A Tale of Two Countries' Conservatism, Service Quality, and Feedback on Customer Satisfaction

Christopher A. Voss
London Business School and Advanced Institute of Management Research, United Kingdom

Aleda V. Roth
University of North Carolina at Chapel Hill

Eve D. Rosenzweig
Emory University

Kate Blackmon
University of Oxford, United Kingdom

Richard B. Chase
University of Southern California, Los Angeles

This article compares the influence of service quality on customer satisfaction in the United Kingdom and the United States and considers the moderating effect of systematic customer feedback and complaint processes. Propositions are developed concerning country differences based on British conservatism. Hypotheses were tested using data from the International Service Study. The results support the conservatism hypothesis, empirically demonstrating that customer reaction to good service is similar, but U.K. and U.S. customers tend to respond differently to poor service encounters based on cultural norms. The authors propose that customer feedback is an often-overlooked factor in explaining the relationship between service quality and customer satisfaction. Much valuable customer feedback may be unrealized in Britain, thus losing the opportunity to improve service design and delivery and creating a vicious cycle. Without intervention, British service firms will continue to deliver levels of service lower than would be acceptable in the United States.

Keywords: service quality; culture; international; feedback processes; customer satisfaction

Service quality represents an important and particularly relevant construct in virtually all service firms, especially those offering what Chase (1978) referred to as...
“high customer contact” services. As services expand globally, understanding the way that service quality affects customer satisfaction in different countries is increasingly important. Research by Hofstede (1984) and others shows significant cultural differences even between the United States and the United Kingdom, despite language similarities. For the most part, the U.S.-centric notion of a linear relationship between service quality and customer satisfaction has remained unchallenged. Yet, prior research on cultures indicates that customer behavior is not necessarily constant across countries. Culture is important to service management because customer behavior is affected by the environment, including national culture (Roth 1995).

This study subjects to rigorous empirical scrutiny the relationship between service firms’ ability to consistently meet customer requirements and customer satisfaction in the United Kingdom and the United States. The firm’s customer feedback and complaint process is modeled as a moderating variable. Using data from the International Service Study, we develop and test a series of hypotheses that address the use of customer feedback to improve services and its subsequent impact on service quality. Our empirical results may explain, in part, the observed differences in service quality between the U.S. and U.K. services and lay the foundation for more cross-country research in service management.

THEORY AND HYPOTHESES

The Relationship Between Provider Service Quality and Customer Satisfaction

There is no single definition of service quality in the extant literature. In general, the provision of services occurs with the service encounter, or the point of contact between the customer and service provider. The provision of high-contact services, in particular, represents a “dyadic interaction between a customer and service provider” (Surprenant and Solomon 1987, p. 87) or a “form of human interaction” (Czepiel et al. 1985, p. 14). Two different perspectives on service quality can thus be identified (Garvin 1984): one from the marketing lens (the customer’s perspective) and the other from an operations lens (the service provider’s perspective). In seminal research in services marketing, service quality is determined by the size of the gap between customer expectations for, and perceptions of, the service (Zeithaml, Berry, and Parasuraman 1990). Customers enter a service with a normative or ideal standard of desired service based on expectations of how the service should be (Cadotte, Woodruff, and Jenkins 1987; Parasuraman, Zeithaml, and Berry 1985, 1988). In assessing satisfaction, customers inherently define lower bounds of delivered service, that is, the minimum level of service that they are willing to tolerate (Berry and Parasuraman 1997, p. 58). From the customer’s perspective, if the customer’s expectations with respect to the delivered quality are fulfilled, then the customer is satisfied; if the service quality falls below the minimum expected level, the customer is dissatisfied. A “zone of tolerance” exists between the normative and the minimum levels. Thus, the measurement of service quality and customer satisfaction is complex.

In the operations management literature, service quality is defined from the provider’s perspective in terms of the ability of the provider to consistently meet customers’ requirements. From the provider’s perspective, high service quality is given and received if the provider’s expectations of defined performance standards are met. In this research, we adopt the operations view, in which provider service quality is operationally defined as either of high service quality or not, based on the meeting or exceeding of certain established service standards. Our construct of service quality, cast in terms of a service firm’s inherent process capabilities to meet customer requirements, differs from the corresponding construct in the service marketing literature, which is measured in terms of the difference between the customer’s expectations and perceptions. Provider service quality (hereafter service quality) is consistent with definitions provided in the total quality management (TQM), service operations strategy (Roth and Jackson 1995; Roth and van der Welde 1991), and service profit chain literatures (Heskett et al. 1994).

In summary, a provider’s service quality is a distinct construct from customer satisfaction with the service and precedes customer satisfaction (Cronin and Taylor 1994; Parasuraman et al. 1994; Yi 1990). Customers evaluate services based on the provider’s service quality and on their own expectations. Accordingly, we posit customer satisfaction to be related to provider service quality, regardless of country. This leads to our first hypothesis:

Hypothesis 1: Service quality will positively influence the level of customer satisfaction, ceteris paribus.

The Influence of National Culture

Countries differ in many ways, including language, legal frameworks, cultural standards, purchasing power, and culture (Stottinger and Schlegelmilch 1998). Hofstede (1994) defined national culture—one form of culture—as the “collective programming of the mind which distinguishes the members of one group or category from another.” Woodruff (1997) argued that not enough empirical investigation has been conducted on the subject of how
consumers in different countries evaluate services. "How does culture affect the level of satisfaction?" asked Andersen and Fornell (1994). Because customer perceptions and expectations of service (including aspects of the physical environment and roles or behaviors of personnel and fellow customers) are culturally conditioned, a country's culture may influence customer satisfaction with the provider's service (Edvardsson and Gustavsson 1991; Edvardsson, Gustavsson, and Ruddle 1989; Riddle 1992). Culture influences both service customer and service provider during the service encounter (Stauss and Mang 1999). Both perform roles during the service encounter and execute scripts learnt during previous service encounters (Czepiel et al. 1985). Arguably, cultural norms condition both roles and scripts. As Triandis and Bhawuk (1997) pointed out:

People who frequently use a particular cultural pattern are most comfortable doing what that pattern implies. They develop beliefs and attitudes and select norms and values that fit that pattern; they behave according to that pattern and thus develop habits (automatic patterns carried out without thinking) consistent with that pattern. When they are in a new social situation, to the extent possible they will try to use their habitual behavior pattern. (p. 29)

More generally, we know that the relationship between service providers and customers is reinforced through customer-to-customer interactions during the service encounter (Harris, Baron, and Radcliffe 1994; Grove and Fisk 1997; Parker and Ward 2000), because other customers contribute information (Harris, Baron, and Davies 1999), social support (Adelman, Ahuvia, and Goodwin 1994), or inappropriate behavior (Anderson and Zemke 1990; Hoffman and Bateson 1997). However, studies conducted in one country may not be generalizable to others because of national culture effects. Much of the research on the effect of culture on services has focused on the impact of national culture on customer behavior and, in particular, its implications for service marketing issues such as customer loyalty, customer satisfaction (Andersen and Fornell 1994), service quality (Furrer, Liu, and Sudharshan 2000), service expectations (Donthu and Yoo 1998; Tsikriktsis 2003), and service perceptions (Mattila 1999). For instance, differences in culture led to different evaluations of the service encounter by American and Japanese restaurant patrons (Winstead 1997) and affected how service encounters were evaluated (Mattila 1999) as well as word-of-mouth referral behaviors (Money, Gilly, and Graham 1998).

While a country's culture cannot be directly observed, it can be inferred (Hofstede 1993) and used to predict customer behavior. Hofstede (1984, 1993) identified five dimensions of culture—power distance, individualism, masculinity, uncertainty avoidance, and time orientation—which have subsequently been linked empirically to differences between customers in different countries. For instance, Furrer, Liu, and Sudharshan (2000) proposed that Hofstede's five dimensions influenced each of the five dimensions of SERVQUAL, and their results indicated that 21 out of the 25 correlations between the various dimensions were significant. Donthu and Yoo (1998) showed that Hofstede's dimensions influenced customers' expectations of banking service, with higher service expectations associated with lower power distance, higher individualism, higher uncertainty avoidance, and lower long-term orientation. Masculinity and long-term orientation were associated with higher expectations of Web site quality (Tsikriktsis 2002).

