

Reexamination of Appreciation and Apology as Service Recovery Strategies

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## **Reexamination of Appreciation and Apology as Service Recovery Strategies**

### **Abstract:**

Service providers offer various kinds of service recovery to recover customers' satisfaction after service failures. The latest research showed that appreciation as symbolic recovery is more effective than apology in redressing customers' self-esteem and shifting the customers from a state of dissatisfaction to that of satisfaction. However, the current research claims that this is not always true, by assuming a more severe service failure (Study 1) and a small amount of utilitarian recovery (Study 2). As a result, in comparison of appreciation and apology, Study 1 shows that in cases of minor service failures, appreciation is more effective than apology as stated in previous research, while in cases of severe service failures, apology is more effective. Study 2 suggests that with a large amount of utilitarian recovery, appreciation is more effective, while with a small amount of utilitarian recovery, apology is more effective.

*Key words: service failure, symbolic recovery, self-esteem*

*Track: Service marketing*

## **1. Introduction and Literature Review**

When service providers cause service failures, they should take some kind of action called service recovery (Parasuraman, Parsu, Zeithaml, & Berry, 1985) to shift the customers from a state of dissatisfaction to that of satisfaction. There are mainly two types of service recovery, symbolic recovery and utilitarian recovery. Focusing on symbolic recovery, the latest research claimed that appreciation is more effective than apology under any circumstances (You, Yang, Wang, & Deng, 2020).

However, they have only taken minor service failures into consideration, which lead customers to perceive slight social exclusion. In the real world, some customers face a service failure and perceive stronger social exclusion. Moreover, the latest research took into consideration to offer a large amount of utilitarian recovery along with symbolic recovery, even though it is quite likely that only a small amount of utilitarian recovery is offered in the real world.

In this research, we address this gap in the literature by considering both minor and severe service failures, and both large and small amounts of utilitarian recovery. By doing so, we explore the conditions under which apology is more effective than appreciation. We not only make a great advance in research on service recovery, but also provide richer and more detailed implications than previous research on the practical issue of whether to say “Thank you” or “Sorry” to address service failures.

## **2. Hypotheses**

### *2.1 Symbolic recovery*

Based on the latest research (You et al., 2020), it is conceivable that symbolic recovery could perform two kinds of effects on self-esteem, the restoration effect and the elevation effect. The restoration effect, which occurs when service providers acknowledge their responsibilities for service failures, is to redress the customers’ self-esteem. The elevation



effect is to bring customers' self-esteem to a higher level than the ordinary level (before the service failure). The latter effect is performed when the service provider praises the customers for their patience, and thus does not occur with apology, but with appreciation. Therefore, You et al. (2020) claimed that appreciation is more effective than apology.

Certainly, this is true in cases of minor service failures, in which customers perceive slight social exclusion. This means that appreciation performs enough restoration effects to completely restore the customers' self-esteem, and thus performs the elevation effect. As a result, if and only if the service failure is minor, appreciation would be more effective than apology as stated in previous research. Therefore,

*Hypothesis 1a.* In cases of minor service failures, as symbolic recovery, appreciation is more effective than apology.

However, in cases of severe service failures, customers perceive strong social exclusion, which lowers their self-esteem significantly. Previous studies have shown that persons do not take different self-views from what they have for themselves, even if they were meant to compliment them (Swann, Pelham, & Kull, 1989). Based on the notion, if customers' self-esteem is not sufficiently redressed by appreciation, the customers never take the praise.

Note that apology explicitly expresses who is responsible for the service failure, while appreciation does so implicitly. As a result, according to previous research on social influence (O'Keefe, 1997), apology performs greater restoration effects than appreciation. Thus, in cases that service failures are so severe that appreciation does not completely redress customers' self-esteem, unlike the latest research on service recovery (You et al., 2020), apology is more effective than appreciation. Therefore,

*Hypothesis 1b.* In cases of severe service failures, as symbolic recovery, apology is more effective than appreciation.

### *2.2 The hybrid strategy consisting of symbolic and utilitarian recovery*

The latest research also assumed the hybrid strategy consisting of symbolic and utilitarian recovery and found that appreciation is still more effective than apology. However, this is true only if utilitarian recovery is provided in a large amount. When appreciation is combined with a large amount of utilitarian recovery, the hybrid strategy redresses the customers' self-esteem completely, resulting in appreciation's elevation effect. Thus, appreciation shows a superior effect to apology. Therefore,

*Hypothesis 2a.* In cases of utilitarian recovery being provided in a large amount along with symbolic recovery (appreciation or apology), appreciation is more effective than apology.

