson et al. (2003) suggests that blacks are likely to consider a service failure such as the aforementioned untimely completion of an eyeglass order by a white service provider to be a purposeful and personal act of vengeance consistent with prototypical racist attitudes.

A number of conclusions can be drawn from the literature presented above. First, both the broad, societal and day-to-day discrimination faced by blacks has led them to be more sensitive to acts of discrimination. Second, there are significant differences in the extent to which blacks and whites perceive that discrimination does occur. And third, this sensitivity to discrimination may be most acute in the marketplace for services due to a number of characteristics of services including the ambiguity associated with service failures. Therefore, one would expect blacks to not only attribute service failures to discrimination but to be significantly more likely to than whites. Thus,

Hypothesis 1_{a-c} *When a service failure involves a black customer and white service provider, compared to whites blacks will be more likely to (a) attribute the failure to discrimination, (b) perceive the customer's race was relevant to the failure and (c) consider the service provider to be racist.*

Contextual cues

The role of contextual cues in customer evaluations is somewhat limited in the literature. With regard to the

retailing and services research, context effects are generally thought of in terms of the physical environment or store atmosphere. For example, contextual cues such as lighting, music, and store employees have been found to provide a source of differentiation from competitors (Baker et al. 1992). However, one potentially significant contextual cue that has not been studied to date within the marketing literature is the presence or absence of racially similar customers in the service environment. As discussed in the previous section, one would expect black customers to be particularly sensitive to any cues in the environment which might provide insights as to the cause of a service failure, particularly given Crocker and Major's (1989) idea of attributional ambiguity as being a characteristic of many situations which eventually result in attributions of discrimination. Accordingly, if when considering the potential reasons for a service failure you notice that a readily identifiable physical aspect, such as the color of your skin, is different than other customers present, it seems plausible that that particular factor will be focally relevant.

Further evidence for this can be found in research conducted under a variety of labels including solo status (e.g., Kanter 1977; Sekaquaptewa and Thompson 2002), distinctiveness theory (e.g., Deshpandé and Stayman 1994; McGuire 1984), and self-attention theory (e.g., Mullen 1983; Wooten 1995). The common thread in these research streams is in a particular situation individuals can be impacted by the extent to which they are in a numerical minority. To this point Sekaquaptewa and Thompson (2002) state “[S]olo status arises from the context and not group status per se and should thus be understood as a situational condition, not necessarily a chronic state or stigma” (p. 694). Thus, consumers could be part of a numerical minority due to gender, age, weight, or any number of other variables including race which is the subject of the present research.

Sekaquaptewa and Thompson (2002) report a study designed to investigate the impact of solo status on blacks and whites. Specifically, they tested the extent to which there were differences between black and white females with regard to performance on a learning task. The participants were led to believe they were to be tested in front of a group made up of people of their same race (non-solo) or other-race (solo). Consistent with their hypotheses, black women in the solo group tested worse than white women in the solo group. There was no difference between blacks and whites in the non-solo group nor was there a difference between white solos and non-solos whereas there was a difference between black solos and non-solos. Sekaquaptewa and Thompson (2002) concluded that “low status group members perform more poorly than high-status group members” (p. 704). The relevance of findings of Sekaquaptewa and Thompson to

the current research is the generalization that being in a low-status group and being a “solo” can have a significant impact on individual behavior. From this we would conclude that when in a service environment, blacks are likely to be significantly, and negatively, impacted by being the only black present.

In a study which used McGuire's (1984) distinctiveness theory as its conceptual framework, Deshpandé and Stayman (1994) investigated how minority status impacted both the salience of race as well as perceived trustworthiness of an ad spokesperson. Consumers were defined as being in the minority or majority group based on whether they lived in San Antonio (Hispanic majority) or Austin (Anglo majority). Respondents were asked to read a proposed radio script which contained the names of the spokesperson and the announcer. The two conditions utilized either Hispanic names for both or Anglo names for both. Results indicated that those in the minority condition (i.e., from Austin) were more likely to rate the Hispanic spokesperson/announcer as more trustworthy. Furthermore, those in the minority condition were more likely to “spontaneously” mention their ethnicity when compared to those in the majority condition. In the present context, this provides support for the contention that consumers in a minority situation are more aware of their minority status and that this had an impact on their perceptions and beliefs.

