

Will they pitch or will they switch? Comparing Chinese and American consumers

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Abstract

This study compares the conditions for consumer satisfaction and word of mouth (WOM) between Chinese and American consumers. The authors utilize a between-subjects factorial design experiment to investigate the effect of service experience (positive or negative) and consumption context (hedonic vs. utilitarian) across these two cultures. Results indicate that consumers perceive higher levels of satisfaction and switching costs, and provide higher WOM intention for positive than for negative service experiences. The relationship between service experience and perceived switching costs is further moderated by consumption context and culture. Of importance is the critical mediating role of consumer satisfaction in driving perceived switching costs and WOM intention. The comparison of Chinese and American consumers also reveals the distinct switching behaviors between the two groups of consumers, which can be explained from a cultural perspective. The study findings provide insights into provider-switching and WOM-spreading behaviors by Chinese and American consumers, under hedonic versus utilitarian consumption contexts.

KEYWORDS

consumption context, cross-cultural word-of-mouth, hedonic, satisfaction, service experiences, switching costs, utilitarian, word-of-mouth

1 | INTRODUCTION

As the business world becomes less company driven and more consumer-oriented, loyalty is a critical factor for building a successful company (Ivanic, 2015). Such loyalty is difficult to earn, but in the progressively socially connected world, consumers who are brand advocates serve as a key marketing tool (Berezan, Krishen, Tanford, & Raab, 2017). Word-of-mouth (WOM) communication includes all forms of information exchange among consumers regarding the characteristics and usage of particular products, services, or vendors (Hamilton, Schlosser, & Chen, 2017). In effect, as a free resource that consumers can avail of at any time and from multiple sources, WOM not only provides consumers with platforms within which to share their consumption stories and opinions, but it also allows them to research a seemingly independent view of a business, often fueling their purchasing decisions (Dimitriu & Guesalaga, 2017; Moran, Muzellec, & Nolan, 2014). WOM is therefore considered to be more credible than information from commercial sources and is effective for reducing consumers' perceived risks associated with products and services (Wien & Olsen, 2014). Prior research also suggests that WOM is a valuable marketing resource and a major driver for the diffusion of new products and services (Wien & Olsen, 2014). As such, research abounds on the motivations driving WOM, whether positive or negative, such

as self-enhancement, anger and retaliation, altruism, brand love, and many others (De Angelis, Bonezzi, Peluso, Rucker, & Costabile, 2012).

The present study builds on existing literature by comparing the triggers for consumer satisfaction and WOM between Chinese and American consumers. Answering a recent call for research regarding an "...additional understanding of the dynamics faced in response to problematic situations," (Taylor, 2017, p. 518) the authors seek to further explore the drivers for positive or negative WOM in these two distinct cultures. As businesses continue to expand internationally and draw foreign consumers to the United States, understanding cultural differences between Chinese and American consumers becomes an important first step for developing adaptation strategies in foreign markets. China is emerging as one of the world's fastest growing major economies and provides many new opportunities for companies which strive to expand internationally (BBC News, 2017). Despite ample possibilities for businesses to establish a presence in China, there are several obstacles to success in this market, including increasing debt levels, overcapacity in several industries, and a growing aging population (Kapur, 2017). As companies attempt to establish a presence in China, they will ultimately rely on both marketing campaigns and customer-to-customer (C2C) WOM from their most prominent and loyal consumers. Managing WOM among Chinese consumers is an integral part of delivering information and communicating with them.

Extant literature suggests that Eastern and Western consumers differ in the way they process the external information and stimuli due to fundamentally distinct cultural values (Kastanakis & Voyer, 2014). The greater these discrepancies, the more caution should be paid in understanding them (Ekiz & Au, 2011). In this sense, Chinese and American consumers are ideal examples for these significant differences, in terms of the six dimensions of culture (i.e., power distance, uncertainty avoidance, individualism, masculinity, long-term orientation, and indulgence; Hofstede & Hofstede, 2005). The present study targets Chinese and American consumers that represent Eastern and Western cultures respectively, because of the significant market size and their impact on the global economy. China is one of the world's oldest countries with a culture steeped in tradition and history. On the other hand, America is a multiracial country with a relatively short history; Americans are less engulfed in traditions (Ekiz & Au, 2011). Government, religion, education, and other major cultural factors may cause Chinese and American individuals to consume and perceive products, services, and advertising information differently (Laroche, Nepomuceno, & Richard, 2014; Zhang, Laroche, & Richard, 2017).