**NATIONAL CULTURE AND EMOTIONAL EXPRESSION**

If a customer's expectations with respect to the relevant service quality aspects are exceeded, the customer may be "delighted," where delight is defined as "to have or to take great satisfaction or pleasure: Become greatly pleased" (Webster's International Dictionary 1993). In contrast, services that fall drastically below the minimum level may lead to customer "outrage." Recently, the need to "delight" customers has become part of the rhetoric of service marketing. The practitioner view of delight has typically been seen as exceeding customer expectations and surprise (Bell and Zemke 2003). Sardi of the Knoll group, for example, has described delight as "meeting customer needs and then going beyond them—building in qualities like personality, fun, and surprise" (Schlossberg 1993), and Chandler (1989, quoted in Oliver and Rust 1997) of Kodak has seen it as "the reaction of customers when they receive a service or product that not only satisfies, but provides unanticipated value or unanticipated satisfaction." Recently, researchers have sought to examine more rigorously the nature of delight and outrage. Oliver, Rust, and Varki (1997) and Rust and Oliver (2000) have defined the construct of delight, together with its antecedents, nature, and consequences. The two profoundly positive or negative affective states of delight and outrage result only when customer expectations are exceeded or unsatisfied by a surprising degree (Rust and Oliver 2000; Schneider and Bowen 1999). The literature reviewed by Oliver, Rust, and Varki (1997) suggests that delight is associated with emotions such as surprise and joy, two high-arousal emotions. Delight is associated with a positive disconfirmation of emotions and cannot be achieved without surprisingly positive levels of performance (Rust and Oliver 2000). Delight can occur either on a one-time basis or through continued raising of customer expectations, which makes it more difficult to delight the customer in the future.
Currently, the phenomenon of customer outrage is receiving closer attention in service management. Dissatisfaction, at the bottom end of the customer satisfaction scale, is associated with a higher degree of emotionality (Schneider and Bowen 1999). Dissatisfied customers can complain, become irate, and even turn into activists. Schneider and Bowen (1999) suggested that focusing on delight and outrage, which are associated with more intense emotions than are satisfaction or dissatisfaction, may lead to a deeper understanding of the dynamics of customer emotions and their effect on behavior and loyalty. Because customer satisfaction has a strong emotional context, we might expect it to be affected by national culture. Delight and outrage, as the extremes of customer satisfaction with a strong emotional content, should be particularly affected by national culture (Mattila 1999; Zeithaml and Bitner 2000).

In this study, we argue that cultural differences are exhibited in the relationship between service quality and customer satisfaction. We contrast service providers in the United Kingdom with those in the United States, where most service research has been conducted. Despite the close cultural links between the United States and the United Kingdom, cultural differences exist and may contribute to observed differences in service quality and customer satisfaction. One such difference involves the British reticence to show emotion or feeling, the traditional “stiff upper lip.” Paxman (1998) has characterized this “impassivity in the face of emotion” of the British:

They were polite, unexcitable, reserved, and had hot-water bottles instead of a sex life: how they reproduced was one of the mysteries of the western world. They were doers rather than thinkers, writers rather than painters, gardeners rather than cooks. They were class-bound, hidebound, and incapable of expressing their emotions. They did their duty. Fortitude bordering on the incomprehensible was a byword: “I have lost my leg, by God!” exclaimed Lord Uxbridge, as shells exploded all over the battlefield. “By God, and have you!” replied the Duke of Wellington. A soldier lying morally wounded in a flooded trench on the Somme was, so the myth went, likely to say only that he “mustn’t grumble.” (p. 241)

Hofstede (1984) argued that the expression of emotions is related to higher levels of uncertainty. The results of his study indicate that uncertainty avoidance is the largest single difference between U.K. and U.S. cultures (see Table 1). From this perspective, then, U.K. culture can be characterized by a low expression of emotion relative to both the United States and to the total sample. Other authors support the existence of intercountry differences in the expression of emotions. Conservatism corresponds to Trompenaars and Hampden-Turner’s (1998) affective construct (being able to express whatever one thinks or feels openly and freely) versus the affective-neutral construct (controlling the expression of one’s emotions so that issues can be considered objectively). According to Peabody (1985), the English are highly impulse restrained (tight) and highly unassertive, in strong contrast to Americans (see Table 2). Clark (1990) postulated that this may be due to the English identity being defined in terms of the English class structure. He suggests that the English are only impulse restrained in interactions outside their social group, with strong class barriers restricting communications and behaviors.

In our field interviews in the United Kingdom, we were surprised to find covert negative reaction to “delighting customers” as desirable. Managers might pay lip service in public to delighting customers, but sometimes privately they discounted it: “In Britain, delight is something reserved for a very special, one-off occasion.” It seems that only rarely do excellent products and services delight even the most loyal British customers. The conservatism, or “stiff upper lip” model, suggests that due to the U.K. cultural norm of not displaying emotion or feeling, U.K. customers should be less responsive to both good and poor service than U.S. customers. More formally,

*Hypothesis 2a:* U.K. customers will be more tolerant of poor service quality than U.S. customers.

*Hypothesis 2b:* U.K. customers will be less responsive to good service than U.S. customers.

**Nonlinear Influences**

There is increasing evidence that the relationship between customer satisfaction and service quality may be nonlinear (cf. Mittal, Ross, and Baldasare 1998) and, in turn, that increases in service quality levels may not yield corresponding changes in customer satisfaction levels. We therefore posit that the relationship between service quality and customer satisfaction will be nonlinear for both the United States and the United Kingdom. In particular, we put forward the following hypothesis:

*Hypothesis 3:* Service quality will have a diminishing influence on both U.K. and U.S. customer satisfaction, ceteris paribus.

**Customer Feedback Systems**

The manner in which service firms handle customer feedback is another important aspect of service management that may be affected by national culture. Customer feedback has usually been viewed in the customer satisfaction literature in terms of its influence on the marketplace through effects on word-of-mouth referrals and

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TABLE 1
Descriptive Statistics from Hofstede's
Work-Related Values by Country

<table>
<thead>
<tr>
<th>Value</th>
<th>United States</th>
<th>United Kingdom</th>
<th>Mean</th>
<th>Maximum</th>
<th>Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power distance</td>
<td>40</td>
<td>45</td>
<td>51</td>
<td>94</td>
<td>3</td>
</tr>
<tr>
<td>Uncertainty avoidance</td>
<td>46</td>
<td>50</td>
<td>64</td>
<td>92</td>
<td>8</td>
</tr>
<tr>
<td>Individualism</td>
<td>91</td>
<td>85</td>
<td>51</td>
<td>91</td>
<td>12</td>
</tr>
<tr>
<td>Masculinity</td>
<td>66</td>
<td>62</td>
<td>51</td>
<td>95</td>
<td>15</td>
</tr>
</tbody>
</table>

NOTE: Scale = 1-100.

TABLE 2
National Character Assessments

<table>
<thead>
<tr>
<th>Natural Character Trait</th>
<th>American</th>
<th>English</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tight / loose(^a)</td>
<td>-0.839</td>
<td>1.097</td>
</tr>
<tr>
<td>Assertive / unassertive(^b)</td>
<td>1.258</td>
<td>-1.685</td>
</tr>
</tbody>
</table>

SOURCE: Clark (1990), adapted from Peabody (1985).
\(^a\) Very loose (negative) to very tight (positive).
\(^b\) Most unassertive (negative) to very assertive (positive).

repeat-buyer behaviors. Dowling and Uncles (1997) noted that “the only way a loyalty program can give extra leverage to a company’s word-of-mouth marketing is if the loyal customers offer substantially more, or more effective, positive comments.”

Service firms seek many types of customer feedback from many different sources to improve service quality and ultimately customer satisfaction. Much of this customer feedback is generated through customer interaction with service providers, making customers a key source of information through the centrality and frequency of their interactions. The information voluntarily provided by customers is one of the richest and most valuable sources of information for service managers. Customer feedback can be given directly, through verbal interaction with the service provider; indirectly, through tipping and other symbolic actions; or after a time lag, through letters of praise or complaint. Feedback can be not only negative, indicating that the service has not met customer needs, but also positive, reinforcing the message that the service delivery is satisfying customers.

