Corporate Strategies for Responding to Negative Comments on Restaurant Pages on Facebook

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ABSTRACT: The purpose of this study is to identify the effects of a company's response strategies (response type, communication style, and response sincerity) on customer's brand attitude and purchase intentions. A fictional Facebook fan page containing 6 separate scenarios was developed based on actual customer reviews and company responses observed on Facebook restaurant fan pages. Participants were recruited from Amazon's Mechanical Turk (MTurk). A total of 202 responses were obtained; 185 responses were analyzed after deleting insufficient responses. The results of MANOVA found that an accommodative response leads customers to have a more favorable attitude towards a brand and have stronger purchasing intentions. In addition, customers who perceive the company's response to a negative review as sincere are more likely to have a positive brand attitude and purchasing intentions, as compared to those who perceive it as either insincere or neutral.

Keywords: response type, communication style, response sincerity, brand attitude, purchasing intentions, scenario, negative online review

INTRODUCTION

Social media marketing is a double-edged sword when facilitating it as a marketing channel because it creates both opportunities and challenges[1]. Given the rapid growth of social media, a number of company and business owners have used brand communities (e.g., Facebook fan page) as an opportunity to build relationships with their customers. However, the Social Network Sites (SNS)-based brand community is not always beneficial for businesses. This is because a business can fail if word of mouth (WOM) communication yields negative impressions of companies, brands, or products, taking into account that user-generated communication (i.e., WOM) is perceived to be more reliable, credible, and trustworthy by customers than company-initiated communication[2]. Negative WOM communi-

cation can negatively affect a potential customer's purchasing behavior and the firm's performance. More importantly, it has more a powerful influence on a customer's evaluation of a company or its brands than a positive WOM communication[3].

Almost all companies and businesses experience customer complaints about their products on online including SNS. However, their results differ according to how effectively management responds to the complaints[4]. As such, responsiveness is of critical importance to a company, as ignoring customer complaints can lead to low levels of satisfaction, and consequently, lower the purchasing intentions of complainants and the people that observe the complaints[5].

Recent SNS-based brand community research revealed that a company's responsiveness is moderate, but not sufficient, in appeasing critics or complai-

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nants about their consumption experiences[4]. Insufficient responsiveness can result in changing readers' attitudes and behaviors towards a particular brand, as readers are potential customers. Considering the huge volume of its potential readers, the diffusion speed of the SNS, and its availability to the public[6], the failure of having a response strategy for negative WOM communication could lead to enormous damage to the company's image and reputation[7].

Since hospitality products and services are experience goods that are difficult to evaluate prior to an actual consumption experience[8], customers are more likely to rely on WOM communication to reduce the uncertainty about the quality of such goods[9]. Given the critical role of WOM communications, response strategy can become an integral part of the management practice in the hospitality industry[10]. Nevertheless, in the hospitality literature, few researchers have examined the effectiveness of a company's response strategy for such communications. This investigation addressed these research gaps, as there is a need to investigate the effect of a company's responses to readers' evaluations, as this will affect readers purchasing intentions in the hospitality industry. Thus, the purpose of this study is to identify the effects of a company's response strategies on customer's brand attitude and purchase intentions.

To accomplish this goal, among a number of SNS platforms (e.g., Facebook, Google+, Twitter, etc.), this study focused on Facebook, which has an incomparably large number of active users over the other SNS platforms.

LITERATURE REVIEW

Corporate Response Strategies: Response Type, Communication Style, and Response Sincerity Response Type

Attribution theory[11] states that customer attitudes and behaviors are affected by causal inferences. The attribution theory paradigm indicates that causal inferences influence a reader's decision making process as to whether or not to use online reviews as a credible source of product information [12]. According to Folkes[11], locus is a major causal

property: who is responsible for the cause? If the cause of the failure or crisis is attributed to a company, unfavorable inferences will be made by readers (potential customers). Therefore, the provision of a corporate response to a negative review is particularly important, since insufficient or inappropriate responses would result in potential customers drawing more negative inferences regarding their perception towards the company, products, or brands.