The goal of multinational companies moving forward will be to identify cultural differences and determine how best to convert them into competitive advantages. Given some of the special characteristics of Chinese culture, retail situations need to be carefully managed to promote loyalty among the customer base. Variation in cultural values may result in perceptual differences (Tai & Chan, 2001) and therefore the same strategies may not be applicable to markets of different cultures. Understanding the drivers and consequences of these differences can enable firms to determine the best ways to communicate with consumers in each specific cultural segment. Therefore, this paper examines how Chinese consumers react differently, as compared to American consumers, to positive versus negative service situations, as they intersect with hedonic and utilitarian consumption contexts. Thus, the key research question of the present paper is, *"For Chinese and American consumers, how will the different combinations of positive or negative service experiences in either hedonic or utilitarian consumption contexts affect their levels of satisfaction, WOM intention, and perceived switching costs?"*

While prior studies have investigated the impacts of service experience and/or consumption context on consumer satisfaction and WOM intention (e.g., Jones, Reynolds, & Arnold, 2006; Laroche, Babin, Lee, Kim, & Griffin, 2005), the authors extend this research with a cross-cultural focus while also analyzing consumers' perceived switching costs to capture potential switching behavior. In addition, it is necessary to examine well-known relationships within various cultures to obtain insights into the role of culture in predicting consumer behavior. To the best of the authors' knowledge, scant research explores this question in an international marketing context. In order to create a successful marketing strategy aimed towards Chinese consumers, a deeper exploration of how members of this culture tend to evaluate service experiences and subsequently react to them will be important. A better understanding of how satisfaction, WOM intention, and perceived switching costs can be influenced and predicted will help companies plan and prepare for the impact of their multinational business ventures and marketing campaigns.

In the following section, the authors describe the theoretical foundation for the approach and review several relevant research streams to highlight the gaps that motivate the study. The authors then develop the hypotheses and discuss the proposed research model and report the design of the empirical study and the hypothesis testing results. Finally, the authors discuss several implications for research and practice and conclude with a summary of the contributions and limitations that indicate some future research directions.

2 | THEORETICAL FOUNDATION AND LITERATURE REVIEW

Several research streams are relevant to this study, including customer relationship management (CRM) and switching costs, cultural factors, and consumption type. In reviewing these literature streams, the authors highlight the research gaps that motivate the study.

2.1 | Satisfaction, WOM, and switching costs

CRM is a key theory for creating a loyal consumer base for a product or service (Zahay, Peltier, Krishen, & Schultz, 2014). Companies expend ample resources to obtain an initial customer base and then must invest even more targeted and personalized marketing to keep those customers and achieve long-term benefits, both locally and internationally. Global customer relationship management (GCRM) incorporates the same philosophies as CRM, but it also covers the differences between various countries and cultures. In terms of GCRM, there are three potential obstacles facing companies. Those challenges include: (1) a difference in expectations and satisfactions levels, (2) the fact that competitive environments and political situations are distinct in different countries, and (3) the internal organizational issues can create problems when trying to expand globally (Ramaseshan, Bejou, Jain, Mason, & Pancras, 2006).

Service experience, as perceived by consumers, has been recognized as the main driver of consumer satisfaction, loyalty, as well as WOM intention and behavior (Laroche et al., 2005). Han, Kwortnik, and Wang (2008) show that the main determining factors for enhancing loyalty are customer satisfaction, commitment, service fairness, quality, trust, and commercial friendship. Bidmon (2017) finds that brand loyalty can also be influenced by parental attachment style, which is known to be different in independent versus interdependent cultures. In addition to developing specific loyalty programs which enhance GCRM, businesses must also develop customer recovery models which can be applied in specific global markets (Helou & Caddy, 2007). As scores of international business literature shows, culture of origin has a major influence on consumer behavior in the marketplace; understanding the culture therefore is a key factor for any successful marketing strategy (Tian & Borges, 2011).

Existing research shows that WOM intention is associated with customers' service experience and loyalty (e.g., Chawdhary & Riley, 2015; Choi & Choi, 2014). When a consumer has a positive service or product experience, he/she will be more likely to share that experience with others; the positive experience itself would also increase the

consumer's loyalty to the service or product. WOM intention can be driven by both situational and individual factors, such as gaining social and personal benefits from sharing opinions about products or services (Alexandrov, Lilly, & Babakus, 2013). Sharing WOM as a way to interact with others allows a consumer to compare his/her experience with others and create a sense of belonging (Alexandrov et al., 2013); as such, it is considered to be a part of the cultural learning process (Baumeister, Leary, Zhang, & Vohs, 2004). For these reasons, WOM intention should be examined within the social and cultural context. Sharing WOM also allows a consumer to confirm and maintain personal satisfaction (Alexandrov et al., 2013). WOM represents a customer's direct response to his/her service or product experience (Eisingerich, Auh, & Merlo, 2014).

