MSI

Managing Post-Purchase Moments of Truth: Leveraging Customer Feedback to Increase Loyalty

Clay M. Voorhees, Paul W. Fombelle, Alexis Allen, Sterling A. Bone, and Joel Aach

Report Summary

Many service firms are developing new approaches to managing "moments of truth," the critical encounters that significantly impact customers' impressions of the firm and consumption experience. After such service encounters, firms routinely collect consumer feedback yet few act on this information. In particular, little attention is given to managing feedback from highly satisfied customers.

Here, Clay Voorhees, Paul Fombelle, Alexis Allen, Sterling Bone, and Joel Aach posit that positive feedback from satisfied customers provides firms with an opportunity to create a new moment of truth. In this study, they examine the effects of acknowledging positive customer feedback on future customer patronage and perceptions of communal relationships with the firm.

In a large field experiment with highly satisfied customers of a Fortune 500 firm in the hospitality industry, the researchers track both customer attitudes and behavior over a 12-month period. The researchers find that a firm response to highly satisfied customers (in the form of a "thank you" email from the restaurant group's president) increased patronage by more than 50%. In addition, it significantly strengthened the communal relationship with female customers.

Study 2 replicated these effects in a simulated experiment and demonstrated that perceptions of gratitude are the driving mechanism. The study also examined the influence of timing and reward provision on the impact of the firm response. The researchers found that the benefits of acknowledgement were only experienced when the acknowledgment followed two days after the customer feedback, and that neither monetary nor social rewards increased gratitude over the "acknowledgment only" condition.

Managerial implications
This study suggests that managers can develop new strategies to enhance customer relationships among highly satisfied consumers. The results reveal that a simple acknowledgment of customer feedback can lead to substantial gains in the strength of firm–customer relationships and repatronage behavior.

The study also provides insights into how service firms might calibrate these efforts. Specifically, while men and women both increased repatronage, only women experienced gains in the strength of the communal relationship. Thus, women may represent an ideal target for such efforts.

Further, this research suggests that replying to all survey responses immediately with a generic thank you message may not provide any value to the firm, developing a process that systematically delays the reply, thus providing the illusion or actual perception that the expression of gratitude is personal and genuine.

Finally, since social and financial rewards had no significant impact on the relationship between firm response and positive outcomes; this suggests that simple, sincere gestures are enough to drive feelings of gratitude among consumers.

Clay M. Voorhees Associate Professor of Marketing, Eli Broad College of Business, Michigan State University. Paul W. Fombelle is Assistant Professor of Marketing, D'Amore-McKim School of Business, Northeastern University. Alexis Allen is Assistant Professor of Marketing, Gatton College of Business and Economics, University of Kentucky. Sterling A. Bone is Assistant Professor of Marketing, Jon M. Huntsman School of Business, Utah State University. Joel Aach, MBA, leads an independent Consumer Insights and Brand Strategy consulting firm.

Introduction

The success of relationship marketing (RM) strategies ultimately depends on expanding and strengthening customer relationships, and converting the resulting loyalty into higher sales. However, some research suggests that the money invested in traditional RM tactics, such as customer relationship management software, is yielding results that don't live up to managers' expectations (Band, Ragsdale, and Schuler 2005). This is particularly true for best-in-class service firms who experience a ceiling effect due to their service excellence, which limits the upside of these new initiatives. As a result, many elite service firms are returning focus to their core by developing creative new approaches to managing "moments of truth" with the hope that this will nurture and grow relationships with their best customers. Moments of truth are described as critical encounters between customers and firms that significantly impact customers' impressions of the firm and consumption experience (Beaujean, Davidson, and Madge 2006; Bitner and Wang 2014; Löfgren 2005). The successful identification and management of these moments of truth is thought to create lasting customer impressions that enhance both behavioral and attitudinal customer outcomes.

The current research posits that customer feedback provides firms with an opportunity to create a new moment of truth. Specifically, we contend that firms who receive positive feedback from customers after an exceptional service experience have an opportunity to extend the dialogue with these customers, thus creating a new moment of truth. By acknowledging these satisfied customers with a simple expression of gratitude, firms can strengthen the relational bonds with their best customers, and in turn, produce gains in both purchase behaviors and perceptions of the relationships.

Firms routinely collect consumer feedback after a service encounter with the goal of assessing relationship and product quality (Griffin and Hauser 1993; Sampson 1996; Voss, Roth, Rosenzweig, Blackmon, and Chase 2004). In turn, firms strive to use this feedback to guide changes in organizational strategy, product offerings, and marketing communication in an effort to remain valuable and relevant to customers (Berry and Parasuraman 1997). However, past research on feedback management suggests that very few of the firms that do collect customer feedback actually act on it (Gartner Group 2003). Of the firms that do utilize customer feedback, the primary focus for both academics and practitioners is on negative feedback, as firms seek to prevent customer defection through effective communication and recovery actions toward

unsatisfied customers (Fornell and Wernerfelt 1987; Luo and Homburg 2008; Voorhees, Brady, and Horowitz 2006).

Far less attention has been paid to managing feedback from highly satisfied customers. Moreover, academic research that does consider positive feedback management tends to focus on unsolicited compliments (Erickson and Eckrich 2001; Swan and Oliver 1989). While unsolicited comments are valuable (Robertson and Shaw 2009; Voss et al. 2004), many service firms actively solicit feedback in the form of post-transaction surveys (Challagalla, Venakatesh, and Kohli 2009), thus presenting a continuous stream of comments to proactively manage. Given that past research (e.g., Griffin 1996; Voss and Voss 1997), as well as financial data from firms (Moon and Quelch 2006), speaks to the disproportionately large revenue differential between highly satisfied customers and satisfied customers compared to that of unsatisfied and satisfied customers, this focus on unhappy customers seems misplaced. The current research suggests by ignoring the feedback from these highly satisfied customers, firms are missing out on developing a new moment of truth with their best customers.

Thus, in response to Bitner's (1995) call to develop models to help understand this defection of satisfied customers, we seek to examine how not responding to highly satisfied customer feedback is actually a missed opportunity for a moment of truth. More specifically, the objective of the current research is to assess the effects of firm acknowledgment of positive customer feedback from highly satisfied customers on future customer patronage and perceptions of communal relationships with the firm. In the present study, we characterize firm acknowledgment as firm communication that expresses receipt of and gratitude for a customer's praise or compliments. Unlike past research on customer feedback that largely focuses on negative customer comments, we believe that our research is among the first to consider the benefits of strategically managing post purchase moments of truth by capitalizing on positive feedback from highly satisfied customers (Bone et al. 2009). We suggest that the receipt of positive feedback represents an opportunity for service firms to create a new touch point focused on acknowledging the positive feedback and extending the dialogue with their best customers. Through this extended dialogue, firms may strengthen relationships with their most valuable customers and, in turn, increase customer retention, positive word-of-mouth, and profitability.

Additionally, we extend the limited research on moments of truth in service encounters. Although successful firms already place great value on recognizing and handling these critical

interactions, the marketing literature is surprisingly limited on research on the topic. The current research identifies a new moment of truth that extends the dialogue with a firm's more valuable customers, in turn, increasing customer retention and attitudes. We further identify gratitude as the underlying mechanism linking these actions to customer outcomes. Lastly, we identify gender, acknowledgement speed, and reward provision as moderators.