Along with the individual feedback obtained voluntarily from customers, many high-contact services also have multipurpose formal systems and procedures for eliciting feedback and handling complaints. These are effective tools for service recovery (Hart 1998). Companies such as Ritz Carlton and Disney use systematic feedback to motivate frontline service employees. Systematic feedback processes also provide information about customers’ wants and needs, particularly latent needs. Finally, customer feedback provides information useful for improving the design of services and the service delivery process. Customer complaints can be used to improve service quality, and hence customer satisfaction, either indirectly through process improvements or directly by modifying customer perceptions of the service offering. Thus, we hypothesize that the systematic capture of customer feedback will positively influence customer satisfaction, leading to the following hypothesis:

**Hypothesis 4:** The use of systematic procedures for capturing customer feedback and complaints will have a direct and positive influence on the level of customer satisfaction.

A growing service management literature emphasizes a second role of customer feedback, namely, in product and service design and as part of operations learning (Berry and Parasuraman 1997; Chase, Roth, and Voss 1999; Meyer et al. 1999). Services are characterized by rapid change, ease of copying, and continually rising customer expectations. Because customer feedback enhances product and process improvement, service firms whose procedures effectively capture feedback should be able to improve their service quality faster than those that do not. Furthermore, customer perceptions of service quality may be enhanced by soliciting feedback and hence increasing customer involvement in service delivery. This leads to the following hypothesis:

**Hypothesis 5:** The use of systematic procedures for capturing customer feedback and complaints will moderate the relationship between service quality and customer satisfaction.

Some evidence exists that customer feedback, like other customer behaviors, differs across countries. For example, in a study of tipping across 30 countries, Lynn, Zinkhan and Harris (1993) pointed out that tipping is a voluntary behavior, and social norms and customers largely determine whether to leave a tip. Customers in the United States tip the most and more frequently, ranking first in the countries studied. The United Kingdom ranked 23rd, indicating that tipping is a much less frequent source of indirect customer feedback in the United Kingdom. Systematic procedures for capturing feedback should therefore also differ across countries, because customer behavior is affected by national culture (Money, Gilly, and Graham 1998), reflecting national personality (Clark 1990).

If, as posited earlier, U.K. customers are less likely than U.S. customers to give unsolicited feedback on good or poor service, then we might expect systematic procedures
for capturing customer feedback to be the main source of feedback in the United Kingdom. Furthermore, the "stiff upper lip" and conservatism associated with U.K. customer behavior suggest that at low levels of service quality, there will be less negative feedback, and at high levels of service quality, there will be less positive feedback. Paradoxically, if U.S. customers engage in greater feedback and U.K. customers in less feedback, then we expect that the systematic use of procedures for capturing customer feedback would have a greater impact on customer satisfaction in the United Kingdom. In fact, we anticipate the United Kingdom's lesser unsolicited feedback to result in greater capacity and potential for responding when systematic procedures are used. We thus put forward the following two hypotheses:

Hypothesis 6: The influence of using systematic procedures for capturing customer feedback and complaints on customer satisfaction will be greater for U.K. services than for U.S. services.

Hypothesis 7: The moderating effect of systematic procedures for capturing customer feedback and complaints on the relationship between service quality and customer satisfaction (predicted in Hypothesis 5) will be stronger for U.K. services than for U.S. services.

As with the posited correspondence between service quality and customer satisfaction, we propose that the relationship between the use of systematic procedures for capturing customer feedback and customer satisfaction will be nonlinear for both the United Kingdom and the United States. It is reasonable to assume that at high levels of feedback, overall customer satisfaction will be affected less than at intermediate levels of feedback. More formally stated,

Hypothesis 8: The use of systematic procedures for capturing customer feedback and complaints will have diminishing influence on customer satisfaction for both U.K. and U.S. customers.

METHOD

The data for this research are taken from the 1997 International Service Study (ISS), a collaborative project led by researchers at London Business School, the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill, and the Marshall School of Business at the University of Southern California. The methods adopted in the ISS were specifically designed for conducting cross-country research on state-of-the-art practices in service management across multiple sectors (Roth, Chase, and Voss 1997; Voss et al. 1997).

Sample

Sample firms were selected from a range of sources, including trade directories and government sources. The U.S. sample was constructed primarily from service firms listed among the Conference Board Council membership. Council members are among the most well-known and respected services within the United States. A 71% response rate was obtained from that source. To augment these exemplary service firms, we used quota sampling to identify and subsequently include a minimum of 15 typical or average firms in targeted sectors in the study. We also stratified the sample to cover a range of organizational sizes; however, very small services, such as sole proprietorships, were not included in the study.

The U.K. sample was implemented similarly, so that sample firms were matched with the United States to the extent possible. More important, no statistically significant differences in service management practices were found between the U.S. and U.K. samples (see Voss et al. 1997). Although the resulting ISS sample is biased toward leading service firms in both countries, such sampling is appropriate for exploratory research examining unique or complex phenomena (Pinsonneault and Kraemer 1993).

Because many of the survey items represented rather complex topics, it was appropriate to explore the qualitative aspects of the corporate environment through management interviews using a structured protocol (Creswell 1994). Special care was taken to avoid the problems involved with the use of single respondents (Huber and Power 1985). A company coordinator at each site was asked to gather a "diagonal slice" of knowledgeable people from different departments and different levels of employees, ranging from customer contact to senior management. To mitigate the monorespondent problem, multiple executives representing different functions of the business were asked to respond to the questions individually. Respondents were guaranteed total anonymity, and tailored research summaries were given to motivate the respondents to answer objectively. Subsequently, a 3- to 4-hour structured interview with executives took place at each company site, where responses to each question were reviewed and discussed with the company management team and normally at least two research team interviewers.

The final item scores used in this analysis were determined by the interviewers based on the structured discussion of areas of disagreement among the individual executive survey responses, extensive probing for clarification, and additional data gathered for validating individual responses. The possibility of response bias is a recognized issue in cross-cultural research. It primarily arises when there are strong cultural differences (Clarke 2001). Although the differences between the United States and the United Kingdom are not as strong as those between the United

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States and Asia, where response bias is typically addressed (Sivakumar and Nakata 2001), we took a number of steps to avoid bias. We used interview methods rather than survey methods to collect data, which strongly reduced the potential for response bias. We followed the methods used, for example, by Sriram and Forman's (1993) study of consumer product choice decisions in the United States and the Netherlands. To minimize interviewer effects and further reduce the possibility of response bias, the interviewers, as part of a multinational team, were cross-trained, exposed to a large number of firms, and cross-evaluated for calibration and consistency of assessment scoring across companies and countries. To ensure consistency of calibration, the second author spent 3 months in the United Kingdom, and the first author spent 6 weeks in the United States with respective interview teams. Interviewers were not allowed to rate until they showed an interrater reliability of at least 95% of items scoring. To our knowledge, this is one of the few international operations strategy studies where such care was taken to calibrate instruments and responses across countries.

The hypotheses presented in this article are particularly suited for high-customer-contact service firms, where the customers interact directly with the providers in the service encounter. For this reason, our analyses employed a subsample of high-customer-contact services from the ISS. The country distributions by sector of the 130 high-customer-contact services used in this study are given in Table 3.

**Measures**

**INDEPENDENT VARIABLES**

In the ISS research, service quality was defined as the operating system's ability to meet customer needs consistently. Service quality was operationalized using a single-item measure with the question descriptor “Frequency of [provider’s ability in] meeting customer needs.” Measured on a 5-point scale, response choices ranged from 1 (service does not consistently meet customers’ needs) to 3 (service generally meets customers’ needs) to 5 (service produces results that consistently meets needs). For scoring purposes, interviewers probed respondents to provide tangible evidence of their operation’s ability to deliver service quality consistently. Note that single items were used for all measures, as they represented point estimates of each construct. Drolet and Morrison (2001) argued that single items can avoid many disadvantages of multiple-item scales, which can violate across-item error term correlations and undermine respondent reliability. Going beyond this, each single item in the ISS survey represents a point estimate of the measure obtained from the responses of several key informants, which were corroborated for accuracy by the management teams and by secondary data.