Switching costs are defined as the monetary and non-monetary costs that consumers associate with the process of switching from one provider to another; they are also associated with a consumer's sense of "lock-in" to a specific provider (Dagger & David, 2012). These costs represent the sacrifices or penalties consumers feel they may incur, and include both tangible and intangible costs such as the time and effort spent, economic risks, product and/or service evaluation, search and learning time, and setup costs. Switching costs are often measured as a consumer perception rather than an objective cost structure (Jones, Reynolds, Mothersbaugh, & Beatty, 2007). Specifically, consumers' perceived switching costs are defined as "customer perceptions concerning time, money and effort associated to the change in service providers," (Jones, Mothersbaugh, & Beatty, 2000, p. 262).

Switching costs, together with consumer satisfaction, are a critical determinant of customer loyalty, repurchase intention (Jones et al., 2000; Jones et al., 2007), and customer retention (Edward & Sahadev, 2011). Extant research indicates that perceived switching costs play a moderating role in the satisfaction-loyalty relationship (Dagger & David, 2012), and can result from customer satisfaction levels (Edward & Sahadev, 2011). However, previous empirical and theoretical research mainly examines the effects of switching costs on customer retention or loyalty rather than their relationship with customer satisfaction (Edward & Sahadev, 2011). Consumer involvement and experience such as variety seeking and brand switching might affect consumers' perceived switching costs (Burnham, Frels, & Mahajan, 2003). However, the antecedents of switching costs in a service context remain unclear, thus empirical research regarding the impact of service experiences on perceived switching costs is warranted. Furthermore, there is a lack of studies which analyze the moderating role of culture on the relationship between service quality and switching costs.

2.2 | Cultural factors

Socio-cultural backgrounds affect how people perceive and respond to stimuli. Consumers in various cultures might have different expectations in service encounters. Culture has been defined as the collective programming of its members' minds (Hofstede, Hofstede, & Minkov, 1991). Therefore, evaluations and reactions toward a consumption experience depend on backgrounds, which encapsulate cultural traditions and social norms that shape beliefs about how a product or

service should be provided. Research suggests that cultural factors can have a large effect on how people view high versus low service quality. However, most research in consumer behavior relies on theoretical frameworks developed in Western societies; research comparing cultural differences is therefore critical (Liu, Furrer, & Sudharshan, 2001).

Chinese culture can be characterized by its high power distance, low uncertainty avoidance, low individualism, high masculinity, high long-term orientation, and low indulgence, according to Hofstede's six cultural dimensions, as compared to the American culture of low power distance, medium uncertainty avoidance, high individualism, high masculinity, low long-term orientation, and high indulgence (Hofstede & Hofstede, 2005). These differences in Chinese and American cultures can have a profound impact on how people behave. This study aims to further this line of inquiry, with a focus on how culture moderates the effects of service experience on consumer evaluations and behaviors.

2.3 | Consumption type

Consumption type, or intended goal for consumption, can be either utilitarian or hedonic; prior research indicates that consumption type moderates the impact of service experience on consumer satisfaction (Chae, Kim, Kim, & Ryu, 2002). Consumption type affects how a consumer assesses the value of a service and determines how s/he reacts to the service experience (Jones et al., 2006). Although any consumption experience may bring about both utilitarian and hedonic benefits, the overriding goal may have a disproportionate impact on the overall evaluation (Bridges & Florsheim, 2008). Nevertheless, findings on the effects of utilitarian versus hedonic consumption type on customer satisfaction are not conclusive. For instance, some research suggests that the same level of service experience may produce greater levels of customer satisfaction for a utilitarian experience than a hedonic one (Bridges & Florsheim, 2008). On the other hand, other study results indicate that the effects of a positive service experience on satisfaction are stronger in a hedonic context than they are in a utilitarian one (Jiang & Wang, 2006). Thus, further empirical investigation is needed which can provide insights into how consumption context mediates the effects of service experience on consumer satisfaction.

3 | HYPOTHESES DEVELOPMENT

Service experience is defined as the primary determinant of a consumer's overall assessment of a service, inclusive of overall satisfaction, intention to share WOM, and perceived switching cost. When a consumer is satisfied with a positive service experience, s/he will be more likely to discuss it with others and share WOM as a positive customer response (Alexandrov et al., 2013; Eisingerich et al., 2014) and have high level of perceived switching costs (Dagger & David, 2012; Edward & Sahadev, 2011), as compared to a negative service experience. While the influences of service experience and satisfaction on WOM intention and perceived switching costs are well-documented in the literature, the authors make the following replication hypothesis:

H1: Satisfaction mediates the positive effect of service experience on (a) WOM intention and (b) perceived switching costs.