The remainder of this paper is organized as follows: First, we review the relevant marketing, social psychology, and service operations literatures to provide the context for the present work and give support for the hypotheses. Next, we employ two empirical studies to test our hypotheses. To fully examine our research questions, we adopted a mixed methods research design that is advocated by Gruener, Homburg, and Lukas (2014) and Winer (1999). Our first method consisted of a large field experiment with highly satisfied customers of a Fortune 500 firm in the hospitality industry. This study is a longitudinal study tracking both customer attitudes and behavior over a 12 month period of time. We show that a firm response to highly satisfied customers increased patronage by more than fifty percent as well as significantly strengthened the communal relationship with female customers. Study 2 builds on these initial results via an online simulated experiment that assesses the effects of firm acknowledgment of positive customer feedback on customer attitudes and intentions. Specifically, Study 2 assesses the mediating impact of gratitude, as well as the moderating impact of acknowledgment speed and reward provision. The paper concludes with a discussion on the theoretical and practical implications of the findings, and directions for future research.

Conceptual Framework
Moments of truth

From the customer's perspective, relationships are built from a series of encounters with the firm. It is during these encounters or "moments of truth" that customers make judgments about the firm's quality and each encounter contributes to customers' overall satisfaction and willingness to continue the relationship (Bitner 1990; Bitner, Booms, and Tetreault 1990; Bitner and Wang 2014; Bolton and Drew 1992; Woodside, Frey, and Daly 1989). Every encounter has the potential for the firm to enhance or damage the relationship. Although customers may have a variety of interactions with the firm, it is clear that not all encounters are equally important in

building long-term relationships. For every firm there are certain moments of truth that are of critical importance in customer relationship building and retention (Bitner 1995).

Bitner, Booms, and Tetreault (1990) classified critical incidents (or moments of truth) into three major groups of employee behaviors that account for all satisfactory and dissatisfactory incidents: (1) employee response to service delivery system failures, (2) employee response to customer needs and requests, and (3) unprompted and unsolicited employee actions. We seek to extend this by showing that unsolicited or unexpected expressions of gratitude toward customers who have complimented the firm are also critical moments in the relationship. Past research on feedback management provides more insight on how this step in the consumption process provides an opportunity for a new moment of truth.

Feedback Management Systems and Relationships

Customer feedback is often categorized as either solicited or unsolicited (Sampson 1996). Unsolicited feedback occurs when customers voice their thoughts on the product, services, or experiences without being prompted by the firm. The focus of the current research is on solicited feedback, in which firms invite customers to share their thoughts via online surveys (Sampson 1996). Although a substantial body of research exists on unsolicited feedback in the form of complaining behavior (Fornell and Wernerfelt 1987; Sampson 1996, Voorhees, Brady, and Horowitz 2006), less exists on solicited feedback, and especially positive solicited feedback (Bone et al. 2009).

Feedback management plays a critical role in relationship marketing initiatives for two main reasons. First, effective communication channels are necessary to understand customer wants and needs. Feedback management allows firms to learn from customers how to best create value and stimulate patronage. Secondly, and most relevant to the current research, feedback management can be used by firms to promote perceptions of a communal relationship. Whereas exchange relationships are based on a sense of obligation to reciprocate, communal relationships are based on a mutual concern for the welfare of the partner (Clark and Mills 1979). Past research shows that the development of these communal relationships between customers and firms benefits both parties (Goodwin and Gremler, 1996; Hennig-Thurau, Gwinner, and Gremler, 2002).

The benefits of successful feedback management are often couched in the context of service failure and complaining, as numerous studies have shown firms that satisfactorily respond to negative feedback can increase customer satisfaction and prevent defection (Durvasula, Lyonski, and Mehta 2001; Smith, Bolton, and Wagner 1999; Voorhees, Brady, and Horowitz 2006). Overall, the benefits of obtaining feedback are captured by the notion that successful firms seem to understand the value of such feedback, with 70% of best-in-class firms using feedback from customers to make strategic decisions, compared to 50% of industry-average firms and 29% of laggard firms (Aberdeen Group 2009).

Given the aforementioned benefits of obtaining customer feedback and the increasing ease of collection that technology now affords, firms are relying less on unsolicited feedback and instead taking a more deliberate approach to obtaining comments from customers. Successful firms often rely on several channels to identify consumer wants and needs at several points in the purchase cycle (Griffin and Hauser 1993). However, with this deliberate solicitation of feedback comes a stronger obligation to respond and/or react when customers do respond.

Interestingly, some of the challenges that firms face when responding to negative feedback may be non-existent, or even reversed, when dealing with positive feedback. For instance, past research suggests that the act of soliciting negative feedback may actually lead to increased negative thoughts (Graham 1990) or serve to remind consumers of negative thoughts that they would have otherwise forgotten (Sampson 1996). On the contrary, this rationale supports the idea that soliciting positive feedback would promote positive thinking regarding the service encounter, thus encouraging repatronage and stimulating relationships. Likewise, although firms struggle with generating an acceptable response that consumers expect after negative feedback, the expectation for a response is much less following positive feedback (Bone et al. 2009). Thus, firms may not only benefit from acknowledging positive feedback, but also may be able to do so with less effort and risk than reacting to negative feedback.

Notably, the motivation for responding to negative feedback is often very different than when responding to positive feedback. The nature of negative feedback suggests that firms must fix a problem or address an issue in response to a customer complaint, whereas a firm response to positive feedback requires no such solution. Thus, from a relationship marketing perspective, responses to positive feedback are more likely to be governed by relational rules and norms. For instance, politeness theory asserts that individuals are polite in conversations in an effort to

protect self-interests and build relational intimacy (Brown and Levinson 1987). In the case of a customer offering positive feedback, it is more in line with the latter motivation. In this instance, politeness theory suggests that in order to build and maintain the communal relationship, a firm response to positive customer feedback is necessary. By continuing the conversation with customers via an acknowledgment of the positive feedback, firms strengthen and reinforce the relational bonds.

Past research on social aspects of service encounters also substantiates the value of a firm focus on enhancing customer perceptions of communal relationships. For instance, the relationship between two people (or a person and a firm) may influence social cognitions, such as attributions (Fletcher and Fincham 1991; Goodwin and Gremler 1996), which have been shown to influence service evaluations (Folkes 1984). As Goodwin and Gremler (1996, p 249) state, "…it is likely that social behaviors that cause the relationship to resemble the friendship will ultimately influence the customer's response to service encounters, including behaviors contributing to functional quality." Thus, further engaging in conversation (via a firm acknowledgment) with a customer who offered positive feedback may yield relational and functional benefits.

Overall, the solicitation and effective response to positive customer feedback may provide another opportunity for firms to create an impactful, emotionally charged service encounter with its best customers. Just as firms hope to create influential touch points via the successful handling of negative feedback, positive feedback also presents opportunities to improve the customer experience and, in turn, the firm's relationship with the customer. Whereas it seems intuitive that customers who give positive feedback on a service experience are valuable to a firm, the preceding discussion suggests that by not acknowledging positive feedback from customers, firms may be missing out on an opportunity to improve customer-firm relationships and increase patronage behaviors. Thus, we propose:

> H1: Firm acknowledgement of positive customer feedback positively influences customer perceptions of the communal relationship (H1a) and customer patronage behavior (H1b).

Moderating Effect of Gender on Acknowledgement

Although we expect an overall positive impact of firm acknowledgment on customer attitudes and behaviors, we also expect gender to moderate this relationship. Substantial differences between men and women across a variety of consumption-related behaviors have

been noted in past research (Dube and Morgan 1996; Garbarino and Strahilevitz 2004). These gender differences are of special interest to academics and practitioners alike, given their relevance in daily consumption behaviors, as well as the ease of implementation of gender segmentation strategies. Moreover, the need to better understand gender differences in relation to consumption behavior has been noted by several leading scholars (Kotler and Keller 2006).