Grier and Deshpandé (2001) report the salience of ethnicity in a social situation is likely to increase or decrease depending on the extent to which one's ethnicity is similar to or different from that of others in a given environment or situation. Being a black person in an environment where the majority of people present are white would make being a member of the out-group more salient. This suggests that the level of felt ethnicity is more situation specific (McGuire et al. 1978) and should act as an important contextual cue with regard to the determination of a service failure. Further evidence for this can be found in work by Stayman and Deshpandé (1989) who introduce the concept of situational ethnicity into the marketing literature. Building on work by Belk (1974), particularly the dimensions of a “situation” dealing with social surroundings and antecedent state (how one feels immediately prior to making some choice), Stayman and Deshpandé (1989) proposed that situation-specific felt ethnicity would be a consequence of self-designated ethnicity and antecedent condition and would be an antecedent of behavior. Their hypotheses were born out in a study in which respondents were asked which type of ethnic food would be chosen under various conditions (eating with parents or with business associates). The results indicated that when paired with parents, respondents were more likely to choose a food that was consistent with their self-designated ethnicity than when paired with

business associates. In addition, felt ethnicity did a better job of predicting behavior than did self-designated ethnicity or antecedent state. In other words, the situation in which the respondent found themselves (eating with parent or with business associates) had the biggest impact on their behavior (food choice). Thus the situation one finds oneself in has the potential to heighten felt ethnicity. From this we conclude that for blacks, this will lead to more biased perceptions of inherently ambiguous negative events.

In summary, findings based on solo theory, distinctiveness theory, and self-attention theory would suggest that when minorities find themselves in a situation where they are in a distinct minority their race becomes more salient. This is consistent with literature reviewed earlier in the paper relative to the sensitivity of blacks to discrimination. When combined with the predictions from the three closely related theories briefly reviewed above, there is strong support for the idea that not only will blacks tend to attribute service failures to discrimination but that this effect will be accentuated when they are the only blacks present during the service encounter in which the failure takes place.

Hypothesis 2 *Black individuals will use the presence/absence of other blacks as a contextual cue when evaluating the seriousness of a service failure. Specifically, when compared to white participants, black participants will consider a service failure to be more severe when no other blacks patrons are present than when there is a mix of black and white patrons.*

Having established that black and white individuals perceive discrimination differently when a black customer is involved in a service failure involving a white service provider and that the context of the service setting plays a role in the interpretation of the failure, we build on this by investigating emotional reactions to service failures and the implications relative to recovery efforts.

Emotion

When a service failure occurs, the customer involved in the failure is likely to experience a strong emotional reaction. Emotion is defined by Bagozzi et al. (1999) as a “mental state of readiness that arises from cognitive appraisals of events or thoughts; has a phenomenological tone; is accompanied by physiological processes; is often expressed physically (e.g., in gestures, posture, facial features); and may result in specific actions to affirm or cope with the emotion, depending on its nature and meaning for the person having it” (p. 184). A unique characteristic of the generation of emotion is the need for a specific referent. That is, something has to happen to the individual to trigger the emotion.

A service failure will most likely lead to some negative emotion on the part of the consumer, particularly, we believe, if the failure is attributed to discrimination. A content analysis of verbal protocols related to a poor service experience in a study by Smith and Bolton (2002) grouped responses into five categories of negative emotions (i.e. anger, discontent, disappointment, self-pity, and anxiety). We chose to focus on anger. Anger arises in a service failure when the customer perceives the outcome as unfair (Ruth et al. 2002; Folkes et al. 1987). Similarly, Folkes (1984) found that consumers are likely to feel angry when the failure is firm (vs. customer) related. In a follow-up study, Folkes et al. (1987) found that the consumers anger toward the firm increased when a firm was perceived to have been able to have performed in such a way as to avoid the service failure altogether. Finally, Bougie et al. (2003) found that not only are anger and dissatisfaction distinctly different constructs but also that anger acts to mediate the relationship between dissatisfaction and cognitive, affective, and behavioral responses.