Image repair theory[13] suggests two important assumptions about the organizational communication: (1) communication is a goal-directed activity, and (2) one of the major goals of communication is maintaining a positive reputation. Based on this theory, this study looked at readers' response to a company's communication on Facebook pages to better understand the effective way to achieve the primary goals of such a communication. Two of the major goals of a company's response to negative reviews is not only to prevent destroying their reputation, caused by spreading such WOM, but also to attract potential customers. This can be achieved by observing the high quality communications provided by the management. In this regard, the brand attitude and purchasing intentions of potential customers were considered as important outcome variables in reputation management[14].

To explore the efficacy of corporate response strategies to negative customer comments, this study manipulated different message types to test whether a reader's brand attitude and purchase intentions are influenced by various types of response strategy. Wei et al[8] conducted a similar study that investigated the effectiveness of a hotel's responses to negative customer engagement behavior on the SNS platform. To do this, they adopted a generic-specific dichotomy. The authors explained the generic-specific continuum in that a "generic response is a standardized response whose content is free from the specific issues mentioned in the review and thus appears less relevant to the customer's review; a specific response represents personalized response that addresses particular issues raised in the review, which is customized and unique to that particular situation"[8, p. 319].

Wei et al[8]'s specific response is equivalent to accommodative response strategies in Lee & Song's

[6]'s study. According to Lee & Song[6], accommodative response strategies involve publicly accepting responsibility for problems and taking preventive actions. The authors included any forms of apology, compensation, and/or corrective action as accommodative strategies which eventually influence customers' positive evaluation of the company. In addition, Lee & Song[6] suggested defensive response strategies as another type of response strategy. Defensive response strategies involve denying responsibility for the negative consequence, attacking the critic and reproaching others for the event and these strategies are consequently more prone to increase problems and ruin the company's reputation[6].

In reality, although an accommodative response is presumed as the best response strategy by management, not every company's response is accommodative. Some responses are defensive or generic. Thus, this study encompassed three organizational response strategies: a generic response, an accommodative response, and a defensive response. As such, the following hypothesis was proposed:

Hypothesis 1: The provision of an accommodative response (versus a generic or defensive response) will lead readers to: (1a) have a more favorable brand attitude and (1b) increase their purchasing intentions.

Communication Style

The communication style includes both professional and conversational human voices[7]. Professional voice means that a response to a negative event is standardized, formal, task-oriented, and respectful yet with less affective content while conversational human voice involves open dialog, welcoming communication, and prompt feedback in a natural style [7]. Sparks et al[7] found that conversational human voice is perceived more favorably by customers compared to professional voice. In that regard, this study examined the communication style as a significant factor that influences readers' perceptions towards the company or its brands, after observing a company's responses to a negative review on Facebook pages. Based on this rationale, the following hypothesis was suggested:

Hypothesis 2: The provision of a response that delivers a conversational human voice (versus a professional voice) will lead readers to: (2a) have a more favorable brand attitude and (2b) increase their purchasing intentions.

Response Sincerity

Having recognized that not every apology is perceived as sincere, this study also included the perceived sincerity of the corporate response as an important independent variable in the model. 'Sincerity' is subjective to receivers. However, Ohtsubo et al[15] suggested that cheap talk apologies (without making amends) can be perceived insincere. The authors insisted that costly apologies are more effective to be perceived as sincere rather than no cost apologies. Apology researchers have generally agreed that perceived sincerity is an essential prerequisite for apology acceptance, which, in turn, influences attitudes or behavior changes associated with the apology[15]. Thus, the following hypothesis is deduced:

Hypothesis 3: The provision of a response that is perceived as sincere (versus insincere or neutral) by readers will lead readers to: (3a) have a more favorable brand attitude and (3b) increase their purchasing intentions.