Criterion-related validity was established by correlating our measures with other theoretically related measures in the ISS survey. As expected, our service quality measure correlated positively and significantly with a broad measure that captures overall quality performance relative to the industry (ρ ≤ 0.001). Measured on a 5-point scale, response choices for that measure ranged from 1 (poor overall quality record compared to industry) to 3 (achieved levels about equal to the industry standard) to 5 (achieved a reputation for excellence in quality services and products that is notable in the industry and significantly better than the competition).

A single item was also used as a reasonable proxy for systematic procedures for capturing customer feedback and complaints. Measured on a 5-point scale, this variable was operationalized with the question descriptor “Use of customer complaint data.” This measure was adapted from Hart, Heskett, and Sasser (1990). Response choices ranged from 1 (no procedures for capturing or using customer complaint information to 3 (customer complaint data are captured and used as a measure of service performance) to 5 (customer feedback and complaints are actively solicited and are used for service improvements). For criterion-related validity, we correlated this measure with an additional ISS complaint-handling procedures variable in which response choices ranged from 1 (no clear department or person for customer queries and complaints) to 3 (a customer with a complaint usually needs to speak to two or three people to resolve the problems) to 5 (a customer with a problem or complaint will normally deal with a single person who takes ownership of the problem through resolution). The correlation between these two measures was positive and significant (ρ ≤ 0.00).

Country-related factors such as culture and environment have been argued to influence the observed relationships between service quality, the manner in which

### TABLE 3

<table>
<thead>
<tr>
<th>Industry</th>
<th>U.K. Firms (n)</th>
<th>U.S. Firms (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial services</td>
<td>23</td>
<td>32</td>
</tr>
<tr>
<td>Retail</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>Hotels</td>
<td>23</td>
<td>15</td>
</tr>
<tr>
<td>Restaurant/food services/brewery</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Total (N)</td>
<td>64</td>
<td>66</td>
</tr>
</tbody>
</table>
customer complaints are handled, and customer satisfaction. Following Clark (1990) and Roth (1995), we created the dummy variable country to capture the interaction effects of the country where the service operations were located as a proxy for national culture.

**DEPENDENT VARIABLE**

Customer satisfaction was operationalized by a single-item measure with the question descriptor “Level of customer satisfaction.” A high score on customer satisfaction indicated that customers were satisfied with the perceived service that was delivered. Measured on a 5-point scale, response choices ranged from 1, some dissatisfied customers, where customer complaints, often needing escalation to resolve is a behavioral indicator of customer dissatisfaction, to 5 (many delighted customers whose expectations are often exceeded). As expected, this measure correlated positively and significantly with two related 5-point scale measures in the ISS: customer retention (p ≤ .00) and value (p ≤ .00). Response choices for customer retention ranged from 1 (high rate of customer turnover to 5 (customers are exceptionally loyal). Response choices for value ranged from 1 (customer perception of value is lower than competitors) to 5 (organization is perceived in the market as offering high value).

**TEST OF MEASUREMENT ADEQUACY**

According to Peter’s (1981) definition, the convergent validity of a construct is demonstrated when the construct, as measured by two different instruments, converges. More important, in a post hoc analyses, our customer satisfaction measure correlated positively and significantly (p ≤ .10) with the 1996 Fortune American Customer Satisfaction Index (http://www.theacsi.org/fourth_quarter.htm) study customer satisfaction index for U.S. service firms included in both studies. To the extent to which these results can be generalized more broadly to service companies outside of the ISS, this association provides fairly strong evidence that our single-item measure is a reasonable representation of external customer satisfaction with the service providers. This is no coincidence because the majority of the firms in the ISS independently collect their own customer satisfaction data, either directly or indirectly, and thus, estimates from two independent sources should be associated if they have convergent validity. Note that to the extent available, the ISS interviewers used only firm-collected objective data to corroborate management estimates in ISS scoring. Thus, our customer satisfaction measure in most cases mirrors objective data collected by the company. A few firms did not routinely collect customer satisfaction data, and their final score was based on extensive probing of the management team for tangible evidence of customer satisfaction.

**Analysis**

Our analysis, conducted by using SAS 8.0, employs polynomial regression to examine the main and interaction effects of service quality and of systematic procedures for capturing customer feedback and complaints on customer satisfaction for both U.K. and U.S. services. Recall that we proposed a nonlinear relationship between service quality and customer satisfaction, based on prior research (see, e.g., Mittal, Ross, and Baldasare 1998). We also expect the form of the relationship between feedback and customer satisfaction to be nonlinear because there is a limit to how much information the organization can absorb and how much solicitation customers will permit. Our approach first assesses the impact of delivered service quality (X) on customer satisfaction (Y) for U.K. and U.S. customers and then introduces the influence of customer complaint handling (Z) as both a main effect and as a moderator.

In polynomial regression with interaction terms, the independent variables are typically centered to zero to reduce multicollinearity, because high levels of multicollinearity can lead to technical problems estimating regression coefficients (Aiken and West 1991; Edwards and Parry 1993). Cronbach (1987) indicated that centering has no effect on the substantive interpretation of the results—it merely makes the results easier to extract from standard regression output. Therefore, the service quality and feedback variables were recoded to range from –2 to 2 (recall that the original item scores range from 1 to 5). Aiken and West (1991) discussed centering at various values to produce coefficients on lower order terms that are meaningful. To ensure that our choice of centering method did not influence the results, we replicated the analysis by centering on each respective independent variable mean as well as on the average of the two means, and no substantive differences were found.

**EFFECTS OF SERVICE QUALITY**

To determine the nature of the relationship between service quality and customer satisfaction, both linear (X) and nonlinear (X_sq) service quality variables were specified in the model. Inclusion of the service quality–country interaction effects, operationalized by the product of each

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1. Aiken and West (1991) concluded that centering the criterion variable has no effect on regression coefficients in equations containing interactions and that by leaving the criterion in its original uncentered form, predicted scores are consistently in the original scale of the criterion. Hence, we did not center the customer satisfaction criterion variable.
service quality variable \((X, X_{sq})\) with the dummy coded country \((ctry)\) variable, allows us to test the stiff-upper-lip model set forth in Hypotheses 2a and 2b. The proposed model at this point, which we subsequently refer to as M1 or the “service quality test of form” model, is as follows:

\[
M1: Y = b_0 + b_1 X + b_2 X_{sq} + b_3 ctry + b_4 X \times ctry + b_5 X_{sq} \times ctry + e.
\]

Note that the resulting beta coefficients and associated \(p\) values for each country in this analysis and all subsequent analyses were obtained by running the SAS analysis twice, as suggested by Aiken and West (1991)—the United States represent the base case in the first run \((ctry = 0\) for the United States), whereas the United Kingdom represents the base case in the second \((ctry = 0\) for the United Kingdom).