Although it is expected that all customers will experience anger as a result of a service failure, we expect that blacks will express a greater degree of anger when faced with discrimination. Support for this can be found in research conducted by Swim et al. (2001) who found that anger is a frequent response to negative social discrimination. Additionally, in a study designed in part to investigate the impact of affective reactions to social discrimination, Hansen and Sassenberg (2006) report that perceptions of social discrimination lead to greater degrees of anger. However, we further argue that context will accentuate the degree of anger expressed by blacks. As discussed earlier, blacks are sensitive to potential prejudice (Inman and Baron 1996) and their race is salient in the evaluation of poor service (Crockett et al. 2003). Furthermore, the work cited earlier by Sekaquaptewa and Thompson (2002) relative to solo status as well as Stayman and Deshpandé’s (1989) idea of felt ethnicity provides support for the contention the salience of race will be further accentuated when a service failure occurs. In other words, the fact that blacks will find themselves in a situation where no other blacks are present will draw attention to their “solo status” and increase the level of situational (felt) ethnicity which will highlight the impact of race. Combined with our proposal from earlier in the paper that blacks will be more sensitive with regard to attributing failures to discrimination (Major et al. 2002) This research leads us to expect that when no other blacks are present, blacks will express greater anger than will whites as the absence of other blacks will heighten the black customer’s awareness of the potential that the failure was the result of discrimination rather than being a simple service failure.

Hypothesis 3 *When no other black customers are present, blacks will express greater anger as a result of a service failure than will whites.*

Service recovery

When a firm encounters a service failure, the focus then turns to what can be done in terms of a recovery effort that will have a significant influence on post-service recovery evaluations and behavior (Swanson and Kelley 2001). The recovery effort is designed to manage the customers' impression of the firm (Weiner 2000) such that ultimately the customer is satisfied with the service, continues to frequent the firm, and perhaps most importantly generates positive word of mouth. The firm can approach the recovery effort in several ways. For example, in some instances an apology may be sufficient to overcome the negatives associated with the service failure. In other instances, an apology may not be sufficient due to the extremity of the failure and the firm may need to go a step further with the offer of a discount or partial refund in addition to the apology. Still in other more extreme service failures, an apology and full refund may be necessary to maintain the relationship with the customer.

There is empirical evidence to suggest that consumers may respond differently to a company's response to a service failure based on their race. For instance, differences in responses to feedback in the classroom have been demonstrated based on race. In a series of studies by Cohen et al. (1999) it was shown that stereotype threatened individuals require greater and more explicit assurances that critical feedback is not racially motivated to deflect attributions of bias. Debiasing individuals who feel that they may be subject to stereotypical judgments requires providing specific information that discourages the expectations of racial bias. For example, in Study 1 participants wrote a paper to be submitted for review. A picture of the student accompanied the paper and the name of the reviewer was provided. The reviewer's name was manipulated such that it was perceived to be that of a white person. After receiving criticism on the assignment, black participants considered the reviewer more biased in his review and were less motivated to proceed than were white participants. The differences between the two groups were eliminated when "wise" feedback was provided participants. Cohen et al. (1999) use the term "wise" feedback to describe feedback that assures the subject that the paper was judged on very high standards and that he/she is capable of performing at a higher level. Study 2 revealed that high standards were not sufficient to motivate, but

rather both the invocation of high standards and performance assurances were required to attenuate differences in perceptions of review bias between white and black groups. If black students felt they could trust their critic's motives then they ruled out racial bias as a potential motivation behind the feedback. Cohen et al. (1999) suggests that the significance of race and the associated threat of stigmatization must be recognized by service providers such that service recovery efforts are sufficient to offset perceptions of bias.