Cultural characteristics should affect consumer service perception and subsequent satisfaction, WOM intention, and perceived switching costs. Uncertainty avoidance is the primary cultural dimension which differentiates the impact of received WOM; in particular, high uncertainty avoidance cultures experience greater effects of received WOM than low ones (Schumann et al., 2010). The individualism/collectivism dimension also impacts a consumer's service expectations and service failure evaluations (Mattila & Patterson, 2004). For example, Chinese consumers, being from a collectivist culture, normally value social harmony, possess a sense of mutual dependence and adhere to norms of reciprocity more so than do Western cultures (Mattila & Patterson, 2004). Therefore, Chinese consumers may be more likely to lower their service expectations or tolerate service failures. Cultures that have lower individualism, such as China, tend to complain less, despite having a negative service experience; likewise, they will be more likely to praise a positive service experience (Liu et al., 2001). In this way, Chinese consumers would also have a tendency to stay with their current providers. Prior research also suggests that they are more likely to complain directly to a service provider, instead of generate and spread negative WOM (Swanson, Frankel, Sagan, & Johansen, 2011). Furthermore, high power distance and low uncertainty avoidance also make Chinese consumers less likely to spread WOM and switch providers. China has a high power distance score, which indicates a high tolerance of inequality in the distribution of power and wealth within society (Ekiz & Au, 2011); thus, China's high power distance creates consumers' higher tolerance for service failure. In addition, Chinese consumers in low uncertainty avoidance culture do not feel particularly uncomfortable in indecisive/uncertain situations, such as service failures; this uncertainty avoidance culture increases Chinese consumers' tendency to accept service failure, instead of switch providers (Ekiz & Au, 2011).

H2: Culture moderates the influence of service experience on (a) satisfaction, (b) WOM intention, and (c) perceived switching costs.

Consumers purchase a product or service with a goal in mind; those with a utilitarian goal will pursue specific results whereas those with a hedonic goal aim to simply experience pleasure. Hedonic consumption is therefore characterized by an affective and sensory experience, and utilitarian consumption is more cognitively driven and instrumental (Dhar & Wertenbroch, 2000). Consumers with hedonic and utilitarian goals will not only make their choices differently, but will also perceive their consumption experiences differently (Suh & Yi, 2012). When positive affect is induced by a service experience, consumers with a hedonic goal would seek to reinforce the positive experience; in contrast, consumers with a utilitarian goal would focus on the values they gained from the consumption (Suh & Yi, 2012). Therefore, the influence of service experience on satisfaction, WOM intention, and perceived switching costs are contingent upon the consumption context being utilitarian or hedonic. As such, research shows that hedonic shopping value should have a stronger influence on satisfaction than utilitarian

shopping value, as well as WOM intention and perceived switching costs (Jones et al., 2006). Thus, the authors propose the following hypothesis:

H3: Consumption context moderates the influence of service experience on (a) satisfaction, (b) WOM intention, and (c) perceived switching costs.

4 | STUDY DESIGN AND DATA

This study focuses on the examination of Chinese versus American consumer's level of satisfaction, WOM intention, and perceived switching costs when faced with positive versus negative service experiences, as well as hedonic versus utilitarian consumption contexts.

4.1 | Study design

To test the model and hypotheses, the authors conducted a scenario-based experimental survey which provided service scenarios and measured subject responses to them. In the design of the service scenarios, the authors employed a 2 (service experience: positive vs. negative) \times 2 (culture: Chinese vs. American) \times 2 (consumption context: hedonic vs. utilitarian) between-subjects factorial study design. The surveys were distributed to both Chinese and American respondents; each respondent was randomly exposed to one of four hypothetical service scenarios (service experience \times consumption type). Thus, four versions of surveys were created. Service experience is manipulated by describing a positive or a negative service experience. The hedonic scenario involves a hotel for a vacation whereas the utilitarian one discusses a business dinner at a restaurant. The scenarios are provided in Appendix A. For the Chinese version of surveys, the service scenarios and the survey items were translated from English into Chinese by professional translators. A pretest result confirmed the satisfactory semantic consistency of each scenario and measurement item.

4.2 | Sample and procedure

Surveys were distributed via a quota convenience snowball sampling method to both offline and online channels. A quota convenience technique creates a generalizable, ecologically valid, and statistically dispersed sample (Snijders, 1992). Chen, Chen, and Xiao (2013) indicate that quasi-convenience sampling methods such as snowball do not produce estimation issues or biases, when compared to several other techniques, especially when samples are adequately sized. In order to reach the target population (i.e., general Chinese tourists), the offline, hard-copy surveys were administered at malls and tourist sites (e.g., Close, Krishen, & Latour, 2009). For cross-cultural research, sampling equivalence via homogeneous samples both within and across cultures is of utmost importance (Smith & Reynolds, 2002); this process is also known as matched sampling (Hofstede et al., 1991). To ensure that the samples were equivalent, the authors conducted snowball samples with multiple formats and tested for matched demographics with the

TABLE 1 Number of respondents in each study condition

	Chinese		American	
	Positive experience	Negative experience	Positive experience	Negative experience
Hedonic	31	40	33	34
Utilitarian	31	35	31	32

TABLE 2 Comparative analysis of participants

	Chinese	American
Average age	29.28; Range: 18–58	35.60; Range: 21–68
Gender	Male: 61 (44.5%) Female: 76 (55.5%)	Male: 78 (60%) Female: 52 (40%)

final samples (see Table 2). Each respondent was randomly given one of four versions of surveys to complete (e.g., Bui & Krishen, 2015). Similarly, the four versions of surveys were also sent out by email to the invited participants; i.e., general Chinese consumers. A similar snowball sample was collected for the American consumer sample so that both samples could be appropriately compared and to ensure sample equivalence.