**EFFECTS OF COMPLAINT-HANDLING PROCEDURES**

Building on M1, we then included the linear \((Z)\) and nonlinear \((Z_{sq})\) components of feedback in the model. Like service quality, the relationship between feedback processes and customer satisfaction is hypothesized to be nonlinear, because the firm’s capacity to act fully on the feedback is generally resource constrained in practice. In addition to the proposed main effect of feedback on customer satisfaction, we posit that the relative degree to which a service solicits feedback from customers moderates the relationship between service quality and customer satisfaction \((X \times Z)\). But we suspect that the manner in which feedback is solicited also differs across countries. In other words, due to differing national cultures, we anticipate differences between the U.K. and U.S. service firms in the way that the procedures for feedback are handled \((Z \times ctry, Z_{sq} \times ctry)\) and the way these procedures influence the relationship between service quality and customer satisfaction \((X \times Z \times ctry)\). Therefore, the proposed moderated regression model, which we refer to as M2, is given as:

\[
M2: Y = b_0 + b_1 X + b_2 Z + b_3 X_{sq} + b_4 X \times Z + b_5 Z_{sq} + b_6 ctry + b_7 X \times ctry + b_8 Z \times ctry + b_9 X_{sq} \times ctry + b_{10} X \times Z \times ctry + b_{11} Z_{sq} \times ctry + e.
\]

Note that M2 does not represent the full model of linear and quadratic components and their interactions. Although we have no theoretical reason to believe these higher order interaction effects should be statistically significant, we tested M2 versus the full model for completeness. Because the change in \(R^2\) and subsequent change in the \(F\)-statistic between M2 and the full regression model was insignificant \((\Delta R^2 = .02, \Delta F\text{-statistic} = .94, p = .47)\), we conclude that M2 is a better model not only theoretically but also empirically because it is more parsimonious (Aiken and West 1991). M2 was subsequently tested using the polynomial regression step-up procedure advocated by Aiken and West (1991). Prior to this analysis, however, we examined the degree of multicollinearity among the M2 variables by means of the (a) variation inflation factor values and the (b) condition indices and corresponding regression coefficient variance-decomposition matrix (Hair et al. 1995). Results from these tests indicate that the interpretation of the regression coefficients will not be adversely affected by multicollinearity.

**RESULTS**

Table 4 provides the unstandardized parameter estimates and the associated \(p\) values for the M1 model. As expected, service quality positively and significantly influences customer satisfaction for both U.K. \((\beta = .49, p = .00)\) and U.S. \((\beta = 1.02, p = .00)\) service firms. The results further indicate that the form of the relationship between service quality and customer satisfaction might differ by country. First, we note the significant service quality-country interaction coefficient \((X \times ctry: p = .05)\), and second, the service quality squared term coefficient is significant for U.K. service firms \((X_{sq}: \beta = .21, p = .05)\). Taken together, these results provide tentative empirical evidence that the form of the relationship between service quality and customer satisfaction is linear for U.S. services and nonlinear for U.K. service firms. But how does customer feedback influence these results? We now turn to the results from tests of the moderated regression model proposed in M2.

In conducting the analysis using the polynomial regression step-up procedure advocated in Aiken and West (1991), we identified several variables that could be pruned from M2.\(^3\) We hereafter refer to this pruned model as M3, which is represented by the following equation:

\[
Y = b_{05} + b_{10} X + b_{11} Z + b_{12} X_{sq} + b_{13} X \times Z + b_{14} Z_{sq} + b_{20} X \times ctry + b_{21} X_{sq} \times ctry + b_{22} X \times Z \times ctry + b_{23} Z_{sq} \times ctry + b_{30} X_{sq} \times ctry + b_{31} X \times Z_{sq} \times ctry + e.
\]

\(^2\) Full model:

\[
Y = b_0 + b_1 X + b_2 Z + b_3 X_{sq} + b_4 X \times Z + b_5 Z_{sq} + b_6 X \times ctry + b_7 X_{sq} \times ctry + b_8 X \times Z \times ctry + b_9 Z_{sq} \times ctry + b_{10} X_{sq} \times ctry + b_{11} X \times Z_{sq} \times ctry + b_{12} Z_{sq} \times ctry + e.
\]

\(^3\) Because the change in \(R^2\) and the subsequent change in the \(F\)-statistic between the pruned and proposed moderated regression models (M2) was insignificant \((\Delta R^2 = .01, \Delta F\text{-statistic} = .93, p = .40)\), the pruned model is considered the superior model because it is more parsimonious than M2, while explaining virtually the same amount of variance.
### TABLE 4
Regression Results of Service Quality on Customer Satisfaction for U.K. and U.S. Customers (M1)—Unstandardized Parameter Estimates

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>United Kingdom</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>β</strong></td>
<td><strong>p</strong></td>
<td><strong>β</strong></td>
</tr>
<tr>
<td>Intercept</td>
<td>3.06</td>
<td>.00</td>
</tr>
<tr>
<td>Service quality (X)</td>
<td>.49</td>
<td>.00</td>
</tr>
<tr>
<td>Service quality squared (X_sq)</td>
<td>.21</td>
<td>.05</td>
</tr>
<tr>
<td>Country (ctry)</td>
<td>-.13</td>
<td>.46</td>
</tr>
<tr>
<td>Service quality × Country (X × ctry)</td>
<td>.53</td>
<td>.05</td>
</tr>
<tr>
<td>Service quality squared × Country (X_sq × ctry)</td>
<td>-.27</td>
<td>.12</td>
</tr>
</tbody>
</table>

$R^2 = .42$

$F$-statistic = 17.60

$dF = 5, 124$

$p = .00$

**NOTE:** M1 = “service quality test of form” model.

### TABLE 5
Moderated Regression Results of Service Quality and Complaint Handling on Customer Satisfaction for U.K. and U.S. Customers (M3)—Unstandardized Parameter Estimates

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>United Kingdom</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>β</strong></td>
<td><strong>p</strong></td>
<td><strong>β</strong></td>
</tr>
<tr>
<td>Intercept</td>
<td>2.78</td>
<td>.00</td>
</tr>
<tr>
<td>Service quality (X)</td>
<td>.30</td>
<td>.05</td>
</tr>
<tr>
<td>Feedback (Z)</td>
<td>.57</td>
<td>.00</td>
</tr>
<tr>
<td>Service quality squared (X_sq)</td>
<td>.23</td>
<td>.03</td>
</tr>
<tr>
<td>Service quality × Feedback (X × Z)</td>
<td>.10</td>
<td>.37</td>
</tr>
<tr>
<td>Service quality squared (Z_sq)</td>
<td>-.09</td>
<td>.08</td>
</tr>
<tr>
<td>Country (ctry)</td>
<td>.30</td>
<td>.12</td>
</tr>
<tr>
<td>Service quality × Country (X × ctry)</td>
<td>.70</td>
<td>.02</td>
</tr>
<tr>
<td>Feedback × Country (Z × ctry)</td>
<td>-.49</td>
<td>.00</td>
</tr>
<tr>
<td>Service quality squared × Country (X_sq × ctry)</td>
<td>-.36</td>
<td>.05</td>
</tr>
</tbody>
</table>

$R^2 = .52$

$F$-statistic = 14.30

$dF = 9, 120$

$p$ value = .00

**NOTE:** M3 = “Pruned” model.

Prior to evaluating the parameter estimates of the M3 model, however, we needed to compare the M1 and M3 overall model fit statistics to determine whether feedback as both a main effect and moderator is an important predictor of customer satisfaction for U.K. and/or U.S. services. Because the change in $R^2$ and the subsequent change in the $F$-statistic between the M1 and M3 regression models was highly significant ($\Delta R^2 = .10, \Delta F$-statistic = 6.36, $p$ value = .00), we conclude that feedback is an important addition to the model because it represents a significant improvement in model fit over M1. Thus, M3 serves as our final model.

The results of the tests of M3 (see Table 5 and Figures 1 and 2) indicate that service quality is a driver of customer satisfaction in both U.K. ($\beta = .30; p$ value = .05) and U.S. ($\beta = 1.01; p$ value = .00) services, which provides support for H1. As with the results from testing the M1 model, the significance of the service quality–country (X × ctry) interaction term ($p$ value = .02) indicates that a difference exists between the United Kingdom and the United States in the form of the relationship between service quality and customer satisfaction. First, the linear component (the slope) of service quality is more pronounced for the U.S. services than for those in the United Kingdom ($\beta = 1.01$ versus $\beta = .30$), implying that the level of service quality influences customer satisfaction in the United States at a faster rate than in the United Kingdom. This effect is illustrated in the $Z = 0$ graphs (Figures 1c and 2c) as well. Both graphs show the relationship between service quality and customer satisfaction when the centered feedback variable (Z) is equal to 0 for the United Kingdom and the United States, respectively.