The current research suggests that firm acknowledgment of positive customer feedback will have differing effects for female versus male customers. At a fundamental level, gender identity research asserts that different personality traits are associated with masculinity as compared to femininity. Indeed, there is an abundance of research suggesting that men and women react differently in fairly consistent ways. Most relevant to the current research are the consistent findings that men tend to be more assertive and focused on achievement, whereas women tend to be more nurturing and sensitive to social norms (Eagly and Chrvala, 1986; Grogan, Bell, and Conner 1997; McClelland 1975).

Moreover, these gender differences appear to be somewhat universal. Although Hofstede (1980) included masculinity/femininity as one of the four major dimensions on which cultures differ, more recent research suggests that gender traits are far more global than originally thought (Costa, Terracciano, and McCrae 2001). For instance, Feingold's (1994) meta-analysis found, among other things, that men scored higher on assertiveness than women, whereas women scored higher than men on tender-mindedness (i.e., nurturance).

The research on gender differences and gender identity suggests that men and women may respond differently to actions designed to tap into social or relational norms. Women's traditional focus on relational values and social norms suggests that women are more sensitive to the need to reciprocate compared to men. This idea is supported by several economics studies that show women displaying higher levels of reciprocity than men (e.g., Chaudhuri and Gangadharan 2003; Eckel and Grossman 1998). Thus, in the case of a firm thanking a customer for positive feedback, past research suggests that reciprocating behaviors (i.e., patronage) and perceptions of the relationship will be more strongly impacted for women as compared to men.

> H2: The effects of firm acknowledgement on customer perceptions of the communal relationship (H2a) and customer patronage behavior (H2b) will be stronger for women than men.

Study 1: Longitudinal Field Experiment

Data

To test our hypotheses, we developed and conducted a field experiment in cooperation with a large, upscale dining restaurant group that is renowned for its service excellence and customer experience. This partner firm provided a perfect context for our research because they are (1) a leader in customer service (as an exemplar, their Net Promoter Score® would currently place them second in Satmetrix's 2012 benchmarking report ahead of firms like Amazon, Apple, and Trader Joe's), (2) they objectively track customer patronage behavior via an online reservation system, and (3) they survey all customers within 24 hours of their dining experiences. Given that our goal was to investigate how service firms could create meaningful moments of truth among their most satisfied customers, we adopted a very conservative research design for the field experiment. Specifically, the sample frame for Study 1 was restricted to guests who visited the restaurant group in January and February 2013, received a post transaction survey, completed it, and rated 5/5 on all service experience measures and 10/10 on the standard Net Promoter® question. Restricting the sample frame to these individuals ensures our examination is consistent with the motivation for the research: improving relationships and increasing spending among a firm's already most satisfied customers.

Given this sample, we developed a 2 x 1 field experiment where the treatment group received an acknowledgement of their survey submission in the form of an email from the restaurant group's president thanking them for supporting the restaurant and taking the time to complete the survey within a week of submitting their survey. The control group did not receive this acknowledgement. Two weeks following the initial restaurant experience, both groups received a short survey designed to capture perceptions of the communal relationship with the restaurant. Following this brief survey, we tracked their patronage with the restaurant group for 12 months. Analysis of the data was restricted to customers who completed the follow-up survey. This was the best indication that customers in the treatment condition were able to receive the acknowledgement, as it was sent via the Qualtrics mail management system, which was unique from the system used by the restaurant group. In total this process resulted in 388 customers providing data suitable for analysis.

Method

Based on v. Wagenheim and Bayon (2007), we adopted a matching procedure to ensure that

the random assignment of customers to the experimental condition resulted in individuals with closely matched patronage behavior in the prior year with the restaurant group. Specifically, we adopted a Coarsened Exact Matching process introduced by Iacus, King, and Porro (2012). Given our focus on predicting patronage and relational attitudes as well as understanding differences in gender, we matched customers based on the following factors:

- Total visits over the prior 12 months
- Average size of the party for visits during the prior 12 months
- Gender

Other covariates were considered as well, but resulted in inferior matching solutions as assessed by the imbalance measures. Application of the matching algorithm resulted in 86% of the sample being matched, which is consistent with other applications of matching procedures in the marketing literature (v. Wangenheim and Bayon 2007) and ultimately reduced our sample size for subsequent analyses from 388 to 332 customers.

Measures

Given the restrictions on survey length from our partner firm, it was necessary to employ a single measure of communal relationship based on Clark and Mills (1979). Specifically, this item read: "*I will really go out of my way to support <<XYZ RESTAURANT>> in the future.*" To assess patronage of the firm in the year following the acknowledgement, we adopted two measures based on objective data from the partner firm's online reservation system. First, as a measure of frequency, we captured the total number of visits in the year following the acknowledgement. Second, we examined the average size of the party per visit as a signal of the extent to which a customer not only returned, but spent more overall and supported the firm by bringing others to subsequent visits.

Results

To test H_1 and H_2 we employed Generalized Linear Models (GLM) as it allowed us to adopt varying distributions for our analyses across the attitudinal and behavioral outcomes that were more appropriate given the nature of the data. More specifically, we employed GLM with a Gaussian distribution and identity link for the attitudinal outcomes and, for the behavioral data, we employed a Poisson distribution to reflect the count nature of the data (i.e., repeat trips and number of people in a party). Models for the attitudinal and behavioral data included two

independent variables to allow us to simultaneously test H_1 and H_2. Specifically, we included a binary coded variable for the treatment condition and a binary coded variable for gender. Thus, the formal model included both main effects as well as a focal interaction term that examined the extent to which the treatment effect was stronger for women than men.

Results for H_{1a} revealed no significant main effect on communal relationship ($p > .05$), failing to support H_{1a}. However, examination of the interaction effect revealed a significant effect, demonstrating that women experienced a significantly greater increase in communal relationship perceptions than men, supporting H_{2a}. More specifically, women's communal relationship perceptions increased from 9.35/11.00 in the control condition to 9.91/11.00 treatment condition, which was a significant increase, whereas men's scores remain unchanged at 10.21/11.00 across both conditions. While it may be possible that a ceiling effect played a role in driving the interaction effect, the lack of any directional movement in the attitudinal scores for men provide some additional support that the proposed effects are likely due to differences in gender.

Results for the testing of H_{1b} provided support for the hypothesis for both behavioral outcomes, total visits ($p < .01$) and average party size ($p < .01$), providing support for H_{1b}. More specifically, the results revealed that by acknowledging positive customer feedback, repatronage behavior significantly increased in the year following the manipulation. An examination of the magnitude of these increases reveals the substantial impact of these efforts, as total visits increased by 51% and the average party size increased by 56%.[1] Moreover, an examination of the potential moderating effect of gender revealed an insignificant interaction, failing to support H_{2b}, but demonstrating that the behavioral gains associated with acknowledgement are stable and positive across men and women. The results of testing for H_1 and H_2 are presented graphically in Figure 1.