Hypothesis 4_a *The optimal level of service recovery required by blacks will be greater than that required by whites with regard to (1) satisfaction with the service provider (2) intentions to go back to the service provider, and (3) likelihood of recommending the service provider to others.*

Beyond the fact that we expect blacks and whites to differ with regard to the level of service recovery required we also expect this effect to be greater depending on the situation. Specifically, we expect that when blacks find themselves in a situation where no other blacks are present the level of recovery demanded will increase. As previously hypothesized, we expect anger after a service failure to be greater for blacks than whites which should lead to greater demands for service recovery efforts. However, beyond support for H4_a provided by Cohen et al. (1999), we draw on previously cited research from Sekaquaptewa and Thompson (2002) and Stayman and Deshpandé (1989) among others to support our supposition that blacks will demand a higher level of service recovery when no other blacks are present. The concept of solo status and the study conducted by Sekaquaptewa and Thompson 2002 provides support for the idea that being in a numerical minority will impact the differences between blacks and whites. Perhaps even more relevant is Stayman and Deshpandé's (1989) finding that situational ethnicity can actually impact behavior. In this case we are investigating a behavioral response to the service failure, demand for service recovery, and would expect those in the minority to demand a higher level.

Hypothesis 4_b *When no other blacks are present, there will be a significant difference between black and white responses with regard to the level of service recovery required for there to be (1) satisfaction with the service provider; (2) intentions to go back to the service provider; and (3) likelihood to recommend the service provider to others.*

Method

Sample A firm that manages a large national consumer panel was engaged to provide the participants for the study.

After we developed the data collection instrument using the panel's online software, the firm sent e-mail "invitations" to a number of their panel. Different consumers were sent invitations for each of the six conditions. We received a total of 1,314 usable responses, 410 black and 904 white. Study participants represent a broad cross-section of the US population. Of the sample, 54% are female and 60% of the participants report being married. The largest age segment is the 45 to 54 group (32%) followed by the 35 to 44 age group (32%). In terms of education level attained, the sample ranges from some high school to graduate degrees with bachelor's degree (30%) as the largest group. Annual income spans from less than \$10,000 to over \$100,000 with the largest segment in the \$50,000 to \$74,999 range (25%).

Procedure The study was a 2 (participant race: black or white) \times 3 (context: no mention of other customers, no other black customers, mix of black and white customers) between-subject design. The respondents were first presented with a statement indicating that the research project concerned responses to service failures and service recoveries. They were then directed to a scenario describing a service failure in a restaurant (slow service) and asked to carefully read it as well as to view pictures of the customers (a black couple), the service provider (a white woman) and other customers present at the time of the service failure (if applicable; see [Appendix](#)). Instructions noted that the service depicted in the incident had actually occurred. The pictures of the other customers present depicted either a group of all-white customers or a group of mixed-race customers. The pictures were taken at an actual restaurant and were staged in order to get the proper mix of customers. In order to be sure that the picture used in the experiment resulted in the desired effect an open-ended question was included at the very end of the experiment which asked respondents to indicate the one thing they noticed when looking at the picture. Researchers categorized the responses from each respondent separately with a very high level of agreement among the researchers as well as a very high level of responses indicating that the respondents did notice the presence/absence of blacks/whites in the photos.

The scenario depicted a slow service incident at a restaurant. After reading the scenario and viewing the pictures, participants were asked to consider a statement regarding the seriousness of the failure on a scale of 1 (not severe) to 7 (very severe). Respondents were then asked to consider what the restaurant would have to do to perform an acceptable service recovery that would (1) leave you satisfied with the experience, (2) convince you to go back to the restaurant, and (3) get you to recommend the restaurant to your friends. Each of the three behavioral intentions (satisfied, go back and recommend) were assessed using three individual items that increased in magnitude of recovery from a simple

apology, an apology and discount, and an apology and no charge for the meals and were measured on a scale of 1 (definitely agree) to 7 (definitely disagree). So for example, the first recovery item asked respondents to consider to what extent they believed that an apology would be sufficient to make them satisfied with the service received with a higher score indicating that an apology would be insufficient. There were nine questions (three behavioral intentions \times three magnitude of recovery items). See [Table 1](#) for the exact wording of the recovery items.