Second, when $Z = 0$ (Figures 1c and 2c), the form of the relationship between service quality and customer satisfaction differs across countries. The statistical significance of the service quality squared-country ($X_{sq} \times ctry$) interaction and service quality squared terms ($X_{sq}$), as shown in Table 5, support this assertion. In particular, the positive sign of the U.K. service quality squared beta coefficient ($\beta = .23, p$ value = .03) indicates that a predominantly positive, concave upward U-shaped curve depicts the service quality–customer satisfaction relationship for U.K. customers (see Figure 1c), whereas there is support for a linear relationship in the U.S. sample (Table 5). When both the linear (X) and curvilinear (X²) terms are positive, as they are for the United Kingdom, Aiken and West (1991) described this as a predominantly positive, concave upward curve. When the linear (X) term is positive and the curvilinear (X²) term is negative, as is the case for the United States, it is described as a predominantly positive, concave downward curve.

---

4. Note that the M3 (pruned model) intercept for the United States is higher than for the United Kingdom (3.08 versus 2.78; see Table 5). These values suggest that the predicted level of customer satisfaction is slightly higher for the United States at the center of our data where the recoded X and Z variables equal 0 (uncentered variable values equivalent to 3). This is an important distinction and therefore should not necessarily be interpreted as U.S. customers having a higher starting point or base level of customer satisfaction compared with U.K. customers.

5. When both the linear (X) and curvilinear (X²) terms are positive, as they are for the United Kingdom, Aiken and West (1991) described this as a predominantly positive, concave upward curve. When the linear (X) term is positive and the curvilinear (X²) term is negative, as is the case for the United States, it is described as a predominantly positive, concave downward curve.
5). Taking into account both the empirical evidence in Table 5 and the $Z = 0$ graphs for the United States and the United Kingdom, we conclude that Hypothesis 2a is supported and Hypothesis 2b is not supported. Although U.K. customers may be more tolerant of poor service quality than their U.S. counterparts, they are just as responsive to good service. The curvilinear relationship obtained between service quality and customer satisfaction for the U.K. services does not provide support for Hypothesis 3, because Hypothesis 3 specifies diminishing effects, which would correspond to a predominantly positive, concave downward curve. In summary, the results provide empirical support for Hypotheses 1 and 2a, but not for Hypotheses 2b and 3.

We now turn to an assessment of the main and moderator effects of feedback on customer satisfaction. Recall
that Hypothesis 4 posits that the use of systematic procedures for capturing customer feedback and complaints will positively influence the level of customer satisfaction for both U.K. and U.S. customers. In support of Hypothesis 4, the direct effect of feedback for U.K. services ($\beta = .57$, $p$ value = .00) is positive and significant (see Table 5).

6. See Table 5 and Figure 2b, where $X = 0$. Figure 1b depicts the relationship between feedback processes and customer satisfaction when the centered service quality variable ($X$) is equal to 0 for the United States.

On the other hand, feedback does not seem to influence the level of customer satisfaction for U.S. services ($\beta = .08$, $p$ value = .44). These empirical results, taken together with the statistical significance of the U.K. and U.S. feedback-country ($Z \times ctry$) interaction term ($p$ value = .00), provide partial support for Hypothesis 4 and strong support for Hypothesis 6, which posits that the influence of using systematic procedures for capturing feedback and complaints...
on customer satisfaction is greater for U.K. than for U.S.

services.

It should also be noted that the uncentered U.S. service quality mean is higher than the centered service quality mean (t-test results: U.S. service quality mean = 3.86, U.K. service quality mean = 3.34; p ≤ .00). This finding supports the argument for the relative effectiveness of feedback systems within each country, given the lack of statistically significant mean differences between the U.S. and the U.K. services on the feedback variable (t-test results: U.S. feedback mean = 3.62, U.K. feedback mean = 3.73; p = .56).

The U.K. and U.S. feedback squared terms (both β's = −.09, p value = .08), coupled with the X = 0 graphs in Figures 1b and 2b, respectively, suggest that the form of the relationship between feedback and customer satisfaction is curvilinear for both countries. These empirical results demonstrate the diminishing effects of feedback on customer satisfaction for both U.K. and U.S. services, which provides tentative support for Hypothesis 8. Nonetheless, as stated previously, the use of systematic feedback and complaint-handling processes serves as a predictor of customer satisfaction for U.K. services only; the effect of feedback on customer satisfaction for U.S. services was statistically insignificant.

Interestingly, we found no empirical support for Hypothesis 5 or Hypothesis 7, which both predict a moderating effect of systematic procedures for capturing customer feedback and complaints on the relationship between service quality and customer satisfaction. In fact, the variable used to test the relationship specified in Hypothesis 7 (X × Z cxty) was pruned in our evaluation of M2 during the polynomial regression step-up procedure. These results, in conjunction with the findings related to Hypotheses 4 and 6, suggest that U.K. service firms are perhaps soliciting feedback primarily for empathy rather than for process improvements. This is clearly an area for future research. A summary of the support for each hypothesis can be found in Table 6.

In summary, the M3 moderated regression results indicate significant differences between the United States and the United Kingdom regarding the influence of service quality (X) on customer satisfaction (Y), when moderated by feedback (Z); all intercountry interactions of M3 are statistically significant at the .05 level or below (see Table 5). The relationship between service quality (X) and customer satisfaction (Y) is positive and linear for U.S. services; however, our study challenges the notion that the U.S.-centric view of this relationship holds for other cultures. Even for the United Kingdom, which shares many commonalities with the United States, the form of the observed relationship is dissimilar. For U.K. services, the influence of service quality on customer satisfaction is positive and nonlinear. Moreover, the use of systematic feedback and complaint-handling procedures (Z) has a diminishing effect on the level of customer satisfaction for U.K. services, but no effect was found for their U.S. counterparts. Finally, we found no evidence to support the proposed moderating effect of feedback on the relationship between service quality and customer satisfaction (X × Z, X × Z × cxty). The graphs in Figures 1 and 2 illustrate these empirical results.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Supported?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1</td>
<td>Service quality will positively influence the level of customer satisfaction in both the United Kingdom and the United States.</td>
</tr>
<tr>
<td>Hypothesis 2a</td>
<td>U.K. customers will be more tolerant of poor service quality than U.S. customers.</td>
</tr>
<tr>
<td>Hypothesis 2b</td>
<td>U.K. customers will be less responsive to good service than U.S. customers.</td>
</tr>
<tr>
<td>Hypothesis 3</td>
<td>Service quality will have a diminishing influence on both U.K. and U.S. customer satisfaction.</td>
</tr>
<tr>
<td>Hypothesis 4</td>
<td>The use of systematic procedures for capturing customer feedback and complaints will have a direct and positive influence on the level of customer satisfaction.</td>
</tr>
<tr>
<td>Hypothesis 5</td>
<td>The use of systematic procedures for capturing customer feedback and complaints will moderate the relationship between service quality and customer satisfaction.</td>
</tr>
<tr>
<td>Hypothesis 6</td>
<td>The influence of using systematic procedures for capturing customer feedback and complaints on customer satisfaction will be greater for U.K. services than for U.S. services.</td>
</tr>
<tr>
<td>Hypothesis 7</td>
<td>The moderating effect of systematic procedures for capturing customer feedback and complaints on the relationship between service quality and customer satisfaction (predicted in Hypothesis 5) will be stronger for U.K. services than for U.S. services</td>
</tr>
<tr>
<td>Hypothesis 8</td>
<td>The use of systematic procedures for capturing customer feedback and complaints will have diminishing influence on customer satisfaction for both U.K. and U.S. customers.</td>
</tr>
</tbody>
</table>
DISCUSSION

This article has focused on two aspects of provider-based service quality. The first pertains to the influences of national differences on the relationships between customer feedback, service quality, and customer satisfaction. The second relates to the influence of the use of systematic feedback on customer satisfaction and its moderating role in the relationship between service quality and customer satisfaction.

Understanding the impact of national culture on service firms and customers has important implications for service design and delivery as noted by a number of authors. "Making correct decisions implies that cultural factors . . . must be considered from the outset" (Mathe and Perras 1994). In this article, we studied the impact of service quality on customer satisfaction using matched U.K. and U.S. samples of high-customer-contact service firms. Our empirical results indicate that customers of U.K. and U.S. services may be reacting to service encounters differently based on their national cultural norms. Based on exogenous cultural data indicating that U.K. customers tend to control their emotions (e.g., Hofstede 1984), we inferred that U.K. customers are less apt than their U.S. counterparts to express the emotions associated with outrage and delight. We further argued that the U.S.-centric relationship between service quality and customer satisfaction might not hold for other countries.