4.3 | Measurements

The authors used previously validated scales to measure each investigated construct. Satisfaction was measured with three items adapted from Wirtz and Lee (2003). To measure WOM intention, a 3-item scale by Cheema and Kaikati (2010) was adopted. Finally, perceived switching costs were measured using three items adopted from Frank, Abu-laiti, and Enkawa (2012). All of the question items employed 9-point Likert-type scales (1 = strongly disagree, and 9 = strongly agree). In Appendix B, the authors list the items used in the study, together with their respective sources.

5 | RESULTS

In total, 137 Chinese and 130 American respondents completed the surveys. The number of effective responses of each study condition is provided in Table 1. As shown in Table 2, participants were comparable in terms of their age and gender composition across the two cultures.

5.1 | Measurement assessment

To verify equivalency of the different experimental conditions, the authors performed two-tailed *t*-tests comparing participants' recall of the scenarios provided at the beginning of the survey across the conditions. According to the authors' analysis, participants could distinguish the difference between positive ($M = 6.55$, $SD = 3.01$) versus negative ($M = 4.06$, $SD = 3.35$) service situations; $t(265) = 6.49$, $p < 0.001$. This result was consistent with the authors' manipulation.

The authors first examined the measurements in terms of reliability, and convergent and discriminant validity. To assess item reliability, the

TABLE 3 Summary of factor loadings

Factor	Item	Loading	t-Statistic
Satisfaction (SF)	SF-01	0.98	133.77
	SF-02	0.99	278.02
	SF-03	0.99	419.46
Switching cost (SC)	SC-01	0.89	37.57
	SC-02	0.79	12.50
	SC-03	0.85	18.37
Word of mouth (WOM)	WOM-01	0.89	36.29
	WOM-02	0.88	27.66
	WOM-03	0.78	13.91

authors examined each item's loading on the corresponding construct. In general, items with loadings greater than 0.7 are considered reliable; those with loadings lower than 0.5 should be considered for removal. As shown in Table 3, the loading of each item satisfies these common thresholds (Nunnally, 1978); the loadings of all items were statistically significant at the 0.001 level.

The authors evaluated construct reliability by examining internal consistency and composite construct reliability. The authors used Cronbach's alpha to assess internal consistency and adopted the common threshold of 0.7 (Nunnally, 1978). As depicted in Table 4, all investigated constructs exhibited Cronbach's alpha values greater than 0.7, in support of their satisfactory internal consistency. The composite reliability of each investigated construct also exceeded 0.7 (Fornell & Larcker, 1981). Therefore, the results suggest that the instrument possessed satisfactory construct reliability.

Next, to evaluate convergent validity, the authors examined the average variance extracted (AVE), or the variance captured by indicators, which should exceed 0.5 to signify adequate convergent validity (Fornell & Larcker, 1981). As summarized in Table 4, each construct showed an AVE score greater than 0.5, so the instrument exhibited appropriate convergent validity. The authors evaluated the convergent and discriminant validity further by examining the cross-loadings, computed from the correlation between each construct's component score and the manifest indicators of other constructs (Chin, 2010). As reported in Table 5, all items loaded substantially higher on their own construct than on any other. To assess discriminant validity, the authors used the square root of the AVE of each construct; this information is summarized in Table 6, it was substantially higher than the correlation between each construct and any other constructs. These results affirm that the instrument exhibits satisfactory convergent and discriminant validity.

5.2 | Hypothesis testing results

To test the model and hypotheses, the authors used partial least squares structural equation modeling (PLS-SEM), which allows for simultaneous analyses of the measurement and structural models; it also supports factor analysis with linear regressions. Furthermore, PLS-SEM supports simultaneous analyses of multiple indicator variables and enables empirical testing of extensive interactions among

TABLE 4 Summary of variable reliability and validity

	Mean	SD	Cronbach's alpha	Composite reliability	Variance extracted
Satisfaction	4.61	3.36	0.99	0.99	0.98
Switching costs	5.26	1.85	0.80	0.88	0.72
Word of mouth	5.92	1.98	0.82	0.89	0.72