The measure for anger was a single item taken from Richins (1997) work on consumption-related emotions. Participants were asked to rate how angry they would feel if the service happened to them on a scale of 1 (not at all) to 7 (strongly).

Participants were then asked three questions relative to perceptions of discrimination. The first item questioned the extent to which they believed the failure was due to racial discrimination ("I believe the slow service was due to racial discrimination."). The second item questioned the extent to which the participant believed the race of the customers was relevant in the failure ("I believe the race of the customers was a relevant factor in the slow service described"). The third and final discrimination based item concerned the extent to which they believed the waitress was a racist ("I believe the waitress is a racist."). All three measures were captured on a 1 (definitely disagree) to 7 (definitely agree) scale. It should be pointed out that for all the items discussed above respondents were asked to respond based on their beliefs/opinions rather than on how they believed the couple presented in the pictures accompanying the data collection instrument would respond.

Since the data collection instrument was presented over multiple web pages we were able to restrict respondents from returning to earlier questions after they had been completed. This, along with placing the discrimination items on the last page, allowed us to ensure that the questions concerning discrimination did not in any way bias responses to other questions. Lastly, some demographic information including gender, age, education, and income was requested.

Results

Before presenting the results we would like to note that our data collection effort resulted in unbalanced cell sizes across the six groups. The cells sizes ranged from 131 in the "black, no mention" group to 313 in the "white, mixed race" group. In order to minimize the impact of the unequal cell sizes in the analyses type III sum of squares was used to calculate the test statistics.

Table 1 Test of differences between blacks and whites regarding service recovery demanded (H4_a)

	Satisfied		Go back		Recommend	
	Black	White	Black	White	Black	White
Apology	5.02	4.78	5.36	5.16	5.84	5.72
Apology and discount	4.25	3.82	4.84	4.47	5.44	5.24
Apology and full refund	2.59	2.19	4.09	3.30	4.93	4.29

Values in cells represent mean based on scale of 1 to 7 where higher scores represent a higher level of service recovery required; shaded cells represent significant differences ($p < 0.05$) between blacks and whites for that pair of comparisons. The items for recovery were measured using the following statements:

- “If given an apology I would be *satisfied*.”
- “If given an apology and a discount I would be *satisfied*.”
- “If given an apology and a full refund I would be *satisfied*.”
- “If given an apology I would *go back* to the restaurant.”
- “If given an apology and a discount I would *go back* to the restaurant.”
- “If given an apology and a full refund I would *go back* to the restaurant.”
- “If given an apology I would *recommend* the restaurant to my friends.”
- “If given an apology and a discount I would *recommend* the restaurant to my friends.”
- “If given an apology and a full refund I would *recommend* the restaurant to my friends.”

In support of H₁, when compared to white participants, black participants were found to believe: (1) discrimination was relevant to the service failure having occurred ($M_{black}=4.49$ vs. $M_{white}=3.47$, $t_{(1321)}=8.506$, $p < 0.01$), (2) the race of the customer was relevant in the service failure ($M_{black}=4.68$ vs. $M_{white}=3.55$, $t_{(1321)}=9.360$, $p < 0.01$), and (3) the waitress was racist ($M_{black}=4.24$ vs. $M_{white}=3.30$, $t_{(1321)}=8.539$, $p < 0.01$).

Hypothesis 2 proposed that other customers in the restaurant would act as a contextual cue as to the possibility of discrimination in the service failure. As suggested context effects were found to play a role in perceptions of the severity of the service failure. A two factor analysis of variance of the severity of the failure by condition revealed a main effect of race ($F_{(1, 1313)}=18.716$, $p < 0.01$) and a main effect of condition ($F_{(2, 1313)}=3.008$, $p < 0.01$). Univariate ANOVAs revealed that under the “no other black customer” condition, the severity of the failure was more pronounced if the participant was black ($M_{black}=6.09$ vs. $M_{white}=5.60$, $t_{(457)}=3.663$, $p < 0.01$) Similarly, when information about other customers was not provided, the severity of the failure was more pronounced if the participant was black ($M_{black}=6.11$ vs. $M_{white}=5.73$, $t_{(431)}=3.098$, $p < 0.01$). No differences were found between black and white participants in the mix of customer condition ($M_{black}=5.83$ vs. $M_{white}=5.63$, $t_{(429)}=1.492$, $p > 0.10$).