Our results indicate the U.K. customers are, in general, more tolerant of poor service. This empirically supports the notion that intercultural differences—such as the reputed British "stiff upper lip"—can have a measurable influence on customer behavior. When services fall short of expectations, we believe U.K. customers on average provide less unsolicited feedback to service providers than do their U.S. counterparts. An important portion of valuable unsolicited customer feedback regarding poor service may therefore be unrealized. A low level of negative feedback has both negative and positive implications for individual service firms. Without adequate customer feedback, U.K. services may lose opportunities to learn how to enhance or improve service design and delivery. Because U.K. services may not be leveraging the learning potential from systematic customer feedback, they may, in fact, need to spend disproportionately more to improve their services.

On the other hand, a reluctance of U.K. customers to articulate complaints may also lead to lower levels of negative word of mouth than would be expected to be associated with poor service. As a result, the competitive penalty for poor service may be less in the United Kingdom than in the United States, again leading to lower levels of "acceptable" service quality in the United Kingdom (U.K. service quality mean = 3.34, U.S. service quality mean = 3.86; t-test p value .00). In other words, less negative word of mouth allows U.K. service firms to deliver levels of service that would be unacceptable in the United States and to miss the opportunity to make potentially profitable improvements in service delivery. We speculate that for customers in the United Kingdom, both of these phenomena will have a negative impact. These are clearly areas ripe for future research because we draw on provider data.

An implicit assumption behind much of the service management literature is that service quality—the degree to which the organization meets or exceeds customer expectations—is a function of both the design and delivery of the service encounter and, in turn, is dependent on the management and frontline staff (Heskett et al. 1994). In this article, we have argued that customers also play an important role in the development of service quality through systematic feedback and complaint-handling mechanisms. The effect of customer feedback in high-contact services is consistent with the behavioral literature on trial-and-error learning in situations where decision makers receive frequent feedback and have the opportunity to adjust their actions incrementally. This leads to organizational practices being updated on the basis of interpretations of experience (Lant and Hurley 1999). Being responsive to customers may also yield better feedback, making possible the acceleration of improvement in service quality. Although this article has focused on U.S. and U.K. country comparisons, the importance of customer feedback is anticipated to be more ubiquitous.

In this research, emerging service concepts of delight and its converse, outrage, were investigated by means of explicit hypotheses concerning the form of the relationship between service quality and customer satisfaction. In particular, we focused on customer satisfaction as a proxy for the perceived emotional response. We did not find significant differences between the United Kingdom and the United States in reacting to good service. However, we did identify empirical differences between U.K. and U.S. customer satisfaction measures with regard to poor service, which we believe are related to cultural disparities between the two countries. It is quite possible that U.K. customers who express only moderate outward dissatisfaction could, in fact, be inwardly outraged. This is consistent with the "mustn’t grumble" attitude toward problems in the U.K. culture. Despite their outrage, their actual response to poor customer service may not differ from that of a less-dissatisfied customer from what Hofstede (1984) might classify as a more emotional culture. For example, outraged U.K. customers might stop using a service, but they would not aggressively criticize it.
We speculate that delight can be viewed as having two components. The first is associated with exceptional customer satisfaction and hence disconfirmation of expectations. The expectancy-disconfirmation theory of consumer satisfaction, purchase, and usage posits that customers compare actual performance levels with expected levels using a better-than and worse-than heuristic. The resulting judgment is labeled negative disconfirmation if the product is worse than expected, positive disconfirmation if better than expected, and simple confirmation if as expected (Oliver, Rust, and Varki 1997). The second component of delight is associated with intense emotion. We may label these two elements rational and emotional delight, respectively. Our results showing that U.K. customers are no less responsive than U.S. customers to good service suggests that the rational (or disconfirmation of expectations) element dominates the emotional response element in the creation of delight in a customer service encounter. We propose that rational delight is a necessary but not sufficient condition for an extremely positive emotional response and that an extremely positive emotional response is not a necessary condition for exceptional customer satisfaction.

This leads to questions for future research: What are the impacts of rational and emotional delight on customer behavior across other countries? And how do (or should) such factors affect service design? Some aspects of customer behavior, namely, loyalty and repeat purchase, may be a direct outcome of customer satisfaction and hence of rational delight. On the other hand, in some more emotionally based cultures, customers may be more satisfied if emotionally delighted. Resulting customer behaviors may include word-of-mouth referral and positive feedback to service providers—behaviors that are generally attributed to the U.S. model of service. Although not explicitly tested, we have posited above that differences between the United States and the United Kingdom in the levels of unsolicited feedback from customers may be due to differences in emotional response. Another vital form of feedback is feedback that is actively solicited by organizations through systematic procedures for collection of feedback. Our analysis indicates an unexpectedly sharp contrast between the United States and the United Kingdom regarding the relationship between the use of systematic feedback and customer satisfaction. For the United Kingdom, systematic collection of feedback was found to have a strong impact on customer satisfaction, whereas no such relationship was found for the United States. One possible explanation for this arises from the differences in customer behavior. Higher levels of unsolicited feedback will potentially reduce the impact of subsequent systematic collection of feedback. Thus, in the United States, where customers provide strong unsolicited feedback to organizations, this direct feedback is used effectively to such an extent that the impact of systematic feedback may be less, being used more for verification.

The implications of these inferences go beyond intercountry comparisons. Not all types of services are amenable to high levels of unsolicited customer feedback. We have controlled for this effect by using data only from high-customer-contact service firms in our analysis. In low-customer-contact services, where the amount of feedback to frontline service providers is limited, we expect that the use of systematic procedures for collection of feedback may be quite effective. In addition, in some contexts, customers may be reluctant to give unsolicited feedback because of the nature of the service relationship. For example, in services provided by professionals, such as doctors and lawyers, customers may lack knowledge of the specialty or may be afraid of the consequences of negative feedback. Our findings and the extant literature, taken together, suggest a broader proposition that merits consideration in future research: that the positive impact of systematic procedures for collecting customer feedback is inversely related to the propensity of customers to provide unsolicited feedback.

We anticipated that the relationships between service quality and customer satisfaction and between feedback and customer satisfaction would be nonlinear and subject to diminishing returns (see, e.g., Mittal, Ross, and Baldasare 1998). However, although we observed nonlinear patterns (Figures 1 and 2), there was not full support for a pattern of diminishing returns in the relationship between service quality and customer satisfaction in either the United Kingdom or the United States. There is a need for these hypotheses to be revisited in future research using larger samples and for further theoretical development related to potential reasons for the observed nonlinear behavior.

IMPLICATIONS

For practitioners, our research has implications in a number of areas, especially regarding the importance of feedback from customers and the nature of intercountry differences. It has long been recognized that when a service is transported to another country, providers must take into account the impact of national culture and local requirements. Lovelock and Yip (1994) see the key decision areas in the globalization of service as global participation, global standardization of services, global value chain, and global marketing. Whereas the core service is likely to be standardized, there will need to be local adaptation to reflect local preferences, ability to pay, and national norms.
These authors also point out that the decisions in each of these areas are in part contingent on the type of service—people processing, possession processing, and information based. They argue that it is most difficult to standardize information-based and people-processing services. Our study has focused on high-contact services that fall within these two areas.

If feedback behavior varies between countries as similar as the United Kingdom and the United States as this study observed, then it is likely that there will be even stronger feedback differences between other countries that vary along Hofstede’s uncertainty dimension. Given the importance of feedback to continuous service improvement, companies must first understand the dynamics of customer feedback in the countries in which they are designing and operating services. Are customers understating or overstating their views on the service that they have received? Is it considered impolite to provide negative feedback when dissatisfied with service? Do customers, as we were told in some of our U.K. interviews, prefer to give feedback to managers and not frontline staff? The assumption that customers will give open, honest, and frequent feedback to frontline staff is one that may not hold universally. Delight may not be an appropriate indicator of delivery of outstanding service in all countries, but an understanding of this effect cross-culturally will better enable service providers to determine what the appropriate indicators are.