Discussion

Ultimately, the results reveal a powerful effect for creating this additional moment of truth through acknowledging positive customer feedback. Both men and women significantly increased their business with the restaurant following the acknowledgement, and women also indicated an increase in their perceptions of a communal relationship with the brand. This finding is noteworthy for two reasons. First, our sample is restricted to only the most satisfied

---

[1] Results for the behavioral data are presented in relative terms at request of the partner firm.

guests of a best-in-class service provider, so there is a tremendous risk of ceiling effects impacting our results. Our results demonstrate that despite the ceiling effects, we could still move the needle for female customers through the creation of this additional moment of truth. Second, the restaurant that served as the context of this investigation has a strong, masculine brand personality as manifested in the higher scores for men compared to women across both the treatment and control conditions. The results demonstrate that creating this extra touch point with female guests helped connect them more to the brand in a way that simultaneously did not alienate their male counterparts. Thus, it provided an ideal way for the firm to create connections with an important demographic without damaging connections with their core customer: males.

Although the results of this study provide strong evidence of the benefits of this additional moment of truth with customers, it still leaves some questions unanswered. Most notably, given the nature of the field experiment, we could not demonstrate the process by which a simple acknowledgement of positive customer feedback transforms into increased attitudes and patronage. We address this in Study 2, where we examine the process underlying these effects using a simulated customer experience experiment.

Study 2: Simulated Service Experiment

Mediating Effect of Gratitude

Firms seek to build relationships with customers as a way to promote positive attitudes and behaviors, and ultimately to improve firm performance. One of the key mechanisms through which relationship marketing strategies promote positive customer outcomes is reciprocity. Reciprocity is rooted in the idea that a mutual exchange of benefits is necessary for a stable social system (Gouldner 1960). One of the primary drivers of reciprocal behaviors in communal relationships is the sense of gratitude among exchange partners. More specifically, gratitude is thought to be the positive force that helps people maintain their reciprocal obligations (Gouldner 1960; Palmatier et. al 2009). In the current research, we suggest that a firm's expression of gratitude and acknowledgment engenders feelings of customer gratitude toward the firm, and in turn, prompts increases of patronage behaviors and perceptions of communal relationships.

Past research regarding characteristics of relationship marketing initiatives that promote gratitude also provides support for the idea that firm acknowledgment of positive feedback may increase customer gratitude. Specifically, Palmatier et al. (2009) found that customer perceptions of firm free will, firm motives, and customer need for benefits received all positively influenced

customer gratitude toward the firm. The first two characteristics are especially relevant to the present research, given that customers often have no expectation of a firm response to positive feedback (Bone et al. 2009). In other words, because positive feedback does not warrant or require a response (unlike negative customer feedback), it is likely customers perceive the firm as responding by its own accord and not having ulterior motives, thus promoting gratitude.

The affective and behavioral benefits of gratitude also have been noted by marketing scholars. At a basic level, firms invoke the norm of reciprocity to stimulate positive customer behaviors, with the ultimate goal of increased consumer patronage and loyalty (Morales 2005). From a behavioral standpoint, feelings of gratitude toward a firm engender a desire to reciprocate, and thus, perpetuate the relationship (Bartlett and DeSteno 2006). These behaviors include increased willingness to pay (Morales 2005), positive word of mouth (Soscia 2007), and willingness to pay a price premium (Raggio and Folse 2009). Besides encouraging customer purchases, gratitude also encourages other brand attachment behaviors, such as defending a firm or engaging in brand advocacy (Park, Macinnis, and Priester 2006). In either case, gratitude leads the customer to engage in a behavior that benefits the firm.

In addition to promoting positive behaviors, the firm benefits of customer gratitude also extend to attitudinal benefits. Similarly, the current research posits that reciprocity generated by firm acknowledgment of positive feedback not only affects customer patronage, but also customer perceptions of the customer-firm relationship. When firms implement a relationship marketing strategy, they strive to create communal relationships based on social concern for one another, as opposed to transactional relationships that stipulate a monetary reward as the primary means of reciprocation (Aggarwal 2004). Gratitude often plays a key role in this process. Gratitude is thought to impact emotional responses, which in turn influence judgments. This suggests that a customer who feels grateful to a firm would also have other positive feelings about the firm and the relationship with the firm. Specifically, several studies show the positive impact of gratitude on trust (Dunn and Schweitzer 2005; Palmatier et al 2009), a foundational component of a communal relationship.

Thus, when firms respond to customers' positive feedback with an expression of gratitude, they reinforce and perpetuate the perception of a communal relationship. This also serves to strengthen the extent to which a customer identifies with and feels a part of the firm, as increased

exposure and communication with a firm can strengthen customer identification (Bhattacharya, Rao, and Glynn 1995).

> H3: The effects of acknowledgement on perceptions of communal relationship (H3a) and repurchase intentions (H3b) are mediated by perceptions of gratitude.

The Impact of Process and Supplemental Offerings on the Effects of Acknowledgement

Although we hypothesize a positive relationship between firm acknowledgment and positive customer outcomes, past research also supports contingencies to this relationship. Drawing on literature from marketing, social psychology, information systems, and online commerce, we identify acknowledgement speed and reward provision as potential moderators to the relationship between acknowledgment and positive relational outcomes.

Acknowledgment Speed

Marketing literature recognizes the importance of situational influences on consumer behavior, including temporal factors (Belk 1975). In an age where customers constantly are being bombarded by marketing information via multiple communication channels, the timing of such communication becomes critical. In many instances, the timing of information delivery can affect the recipient's response to the information. Research on computer-mediated communication is also relevant to the current research, given that the low-cost and speed of communicating online has made the internet a primary channel for feedback communication. Although computer-mediated communication is characterized by a lack of non-verbal cues that are present in other communication mediums (e.g., body language, tone of voice), it is influenced by temporal cues. For example, in the case of communicating via email, the time at which an email arrives or the speed at which a response is received may impact a person's reaction to the communication content.

In the current research, we consider the speed at which a firm acknowledges a customer's positive feedback with a firm response. Intuitively, one might assume that faster responses garner more positive reactions from recipients. Indeed, research supports this assumption when the communication is regarding a specific task or request (Walther and Tidwell 1995). However, when the communication is social in nature, the opposite effect is found. Specifically, when Walther and Tidwell (1995) considered reactions to an email exchange that was social in nature, a slower reply connoted more intimacy and affection than a faster reply. These findings support the idea that temporal factors can influence relational perceptions in an online communication

channel. For firms using a relationship marketing strategy, an immediate response to positive feedback may feel automated and disingenuous. Thus,

> H4: Acknowledgement speed moderates the effect of acknowledgement on perceptions of gratitude to the extent that the positive gains of acknowledgement are experienced for delayed acknowledgements, but not for immediate responses.

Reward Provision

A final factor considered by the current research is the provision of a small gift or reward for providing positive feedback. In the current study, we suggest that a relatively minimal token is needed to positively impact customer outcomes. Although the positive benefits of receiving a gift seem intuitive, past research suggests even stronger reactions for receiving an unexpected gift (Valenzuela, Mellers, and Strebel 2010). Specifically, decision-affect theory suggests that emotional experiences are enhanced when they come as a surprise, sometimes even making a lesser, unexpected outcome more enjoyable than a better outcome that is expected (Mellers, Schwartz, Ho and Ritov 1997). This is supported by Palmatier et al. (2009), who suggest that firms should leverage relationship marketing investments by designing programs that increase customers' perceptions of the seller's free will and benevolence when providing the benefit. Thus, if customers receive an acknowledgment with an unexpected reward, it may serve to enhance the baseline positive effect of the acknowledgment.

> H5: The relationship between firm acknowledgment of positive customer feedback and gratitude is moderated by reward provision, such that provision of a reward positively influences consumer responses.

Method

To test the mediating processes (gratitude) as well as potential moderators of customer acknowledgement, we conducted a 2 (Timing: Immediate, 2 day delay) x 3 (Reward: No Reward, Monetary Card, Social Reward), plus a control condition (no acknowledgement), experiment.