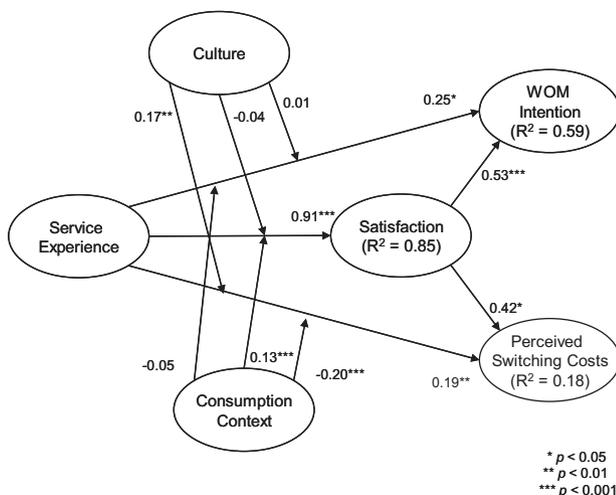
TABLE 5 Summary of cross-factor loadings

	Satisfaction (SF)	Switching cost (SC)	Word of mouth (WOM)
SF-01	0.98	0.21	0.35
SF-02	0.99	0.23	0.34
SF-03	0.99	0.23	0.34
SC-01	0.17	0.89	0.28
SC-02	0.36	0.79	0.30
SC-03	0.09	0.85	0.22
WOM-01	0.37	0.33	0.89
WOM-02	0.29	0.22	0.88
WOM-03	0.15	0.22	0.77

TABLE 6 Latent variable correlations

	Satisfaction	Switching cost	Word of mouth
Satisfaction	0.99		
Switching cost	0.28 ^a	0.85	
Word of mouth	0.35 ^a	0.31 ^a	0.85

^a $p < 0.01$; square root of AVE in the diagonal cells and in bold.

**FIGURE 1** Research model and test results

the moderator and latent predictors (e.g., Alves, Ferreira, & Fernandes, 2016). The authors evaluated the explanatory power of the model by examining the R-squared value of each non-endogenous variable. Figure 1 depicts the conceptual model and shows that it explains a significant portion of the variance in satisfaction ($R^2 = 85\%$), perceived switching costs ($R^2 = 18\%$), and WOM intention ($R^2 = 59\%$). Thus, the data indicate that the model provides adequate explanatory utilities of users' satisfaction, WOM intention, and perceived switching cost.

The authors tested each hypothesis according to its statistical significance and effect magnitude, as manifested in the corresponding path coefficient. For increased robustness and statistical validity, the authors used a bootstrap resampling procedure with 5000 resamples.

5.2.1 | Mediating effects of satisfaction

As proposed, service experience has a significant effect (path coefficient = 0.91, $p < 0.001$). In addition, satisfaction has a significant positive effect on WOM intention (path coefficient = 0.53, $p < 0.001$) and perceived switching costs (path coefficient = 0.42, $p < 0.05$). Therefore, both H1a and H1b are supported by the data. In addition to the indirect effects via satisfaction, service experience also exhibits significant direct effects on WOM intention (path coefficient = 0.25, $p < 0.05$) and perceived switching costs (path coefficient = 0.19, $p < 0.01$). The results indicate that a positive service experience and a high level of satisfaction can lead to a high level of WOM intention and perceived switching costs.

5.2.2 | Moderating effect of culture

The moderating effect of culture on the relationship between service experience and perceived switching cost is significant (path coefficient = 0.17, $p < 0.01$), indicating that the effect of service experience on perceived switching costs is stronger for Chinese consumers than for American consumers. However, the moderating effect of culture on the relationship between service experience and satisfaction is not supported; the moderating effect of culture on the relationship between service experience and WOM intention is also not significant. The results show that the effects of service experience on satisfaction and WOM intention do not differ across different cultures. Thus, H2c is supported, but not H2a and H2b.

5.2.3 | Moderating effect of consumption context

Consumption context significantly moderates the effect of service experience on satisfaction (path coefficient = 0.13, $p < 0.001$). The results indicate that a positive service experience leads to a higher level of satisfaction, and that the effect is stronger for hedonic consumption than for utilitarian consumption. Consumption context also significantly moderates the effect of service experience on perceived switching costs (path coefficient = -0.20 , $p < 0.001$), showing that the effect of service experience on perceived switching costs is more prominent when the consumption context is utilitarian, as compared to hedonic. Nevertheless, consumption context does not moderate the relationship between service experience and WOM intention, suggesting that WOM intention is driven by the service experience regardless of the consumption context. Therefore, H3a and H3c are supported, but not H3b. The hypothesis testing results are summarized in Table 7.