METHODS

To explore corporate response strategies to a negative review on Facebook fan page, this study employed a 3(response type)x2(communication style) fully-crossed between subjects factorial design by using a scenario based survey. A total of 6 scenarios were developed for this study.

To ensure reality, a fictional Facebook fan page containing 6 separate scenarios was developed based on actual customer reviews and company responses observed on Facebook restaurant fan pages (e.g., Outback steak house, Olive Garden, Chili's, The Cheese Cake Factory, etc.). The scenarios, along with a survey questionnaire, were reviewed by one professor majoring in Marketing and two Ph.D. students majoring in hospitality management to check and revise for clarity. The revised materials were then

distributed to the participants recruited from Amazon's Mechanical Turk (MTurk), which has become a popular source for recruiting participants in the social sciences[16]. A small monetary incentive (¢20: USD) was given to the participants who completed the survey. A total of 202 responses were obtained, but seventeen responses were deleted due to an unreasonably short completion time (less than one minute) or too many missing values. As a result, 185 responses were retained for data analysis.

Three separate scenarios were developed for the response type: generic, accommodative, and defensive responses. A generic response only included a standardized message. An accommodative response included an apology, an explanation, and further action. And a defensive response included messages that expressed the "shifting of blame to others"[6].

The communication style was manipulated as either a conversational human voice or a professional voice. For the conversational human voice, participants read phrases such as "Hi, (customer's name)! Thank you for reaching out to me. I am (responder's name and status). I am sorry you had such a horrible experience," and "I'd be happy to help make up for the bad experience any way I can. Please send me an email at lm@restaurant.com." For the professional voice, participants read phrases such as "I appreciate your comments. Your opinion is always important to us. Please accept my sincere apology for any service issues on your last visit," and "Providing the best food and service is our promise to our patrons. The staff related to your comments will receive special training soon so they will be better prepared to serve our customer."

To test the effect of the perceived sincerity of the response on the dependent variables, three items were developed by specifying that the response was perceived as either being sincere, neutral, or insincere, using seven-point Likert type scale from 1=strongly disagree (or not sincere at all) to 7= strongly agree (or very sincere).

Brand attitude and purchasing intentions were measured as dependent variables. For the brand attitude, four items adapted from Verma, Jahn, and Kunz[17] were used with a seven-point Likert scale from 1=strongly disagree to 7=strongly agree. To measure purchasing intentions, participants were

asked for their willingness to visit the restaurant, when they had a chance to eat out; this was also based on a seven-point Likert type scale from 1=extremely unlikely to 7=extremely likely.

For data analysis, descriptive statistics, Chi-square test, factor analysis, reliability test, ANOVA, and MANOVA were utilized using SPSS 21.0.

RESULTS

Descriptive Statistics of Sample

Table 1 presents the socio-demographic characteristics of the sample, showing that 54.6% (n=101) were male and 45.4% (n=84) were female. 53% (n=98) of the respondents were 25-34 years old, followed by 35-44 years old (17.8%). 64.9% (n=120) of the respondents had received two-year or higher college education. In addition, 45% (n=83) of the respondents had an annual household income from $20,000 to 59,999. Approximately the half of the respondents were Caucasian (50.3%), followed by Asian (41.6%).

Manipulation Check

Response type: The response strategy was manipulated as either a generic response, an accommodative response, or a defensive response. The results of Chi-square test showed a significant association between the manipulated response strategy and the respondent's perceptions of these messages,(4, 190) =10.54, p<.001, Cramer's V=.43.

Communication style: Communication style was manipulated so as to be either a conversational human voice or a professional voice. To test whether the conversational human voice or the professional voice had an impact, participants were asked to indicate their level of agreement with the following question: "The restaurant management uses conversation style communication rather than professional style communication" (1=strongly disagree; 7=strongly agree). The manipulation check for communication style was successful, M=conversational human voice: 4.93 and professional voices: 4.30, t (188)=2.89, p<.01.