Sample and Data Collection

A sample of 343 participants was recruited from an online panel. A self-administered online survey tool was utilized and several screeners were employed to ensure that respondents were experienced in the context of our study (upscale dining). Specifically, respondents were asked to rate how frequently they dine out at fine dining restaurants in a year and to describe their most

recent fine dining experience. Respondents indicating that they "never" dine out at upscale restaurants or those that described an experience at a restaurant that clearly did not fit in this context (e.g., bill per person < $25) were excluded from the analysis. Moreover, quality checks were placed in the survey to detect and screen out respondents who randomly completed the survey. This screening process resulted in a usable sample of 295 respondents.

The average age of respondents was 31 years and 52 percent were male. With respect to ethnicity, 83 percent were Caucasian, 6 percent were Hispanic, 5 percent were African-American, and 6 percent classified themselves into other categories.

Design and Measures

All participants read a scenario in which they partake in a fine dining experience. The dining experience involves a birthday celebration in which the food and service were outstanding. Afterwards, participants are told that they receive a satisfaction survey regarding their dining experience via email and that they complete the survey. For the acknowledgement manipulation, half of the participants received no further communication from the firm, whereas half of the participants then received a follow-up email from the restaurant that acknowledged and thanked them for the positive feedback. Of those participants that received a follow-up email, the communication differed in terms of acknowledgment speed and reward provision.

Acknowledgment speed was manipulated by altering the amount of elapsed time between the completion of the guest satisfaction survey and the receipt of the acknowledgment email from the restaurant. Specifically, the date and time stamp on the acknowledgment email from the firm indicated either an immediate acknowledgment or a two-delayed response, and the time gap was reinforced in the description of the experience. Finally, reward provision was manipulated by either including or not including a gift with the firm's acknowledgment email. Of those participants that received a gift, the gift was either monetary or social in nature. The monetary gift consisted of a gift certificate for a future visit, whereas the social gift was a guaranteed reservation at the restaurant.

After viewing the firm's acknowledgment email, participants responded to several attitudinal and behavioral intentions measures regarding the firm. Measures regarding gratitude, strength of communal relationship, and repurchase intentions were included in the study. Specifically, gratitude was measured using three items based on McCullough, Emmons, and Tsang (2002) and Palmatier et al. (2009), and communal relationship was measured using three items based on

Clark and Mills' (1979) original conceptualization. Finally, repurchase intentions were measured using a single item based on Zeithaml, Berry, and Parasuraman (1996). All items are included in the Appendix.

Results

Assessment of Measures

The measures were assessed using confirmatory factory analysis, and the results suggested that the model offered good fit to the data ($\chi 2$ = 52.08; df = 12; CFI = .95; SRMR = .07). The scales sufficiently met Fornell and Larcker's (1981) criteria for convergent and discriminant validity, as the average variances extracted estimates exceeded both .50 and the shared variances between constructs. With respect to reliability, construct reliabilities for both multi-item constructs exceeded .75.

Hypothesis Testing

We first replicate the analyses from Study 1 by re-testing H_1, which proposed that acknowledgement would increase the strength of the communal relationship (H_{1a}) and repatronage behavior (H_{1b}) (for this simulated experience, we use a measure of repurchase intentions as a proxy for the behavioral data in Study 1), and H_{2a} and H_{2b}, which suggested that these increases would be more pronounced for women than men. To assess these effects, we conducted a MANCOVA (we controlled for the effects of category involvement) where the fixed factors were gender and a dummy coded treatment variable where all treatment conditions were grouped into a "treatment condition" and compared to the control group.

The results indicated that acknowledgement significantly impacted both perceptions of the communal relationship and repurchase intentions ($p < .01$), supporting H_{1a} and H_{1b}, respectively. With respect to H_2, the results revealed a significant interaction between gender and acknowledgement on perceptions of the communal relationship ($p < .01$), but not for repurchase intentions. An examination of the simple effects revealed women experienced a significant increase in perceptions of the communal relationship ($M_{control}$=7.15, $M_{acknowledgement}$=8.72, $p<.05$). For men, there was no significant change in perceptions of the communal relationship ($M_{control}$=7.72, $M_{acknowledgement}$=7.87, $p>.05$). With respect to repurchase intentions, acknowledgement resulted in significantly higher effects for both men and women, suggesting

that the effect of acknowledgement was robust across men and women. These results are consistent with the findings of the first study and support H2a, but fail to support H2b.

H3 investigates the process underlying the increases in communal relationship perceptions and repurchase intentions. To test the extent that gratitude mediates the effects of acknowledgement on communal relationship (H_{3a}) and repurchase intentions (H_{3b}), we adopt the process advocated by Zhao, Lynch and Chen (2010) and employ the Preacher and Hayes (2008) PROCESS macro for evaluating indirect effects. More specifically, we assess the extent to which gratitude mediates the effects of acknowledgement while controlling for category involvement. The results of these tests revealed that acknowledgement has significant indirect effects (ps < .05) via gratitude on communal relationship perceptions and repurchase intentions, providing support for H_{3a} and H_{3b}, respectively. Specifically, the confidence intervals for the indirect effect via gratitude on strength of the communal relationship ranged from .05 to .67 and from .05 to .33 on repurchase intentions.

The fourth hypothesis proposed that the effects of acknowledgement on gratitude would only hold for delayed acknowledgements (operationalized as an acknowledgement sent two days following the completion of the post-transaction survey) as opposed to an immediate acknowledgement (operationalized as an immediate reply to the survey submission). To test this hypothesis, we conducted two planned contrasts that assessed the extent to which the control condition significantly differed from the experimental cells associated with an immediate and delayed acknowledgement. The results revealed that the control condition (M = 9.81) did not significantly differ (p > .05) from the immediate acknowledgement cells (M = 10.14), but it was significantly lower (p < .05) than the delayed acknowledgement cells (M = 10.28). Overall, these tests support H_4 as benefits of acknowledgement were only experienced when delayed by two days.

The fifth hypothesis proposed that provision of rewards would significantly increase the effects of acknowledgement on gratitude. To test this process, planned contrasts were once again conducted that compared the "No Reward" condition to the Monetary (i.e., Gift Card) and Social (i.e., guaranteed reservation) Reward conditions. The results revealed that the provision of neither monetary (M = 10.26) nor social (M = 10.13) rewards increased gratitude over the "No Reward" condition (M = 10.24) (ps > .05). These results fail to support H_5 and suggest the provision of acknowledgement is robust to any reward associated with the reply.

General Discussion

Across both studies, the results demonstrate the powerful potential for service firms to leverage opportunities to extend the experience and create new, meaningful moments of truth. In our application, we focused on managing the post-purchase feedback process, and the results of Study 1 revealed that simply acknowledging this customer feedback can increase purchase behavior by 50% in the following year. Moreover, in Study 2, we replicated the effects of the field study in a simulated experiment and demonstrated that perceptions of gratitude are the driving mechanism of these increases in the strength of communal relationship perceptions and purchase behavior. Given the magnitude of the field results, there are explicit implications for both researchers and managers within this and the broader context of extended moments of truth in services. In the following sections, we discuss each in more detail.

Managerial Implications

This research provides new insights into how service leaders can continue to enhance customer relationships beyond simply providing exceptional service during the core service encounter. Like any new opportunity, efforts on managing these new moments of truth must be properly calibrated to get maximum benefit. In line with this need for calibration, we provide a series of recommendations for managers focused on targeting and managing the execution of these emerging moments of truth, building the infrastructure to properly support these new initiatives, and identifying opportunities for new moments of truth.