TABLE 7 Summary of hypothesis test results

Hypotheses	Result
H1a: Satisfaction mediates the positive effect of service experience on WOM intention.	Supported
H1b: Satisfaction mediates the positive effect of service experience on perceived switching costs.	Supported
H2a: Culture moderates the influence of service experience on satisfaction.	Not supported
H2b: Culture moderates the influence of service experience on WOM intention.	Not supported
H2c: Culture moderates the influence of service experience on perceived switching costs.	Supported
H3a: Consumption context moderates the influence of service experience on satisfaction.	Supported
H3b: Consumption context moderates the influence of service experience on WOM intention.	Not supported
H3c: Consumption context moderates the influence of service experience on perceived switching costs.	Supported

The results of this study show that consumer satisfaction is generally influenced by service experience, and that this relationship is moderated by consumption context (hedonic or utilitarian). That is, a positive service experience can lead to a high satisfaction level, especially when the consumption context is hedonic, rather than utilitarian. More specifically, in a hedonic consumption context, individuals are more sensitive to whether the service experience is good or not. On the other hand, when consumers are faced with a utilitarian experience, they may be more likely to focus on whether the expected utilities are received, and put less emphasis on the actual service experience.

The intention to provide WOM is affected by the service experience and consumer satisfaction as well. Between the two drivers, the total effect of service experience is greater than satisfaction. However, neither culture nor consumption context moderates this relationship. The present study finds that consumers give higher responses for positive scenarios, than for negative scenarios. Consumers tend to offer positive reactions quite liberally at the appropriate time and minimize negative responses in most situations, even when given negative purchase scenarios. The insignificant moderating effects of culture or consumption context indicate that the drivers of WOM intention remain consistent regardless of the culture and the consumption context.

Finally, perceived switching costs are influenced by service experience and consumer satisfaction; the effect of service experience on perceived switching costs is further moderated by culture and consumption context. Specifically, the influence of service experience is stronger in the context of utilitarian consumption, as well as for Chinese consumers. When a service experience is positive, consumers are satisfied; they would therefore perceive a high level of switching costs and would be less likely to choose a different provider. In a utilitarian consumption context, a consumer might tend to stay with the same provider, since he/she has experienced positive service and the service has provided an expected utility level. Conversely, when involved in a hedonic consumption context, a consumer may tend to try out new providers and therefore the service experience may have less of an influence on the perceived switching costs. Chinese consumers also tend to stay with the same provider when the service experience is positive, as compared to American consumers who have lower perceived switching costs even during a positive service experience. One possible explanation is that Chinese consumers are relatively more conservative than American consumers, and therefore they have a higher level

of intention to stay with a known provider as long as the experience is positive.

6 | CONCLUSION AND DISCUSSION

The findings of the study suggest that for Chinese consumers, if a company can deliver a positive experience, the consumers will tend to be loyal and less likely to switch to a new provider, as compared to American consumers. Fortunately on the opposite side, if a company delivers a negative experience, then the consumer is not very likely to tell others. Even if they are not likely to tell others, their loyalty is definitely at question since they are more likely to switch brands, and this effect is especially strong for American consumers. The present study also suggests that hedonic and utilitarian products and services are received differently. A hedonic consumption experience would offer a higher impact of satisfaction and perceived switching costs than a utilitarian one. More importantly, this research offers an experimental view of Chinese and American consumers and how they react to positive and negative service experiences and hedonic versus utilitarian consumption context.

6.1 | Theoretical and managerial implications

This study contributes to extant literature in several ways. First, this study contributes to the WOM and switching costs literatures by investigating the triggers of such behavior. The authors highlight the critical mediating role of consumer satisfaction in driving perceived switching costs and WOM intention, whereas consumer satisfaction is often treated as an outcome factor. This study provides empirical evidence on the influence paths of service experience on WOM intention and perceived switching costs. According to the results, satisfaction appears to partially mediate the effect of service experience on the intention of spreading WOM and perceived switching costs. Including consumer satisfaction in the structural model enables a better explanation and prediction of WOM intention and perceived switching costs; therefore the role of satisfaction cannot be overlooked. As C2C WOM gains popularity as a critical channel for marketing communications, the study result offer insights into conditions favoring WOM interactions.

Second, the authors contribute to the switching costs literature by identifying the moderators and mediators of its predictors. The comparison of Chinese and American consumers proposed in this study reveals the distinct switching behaviors between these two groups. While American consumers more freely switch among different providers, Chinese consumers are likely to become loyal to a firm once they are provided with positive experiences, which can be explained from a cultural perspective. In addition, the comparison of consumption contexts shows that service experience is even more critical in a hedonic consumption context than in a utilitarian one. This can be explained by the affect aspects of user satisfaction. A consumer in a hedonic consumption context would weigh more on the affect experienced in the service consumption when he/she forms an overall evaluation of the service. On the other hand, a consumer in a utilitarian consumption context would assess whether the requirements have been fulfilled, and rely less on the affect to determine his/her level of satisfaction.

Given the findings of this research, it is in the best interest of retail managers and service providers that deal directly with consumers to be aware of the type of service or product they are providing and offer the appropriate level of experience. The results indicate that consumer satisfaction mediates the effect of service experience on perceived switching costs and WOM intention. Providing a positive service experience can not only lead to a higher intention of spreading WOM, but also increase the likelihood of a loyal consumer who will stay with his/her current provider.