Anger (H₃) We proposed in Hypothesis 3 that in the “all white” condition blacks would exhibit a higher level of anger after the service failure than would whites. A *t* test revealed a significant difference between the anger reported by black versus white participants ($M_{black}=6.25$ vs. $M_{white}=5.96$, $t_{(457)}=2.00$, $p < 0.05$). In support of H₃, black participants expressed greater anger than did white partic-

ipants. Black participants considered the lack of other black customers a viable cue when reacting to the service failure which resulted in increased anger.

Service recovery (4_{a-b}) Hypotheses 4_{a-b} proposed that blacks would require a higher level of service recovery. Specifically, H4_a suggested that the level of service recovery would be higher for blacks than for whites. As can be seen by the measures provided in Table 1, greater agreement would indicate a higher level of service recovery. Due to the correlated nature of the nine behavioral intention items, a one-way multivariate analysis of variance (MANOVA) was conducted to determine racial differences in the service recovery necessary to satisfy the participant, get the participant to return and to recommend the service firm to friends. MANOVA results revealed significant differences between blacks and whites on the dependent variables (Wilks’ $\Lambda = 0.946$, $F_{(9, 1313)}=8.343$, $p < 0.01$) as hypothesized. Given that the overall MANOVA was significant we conducted univariate ANOVAs which revealed that mean scores for the behavioral intention items were consistently higher for blacks and were statistically significant for seven of the nine service recovery options (see Table 1). The only two recovery items which were not significant were for “apology” and “apology and discount” relative to recommending the restaurant to others.

Hypotheses 4_b stated that the context would also play a role in the perception of service recovery efforts such that blacks require greater levels of recovery than whites when no other blacks are present. A MANOVA of the nine behavioral intention items in the no other blacks condition uncovered a main effect of race (Wilks’ $\lambda = 0.910$, $F_{(9, 449)}=4.924$, $p < 0.01$). As with H4_a since the MANOVA was significant we conducted univariate ANOVAs of the mean

Table 2 Test of the impact of service context on service recovery demanded (H4_b)

	Satisfied		Go back		Recommend	
	Blacks	Whites	Blacks	Whites	Blacks	Whites
Apology	5.19	4.86	5.69	5.30	6.00	5.82
Apology and discount	4.65	3.91	5.34	4.66	5.76	5.32
Apology and full refund	2.85	2.31	4.67	3.58	5.42	4.48

Values in cells represent mean based on scale of 1 to 7 where higher scores represent a higher level of service recovery required; shaded cells represent significant differences ($p < .05$) between blacks and whites for that pair of comparisons; items were measured as described in Table 1.

scores for blacks and whites (see Table 2). These analyses for seven of the nine service recovery options there were significant differences between blacks and whites for seven of those. Even for the two which were not significant (apology for relative to being satisfied and recommending the restaurant to others) the score for blacks was greater than that for whites. The results provide evidence that when it comes to service recovery efforts the service provider should not only consider the race of the customer but should also consider the race of other customers present in the environment. The context influences perceptions of the service failure.

General discussion

Although no service provider wants a service failure to occur, given the special characteristics of services (e.g., inseparability of production/consumption; co-creation) it is perhaps inevitable that failures will occur. Our paper suggests that one overlooked factor in the management of service failures is the race of the customer and the service provider. Our findings are consistent with Crocker and Major's (1989) idea of attributional ambiguity which would suggest that blacks might attribute a service failure to discrimination due in part to the ambiguity associated with the failure. Furthermore, white participants were less likely than blacks to consider the race of the customer a relevant factor in the service failure. Not only did blacks consider the role of discrimination, they were also more likely to consider the waitress personally to be a racist individual. Consistent with research by Inman and Baron (1996) and the 2006 African American Men Survey, black consumers were likely to believe discrimination is at play while white consumers were less likely to make such attributions.