Realizing the Benefits of Managing Customer Feedback. Our results demonstrate that if managers actively solicit and collect feedback from customers, it is critical to not only respond to the unsatisfied customers but also to the highly satisfied customers. Managers often find themselves focused on addressing unsatisfied customers but seem to happily ignore the highly satisfied customers. Further, although many managers lament that some highly satisfied customers fail to be repeat customers, few take actions to remedy the loss. Our results show that when a highly satisfied customer reaches out to the firm, it initiates a moment of truth or key moment in relationship building. By acknowledging these highly satisfied customers with a simple expression of gratitude, managers can extend the dialogue with these customers. For managers, this represents a shift in perspective from defensive marketing strategies, in the form of service recovery for failed experiences, to offensive marketing strategies, in the form of responding to highly satisfied customers who have already engaged in relational conversations.

Targeting Your Efforts. While our results demonstrated significant main effects for customer acknowledgement, results of moderation tests and a closer examination of the context of our research provide insights into calibrating these efforts within other service firms. The most obvious takeaway from our research with respect to targeting these efforts is the fact that women experienced gains in both strength of the communal relationship and repatronage behavior, suggesting that they represent an ideal target for these efforts. However, for men, it is important to note that while perceptions of the relationship were not impacted by acknowledgement, repatronage increased. We believe these effects emerged for two reasons that should be considered when implementing programs like this. First, prior research has demonstrated that women tend to be more sensitive to social norms than men, thus causing women to experience a greater lift in their attitudes and behavior. Second, the masculine brand personality of the focal brand in our field study resonated very well with men, so it is possible that ceiling effects on the relationship measures explain the gender differences. Brands that are more gender neutral could potentially see attitudinal lifts across both groups.

Beyond the gender effects described in Study 1, the context of our study may provide evidence for further segmentation by firms outside the luxury or premium sectors. Specifically, early research on reciprocity suggests that high status individuals may expect additional reciprocal efforts from relationship partners (Gouldner 1960). In the context of our investigation, the clientele is comprised of very high status individuals and the effects of acknowledgement were profound. For service firms with a more heterogeneous mix of customers, acknowledgement efforts could be targeted at their most elite customers. These customers could be easily identified via their status in a reward program or other CRM records that demonstrate their overall standing relative to other customers. Ultimately, our results suggest that a widespread adoption of a feedback management system could provide universal value and limited downside. However, if firms are resource constrained and can only afford to roll out such a system on a limited basis, then targeting women and higher status consumers should provide the greatest benefit.

Managing the Process. In implementing such a system, our results also provide some insights into how these efforts should be calibrated. More specifically, we further examined the influence of both timing and reward provision on the impact of the firm response. For managers to appear sincere in their response, it seems clear that a delay in the response is merited. The

immediate reply may cause the customer to feel the expression of gratitude is an automatic reply and thus not genuine. As a result, current practices of replying to all survey responses with a generic thank you message immediately may not provide any value to the firm. Rather, developing a process that systematically delays the reply, thus providing the illusion or actual opportunity to review and act on the customer feedback, will result in greater benefits.

When it comes to providing rewards, our results give managers some good news. Both social rewards and financial rewards had no significant impact on the relationship between firm response and positive outcomes. This suggests that simple, sincere gestures are enough to drive feelings of gratitude among consumers. As a result, managers can focus on simply providing a sincere expression of gratitude for the customer's positive feedback and should resist any temptation of "sweetening the pot" with additional rewards that will add costs and provide no benefits.

Be Ready for the Response. Finally, with respect to implementing a feedback management system as a means of creating new moments of truth, managers need to prepare not just for the initial reply to consumer's survey responses, but the extended dialogue. Specifically, if the replies to customer feedback are perceived as sincere, service firms need to be prepared for customers to reply to these "thank you" notes and potentially request an extended conversation. In our field study, this happened with regularity where customers would reply directly to "Mr. XYZ," the president of the restaurant group, with personal notes and requests for additional discussions. We provide exemplars of these replies below and in Table 1, which highlight the gratitude that consumers felt for the acknowledgement and the strength of the communal relationship between these "treatment" customers and the brand:

"The old saying is that it starts from the top...and I can easily see from your gracious note that it certainly does. Again, thank you for a great dining experience."

You're most welcome. Thanks again to Tia, especially, and also the dinner staff.

Your welcome <<President's Name>>,
The least I can do to let everyone know they are doing a great job.
Hope to dine there again soon!

I wish I had the name if our waiter as he was that good!!!!

If you can figure out who this gentleman was by our reservation – that would be wonderful. He should be spoke to about what an asset he is to your restaurant. Because of this wonderful meal and experience, I will absolutely be making a reservation in April for my anniversary…

Given the motivation for these acknowledgements (creating another meaningful way to interact with customers), service managers must have slack resources available so dialogue can continue as long as the customers desires.

Establishing Additional Moments of Truth. Our research demonstrates just one opportunity to create new meaningful connections with customers outside the core service encounter, but it is likely similar efforts at other points in the extended service encounter could provide comparable lifts. For example, managing the queuing or waiting time process could turn it into a meaningful encounter, or at a minimum, a less painful process. Other opportunities to capitalize on these moments of truth lie further on the extremes of the service process. Specifically, post-purchase it is not uncommon for customers to approach a provider with concerns or complaints if service was less than perfect. Most service leaders are prepared to handle these requests and can recover well in the moment, but if these complaints occur after the fact and are delivered remotely, the service process may break down. In these instances, revisiting customer care procedures and training call center and support staff with the same skills as the frontline workers could prove to be invaluable. In doing so, firms could offer a seamless experience across employees and interactions, which could result in significant gains in overall evaluations of the brand (Sirianni et al. 2013).

Theoretical Contributions

This work contributes to the marketing and service literature in three important ways. First, we extend work on relationship marketing strategies by focusing on extending moments of truth after positive service encounters by acknowledging customer positive feedback. We investigate how acknowledging positive feedback triggers gratitude that results in strengthening the communal relationship and increased patronage behavior. Recent research has demonstrated that perceptions of relational investments can drive feelings of gratitude (Palmatier et al. 2009), but stop short of testing explicit examples of relational gestures or events that can result in gratitude

increases specifically. Our research provides initial evidence that isolated relational investments- in our case, acknowledgement of positive customer feedback- can trigger an increase in gratitude, ultimately strengthening the communal relationship and increasing customer spending. This is a subtle, but important contribution, as our research is one of few studies that demonstrate how a discrete gesture showing investment in a relationship can trigger these feelings among customers. Future research could strive to build on these results to examine the effects of specific relationship actions or investments and their ability to improve the bonds between customers and firms.

Concluding Remarks

Across a field experiment and simulated purchase experience study, our results demonstrate the powerful effects of creating and managing novel moments of truth in services. More specifically, the simple acknowledgement of customers' positive feedback was able to drive increases in the strength of communal relationship and spending among a firm's most satisfied customers. These findings are particularly noteworthy because the sample frame for this research was restricted to only customers who demonstrated that they were completely delighted with their focal consumption experience; thus, the changes persist despite the risk of ceiling effects within the sample. The results offer new strategies for best in class service firms to improve relationships with their best customers and provide interesting platforms for future research on moments of truth in marketing.

APPENDIX
MEASUREMENT

Overview of Measures

All constructs were measured using 9-point scales and were anchored by 1 = "Strongly Disagree" and 11 = "Strongly Agree" unless otherwise noted.

Gratitude (Adapted from McCullough, Emmons, and Tsang (2002) and Palmatier et al. (2009)) was measured using three items.