However, some service providers are on strict budgets and can only provide utilitarian recovery in a small amount. In such cases, appreciation does not perform enough restoration effects to redress customers' self-esteem completely and does not perform the elevation effect. Therefore,

*Hypothesis 2b.* In cases of utilitarian recovery being provided in a small amount along with symbolic recovery (appreciation or apology), apology is more effective than appreciation.

## **3. Methodology**

For Study 1 investigating a moderating effect of the severity of service failures, we utilized a 2 (the severity of service failures: minor vs. severe) × 2 (the type of symbolic recovery: appreciation vs. apology) between-subjects experimental design. 393 students from

three different business schools were randomly assigned to one of two groups, the “minor” group or the “severe” group. Like the latest study, we applied a scenario about a delivery delay at an online store to our experiment. Participants were asked to imagine that they ordered a textbook online with a two-day-delivery guarantee. Among them, participants in the “minor” group were asked to read an additional scenario that they received the textbook on the third day. In contrast, participants in the “severe” group were asked to read another scenario that they received it after a whole month wait, while their classmates did on the promised day. Then, participants in each group were randomly assigned to one of two groups, the “appreciation group” or the “apology” group. Participants in the “appreciation” group were asked to read a scenario that the service providers said, “Thank you for your patience.” to them, while participants in the “apology” group were asked to read a scenario saying, “Sorry for keeping you waiting.”

For Study 2 investigating a moderating effect of the amount of utilitarian recovery, we utilized a 2 (the amount of utilitarian recovery: large vs. small)  $\times$  2 (the type of symbolic recovery: appreciation vs. apology) between-subjects experimental design. 489 students from three different business schools were randomly assigned to one of two groups, the “large” group or the “small” group. Like the latest research, we applied a scenario about a long wait for a table at a restaurant, and a free drink for utilitarian recovery. Participants in the “large” group were asked to read a scenario that they received a bottle of wine. In contrast, participants in the “small” group were asked to read another scenario that they received a cup of coffee. Then, participants were assigned to one of two groups (the “appreciation” group or the “apology” group) and each group were asked to follow the same procedure as the participants in Study 1.

Scale items for each concept are adopted from Rosenberger’s Self-Esteem Scale (1965) and a satisfaction scale by Spreng, MacKenzie, and Olshavsky (1996), respectively. As for these adopted scales, Cronbach’s alphas for the constructs were at least more than 0.80.

Estimates for SCR and AVE were at least more than 0.70, and 0.50, respectively. The results indicate adequate reliability and validity for the measures. Also, we conducted a manipulation check to ensure that each scenario is perceived as intended.

## 4. Results

### 4.1 Hypothesis 1a (Minor service failures)

To test Hypothesis 1a, this study compared the levels of self-esteem and satisfaction of participants in the appreciation condition to those in the apology condition on the premise of a minor service failure. An independent t-test showed that participants in the appreciation condition were higher in the level of self-esteem than those in the apology condition ( $M=5.389$ ,  $SD=0.963$  vs.  $M=4.583$ ,  $SD=1.142$ ;  $F=1.410$ ,  $t=3.010$ ,  $p=0.004$ ) and satisfaction ( $M=4.842$ ,  $SD=1.372$  vs.  $M=3.953$ ,  $SD=1.245$ ;  $F=1.210$ ,  $t=2.670$ ,  $p=0.010$ ). Thus, Hypothesis 1a was supported.

### 4.2 Hypothesis 1b (Severe service failures)

To test Hypothesis 1b, this study compared participants in the appreciation condition to those in the apology condition on the premise of a severe service failure. An independent t-test showed that participants in the appreciation condition were lower in self-esteem than those in the apology condition ( $M=3.422$ ,  $SD=1.349$  vs.  $M=5.032$ ,  $SD=1.567$ ;  $F=1.350$ ,  $t=5.820$ ,  $p<0.001$ ) and satisfaction ( $M=2.056$ ,  $SD=1.058$  vs.  $M=4.512$ ,  $SD=1.593$ ;  $F=2.270$ ,  $t=9.29$ ,  $p<0.001$ ). Thus, Hypothesis 1b was supported.

### 4.3 Additional tests for the recovery level

When we proposed Hypotheses 1a and 1b in the previous section, we assumed that if and only if the service failure is minor and appreciation performs enough restoration effects to completely restore customers' self-esteem. In such cases, appreciation performs the elevation

effect, resulting in appreciation's superior effect to apology. If this is true, the final level of self-esteem in the “minor” group would become higher than their initial level. And, in contrast, the final level of self-esteem in the “severe” group would be still lower than the initial level.