Our research also highlights the importance of external cues, specifically the presence of other customers. Based on our research, this particular external cue would appear to be particularly important. This is predicted by work by Sekaquaptewa and Thompson (2002) and Stayman and Deshpandé (1989) among others in that they present research relative to the impact of being in a numerical

minority. In our situation, it appears that when a customer is part of the racial minority, it is more likely that the characteristics that placed one in that minority status will influence the customer's perception of the negative situation and will be a factor in evaluating the outcome. We demonstrate empirical differences in perception relative to potential discrimination.

We also examine the anger generated by the failure as well as the overall influence on the service recovery needed to rectify the situation. No customer likes to be involved in a service failure. The reality is that failures are somewhat common and that we inevitably are angered by the poor service received. This finding is consistent with previous research relative to service failures (e.g., Folkes 1984; Bougie et al. 2003) as well as research in the area of discrimination (e.g., Swim et al. 2001; Hansen and Sassenberg 2006). The influence of context adds new insights into why some people might become angrier than others as a result of a service failure. White and black customers were found to generate similar levels of anger in all but one condition, the one where no other black customers were present. Whites failed to consider that information relevant to the outcome. Blacks considered the information very relevant to the outcome and responded with greater reported anger.

Differences between black and white participants with regard to acceptable service recovery efforts were also revealed. As one might expect, the results consistently revealed that as the level of service recovery increased (from a simple apology to an apology and a discount to an apology and a full refund), participants were more likely to be satisfied with the experience, go back to the service provider and recommend the service to friends. However, compared to the white respondents, blacks were found to suggest that a higher level of service recovery would be necessary to overcome the failure. This was particularly true when it came to being satisfied with the service and intentions to go back to the service firm. Although an apology and discount were sufficient recompense for white participants, black participants required an apology and a full refund of the purchase. Interestingly, it was also revealed that convincing customers (black and white) to

recommend the service firm to friends was more difficult than simply satisfying and getting them to return. This finding ties directly to recent research relative to word of mouth. It seems as if recommending a firm to a friend requires more. This is consistent with research by Ladhari (2007) which found that consumption emotions along with satisfaction influence word of mouth intentions. Along that same line, Wetzer et al. (2007) found that negative word of mouth gives consumers the chance to vent and take revenge. Relative to the findings of this study, it seems that the word of mouth that occurs after a negative service encounter is more complex than that of satisfaction and/or the decision to return. Recommending a firm would seem to require effective attenuation of the anger generated by the consumer.

Managerial implications

We believe that these conclusions lead to a number of significant implications for service firms. First, service providers must recognize that other customers present in the service setting play a larger role than previously considered. Although other customers have been found to enhance or distract from customer satisfaction and perceptions of quality (Grove and Fisk 1997), we expand the role of other customers to that of a contextual cue. We find that the mere absence of other black customers may cause a differential view the severity of the service failure. The same failure (e.g., the wrong entrée being served in a restaurant) that a white might attribute to an innocuous situational factor (e.g., a mix-up in the kitchen) a black may attribute to racial bias on the part of the service employee and/or service firm, particularly when no other blacks are present. This correspondence bias is expected to occur since blacks do anticipate discriminatory behaviors from whites (Johnson et al. 2003). Thus, the same service failure is likely to be considered far more serious by the black customer and would in all likelihood result in significantly lower levels of satisfaction towards the service provider.

In order to aid in minimizing this, service providers may want to follow the suggestion of Crockett et al. (2003) that service employees undergo sensitivity training that includes role playing exercises. They also suggest the implementation of anti-discrimination programs that lower the level of stereotype threat faced by black customers before entering the service establishment. We would also suggest that service providers take the time to thoroughly explain what went wrong in the encounter: the situational factors that led to the failure (cf. Cohen et al. 1999).

A final implication of our paper is that while there have been any number of consumer characteristics that have been suggested to impact a consumer's evaluation of a

service experience, race is something that is readily observable by the service provider. The customer's race is a readily observable individual difference characteristic that allows the service provider to immediately act in a way that minimizes the potential for a negative service experience.