Based on your entire experience with the restaurant, how did you feel?
1. I felt grateful toward the restaurant.
2. I felt positive toward the restaurant.
3. I felt thankful toward the restaurant.

Strength of Communal Relationship (Based on Clark and Mills 1979) was measured using three items.

Keeping in mind the restaurant from the scenario, please select the option that best reflects how you feel about the restaurant?
1. I would travel a long ways to eat at this restaurant again.
2. I would feel extremely happy if I did something that helped this restaurant.
3. I would really go out of my way to support this restaurant.

Repurchase Intentions (Adapted from Zeithaml, Berry, and Parasuraman 1996) was measured using one item where 1 = "Not at All Likely" and 11 = "Extremely Likely."
1. What is the likelihood that you would visit this restaurant for your next important dinner at an upscale restaurant?

References

Aberdeen Group (2009). Customer Experience Management: Engaging Loyal Customers to Evangelize Your Brand.

Aggarwal, P. (2004). The effects of brand relationship norms on consumer attitudes and behavior, *Journal of Consumer Research*, *31*(1), 87-101.

Band, W., Ragsdale, J., & Schuler, I. (2005). Best practices for CRM deployment, *Forrester Research.*

Bartlett, M. Y., & DeSteno, D. (2006). Gratitude and prosocial behavior: Helping when it costs you, *Psychological Science*, *17*(4), 319-325.

Beaujean, M., Davidson, J., & Madge, S. (2006). The 'moment of truth' in customer service, *McKinsey Quarterly*, February, 63-73.

Belk, R. W. (1975). Situational variables and consumer behavior, *Journal of Consumer Research*, 157-164.

Berry, L. L., & Parasuraman, A. (1997). Listening to the customer-the concept of a service-quality information system, *Sloan Management Review*, *38*, 65-76.

Bhattacharya, C. B., Rao, H., & Glynn, M. A. (1995). Understanding the bond of identification: An investigation of its correlates among art museum, *Journal of Marketing*, *59*(4), 46-58.

Bitner, M. J. (1990). Evaluating service encounters: the effects of physical surroundings and employee responses, *The Journal of Marketing*, 69-82.

Bitner, M. J., B. H. Booms, & M. S. Tetreault (1990). The service encounter: Diagnosing favorable and unfavorable incidents, *Journal of Marketing*, 54 (January), 71-84.

Bitner, M. J. (1995). Building service relationships: it's all about promises, *Journal of the Academy of Marketing Science*, *23*(4), 246-251.

Bitner, M.J. and H.S. Wang (2014), "Service Encounters in Service Marketing Research," in *Handbook of Service Marketing Research*, R.T. Rust and M.H. Huang, Eds. Edward Elgar Publishing Limited: Cheltenham, UK.

Bolton, R. N., & Drew, J. H. (1992). Mitigating the effect of service encounters, *Marketing Letters*, *3*(1), 57-70.

Bone, S. A., Lemon, K. N., Liljenquist, K. A., Money, B., & DeTienne, K. B. (2009). Fishing for compliments and complaints: The influence of solicited customer feedback and company acknowledgment on customer attitudes and intentions, *MSI Reports, 9*(3), 51-75.

Brown, P. & Levinson, S. (1987). *Politeness: Some Universals in Language Usage*. Cambridge University Press: Cambridge.

Chaudhuri, A. and Gangadharan, L. (2003). Gender differences in trust and reciprocity (No. 248), Auckland, New Zealand: University of Auckland.

Challagalla, G., Venkatesh, R., & Kohli, A. K. (2009). Proactive postsales service: when and why does it pay off?, *Journal of Marketing*, *73*(2), 70-87.

Clark, M. S., & Mills, J. (1979). Interpersonal attraction in exchange and communal relationships, *Journal of personality and social psychology*, *37*(1), 12-24.

Costa Jr, P., Terracciano, A., & McCrae, R. R. (2001). Gender differences in personality traits across cultures: robust and surprising findings, *Journal of Personality and Social Psychology*, *81*(2), 322-331.

Dube, L., & Morgan, M. S. (1996). Trend effects and gender differences in retrospective judgments of consumption emotions, *Journal of Consumer Research*, 156-162.

Dunn, J. R., & Schweitzer, M. E. (2005). Feeling and believing: the influence of emotion on trust, *Journal of Personality and Social Psychology*, *88*(5), 736-748.

Durvasula, S., Lyonski, S., and Mehta, S. C. (2001). Business-to-business marketing: Service recovery and customer satisfaction issues with ocean shipping lines, *European Journal of Marketing,* 34 (3/4), 433-452.

Eagly, A. H., & Chrvala, C. (1986). Sex differences in conformity: Status and gender role interpretations, *Psychology of Women Quarterly*, *10*(3), 203-220.

Eckel, C. C. & Grossman, P. J. (1998). Are women less selfish than men? Evidence from dictator experiments, *The Economic Journal, 108* (448), 726–735.

Erickson, G. S., & Eckrich, D. W. (2001). Consumer affairs responses to unsolicited customer compliments, *Journal of Marketing Management*, *17*(3-4), 321-340.

Feingold, A. (1994). Gender differences in personality: A meta-analysis, *Psychological Bulletin, 116,* 429-456.

Fletcher, G. J., & Fincham, F. D. (1991). *Attribution processes in close relationships, in Cognition in close relationships*, eds Garth J. Fletcher and Frank D. Fincham, Hillsdale, NJ: Lawrence Erlbaum Associates, Inc., 7-35.

Folkes, V (1984), Consumer Reactions to Product Failure: An Attributional Approach, *Journal of Consumer Research*, 10 (4), 398-409.

Fornell, C., & Wernerfelt, B. (1987). Defensive marketing strategy by customer complaint management: a theoretical analysis, *Journal of Marketing Research*, 337-346.

Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error, *Journal of Marketing Research*, *18*(1), 39-50.

Garbarino, E., & Strahilevitz, M. (2004). Gender differences in the perceived risk of buying online and the effects of receiving a site recommendation, *Journal of Business Research*, *57*(7), 768-775.

Gartner Group (2003). Using customer surveys to improve business processes, *Strategic Planning Research Note*.

Goodwin, C., & Gremler, D. D. (1996). Friendship over the counter: how social aspects of service encounters influence consumer service loyalty, *Advances in Services Marketing and Management*, *5*, 247-282.

Gouldner, A. (1960). The Norm of Reciprocity: A Preliminary Statement, *American Sociological Review,* 25, 161-78.

Graham, J.R. (1990). Soliciting customer complaints can backfire, *Marketing News*, 24(21), 16.

Griffin, A., & Hauser, J. R. (1993). The voice of the customer, *Marketing Science*, *12*(1), 1-27.

Griffin, J. (1996). The internet's expanding role in building customer loyalty, *Direct Marketing*, *59*(7), 50-63.

Grogan, S. C., Bell, R., & Conner, M. (1997). Eating sweet snacks: gender differences in attitudes and behavior, *Appetite*, *28*(1), 19-31.

Gruener, R. L., Homburg, C., & Lukas, B. A. (2014). Firm-hosted online brand communities and new product success, *Journal of the Academy of Marketing Science*, *42*(1), 29-48.

Hennig-Thurau, T., Gwinner, K. P., & Gremler, D. D. (2002). Understanding relationship marketing outcomes: An integration of relational benefits and relationship quality, *Journal of Service Research*, *4*(3), 230-247.

Hofstede, G. H. (1980). *Culture's consequences: International differences in work-related values*, Sage Publications, Beverly Hills, CA.