Companies operating in “lower feedback” countries such as the United Kingdom must modify their strategies to ensure that they have systematic mechanisms in place for capturing customer feedback. If management can improve the quality and frequency of such feedback, then more and better information will be available for improvement. This assertion is reflected in the growth of systematic processes for dealing with complaint capture and service recovery described in the practitioner literature. In particular, the soliciting of feedback and the treating of complaints as a source of information is advocated. Another mechanism for encouraging customer feedback is the service guarantee. The exercising of a guarantee can provide valuable feedback (Hart 1998). Because of the explicit need to generate feedback in the United Kingdom, it is of little surprise that one of the best documented examples of a systematic customer-feedback mechanism comes from British Airways (1995), which used a number of mechanisms such as kiosks, backed up by computer-supported back-office systems, to solicit feedback from passengers.

The observed intercountry differences also might be used to help set the tone for recovery actions. Given that U.S. customers are reportedly more critical and more vocal about service failures, it seems logical to make a big deal out of the recovery actions taken on their behalf—“There, we fixed it!” For U.K. services, however, a more low-key response, such as “I think you will now find this satisfactory,” might be in order. Future research might look at the ways that customers in these countries respond to the specific kinds of errors that cause service failures. For example, in an empirical study of errors, Stewart and Chase (1999) found that the most common form of customer error is matching bias, which results from a tendency to interact with, or evaluate, the service according to some inapplicable script. A customer with a movie ticket “knows” he will have a seat in the theater but would be applying the wrong script if he assumes he can board a plane 5 minutes before departure. In contrast to the United States, would U.K. customers be more likely to blame themselves for being prohibited from boarding or blame the airline?

The importance of developing systematic feedback mechanisms is not confined to countries such as the United Kingdom. In the United States, as anywhere else, service firms that capture customer feedback better than their competitors are likely to perform better. However, our findings raise particular concerns for U.S. service environments in which unsolicited feedback may be lacking or relatively low. The causes of low feedback are multiple: cultural; contextual, where services afford little opportunity for customers to give direct feedback (e.g., a railway journey or back-office operation); and psychological, where customers may be reluctant to give feedback because of their relationship with the service provider. In low-feedback environments, the relative importance and impact of systematic procedures for collecting customer feedback is high. Here, service providers should place greater emphasis on systematic feedback and complaint handling.

LIMITATIONS

No research project is without its limitations. One potential limitation of this study has to do with the effects of culture on the learning process. Specifically, Mathe and Perras (1994) argued that when entering new markets, companies must focus on the learning process. Assumptions made in one country about the feedback from customers may not transfer fully to another.

Another limitation of comparing two countries is the possibility that there will be variability within any country, in particular a multicultural country such as the United States (Furrer, Liu, and Sudharshan 2000). However, despite this internal cultural variability, many studies have shown clear and significant differences between the United Kingdom and the United States. Greater insights
may be developed from replication of this study in a wider variety of countries, with more diverse cultures. An additional limitation of this study pertains to the cross-sectional nature of the data. Because we only studied service quality and customer satisfaction at one point in time, we may not be capturing the longitudinal effects of customer feedback on service providers.

Finally, the variables that we employed to operationalize service quality and customer satisfaction are single-item measures. Most of the firms in our study were well known and had resources to independently collect customer satisfaction data that could be corroborated at the time of the interviews. A few firms in the ISS did not collect their own customer satisfaction data, so more probing was necessary to acquire tangible evidence. Although we presented some post hoc evidence of convergent validity of our customer satisfaction measures in the ISS using the American Society for Quality Control as an independent measure, getting good measures of customer satisfaction may not be as viable for more typical service firms. Clearly, executives who do not have access to their own customer satisfaction data may not know how well they are actually performing in the eyes of the customers. Future studies should incorporate multi-item measurement scales to better capture the richness of these constructs.

There are also many examples of U.K. companies, like Marks and Spencer, that have failed to successfully translate their services to North America. Reasons for this lack of success include a failure to adapt the service to local culture and norms (note, e.g., the initial problems at Euro Disney). Culturally determined customer emotional behavior may also be a contributing factor. We hypothesized that a service that receives strong customer feedback is more likely to meet customer needs and deliver high levels of service quality than one that does not. Our empirical results suggest that U.S. services are more likely to be successful when transferred overseas than are U.K. services. We attribute this to the U.S. firms' inherently higher levels of, and attention to, unsolicited customer feedback. Second, service providers that identify those countries where lower levels of customer feedback are the norm and take steps to gain information from multiple listening posts in those areas are more likely to succeed. We believe that the insights yielded by this research are only the tip of the iceberg and lay the foundation for valuable future research in the globalization of services.

CONCLUSIONS

We have posited that intercountry differences, such as the expression of emotion, would be exhibited in differences in the level of unsolicited feedback by customers and that this in turn would have an impact on the relationship between service quality and customer satisfaction. This hypothesis has been partially supported by our empirical results. Service quality has a positive impact on the level of customer satisfaction in both the United Kingdom and the United States, and U.K. customers are just as responsive to good service as their U.S. counterparts. However, it appears that U.K. customers are more tolerant of poor service. We speculate that less information available for service improvement leads to poorer levels of service in the United Kingdom versus the United States. Although differences in service between countries are widely recognized (Espinoza 1999; Sultan and Simpson 2000), the disparity has generally been attributed to management. We have argued that differences in culture can lead to customer behavior–led differences in service quality. This raises the interesting question whether such service quality differences can also have an impact on a country's competitiveness. There are many examples of U.S. firms, from Avis to Starbucks, that successfully introduced a domestic service into a foreign environment.

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Christopher A. Voss is the foundation chair in management, technology, and learning at London Business School and a senior fellow at the U.K.'s Advanced Institute of Management Research. He has researched and written extensively in the area of service operations and is founder and leader of the International Service Study, a multicountry study of service operations. His more recent research interests include the experience economy and international services. He was founder and long-term chairman of the European Operations Management Association and serves on several editorial boards.

*Aleda V. Roth* is the Distinguished Mary Earle Ames Lee Professor of Operations in the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill. She held faculty positions at Duke University, Boston University, and the Ohio State University and was a visiting professor at London Business School and the WHU-Otto Beisheim Graduate School of Management. Her research is motivated by theoretical and practical explanations of how service and manufacturing firms can best deploy their operations, supply chains, and technology for competitive advantage. Her current research covers new paradigms in operations strategy, such as knowledge management, global services, and the linkages between e_operations competencies and enterprise information systems pertaining to ERP, B2B, and B2C commerce. She has more than 100 published articles and has distinguished with 14 research awards. She is deputy editor for *Production and Operations Management (POMS)*; associate editor for *Management Science, Manufacturing and Service Operations (MSOM)*, and the *Journal of Operations Management (JOM)*; and serves on the editorial board of the *Journal of Service Research (JSR)* and others. She is the president of *POMS*.

*Eve D. Rosenzweig* is an assistant professor in decision and information analysis in the Goizueta Business School at Emory University. She received her Ph.D. in operations, technology and innovation management from the University of North Carolina at Chapel Hill. Her current research interests include supply chain strategy, global business-to-business (B2B) operations, and empirical research methods.

Kate Blackmon has recently joined the Operations Management Group at the Said Business School of the University of Oxford. She was previously at the University of Bath, London Business School, and IMD (Lausanne) and holds an MBA and Ph.D. from the University of North Carolina at Chapel Hill. Her research interests are diverse but center on the application of organizational theory to operations.

*Richard B. Chase* is Justin Dart Professor of Operations Management in the Marshall School of Business at the University of Southern California, Los Angeles. He has written and lectured extensively on the subject of service design. Two of his *Harvard Business Review* articles, "Where Does the Customer Fit in a Service Operation?" and "The Service Factory" (with D. Garvin), have been cited as classics. His most recent article is "Want to Perfect Your Service? Use Behavioral Science" (with S. Dasu) in the *Harvard Business Review* (June 2001). He serves on several editorial boards, including the *Journal of Service Research* and *Manufacturing & Service Operations Management.*

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