Future research directions

In no way do we suggest that our paper is the final word on this topic but we hope that it can act as a way to open a dialogue on the role of race in the provision of service quality/satisfaction. This research is limited by the fact that it assumes that the service situation is such that the black customer is in the numerical minority. However, given that the black population in the USA represents just 12.1% of the total population (American Community Survey 2005) the likelihood that a black individual is in the minority in any situation is high. We believe there are a number of very interesting questions that remain to be answered relative to our research. For example, future research should consider the extent to which the negativity of a service failure is attenuated by the race of the person providing the service. In our study we only looked only at a situation in which the service provider was white. However, what if there were no other black customers but there were black and white service employees present in the service environment, might the black customer consider the presence of the black employees sufficient to offset perceptions of discrimination? If this were the case, service providers could implement human resource policies ensuring a mix of employees that would preclude racially induced tension. Also, varying the race of the service provider and the customer might provide some additional insights about the underlying phenomenon. In addition, while our paper has focused on context cues that effect black patrons, it is quite possible that our findings might be generalizable to other ethnic groups such as Hispanics or Asian-Americans. Furthermore, it might be that our findings are generalizable beyond race to include other potential sources of discrimination such as age, weight, or gender. These are all areas of research which could provide useful information to service marketers.

Our research included a "mixed race" condition where the respondents saw a picture of a restaurant where approximately one-half the customers were white and one-half were black. Between the "mixed race" and the "all white" condition there would appear to be a "tipping point" that causes black customers to have a significantly different perspective on the nature of the failure as well as the level of service recovery demanded. Future research could investigate exactly where that "tipping point" is and the extent to which it might vary depending on the type of service. This would provide more detailed information to managers of

service organizations concerning under what specific conditions they can expect minority customers to become more vigilant with regard to perceiving discriminatory behaviors.

Feldman-Barret and Swim (1998) have discussed discriminatory attributions within a signal detection framework. It would be interesting to present respondents with varying degrees of discriminatory actions and have them assess the extent to which discrimination did in fact occur in order to calculate the number of “correct hits,” “correct rejections,” “misses,” and “false alarms.” It might be useful to vary and control the conditions under which the responses are made to try to determine what environmental conditions might lead to more of one category over another. For example, based on our research it would follow that one would expect that in a situation where a black customer was a solo there would be more “correct hits” and “false alarms” due to their being more vigilant regarding the detection of discriminatory actions.

Finally, we believe future research should investigate the extent to which service employees are biased towards certain groups and the extent to which that is perceived by customers. One would expect that most people would not acknowledge any prejudice based on race, yet literature presented above indicates that more and more covert racism is occurring in everyday interactions. It might be that service employees do in fact have biases that manifest themselves in minor, covert discriminatory actions which are then perceived by the object of the discrimination. This would provide useful information to service managers with regard to the selection and training of service employees, particularly in those situations where it might be expected that customers will find themselves in a solo or numerical minority.

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Appendix

Participant instructions:

Most of the questions contained in the survey will be based on the scenario and pictures below. Please be sure to carefully read the scenario and look at the pictures before going to the next page. Remember, you will not be able to come back to this page once you have gone to the next page.

Scenario

Vonessa and Darnell Williams (see picture below), arrived at a restaurant for dinner on a Saturday evening. Below is a picture representing what they saw upon entering the restaurant (this sentence was omitted in the ‘no mention of other customers’ condition). The hostess sat them at a table

in the corner of the restaurant and informed them that their waitress (see picture below) would be there to serve them in a minute or two. The waitress did come to take their order after about 10 min. After doing so she left the table and walked towards the kitchen. After 40 min the waitress finally brought the food to Darnell and Vonessa after everyone who had been seated at the approximately the same time had been served their meals. Both Darnell and Vonessa were extremely upset at what they described as “horrible service.” In fact, they asked for the manager and made a formal complaint regarding their “shabby treatment.”



No other black customers present:



Mix of black and white customers:



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