Iacus, S. M., King, G., & Porro, G. (2012). Causal inference without balance checking: Coarsened exact matching, *Political Analysis*, *20*(1), 1-24.

Kotler, P., K. L. Keller (2006). *Marketing Management*, 12th ed. Prentice-Hall: Upper Saddle River, NJ.

Löfgren, M. (2005). Winning at the first and second moments of truth: An exploratory study, *Managing Service Quality*, *15*(1), 102-115.

Luo, X., & Homburg, C. (2008). Satisfaction, complaint, and the stock value gap, *Journal of Marketing*, *72*(4), 29-43.

McClelland, D. C. (1975). *Power: The inner experience.* New York: Irvington.

McCullough, M. E., Emmons, R. A., & Tsang, J. A. (2002). The grateful disposition: A conceptual and empirical topography, *Journal of Personality and Social Psychology*, *82*(1), 112-127.

Mellers, B. A., Schwartz, A., Ho, K., & Ritov, I. (1997). Decision affect theory: Emotional reactions to the outcomes of risky options, *Psychological Science*, *8*(6), 423-429.

Moon, Y., & J. Quelch (2006). *Starbucks: Delivering customer service, Harvard College. Boston*: Harvard Business School, 1-20.

Morales, A. C. (2005). Giving Firms an "E" for Effort: Consumer Responses to High-Effort Firms, *Journal of Consumer Research*, *31*(4), 806-812.

Palmatier, R. W., Jarvis, C. B., Bechkoff, J. R., & Kardes, F. R. (2009). The role of customer gratitude in relationship marketing, *Journal of Marketing*, *73*(5), 1-18.

Park, C.W., MacInnis, J., Priester, J. (2006). Beyond attitudes: attachment and consumer behavior, *Seoul Journal of Business*, 12, 3-36.

Preacher, K. J., & Hayes, A. F. (2008). Asymptotic and resampling strategies for assessing and comparing indirect effects in multiple mediator models, *Behavior Research Methods*, *40*(3), 879-891.

Raggio, R. D., & Folse, J. A. G. (2009). Gratitude works: its impact and the mediating role of affective commitment in driving positive outcomes, *Journal of the Academy of Marketing Science*, *37*(4), 455-469.

Robertson, N. &Shaw, R.N. (2009). Predicting the likelihood of voiced complaints in the self-service technology context," *Journal of Service Research*, *12*(1), 100-116.

Sampson, S. E. (1996). Ramifications of monitoring service quality through passively solicited customer feedback, *Decision Sciences*, *27*(4), 601-622.

Sirianni, N. J., Bitner, M. J., Brown, S. W., & Mandel, N. (2013). Branded service encounters: Strategically aligning employee behavior with the brand positioning, *Journal of Marketing*, *77*(6), 108-123.

Smith, A. K., Bolton, R. N., & Wagner, J. (1999). A model of customer satisfaction with service encounters involving failure and recovery, *Journal of Marketing Research*, 36(3), 356-372.

Soscia, I. (2007). Gratitude, delight, or guilt: The role of consumers' emotions in predicting postconsumption behaviors, *Psychology & Marketing*, *24*(10), 871-894.

Swan, J. E., & Oliver, R. L. (1989). Postpurchase communications by consumers, *Journal of Retailing*, 65(4), 516-533.

Valenzuela, A., Mellers, B., & Strebel, J. (2010). Pleasurable surprises: A cross-cultural study of consumer responses to unexpected incentives, *Journal of Consumer Research*, *36*(5), 792-805.

Voorhees, C. M., Brady, M. K., & Horowitz, D. M. (2006). A voice from the silent masses: an exploratory and comparative analysis of noncomplainers, *Journal of the Academy of Marketing Science*, *34*(4), 514-527.

Voss, G. B. & Voss, Z G. (1997). Implementing a Relationship Marketing Program: A Case Study and Managerial Implications, *Journal of Services Marketing*, *11*(4), 278-98.

Voss, C. A., Roth, A. V., Rosenzweig, E. D., Blackmon, K., & Chase, R. B. (2004). A tale of two countries' conservatism, service quality, and feedback on customer satisfaction, *Journal of Service Research*, *6*(3), 212-230.

Walther, J. B., & Tidwell, L. C. (1995). Nonverbal cues in computer-mediated communication, and the effect of chronemics on relational communication, *Journal of Organizational Computing and Electronic Commerce*, *5*(4), 355-378.

Wangenheim, F. V., & Bayón, T. (2007). The chain from customer satisfaction via word-of-mouth referrals to new customer acquisition, *Journal of the Academy of Marketing Science*, *35*(2), 233-249.

Winer, R. (1999), Experimentation in the 21st century: The importance of external validity, *Journal of the Academy of Marketing Science*, *27*, 349-359.

Woodside, A. G., Frey, L. L., & Daly, R. T. (1989). Linking service quality, customer satisfaction, and behavioral intention, *Journal of Health Care Marketing*, *9*(4), 5-17.

Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996). The behavioral consequences of service quality, *Journal of Marketing*, *60*(2), 31-46

Zhao, X., Lynch, J. G., & Chen, Q. (2010). Reconsidering Baron and Kenny: Myths and truths about mediation analysis, *Journal of Consumer Research*, *37*(2), 197-206.

Table 1: Exemplar Replies from Customers Receiving an Acknowledgement

Thank you for your follow-up!

Thank you <<President's First Name>>,

Please make it a point to thank Jeff, Dorothy and Denise even though the entire staff was great.

My pleasure to recognize such great teamwork and an outstanding experience.

Our server was superb! My husband has his name for future dinners. Please thank him.

I am so glad you did. Jason our waiter is why we will go back.

Thank you for the note. Our server was Laura and she did an excellent job with our dining experience.

I need to add one more thing. I am a bank executive and I frequently have business lunches and dinners with key clients. Other than the private clubs in town, your restaurant is by far the best option for me and it is the perfect place to entertain and do business with my most prominent clients.

Thanks – and I am bringing my 2 daughters for a special night soon!

Thank you for your email. We realized in our feedback on our dinner, we made a mistake on our server's name. His name was Scott not Steve, and wanted to ensure the correct person was recognized. He truly helped make it a wonderful evening and should be given the proper credit.

<<President's Name>>,
I t was my pleasure. Your restaurant's staff, food and service are excellent!
All the best.

Thank you for providing my valued client a truly enjoyable lunch experience.

Being in Sales it is always a pleasure to watch a well-tuned and customer focused environment at work. Thank you!

Hi <<<President's Name>>>,
It means a lot to me that you took time to read my comment. Me and my Brother go to your
Restaurant 2 or 3 times a month. It would be awesome to be able to meet you sometime.
Your team has done a unbelievable job of making your restaurant the name it is today!!
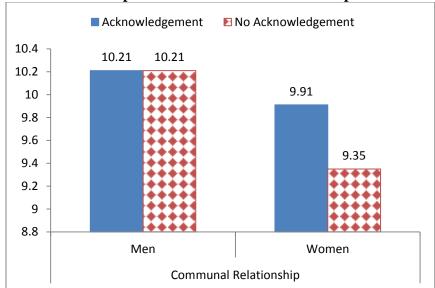*Thanks,*
Scott

You are welcome.

Figure 1: The Impact of Acknowledgement on Strength of Communal Relationship and Repatronage Behavior

PANEL A:
The Effect of Acknowledgement on Perceptions of Communal Relationship

PANEL B:
The Relative Effect of Acknowledgement on Increases in Patronage Behavior