



## Online Platforms as Consumer Service Channels: Retailer Responses, Audience Power, and Relationship Orientations

Ran Huang, Indiana University Bloomington, USA  
Sejin Ha, University of Tennessee, USA

**Introduction** Online platforms have become a new type of consumer service channel, where fashion retailers use service recovery strategies to enhance impression management and improve the brand evaluations of complainants, who post complaint messages, and the audiences who view the service interactions (Schaefers & Schamari, 2016). Growing attention has been paid by retailers to the translation of traditional customer services from physical stores to online channels for returns on investments (Borza, 2016). For instance, Nordstrom has been utilizing social media channels such as Facebook to quickly reply to negative consumer comments (Forbes, 2015). As a result, its online complaint-handling has enhanced the brand's web sales, with a growth of 20% in the second quarter of 2017 compared to the national average of 15% (Business Insider, 2017). Despite the positive effect of online complaint management on business performance, how consumer audiences perceive retailer complaint-handling remains unknown to both the retail practitioners and researchers. To fill the void, this study investigates the impacts of retailer response type and individual characteristics (i.e., power and relationship orientation) on audiences' service perceptions and subsequent responses.

**Theoretical Background and Hypotheses** In order to fully understand how consumer audiences form their service perceptions and brand evaluations during exposure to online service interactions, boundary conditions connected to the contextual factors of retailer responses, as well as the individual characteristics of the consumer audience need to be considered. By employing the power theory, this study argues that retailers use two types of service response strategies – warmth responses emphasizing friendliness and competence responses emphasizing knowledge – to reply to consumer complaints. These responses further may influence consumer audiences' perceptions and subsequent attitudes and behaviors differently based on their different power levels and relationship orientations (Rucker, Galinsky, & Dubois, 2012).

With regard to audience's individual characteristics, power, first, refers to a psychological state of perceived asymmetric control over others (Rucker et al., 2012). Second, relationship orientation describes the nature of relationship one desires with another person (Clark, Ouellette, Powell, & Milberg, 1987), and includes two: (1) a communal goal as a relationship orientation without the expectation of receiving a benefit in return and (2) an exchange goal as an orientation with the expectation of receiving benefits in return (Chen, Lee-Chai, & Bargh, 2001). After experiencing a service failure, powerless consumers react more positively to competence-related service recovery than to warmth-related one (Wong, Newton, & Newton, 2016). On the contrary, high-power consumer audiences favor warmth-related responses from retailers when reading online complaint messages. Additionally, relationship orientation changes the role of power in information processing: An exchange goal strengthens audiences' favorable perceptions of competence-related messages while a communal goal enhances audiences' favorable perceptions of warmth-related messages. Specifically,

**H1.** There is a three-way interaction between response type, power, and relationship orientation in explaining audiences' perceptions of service recovery in terms of (a) perceived diagnosticity, (b) perceived sincerity, and (c) perceived fairness.

Literature suggests that audiences' service perceptions influence their further evaluations of service performance (e.g., Maxham & Netemeyer, 2002). Further, satisfaction with complaint-handling leads to an individual's positive evaluation of a company's general performance and positive WOM (Maxham & Netemeyer, 2003). Finally, consumer audiences' positive attitudes toward retailers are likely to increase their positive WOM intentions.

**H2-4.** Consumer audiences' perceptions of service recovery increase satisfaction with complaint-handling (H2), attitudes toward retailers (H3), and positive WOM intentions (H4).

**H5.** Satisfaction with complaint-handling improves audiences' (a) attitudes toward retailers and (b) WOM intentions.

**H6.** Positive attitudes toward retailers improve WOM intentions.

**Methods and Results** To test H1, study 1 comprised a 2 (retailer response: warmth vs. competence) X 2 (audience power: low vs. high) X 2 (relationship orientation: communal vs. exchange) between-subjects design. Participants were recruited from an online panel ( $N = 238$ ). A fictitious website of an apparel retailer was created. Retailer response type and audience power were manipulated and relationship orientation was measured. Results suggested that there was a three-way interaction effect on service perceptions, supporting H1. Communal orientation was found to strengthen the effect of power on information-processing, indicating that consumer audiences with high power and a communal orientation tend to develop more favorable perceptions of services when encountering warmth-related responses compared to competence-related responses. However, exchange orientation hardly enhanced consumer perceptions of competence-related messages at all, regardless of power level. Study 2, testing H2–H6, employed a survey method with 233 participants recruited from a market research company. Structural equation modeling (SEM) exhibited a good fit of the model to the data and all path coefficients were statistically significant, supporting H2–6.

**Discussion and Implications** Our findings enrich the literature by exploring the complaint management phenomenon in fashion retailing from the perspective of the consumer audience. This study sheds light on the interpersonal communication skills embedded in online service recoveries by identifying the warmth and competence dimensions of retailer responses. Conceptually, this work adds support to the power theory by validating its notion in the context of service failure and recovery. Practically, fashion retailers should tailor their responses to consumer complaints based on the audiences' needs for effective impression management.

*References Available Upon Request*