Factor Analysis

Table 1. Socio-demographic characteristics (N=185)

Variable	Freq.	%	Variable	Freq.	%
Gender			Master degree	49	26.5
Male	101	54.6	Ph.D. degree	6	3.2
Female	84	45.4	Income		
Age			Less than $20,000	55	30.1
18~24	28	15.1	$20,000 to $39,999	52	28.4
25~34	98	53.0	$40,000 to $59,999	31	16.9
35~44	33	17.8	$60,000 to $79,999	19	10.4
45~54	11	5.9	$80,000 to $99,999	15	8.2
55~64	13	7.0	$100,000 or more	11	6.0
65 years or above	2	1.1	Ethnicity		
Education			Caucasian	93	50.3
Less than high school	1	.5	Hispanic	5	2.7
High school	9	4.9	African American	6	3.2
2-year college	24	13.0	Native American	2	1.1
Some college	19	10.3	Asian	77	41.6
4-year college	77	41.6	Other	2	1.1

The principle component analysis with varimax rotation was conducted to test the applicability of brand attitude. The results revealed one factor solution with the clear loadings. As shown in Table 2, all factor loading scores were higher than .933 and the factor accounted for 88.747% of the variation in the original four items. Further, Cronbach's alpha (.958) showed that the one factor solution was reliable.

Hypotheses Testing

A multivariate analysis of variance (MANOVA) was performed to test the effects of response type, communication style, and response sincerity on the two dependent variables (i.e., brand attitude and purchasing intentions). Based on Hair, Black, Babin, Anderson, and Tatham[18]'s suggestion, the Box' M test was used to check the assumption that the observed covariance matrices of the dependent variables are

Table 2. The results of factor analysis

Factor	Factor loading	Eigenvalue	α
Brand attitude		3.550	.958
In my opinion, this brand is good.	.933		
In my opinion, this brand is positive.	.943		
I like this brand.	.947		
I think favorably about this brand.	.946		

Total variance explained (%)=88.747

Principal component factors with iterations: Varimax rotation.

Table 3. The results of multivariate tests

		Value	F	Hypothesis df	Error df	p
Response type	Pillai's trace	.088	3.851	4.000	334.000	.004
	Wilks' lambda	.912	3.905	4.000	332.000	.004
	Hotelling's trace	.096	3.958	4.000	330.000	.004
	Roy's largest root	.092	7.685	2.000	167.000	.001
Communication style	Pillai's trace	.004	.362	2.000	166.000	.697
	Wilks' lambda	.996	.362	2.000	166.000	.697
	Hotelling's trace	.004	.362	2.000	166.000	.697
	Roy's largest root	.004	.362	2.000	166.000	.697
Response sincerity	Pillai's trace	.152	6.875	4.000	334.000	.000
	Wilks' lambda	.852	6.917	4.000	332.000	.000
	Hotelling's trace	.169	6.957	4.000	330.000	.000
	Roy's largest root	.131	10.923	2.000	167.000	.000
Response type * Communication style	Pillai's trace	.014	.602	4.000	334.000	.661
	Wilks' lambda	.986	.600	4.000	332.000	.663
	Hotelling's trace	.014	.598	4.000	330.000	.664
	Roy's largest root	.013	1.113	2.000	167.000	.331
Response type * Response sincerity	Pillai's trace	.045	.958	8.000	334.000	.469
	Wilks' lambda	.955	.961	8.000	332.000	.466
	Hotelling's trace	.047	.965	8.000	330.000	.464
	Roy's largest root	.045	1.867	4.000	167.000	.119
Communication style * Response sincerity	Pillai's trace	.014	.608	4.000	334.000	.657
	Wilks' lambda	.986	.606	4.000	332.000	.659
	Hotelling's trace	.015	.603	4.000	330.000	.661
	Roy's largest root	.012	.984	2.000	167.000	.376
Response type * Communication style * Response sincerity	Pillai's trace	.046	.985	8.000	334.000	.448
	Wilks' lambda	.954	.984	8.000	332.000	.449
	Hotelling's trace	.048	.982	8.000	330.000	.450
	Roy's largest root	.039	1.624	4.000	167.000	.171

equal across the treatment groups. The results indicated no significant difference across the groups (Box's M=51.977, p=.243).

