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## The Effects of Customer Age on Service Recovery Evaluation Process in Retail

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As is widely known, it is more difficult to attract new customers than to retain existing ones (Hui & Au, 2001). Thus, it is important for companies to satisfy customers in order to maintain a long-term relationship with them. However, consumers are becoming more demanding and are responding to service providers' failures in more negative ways. In fact, the Accenture 2013 Global Consumer Pulse Survey reported that 51% of consumers had switched companies due to poor customer service. Therefore, it is imperative to understand the impact of service failure and the importance of service recovery. In light of these factors, researchers have begun to examine customers' process of evaluating service recovery (Maxham & Netemeyer, 2002; Swanson & Kelley, 2001). Prior literature has empirically supported the serial nature of the relationships among service recovery, justice perception, satisfaction, and customer behavior as an evaluating process of service recovery (Gelbrich & Roschk, 2011; Maxham & Netemeyer, 2002); however, customers' personal characteristics have not been considered as relevant factors. Thus, this study investigates the effects of customer age on the customer service recovery evaluation process.

Although individual age has been proven to significantly affect consumer behavior (Bagozzi, Rosa, Celly, & Coronel, 1998; Wei, 2005), few researchers have empirically examined its effects in the context of service failure and recovery. Thus, I propose the following hypotheses. Customers' age affects their perception of service failure severity (H1) and their service recovery expectations (H2). Moreover, older people tend to be less destructive when they encounter interpersonal problems (Birditt & Fingerman, 2005) due to the maturity of their cognitive mechanisms and emotional control (Varela-Neira, Vázquez-Casielles, & Iglesias, 2010). Thus, I propose that age has a moderating effect on the relationship between service failure severity and perceived justice (H3a-c) and emotions (H4a-c). I also investigate the moderating effects of age on the relationship between service recovery expectations and perceived justice (H5a-c) and between service recovery expectations and emotions (H6a-c). Moreover, I examine the effects of customer age on the perception of justice and emotions, hypothesizing that customers' age affects customers' perceived interactional (H7a), procedural (H7b), and distributive justice (H7c). In addition, to examine the relationship between age and customer emotions, I propose that customers' age affects customers' positive (H8a) and negative emotions (H8b) toward service recovery.

To eliminate the ethical problem of forcing participants to recall a negative experience of service failure, this study employed a scenario-based experimental survey. More specifically, I developed scenarios in which service failure situations and service recovery were described. Using Qualtrics, 377 participants were recruited. The sample consisted of 83.6% females and 16.4% males with a mean age of 34 years (range 18-50 years). I conducted regression analyses to examine the hypothesized relationships, and the regression model for the relationship between

customer age and service failure severity (H1) was significant ( $R^2 = .011$ ,  $F(1, 375) = 4.36$ ,  $p < .05$ ). Customer age ( $\beta = .107$ ,  $p < .05$ ) was found to be a significant factor in customer perception of service failure severity. Customer age ( $\beta = .234$ ,  $p < .001$ ) was also found to be a significant factor of service recovery expectations ( $R^2 = .055$ ,  $F(1, 375) = 21.726$ ,  $p < .001$ ) (H2). The regression models that included interaction terms with age and service failure severity as well as age and service recovery expectations were not significant. There was no significant interaction between age and service failure severity or between age and service recovery expectations in predicting consumers' perceived justice and emotions. Therefore, H3, H4, H5 and H6 were rejected. The regression model for the relationship between customer age and customer perception of justice (H7) and between customer age and perceived emotions (H8) were also not significant. Customer age does not affect any of the dimensions of perceived justice and emotions toward service recovery. Thus, H7 and H8 were rejected.

As the results showed, customer age significantly affects customer perception of service failure severity and service recovery expectations. Besides these direct effects of age on customers' perceptions and expectations that they have before they received any service recovery activities, customer age does not affect customers' perception and evaluations after they received service recovery. Once they have received service recovery from the company, customers evaluate the company's recovery activities, regardless of their age. Even though customer age has no significant direct and moderating effect on their service recovery evaluation, companies should still carefully consider customer age in order to meet their expectations and demands so as to compensate their loss and solve any problems caused by the service failure.

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