6.2 | Limitations and future research

As with all research, this one has limitations. The authors study consumer behavior by providing experimental service scenarios in surveys and measure reactions to such scenarios. The respondents of the authors' survey are recruited using a snowball sample, and although they are representative of the population of interest, the authors acknowledge a generalizability constraint, which could be alleviated by additional tests through a field study within actual consumption contexts or via a set of multinational corporate data. Rather than experimental manipulation, future research could extend the authors' findings by using self-reported service experience and hedonic versus utilitarian value in the model testing and compare the results with the findings of this study. In addition, some researchers suggest hedonic and utilitarian goals are not two mutually exclusive elements in a consumption experience (Pöyry, Parvinen, & Malmivaara, 2013). By measuring both hedonic and utilitarian values, future research will be able to compare the possibly different moderating effects of the two. As Chan, To, and Chu (2016) identify status consumption and travel as hedonic experiences, future research can include various service settings such as tourism as well as explore affective responses in addition to cognitive ones, including satisfaction. Further, additional collectivistic cultures (such as India) could be studied to see if the findings are indicative of collectivistic cultures in general or more of the Chinese one in particular. As several studies indicate that the unique characteristics of Chinese people influence digital trends and consumer behaviors, additional research could test the model of this

study as it pertains to eWOM (Riegner, 2008; Wu, Raab, Chang, & Krishen, 2016).

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APPENDIX A: SERVICE SCENARIOS USED IN THE SURVEY

Positive service experience in utilitarian consumption

Imagine that you want to take several associates out to a very prestigious and important dinner. You call a very expensive restaurant in the morning for an evening reservation. When your group reaches the restaurant, everything appears to be prepared and you are seated immediately. A server who speaks Chinese/English immediately begins taking care of the group. The server is friendly, outgoing, and patient. Throughout the dinner, the server is attentive and keeps all of the glasses full and meets all needs. The meal far exceeds the expectations of the group. At the end of the dinner, the server brings the check; an 18% gratuity is included because of the size of the party.

Negative service experience in utilitarian consumption

Imagine that you want to take several associates out to a very prestigious and important dinner. You call a very expensive restaurant in the morning for an evening reservation. When your group reaches the restaurant, you are told that the wait would still be 30 minutes. As you sit down, an English-only speaking server quickly begins asking for drink orders. The server appears to be annoyed and in a hurry to wait on your table. Throughout the meal, the server rarely comes back to the table, allowing your drink glasses to remain empty. After an extensive wait, the meal is very disappointing, with small portions. At the end of the meal, the server brings the check, and despite the poor service there is a mandatory 18% gratuity included in the check.

Positive service experience in hedonic consumption

Imagine that for your vacation, you have a reservation at an expensive hotel. You have checked in and are heading up to your room. You are being helped by a very friendly bellhop, who can speak enough Chinese/English to communicate with you. You arrive in your room, and it is beautiful, clean, and elegant. You had very high expectations for the room, and the room definitely meets those expectations. You have

arrived to the room very late, so you immediately go to bed. When you get in bed, you find it extremely comfortable and clean. You enjoy a great night of sleep and are very happy with your choice of hotel. You continue your stay with no problems and leave very satisfied.

Negative service experience in hedonic consumption

Imagine that for your vacation, you have a reservation at an expensive hotel. You have checked in and are heading up to your room. You are being helped by a very unfriendly bellhop, who cannot even speak enough Chinese/English to communicate with you. Once you get to your room, you notice that it seems somewhat haphazard and hastily put together. You have arrived to the room very late, so you immediately go to bed. The bed is not very comfortable at all, but in the middle of the night, you wake up feeling something on your leg. You quickly get out of bed and pull back the sheets to find not only stains, but bedbugs. In disgust, you pack your belongings and leave the hotel. You are forced to find another hotel on a very busy weekend in the middle of the night.

APPENDIX B: QUESTION ITEMS

Satisfaction (Wirtz & Lee, 2003)

Please indicate your degree of satisfaction with the situation in the scenario, if it actually happened to you:

- SF-01: Dissatisfied ...Satisfied
- SF-02: Displeased ...Pleased
- SF-03: Unfavorable ...Favorable

Perceived switching cost (Frank et al., 2012)

- SC-01: Switching to a different restaurant/hotel would involve additional time and effort.
- SC-02: Switching to another restaurant/hotel involves quality-related risk.
- SC-03: Switching to another restaurant/hotel incurs additional financial costs.

Word-of-mouth intention (Cheema & Kaikati, 2010)

- WOM-01: I would mention this restaurant/hotel to others quite frequently.
- WOM-02: I would tell more people about this restaurant/hotel than I've told about most other restaurants/hotel.
- WOM-03: I would have only good things to say about this restaurant/hotel.