The main analysis was a 3 (response type)×2 (communication style)×3 (response sincerity) MANOVA on the two dependent variables. The results of mul-tivariate tests (Table 3) showed the significant main effects of response type and response sincerity. The F values for the multivariate tests (Pillai's Trace, Wilks' Lambda, Hotelling's Trace, and Roy's Largest Root) were significant at the 0.01 level for both of the main effects, accepting hypothesis 1 and 3.

However, the main effect of communication style was not significant at the 0.01 level, rejecting hypothesis 2. In addition, all the interaction effects were not significant for any of the multivariate test statistics.

Table 4 shows the results of between-subjects effects. Significant univariate main effects were found for response type on both brand attitude and purchasing intentions at the 0.01 level. In addition, response sincerity had significant main effects on both dependent variables. Communication style and all the interaction terms had no significant effects on the dependent variables.

Table 5 shows the results of pairwise comparisons using the Bonferroni post-hot test. The results found that respondents with an accommodative response had a more positive brand attitude than respondents with generic or defensive responses. Furthermore, respondents with an accommodative response showed higher purchasing intentions than re-spondents with generic or defensive responses. In addition, respondents with a sincere response had a more positive brand attitude than respondents with neutral and insincere responses. Also, respondents with a neutral response had a more positive brand attitude than ones with an insincere response. In terms of purchasing intentions, respondents with a sincere response showed higher intentions than ones with neutral or insincere responses.

DISCUSSION AND CONCLUSIONS

Despite the wide popularity of social media as an efficient marketing platform, which has been illustrated by the growing number of online reviews on social media outlets (e.g., Facebook), few studies have been devoted to examining the impact of a corporate response strategy on potential customers' perceptions towards a company or its brands in the restaurant industry. And, while the past research has

Table 4. The results of between-subjects effects

Independent variable	Dependent variable	Type III sum of squares	Mean square	F	p
Intercept	Brand attitude	930.782	930.782	733.923	.000
	Purchasing intentions	859.082	859.082	437.394	.000
Response type	Brand attitude	19.302	9.651	7.610	.001
	Purchasing intentions	19.827	9.914	5.047	.007
Communication style	Brand attitude	.693	.693	.547	.461
	Purchasing intentions	1.363	1.363	.694	.406
Response sincerity	Brand attitude	20.059	10.029	7.908	.001
	Purchasing intentions	42.757	21.379	10.885	.000
Response type * Communication style	Brand attitude	2.434	1.217	.960	.385
	Purchasing intentions	1.075	.537	.274	.761
Response type * Response sincerity	Brand attitude	3.776	.944	.744	.563
	Purchasing intentions	14.247	3.562	1.813	.129
Communication style * Response sincerity	Brand attitude	2.491	1.246	.982	.377
	Purchasing intentions	2.359	1.179	.600	.550
Response type * Communication style * Response sincerity	Brand attitude	1.859	.465	.366	.832
	Purchasing intentions	6.983	1.746	.889	.472

Table 5. The results of pairwise comparisons

	N	Brand attitude		Purchasing intentions	
		Mean	SD	Mean	SD
Response type					
Accommodative	103	5.00[a]	1.076	4.89[a]	1.275
Generic	57	3.29[b]	1.375	3.14[b]	1.797
Defensive	25	2.93[b]	1.042	2.84[b]	1.573
		$F=55.424$, $p<.001$		$F=35.157$, $p<.001$	
Response sincerity					
Sincere	119	4.80[a]	1.238	4.80[a]	1.412
Neutral	18	3.67[b]	.857	2.89[b]	1.132
Insincere	48	2.87[c]	1.266	2.73[b]	1.673
		$F=45.237$, $p<.001$		$F=40.888$, $p<.001$	

mostly focused on message characteristics (e.g., the types of messages, the responders, communication style), limited focus had been placed on understanding the role of the perceived sincerity of these responses on potential customers' evaluation of a company or its brands. Having recognized that not every corporate response is perceived as being sincere[15], the current study incorporates the potential customers' perceived sincerity of the response into the investigation.