A paired-sampled t-test showed that participants in the “minor” group who received appreciation was higher in self-esteem than those before the service failure ( $M=5.389$ ,  $SD=0.963$  vs.  $M=4.789$ ,  $SD=0.828$ ;  $t=3.927$ ,  $p<0.001$ ), whereas participants in the “severe” group who received appreciation ( $M=4.583$ ,  $SD=1.142$  vs.  $M=4.656$ ,  $SD=1.202$ ;  $t=0.465$ ,  $p=0.645$ ) did not exhibit higher levels of self-esteem than those before the service failure. Also, participants in the “minor” group who received apology ( $M=3.422$ ,  $SD=1.348$  vs.  $M=4.918$ ,  $SD=1.088$ ;  $t=7.512$ ,  $p<0.001$ ) and participants in the “severe” group who received apology ( $M=5.032$ ,  $SD=1.567$  vs.  $M=5.387$ ,  $SD=1.517$ ;  $t=2.818$ ,  $p<0.001$ ) did not exhibit higher levels of self-esteem than those before the service failure, as expected.

#### 4.4 Hypothesis 2a (Utilitarian recovery in a large amount)

To test Hypothesis 2a, this study compared participants in the appreciation condition to those in the apology condition on the premise of a large amount of utilitarian recovery. An independent t-test showed that participants in the appreciation condition were higher in the levels of self-esteem ( $M=5.016$ ,  $SD=1.030$  vs.  $M=4.473$ ,  $SD=1.040$ ;  $F=1.020$ ,  $t=2.410$ ,  $p=0.018$ ) and satisfaction ( $M=4.244$ ,  $SD=1.295$  vs.  $M=3.442$ ,  $SD=1.465$ ;  $F=1.280$ ,  $t=2.660$ ,  $p=0.009$ ) than those in the apology condition. Thus, Hypothesis 2a was supported.

#### 4.5 Hypothesis 2b (Utilitarian recovery in a small amount)

To test Hypothesis 2b, this study compared participants in the appreciation condition to those in the apology condition on the premise of a small amount of utilitarian recovery. An independent t-test showed that participants in the appreciation condition were lower in self-



esteem ( $M=3.756, SD=1.134$  vs.  $M=4.465, SD=1.585; F=1.950, t=2.750, p=0.007$ ) and satisfaction ( $M=2.452, SD=1.170$  vs.  $M=3.507, SD=1.432; F=1.500, t=4.350, p<0.001$ ) than those in the apology condition. Thus, Hypothesis 2b was supported.

## 5. Discussion

### 5.1 Theoretical contributions

This research has some theoretical contributions. Whereas the latest research claimed that appreciation as service recovery is more effective than apology under any circumstances, we identify conditions under which apology is more effective. First, in cases of severe service failures, appreciation does not redress the customers' self-esteem completely, and thus does not perform the elevation effect. Therefore, unlike previous research, this research claims that apology which performs greater restoration effects is more effective than appreciation.

Moreover, in a situation where utilitarian recovery is offered along with symbolic recovery, the amount of utilitarian recovery also determines which symbolic recovery is more effective: appreciation or apology. Whereas the latest research claimed that combining utilitarian recovery with appreciation is more effective than combining with apology in any amounts of utilitarian recovery, we found that apology is more effective than appreciation in cases of being combined with a small amount of utilitarian recovery. If the service providers offer utilitarian recovery only in a small amount, the effect of utilitarian recovery on self-esteem is not enough for helping appreciation to redress it to the ordinary level and thus, appreciation does not perform the elevation effect. Therefore, apology which performs greater restoration effects is more effective than appreciation.

### 5.2 Practical implications

This research has two practical implications. First, service providers should choose whether to say “Thank you” or “Sorry” to their customers depending on the severity of the

service failure. In cases of minor service failures, service providers should say “Thank you” rather than “Sorry” to their customers, while in cases of severe service failures, they should say “Sorry” to their customers.

Second, service providers should choose whether to say “Thank you” or “Sorry” to their customers depending on the amounts of utilitarian recovery when combined with symbolic recovery (appreciation or apology). With utilitarian recovery in a large amount, “Thank you” would be preferred to “Sorry” as stated in previous research. However, some service providers have limited budgets and can provide utilitarian recovery only in a small amount. Under this condition, they should say “Sorry” to their customers.

### 5.3 Limitations of this paper and future research

This research has some limitations. First of all, subjects for our studies were limited to a small number of business school students due to constraints on time and financial resources. Also, the scenarios were limited to some types of service failures. Future research should conduct experiments using a large number of various participants as well as other kinds of scenarios. Moreover, future research can be conducted to identify the effective service recovery for customers whose self-esteem do not get affected by service failures. Also, the effects of the hybrid strategy consisting of appreciation and apology to customers’ self-esteem and satisfaction should be investigated.

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