This study proposed three hypotheses to examine the efficiency of a corporate response to negative online reviews on Facebook fan pages. The experiment assessed the effects of response type, communication style, and response sincerity on the brand attitude and the purchasing intentions from the customer's perspective. Overall, the findings indicated that customer's brand attitude and purchasing intentions are closely related to response type and response sincerity. Consistent with the previous studies[6,7], the results of this study revealed that an accommodative response leads customers to have a more favorable attitude towards a brand and have stronger purchasing intentions. An apology, an explanation about why the negative event happened, and further actions to solve the problem should be delivered to be perceived as an accommodative response by potential customers. Furthermore, the presence of a corporate response was more strongly associated with the evaluation of a brand/company among customers who perceived the sincerity of the company's response to a negative review.

Interestingly, the current study revealed an incongruent result with the prior research in terms of the effect of the communication style on the dependent variables. While previous studies found that a conversational human voice leads to a more favorable attitude towards businesses[7], the findings indicated that customers perceived no difference between conversational human voice and professional voice. It means that managers should allocate limited resources more on providing accommodative responses rather than on distinguishing response voice into conversational human and professional voice.

In addition, this study verified the effect of response sincerity on customers' evaluation of the company/brand. Consistent with our expectations, the findings suggest that the perceived sincerity enhanced favorable outcomes in the process of a negative WOM communication. The results show that potential customers who perceive the company's response to a negative review as sincere are more likely to have a positive attitude, as compared to those who perceive it as either insincere or neutral. Even neutral response increases the positive attitude to-

wards a brand more than insincere response. Managers should remind that simple sorry may be not enough to be accepted as apology; acknowledgement of the harm done, acceptance of responsibility, expression of remorse and promise of forbearance, and/or offer of reparation should be considered as proper ways to respond sincerely to negative online reviews[15]. Moreover, a sincere response was more effective to increase purchasing intentions compared to neutral and insincere responses. On the other hand, the non-significant difference between neutral and insincere perceptions in terms of the effects on purchasing intentions indicates that the provision of the response itself does not amplify the potential customers' perceptions towards the brand or company sufficiently to make significant changes unless they perceive the sincerity of the response. Once again, it is important to provide a sincere response to negative online reviews due to its direct impacts on customer's future purchasing behaviors.

There are several limitations to this study. Firstly, this study only focused on negative WOM communications on Facebook fan page to examine the effects of a corporate response strategy on potential customers' evaluations of a company or its brands. Therefore, future studies should investigate the corporate response strategy with regards to both positive and negative WOM communications. Secondly, the results may be restricted due to the use of the scenario-based experimental approach. Such an approach limits the number of variables in the research scenarios; it also eliminates some of the important variables necessary in examining the corporate responding strategies[7]. Future research could also incorporate additional variables that might influence the customers' brand attitude or purchasing intentions. The third limitation is associated with the simulated Facebook fan page. Despite the fan page being designed for the participants to perceive it as real, only one negative WOM communication between the customer and the company was shown in the separate section from the main page. Since the participants could read more than one WOM communication on a Facebook fan page in reality, the results obtained for this study should be treated with caution. Thus, future research should pay more attention to the design of a simulated Facebook page, with a recommendation for it to be as realistic as possible. Fourthly, it is possible that others variables such as response speed or no response can be influential in consumer's evaluation on corporate response strategy. Therefore, scholars should include these variables in their models. Lastly, there were differences in group size (see Table 5) because the experiment was conducted using online survey. The results should be interpreted with caution.

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